EXHIBIT A—GENERAL INFORMATION AND DOCUMENTATION

EXHIBIT A—GENERAL INFORMATION AND DOCUMENTATION

Exhibit A–1

A description of the following for the foreign board of trade: Location, history, size, ownership and corporate structure, governance and committee structure, current or anticipated presence of offices or staff in the United States, and anticipated volume of business emanating from members and other participants that will be provided direct access to the foreign board of trade's trading system.

ICE Futures Abu Dhabi Application: Exhibit A–1

A description of the following for ICE Futures Abu Dhabi Pte. Ltd.: Location, history, size, ownership and corporate structure, governance and committee structure, current or anticipated presence of offices or staff in the United States, and anticipated volume of business emanating from members and other participants that will be provided direct access to ICE Futures Abu Dhabi Pte. Ltd. trading system.

1. ICE Futures Abu Dhabi Limited (ايس فيوتشرز أبوظبي ليمتد) ("**ICE Futures Abu Dhabi**" or the "**Exchange**") was incorporated in Abu Dhabi Global Market ("**ADGM**") on 26 September 2019 as a private company limited by shares with company number 000003073. Its current place of business is: Part of 29th Floor, Al Sarab Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates. Attached as Annex A-1(1) is the Exchange's Commercial License.

2. ICE Futures Abu Dhabi is a Recognised Investment Exchange ("**RIE**") pursuant to the Financial Services and Markets Regulations 2015 ("**FSMR**") and the Financial Services Regulatory Authority ("**FSRA**") Market Infrastructure Rules ("**MIR**").

3. [redacted]

4. The ICE electronic platform (the "**ICE Platform**") provides an electronic trading facility which is accessed by members of the Exchange ("**Members**") over a secure internet connection. Under the terms of intra-group service agreements, the Exchange has outsourced the operation of the ICE Platform for the trading of ICE Futures Abu Dhabi products to Intercontinental Exchange Holdings, Inc. ("**ICE Holdings**") and certain ICE Holdings subsidiaries, although the Exchange retains responsibility for the operation and regulation of its markets.

5. ICE Inc. is a public company listed on the New York Stock Exchange. ICE Inc. is a leading global operator of regulated exchanges, clearing houses and listings venues,

and a provider of data services for commodity, financial, fixed income and equity markets. ICE Inc. operates regulated marketplaces for listing, trading and clearing of a broad array of derivatives contracts and securities across major asset classes, including energy and agricultural commodities, metals, interest rates, equities, exchange traded funds, credit derivatives, bonds and currencies. ICE Inc. also offers comprehensive data services to support the trading, investment, risk management and connectivity needs of customers around the world and across major asset classes.

6. The group structure of the ICE Inc. group of companies (the "**ICE Group**") is attached as Annex A-1(2).

7. Annex A-1(6) provides a high level organization chart for the Exchange. [redacted] Exchange staff will report to the Exchange President (or to a direct line manager who reports to the Exchange President), and will be under the supervision of the Exchange Board of Directors (the "**Board**"). The Board has ultimate responsibility for the regulation, operations and business performance of the Exchange.

8. The Articles of Association of ICE Futures Abu Dhabi (attached as Annex A-2(2)) (the "**Articles**") provide that the Exchange shall have seven directors (the "**Directors**") on its Board. The Articles provide that the Directors are responsible for the management of the Exchange's business and the Exchange. The Articles stipulate that Directors shall initially be appointed as follows:

   6.1. two independent non-executive Directors proposed by ICE and nominated by HoldCo for appointment,

   6.2. one independent non-executive Director proposed by ADNOC and nominated by HoldCo for appointment,

   6.3. two non-independent non-executive Directors nominated by ICE for appointment,

   6.4. one non-independent non-executive Director nominated by ADNOC for appointment, and

   6.5. one executive Director, nominated by HoldCo for appointment, who shall hold the role of President of the Exchange.

9. [redacted]

10. The President will be responsible for the day to day operations and management of the Company, as delegated by the Board. He will be supported by a Head of Regulation and Compliance, Head of Market Oversight, Chief Operating Officer, and product development/customer facing staff covering the region. Certain senior management functions at the Exchange may be performed or supervised by senior personnel of other ICE group entities. The President and senior management team of the Exchange will report to the Board in respect of the business performance and operations of the Exchange and all regulatory matters.

10. The Articles (attached as Annex A-2(2)) stipulate that the Board may delegate certain functions to committees. [redacted]

11. [redacted]

12. [redacted]

13. [redacted]

14. [redacted]

15. [redacted]

    15.1 [redacted]

    15.2 [redacted]

    15.3 [redacted]

    15.4 [redacted]

    15.5 [redacted]

16. ICE Futures Abu Dhabi intends to launch a physically delivered futures contract whose underlying is Murban crude oil ("ICE Murban Futures"), as well as a number of cash-settled contracts, as described in further detail in Exhibit E. Specifications for these contracts are attached as Annexes A-4(1) and A-4(2). The Exchange may thereafter list further crude and crude related products and other financial futures contracts or option contracts on such futures contracts, subject to applicable regulatory authorizations. The Exchange will permit block trades in these products on the same terms as exchange-traded instruments.

17. The ICE Group has long-standing ties to the energy markets. The ICE Murban Futures contract builds upon existing ICE Group products, such as the Brent Crude, Permian West Texas Intermediate Crude and New York Harbor oil contracts. This new initiative is therefore consistent with ICE's other recent initiatives to launch new deliverable oil futures contracts whose delivery takes place at major international hubs. In addition to building on the ICE Group's existing business, ICE Futures Abu

Dhabi is listing a contract that will appeal to a global customer base. The Exchange will provide a highly-regulated fully-electronic marketplace where industry participants can manage their price risk exposure in the physical energy market for oil in Abu Dhabi.

18. Exchange Members or their clients may access the ICE Platform directly through WebICE (ICE Holding's front-end user interface) or choose to route their orders to the ICE Platform through various front-end applications provided by independent software vendors that have met the Exchange's conformance criteria.

19. As stated above, ICE Futures Abu Dhabi is an RIE in ADGM pursuant to the FSMR and MIR. The Exchange has met the licensing requirements for RIEs to the satisfaction of the FSRA. With respect to its operations as a RIE, the Exchange is accountable to the FSRA. The Exchange's discharge of its regulatory compliance obligations entails periodic reporting to the FSRA as well as maintenance of sufficient financial, human and system resources. ICE Futures Abu Dhabi is also required to put in place a comprehensive system of risk management. An approved exchange undertakes regulatory supervision of its members. This includes enforcing compliance with its trading rules.

20. In offering its services, ICE Futures Abu Dhabi endeavors, in collaboration with the FSRA, to ensure the proper administration of relevant sections of the FSMR. Aside from established rules, obligations, regulations and guidelines prescribed under the FSMR and regulations thereunder, the FSRA is authorized to impose or vary any conditions or restrictions on the Exchange as it thinks fit. Examples of such conditions or restrictions include conditions or restrictions on the futures contracts that may be traded on any market established or operated by the Exchange, activities that the Exchange may undertake, or the nature of the investors or participants who may use, invest or participate in the futures contracts traded on any market established or operated by the Exchange.

21. The clearing and settlement of contracts on the Exchange will be effected through ICE Clear Europe ("**ICEU**" or the "**Clearing House**"), a wholly-owned indirect subsidiary of ICE Inc. ICEU was established in 2008. It currently provides central counterparty clearing and risk management services for interest rate, equity index, agricultural and energy derivatives, as well as European credit default swaps. It is authorised as a central counterparty under the European Market Infrastructure Regulation ("**EMIR**") having been recognised as a clearing house and central counterparty under the UK Financial Services and Markets Act 2000 ("**FSMA**")

supervised by the Bank of England. ICEU is also recognised as an inter-bank payment system under the UK Banking Act 2009 and regulated by the Bank of England.

22. ICEU is registered as a Derivatives Clearing Organization ("**DCO**") with the Commission. ICEU is also registered with the U.S. Securities and Exchange Commission as a securities clearing agency ("**SCA**") (and is a covered clearing agency under SEC rules) in connection with its credit default swaps ("**CDS**") clearing services.

23. ICEU currently provides clearing services for futures and options contracts traded on one U.S. designated contract market, ICE Futures U.S. Energy Division, and two Foreign Boards of Trade, ICE Futures Europe and ICE Endex. ICEU also provides clearing services for CDS contracts.

24. ICEU also received the settlement finality designation ("**SFD**") by the UK Financial Services Authority (now known as the Financial Conduct Authority) under the UK Financial Markets and Insolvency (Settlement Finality) Regulations 1999, which enhances the systemic risk protection provided to clearing members in the event of a clearing counterparty default. Under SFD, payment instructions can be protected from EU administrators or liquidators of insolvent firms. Designation means that ICEU's system is now designated under the EU's Settlement Finality Directive. ICEU is also recognised as a foreign central counterparty by the Swiss Financial Market Supervisory Authority ("**FINMA**").

25. The Clearing House has been recognized by the FSRA as a Remote Clearing House, which is a condition of providing clearing services to an ADGM-resident exchange. See Annex A-1(8).

26. The Exchange currently does not have, and does not expect to have, an office in the United States (noting its U.S. ownership structure and contemplated outsourcing arrangements in relation to the use of the ICE Platform, as detailed above). Certain ICE Group personnel performing management or other functions for ICE Futures Abu Dhabi may be located in the UK, EU and/or the United States.

EXHIBIT A—GENERAL INFORMATION AND DOCUMENTATION

Exhibit A–2

Articles of association, constitution, or other similar organizational documents.

ICE Futures Abu Dhabi Application: Exhibit A–2

Memorandum and Articles of Association.

1. ICE Futures Abu Dhabi was incorporated on 26 September 2019 as a private company limited by shares and incorporated in ADGM. Its current place of business is: Part of 29th Floor, Al Sarab Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates.

2. The Exchange Certificate of Incorporation and current Articles of Association are provided at Annexes A-2(1) and A-2(2).

EXHIBIT A—GENERAL INFORMATION AND DOCUMENTATION

Exhibit A–3

(1) Membership and trading participant agreements.

(2) Clearing agreements.

ICE Futures Abu Dhabi Application: Exhibit A–3

(1) Membership and trading participant agreements.

(2) Clearing agreements.

1. For the purposes of becoming a Member of the Exchange, an applicant must complete a prescribed application form, in accordance with Rule B.4.1 of the Exchange Rules (a copy of which can be found attached as Annex A-6(1)). This application form includes an accession to the Exchange Rules on behalf of the applicant. The Exchange Membership Agreement can be found attached as Annex A-3(1).

2. In the event that a Member wishes to use a third-party application to interface with the ICE Platform for the purposes of trading ICE Futures Abu Dhabi Contracts, such Member must use an approved third party that has executed an ISV Development and Maintenance Agreement. The template form of this agreement can be found attached as Annex A-3(3).

3. In the event that a Member wishes to develop its own electronic user trading interface to the ICE Platform for the purposes of trading ICE Futures Abu Dhabi Contracts, such Member will be required to execute an ICE Direct Access Interface Development and Maintenance Agreement. The template form of this agreement can be found attached as Annex A-3(4).

4. In accordance with Rule B.3.1(g) of the Exchange Rules, a Member is required to have appropriate clearing arrangements in place in respect of business it conducts on the Exchange. Clearing Members of the Clearing House are subject to the ICEU Clearing Membership Agreement. The template form of this agreement can be found attached as Annex A-3(2).

5. Members may also receive data services consisting of information and content, and data derived therefrom, distributed by ICE U.S. OTC Commodity Markets, LLC, ICE Futures U.S. Inc., ICE Futures Europe, ICE Swap Trade, LLC, Creditex, LLC, Creditex Brokerage, LLP, ICE NGX Canada Inc., and other exchanges and trading venues that ICE Data, LP may make available from time. In the event a Member wishes to receive such data services, such Member will be required to complete the ICE Data Services and Software Services Agreement. The template form of this agreement can be found attached as Annex A-3(5).

EXHIBIT A—GENERAL INFORMATION AND DOCUMENTATION

Exhibit A–4

Terms and conditions of contracts to be available through direct access (as specified in Exhibit E).

ICE Futures Abu Dhabi Application: Exhibit A–4

Terms and conditions of contracts to be available through direct access (as specified in Exhibit E).

1. Attached as Annex A-4(1) are the Contract Specifications for the ICE Murban Futures contract. Attached as Annex A-4(2) are the Contract Specifications for the related cash-settled contracts. All such contracts will be available through direct access.

2. The trading hours of the Exchange are to be determined in accordance with Exchange Rule A.5. (Annex A-6(1)), and the intended trading hours are listed in the contract specifications as noted above

EXHIBIT A—GENERAL INFORMATION AND DOCUMENTATION

Exhibit A–5

The national statutes, laws and regulations governing the activities of the foreign board of trade and its respective participants.

ICE Futures Abu Dhabi Application: Exhibit A–5

The national statutes, laws and regulations governing the activities of ICE Futures Abu Dhabi and its participants:

1. Financial Services and Markets Regulations 2015 attached as Annex A-5(1).

2. FSRA Market Infrastructure Rules (MIR), attached as Annex A-5(2).

3. FSRA Anti-Money Laundering and Sanctions Rules and Guidance, attached as Annex A-5(3).

4. FSRA General Regulations (GEN), attached as Annex A-5(4).

5. FSRA Market Rules, attached as Annex A-5(5).

6. FSRA Rules of Market Conduct, attached as Annex A-5(6).

7. FSRA Guidance and Policies Manual GPM, attached as Annex A-5(7).

8. UAE Federal Decree No. 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organisations.

9. UAE Cabinet Resolution No. 10 of 2019 on the Executive Regulations of Federal Decree Law No. 20 of 2018 on Anti-Money Laundering and Combating the Financing of Terrorism and Financing of Illegal Organisations.

10. UAE Cabinet Resolution No. 20 of 2019 Concerning the Regulation of Terrorism lists and the application of the Security Council resolutions and the relevant resolutions on the prevention, suppression of terrorism and its financing and the cessation of weapon proliferation and its financing.

EXHIBIT A—GENERAL INFORMATION AND DOCUMENTATION

Exhibit A–6

The current rules, regulations, guidelines and bylaws of the foreign board of trade.

ICE Futures Abu Dhabi Application: Exhibit A–6

The current rules, regulations, guidelines and bylaws of ICE Futures Abu Dhabi .

1. The Exchange Rules and Trading Procedures are attached as Annex A-6(1) and Annex A-6(2) respectively. They will also both be available on the Exchange's website once operational.

2. All trading in ICE Futures Abu Dhabi contracts will be conducted in accordance with the Exchange Rules and Trading Procedures. ICE Futures Abu Dhabi maintains the Exchange Rules, procedures, policies and other similar instruments to govern and regulate all aspects of its business and affairs. The Exchange Rules are designed to:

   2.1. ensure compliance with applicable laws;

   2.2. prevent fraudulent and manipulative acts and practices;

   2.3. promote just and equitable principles of trade;

   2.4. foster cooperation and coordination with persons or companies engaged in regulating, clearing, settling, processing information with respect to, and facilitating transactions in, the products traded on the Exchange;

   2.5. provide for appropriate discipline; and

   2.6. ensure a fair and orderly market.

EXHIBIT A—GENERAL INFORMATION AND DOCUMENTATION

Exhibit A–7

Evidence of the authorization, licensure or registration of the foreign board of trade pursuant to the regulatory regime in its home country jurisdiction and a representation by its regulator(s) that it is in good regulatory standing in the capacity in which it is authorized, licensed or registered.

ICE Futures Abu Dhabi Application: Exhibit A–7

Evidence of the authorization, licensure or registration of ICE Futures Abu Dhabi pursuant to the regulatory regime in ADGM and a representation by the FSRA that it is in good regulatory standing in the capacity in which it is authorized, licenced or registered.

1. Copy of the Recognition Order from the FSRA approving ICE Futures Abu Dhabi as a Recognized Investment Exchange, effective 3 October 2019, attached as Annex A-7(1).

2. Copy of Direction Letter from the FSRA relating to the Recognition Order, attached as Annex A-7(2).

3. Representation from the FSRA that the Exchange is in good regulatory standing, attached as Annex A-7(3). ("**Letter of Good Standing**").

EXHIBIT A—GENERAL INFORMATION AND DOCUMENTATION

Exhibit A–8

A summary of any disciplinary or enforcement actions or proceedings that have been brought against the foreign board of trade, or any of the senior officers thereof, in the past five years and the resolution of those actions or proceedings.

ICE Futures Abu Dhabi Application: Exhibit A–8

A summary of any disciplinary or enforcement actions or proceedings that have been brought against ICE Futures Abu Dhabi , or any of the senior officers thereof, in the past five years and the resolution of those actions or proceedings.

1. The Exchange is new and so no disciplinary or enforcement actions or proceedings have been brought against it or any of its senior officers.

EXHIBIT A—GENERAL INFORMATION AND DOCUMENTATION

Exhibit A–9

An undertaking by the chief executive officer(s) (or functional equivalent[s]) of the foreign board of trade to notify Commission staff promptly if any of the representations made in connection with or related to the foreign board of trade's application for registration cease to be true or correct, or become incomplete or misleading.

ICE Futures Abu Dhabi Application: Exhibit A–9

An undertaking by the chief executive officer(s) (or functional equivalent[s]) of ICE Futures Abu Dhabi to notify Commission staff promptly if any of the representations made in connection with or related to ICE Futures Abu Dhabi 's application for registration cease to be true or correct, or become incomplete or misleading.

1. An undertaking by the President of ICE Futures Abu Dhabi to notify Commission staff promptly if any of the representations made in connection with or related to ICE Futures Abu Dhabi's application for registration ceases to be true or correct, or becomes incomplete or misleading, is attached as Annex A-9.

ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

COMMERCIAL LICENSE
رخصة تجارية

Company :
ICE FUTURES ABU DHABI LIMITED

اسم الشركة :
ايس فيوتشرز أبوظبي ليمتد

Registered Number : 000003073

رقم التسجيل :

Type of Legal Entity :
Private Company Limited by Shares

نوع الجهة القانونية :
شركة خاصة محدودة بالأسهم

Address : Part of, 29th Floor, Al Sarab Tower, Adgm Square, Al Maryah Island, Abu Dhabi, United Arab Emirates

العنوان: جزء من, الطابق 29, برج السراب, مربعة سوق أبوظبي العالمي, جزيرة الماريا, أبوظبي, الامارات العربية المتحدة

Authorised Signatory :
Francois Alain Marie Lepart

اسم المخول بالتوقيع :
فرانكويس الاين مارى ليبارت

Business Activities :
Operating an Exchange

الأنشطة التجارية :
تشغيل مكتب صرافة

Issue Date : 26 September 2019

تاريخ الإصدار :

Expiry Date : 25 September 2020

تاريخ الإنتهاء :

REGISTRATION AUTHORITY
سلطة التسجيل

[SIGNATURE]

Abu Dhabi Global Market Registration Authority

Verify Document Code COMPANIES-71042995

Remote Bodies

ICE Clear Europe Limited

Recognition Order Number	0004
Recognition Order Date	20 April 2020
Recognition Order Type	Remote Clearing House
Jurisdiction	England
Address	Milton Gate, 60 Chiswell Street, London EC1Y 4SA, United Kingdom
Phone	+44 (0) 20 7065 7700
Regulatory Actions	None

ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

Certificate of Incorporation

This is to certify that

ICE FUTURES ABU DHABI LIMITED

Registered Number 000003073

is an incorporated company pursuant to Abu Dhabi Global Market Companies Regulations 2015 and is taken to be incorporated in Abu Dhabi Global Market. The company is a Private Company Limited By Shares.

The date of incorporation is 26 September 2019.
Issued by Abu Dhabi Global Market Registration Authority.

[SIGNATURE]

Abu Dhabi Global Market Registration Authority

Verify Document Code COMPANIES-90486145

REGISTRATION AUTHORITY
سلطة التسجيل

The Companies Regulations 2015

Private Company Limited By Shares

ICE FUTURES ABU DHABI LIMITED

(incorporated under the laws of the Abu Dhabi Global Market on 26 September 2019 with company number 000003073)

ARTICLES OF ASSOCIATION

approved by Special Resolution passed on ____ February 2020

INDEX TO THE ARTICLES

Part I. Interpretation and Limitation of Liability

Defined terms

1. In the Articles, unless the context requires otherwise-

"**Additional Contribution**" has the meaning given to it in the Clearing Services Agreement,

"**ADGM**" means the Abu Dhabi Global Market, located in Abu Dhabi, United Arab Emirates,

"**ADNOC**" means Abu Dhabi National Oil Company, a company duly established and existing under Law No. 7 of 1971 (as amended) of the Emirate of Abu Dhabi and United Arab Emirates with its principal place of business at P.O. Box 898, ADNOC Headquarters Complex, Abu Dhabi, United Arab Emirates,

"**ADNOC Shareholder**" means Pyramid RSC LTD, a restricted scope company duly established and existing under the laws of the Abu Dhabi Global Market with registration number 000003182 and whose registered office is at PO Box 128666, 24 Al Sila Tower, Abu Dhabi Global Market Square, Al Maryah Island, Abu Dhabi, United Arab Emirates, or such other holder(s) of the ADNOC Shares (as defined in the articles of association of Holdings) in the capital of Holdings from time to time,

"**Affiliates**" means:

(a) in relation to the ICE Shareholder, any person that now or hereafter, is directly or indirectly Controlled by ICE; and

(b) in relation to the ADNOC Shareholder, any person that, now or hereafter, is directly or indirectly Controlled by ADNOC,

"**Applicable Laws**" means any applicable national, federal, supranational, state, regional, provincial, local or other statute, law, ordinance, regulation, rule, code, order, regulatory requirement, judgment or decision of a Governmental Authority and, for the avoidance of doubt, includes all the provisions of the FSRA Rules and applicable accounting standards and principles,

"**Articles**" means the Company's articles of association,

"**Business**" means the launch, operation and development of an Exchange based in ADGM but with international membership for the Murban Abu Dhabi Futures Contract and such future contracts as ICEU and the Company may agree to add from time to time,

"**bankruptcy**" includes insolvency proceedings in respect of an individual in any jurisdiction,

"**capitalised sum**" has the meaning given in Article 119,

"**Chairperson**" means the chairperson of the board of Directors,

"**chairperson of the meeting**" has the meaning given in Article 133,

"**Clearing Services Agreement**" means the clearing services agreement between ICEU, the Company, Intercontinental Exchange Holdings Inc. and Exchange Participants Limited,

"**committee**" any committee of Directors established in accordance with Article 16,

"**Companies Regulations**" means the ADGM Companies Regulations 2015,

"**Company**" means ICE Futures Abu Dhabi Limited,

"**Confidential Information**" means any information or know-how of a secret or confidential nature relating to the Company, Holdings or of the ICE Shareholder, the ADNOC Shareholder or the Participant Shareholders, including:

(a) any information regarding any Shareholders' Agreement and the investment by the ICE Shareholder, the ADNOC Shareholder and the Participant Shareholders in Holdings and the Company pursuant to any Shareholders' Agreement;

(b) any financial information or trading information relating to Holdings, the Company or of the ICE Shareholder, the ADNOC Shareholder or the Participant Shareholders which any of them may receive or obtain as a result of entering into any Shareholders' Agreement;

(c) information concerning the Business; and

(d) any other information which it may reasonably be expected would be regarded by a company as confidential or commercially sensitive,

but shall not include any information which:

(i) is, or which becomes (other than through a breach of the any Shareholders' Agreement or these Articles), available in the public domain or otherwise available to the public generally without requiring a significant expenditure of labour, skill or money;

(ii) is, at the time of disclosure, already known to the person receiving without restriction on disclosure;

(iii) is, or subsequently comes, into the possession of the person receiving without violation of any obligation of confidentiality;

(iv) is independently developed by the person receiving without breach of any Shareholders' Agreement; or

(v) is explicitly approved for release by the written consent of an authorised representative of the disclosing person and any other person to whom the Confidential Information relates,

"**conflict**" has the meaning given in Article 63,

"**Contract Manager**" means the individual appointed as contract manager on behalf of the Company pursuant to each of the Operational Agreements;

"**Control**" means in respect of a person:

(a) the possession, directly or indirectly, of the power to vote fifty per cent (50%) or more of the voting stock (other than directors' qualifying shares or other de minimis holdings required by Applicable Laws to be held by other Person(s)) of such Person;

(b) ownership, directly or indirectly, of fifty per cent (50%) or more of the equity interests (other than directors' qualifying shares or other de minimis holdings required by Applicable Laws to be held by other Person(s)) in such Person; or

(c) the ability, directly or indirectly, to direct or procure the direction of the management and policies of such Person, whether through the ownership of shares, by contract or otherwise,

"**Director**" means a director of the Company, and includes any person occupying the position of director, by whatever name called,

"**Distribution**" means any distribution from the Company to Holdings, whether by way of dividend or otherwise,

"**distribution recipient**" has the meaning given in Article 111,

"**document**" includes, unless otherwise specified, any document sent or supplied in electronic form,

"**electronic form**" has the meaning given in section 1023 of the Companies Regulations,

"**Emergency**" means a state of affairs as a result of which serious harm to the financial condition or reputation of the Company may occur or any other matter deemed urgent by the Chairperson or any Director nominated or proposed by ICE such that immediate action by the board to address such state of affairs and avoid or mitigate such consequences would be appropriate,

"**Emergency Board Meeting**" has the meaning given in Article 46,

"**Exchange**" means the market known as ICE Futures Abu Dhabi,

"**FRR Amount**" means the amount of three million US dollars (US$3,000,000) to cover the financial resources and regulatory capital requirements of the Company under MIR and Applicable Laws (being, at the date of adoption of these Articles, equal to six months of operational expenditure plus the required capital buffer under MIR,

"**FSMR**" means the ADGM Financial Services and Markets Regulations 2015, as amended,

"**FSRA**" means the ADGM Financial Services Regulatory Authority and, where applicable, any successor thereto,

"**FSRA Rules**" means the regulations and rules of the FSRA (as amended, modified or replaced from time to time),

"**fully paid**" in relation to a share, means that the issue price to be paid to the Company in respect of that share has been paid to the Company,

"**Group**" has the meaning given to the term "group undertaking" in section 1017 of the Companies Regulations,

"**hard copy form**" has the meaning given in section 1023 of the Companies Regulations,

"**holder**" in relation to shares means the person whose name is entered in the register of members as the holder of the shares,

"**Holding**s" means the Company's shareholder from time to time, being on the date of adoption of these Articles, ICE Futures Abu Dhabi Holdings Ltd, a company duly established and existing under the laws of the Abu Dhabi Global Market with registration number 000003042 and whose registered office is at Part of 29th Floor, Al Sarab Tower, ADGM Square, Al Maryah Island, Abu Dhabi, United Arab Emirates,

"**Holdings Group**" means Holdings and its subsidiaries from time to time, including IFAD,

"**Holdings Group Member**" means any entity in the Holdings Group,

"**ICE**" means Intercontinental Exchange, Inc., a Delaware corporation whose registered office is at 5660 New Northside Drive NW, Third Floor, Atlanta, Georgia 30328,

"**ICE Shareholder**" means ICE Middle East Investments LLC, a Delaware limited liability company whose registered office is at 3411 Silverside Road, Tatnall Building No. 104 Wilmington, County of New Castle, Delaware 19810, United States of America, or such other holder(s) of the ICE Shares (as defined in the articles of association of Holdings) in the capital of Holdings from time to time,

"**ICEU**" means ICE Clear Europe Limited, a company incorporated under the laws of England and Wales under company number 06219884, having its registered office at Milton Gate, 60 Chiswell Street, London EC1Y 4SA,

"**IFAD Nomination Committee**" means the committee established the board with responsibility for, *inter alia*, nominations to the board,

"**IFAD SIG**" has the meaning given in the Clearing Services Agreement,

"**Information Sharing Protocol**" means the information sharing protocol adopted by the Holdings Group from time to time,

"**Initial ICE Subscription**" means an amount of US$13,000,000 in cash to contributed by the ICE Shareholder to Holdings in the form of subscription for ICE Shares (as defined in the articles of association of Holdings),

"**instrument**" means a document in hard copy form,

"**MIR**" means the Markets and Infrastructure Rules published by the FSRA, as amended from time to time,

"**Murban Abu Dhabi Futures Contract**" means physically delivered futures contract in respect of Murban crude oil, hosted by the Exchange,

"**Non-Independent ADNOC Directors**" has the meaning given in Article 4(d),

"**Non-Independent Directors**" has the meaning given in Article 4(d),

"**Non-Independent ICE Directors**" has the meaning given in Article 4(c),

"**Operational Agreements**" has the meaning given in the Voting Shareholders' Agreement,

"**ordinary resolution**" has the meaning given in section 298 of the Companies Regulations,

"**paid**" means paid or credited as paid,

"**Participant Shareholder**" means the holder(s) of the Participant Shares (as defined in the articles of association of Holdings) in the capital of Holdings from time to time,

"**Participant Shareholders' Agreement**" means any agreement entered into with respect to their rights as shareholders in Holdings between (at least) the ADNOC Shareholder, the ICE Shareholder and the Participant Shareholders (as may be amended from time to time),

"**person**" means any individual, partnership, firm, body corporate, association, trust, unincorporated organisation or other entity,

"**persons entitled**" has the meaning given in Article 119,

"**Preference Shares**" has the meaning given to it in the Clearing Services Agreement,

"**President**" means the president of the Company appointed in accordance with Article 4(e),

"**proxy notice**" has the meaning given in Article 146,

"**Redemption Amount**" means any amount received by the Company by way of a redemption of any Preference Shares,

"**Regulatory Authority**", means any national, federal, supranational, state, regional, provincial, local or other government, government department, ministry, governmental or administrative authority, regulator, committee, council, agency, board, bureau, unit, commission, secretary of state, minister, court, tribunal, judicial body or arbitral body or any other person exercising judicial, executive, interpretative, enforcement, regulatory, investigative, fiscal, taxing or legislative powers or authority anywhere in the world which exercises a regulatory or supervisory function under the laws of any jurisdiction in relation to financial services, the financial markets, exchanges or clearing organisations, including, for the avoidance of doubt, the FSRA,

"**Related Party Transaction**" means any Holdings Group Member on the one hand and the ICE Shareholder, the ADNOC Shareholder or any of its Affiliates on the other hand, entering into, renewing or amending any transaction, contract or arrangement,

"**Remaining Initial Contribution Amount**" means any part of such amount so remaining from the Initial ICE Subscription or so remaining from any Additional Contribution from the ICE Shareholder made in accordance with any Shareholders' Agreement,

"**Rules**" has the meaning give in Article 167,

"**secretary**" means the secretary of the Company,

"**shareholder**" means a person who is the holder of a share,

"**Shareholders' Agreement**" means either of the Voting Shareholders' Agreement or the Participant Shareholders' Agreement,

"**Shareholder Group**" shall have the meaning given to the term "group undertaking" in section 1017 of the Companies Regulations,

"**shares**" means shares in the Company,

"**special resolution**" has the meaning given in section 299 of the Companies Regulations,

"**subsidiary**" has the meaning given in section 1015 of the Companies Regulations,

"**transmittee**" means a person entitled to a share by reason of the death or bankruptcy of a shareholder or otherwise by operation of law,

"**Voting Shareholders' Agreement**" means any agreement (other than a Participant Shareholders' Agreement) entered into with respect to their rights as shareholders in Holdings between (at least) the ADNOC Shareholder and the ICE Shareholder (as may be amended from time to time), and

"**writing**" means the representation or reproduction of words, symbols or other information in a visible form by any method or combination of methods, whether sent or supplied in electronic form or otherwise.

2. In these Articles:

(a) references to a meeting shall not be taken as requiring more than one person to be present if the quorum requirement for such meeting can be satisfied by one person;

(b) unless the context otherwise requires, other words or expressions contained in these Articles bear the same meaning as in the Companies Regulations as in force on the date when these Articles become binding on the Company;

(c) where an ordinary resolution of the Company is expressed to be required for any purpose, a special resolution is also effective for that purpose.

Liability of members

3. The liability of the members is limited to the amount, if any, unpaid on the shares held by them.

Part II. Directors

Appointment and Dismissal of Directors

Appointment of Directors

4. The number of Directors shall be seven, initially appointed as follows:

(a) two independent non-executive Directors proposed by the ICE Shareholder and nominated by Holdings for appointment,

(b) one independent non-executive Director proposed by the ADNOC Shareholder and nominated by Holdings for appointment,

(c) two non-independent, non-executive Directors nominated by the ICE Shareholder for appointment (the "**Non-Independent ICE Directors**"),

(d) one non-independent, non-executive Director nominated by the ADNOC Shareholder for appointment (the "**Non-Independent ADNOC Directors**, and together with the Non-Independent ICE Directors, the "**Non-Independent Directors**"), and

(e) one executive Director, jointly proposed by the ICE Shareholder and the ADNOC Shareholder and nominated by the IFAD Nomination Committee for appointment, who shall hold the role of President and Contract Manager of the Company.

5. The appointment of any person as a Director shall be subject to the person nominated being (i) willing to act as a Director, and (ii) permitted by Applicable Laws, including obtaining such regulatory approvals or statuses as may be required by Applicable Laws, to act as a Director. The person nominating a Director shall notify the board of the identity of the selected Director in writing.

6. Independent Directors must disclose any other directorships to the board before they are appointed and any changes to such directorships shall be reported to the board as they arise.

7. The independent non-executive Director proposed by the ADNOC Shareholder and nominated by Holdings for appointment, in accordance with Article 4(b), shall act as Chairperson and shall be domiciled in the UAE. The selection of the Chairperson will be subject to confirmation by the ADNOC Shareholder.

8. Directors are appointed until such time as their appointed is terminated in accordance with the Articles.

9. A vacancy in the board of Directors shall not affect the validity of actions taken by the board until such time as such vacancy is filled in accordance with the Articles.

10. Any vacancy, howsoever arising, shall be filled as follows:

(a) in the case of the independent non-executive Directors initially proposed by the ICE Shareholder, replacements (and any future replacements) shall be proposed by the ICE Shareholder and nominated by the IFAD Nomination Committee for appointment;

(b) in the case of the independent non-executive Director initially proposed by the ADNOC Shareholder, a replacement (and any future replacements) shall be proposed by the ADNOC Shareholder and nominated by the IFAD Nomination Committee for appointment;

(c) in the case of the Non-Independent Directors, replacements (and any future replacements) shall be nominated by the person that nominated the Director whose departure from the board caused the vacancy; and

(d) in the case of the executive Director, a replacement (and any future replacements) shall be proposed by the ICE Shareholder and nominated by the IFAD Nomination Committee for appointment.

11. Directors may not appoint an alternate.

Dismissal of Directors

12. The office of a Director is vacated if:

(a) he resigns by notice delivered to the secretary at the Company's registered office or tendered at a board meeting, or

(b) in the case of an independent non-executive Director proposed by the ICE Shareholder, a Non-Independent ICE Director or the executive Director, the ICE Shareholder notifies the board in writing requesting that the Director's appointment is terminated. In the case of the executive Director, such notification shall also result in the Director ceasing to be President and Contract Manager of the Company, or

(c) in the case of an independent non-executive Director proposed by the ADNOC Shareholder or a Non-Independent ADNOC Director, the ADNOC Shareholder notifies the board in writing requesting that the Director's appointment is terminated, or

(d) he ceases to be a Director by virtue of a provision of the Companies Regulations, is removed from office pursuant to the Articles or becomes prohibited by law from being a Director, or

(e) he, or a company trading on the Exchange of which he is a director or an employee, is found guilty of a serious disciplinary offence under the Rules of the Exchange or under the rules of any other Regulatory Authority, or

(f) he becomes bankrupt or compounds with his creditors generally, or

(g) a registered medical practitioner who is treating that person gives a written opinion to the Company stating that that person has become physically or mentally incapable of acting as a director and may remain so for more than three months, or

(h) he is removed from office by notice addressed to him at his last-known address and signed by all his co-Directors (without prejudice to a claim for damages for breach of contract or otherwise), or

(i) he ceases to be President of the Company and is not otherwise requested to remain as a Director, or

(j) his co-Directors reasonably resolve that as a result of his continuing as a Director, the Company's status as a "recognised investment exchange" under FSMR or any other recognition or status granted to or being sought by the Company pursuant to any law or regulation) could be endangered or materially adversely affected or compromised as a result of his membership of the board, or

(k) he has his ADGM "approved person" status revoked, or

(l) his co-Directors reasonably resolve that he is no longer a fit and proper person to act as the director of a "recognised investment exchange" under FSMR.

13. A resolution of the board declaring a Director to have vacated office under the terms of this Article is conclusive as to the fact and grounds of vacation stated in the resolution.

14. If the office of a Director is vacated for any reason, he shall cease to be a member of any committee of the board.

Appointment of secretary

15. The board shall nominate and appoint a company secretary.

Committees

16. The board may, by simple majority, establish one or more committees to which certain of its powers are delegated under Article 24.

17. The Directors shall appoint the members of each of the committees, which shall each operate in accordance with its own terms of reference. Committees to which the Directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the Articles which govern the taking of decisions by Directors.

Directors' general authority

18. Subject to the Articles, the Directors are responsible for the management of the Business and the Exchange, for which purpose they may exercise all the powers of the Company and the Exchange, and regulate and decide all matters concerning the Company and the Exchange as are not herein or by any other Article or any regulation provided for.

19. All monies, bills and notes belonging to the Exchange shall be paid to or deposited with the Exchange's bankers to an account or accounts to be opened in the name of the Exchange. Cheques on the Exchange's bankers shall be signed in a manner from time to time resolved upon by the Directors. The Exchange's banking account or accounts shall be kept with such banker or bankers as the Directors shall from time to time determine.

20. The Directors may exercise all the powers of the Company and the Exchange to borrow money, and to mortgage or charge its undertaking and property or any part thereof and to issue debentures, debenture stock and other securities whether outright or as security for any debt, liability or obligation of the Company and the Exchange or of any third party.

21. For the avoidance of doubt, it is hereby declared that the Directors shall have such other powers as are vested in them by the Rules.

22. The Directors may, by power of attorney or otherwise, appoint any person to be the agent of the Company or the Exchange for such purposes and on such conditions as they determine, including authority for the agent to delegate all or any of his powers.

Shareholders' reserve power

23. (1) The shareholders may, by special resolution, direct the Directors to take, or refrain from taking, specified action.

(2) No such special resolution invalidates anything which the Directors have done before the passing of the resolution.

Directors may delegate

24. Subject to the Articles, the Directors may delegate any of the powers which are conferred on them under the Articles and/or the Rules —

(a) to such person or committee,

(b) by such means (including by power of attorney),

(c) to such an extent,

(d) in relation to such matters or territories, and

(e) on such terms and conditions,

as they think fit.

25. If the Directors so specify, any such delegation may authorise further delegation of the Directors' powers by any person to whom they are delegated.

26. The Directors may revoke any delegation in whole or part, or alter its terms and conditions.

27. Where a provision of the Articles refers to the exercise of a power, authority or discretion by the Directors and that power, authority or discretion has been delegated by the Directors to a committee, the provision shall be construed as permitting the exercise of the power, authority or discretion by the committee.

Directors' remuneration

28. Directors may undertake any services for the Company that the Directors decide.

29. Directors are entitled to such remuneration as the Directors determine provided that such remuneration is reasonable and commensurate to the role of the Directors—

(a) for their services to the Company as Directors, and

(b) for any other service which they undertake for the Company,

and any such remuneration (including remuneration in the form of securities in ADNOC, ICE or any of their Affiliates) so determined by the Directors shall not be considered to give rise to a conflict of interest.

30. Subject to the Articles, a Director's remuneration may—

(a) take any form, and

(b) include any arrangements in connection with the payment of a pension, allowance or gratuity, or any death, sickness or disability benefits, to or in respect of that Director.

31. Unless the Directors decide otherwise, Directors' remuneration accrues from day to day.

32. Unless the Directors decide otherwise, Directors are not accountable to the Company for any remuneration which they receive as directors or other officers or employees of the Company's subsidiaries or of any other body corporate in which the Company is interested.

33. A Director who, at the request of the Directors, goes or resides abroad, makes a special journey or performs a special service on behalf of the Company may be paid such reasonable additional remuneration (whether by way of salary, percentage of profits or otherwise) and expenses as the Directors may decide.

Directors' expenses

34. The Company may pay any reasonable expenses which the Directors properly incur in connection with their attendance at—

(a) meetings of Directors or committees of Directors,

(b) general meetings, or

(c) separate meetings of the holders of any class of shares or of debentures of the Company,

or otherwise in connection with the exercise of their powers and the discharge of their responsibilities in relation to the Company.

Decision-Making by Directors

Directors to take decisions collectively

35. Subject to Article 36 and the terms of the Voting Shareholders' Agreement, the general rule about decision-making by Directors is that all business arising at any board meeting, including any Emergency Board Meeting or meeting reconvened in accordance with Article 53, shall be determined by resolutions passed by a majority vote of the Directors present, provided that the Directors nominated by the ICE Shareholder constitute a majority of the Directors present and entitled to vote or by a decision taken in accordance with Articles 37 to 40.

36. The prior written approval of at least one Non-Independent ICE Director and at least one Non-Independent ADNOC Director shall be required for any Related Party Transaction.

Unanimous decisions

37. A decision of the Directors is taken in accordance with this Article when all eligible Directors indicate to each other by any means that they share a common view on a matter.

38. Such a decision may take the form of a resolution in writing, copies of which have been signed or approved by email (or other form of electronic transmission) by each eligible Director or to which each eligible Director has otherwise indicated agreement in writing or approved by email (or other form of electronic transmission). A decision taken in accordance with this Article 38 shall be as valid and effective as if it had been passed at a Directors' meeting duly convened and held in accordance with these Articles.

39. References in these Articles to eligible Directors are to Directors who would have been entitled to vote on the matter had it been proposed as a resolution at a Directors' meeting.

40. A decision may not be taken in accordance with these Articles if the eligible Directors would not have formed a quorum at such a meeting.

Frequency and location of Directors' meetings

41. Meetings of the board of Directors shall be held at least once quarterly and at such other times as the Directors may determine.

42. All meetings of the board of Directors shall be held in the ADGM or such other location as the board may from time to time determine, with the consent of the Chairperson.

Calling a Directors' meeting

43. Any Director, the President or Holdings may call a Directors' meeting by requesting the company secretary give notice to each Director. At least 14 days' written notice shall be given to each Director of all such meetings, unless the Directors agree to shorter notice or as permitted under Article 46.

44. Subject to Article 47, notice of any Directors' meeting must—

(a) indicate its proposed date and time,

(b) indicate where it is to take place,

(c) indicate, if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting, and

(d) specify a reasonably detailed agenda and be accompanied by any relevant papers to be discussed at the board meeting. Matters not on the agenda, or business conducted in relation to those matters, may not be raised at a board meeting unless all the Directors present at the board meeting agree.

45. Notice of a Directors' meeting must be given to each Director in writing.

Emergency Directors' Meetings

46. In the event of an Emergency, any Non-Independent ICE Director or the Chairperson may call an emergency meeting of the Directors (an "**Emergency Board Meeting**") on such written notice as the relevant Non-Independent ICE Director or the Chairperson (as applicable) specifies.

47. The notice for an Emergency Board Meeting shall not be required to meet the requirements of Article 44(d).

Participation in Directors' meetings

48. Subject to the Articles, Directors may participate in a Directors' meeting, or part of a Directors' meeting in person or by video or telephone conference call (or any similar means of electronic communication, provided all persons participating in the meeting are able to hear and speak to each other throughout the meeting). A person participating in this way is deemed to be present in person at the Directors' meeting and is counted in a quorum and entitled to vote.

49. All business transacted by the Directors in accordance with Article 48 is deemed to be validly and effectively transacted even though fewer than two Directors are physically present at the same place.

50. If all the Directors participating in a meeting are not in the same place, the meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the Chairperson of the meeting then is.

Quorum for Directors' meetings

51. At a Directors' meeting, unless a quorum is participating, no proposal is to be voted on, except a proposal to call another meeting.

52. The quorum for Directors' meetings shall be at least three Directors present and entitled to vote, consisting of one Non-Independent ICE Director, one Non-Independent ADNOC Director and one independent non-executive Director, provided that the majority of those present shall have been proposed or nominated by the ICE Shareholder.

53. If a quorum is not present within one hour of the time appointed for the board meeting, or at any time during a board meeting a quorum ceases to be present, consideration of the business shall be adjourned to a re-convened board meeting to be called subject to a minimum of 5 days' notice to the board. If at such re-convened board meeting the quorum requirement is not met due to the continued non-attendance by the requisite number of Directors proposed or nominated by the ADNOC Shareholder only, the transaction of business at the board meeting shall not require the quorum specified at Article 52 and may be transacted by a quorum of any two Directors nominated or proposed by the ICE Shareholder present and attending within one hour of the time appointed for the re-convened board meeting.

54. If at an Emergency Board Meeting the quorum specified at Article 52 is not present within one hour of the time appointed for the Emergency Board Meeting, the business may be transacted by a quorum of any two Directors nominated or proposed by the ICE Shareholder present and attending.

55. At any board meeting each Director shall have one vote.

Chairing of Directors' meetings

56. The Chairperson shall ordinarily chair meetings of the Directors. In the absence of the Chairperson, the Directors present may appoint any one of their number to act as Chairperson for the duration of the meeting.

Casting vote

57. If the numbers of votes for and against a proposal are equal, the Chairperson or other Director chairing the meeting shall not have a casting vote.

Conflicts of interest

58. If a proposed decision of the Directors is concerned with any matter involving the ICE Shareholder or the ADNOC Shareholder or any member of their Shareholder Group (including the entry by the Company into a contract with, the termination by the Company of a contract with, the bringing by the Company of any action or claim under or in connection with, or the taking of any step or other action to enforce the rights or remedies of the Company under any contract with the ICE Shareholder or ADNOC

Shareholder or any member of their respective Shareholder Group), each Non-Independent ICE Director and each Non-Independent ADNOC Director:

(a) may attend any Directors' meeting at which such matter is to be considered and may be counted in the quorum in respect of such meeting; and

(b) shall be entitled to vote at any Directors' meeting at which such matter is to be considered, or by way of a decision in accordance with Article 38 in relation to such matter.

59. Each Non-Independent Director shall disclose to the other Directors the details of any direct or indirect personal interest:

(a) in any matter approved at a meeting, at or before such meeting, such details to be recorded in the minutes of the meeting; and

(b) in any matter approved by way of a written resolution of the Directors of the Company, in writing prior to the signing of that resolution, such details to be recorded in the recitals to the resolution.

60. Subject to the fiduciary, regulatory and statutory duties and obligations of the Directors and to Applicable Laws:

(a) a Non-Independent ICE Director may act solely in the interests of the ICE Shareholder and a Non-Independent ADNOC Director may act solely in the interests of the ADNOC Shareholder that nominated such Director and, in doing so, will be taken to have acted in good faith in the best interests of the Company.

(b) a Director with interests of the following kinds is to be counted as participating in the decision-making process for quorum and voting purposes;

(i) provided that such interest has been notified to the board, a Director is a Director or officer of, or employed by, or otherwise interested in, the ICE Shareholder or the ADNOC Shareholder or any of their Affiliates,

(ii) the Director's interest cannot reasonably be regarded as likely to give rise to a conflict of interest,

(iii) a Director has an interest, or a transaction or arrangement gives rise to an interest, of which the Director is not aware, and

(c) a Non-Independent ICE Director may disclose Confidential Information received by them to the ICE Shareholder and a Non-Independent ADNOC Director may disclose any Confidential Information received by them to the ADNOC Shareholder subject, in either case, to any restrictions set forth in the Information Sharing Protocol.

61. Without prejudice to the Directors' duties set out in Chapter 2 of Part 10 of the Companies Regulations, if a situation (a relevant situation) arises in which a Director has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company (including, without limitation, in relation to the exploitation of any property, information or opportunity, whether or not the Company could take advantage of it, but excluding any situation listed in Article 60(b) (a conflict) the following provisions shall apply if the conflict did not arise in relation to a transaction or arrangement with the Company:

(a) the Directors (other than the Director, and any other Director with a similar interest, who shall not be counted in the quorum at the meeting and shall not vote on the resolution, though any Director, including the Director, and any other Director with a similar interest, may propose the resolution); or

(b) Holdings (by ordinary resolution or by written resolution),

may resolve to authorise the relevant situation and the continuing performance by the Director of his duties on such terms as they may determine.

62. For the purposes of Article 61, if there are insufficient Directors eligible to vote and therefore to form a quorum, the eligible Director(s) may take decisions in relation to the relevant matter without regard to any of the provisions of the articles relating to Directors' decision-making.

63. Any reference in Article 61 to a "conflict" includes a conflict of interest and duty and a conflict of duties.

64. Any terms determined by the Directors or the shareholders under Article 61:

(a) shall be in writing (although the authority shall be effective whether or not the terms are so recorded); and

(b) may be imposed at the time of the authorisation or may be imposed or varied subsequently by either the Directors or the shareholders and may include (without limitation):

(i) whether the interested Directors may vote (and be counted in the quorum at any meeting) in relation to any decision (whether at a meeting of the Directors or otherwise) relating to the relevant situation;

(ii) the exclusion of the interested Directors from all information and discussion by the Company of the relevant situation; and

(iii) (without prejudice to the general obligations of confidentiality) the application to the interested Directors of a strict duty of confidentiality to the Company for any confidential information of the Company in relation to the relevant situation, so that where the relevant Director obtains (otherwise than through his position as a Director) information that is

confidential to a third party, the Director will not be obliged to disclose that information to the Company, or to use or apply the information in relation to the Company's affairs, where to do so would amount to a breach of that confidence.

65. Any authorisation given under Article 61 may be withdrawn by either the Directors or the shareholders by giving notice to the Director concerned.

66. An interested Director must act in accordance with any terms determined by the Directors or the shareholders under Article 61.

67. Except as specified in Article 61, any proposal made to the Directors and any authorisation by the Directors in relation to a relevant situation shall be dealt with in the same way as any other matter may be proposed to and decided by the Directors in accordance with the Articles.

68. Any authorisation of a relevant situation given by the Directors or the shareholders under Article 61 may provide that, where the interested Director obtains (other than through his position as a Director) information that is confidential to a third party, he will not be obliged to disclose it to the Company or to use it in relation to the Company's affairs in circumstances where to do so would amount to a breach of that confidence.

69. A Director shall, as soon as reasonably practicable, declare the nature and extent of his interest in a relevant situation within Article 61 to the other Directors and the shareholders. Failure to comply with this requirement does not affect the underlying duty to make the declaration of interest.

70. For the purposes of this Article, reference to proposed decisions and decision-making processes include any Directors' meeting or part of a Directors' meeting.

71. If any question as to the right to participate in the meeting (or part of the meeting) should arise in respect of the Chairperson, the question is to be decided by a decision of the Directors at that meeting, for which purpose the Chairperson is not to be counted as participating in the meeting (or that part of the meeting) for voting or quorum purposes.

Records of decisions to be kept

72. The Directors must ensure that the Company keeps a record, in writing, for at least 10 years from the date of the decision recorded, of every unanimous or majority decision taken by the Directors.

Directors' discretion to make further rules

73. Subject to the Articles, the Directors may make any rule which they think fit about how they take decisions, and about how such rules are to be recorded or communicated to Directors.

Part III. Shares and Distributions

Shares

All shares to be fully paid up

74. No share is to be issued for less than the issue price to be paid to the Company in consideration for its issue.

75. This does not apply to shares taken on the formation of the Company by the subscribers to the Company's memorandum.

Powers to issue different classes of share

76. Subject to the Articles and any Shareholders' Agreement, but without prejudice to the rights attached to any existing share, the Company may issue shares with such rights or restrictions as may be determined by ordinary resolution.

77. The Company may issue shares which are to be redeemed, or are liable to be redeemed at the option of the Company or the holder, and the Directors may determine the terms, conditions and manner of redemption of any such shares.

Company not bound by less than absolute interests

78. Except as required by law, no person is to be recognised by the Company as holding any share upon any trust, and except as otherwise required by law or the Articles, the Company is not in any way to be bound by or recognise any interest in a share other than the holder's absolute ownership of it and all the rights attaching to it.

Share certificates

79. The Company must (unless the terms of the share issue provide otherwise) issue each shareholder, free of charge, with one or more certificates in respect of the shares which that shareholder holds.

80. Every certificate must specify—

(a) in respect of how many shares, of what class, it is issued,

(b) the issue price of those shares,

(c) that the shares are fully paid, and

(d) any distinguishing numbers assigned to them.

81. No certificate may be issued in respect of shares of more than one class.

82. If more than one person holds a share, only one certificate may be issued in respect of it.

83. Certificates must—

(a) have affixed to them the Company's common seal, or

(b) be otherwise executed in accordance with the Companies Regulations.

Replacement share certificates

84. If a certificate issued in respect of a shareholder's shares is—

(a) damaged or defaced, or

(b) said to be lost, stolen or destroyed,

that shareholder is entitled to be issued with a replacement certificate in respect of the same shares.

85. A shareholder exercising the right to be issued with such a replacement certificate—

(a) may at the same time exercise the right to be issued with a single certificate or separate certificates,

(b) must return the certificate which is to be replaced to the Company if it is damaged or defaced, and

(c) must comply with such conditions as to evidence, indemnity and the payment of a reasonable fee as the Directors decide.

Share transfers

86. Shares may be transferred by means of an instrument of transfer in any usual form or any other form approved by the Directors, which is executed by or on behalf of the transferor.

87. No fee may be charged for registering any instrument of transfer or other document relating to or affecting the title to any share.

88. The Company may retain any instrument of transfer which is registered.

89. The transferor remains the holder of a share until the transferee's name is entered in the register of members as holder of it.

90. The Directors may, in their absolute discretion and without giving any reason, refuse to register the transfer of a share to any person, and if they do so, the instrument of transfer must be returned to the person who submitted such instrument of transfer to the Company with the notice of refusal unless they suspect that the proposed transfer may be fraudulent.

Transmission of shares

91. If title to a share passes to a transmittee, the Company may only recognise the transmittee as having any title to that share.

92. A transmittee who produces such evidence of entitlement to shares as the Directors may properly require—

(a) may, subject to the Articles, choose either to become the holder of those shares or to have them transferred to another person, and

(b) subject to the Articles, and pending any transfer of the shares to another person, has the same rights as the holder had.

93. But transmittees do not have the right to attend or vote at a general meeting, or agree to a proposed written resolution, in respect of shares to which they are entitled, by reason of the holder's death or bankruptcy or otherwise, unless they become the holders of those shares.

Exercise of transmittees' rights

94. Transmittees who wish to become the holders of shares to which they have become entitled must notify the Company in writing of that wish.

95. If the transmittee wishes to have a share transferred to another person, the transmittee must execute an instrument of transfer in respect of it.

96. Any transfer made or executed under this Article is to be treated as if it were made or executed by the person from whom the transmittee has derived rights in respect of the share, and as if the event which gave rise to the transmission had not occurred.

Transmittees bound by prior notices

97. If a notice is given to a shareholder in respect of shares and a transmittee is entitled to those shares, the transmittee is bound by the notice if it was given to the shareholder before the transmittee's name has been entered in the register of members.

Dividends and Other Distributions

Procedure for declaring dividends

98. The Company shall not make any Distribution to any Shareholder except in accordance with any Shareholders' Agreement, these Articles and Applicable Laws.

99. The Company shall make a Distribution to Holdings of an amount equal to the Remaining Initial Contribution Amount as soon as reasonably practicable following the written request of the ICE Shareholder.

100. The Company shall make a Distribution (or otherwise return) to Holdings of an amount equal to the Redemption Amount as soon as reasonably practicable following receipt of any Redemption Amount.

101. Subject to Articles 98 and 100, the Company shall maximise cash Distributions to Holdings from its net profits.

102. All Distributions by the Company shall be limited to the extent:

(a) necessary for the Company to retain the FRR Amount; and

(b) the Directors determine that profits should be retained to meet the ongoing financial requirements of the Company and/or in connection with the ongoing prudent operation of the Business, including, without limitation, for the purpose of having funds available to meet any requirement for IFAD SIG funding.

103. The Company may by ordinary resolution declare dividends.

104. A dividend must not be declared unless the Directors have made a recommendation as to its amount. Such a dividend must not exceed the amount recommended by the Directors.

105. No dividend may be declared or paid unless it is in accordance with shareholders' respective rights.

106. Unless the shareholders' resolution to declare or Directors' decision to pay a dividend, or the terms on which shares are issued, specify otherwise, it must be paid by reference to each shareholder's holding of shares on the date of the resolution or decision to declare or pay it.

107. No interim dividend may be paid on shares carrying deferred or non-preferred rights if, at the time of payment, any preferential dividend is in arrears.

108. The Directors may pay at intervals any dividend payable at a fixed rate if it appears to them that the profits available for Distribution justify the payment.

109. If the Directors act in good faith, they do not incur any liability to the holders of shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on shares with deferred or non-preferred rights.

Payment of dividends and other Distributions

110. Where a dividend or other sum which is a Distribution is payable in respect of a share, it must be paid by one or more of the following means—

(a) transfer to a bank account specified by the distribution recipient either in writing or as the Directors may otherwise decide,

(b) sending a cheque made payable to the distribution recipient by post to the distribution recipient at the distribution recipient's registered address (if the distribution recipient is a holder of the share), or (in any other case) to an address specified by the distribution recipient either in writing or as the Directors may otherwise decide,

(c) sending a cheque made payable to such person by post to such person at such address as the distribution recipient has specified either in writing or as the Directors may otherwise decide, or

(d) any other means of payment as the Directors agree with the distribution recipient either in writing or by such other means as the Directors decide.

111. In the Articles, the "distribution recipient" means, in respect of a share in respect of which a dividend or other sum is payable—

(a) the holder of the share, or

(b) if the share has two or more joint holders, whichever of them is named first in the register of members, or

(c) if the holder is no longer entitled to the share by reason of death or bankruptcy, or otherwise by operation of law, the transmittee.

No interest on Distributions

112. The Company may not pay interest on any dividend or other sum payable in respect of a share unless otherwise provided by—

(a) the terms on which the share was issued, or

(b) the provisions of another agreement between the holder of that share and the Company.

Unclaimed Distributions

113. All dividends or other sums which are—

(a) payable in respect of shares, and

(b) unclaimed after having been declared or become payable,

may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

114. The payment of any such dividend or other sum into a separate account does not make the Company a trustee in respect of it.

115. If—

(a) twelve years have passed from the date on which a dividend or other sum became due for payment, and

(b) the distribution recipient has not claimed it,

the distribution recipient is no longer entitled to that dividend or other sum and it ceases to remain owing by the Company.

Non-cash Distributions

116. Subject to the terms of issue of the share in question, the Company may, by ordinary resolution on the recommendation of the Directors, decide to pay all or part of a dividend or other Distribution payable in respect of a share by transferring non-cash assets of equivalent value (including, without limitation, shares or other securities in any company).

117. For the purposes of paying a non-cash Distribution, the Directors may make whatever arrangements they think fit, including, where any difficulty arises regarding the Distribution—

(a) fixing the value of any assets,

(b) paying cash to any distribution recipient on the basis of that value in order to adjust the rights of recipients, and

(c) vesting any assets in trustees.

Waiver of Distributions

118. Distribution recipients may waive their entitlement to a dividend or other Distribution payable in respect of a share by giving the Company notice in writing to that effect, but if—

(a) the share has more than one holder, or

(b) more than one person is entitled to the share, whether by reason of the death or bankruptcy of one or more joint holders, or otherwise,

the notice is not effective unless it is expressed to be given, and signed, by all the holders or persons otherwise entitled to the share.

Capitalisation of Profits

Authority to capitalise and appropriation of capitalised sums

119. Subject to the Articles, the Directors may, if they are so authorised by an ordinary resolution—

(a) decide to capitalise any profits of the Company (whether or not they are available for Distribution) which are not required for paying a preferential dividend, or any sum standing to the credit of the Company's capital redemption reserve, and

(b) appropriate any sum which they so decide to capitalise (a "capitalised sum") to the persons who would have been entitled to it if it were distributed by way of dividend (the "persons entitled") and in the same proportions.

120. Capitalised sums must be applied—

(a) on behalf of the persons entitled, and

(b) in the same proportions as a dividend would have been distributed to them.

121. Any capitalised sum may be applied in paying up new shares of an issue price equal to the capitalised sum which are then allotted credited as fully paid to the persons entitled or as they may direct.

122. A capitalised sum which was appropriated from profits available for Distribution may be applied in paying up new debentures, debenture stock and other securities of the Company which are then allotted credited as fully paid to the persons entitled or as they may direct.

123. Subject to the Articles the Directors may—

(a) apply capitalised sums in accordance with Article 120 partly in one way and partly in another,

(b) make such arrangements as they think fit to deal with shares, debentures, debenture stock or other securities becoming distributable in fractions under this Article (including the issuing of fractional certificates or the making of cash payments), and

(c) authorise any person to enter into an agreement with the Company on behalf of all the persons entitled which is binding on them in respect of the allotment of shares, debentures, debenture stock or other securities to them under this Article.

Part IV. Decision-Making by Shareholders

Organisation of General Meetings

Attendance and speaking at general meetings

124. A person is able to exercise the right to speak at a general meeting when that person is in a position to communicate to all those attending the meeting, during the meeting, any information or opinions which that person has on the business of the meeting.

125. A person is able to exercise the right to vote at a general meeting when—

(a) that person is able to vote, during the meeting, on resolutions put to the vote at the meeting, and

(b) that person's vote can be taken into account in determining whether or not such resolutions are passed at the same time as the votes of all the other persons attending the meeting.

126. The Directors may make whatever arrangements they consider appropriate to enable those attending a general meeting to exercise their rights to speak or vote at it.

127. In determining attendance at a general meeting, it is immaterial whether any two or more members attending it are in the same place as each other.

128. Two or more persons who are not in the same place as each other attend a general meeting if their circumstances are such that if they have (or were to have) rights to speak and vote at that meeting, they are (or would be) able to exercise them.

Quorum for general meetings

129. No business other than the appointment of the chairperson of the meeting is to be transacted at a general meeting if the persons attending it do not constitute a quorum. A duly authorised representative of a member, or a proxy for a member, shall count for the purposes of a quorum.

130. The quorum requirement for such general meeting may be satisfied by the attendance of one person.

Chairing general meetings

131. The Chairperson shall ordinarily chair general meetings if present and willing to do so.

132. In the absence of the Chairperson—

(a) the Directors present, or

(b) (if no Directors are present), the members present,

must appoint a Director or shareholder to chair the meeting, and the appointment of the chairperson of the meeting must be the first business of the meeting.

133. The person chairing a meeting in accordance with this Articles is referred to as the "chairperson of the meeting".

Attendance and speaking by Directors and non-shareholders

134. Directors may attend and speak at general meetings, whether or not they are shareholders.

135. The chairperson of the meeting may permit other persons who are not—

(a) shareholders of the Company, or

(b) otherwise entitled to exercise the rights of shareholders in relation to general meetings, to attend and speak at a general meeting.

Adjournment

136. If the persons attending a general meeting within half an hour of the time at which the meeting was due to start do not constitute a quorum, or if during a meeting a quorum ceases to be present, the chairperson of the meeting must adjourn it.

137. The chairperson of the meeting may adjourn a general meeting at which a quorum is present if—

(a) the meeting consents to an adjournment, or

(b) it appears to the chairperson of the meeting that an adjournment is necessary to protect the safety of any person attending the meeting or ensure that the business of the meeting is conducted in an orderly manner.

138. The chairperson of the meeting must adjourn a general meeting if directed to do so by the meeting.

139. When adjourning a general meeting, the chairperson of the meeting must—

(a) either specify the time and place to which it is adjourned or state that it is to continue at a time and place to be fixed by the Directors, and

(b) have regard to any directions as to the time and place of any adjournment which have been given by the meeting.

140. If the continuation of an adjourned meeting is to take place more than 14 days after it was adjourned, the Company must give at least 7 clear days' notice of it (that is, excluding the day of the adjourned meeting and the day on which the notice is given)—

(a) to the same persons to whom notice of the Company's general meetings is required to be given, and

(b) containing the same information which such notice is required to contain.

141. No business may be transacted at an adjourned general meeting which could not properly have been transacted at the meeting if the adjournment had not taken place.

Voting at General Meetings

Voting: general

142. A resolution put to the vote of a general meeting must be decided on a show of hands and a proxy for a member may vote on a show of hands.

143. A resolution in writing duly executed by or on behalf of the members shall be as effectual as if it had been passed at a general meeting duly convened and held. If a resolution in writing is described as a special resolution, it has effect accordingly.

Errors and disputes

144. A declaration by the chairperson of the meeting that a resolution has been carried or lost and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact.

145. No objection may be raised to the qualification of any person voting at a general meeting except at the meeting or adjourned meeting at which the vote objected to is tendered, and every vote not disallowed at the meeting is valid. Any such objection must be referred to the chairperson of the meeting, whose decision is final.

Content of proxy notices

146. Proxies may only validly be appointed by a notice in writing in any usual form or in any other form which the Directors may approve (a "proxy notice") which—

(a) states the name and address of the shareholder appointing the proxy,

(b) identifies the person appointed to be that shareholder's proxy and the general meeting in relation to which that person is appointed,

(c) is signed by or on behalf of the shareholder appointing the proxy, or is authenticated in such manner as the Directors may determine, and

(d) is delivered to the Company in accordance with the Articles and any instructions contained in the notice of the general meeting to which they relate.

147. The Company may require proxy notices to be delivered in a particular form, and may specify different forms for different purposes.

148. Proxy notices may specify how the proxy appointed under them is to vote (or that the proxy is to abstain from voting) on one or more resolutions.

149. Unless a proxy notice indicates otherwise, it must be treated as—

(a) allowing the person appointed under it as a proxy discretion as to how to vote on any ancillary or procedural resolutions put to the meeting, and

(b) appointing that person as a proxy in relation to any adjournment of the general meeting to which it relates as well as the meeting itself.

Delivery of proxy notices

150. A person who is entitled to attend, speak or vote at a general meeting remains so entitled in respect of that meeting or any adjournment of it, even though a valid proxy notice has been delivered to the Company by or on behalf of that person.

151. An appointment under a proxy notice may be revoked by delivering to the Company a notice in writing given by or on behalf of the person by whom or on whose behalf the proxy notice was given.

152. A notice revoking a proxy appointment only takes effect if it is delivered before the start of the meeting or adjourned meeting to which it relates.

153. If a proxy notice is not executed by the person appointing the proxy, it must be accompanied by written evidence of the authority of the person who executed it to execute it on the appointor's behalf.

Amendments to resolutions

154. An ordinary resolution to be proposed at a general meeting may be amended by ordinary resolution if—

(a) notice of the proposed amendment is given to the Company in writing by a person entitled to vote at the general meeting at which it is to be proposed not less than 48 hours before the meeting is to take place (or such later time as the chairperson of the meeting may determine), and

(b) the proposed amendment does not, in the reasonable opinion of the chairperson of the meeting, materially alter the scope of the resolution.

155. A special resolution to be proposed at a general meeting may be amended by ordinary resolution, if—

(a) the chairperson of the meeting proposes the amendment at the general meeting at which the resolution is to be proposed, and

(b) the amendment does not go beyond what is necessary to correct a grammatical or other non-substantive error in the resolution.

156. If the chairperson of the meeting, acting in good faith, wrongly decides that an amendment to a resolution is out of order, the chairperson's error does not invalidate the vote on that resolution.

Part V. Administrative Arrangements

Means of communication to be used

157. Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Companies Regulations provides for documents or information which are authorised or required by any provision of the Companies Regulations to be sent or supplied by or to the Company.

158. Subject to the Articles, any notice or document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or documents for the time being.

159. A Director may agree with the Company that notices or documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than 48 hours.

Company seals

160. Any common seal may only be used by the authority of the Directors or of a committee established under Article 16.

161. The Directors may decide by what means and in what form any common seal is to be used.

162. Unless otherwise decided by the Directors, if the Company has a common seal and it is affixed to a document, the document must also be signed by:

(a) two Directors; or

(b) a Director and the secretary.

Provision for employees on cessation of business

163. The Directors may decide to make provision for the benefit of persons employed or formerly employed by the Company or any of its subsidiaries (other than a Director or former Director or shadow Director) in connection with the cessation or transfer to any person of the whole or part of the undertaking of the Company or that subsidiary.

Directors' Indemnity and Insurance

Indemnity

164. Subject to Article 165, each person who is a Director or secretary or member of a committee of the Company shall be indemnified out of the Company's assets against all costs, charges, losses and liabilities incurred by him in the proper execution of his

duties or the proper exercise of his powers, authorities and discretions including, without limitation, a liability incurred —

(a) defending proceedings, (whether civil or criminal,) in which judgment is given in his favour or in which he is acquitted, or which are otherwise disposed of without a finding or admission of material breach of duty on his part, or

(b) in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.

165. This Article does not authorise any indemnity which would be prohibited or rendered void by any provision of the Companies Regulations or by any other provision of law.

Insurance

166. The Directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is or was:

(a) a Director, secretary, committee member of the Company or of a company which is or was a subsidiary undertaking of the Company or in which the Company has or had an interest (whether direct or indirect), or

(b) trustee of a retirement benefits scheme or other trust in which a person referred to in the preceding subparagraph is or has been interested,

indemnifying him against liability for negligence, default, breach of duty or breach of trust or other liability which may lawfully be insured against by the Company.

Part VI. Rules and Regulations

167. Rules, trading procedures, complaint resolution procedures, contract terms and contract procedures, as interpreted in accordance with circulars issued by the Exchange, and any arrangements, directions and provisions made thereunder as the context may require (in these Articles called the "Rules") may from time to time be adopted by the Exchange for the purposes of regulating the conduct of business of the Exchange pursuant to FSMR, including provision for issue, suspension, and withdrawal of trading rights and appeals in connection therewith, for the charging of subscriptions, levies and other imposts, for regulating and maintaining an orderly market, for purposes connected with recognition of the Company for the relevant statutory purposes and such other purposes as the Company may think fit.

168. The Rules may be adopted, added to, revoked or amended:

(a) by the Directors (or any committee appointed by them for such purpose) subject to the provisions of these Articles;

(b) by the Directors (or any committee appointed by them for such purpose) pursuant to any express power conferred upon them by the Rules; or

(c) in such other manner as may be expressly provided for in the Rules.

Contract Specification: ICE Futures Abu Dhabi - Murban Crude Oil Futures

Description	The Murban Crude Oil Future is a physically delivered contract, basis FOB Fujairah (ADNOC) loading terminal, UAE. The contract will provide users with an effective hedging instrument for Arab Gulf crude oil and other grades trading into the Asia Pacific Region. The underlying physical market is for Murban crude oil available without the local Abu Dhabi resale restriction.
Product	Murban Crude Oil, as defined in the Exchange and Clearing House rules.
Contract Symbol	ADM
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One cent ($0.01) per barrel
Minimum Price Fluctuation	One cent ($0.01) per barrel
Last Trading Day	Trading in the prompt delivery month shall cease at 16:30 Singapore Prevailing Time on the last Trading Day of the second month preceding the Delivery Period. If the day on which trading is due to cease would be the Trading Day preceding New Year's Day, then trading shall cease on the next preceding Trading Day.
Position Limits	The applicable position limits and/or accountability levels, in addition to the reportable levels, are set forth in the Position and Expiry Limit Table.
Daily Settlement Price	The Daily Settlement Price will be published at 19:30 London Prevailing Time every Trading Day with the exception of the Last Trading Day where no such prices for the expiring contract month will be published. The Daily Settlement Price is the volume weighted average price of trades between 19:28 and 19:30 London Prevailing Time), or as determined by the Exchange, as detailed within the IFAD Rulebook, Trading Procedures.
Exchange Delivery Settlement Price	The final settlement price, as determined by the Exchange on the Last Trading Day of the expiring contract month, will be the Marker Price published at 16:30 Singapore Prevailing Time and shall be the basis for delivery.
Marker Prices	The Exchange will publish daily Marker Prices at 16:30 Singapore Prevailing Time and 16:30 London Prevailing Time (or as otherwise determined and communicated by the Exchange from time to time). Each Marker will be a volume weighted average price of trades in the two minutes preceding the marker time and will be published for the front three contract months. There will be no Marker Price published at 16:30 London Prevailing Time on the Last Trading Day for the expiring contract month.
Delivery Period	Delivery shall commence no earlier than the first Terminal Loading Day of the delivery month and no later than the third Terminal Loading Day prior to the end of the said delivery month. Delivery shall be completed within the delivery month.

<table>
<tr><td>Delivery Method</td><td>Delivery shall be made by the Seller to the Buyer on a F.O.B. basis at the Fujairah (ADNOC) loading terminal, and shall be made in accordance with all applicable State and local laws and regulations. Delivery is to be made onto Buyer's Vessel during the delivery month.
A loading volume tolerance of plus or minus 0.2% of the contract volume is permitted.
There is no specified minimum quantity of Murban Crude Oil to be delivered for the purposes of this Contract. However, parties should be made aware that in relation to each Vessel the Terminal Operator imposes a minimum loading requirement (which may be amended from time to time) of two hundred thousand (200,000) Barrels for deliveries at the Terminal.
For the purposes of establishing the minimum limit imposed by the Terminal Operator, Members may co-load Barrels resulting from over the counter (OTC) transactions with Exchange traded transactions relating to the Contract.</td></tr>
<tr><td>Contract Series</td><td>Up to 48 consecutive months</td></tr>
<tr><td>Business days</td><td>ICE business days</td></tr>
<tr><td>Trading Hours</td><td>
<table>
<tr><th>City</th><th>Trading Hours</th><th>Pre-Open</th></tr>
<tr><td>Singapore^</td><td>09:00 - 07:00FD</td><td>08:55</td></tr>
<tr><td>Abu Dhabi^</td><td>05:00 - 03:00FD</td><td>04:55</td></tr>
<tr><td>London</td><td>01:00 - 23:00</td><td>00:55</td></tr>
<tr><td>New York</td><td>20:00PD - 18:00</td><td>19:55#</td></tr>
</table>
Monday Trading Day: the market will open two hours prior to the times stated in the table. Singapore: 07:00; Abu Dhabi: 03:00; London: 23:00PD; and New York: 18:00.
^ during British Summer Time the Trading Hours will be one hour back (Singapore: 08:00 - 06:00FD; Abu Dhabi: 04:00 - 02:00FD) from those stated in the table.
FD is the following day.
PD is the preceding day
NOTE: Daylight Saving Time in the US will be different than London British Summer Time. See Exchange Circulars and associated attachments for temporary trading hour changes.</td></tr>
<tr><td>MIC Code</td><td>IFAD</td></tr>
<tr><td>Clearing Venue</td><td>ICEU</td></tr>
</table>

Murban Crude Oil Cash Settled Derivative Contract Specifications

1. CRUDE OUTRIGHT - MURBAN SINGAPORE MARKER 1ST LINE FUTURE

Description	A monthly cash settled future based on the ICE Singapore Marker price (at 16:30 Singapore Prevailing Time) for the Murban Crude Oil Future.
Contract Symbol	ADG
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the average of the Singapore Marker prices (at 16:30 Singapore Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract for each business day (as specified below) in the determination period.
Contract Series	Up to 48 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days
MIC Code	IFAD
Clearing Venue	ICEU

2. CRUDE OUTRIGHT - MURBAN SINGAPORE MARKER 1ST LINE BALMO FUTURE

Description	A balance of the month cash settled future based on the ICE Singapore Marker price (at 16:30 Singapore Prevailing Time) for the Murban Crude Oil Future.
Contract Symbol	ADK
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the average of the Singapore Marker prices (at 16:30 Singapore Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract for each business day (as specified below) in the determination period.
Contract Series	Up to 2 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days
MIC Code	IFAD
Clearing Venue	ICEU

3. CRUDE OUTRIGHT - MURBAN 1ST LINE FUTURE

Description	A monthly cash settled future based on the ICE daily settlement price (at 19:30 London Prevailing Time) for the Murban Crude Oil Future.
Contract Symbol	ADF
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract for each business day (as specified below) in the determination period.
Roll Adjust Provision	The Floating Price quotations, used for determining the Final Settlement Price, will be the front month Murban Crude Oil Future contract daily settlement prices, except on the expiration date of the front month Murban Crude Oil Future contract. On such date, the applicable Floating Price quotation will be the daily settlement price of the following month's Murban Crude Oil Future contract.
Contract Series	Up to 48 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days
MIC Code	IFAD
Clearing Venue	ICEU

4. CRUDE OUTRIGHT - MURBAN 1ST LINE BALMO FUTURE

Description	A balance of the month cash settled future based on the ICE daily settlement price (at 19:30 London Prevailing Time) for the Murban Crude Oil Future.
Contract Symbol	ADJ
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract for each business day (as specified below) in the determination period.
Roll Adjust Provision	The Floating Price quotations, used for determining the Final Settlement Price, will be the front month Murban Crude Oil Future contract daily settlement prices, except on the expiration date of the front month Murban Crude Oil Future contract. On such date, the applicable Floating Price quotation will be the daily settlement price of the following month's Murban Crude Oil Future contract.
Contract Series	Up to 2 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days
MIC Code	IFAD
Clearing Venue	ICEU

5. CRUDE DIFF - MURBAN SINGAPORE MARKER 1ST LINE VS BRENT SINGAPORE MARKER 1ST LINE FUTURE

Description	A monthly cash settled future based on the difference between the ICE settlement price for the Murban Singapore Marker 1st Line Future and the ICE settlement price for the Brent Singapore Marker 1st Line Future.
Contract Symbol	AD3
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the average of the Singapore Marker prices (at 16:30 Singapore Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract and the average of the Singapore Marker prices (at 16:30 Singapore Prevailing Time) as made public by ICE for the front month ICE Brent Crude Future contract for each business day (as specified below) in the determination period.
Contract Series	Up to 48 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days
MIC Code	IFAD
Clearing Venue	ICEU

6. CRUDE DIFF - MURBAN SINGAPORE MARKER 1ST LINE VS BRENT SINGAPORE MARKER 1ST LINE BALMO FUTURE

Description	A balance of the month cash settled future based on the difference between the ICE settlement price for the Murban Singapore Marker 1st Line Future and the ICE settlement price for the Brent Singapore Marker 1st Line Future.
Contract Symbol	AD4
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the average of the Singapore Marker prices (at 16:30 Singapore Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract and the average of the Singapore Marker prices (at 16:30 Singapore Prevailing Time) as made public by ICE for the front month ICE Brent Crude Future contract for each business day (as specified below) in the determination period.
Contract Series	Up to 2 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days
MIC Code	IFAD
Clearing Venue	ICEU

7. CRUDE DIFF - MURBAN 1ST LINE VS BRENT 1ST LINE FUTURE

Description	A monthly cash settled future based on the difference between the ICE settlement price for the Murban 1st Line Future and the ICE settlement price for the Brent 1st Line Future.
Contract Symbol	ADI
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the difference between the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract and the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Brent Crude Future contract for each business day (as specified below) in the determination period.
Roll Adjust Provision	The Floating Price quotations, used for determining the Final Settlement Price, will be the front month Murban Crude Oil Future contract and the front month Brent Crude Future contract daily settlement prices, except on the expiration date of both of these contracts. On such date, the applicable Floating Price quotation will be the daily settlement prices of the following month's Murban Crude Oil Future contract and Brent Crude Future contract.
Contract Series	Up to 48 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days
MIC Code	IFAD
Clearing Venue	ICEU

8. CRUDE DIFF - MURBAN 1ST LINE VS BRENT 1ST LINE BALMO FUTURE

Description	A balance of the month cash settled future based on the difference between the ICE settlement price for the Murban 1st Line Future and the ICE settlement price for the Brent 1st Line Future.
Contract Symbol	ADU
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the difference between the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract and the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Brent Crude Future contract for each business day (as specified below) in the determination period.
Roll Adjust Provision	The Floating Price quotations, used for determining the Final Settlement Price, will be the front month Murban Crude Oil Future contract and the front month Brent Crude Future contract daily settlement prices, except on the expiration date of both of these contracts. On such date, the applicable Floating Price quotation will be the daily settlement prices of the following month's Murban Crude Oil Future contract and Brent Crude Future contract.
Contract Series	Up to 2 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days
MIC Code	IFAD
Clearing Venue	ICEU

9. CRUDE DIFF - MURBAN SINGAPORE MARKER 1ST LINE VS BRENT 1ST LINE FUTURE

Description	A monthly cash settled future based on the difference between the ICE settlement price for the Murban Singapore Marker 1st Line Future and the ICE settlement price for the Brent 1st Line Future.
Contract Symbol	ADH
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the average of the Singapore Marker prices (at 16:30 Singapore Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract and the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Brent Crude Future contract for each business day (as specified below) in the determination period.
Roll Adjust Provision	The Floating Price quotations, used for determining the Final Settlement Price of the Brent 1st Line leg, will be the front month Brent Crude Future contract daily settlement prices, except on the expiration date of the front month Brent Crude Future contract. On such date, the applicable Floating Price quotation will be the daily settlement price of the following month's Brent Crude Future contract.
Contract Series	Up to 48 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days
MIC Code	IFAD
Clearing Venue	ICEU

10. CRUDE DIFF - MURBAN SINGAPORE MARKER 1ST LINE VS BRENT 1ST LINE BALMO FUTURE

Description	A balance of the month cash settled future based on the difference between the ICE settlement price for the Murban Singapore Marker 1st Line Future and the ICE settlement price for the Brent 1st Line Future.
Contract Symbol	AD5
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the average of the Singapore Marker prices (at 16:30 Singapore Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract and the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Brent Crude Future contract for each business day (as specified below) in the determination period.
Roll Adjust Provision	The Floating Price quotations, used for determining the Final Settlement Price of the Brent 1st Line leg, will be the front month Brent Crude Future contract daily settlement prices, except on the expiration date of the front month Brent Crude Future contract. On such date, the applicable Floating Price quotation will be the daily settlement price of the following month's Brent Crude Future contract.
Contract Series	Up to2 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days
MIC Code	IFAD
Clearing Venue	ICEU

11. CRUDE DIFF - MURBAN 1ST LINE VS WTI 1ST LINE FUTURE

Description	A monthly cash settled future based on the difference between the ICE settlement price for the Murban 1st Line Future and the ICE settlement price for the WTI 1st Line Future.
Contract Symbol	ADW
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the difference between the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract and the average of the settlement prices as made public by NYMEX for the front month WTI Crude Future contract for each business day (as specified below) in the determination period. Non-Common Pricing applies.
Roll Adjust Provision	The Floating Price quotations, used for determining the Final Settlement Price of the Murban 1st Line leg, will be the front month Murban Crude Oil Future contract daily settlement prices, except on the expiration date of the front month Murban Crude Oil Future contract. On such date, the applicable Floating Price quotation will be the daily settlement price of the following month's Murban Crude Oil Future contract.
Contract Series	Up to 48 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days and NYMEX business days
MIC Code	IFAD
Clearing Venue	ICEU

12. CRUDE DIFF - MURBAN 1ST LINE VS WTI 1ST LINE BALMO FUTURE

Description	A balance of the month cash settled future based on the difference between the ICE settlement price for the Murban 1st Line Future and the ICE settlement price for the WTI 1st Line Future.
Contract Symbol	ADZ
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the difference between the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract and the average of the settlement prices as made public by NYMEX for the front month WTI Crude Future contract for each business day (as specified below) in the determination period. Non-Common Pricing applies.
Roll Adjust Provision	The Floating Price quotations, used for determining the Final Settlement Price of the Murban 1st Line leg, will be the front month Murban Crude Oil Future contract daily settlement prices, except on the expiration date of the front month Murban Crude Oil Future contract. On such date, the applicable Floating Price quotation will be the daily settlement price of the following month's Murban Crude Oil Future contract.
Contract Series	Up to 2 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days and NYMEX business days
MIC Code	IFAD
Clearing Venue	ICEU

13. CRUDE DIFF - MURBAN 1ST LINE VS DATED BRENT (PLATTS) FUTURE

Description	A monthly cash settled future based on the difference between the ICE settlement price for the Murban 1st Line Future and the Platts daily assessment price for Dated Brent.
Contract Symbol	ADV
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the difference between the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract and the average of the "Mid" quotations appearing in "Platts Crude Oil Marketwire" under the heading "Key benchmarks ($/barrel)" for "Brent (Dated)" for each business day (as specified below) in the determination period. Non-Common Pricing applies.
Roll Adjust Provision	The Floating Price quotations, used for determining the Final Settlement Price of the Murban 1st Line leg, will be the front month Murban Crude Oil Future contract daily settlement prices, except on the expiration date of the front month Murban Crude Oil Future contract. On such date, the applicable Floating Price quotation will be the daily settlement price of the following month's Murban Crude Oil Future contract.
Contract Series	Up to 48 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days and publication days for Platts Crude Oil Marketwire
MIC Code	IFAD
Clearing Venue	ICEU

14. CRUDE DIFF - MURBAN 1ST LINE VS DATED BRENT (PLATTS) BALMO FUTURE

Description	A balance of the month cash settled future based on the difference between the ICE settlement price for the Murban 1st Line Future and the Platts daily assessment price for Dated Brent.
Contract Symbol	ADY
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the difference between the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract and the average of the "Mid" quotations appearing in "Platts Crude Oil Marketwire" under the heading "Key benchmarks ($/barrel)" for "Brent (Dated)" for each business day (as specified below) in the determination period. Non-Common Pricing applies.
Roll Adjust Provision	The Floating Price quotations, used for determining the Final Settlement Price of the Murban 1st Line leg, will be the front month Murban Crude Oil Future contract daily settlement prices, except on the expiration date of the front month Murban Crude Oil Future contract. On such date, the applicable Floating Price quotation will be the daily settlement price of the following month's Murban Crude Oil Future contract.
Contract Series	Up to 2 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days and publication days for Platts Crude Oil Marketwire
MIC Code	IFAD
Clearing Venue	ICEU

15. GASOIL CRACK - SINGAPORE GASOIL (PLATTS) VS MURBAN 1ST LINE FUTURE

Description	A monthly cash settled future based on the difference between the Platts daily assessment price for Singapore Gasoil and the ICE settlement price for the Murban 1st Line Future.
Contract Symbol	MUS
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the difference between the average of the "Mid" quotations appearing in "Platts Asia-Pacific/Arab Gulf Marketscan" under the heading "Asia Products" subheading "Singapore" and "FOB Singapore ($/barrel)" for "Gasoil" and the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract for each business day (as specified below) in the determination period. Non-Common Pricing applies.
Roll Adjust Provision	The Floating Price quotations, used for determining the Final Settlement Price of the Murban 1st Line leg, will be the front month Murban Crude Oil Future contract daily settlement prices, except on the expiration date of the front month Murban Crude Oil Future contract. On such date, the applicable Floating Price quotation will be the daily settlement price of the following month's Murban Crude Oil Future contract.
Contract Series	Up to 48 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days and publication days for Platts Asia-Pacific/Arab Gulf Marketscan
MIC Code	IFAD
Clearing Venue	ICEU

16. FUEL OIL CRACK - FUEL OIL 380 CST SINGAPORE (PLATTS) VS MURBAN 1ST LINE FUTURE

Description	A monthly cash settled future based on the difference between the Platts daily assessment price for Singapore Fuel Oil 380 CST and the ICE settlement price for the Murban 1st Line Future.
Contract Symbol	MUT
Contract Size	1,000 metric tonnes (6,350 barrels)
Unit of Trading	Any multiple of 1,000 metric tonnes
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One hundredth of one cent ($0.0001) per barrel
Minimum Price Fluctuation	One hundredth of one cent ($0.0001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the difference between the average of the "Mid" quotations appearing in "Platts Asia-Pacific/Arab Gulf Marketscan" under the heading "Asia Products" subheading "Singapore" and "FOB Singapore ($/barrel)" for "HSFO 380 CST ($/mt)" and the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract for each business day (as specified below) in the determination period. conversion factor: 1 metric tonne = 6.35 barrels. Non-Common Pricing applies.
Roll Adjust Provision	The Floating Price quotations, used for determining the Final Settlement Price of the Murban 1st Line leg, will be the front month Murban Crude Oil Future contract daily settlement prices, except on the expiration date of the front month Murban Crude Oil Future contract. On such date, the applicable Floating Price quotation will be the daily settlement price of the following month's Murban Crude Oil Future contract.
Contract Series	Up to 48 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days and publication days for Platts Asia-Pacific/Arab Gulf Marketscan
MIC Code	IFAD
Clearing Venue	ICEU

17. GASOLINE CRACK - SINGAPORE MOGAS 92 UNLEADED (PLATTS) VS MURBAN 1ST LINE FUTURE

Description	A monthly cash settled future based on the difference between the Platts daily assessment price for Singapore Mogas Gasoline 92 unleaded and the ICE settlement price for the Murban 1st Line Future.
Contract Symbol	MUU
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the difference between the average of the "Mid" quotations appearing in "Platts Asia-Pacific/Arab Gulf Marketscan" under the heading "Asia Products" subheading "Singapore" and "FOB Singapore ($/barrel)" for "Gasoline 92 unleaded" and the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract for each business day (as specified below) in the determination period. Non-Common Pricing applies.
Roll Adjust Provision	The Floating Price quotations, used for determining the Final Settlement Price of the Murban 1st Line leg, will be the front month Murban Crude Oil Future contract daily settlement prices, except on the expiration date of the front month Murban Crude Oil Future contract. On such date, the applicable Floating Price quotation will be the daily settlement price of the following month's Murban Crude Oil Future contract.
Contract Series	Up to 48 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days and publication days for Platts Asia-Pacific/Arab Gulf Marketscan
MIC Code	IFAD
Clearing Venue	ICEU

18. NAPHTHA CRACK - NAPHTHA C+F JAPAN (PLATTS) VS MURBAN 1ST LINE FUTURE (IN BBLS)

Description	A monthly cash settled future based on the difference between the Platts daily assessment price for Naphtha C+F Japan Cargoes and the ICE settlement price for the Murban 1st Line Future.
Contract Symbol	MUV
Contract Size	1,000 barrels
Unit of Trading	Any multiple of 1,000 barrels
Currency	US Dollars and cents
Trading Price Quotation	One cent ($0.01) per barrel
Settlement Price Quotation	One tenth of one cent ($0.001) per barrel
Minimum Price Fluctuation	One tenth of one cent ($0.001) per barrel
Last Trading Day	Last Trading Day of the contract month
Floating Price	In respect of daily settlement, the Floating Price will be determined by ICE using price data from a number of sources including spot, forward and derivative markets for both physical and financial products.
Final Settlement Price	In respect of final settlement, the Floating Price will be a price in USD and cents per barrel based on the difference between the average of the "Mid" quotations appearing in "Platts Asia-Pacific/Arab Gulf Marketscan" under the heading "Asia Products" subheading "Japan physical oil assessments" and "C+F Japan ($/mt)" for "Naphtha" and the average of the settlement prices (at 19:30 London Prevailing Time) as made public by ICE for the front month Murban Crude Oil Future contract for each business day (as specified below) in the determination period. conversion factor: 1 metric tonne = 8.90 barrels. Non-Common Pricing applies.
Roll Adjust Provision	The Floating Price quotations, used for determining the Final Settlement Price of the Murban 1st Line leg, will be the front month Murban Crude Oil Future contract daily settlement prices, except on the expiration date of the front month Murban Crude Oil Future contract. On such date, the applicable Floating Price quotation will be the daily settlement price of the following month's Murban Crude Oil Future contract.
Contract Series	Up to 48 consecutive months
Final Payment Dates	Two Clearing House Business Days following the Last Trading Day.
business days	ICE business days and publication days for Platts Asia-Pacific/Arab Gulf Marketscan
MIC Code	IFAD
Clearing Venue	ICEU

ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

FINANCIAL SERVICES AND MARKETS REGULATIONS 2015

FINANCIAL SERVICES AND MARKETS REGULATIONS 2015

FINANCIAL SERVICES AND MARKETS REGULATIONS 2015

Regulations to make provision for financial services and markets and for connected purposes.

Date of Enactment: **4 October 2015**

The Board of Directors of the Abu Dhabi Global Market, in exercise of its powers under Article 6(1) of Law No. 4 of 2013 concerning the Abu Dhabi Global Market issued by His Highness the Ruler of the Emirate of Abu Dhabi, hereby enacts the following Regulations–

Part 1 The Regulator

Chapter 1 Powers, Functions and Objectives

1. **Powers, Functions and Objectives of the Regulator**

(1) The Regulator has such functions and powers as are conferred on it by or under the ADGM Founding Law and any enactment, including these Regulations.

(2) The Regulator may do whatever it considers necessary for or in connection with, or reasonably incidental to, performing its functions and exercising its powers.

(3) In performing its functions and exercising its powers, the Regulator shall pursue the following objectives—

(a) to foster and maintain fairness, transparency and efficiency in the Abu Dhabi Global Market;

(b) to foster and maintain confidence in the Abu Dhabi Global Market;

(c) to ensure that the financial markets in the Abu Dhabi Global Market are supported by safe and efficient infrastructure;

(d) to foster and maintain financial stability in the Abu Dhabi Global Market, including the reduction of systemic risk;

(e) to promote and enhance the integrity of the Abu Dhabi Global Market Financial System;

(f) to prevent, detect and restrain conduct that causes or may cause damage to the reputation of the Abu Dhabi Global Market through appropriate means including the imposition of sanctions;

(g) to secure an appropriate degree of protection for direct and indirect users, and prospective users of the Abu Dhabi Global Market;

(h) to promote public understanding of the regulation of the Abu Dhabi Global Market;

(i) to further the interests of the Abu Dhabi Global Market;

(j) to promote the safety and soundness of Authorised Persons and Recognised Bodies; and

(k) to pursue any other objectives as the Board may set.

(4) In exercising its powers and performing its functions, the Regulator shall take into consideration the following guiding principles—

(a) pursuing the objectives of the Abu Dhabi Global Market in so far as it is appropriate and proper for the Regulator to do so;

(b) fostering the development of the Abu Dhabi Global Market as an internationally respected financial centre, and the desirability of sustainable growth in the economy of the Emirate of Abu Dhabi;

(c) developing the nature of the activities of the Regulator in order to respond to evolving industry needs;

(d) the desirability, where applicable, of engaging in regular dialogue with industry participants;

(e) cooperating with and providing assistance to regulatory authorities in the U.A.E. and other jurisdictions;

(f) minimising the adverse effects of the activities of the Regulator on competition in the financial services industry;

(g) the need to use the resources of the Regulator in the most efficient and economical way;

(h) the principle that a burden or restriction which is imposed on a person, or on the carrying on of an activity, should be proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction;

(i) the desirability where appropriate of the Regulator exercising its functions in a way that recognises differences in the nature, risks and objectives of businesses carried on by different persons subject to requirements imposed by or under these Regulations;

(j) the desirability in appropriate cases of the Regulator publishing information relating to persons on whom requirements are imposed by or under these Regulations, or requiring such persons to publish information, as a means of contributing to the advancement by the Regulator of its objectives;

(k) the principle that the Regulator should exercise its functions as transparently as possible; and

(l) complying with relevant generally accepted principles of good governance.

2. **The Chief Executive**

(1) Pursuant to the ADGM Founding Law, the Board shall appoint, remove and replace the head of the management of the Regulator.

(2) The head of the management of the Regulator shall have the title of Chief Executive.

(3) The Board must only remove or replace the Chief Executive when the Board and the Chairman of the Regulatory Committee agree that there is Just Cause for such removal or replacement.

Part 2 Rules and Guidance

Chapter 1 Rule-making Powers

3. **General rule-making power of the Regulator**

(1) The Regulator may make Rules for carrying out the purposes of these Regulations or furthering one or more of its objectives under section 1(3).

(2) The powers specified in subsection (3) and in any other provision of these Regulations are without prejudice to the generality of subsection (1).

(3) The Regulator may make such Rules applying to Authorised Persons—

(a) with respect to the carrying on by them of Regulated Activities; or

(b) with respect to the carrying on by them of activities which are not Regulated Activities;

as appear to the Regulator to be necessary or expedient for the purpose of furthering one or more of its objectives.

(4) Such Rules may make provision applying to Authorised Persons even if there is no relationship between the Authorised Persons to whom the Rules will apply and the persons whose interests will be protected by the Rules.

(5) Such Rules may contain requirements which take into account, in the case of an Authorised Person who is a member of a Group, any activity of another member of the Group.

(6) Any power of the Regulator to make Rules under these Regulations may be exercised so as to impose requirements on persons who are not Authorised Persons, Approved Persons or Recognised Bodies.

Specific rule-making powers

4. **Client Money Rules**

(1) The Regulator may make Rules relating to the handling of money ("Client Money") held by an Authorised Person in Specified circumstances, which may—

(a) make provision which results in that money being held on trust (which may be one or more separate trusts) in accordance with the Rules;

(b) treat two or more accounts as a single account for Specified purposes (which may include the distribution of money held in the accounts);

(c) authorise the retention by the Authorised Person of interest accruing on the money; and

(d) make provision as to the distribution of such interest which is not to be retained by the Authorised Person.

(2) An institution with which an account is kept in pursuance of Rules relating to the handling of Client Money does not incur any liability as constructive trustee if the money is wrongfully paid from the account, unless the institution permits the payment—

(a) with knowledge that it is wrongful; or

(b) having deliberately failed to make enquiries in circumstances in which a reasonable and honest person would have done so.

(3) Rules made by the Regulator may—

(a) confer rights on persons to rescind agreements with, or withdraw offers to, Authorised Persons within a Specified period; and

(b) make provision, in respect of Authorised Persons and persons exercising those rights, for the restitution of property and the making or recovery of payments where those rights are exercised.

5. **Islamic Finance Rules**

The Regulator may make Rules applying to Authorised Persons—

(a) prescribing the requirements that must be met by a person applying for a Financial Services Permission to carry on Islamic Financial Business;

(b) providing for such requirements to be varied in cases where an Application is made by an Applicant which is, at the time at which it submits its Application, regulated in a jurisdiction other than the Abu Dhabi Global Market;

(c) prescribing certain persons or categories of person to be exempted from the requirements referred to in paragraph (a); and

(d) prescribing exemptions from any requirements imposed by or under these Regulations under paragraph (a) that are to be—

(i) limited to certain Islamic Financial Business activities or Specified circumstances; or

(ii) subject to certain conditions and restrictions as the Regulator may determine.

6. **Carrying on Regulated Activities by way of business**

(1) The Regulator may make Rules which make provision—

(a) as to the circumstances in which a person who would otherwise not be regarded as carrying on a Regulated Activity by way of business is to be regarded as doing so;

(b) as to the circumstances in which a person who would otherwise be regarded as carrying on a Regulated Activity by way of business is to be regarded as not doing so.

(2) Rules under subsection (1) may be made so as to apply—

(a) generally in relation to all Regulated Activities;

(b) in relation to a Specified category of Regulated Activity; or

(c) in relation to a particular Regulated Activity.

7. **Other specific rule-making powers**

(1) The Regulator may make Rules requiring Authorised Persons to take Specified steps in connection with the setting by a Specified person of a Specified Benchmark. Such Rules may in particular—

(a) require Authorised Persons to whom the Rules apply to provide information of a Specified kind, or expressions of opinion as to Specified matters, to persons determined in accordance with the Rules;

(b) make provision about the form in which and the time by which any information or expression of opinion is to be provided;

(c) make provision by reference to any code or other Document published by the person responsible for the setting of the Benchmark or by any other person determined in accordance with the Rules, as the code or other Document has effect from time to time; and

(d) make provision that the code or other Document referred to in paragraph (c) is to be capable of affecting obligations imposed by the Rules only if Specified requirements are met in relation to it.

(2) The Regulator may make Rules prescribing the conditions ("Threshold Conditions") that must be satisfied by Authorised Persons as a condition of obtaining and maintaining a Financial Services Permission ("Threshold Condition Rules"). Such Rules may in particular—

(a) specify requirements which a person must satisfy in order to be regarded as satisfying a particular Threshold Condition in relation to any Regulated Activities; and

(b) specify matters which are, or may be, or are not, relevant in determining whether a person satisfies a particular Threshold Condition in relation to any Regulated Activities.

(3) The Regulator may make Rules about the disclosure and use of information held by an Authorised Person ("A"). Such Rules may—

(a) require the withholding of information which A would otherwise be required to disclose to a person ("B") for or with whom A does business in the course of carrying on any Regulated Activity or other activity;

(b) specify circumstances in which A may withhold information which A would otherwise be required to disclose to B;

(c) require A not to use for the benefit of B information—

(i) which is held by A; and

(ii) which A would otherwise be required to use for the benefit of B; and

(d) specify circumstances in which A may decide not to use for the benefit of B information within paragraph (c).

(4) The Regulator may make Rules as to the circumstances and manner in which, the conditions subject to which, and the time when or the period during which, action may be taken for the purpose of stabilising the price of Specified Investments.

(5) The Regulator may make Rules which treat a person who acts or engages in conduct—

(a) for the purpose of stabilising the price of investments; and

(b) in conformity with such provisions corresponding to price stabilising rules and made by a body or authority outside the Abu Dhabi Global Market as may be Specified;

as acting, or engaging in that conduct, for that purpose and in conformity with Price Stabilising Rules.

(6) The Regulator may make Rules applying to any person (whether or not an Authorised Person, Approved Person or Recognised Body) in relation to money laundering and terrorist financing, including Rules prescribing systems, duties and obligations designed to detect, defend against, and prevent money laundering and terrorist financing activities.

(7) The Regulator may make Rules applicable to Approved Persons or other employees or persons connected with Authorised Persons, with respect to the conduct required of such persons. Such Rules may relate to the conduct required of such persons in relation to—

(a) the performance by them of Controlled Functions; or

(b) the performance by them of any other functions in relation to the carrying on by Authorised Persons of Regulated Activities.

(8) The Board may make Rules requiring the payment to the Regulator of such fees, in connection with applications made under these Regulations, as are specified in the Rules. The Regulator may reject an application which is not accompanied by the payment to the Regulator of the fees due on such application.

(9) The Board may make Rules requiring the payment of such periodic fees to the Regulator by Authorised Persons and Recognised Bodies, as the Rules specify.

(10) Rules made under subsection (8) or (9) may prescribe different levels of fees for different types of applicant or different types of Regulated Activity.

(11) Any fee which is owed to the Regulator under any provision made by such Rules may be recovered as a debt due to the Regulator.

8. **General supplementary powers**

Rules made by the Regulator—

(a) may make different provision for different cases and may, in particular, make different provision in respect of different descriptions of Authorised Persons, activities or investments;

(b) may make provision by reference to other Rules made by the Regulator, as those Rules have effect from time to time; and

(c) may contain such incidental, supplemental, consequential and transitional provision as the Regulator considers appropriate.

Chapter 2 Rules: Modification, Waiver, Contravention and Procedural Provisions

Modification or waiver of Rules

9. **Modification or waiver of Rules**

(1) The Regulator may, on the application or with the consent of a person who is subject to Rules made by the Regulator, direct that all or any of those Rules—

(a) are not to apply to that person; or

(b) are to apply to that person with such modifications as may be specified in the Direction.

(2) An application must be made in such manner as the Regulator may direct.

(3) The Regulator may not give a Direction unless it is satisfied that—

(a) compliance by the person with the Rules, or with the Rules as unmodified, would be unduly burdensome or would not achieve the purpose for which the Rules were made; and

(b) the Direction would not adversely affect the advancement of any of the Regulator's objectives.

(4) A Direction may be given subject to conditions.

(5) The Regulator may—

(a) revoke a Direction; or

(b) vary it on the application, or with the consent, of the person to whom it relates.

10. **Publication of Directions under section 9**

(1) Subject to subsection (2), a Direction must be published by the Regulator in such a way as it deems most suitable for bringing the Direction to the attention of—

(a) persons likely to be affected by it; and

(b) persons who are, in the opinion of the Regulator, likely to make an application for a similar Direction.

(2) Subsection (1) does not apply if the Regulator is satisfied that it is inappropriate or unnecessary to publish the Direction.

(3) In deciding whether it is satisfied as mentioned in subsection (2), the Regulator must—

(a) consider whether the publication of the Direction would be detrimental to the stability of the Abu Dhabi Global Market Financial System;

(b) take into account whether the Direction relates to a contravention which is actionable in accordance with section 242; and

(c) consider whether publication of the Direction would prejudice, to an unreasonable degree, the commercial interests of the person concerned or any other member of the person's Group.

(4) For the purposes of subsection (3)(c), the Regulator must consider whether it would be possible to publish the Direction without the consequence mentioned in that paragraph occurring, by publishing it without disclosing the identity of the person concerned.

Contravention of Rules

11. **Limits on effect of contravening Rules**

A contravention of a Rule shall not make any transaction void or unenforceable under these Regulations.

Procedural Provisions

12. **Rule-Making Instruments**

(1) Any power conferred on the Regulator to make Rules is exercisable in writing.

(2) A Rule-Making Instrument must be published by the Regulator on its website.

(3) A person is not to be taken to have contravened any Rule made by the Regulator if the person shows that at the time of the alleged contravention the Rule-Making Instrument concerned had not been published in accordance with subsection (2).

13. **Verification of Rules**

(1) The production of a printed copy of a Rule-Making Instrument purporting to be made by the Regulator—

(a) on which is endorsed a certificate signed by a person duly authorised by the Regulator for that purpose; and

(b) which contains the required statements;

is evidence of the facts stated in the certificate.

(2) The required statements are—

(a) that the Rule-Making Instrument was made by the Regulator;

(b) that the copy is a true copy of the Rule-Making Instrument; and

(c) that on a specified date the Rule-Making Instrument was published.

(3) A certificate purporting to be signed as mentioned in subsection (1)(a) is to be taken to have been properly signed unless the contrary is shown.

(4) A person who wishes in any legal proceedings to rely on a Rule-Making Instrument may require the Regulator to endorse a copy of the Rule-Making Instrument with a certificate of the kind mentioned in subsection (1).

14. **Consultation**

(1) Before a Regulator makes, modifies or replaces Rules, it must publish a draft of the Rules on its website.

(2) The draft must be accompanied by a notice that representations about the proposal may be made to the Regulator within a specified time.

(3) Before the Regulator issues the Rules, it may have regard to any representations made to it in accordance with subsection (2).

(4) Subsections (1) to (3) do not apply if the Regulator considers that there is an urgent need to publish the Rules or that the delay involved in complying with such provisions would be prejudicial to its objectives.

(5) Any consultation on Rules undertaken in advance of these Regulations entering into force shall be deemed to have been undertaken in accordance with this section.

Chapter 3 Guidance

15. **Power of the Regulator to give Guidance**

(1) The Regulator may give Guidance with respect to—

(a) the operation of any provision of these Regulations and of any Rules made by the Regulator;

(b) any other matter relating to the functions and powers of the Regulator; and

(c) any other matters about which it appears to the Regulator to be desirable to give Guidance.

(2) Guidance is indicative and non-binding and may comprise—

(a) Guidance made and issued by the Regulator as notations to the Rules; and

(b) any Guidance issued by the Regulator which has not been incorporated into the Rules.

(3) Nothing shall constitute Guidance unless it is published by the Regulator on its website.

Part 3 Regulated Activities

16. **The General Prohibition**

(1) No person may carry on a Regulated Activity by way of business in the Abu Dhabi Global Market, or purport to do so, unless he is—

(a) an Authorised Person; or

(b) an Exempt Person.

(2) The prohibition is referred to in these Regulations as the General Prohibition.

(3) The persons set out in Schedule 3 are exempt from the General Prohibition.

17. **Authorised Persons acting without a Financial Services Permission**

(1) An Authorised Person must not carry on a Regulated Activity in the Abu Dhabi Global Market, or purport to do so, otherwise than in accordance with a Financial Services Permission.

(2) A contravention of subsection (1) does not give rise to any right of action for breach of statutory duty.

18. **Restrictions on financial promotion**

(1) A person ("A") must not, in the course of business, communicate an invitation or inducement to Engage in Investment Activity (the "Financial Promotion Restriction").

(2) Subsection (1) does not apply if—

(a) A is an Authorised Person or an Exempt Person;

(b) A is licensed and supervised by a financial services regulator in the U.A.E.;

(c) the content of the communication is approved for the purposes of this section by an Authorised Person or an Exempt Person; or

(d) the communication is an exempt communication under Schedule 2.

(3) In the case of a communication originating outside the Abu Dhabi Global Market, subsection (1) applies only if the communication is capable of having an effect in the Abu Dhabi Global Market.

(4) For the purposes of the Financial Promotion Restriction, "communicate" shall include causing a communication to be made.

(5) Schedule 2 specifies circumstances in which subsection (1) does not apply.

19. **Regulated Activities**

An activity is a Regulated Activity if it is specified as a Regulated Activity in Schedule 1.

20. **False claims to be authorised or exempt**

A person who is neither an Authorised Person nor, in relation to the Regulated Activity in question, an Exempt Person must not—

(a) describe himself (in whatever terms) as an Authorised Person;

(b) describe himself (in whatever terms) as an Exempt Person in relation to the Regulated Activity; or

(c) behave, or otherwise hold himself out, in a manner which indicates (or which is reasonably likely to be understood as indicating) that he is—

(i) an Authorised Person; or

(ii) an Exempt Person in relation to the Regulated Activity.

21. **Agreements made by non-Authorised Persons**

(1) An Agreement made by a person in the course of carrying on a Regulated Activity in contravention of the General Prohibition is unenforceable against the other party.

(2) The other party is entitled to recover—

(a) any money or other property paid or transferred by him under the Agreement; and

(b) compensation for any loss sustained by him as a result of having parted with it.

(3) This section does not apply if the Regulated Activity is Accepting Deposits.

22. **Agreements made through non-Authorised Persons**

(1) An Agreement that—

(a) is made by an Authorised Person (the "Provider") in the course of carrying on a Regulated Activity (not in contravention of the General Prohibition); and

(b) is made in consequence of something said or done by another person (the "Third Party") in the course of a Regulated Activity carried on by the Third Party in contravention of the General Prohibition;

is unenforceable against the other party.

(2) The other party is entitled to recover—

(a) any money or other property paid or transferred by him under the Agreement; and

(b) compensation for any loss sustained by him as a result of having parted with it.

(3) This section does not apply if the Regulated Activity is Accepting Deposits.

23. **Agreements made unenforceable by section 21 or 22**

(1) This section applies to an Agreement which is unenforceable as a result of section 21 or 22.

(2) The amount of compensation recoverable in the event that an Agreement is unenforceable is—

(a) the amount agreed by the parties; or

(b) on the application of either party, the amount determined by the Court.

(3) In considering whether to allow the Agreement to be enforced or (as the case may be) the money or property paid or transferred under the Agreement to be retained the Court must—

(a) if the case arises as a result of section 21, have regard to whether the person carrying on the Regulated Activity concerned reasonably believed that he was not contravening the General Prohibition by making the Agreement; or

(b) if the case arises as a result of section 22, have regard to whether the Provider knew that the Third Party was, in carrying on the Regulated Activity, contravening the General Prohibition.

(4) If the Court is satisfied that it is just and equitable in the circumstances of the case, it may allow—

(a) the Agreement to be enforced; or

(b) money and property paid or transferred under the Agreement to be retained.

(5) If the person against whom the Agreement is unenforceable—

(a) elects not to perform the Agreement; or

(b) as a result of this section, recovers money paid or other property transferred by him under the Agreement;

he must repay any money and return any other property received by him under the Agreement.

(6) If property transferred under the agreement has passed to a Third Party, a reference in section 21 or 22 or this section to that property is to be read as a reference to its value at the time of its transfer under the Agreement.

(7) The commission of a contravention of the General Prohibition or the Financial Promotion Restriction does not make the agreement concerned illegal or invalid to any greater extent than is provided by section 21 or 22.

24. **Accepting Deposits in breach of General Prohibition**

(1) This section applies to an agreement between a person (the "depositor") and another person (the "deposit-taker") made in the course of the carrying on by the deposit-taker of the Regulated Activity of Accepting Deposits in contravention of the General Prohibition.

(2) If the depositor is not entitled under the agreement to recover without delay any money deposited by him, he may apply to the Court for an order directing the deposit-taker to return the money to him.

(3) The Court need not make such an order if it is satisfied that it would not be just and equitable for the money deposited to be returned, having regard to whether the deposit-taker reasonably believed that he was not contravening the General Prohibition by making the agreement.

25. **Enforceability of Agreements resulting from Unlawful Communications**

(1) If in consequence of an Unlawful Communication, a person Engages in Investment Activity as a Customer, any agreement entered into by him as a part of that activity is unenforceable against him and he is entitled to recover—

(a) any money or other property paid or transferred by him under the agreement; and

(b) compensation for any loss sustained by him as a result of having parted with it.

(2) If in consequence of an Unlawful Communication a person exercises any rights conferred by a Specified Investment, no obligation to which he is subject as a result of exercising them is enforceable against him and he is entitled to recover—

(a) any money or other property paid or transferred by him under the obligation; and

(b) compensation for any loss sustained by him as a result of having parted with it.

(3) The Court may allow—

(a) the agreement or obligation to be enforced; or

(b) money or property paid or transferred under the agreement or obligation to be retained;

if it is satisfied that it is just and equitable in the circumstances of the case.

(4) In considering whether to allow the agreement or obligation to be enforced or (as the case may be) the money or property paid or transferred under the agreement to be retained, the Court must have regard to—

(a) if the Applicant made the Unlawful Communication, whether he reasonably believed that he was not making such a communication; and

(b) if the Applicant did not make the Unlawful Communication, whether he knew that the agreement was entered into in consequence of such a communication.

(5) The amount of compensation recoverable as a result of subsection (1) or (2) is—

(a) the amount agreed between the parties; or

(b) on the application of either party, the amount determined by the Court.

(6) If a person elects not to perform an agreement or an obligation which (by virtue of subsection (1) or (2)) is unenforceable against him, he must repay any money and return any other property received by him under the agreement.

(7) If (by virtue of subsection (1) or (2)) a person recovers money paid or property transferred by him under an agreement or obligation, he must repay any money and return any other property received by him as a result of exercising the rights in question.

(8) If any property required to be returned under this section has passed to a third party, references to that property are to be read as references to its value at the time of its receipt by the person required to return it.

26. **Dealing in Dirhams**

No Authorised Person with a Financial Services Permission to carry on the Regulated Activity of Accepting Deposits may—

(a) accept Deposits from the U.A.E. markets;

(b) accept Deposits in the U.A.E. Dirham; or

(c) undertake foreign exchange transactions involving the U.A.E. Dirham.

Part 4 Authorisation

27. **Application for a Financial Services Permission**

(1) An Application for a Financial Services Permission to carry on one or more Regulated Activities may be made to the Regulator by—

(a) a Body Corporate; or

(b) a Partnership.

(2) An Authorised Person who has a Financial Services Permission under this Part which is in force may not apply for a further Financial Services Permission under this section but may apply for variation of its Financial Services Permission under section 32.

28. **The Threshold Conditions**

(1) In giving or varying a Financial Services Permission, or imposing or varying a requirement under any provision of this Part, the Regulator must ensure that the person concerned will satisfy, and continue to satisfy, in relation to all of the Regulated Activities for which the person has or will have a Financial Services Permission, any Threshold Conditions specified by the Regulator in Threshold Condition Rules made under section 7(2).

(2) The duty imposed by subsection (1) does not prevent the Regulator, having due regard to that duty, from taking such steps as it considers are necessary, in relation to a particular person, in order to further one or more of its objectives.

29. **Firms based outside the Abu Dhabi Global Market**

(1) This section applies in relation to a Non-Abu Dhabi Global Market Firm.

(2) In determining whether a Non-Abu Dhabi Global Market Firm is satisfying or will satisfy, and continue to satisfy, any one or more of the Threshold Conditions, the Regulator may have regard to any opinion notified to it by a Non-Abu Dhabi Global Market Regulator which relates

to the Non-Abu Dhabi Global Market Firm and appears to the Regulator to be relevant to compliance with those conditions.

(3) In considering how much weight (if any) to attach to the opinion, the Regulator must have regard to the nature and scope of the supervision exercised in relation to the Non-Abu Dhabi Global Market Firm by the Non-Abu Dhabi Global Market Regulator.

30. **Granting a Financial Services Permission**

(1) This section applies in relation to an Application for a Financial Services Permission under section 27.

(2) The Regulator may grant a Financial Services Permission for the Applicant to carry on the Regulated Activity or Regulated Activities to which the Application relates or such of them as may be specified in the Financial Services Permission.

(3) If it grants a Financial Services Permission, the Regulator must specify the permitted Regulated Activity or Regulated Activities, described in such manner as the Regulator considers appropriate.

(4) The Regulator may—

(a) incorporate in the description of a Regulated Activity such limitations and stipulations (for example as to circumstances in which the activity may, or may not, be carried on) as it considers appropriate;

(b) specify a narrower or wider description of Regulated Activity than that to which the Application relates; or

(c) grant a Financial Services Permission for the carrying on of a Regulated Activity which is not included among those to which the Application relates.

(5) If a Partnership has a Financial Services Permission—

(a) it has the relevant Financial Services Permission to carry on the Regulated Activities concerned in the name of the firm; and

(b) its Financial Services Permission is not affected by any change in its membership.

(6) If an Authorised Person which is a firm is dissolved, its Financial Services Permission continues to have effect in relation to any individual or firm which succeeds to the business of the dissolved firm.

(7) For the purposes of this section, an individual or Partnership is to be regarded as succeeding to the business of a dissolved Partnership only if succession is to the whole or substantially the whole of the business of the former Partnership.

31. **Granting a Financial Services Permission: special cases**

(1) If the Applicant—

(a) in relation to a particular Regulated Activity, is exempt from the General Prohibition as a result of section 16(3); but

(b) has applied for a Financial Services Permission in relation to another Regulated Activity;

the Application is to be treated as relating to all the Regulated Activities which, if a Financial Services Permission is granted, the Applicant will carry on.

(2) If the Applicant—

(a) in relation to a particular Regulated Activity, is exempt from the General Prohibition as a result of any of subsections (1) or (2) of section 119; but

(b) has applied for a Financial Services Permission in relation to another Regulated Activity;

the Application is to be treated as relating only to that other Regulated Activity.

(3) If the Applicant—

(a) is a person to whom, in relation to a particular Regulated Activity, the General Prohibition under section 16 does not apply; but

(b) has applied for a Financial Services Permission in relation to another Regulated Activity;

the Application is to be treated as relating only to that other Regulated Activity.

Variation and cancellation of a Financial Services Permission

32. **Variation by the Regulator at the request of an Authorised Person**

(1) The Regulator may, on the application of the Authorised Person, vary its Financial Services Permission by—

(a) adding a Regulated Activity to those to which the Financial Services Permission relates;

(b) removing a Regulated Activity from those to which the Financial Services Permission relates; or

(c) varying the description of a Regulated Activity to which the Financial Services Permission relates.

(2) The Regulator may, on the application of the Authorised Person, cancel its Financial Services Permission.

(3) The Regulator may refuse an application under this section if it appears to it that it is desirable to do so in order to further one or more of its objectives.

(4) If, as a result of a variation of a Financial Services Permission under this section, there are no longer any Regulated Activities for which the Authorised Person concerned has a Financial Services Permission, the Regulator must, once it is satisfied that it is no longer necessary to keep the Financial Services Permission in force, cancel it.

(5) The Regulator's power to vary a Financial Services Permission under this section extends to including in the Financial Services Permission as varied any provision that could be included if a fresh Financial Services Permission were being given by it in response to an Application under section 27.

33. **Variation or cancellation on initiative of the Regulator**

(1) The Regulator may exercise its power under this section in relation to an Authorised Person with a Financial Services Permission ("A") if it appears to the Regulator that—

(a) A is failing, or is likely to fail, to satisfy the Threshold Condition Rules;

(b) A has committed a contravention of these Regulations or any Rules made under these Regulations;

(c) A has failed, during a period of at least 12 months, to carry on a Regulated Activity to which the Financial Services Permission relates; or

(d) it is desirable to exercise the power in order to further one or more of the Regulator's objectives.

(2) The Regulator's power under this section is the power—

(a) to vary the Financial Services Permission by—

(i) adding a Regulated Activity to those to which the Financial Services Permission relates;

(ii) removing a Regulated Activity from those to which the Financial Services Permission relates; or

(iii) varying the description of a Regulated Activity to which the Financial Services Permission relates in a way which does not, in the opinion of the Regulator, widen the description; or

(b) to cancel the Financial Services Permission.

(3) If, as a result of a variation of a Financial Services Permission under this section, there are no longer any Regulated Activities for which the Authorised Person concerned has a Financial Services Permission, the Regulator must, once it is satisfied that it is no longer necessary to keep the Financial Services Permission in force, cancel it.

(4) The power of the Regulator to vary a Financial Services Permission under this section extends to including in the Financial Services Permission as varied any provision that could be included if a fresh Financial Services Permission were being given in response to an Application to the Regulator under section 27.

(5) The power of the Regulator under this section is referred to in these Regulations as its Own-Initiative Variation Power.

34. **Withdrawal of authorised status**

(1) This section applies if—

(a) an Authorised Person's Financial Services Permission is cancelled; and

(b) as a result, there is no Regulated Activity for which it has a Financial Services Permission.

(2) The Regulator must give a direction withdrawing that person's status as an Authorised Person.

Imposition and variation of requirements

35. **Imposition of requirements by the Regulator**

(1) Where a person has applied to the Regulator for a Financial Services Permission or the variation of a Financial Services Permission, the Regulator may impose on that person such requirements, taking effect on or after the giving or variation of the Financial Services Permission, as the Regulator considers appropriate.

(2) The Regulator may exercise its power under subsection (3) in relation to an Authorised Person with a Financial Services Permission ("A") if it appears to the Regulator that—

(a) A is failing, or is likely to fail, to satisfy the Threshold Condition Rules;

(b) A has committed a contravention of these Regulations or any Rules made under these Regulations;

(c) A has failed, during a period of at least 12 months, to carry on a Regulated Activity to which the Financial Services Permission relates; or

(d) it is desirable to exercise the power in order to further one or more of the Regulator's objectives.

(3) The Regulator's power under this subsection is a power—

(a) to impose a new requirement;

(b) to vary a requirement imposed by the Regulator under this section; or

(c) to cancel such a requirement.

(4) The Regulator's power under subsection (3) is referred to in these Regulations as its Own-Initiative Requirement Power.

(5) The Regulator may, on the application of an Authorised Person with a Financial Services Permission—

(a) impose a new Requirement;

(b) vary a Requirement imposed by the Regulator under this section; or

(c) cancel such a Requirement.

(6) The Regulator may refuse an application under subsection (5) if it appears to it that it is desirable to do so in order to further one or more of its objectives.

36. **Requirements under section 35: further provisions**

(1) A Requirement may, in particular, be imposed—

(a) so as to require the person concerned to take action specified by the Regulator; or

(b) so as to require the person concerned to refrain from taking action specified by the Regulator.

(2) A Requirement may extend to activities which are not Regulated Activities.

(3) A Requirement may be imposed by reference to the person's relationship with—

(a) the person's Group; or

(b) other members of the person's Group.

(4) A Requirement may be expressed to expire at the end of such period as the Regulator may specify, but the imposition of a Requirement that expires at the end of a specified period does not affect the Regulator's power to impose a new Requirement.

(5) A Requirement may refer to the past conduct of the person concerned (for example, by requiring the person concerned to review or take remedial action in respect of past conduct).

37. **Imposition of requirements on acquisition of Control**

(1) This section applies if it appears to the Regulator that—

(a) a person has acquired Control over an Authorised Person; and

(b) there are no grounds for exercising its Own-Initiative Requirement Power.

(2) If it appears to the Regulator that the likely effect of the acquisition of Control on the Authorised Person, or on any of its activities, is uncertain, the Regulator may—

(a) impose on the Authorised Person a requirement that could be imposed by the Regulator under section 35 on the giving of a Financial Services Permission; or

(b) vary a requirement imposed by the Regulator under that section on the Authorised Person.

(3) Any reference to a person having acquired Control is to be read in accordance with Part 10.

38. **Assets Requirements**

(1) This section applies if—

(a) the Regulator imposes an Assets Requirement on a person being given a Financial Services Permission;

(b) an Assets Requirement is imposed on an Authorised Person; or

(c) an Assets Requirement previously imposed on such a person is varied.

(2) A person on whom an Assets Requirement is imposed is referred to in this section as "A".

(3) "Assets Requirement" means a requirement under imposed section 35—

(a) prohibiting the disposal of, or other dealing with, any of A's assets (whether in the Abu Dhabi Global Market or elsewhere) or restricting such disposals or dealings; or

(b) that all or any of A's assets, or all or any assets belonging to Customers but held by A or to A's order, must be transferred to and held by a trustee approved by the Regulator.

(4) If the Regulator—

(a) imposes a requirement of the kind mentioned in subsection (3)(a); and

(b) gives notice of the requirement to any institution with whom A keeps an account;

the notice has the effects mentioned in subsection (5).

(5) Those effects are that—

(a) the institution does not act in breach of any contract with A if, having been instructed by A (or on A's behalf) to transfer any sum or otherwise make any payment out of A's account, it refuses to do so in the reasonably held belief that complying with the instruction would be incompatible with the requirement; and

(b) if the institution complies with such an instruction, it shall be liable to pay to the Regulator an amount equal to the amount transferred from, or otherwise paid out of, A's account in contravention of the requirement.

(6) If the Regulator imposes a requirement of the kind mentioned in subsection (3)(b), assets held by a person as trustee in accordance with the requirement shall not, while the requirement is in force, be released or dealt with except with the consent of the Regulator.

(7) If, while a requirement of the kind mentioned in subsection (3)(b) is in force, A creates a Charge over any assets of A held in accordance with the requirement, the Charge is (to the extent that it confers security over the assets) void against the liquidator and any of A's creditors.

(8) Assets held by a person as trustee ("T") are to be taken to be held by T in accordance with any requirement mentioned in subsection (3)(b) only if—

(a) A has given T written notice that those assets are to be held by T in accordance with the requirement; or

(b) they are assets into which assets to which paragraph (a) applies have been transposed by T on the instructions of A.

(9) Subsections (6) and (8) do not affect any equitable interest or remedy in favour of a person who is a beneficiary of a trust as a result of a requirement of the kind mentioned in subsection (3)(b).

Connected Persons

39. **Persons connected with an Applicant**

(1) In considering—

(a) an Application for a Financial Services Permission;

(b) whether to vary or cancel a Financial Services Permission; or

(c) whether to impose or vary a requirement under this Part;

the Regulator may have regard to any person appearing to it to be, or likely to be, in a relationship with the Applicant or a person given a Financial Services Permission which is relevant.

Procedure

40. **Applications under this Part**

(1) An Application for a Financial Services Permission must—

(a) contain a statement of the Regulated Activity or Regulated Activities which the Applicant proposes to carry on and for which the Applicant wishes to have a Financial Services Permission; and

(b) give the address of a place in the Abu Dhabi Global Market for service on the Applicant of any notice or other Document which is required or authorised to be served on the Applicant under these Regulations.

(2) An application for the variation of a Financial Services Permission must contain a statement—

(a) of the desired variation; and

(b) of the Regulated Activity or Regulated Activities which the Applicant proposes to carry on if the Financial Services Permission is varied.

(3) An application for the variation of a requirement imposed under section 35 or for the imposition of a new requirement must contain a statement of the desired variation or requirement.

(4) An application under this Part must—

(a) be made in accordance with any applicable Rules made by the Regulator;

(b) be made in such manner as the Regulator may direct; and

(c) contain, or be accompanied by, such other information as the Regulator may reasonably require.

(5) At any time after the application is received and before it is determined, the Regulator may require the Applicant to provide it with such further information as it reasonably considers necessary to enable it to determine the application.

(6) Different directions may be given, and different requirements imposed, in relation to different applications or categories of application.

(7) The Regulator may require an Applicant to provide information which the Applicant is required to provide to it under this section in such form, or to verify it in such a way, as the Regulator may direct.

41. **Determination of applications**

(1) If the Regulator grants an application—

(a) for a Financial Services Permission;

(b) for the variation or cancellation of a Financial Services Permission;

(c) for the variation or cancellation of a requirement imposed under section 35; or

(d) for the imposition of a new requirement under that section;

it must give the Applicant written notice.

(2) The notice must state the date from which the Financial Services Permission, variation, cancellation or requirement has effect.

42. **Exercise of Own-Initiative Power: procedure**

(1) This section applies to an exercise of the Regulator's Own-Initiative Variation Power or Own-Initiative Requirement Power in relation to an Authorised Person ("A").

(2) A variation of a Financial Services Permission or the imposition or variation of a requirement takes effect—

(a) immediately, if the notice given states that that is the case;

(b) on such date as may be specified in the notice; or

(c) if no date is specified in the notice, when the matter to which the notice relates is no longer open to review.

(3) A variation of a Financial Services Permission, or the imposition or variation of a requirement, may be expressed to take effect immediately (or on a specified date) only if the Regulator, having regard to the ground on which it is exercising its Own-Initiative Variation Power or Own-Initiative Requirement Power, reasonably considers that it is necessary for the variation, or the imposition or variation of the requirement, to take effect immediately (or on that date).

(4) If the Regulator proposes to vary a Financial Services Permission or to impose or vary a requirement, or varies a Financial Services Permission or imposes or varies a requirement, with immediate effect, it must give A written notice.

(5) The notice must—

(a) give details of the variation of the permission or the requirement or its variation;

(b) state the Regulator's reasons for the variation of the permission or the imposition or variation of the requirement;

(c) inform A that A may make representations to the Regulator within such period as may be specified in the notice (whether or not A has referred the matter to the Regulatory Committee);

(d) inform A of when the variation of the permission or the imposition or variation of the requirement takes effect; and

(e) inform A of A's right to refer the matter to the Regulatory Committee.

(6) The Regulator may extend the period allowed under the notice for making representations.

(7) If, having considered any representations made by A, the Regulator decides—

(a) to vary the permission, or impose or vary the requirement, in the way proposed; or

(b) if the permission has been varied or the requirement imposed or varied, not to rescind the variation of the permission or the imposition or variation of the requirement;

it must give A written notice.

(8) If, having considered any representations made by A, the Regulator decides—

(a) not to vary the permission, or impose or vary the requirement, in the way proposed;

(b) to vary the permission or requirement in a different way, or impose a different requirement; or

(c) to rescind a variation or requirement which has effect;

it must give A written notice.

(9) A notice under subsection (7) must inform A of A's right to refer the matter to the Regulatory Committee.

(10) A notice under subsection (8)(b) must comply with subsection (5).

(11) For the purposes of subsection (2)(c), whether a matter is open to review is to be determined in accordance with section 252(7).

Part 5 Performance of Controlled Functions and Recognised Functions

Approval

43. Approval to perform Controlled Functions and Recognised Functions

(1) An Authorised Person ("A") must take reasonable care to ensure that no person performs a Controlled Function in the business of A that is specified in the Rules as a Controlled Function requiring the Regulator's approval, unless that person is an Approved Person acting in accordance with an Approval given by the Regulator under this Part in relation to that function.

(2) A person ("P") must not perform a Controlled Function in the business of an Authorised Person that is specified in the Rules as a Controlled Function requiring the Regulator's approval, unless P is an Approved Person acting in accordance with an Approval given by the Regulator under this Part in relation to that function.

(3) An Authorised Person ("A") must take reasonable care to ensure that no person performs a Recognised Function in the business of A that is specified in the Rules as a Recognised Function requiring A's approval, unless that person has been appointed as a Recognised Person by A in relation to that function.

(4) A person ("P") must not perform a Recognised Function in the business of an Authorised Person that is specified in the Rules as a Recognised Function requiring A's approval, unless P has been appointed as a Recognised Person in relation to that function.

44. **Applications for Approval**

(1) An Application for Approval to perform a Controlled Function in the business of an Authorised Person may be made by the Authorised Person.

(2) Such Application may be made by a person who has applied for a Financial Services Permission and will become an Authorised Person if a Financial Services Permission is granted.

(3) The Application must—

(a) comply with any applicable Rules made by the Regulator;

(b) contain, or be accompanied by, such other information as the Regulator may reasonably require; and

(c) be made in such manner as the Regulator may direct.

(4) At any time after the Application is received and before it is determined, the Regulator may require the Applicant to provide it with such further information as it reasonably considers necessary to enable it to determine the Application.

(5) Different directions may be given, and different requirements imposed by the Regulator, in relation to different Applications or categories of Application.

(6) If the Regulator decides to grant an Application made under this section, it must give written notice of its decision to each of the Interested Parties.

(7) The Regulator may require an Applicant to provide information which the Applicant is required to provide to it under this section in such form, or to verify it in such a way, as the Regulator may direct.

45. **Determination of Application to carry out Controlled Functions**

(1) The Regulator may grant the Application only if it is satisfied that the person in respect of whom the Application is made is a fit and proper person to perform the Controlled Function to which the Application relates.

(2) The Regulator may in particular—

(a) grant the Application subject to any conditions that the Regulator considers appropriate; and

(b) grant the Application so as to give Approval only for a limited period;

if it appears to the Regulator that it is desirable to do so in order to further one or more of its objectives.

(3) A person who makes an Application under section 44 may withdraw his Application by giving written notice to the Regulator at any time before the Regulator determines it.

46. **Withdrawal of Controlled Function Approval**

The Regulator may withdraw an Approval given under section 45 if the Regulator considers that the person is not a fit and proper person to perform the Controlled Function in question.

47. **Variation of Approval at request of relevant Authorised Person**

(1) Where an Application for Approval under section 44 is granted subject to conditions, the Authorised Person concerned may apply to the Regulator to vary the Approval by—

(a) varying a condition;

(b) removing a condition; or

(c) imposing a new condition.

(2) The Regulator may refuse an Application under this section if it appears to the Regulator that it is desirable to do so in order to further one or more of its objectives.

(3) Section 44(3) to (6) apply to an Application made under this section for variation of an Approval as they apply to an Application for Approval made under section 44.

48. **Variation of Approval on initiative of Regulator**

(1) The Regulator may vary an Approval given under section 45 if the Regulator considers that it is desirable to do so in order to further one or more of its objectives.

(2) The Regulator may vary an Approval by—

(a) imposing a condition;

(b) varying a condition;

(c) removing a condition; or

(d) limiting the period for which the Approval is to have effect.

(3) A condition may, in particular, be imposed so as to require any person to take, or refrain from taking, specified action.

49. **Exercise of power under section 48: procedure**

(1) This section applies to an exercise by the Regulator of the power to vary an Approval under section 48.

(2) A variation takes effect—

(a) immediately, if the notice given states that that is the case;

(b) on such date as is specified in the notice; or

(c) if no date is specified in the notice, when the matter to which the notice relates is no longer open to review.

(3) A variation may be expressed to take effect immediately (or on a specified date) only if the Regulator reasonably considers that it is necessary for the variation to take effect immediately (or on that date).

(4) If the Regulator proposes to vary an Approval or varies an Approval with immediate effect, it must give each of the Interested Parties written notice.

(5) The notice must—

(a) give details of the variation;

(b) state the Regulator's reasons for the variation;

(c) inform the Interested Parties that each of them may make representations to the Regulator within such period as may be specified in the notice (whether or not any of the Interested Parties has referred the matter to the Regulatory Committee);

(d) inform the Interested Parties of when the variation takes effect; and

(e) inform the Interested Parties of the right of each of them to refer the matter to the Regulatory Committee.

(6) The Regulator may extend the period allowed under the notice for making representations.

(7) If having considered the representations made by the Interested Parties, the Regulator decides to vary the Approval, or if the variation has taken effect, not to rescind it, it must give each of the Interested Parties written notice.

(8) If having considered the representations made by the Interested Parties, the Regulator decides—

(a) not to vary the Approval;

(b) to vary the Approval in a different way; or

(c) if the variation has taken effect, to rescind it;

it must give each of the Interested Parties written notice.

(9) A notice under subsection (7) must inform the Interested Parties of the right of each of them to refer the matter to the Regulatory Committee.

(10) A notice under subsection (8)(b) must comply with subsection (5).

(11) For the purposes of subsection (2)(c), whether a matter is open to review is to be determined in accordance with section 252(7).

Part 6 Official Listing and Offers

The Official List

50. The Official List

(1) The Regulator must maintain the Official List.

(2) The Regulator may admit to the Official List such Securities as it considers appropriate in accordance with this Part.

(3) A Recognised Investment Exchange shall not permit trading of Securities on its facilities unless those Securities are admitted to, and not suspended from, the Official List except where otherwise prescribed in the Rules made by the Regulator.

Listing

51. Applications for Listing

(1) Admission to the Official List may be granted only on an Application made to the Regulator in such manner as may be required by Listing Rules.

(2) No Application for Listing may be entertained by the Regulator unless it is made by, or with the consent of, the Issuer of the Securities concerned.

(3) The Regulator may not grant an Application for Listing unless it is satisfied that—

(a) the requirements of Listing Rules (so far as they apply to the Application); and

(b) any other requirements imposed by the Regulator in relation to the Application;

are complied with.

52. Decision on Application

(1) The Regulator may—

(a) refuse an Application for Listing; or

(b) impose conditions or restrictions, in respect of the admission of Securities to the Official List, or vary or withdraw such conditions or restrictions;

in the circumstances specified in subsection (2).

(2) The Regulator may exercise its powers under subsection (1) where—

(a) the Regulator reasonably considers, for a reason relating to the Issuer of the Securities or to the Securities, that—

(i) granting the Securities admission to the Official List would be detrimental to the interests of persons dealing in the relevant Securities, using the facilities of a Recognised Body or otherwise;

(ii) any requirements in the Listing Rules as are applicable have not been or will not be complied with;

(iii) any requirement imposed by the Regulator has not been or will not be complied with; or

(iv) the Issuer of the Securities has failed or will fail to comply with any obligations applying to it, including those relating to having its Securities admitted to the Official List or listed or traded in another jurisdiction; or

(b) it is in the interests of the Abu Dhabi Global Market to do so.

(3) If the Regulator decides to grant an Application for Listing, it must give the Applicant written notice of its decision.

(4) If Securities are admitted to the Official List, their admission may not be called in question on the ground that any requirement or condition for their admission has not been complied with.

(5) Where a person has any Securities included in the Official List, such Securities shall be admitted to trading on a Recognised Investment Exchange as soon as possible.

(6) Where any Securities included in the Official List are not admitted to trading in accordance with the requirement in subsection (5), such Securities shall be removed from the Official List.

(7) The Regulator may, by Rules, prescribe any circumstances in which Securities admitted to the Official List need not comply with the requirement in subsection (5).

53. **Discontinuance and Suspension of Listing**

(1) The Regulator may, in accordance with Listing Rules, discontinue or suspend the Listing of any Securities if satisfied that there are circumstances which warrant such action or where it is in the interests of the Abu Dhabi Global Market.

(2) The Regulator may discontinue or suspend the Listing of any Securities on its own initiative or on application of the Issuer of those Securities.

(3) If Securities are suspended under subsection (1), they are to be treated, for the purposes of Chapter 2 of this Part, as still being listed.

54. **Discontinuance or Suspension: procedure**

(1) A Discontinuance or Suspension by the Regulator on its own initiative takes effect—

(a) immediately, if the notice states that that is the case; or

(b) in any other case, on such date as may be specified in that notice.

(2) If on its own initiative the Regulator—

(a) proposes to discontinue or suspend the Listing of Securities; or

(b) discontinues or suspends the Listing of Securities with immediate effect;

it must give the Issuer of the Securities written notice.

(3) The notice must—

(a) give details of the Discontinuance or Suspension;

(b) state the Regulator's reasons for the Discontinuance or Suspension and for choosing the date on which it took effect or takes effect;

(c) inform the Issuer of the Securities that he may make representations to the Regulator within such period as may be specified in the notice (whether or not he has referred the matter to the Regulatory Committee);

(d) inform him of the date on which the Discontinuance or Suspension took effect or will take effect; and

(e) inform him of his right to refer the matter to the Regulatory Committee.

(4) If, having considered any representations made by the Issuer of the Securities, the Regulator decides—

(a) to discontinue or suspend the Listing of the Securities; or

(b) if the Discontinuance or Suspension has taken effect, not to rescind it;

the Regulator must give the Issuer of the Securities written notice.

(5) If the Regulator decides—

(a) not to discontinue or suspend the Listing of the Securities; or

(b) if the Discontinuance or Suspension has taken effect, to rescind it;

the Regulator must give the Issuer of the Securities written notice.

(6) A notice under subsection (4) shall inform the Issuer of his right to refer the matter to the Regulatory Committee.

(7) The effect of rescinding a Discontinuance is that the Securities concerned are to be readmitted automatically to the Official List.

55. **Discontinuance or Suspension at the request of the Issuer: procedure**

(1) A Discontinuance or Suspension by the Regulator on the application of the Issuer of the Securities takes effect—

(a) immediately, if the notification under subsection (2) so provides;

(b) in any other case, on such date as may be provided for in that notification.

(2) If the Regulator discontinues or suspends the Listing of Securities on the application of the Issuer of the Securities, it must notify the Issuer (whether in writing or otherwise).

(3) The notification must—

(a) notify the Issuer of the date on which the Discontinuance or Suspension took effect or will take effect; and

(b) notify the Issuer of such other matters (if any) as are specified in Listing Rules.

(4) The Regulator may cancel the Suspension of the Listing of any Securities on the application of the Issuer of those Securities if the Suspension was carried out on the application of the Issuer.

(5) If the Regulator has suspended the Listing of Securities on the application of the Issuer of the Securities and the Issuer applies for the cancellation of the Suspension, the Regulator must give him written notice of its decision if the Regulator decides to grant the application.

Listing Rules

56. **Listing Rules**

(1) The Regulator may make Rules in relation to Listing. Such Rules may include requirements relating to—

(a) procedures for admission of Securities to the Official List, including—

(i) requirements to be met before Securities may be granted admission to the Official List; and

(ii) agreements in connection with admitting Securities to the Official List;

(b) enforcement of the agreements referred to in sub-paragraph (a)(ii);

(c) procedures for Discontinuance or Suspension;

(d) the imposition on any person of obligations to observe specific standards of conduct or to perform, or refrain from performing, specified acts, reasonably imposed in connection with the admission of Securities to the Official List or continued admission of Securities to the Official List;

(e) procedures or conditions which may be imposed, or circumstances which are required to exist, in relation to matters which are provided for in the Listing Rules;

(f) actual or potential conflicts of interest that have arisen or might arise when a person seeks to have Securities admitted to the Official List; and

(g) such other matters as are necessary or desirable for the proper operation of the Listing process and of the market in Securities admitted to the Official List.

Chapter 1 Offer of Securities

57. **Application of this Chapter to Collective Investment Funds**

(1) The provisions in this Chapter and the Rules made for the purposes of this Chapter shall not apply to a person in relation to making an Offer of a Unit.

(2) The provisions in this Chapter and the Rules made for the purposes of this Chapter shall apply to a person who has or intends to have Units admitted to trading on a Recognised Investment Exchange in the manner and circumstance specified by or under these Regulations.

General prohibitions and definitions

58. **General prohibition**

(1) A person shall not—

(a) make an Offer of Securities to the Public in or from the Abu Dhabi Global Market; or

(b) have Securities admitted to trading on a Recognised Investment Exchange;

except as provided by or under these Regulations.

(2) Without limiting the generality of its powers, the Regulator may, by written notice—

(a) exclude the application of any requirements; or

(b) deem any investment which is not a Security to be a Security for the purposes of these Regulations and the Rules made under these Regulations;

subject to such terms and conditions as it may consider appropriate.

59. **Definition of an Offer of Securities to the Public**

An Offer of Securities to the Public means a communication to any person in any form or by any means, presenting information on the terms of the Offer and the Securities offered, so as to enable an investor to decide to buy or subscribe to those Securities but excluding—

(a) any communication in connection with the trading of Securities admitted to trading on a Recognised Investment Exchange;

(b) any communication made for the purposes of complying with the on-going reporting requirements of the Regulator or a Recognised Investment Exchange; or

(c) any other communication prescribed in Rules as an exempt communication.

60. **Exempt Offerors**

(1) The prohibition in section 58(1) does not apply to any—

(a) Securities of an Exempt Offeror; or

(b) Securities which are unconditionally and irrevocably guaranteed by an Exempt Offeror.

(2) The Regulator may, at its discretion and on its own initiative, include any person in the list of Exempt Offerors maintained by it in circumstances where the requirements prescribed by the Regulator in the Rules are met.

Prospectus requirement

61. **Obligation to issue a Prospectus**

(1) A person shall not, subject to subsection (3)—

(a) make an Offer of Securities to the Public in or from the Abu Dhabi Global Market; or

(b) have Securities admitted to trading on a Recognised Investment Exchange;

unless there is an Approved Prospectus in relation to the relevant Securities.

(2) For the purposes of subsection (1)—

(a) a Prospectus is an Approved Prospectus if it is approved by the Regulator in accordance with the requirements prescribed in the Rules; and

(b) a reference to a Prospectus made by or under these Regulations is a reference to an Approved Prospectus, unless the context requires otherwise.

(3) The requirement in subsection (1) does not apply—

(a) to an Offer of Securities to the Public where that Offer is an exempt offer as prescribed in the Rules; or

(b) to any Securities to be admitted to trading on a Recognised Investment Exchange if those Securities are exempt Securities as prescribed in the Rules.

(4) For the purposes of this Chapter and the Rules made under this Chapter, unless the context requires otherwise—

(a) a reference to a Prospectus Offer is a reference to both the making of an Offer of Securities to the Public and to having Securities admitted to trading on a Recognised Investment Exchange;

(b) a reference to an Offeror is a reference to the person making a Prospectus Offer; and

(c) a reference to a Prospectus in respect of a person who has or seeks to have Units of a Fund admitted to trading on a Recognised Investment Exchange is a reference to a Prospectus prepared in accordance with the requirements prescribed by the Regulator in the Rules.

(5) A Prospectus includes a supplementary prospectus, except where otherwise provided by or under these Regulations.

62. **Prospectus content**

(1) A Prospectus shall contain all the information which an investor would reasonably require and expect to find in a Prospectus for the purpose of making an informed assessment of—

(a) the assets and liabilities, financial position, profits and losses and prospects of the Issuer and any guarantor; and

(b) the nature of the Securities and the rights and liabilities attaching to those Securities.

(2) Without limiting the generality of the obligation in subsection (1), the Regulator may, by Rules, prescribe the information that must be included in a Prospectus.

(3) The Regulator may, in prescribing the information to be included in a Prospectus, require specific content for a Prospectus of a particular type of Security.

(4) The Issuer or other person responsible for the issue of a Prospectus shall include in the Prospectus all the information required under subsections (1) and (2) as it would be reasonable for him to have knowledge of, or acquire through reasonable enquiries.

(5) The Regulator shall by Rules prescribe—

(a) the circumstances in which a Prospectus may incorporate any material by reference; and

(b) the persons liable for the content of a Prospectus.

63. **Regulator power to publish information**

Where a person making a Prospectus Offer fails to publish any information which that person is required to publish by or under these Regulations, the Regulator may publish such information in the manner prescribed in the Rules.

64. **Use of foreign offer documents**

No person shall use any offer document produced in accordance with the law applicable in another jurisdiction for the purposes of making a Prospectus Offer except in the circumstances prescribed in the Rules.

65. **Obligation to issue a supplementary prospectus**

If at any time after the issue of a Prospectus there is a significant change in, or a material mistake or inaccuracy affecting any matter contained in the Prospectus or a significant new matter arises, the Issuer or the person responsible for the issue of the Prospectus shall issue a supplementary prospectus which—

(a) provides details of the change, mistake, inaccuracy or new matter; and

(b) complies with the requirements in section 62(1).

Misleading and deceptive statements or omissions

66. **Prohibition against misleading and deceptive statements or omissions**

(1) A person shall not make a Prospectus Offer if there is—

(a) a misleading or deceptive statement in—

(i) the Prospectus;

(ii) any application form that is attached to or accompanies the Prospectus; or

(iii) any other communication that relates to the Prospectus Offer, or the application form;

(b) any material omission from the Prospectus, application form or any other Document as required by or under these Regulations; or

(c) a significant new matter or a significant change in circumstances that requires a supplementary prospectus to be issued.

(2) A person does not contravene the prohibition in subsection (1) if that person can prove the circumstances or matters specified in sections 67 and 68.

67. **Defence of reasonable enquiries and reasonable belief**

A person does not commit a contravention of section 66(1), if that person proves that he—

(a) made all enquiries that were reasonable in the circumstances; and

(b) after making such enquiries, believed on reasonable grounds that the Prospectus was not misleading or deceptive.

68. **Defence of reasonable reliance on information given by another person**

(1) A person does not commit a contravention of section 66(1) if the person merely proves that he placed reasonable reliance on information given to him by—

(a) if the person is not a natural person, someone other than a member of the governing body, employee or agent of the person; or

(b) if the person is a natural person, someone other than an employee or agent of the natural person.

(2) For the purposes of this Chapter, a person is not the agent of a person merely because he performs a particular professional or advisory function for the person.

69. **Statements about future matters**

(1) A person is taken to make a misleading or deceptive statement about a future matter whether by himself or through his agent, if he, at the time of making the statement or causing the statement to be made, did not have reasonable grounds for making the statement or causing the statement to be made.

(2) The onus for proving that reasonable grounds existed for the purposes of subsection (1) is on the person who made the statement or caused the statement to be made.

(3) A person referred to in subsection (2) may rely on the circumstances referred to in sections 67 and 68 in order to prove that he had reasonable grounds for making the statement relating to the future matter.

70. **Civil compensation**

(1) Any person prescribed in the Rules made by the Regulator as being liable for a Prospectus is liable to pay compensation to another person who has acquired Securities to which the Prospectus relates and who has suffered loss or damage arising from any untrue or misleading statement in the Prospectus or the omission from it of any material matter required to have been included in the Prospectus by or under these Regulations.

(2) The Regulator may make Rules prescribing circumstances in which a person who would otherwise be liable under subsection (1) will not be so liable.

(3) Nothing in this section affects the powers, rights or liabilities that any person may have apart from this section including the power to institute proceedings under section 242.

71. **Stop orders**

(1) If the Regulator is satisfied that a Prospectus Offer would contravene or has contravened these Regulations or it is in the interests of the Abu Dhabi Global Market, the Regulator may issue a stop order to a person or class of persons directing that no Offer, issue, sale or transfer of the Securities be made by such person or persons for such a period of time as it thinks appropriate.

(2) Upon making a decision under subsection (1), the Regulator shall, without undue delay, inform the Offeror and the Issuer (if different) of the Securities in writing of its decision.

(3) An order under subsection (1) takes effect—

(a) immediately, if the notice under subsection (4) states that that is the case;

(b) in any other case, on such date as may be specified in that notice.

(4) If the Regulator—

(a) proposes to exercise the power in subsection (1) in relation to a person; or

(b) exercises any of those powers in relation to a person with immediate effect;

it must give that person written notice.

(5) The notice must—

(a) give details of the Regulator's action or proposed action;

(b) state the Regulator's reasons for taking the action in question and choosing the date on which it took effect or takes effect;

(c) inform the recipient that he may make representations to the Regulator within such period as may be specified by the notice (whether or not he has referred the matter to the Regulatory Committee);

(d) inform him of the date on which the action took effect or takes effect; and

(e) inform him of his right to refer the matter to the Regulatory Committee.

(6) The Regulator may extend the period within which representations may be made to it.

(7) If, having considered any representations made to it, the Regulator decides to maintain, vary or revoke its earlier decision, it must give written notice to that effect to the person mentioned in subsection (4).

(8) A notice given under subsection (7) must inform that person, where relevant, of his right to refer the matter to the Regulatory Committee.

Chapter 2 Obligations of Reporting Entities

72. **Definition of a Reporting Entity**

(1) A person is, subject to subsection (3), a Reporting Entity if the person—

(a) has or had Securities admitted to the Official List at any time;

(b) has made an Offer of Securities to the Public other than in relation to Units of a Fund;

(c) merges with or acquires a Reporting Entity referred to in paragraphs (a) or (b); or

(d) is declared by the Regulator pursuant to subsection (4) to be a Reporting Entity.

(2) For the purposes of subsection (1)(a)—

(a) in the case of a Listed Fund—

(i) a reference to a Reporting Entity is a reference to the Fund Manager of that Fund or such other person as the Regulator may declare (who may also be called a "Reporting Entity of the Listed Fund"); and

(ii) any obligations of a Reporting Entity are, unless the context requires otherwise, obligations in respect of the Listed Fund; and

(b) for avoidance of doubt, a person does not become a Reporting Entity of a Listed Fund by merely offering the Units of the Fund to the public, unless the Units are also admitted to trading on a Recognised Investment Exchange.

(3) A person is not a Reporting Entity—

(a) if the person—

(i) is an Exempt Offeror; or

(ii) has made an Offer of Securities to the Public where that Offer is an exempt offer;

(b) if—

(i) the person previously had Securities admitted to the Official List but currently has no Securities admitted to the Official List;

(ii) the current holders of at least 75 per cent. of the Securities of the Reporting Entity or the Listed Fund, as is relevant, have agreed in writing that the person is no longer needed to be a Reporting Entity; and

(iii) the Regulator has confirmed in writing upon being notified of the grounds referred to in sub-paragraphs (i) and (ii) that the person need no longer be a Reporting Entity; or

(c) in the case of a person referred to in subsections (1)(a), (b) or (c), if that person is declared by the Regulator pursuant to subsection (4)(a)(ii) not to be a Reporting Entity.

(4) The Regulator may upon application of a person or on its own initiative—

(a) declare in writing that a person is—

(i) a Reporting Entity; or

(ii) not a Reporting Entity; and

(b) impose such conditions or restrictions as it considers appropriate in respect of such a declaration.

(5) The Regulator may, by Rules, prescribe requirements applicable to Reporting Entities including any circumstances in which such requirements may not apply to certain Reporting Entities.

(6) The Regulator may, by Rules, extend the requirements applicable to a Reporting Entity to any person who intends to undertake any activity specified in subsections (1)(a), (b) or (c) where it considers appropriate to do so.

(7) A reference to a Reporting Entity by or under these Regulations includes, except where otherwise provided or the context implies otherwise, a person intending to have Securities admitted to trading on a Recognised Investment Exchange.

Governance of Reporting Entities

73. **Corporate Governance**

(1) A Reporting Entity shall have a Corporate Governance framework which is adequate to promote prudent and sound management of the Reporting Entity in the long-term interest of the Reporting Entity and its Shareholders.

(2) For the purposes of the requirement in subsection (1), the Regulator may by Rules prescribe—

(a) Corporate Governance principles and standards that apply to a Reporting Entity, including any requirements applicable to its board of Directors and individual members, Controllers, employees or any other person as appropriate;

(b) requirements relating to fair treatment of Shareholders; and

(c) provisions to address conflicts of interests.

(3) The Regulator may, by Rules, prescribe any circumstances in which such requirements do not apply to certain Reporting Entities.

Market disclosure

74. **Database**

(1) The Regulator shall establish and maintain an electronic data gathering, analysis and retrieval system for the receipt and storage of information filed or disclosed under this Part and any Rules made under this Part and for the purpose of making information available to the public, except where such information is confidential as prescribed in the Rules.

(2) The Regulator may delegate to any person all or part of any function in subsection (1) where it is satisfied that there are appropriate safeguards to ensure integrity and safety of the information.

75. **Continuous disclosures**

(1) A Reporting Entity shall, subject to subsections (4) and (5), make disclosures to the market of information specified by the Regulator in the circumstances prescribed by the Rules.

(2) Without limiting the generality of subsection (1), the Regulator may, by Rules, prescribe the type of information and the circumstances in which such information shall be disclosed including—

(a) financial information;

(b) Inside Information as defined in section 95; and

(c) any other information or material change which occurs in relation to a Reporting Entity.

(3) Where information is required to be disclosed pursuant to subsection (1), the Reporting Entity shall—

(a) issue a release of information to the market disclosing the information; and

(b) file a report with the Regulator;

in the manner prescribed by the Rules.

(4) Where a Reporting Entity has failed to publish information required to be published pursuant to subsection (1) and the Rules made for the purposes of this section, the Regulator may publish such information in a manner considered appropriate by the Regulator.

(5) The Regulator may, by Rules, prescribe the circumstances in which a Reporting Entity need not comply with the disclosure requirement in subsection (1).

76. **Disclosures by Connected Persons**

(1) A person who becomes a Connected Person of a Reporting Entity shall file with the Regulator and the relevant Reporting Entity a report that meets the requirements prescribed in the Rules made for the purposes of this section.

(2) The Regulator may, by Rules, prescribe—

(a) when a person is regarded as a Connected Person of a Reporting Entity;

(b) events that trigger the requirement to file the report referred to in subsection (1);

(c) the content and the manner of filing of the report referred to in subsection (1);

(d) when a person is, or is not, a Connected Person of a Reporting Entity or a Listed Fund; and

(e) any other matter that is necessary or incidental for the purpose of giving effect to the requirements relating to the report referred to in subsection (1).

77. **Disclosure of material interests**

(1) A person who has a material interest in or relating to a Reporting Entity or a Listed Fund shall give notice relating to that interest in the manner and form prescribed by the Rules.

(2) For the purposes of subsection (1), the Regulator may by Rules prescribe—

(a) what constitutes a material interest;

(b) persons required to give the notice referred to in subsection (1);

(c) persons to whom the notice referred to in subsection (1) is required to be given, including any circumstances in which such a notice is not required;

(d) the content and the manner of giving the notice referred to in subsection (1); and

(e) any other matter that is necessary or incidental for the purpose of giving effect to the requirements relating to the notice referred to in subsection (1).

Financial reports

78. **Annual financial report**

A Reporting Entity shall prepare and file with the Regulator an annual financial report in accordance with the requirements prescribed in the Rules.

79. **Interim financial report**

(1) A Reporting Entity shall, subject to subsection (2), prepare and file with the Regulator—

(a) a semi-annual financial report; and

(b) any other financial statements required by the Regulator.

(2) The Regulator may, by Rules, prescribe the circumstances in which a Reporting Entity—

(a) is not required to file a semi-annual financial report; or

(b) is required to file any other financial statements pursuant to subsection (1)(b).

80. **Auditor's report**

(1) Each annual financial report referred to in section 78 shall be accompanied by a report of the auditor of the Reporting Entity in accordance with the requirements prescribed in the Rules.

(2) The report produced in accordance with subsection (1) shall state whether, in the auditor's opinion, the annual financial report required by section 78 represents a true and fair view of the financial position of the Reporting Entity.

81. **Supply of financial statements**

Upon a request from a holder of its Securities, a Reporting Entity shall, within 14 days of the request, make a copy of the financial report filed under sections 78 and 79 available to the holder.

82. **Appointment of auditors**

A Reporting Entity shall have an auditor Appointed in accordance with Part 15 and any Rules made for the purposes of that Part.

Sponsors and compliance advisers

83. **Appointment of sponsors or compliance advisers**

(1) The Regulator may make Rules requiring a Reporting Entity to appoint a sponsor, compliance adviser or other expert adviser on such terms and conditions as it considers appropriate.

(2) Such Rules may prescribe—

(a) the circumstances in which a Reporting Entity is required to appoint a sponsor, compliance adviser or other expert adviser;

(b) the requirements applicable to the Reporting Entity and a person Appointed as a sponsor, compliance adviser or other expert adviser; and

(c) any other matter necessary to give effect to such appointments.

Miscellaneous

84. **Regulator's powers of Direction**

The Regulator may, if it is satisfied that it is in the interests of the Abu Dhabi Global Market to do so—

(a) direct a Reporting Entity to disclose specified information to the market or take such other steps as the Regulator considers appropriate; or

(b) impose on a Reporting Entity any additional continuing obligations;

on such terms and conditions as determined by the Regulator.

Part 7 Transfer Schemes

85. **Transfer Schemes**

(1) No Transfer Scheme is to have effect unless an order has been made in relation to it under section 86. Nothing in this section prevents any person from exercising any other right or power he may have to transfer or receive the transfer of any asset or assume any liability.

(2) For the purposes of these Regulations, a Transfer Scheme means a scheme which results in the transfer of—

(a) the whole or part of a business carried on by an Authorised Person or Recognised Body which is incorporated in, or formed under the law of the Abu Dhabi Global Market, ("the person concerned") to another body ("the transferee");

(b) the whole or part of a business carried on in the Abu Dhabi Global Market by an Authorised Person or Recognised Body not incorporated in, or formed under the law of the Abu Dhabi Global Market ("the person concerned") to another body ("the transferee"); or

(c) the Fund Property of a Fund or of a Sub-Fund of an Umbrella Fund ("the Fund concerned") to another Fund ("the transferee").

86. **Application for an order sanctioning a scheme**

(1) An Application in relation to a firm may be made to the Court for an order sanctioning a Transfer Scheme. An Application may be made by—

(a) the person concerned;

(b) the transferee; or

(c) both the person concerned and the transferee.

(2) An Application in relation to a Fund may be made to the Court for an order sanctioning a Transfer Scheme. An Application may be made by—

(a) the Fund concerned;

(b) the Fund Manager, Trustee or auditor of the Fund concerned; or

(c) the transferee.

(3) The Court may grant an order if it considers that it is appropriate in the circumstances to sanction the Transfer Scheme.

87. **Rights to be heard**

The following have the right to be heard in an Application under section 86—

(a) any person who alleges that he would be adversely affected if the scheme were to be carried out; and

(b) the Regulator.

88. **Powers of the Court in relation to a Transfer Scheme**

(1) If the Court makes an order sanctioning a Transfer Scheme, it may, by that order or any subsequent order, provide for any of the following—

(a) the transfer of the whole or part of the undertaking concerned and of any property or liabilities of the person concerned or the Fund concerned;

(b) the transferee to continue any pending legal proceedings by or against the person concerned or the Fund concerned;

(c) incidental, consequential and supplementary matters which are necessary to ensure that the scheme is fully and effectively carried out;

(d) the interests of any person who objects to the scheme to be dealt with in such manner as the Court may direct;

(e) the dissolution (but not Winding-Up) of any person concerned or any Fund concerned; and

(f) the reduction, on such terms and conditions it thinks fit, of the benefits payable under—

(i) any insurance policy; or

(ii) insurance policies generally;

entered into by the person concerned or the Fund concerned and transferred as a result of the Transfer Scheme.

(2) An order may—

(a) transfer property or liabilities whether or not the person concerned or the Fund concerned otherwise has the capacity to effect the transfer in question;

(b) make provision in relation to property which was held by the person concerned or the Fund concerned as trustee;

(c) make provision as to future or contingent rights or liabilities of the person concerned or the Fund concerned, including provision as to the construction of instruments under which such rights or liabilities may arise.

(3) If an order makes provision for the transfer of property or liabilities—

(a) the property is transferred to and vests in; and

(b) the liabilities are transferred to and become liabilities of;

the transferee as a result of the order.

(4) If any property or liability included in the order is governed by the law of any jurisdiction other than the Abu Dhabi Global Market, the Court may order the person concerned or the Fund concerned, if the transferee so requires, to take all necessary steps to secure that the transfer of the property or liability is fully effective under the law of that country or territory.

(5) Property transferred as the result of an order under this section may, if the Court so directs, vest in the transferee free from any Charge which is (as a result of the scheme) to cease to have effect.

(6) An order under this section which provides for the transfer of property is to be treated as an instrument of transfer for the purposes of any enactment requiring the delivery of an instrument of transfer to register property.

89. **Requirements of a Scheme**

(1) An Application under section 86 in respect of a scheme shall be accompanied by a report on the terms of the Transfer Scheme (a "Scheme Report").

(2) A Scheme Report may only be made by a person—

(a) who, in the Regulator's opinion, has the necessary skills to make a proper report; and

(b) is nominated or approved by the Regulator.

(3) A Scheme Report must be made in a form approved by the Regulator.

(4) The Regulator may direct that a Scheme Report need not be provided, if for reasons of urgency, it is in the interests of the Abu Dhabi Global Market to do so.

(5) The person concerned or the Fund concerned must provide written notice of the proposed transfer to all interested parties as determined by the Regulator at their last known mailing address.

(6) The person concerned or the Fund concerned must publish a notice in a designated newsletter which it thinks would be most suitable for bringing the notice to the attention of those who would be affected by the proposed transfer.

(7) The Regulator may direct that a notice under subsection (5) and (6) need not be provided, if, for reasons of urgency, it is in the interests of the Abu Dhabi Global Market to do so.

(8) The Court may choose not to make a determination regarding an Application under section 86 if either the Applicant or the person concerned or the Fund concerned have failed to comply with the requirements of this section.

90. **Conditions for sanctioning a Transfer Scheme**

Before the Court may make an order for a Transfer Scheme, it must be satisfied that the transferee, before the Transfer Scheme takes effect—

(a) will have procured all necessary authorisations required to enable the business to be transferred to be carried on in the same manner by the transferee;

(b) has adequate financial resources to carry on the business in accordance with the governing law of the jurisdiction to which it is to be transferred (if applicable).

91. **Modifications**

The Regulator may by Rules modify any provision in this Chapter where necessary for the purpose of furthering one or more of its objectives.

Part 8 Market Abuse

Market abuse

92. **Market abuse**

(1) For the purposes of these Regulations, Market Abuse is Behaviour (whether by one person alone or by two or more persons jointly or in concert) which—

(a) occurs in relation to—

(i) Financial Instruments admitted to trading on a—

(A) Prescribed Market; or

(B) a similar market or trading venue situated outside the Abu Dhabi Global Market and accessible electronically from within the Abu Dhabi Global Market;

(ii) Financial Instruments in respect of which a request for admission to trading on such a market has been made; or

(iii) in the case of subsection (2) or (3) Behaviour, instruments which are Related Instruments in relation to such Financial Instruments; and

(b) falls within any one or more of the types of Behaviour set out in subsections (2) to (6).

(2) The first type of Behaviour is where an Insider deals, or attempts to deal, in a Financial Instrument or Related Instrument on the basis of Inside Information relating to the Financial Instruments or Related Instruments in question.

(3) The second is where an Insider discloses Inside Information to another person otherwise than in the proper course of the exercise of his employment, profession or duties.

(4) The third is where the Behaviour consists of effecting transactions or orders to trade (otherwise than for legitimate reasons and in conformity with Accepted Market Practices on the relevant market) which—

(a) give, or are likely to give, a false or misleading impression as to the supply of, or demand for, or as to the price of, one or more Financial Instruments; or

(b) secure the price of one or more such instruments at an abnormal or artificial level.

(5) The fourth is where the Behaviour consists of effecting transactions or orders to trade which employ fictitious devices or any other form of deception or contrivance.

(6) The fifth is where the Behaviour consists of the dissemination of information by any means which gives, or is likely to give, a false or misleading impression as to a Financial Instrument by a person who knew or could reasonably be expected to have known that the information was false or misleading.

93. **Supplementary provision about certain Behaviour**

(1) Behaviour is to be taken into account for the purposes of this Part only if it occurs—

(a) in the Abu Dhabi Global Market; or

(b) in relation to—

(i) Financial Instruments which are admitted to trading on a Prescribed Market situated in, or operating in, the Abu Dhabi Global Market; or

(ii) Financial Instruments for which a request for admission to trading on such a Prescribed Market has been made.

(2) For the purposes of section 92(6), the dissemination of information by a person acting in the capacity of a journalist is to be assessed taking into account the codes governing his profession unless he derives, directly or indirectly, any advantage or profits from the dissemination of the information.

(3) Behaviour does not amount to Market Abuse for the purposes of these Regulations if—

(a) it conforms with a Rule which includes a provision to the effect that Behaviour conforming with the Rule does not amount to Market Abuse;

(b) it conforms with the Price Stabilising Rules; or

(c) it is done by a person acting on behalf of a public authority in the legitimate exercise of its public functions.

94. **Insiders**

For the purposes of this Part, an Insider is any person who has Inside Information—

(a) as a result of his membership of an administrative, management or supervisory body of an Issuer of Financial Instruments;

(b) as a result of his holding in the capital of an Issuer of Financial Instruments;

(c) as a result of having access to the information through the exercise of his employment, profession or duties;

(d) as a result of his criminal activities; or

(e) which he has obtained by other means and which he knows, or could reasonably be expected to know, is Inside Information.

95. **Inside Information**

(1) This section defines "Inside Information" for the purposes of these Regulations.

(2) In relation to Financial Instruments, or Related Instruments, which are not Commodity Derivatives, Inside Information is information of a Precise nature which—

(a) is not generally available;

(b) relates, directly or indirectly, to one or more Issuers of the Financial Instruments or to one or more of the Financial Instruments; and

(c) would, if generally available, be likely to have a significant effect on the price of the Financial Instruments or on the price of Related Instruments.

(3) In relation to Financial Instruments or Related Instruments which are Commodity Derivatives, Inside Information is information of a Precise nature which—

(a) is not generally available;

(b) relates, directly or indirectly, to one or more such derivatives; and

(c) users of markets on which the derivatives are traded would expect to receive in accordance with any Accepted Market Practices on those markets.

(4) In relation to a person charged with the execution of orders concerning any Financial Instruments or Related Instruments, Inside Information includes information conveyed by a client and related to the client's pending orders which—

(a) is of a Precise nature;

(b) is not generally available;

(c) relates, directly or indirectly, to one or more Issuers of Financial Instruments or to one or more Financial Instruments; and

(d) would, if generally available, be likely to have a significant effect on the price of those Financial Instruments or the price of Related Instruments.

(5) Information is Precise if it—

(a) indicates circumstances that exist or may reasonably be expected to come into existence or an event that has occurred or may reasonably be expected to occur; and

(b) is specific enough to enable a conclusion to be drawn as to the possible effect of those circumstances or that event on the price of Financial Instruments or Related Instruments.

(6) Information would be likely to have a significant effect on price if and only if it is information of a kind which a reasonable investor would be likely to use as part of the basis of his investment decisions.

(7) For the purposes of subsection (3)(c), users of markets on which investments in Commodity Derivatives are traded are to be treated as expecting to receive information relating directly or indirectly to one or more such derivatives in accordance with any Accepted Market Practices, which is—

(a) routinely made available to the users of those markets; or

(b) required to be disclosed in accordance with any statutory provision, market rules, or contracts or customs on the relevant underlying commodity market or Commodity Derivatives market.

(8) Information which can be obtained by research or analysis conducted by, or on behalf of, users of a market is to be regarded, for the purposes of this Part, as being generally available to them.

The Rules of Market Conduct

96. **The Rules of Market Conduct**

(1) The Regulator may make Rules ("Rules of Market Conduct") specifying—

(a) descriptions of Behaviour that, in the opinion of the Regulator, amount to Market Abuse;

(b) descriptions of Behaviour that, in the opinion of the Regulator, do not amount to Market Abuse;

(c) factors that, in the opinion of the Regulator, are to be taken into account in determining whether or not Behaviour amounts to Market Abuse;

(d) descriptions of Behaviour that are Accepted Market Practices in relation to one or more Prescribed Markets;

(e) descriptions of Behaviour that are not Accepted Market Practices in relation to one or more Prescribed Markets.

(2) Rules of Market Conduct may make different provisions in relation to persons, cases or circumstances of different descriptions.

97. **Effect of the Rules of Market Conduct**

(1) If a person behaves in a way which is described (in the Rules of Market Conduct in force under section 96 at the time of the Behaviour) as Behaviour that, in the Regulator's opinion, does not amount to Market Abuse, that Behaviour of his is to be taken, for the purposes of these Regulations, as not amounting to Market Abuse.

(2) Otherwise, the Rules of Market Conduct in force under section 96 at the time when particular Behaviour occurs may be relied on so far as it indicates whether or not that Behaviour should be taken to amount to Market Abuse.

98. **Prohibition on Market Abuse**

(1) A person ("A") shall not—

(a) engage in Market Abuse; or

(b) by taking or refraining from taking any action, require or encourage another person or persons to engage in Behaviour which, if engaged in by A, would amount to Market Abuse.

(2) A person does not contravene subsection (1) if—

(a) he believed, on reasonable grounds, that his Behaviour did not fall within paragraph (a) or (b) of that subsection; or

(b) he took all reasonable precautions and exercised all due diligence to avoid behaving in a way which fell within paragraph (a) or (b) of that subsection.

Miscellaneous

99. **Suspension of investigations**

(1) If the Regulator considers it desirable or expedient because of the exercise or possible exercise of a power relating to Market Abuse, it may direct a Recognised Body—

(a) to terminate, suspend or limit the scope of any inquiry which the Recognised Body is conducting under its rules; or

(b) not to conduct an inquiry which the Recognised Body proposes to conduct under its rules.

(2) A Direction under this section—

(a) must be given to the Recognised Body concerned by notice in writing; and

(b) is enforceable, on the application of the Regulator, by injunction.

(3) The Regulator's powers relating to Market Abuse are its powers—

(a) under Part 19; or

(b) to appoint a person to conduct an investigation under section 205.

100. **Effect on transactions**

The taking of any action under Part 19 in relation to Market Abuse does not make any transaction void or unenforceable.

101. **Protected Disclosures**

(1) A disclosure which satisfies the following three conditions is not to be taken to breach any restriction on the disclosure of information (however imposed).

(2) The first condition is that the information or other matter—

(a) causes the Disclosing Person to know or suspect; or

(b) gives him reasonable grounds for knowing or suspecting;

that another person has engaged in Market Abuse.

(3) The second condition is that the information or other matter disclosed came to the Disclosing Person in the course of his trade, profession, business or employment.

(4) The third condition is that the disclosure is made to the Regulator or to a nominated officer as soon as is practicable after the information or other matter comes to the Disclosing Person.

(5) A disclosure to a nominated officer is a disclosure which is made to a person nominated by the Disclosing Person's employer to receive disclosures under this section, and is made in the course of the Disclosing Person's employment and in accordance with the procedure established by the employer for the purpose.

(6) For the purposes of this section, references to a person's employer include any body, association or organisation (including a voluntary organisation) in connection with whose activities the person exercises a function (whether or not for gain or reward) and references to employment must be construed accordingly.

Part 9 Misleading Statements and Impressions

102. **Misleading Statements**

(1) Subsection (2) applies to a person ("P") who—

(a) makes a statement which P knows to be false or misleading in a material respect;

(b) makes a statement which is false or misleading in a material respect, being reckless as to whether it is; or

(c) dishonestly conceals any material facts whether in connection with a statement made by P or otherwise.

(2) P commits a contravention of these Regulations if P makes the statement or conceals the facts with the intention of inducing, or is reckless as to whether making it or concealing them may induce, another person (whether or not the person to whom the statement is made)—

(a) to enter into or offer to enter into, or to refrain from entering or offering to enter into, a Relevant Agreement; or

(b) to exercise, or refrain from exercising, any rights conferred by a Designated Investment.

(3) In proceedings for a contravention under subsection (2) brought against a person to whom that subsection applies as a result of paragraph (a) of subsection (1), it is a defence for the person charged ("D") to show that the statement was made in conformity with—

(a) Price Stabilising Rules (section 7(4)); or

(b) Control of Information Rules (section 7(3)).

(4) Subsections (1) and (2) do not apply unless—

(a) the statement is made in or from, or the facts are concealed in or from, the Abu Dhabi Global Market or arrangements are made in or from the Abu Dhabi Global Market for the statement to be made or the facts to be concealed;

(b) the person on whom the inducement is intended to or may have effect is in the Abu Dhabi Global Market; or

(c) the agreement is or would be entered into or the rights are or would be exercised in the Abu Dhabi Global Market.

103. **Misleading Impressions**

(1) A person ("P") who does any act or engages in any course of conduct which creates a false or misleading impression as to the market in or the price or value of any Designated Investments commits a contravention of these Regulations if—

(a) P intends to create the impression; and

(b) the case falls within either subsection (2) or (3) or both.

(2) The case falls within this subsection if P intends, by creating the impression, to induce another person to acquire, dispose of, subscribe for or underwrite the investments or to refrain from doing so or to exercise or refrain from exercising any rights conferred by the investments.

(3) The case falls within this subsection if—

(a) P knows that the impression is false or misleading or is reckless as to whether it is; and

(b) P intends by creating the impression to produce any of the results in subsection (4) or is aware that creating the impression is likely to produce any of the results in that subsection.

(4) Those results are—

(a) the making of a gain for P or another; or

(b) the causing of loss to another person or the exposing of another person to the risk of loss.

(5) References in subsection (4) to gain or loss are to be read in accordance with subsections (6) and (7).

(6) In proceedings brought against any person ("D") for a contravention under subsection (1) it is a defence for D to show—

(a) to the extent that the contravention results from subsection (2), that D reasonably believed that D's conduct would not create an impression that was false or misleading as to the matters mentioned in subsection (1);

(b) that D acted or engaged in the conduct—

(i) for the purpose of stabilising the price of investments; and

(ii) in conformity with Price Stabilising Rules; or

(c) that D acted or engaged in the conduct in conformity with Control of Information Rules.

(7) This section does not apply unless—

(a) the act is done, or the course of conduct is engaged in, in the Abu Dhabi Global Market; or

(b) the false or misleading impression is created there.

104. **Misleading statements etc. in relation to Benchmarks**

(1) A person ("A") who makes to another person ("B") a false or misleading statement commits a contravention of these Regulations if—

(a) A makes the statement in the course of arrangements for the setting of a Relevant Benchmark;

(b) A intends that the statement should be used by B for the purpose of the setting of a Relevant Benchmark; and

(c) A knows that the statement is false or misleading or is reckless as to whether it is.

(2) A person ("C") who does any act or engages in any course of conduct which creates a false or misleading impression as to the price or value of any investment or as to the interest rate appropriate to any transaction commits a contravention of these Regulations if—

(a) C intends to create the impression;

(b) the impression may affect the setting of a Relevant Benchmark;

(c) C knows that the impression is false or misleading or is reckless as to whether it is; and

(d) C knows that the impression may affect the setting of a Relevant Benchmark.

(3) In proceedings for a contravention under subsection (1), it is a defence for the person charged ("D") to show that the statement was made in conformity with—

(a) Price Stabilising Rules (section 7(4)); or

(b) Control of Information Rules (section 7(3)).

(4) In proceedings brought against any person ("D") for a contravention under subsection (2) it is a defence for D to show—

(a) that D acted or engaged in the conduct—

(i) for the purpose of stabilising the price of investments; and

(ii) in conformity with Price Stabilising Rules (section 7(4)); or

(b) that D acted or engaged in the conduct in conformity with Control of Information Rules (section 7(3)).

(5) Subsection (1) does not apply unless the statement is made in or from the Abu Dhabi Global Market or to a person in the Abu Dhabi Global Market.

(6) Subsection (2) does not apply unless—

(a) the act is done, or the course of conduct is engaged in, in the Abu Dhabi Global Market; or

(b) the false or misleading impression is created in the Abu Dhabi Global Market.

Part 10 Change of Control

105. **Provisions governing Controllers**

(1) The Regulator may make Rules in connection with the change of control of Authorised Persons or Recognised Bodies. Such Rules may make provision as to—

(a) when a person becomes or ceases to be a Controller of an Authorised Person or Recognised Body;

(b) which shareholdings are to be disregarded when assessesing whether a person becomes or ceases to be a Controller of an Authorised Person or Recognised Body;

(c) when the acquisition of, or increase or decrease in the level of, Control of an Authorised Person or Recognised Body requires either the prior approval of, or notification to, the Regulator;

(d) when the Regulator may object to an existing Controller;

(e) the procedures relating to the approval, notification and objections referred to in paragraphs (c) and (d); and

(f) any other matter necessary or incidental to give effect to the provisions governing Controllers.

(2) Without limiting the generality of the Regulator's powers, the Regulator may—

(a) approve or object to a person becoming a Controller of an Authorised Person or Recognised Body;

(b) approve or object to an increase in the level of control of an existing Controller of an Authorised Person or Recognised Body;

(c) object to an existing Controller of an Authorised Person or Recognised Body where it has reasonable grounds to believe that such a person is no longer an acceptable Controller; and

(d) approve a person as a Controller or approve an increase of Control by an existing Controller subject to such conditions as it considers appropriate.

(3) Where the Regulator considers an existing Controller of an Authorised Person or Recognised Body to be an unacceptable Controller—

(a) it must notify the Controller and the Authorised Person or Recognised Body in writing that the Controller is no longer an acceptable Controller; and

(b) it may require that the Controller and the Authorised Person or Recognised Body take such action as is specified by the Regulator.

(4) Without limiting the generality of the Regulator's powers, the Regulator may, for the purposes of subsection (3)(b)—

(a) require an Authorised Person or Recognised Body to take such action as is specified by the Regulator in relation to an unacceptable Controller;

(b) where an Authorised Person or Recognised Body has failed to comply with a requirement referred to in paragraph (a) to the satisfaction of the Regulator, exercise any of its powers in relation to the Authorised Person or Recognised Body; or

(c) require the unacceptable Controller to take such action as specified by the Regulator.

Part 11 Collective Investment Funds

Chapter 1 Interpretation

106. **Collective Investment Funds**

(1) In this Part, "Collective Investment Fund" means any arrangements with respect to property of any description, including money, the purpose or effect of which is to enable persons taking part in the arrangements (whether by becoming owners of the property or any part of it or otherwise) to participate in or receive profits or income arising from the acquisition, holding, management or disposal of the property or sums paid out of such profits or income.

(2) The arrangements must be such that the persons who are to participate ("Unitholders") do not have day-to-day control over the management of the property, whether or not they have the right to be consulted or to give directions.

(3) The arrangements must also have either or both of the following characteristics—

(a) the contributions of the Unitholders and the profits or income out of which payments are to be made to them are pooled;

(b) the property is managed as a whole by or on behalf of the Fund Manager.

(4) If arrangements provide for such pooling as is mentioned in subsection (3)(a) in relation to separate parts of the property, the arrangements are not to be regarded as constituting a single Collective Investment Fund unless the Unitholders are entitled to exchange rights in one part for rights in another.

(5) The Regulator may by Rules provide that arrangements do not amount to a Collective Investment Fund—

(a) in specified circumstances; or

(b) if the arrangements fall within a specified category of arrangement.

Chapter 2 Registration of Public Funds

107. **Registration requirement**

(1) Every Domestic Fund (including any Sub-Fund, where applicable) which is a Public Fund shall be registered with the Regulator.

(2) The Regulator shall register a Public Fund if the Fund (or Sub-Fund) meets all the requirements in this Chapter.

(3) The Application for the registration of a Public Fund shall be made to the Regulator by the Fund Manager or, if the Fund is an Investment Trust, jointly by the Fund Manager and the Trustee of that Fund.

(4) Such an Application shall—

(a) be made in accordance with any applicable Rules made by the Regulator;

(b) be made in such manner as the Regulator may direct; and

(c) contain, and be accompanied by, such other information as the Regulator may reasonably require.

108. **Providing information in relation to the Application**

(1) The Regulator may require the Fund Manager, and if relevant the Trustee, to provide such further information (in such form and with such verification) as it reasonably considers necessary to enable it to determine the Application.

(2) Different directions may be given, and different requirements imposed, in relation to different Applications or categories of Application.

(3) The Regulator may require an Applicant to provide information which the Applicant is required to provide to it under this section in such form, or to verify it in such a way, as the Regulator may direct.

109. **Rejection of an Application**

The Regulator may refuse to grant an Application for registration of a Public Fund if it is not satisfied that the requirements referred to in section 107 have been met.

110. **Granting registration**

(1) The Regulator shall grant the registration to come into effect on a specified date.

(2) Where the Regulator registers a Public Fund, it shall, without undue delay, inform the Fund Manager and, if relevant, the Trustee in writing of—

(a) that decision; and

(b) the date on which the registration shall come into effect.

111. **Withdrawal of registration**

(1) The Regulator may, subject to subsection (2), withdraw the registration of a Public Fund where one or more of the following circumstances apply—

(a) the Fund is not operating or has been wound up;

(b) any information provided to the Regulator by the Fund Manager or, if Appointed, the Trustee, is false or misleading in a material particular or materially misleading;

(c) the Fund Manager or, if Appointed, the Trustee has contravened these Regulations or any Rules made under these Regulations;

(d) the Fund Manager or, if Appointed, the Trustee or member of the Fund's Governing Body has not complied with a direction issued by the Regulator under these Regulations;

(e) a person other than a member of the Fund's Governing Body, Shari'a Supervisory Board, the Trustee or a person providing oversight functions is exercising significant influence over the Fund, the Fund Manager or any member of the Fund's Governing Body;

(f) the Fund Manager is no longer fit and proper to manage the Fund or is incapable of acting as the Fund Manager of the Fund in compliance with these Regulations, any Rules made by the Regulator or the terms of its Constitution;

(g) the Trustee is no longer fit and proper to act as Trustee of the Fund or is incapable of acting as Trustee of the Fund in compliance with these Regulations, any Rules made by the Regulator, or the terms of its Constitution; or

(h) the Fund Manager or, if Appointed, the Trustee requests the Regulator to withdraw the registration of the Fund on the grounds that the Unitholders have passed a Special Resolution approving the Fund to be deregistered.

(2) The Regulator may withdraw the registration of a Fund under subsection (1) only if it considers that—

(a) the withdrawal is in the interests of the Unitholders of the Fund; or

(b) appropriate steps have been taken or may reasonably be taken to protect the interests of the Unitholders.

(3) Where the Regulator has withdrawn, or proposes to withdraw, a registration under this section, it may, by written notice, direct the Fund Manager or, if Appointed, the Trustee to take such steps as the Regulator considers necessary or desirable to protect the interests of Unitholders in the Fund.

(4) References in this section to a Fund include references to a Sub-Fund, as applicable.

Chapter 3 Notification Requirement Applicable to Exempt Funds and Qualified Investor Funds

112. **Notification requirement**

(1) The Fund Manager of an Exempt Fund or a Qualified Investor Fund shall notify the Regulator at least 14 days prior to the initial Offer to issue Units in the Fund and, in the case of a closed-ended Fund, any subsequent Offer to issue Units in the Fund.

(2) Such a notification must be made in the manner prescribed in any Rules made by the Regulator and include the name of the Fund and the type of Fund and any further details required under such Rules made by the Regulator.

(3) If a Domestic Fund can no longer meet the conditions to be an Exempt Fund or a Qualified Investor Fund under any Rules made by the Regulator, the Fund Manager of that Fund shall, as soon as practicable, either—

(a) in the case of an Exempt Fund, register the Fund as a Public Fund under section 107, or in the case of a Qualified Investor Fund, reconstitute the Fund as an Exempt Fund or register the Fund as a Public Fund under section 107; or

(b) apply for the winding-up of that Fund.

(4) References in this section to a Fund include references to a Sub-Fund, as applicable.

Chapter 4 Investment Trusts

113. **General prohibition**

(1) A person shall not enter into an agreement to create a trust for collective investment purposes unless it is an agreement of the kind referred to in section 114.

(2) The Regulator may by Rules prescribe circumstances in which the prohibition in subsection (1) does not apply.

114. **Creation of an Investment Trust**

(1) An Investment Trust shall be created by a Trust Deed entered into between—

(a) an Authorised Person who has a Financial Services Permission to Manage Assets or Manage a Collective Investment Fund; and

(b) an Authorised Person who has a Financial Services Permission to Act as the Trustee of an Investment Trust.

(2) The Trustee of an Investment Trust must be independent of the Fund Manager of that Investment Trust. A Trustee will not be independent of a Fund Manager if—

(a) the Fund Manager or the Trustee holds, or exercise voting rights in respect of, any Shares of the other;

(b) the Fund Manager and the Trustee have a common holding company or a common ultimate holding company;

(c) the Fund Manager or the Trustee have Directors on its Governing Body, who are also Directors of the other;

(d) the Fund Manager or the Trustee has individuals performing Controlled Functions who are also individuals performing Controlled Functions for the other; or

(e) the Fund Manager and the Trustee have been involved in the previous two years in any professional or material business dealings, other than acting as Fund Manager or Trustee respectively of any other Fund.

(3) An Investment Trust shall be formed solely for collective investment purposes.

(4) The Trust Deed shall—

(a) meet all the requirements that apply in respect of the Constitution of a Fund under the Rules made by the Regulator;

(b) set out clearly whether the Trustee is to provide the oversight function relating to the Investment Trust;

(c) confer on the Trustee all the powers that are necessary for the Trustee to discharge all its duties and perform all its functions under these Regulations and any Rules made by the Regulator; and

(d) not contain any provision which conflicts with the requirements in any Rules made by the Regulator.

115. **Effect and validity of the Trust Deed**

(1) The provisions of the Trust Deed are binding on the persons who become Unitholders of the Investment Trust, as if they were a party to the Trust Deed.

(2) Any provision of a Trust Deed, which is inconsistent with these Regulations or any Rules made by the Regulator, shall be void.

116. **Unitholder liability**

(1) The Unitholders of an Investment Trust created under these Regulations are not liable for any debts or other liabilities incurred by or in respect of the Investment Trust except to the extent of any amount outstanding for the payment of the Units or interests in the Units at the price at which the Unitholder agreed to acquire the Units or interest in the Units.

(2) No action shall be brought by any person against a Unitholder for any debts or other liabilities of, or in respect of, an Investment Trust or any actions or omissions of the Trustee or Fund Manager except to the extent provided in subsection (1).

117. **Power to make a Direction**

If, in the opinion of the Regulator, the name of a Fund or of a Sub-Fund conflicts with the name of another Fund or Sub-Fund or is undesirable or misleading, it may direct the Fund Manager to change the name of the Fund or the Sub-Fund.

118. **Recognised Jursidiction**

The Regulator may by Rules designate as a Recognised Jurisdiction any jurisdiction where it is satisfied that the laws and regulations of such jurisdiction are sufficiently equivalent to those of the Abu Dhabi Global Market in as far as they apply to the management and operation of Domestic Funds. The Regulator shall publish and maintain a list of such jurisdictions.

Part 12 Recognised Bodies and OTC Derivatives

Chapter 1 Exemption

General

119. **Exemption for Recognised Investment Exchanges and Recognised Clearing Houses**

(1) A Recognised Investment Exchange is exempt from the General Prohibition as respects any Regulated Activity—

(a) which is carried on as a part of the Recognised Investment Exchange's business as an investment exchange; or

(b) which is carried on for the purposes of, or in connection with, the provision by the exchange of services designed to facilitate the provision of clearing services by another person.

(2) A Recognised Clearing House is exempt from the General Prohibition as respects any Regulated Activity—

(a) which is carried on for the purposes of, or in connection with, the provision of clearing services by the Recognised Clearing House; or

(b) which is carried on for the purposes of, or in connection with, the provision by the Recognised Clearing House of services designed to facilitate the provision of clearing services by another person.

(3) The Regulator may make Rules which amend paragraph (b) of subsection (1) or (2).

120. **Qualification for recognition**

The Regulator may make Rules setting out the requirements ("Recognition Requirements")—

(a) which must be satisfied by an investment exchange or clearing house if it is to qualify as a body in respect of which the Regulator may make a recognition order under this Part; and

(b) which, if a recognition order is made, it must continue to satisfy, if it is to remain a Recognised Body.

Applications for recognition

121. **Application by an investment exchange**

(1) Any Body Corporate may apply to the Regulator for an order declaring it to be a Recognised Investment Exchange for the purposes of these Regulations.

(2) An Application under subsection (1) must be made in such manner as the Regulator may by Rules require.

122. **Application by a clearing house**

(1) A Body Corporate may, where it intends to provide clearing services in the Abu Dhabi Global Market, apply to the Regulator for an order declaring it to be for the purposes of these Regulations a Recognised Clearing House.

(2) An Application under subsection (1) must be made in such manner as the Regulator may by Rules require.

123. **Applications: supplementary**

(1) At any time after receiving an Application and before determining it, the Regulator may require the Applicant to provide such further information as it reasonably considers necessary to enable it to determine the Application.

(2) Information which the Regulator requires in connection with an Application must be provided in such form, or verified in such manner, as the Regulator may direct.

(3) Different directions may be given, or requirements imposed, by the Regulator with respect to different Applications.

124. **Recognition orders**

(1) If it appears to the Regulator that the Applicant satisfies the Recognition Requirements applicable in its case, the Regulator may—

(a) where the Application is made under section 121, make a recognition order declaring the Applicant to be a Recognised Investment Exchange;

(b) where the Application is made under section 122, make a recognition order declaring the Applicant to be a Recognised Clearing House.

(2) In considering an Application made under section 121 or 122, the Regulator may have regard to any information which it considers is relevant to the Application.

(3) A recognition order must specify a date on which it is to take effect.

(4) Section 135 has effect in relation to a decision to refuse to make a recognition order—

(a) as it has effect in relation to a decision to revoke such an order; and

(b) as if references to a Recognised Body were references to the Applicant.

125. **Variation of a recognition order**

(1) On an application made to it, the Regulator may vary a recognition order by adding or removing a specified service or activity or class of Financial Instruments.

(2) The Regulator may at any time vary a recognition order for the purpose of correcting an error in, or omission from, the order.

126. **Liability in relation to Recognised Body's Regulatory Functions**

A Recognised Body and its officers and staff are not to be liable in damages for anything done or omitted in the discharge of the Recognised Body's Regulatory Functions unless it is shown that the act or omission was in bad faith.

127. **Non-Abu Dhabi Global Market Investment Exchanges and Non-Abu Dhabi Global Market Clearing Houses**

(1) An Application under sections 121 or 122 by a Non-Abu Dhabi Global Market Applicant must comply with such requirements relating to Non-Abu Dhabi Global Market Recognised Bodies as the Regulator may specify by Rules.

(2) If it appears to the Regulator that a Non-Abu Dhabi Global Market Applicant satisfies the requirements of subsection (3) it may make a recognition order declaring the Applicant to be—

(a) a Recognised Investment Exchange;

(b) a Recognised Clearing House.

(3) The requirements are that—

(a) investors are afforded protection equivalent to that which they would be afforded if the body concerned were required to comply with Recognition Requirements, other than any such requirements which are expressed in Rules under section 120 not to apply for the purposes of this paragraph;

(b) there are adequate procedures for dealing with a person who is unable, or likely to become unable, to meet his obligations in respect of one or more Market Contracts connected with the investment exchange or clearing house;

(c) the Applicant is able and willing to co-operate with the Regulator by the sharing of information and in other ways;

(d) adequate arrangements exist for co-operation between the Regulator and those responsible for the supervision of the Applicant in the country or territory in which the Applicant's head office is situated.

(4) In considering whether it is satisfied as to the requirements mentioned in subsections (3)(a) and (b), the Regulator is to have regard to—

(a) the relevant law and practice of the country or territory in which the Applicant's head office is situated, including, with respect to a Non-Abu Dhabi Global Market Recognised Clearing House applicant, the equivalence of such laws to those set out in Chapter 3 and Chapter 4 of this Part, and Part 13 of these Regulations;

(b) the rules and practices of the Applicant.

(5) In relation to a Non-Abu Dhabi Global Market Applicant and a body or association declared to be a Recognised Investment Exchange or Recognised Clearing House by a recognition order made by virtue of subsection (2)—

(a) the reference in section 139(1) to Recognition Requirements is to be read as a reference to matters corresponding to the matters in respect of which provision is made in the Recognition Requirements;

(b) sections 132(1) and 134(2) have effect as if the requirements mentioned in section 132(1)(a) and section 134(2)(a) were those of subsections (3)(a), (b), and (c) of this section;

(c) section 134(2) has effect as if the grounds on which a recognition order may be revoked under that provision included the ground that in the opinion of the appropriate regulator arrangements of the kind mentioned in subsection (3)(d) no longer exist.

Publication of information by Recognised Investment Exchange

128. **Publication of information by Recognised Investment Exchange**

(1) A Recognised Investment Exchange must as soon as practicable after a recognition order is made in respect of it publish such particulars of the ownership of the exchange as the Regulator may reasonably require.

(2) The particulars published under subsection (1) must include particulars of the identity and scale of interests of the persons who are in a position to exercise significant influence over the management of the exchange, whether directly or indirectly.

(3) If an Ownership Transfer takes place in relation to a Recognised Investment Exchange, the exchange must as soon as practicable after becoming aware of the transfer publish such particulars relating to the transfer as the Regulator may reasonably require.

(4) A Recognised Investment Exchange must publish such particulars of any decision it makes to suspend or remove a Financial Instrument from trading on a Recognised Investment Exchange operated by it as the Regulator may reasonably require.

(5) The Regulator may determine the manner of publication under subsections (1), (3) and (4) and the timing of publication under subsection (4).

(6) This section does not apply to a Non-Abu Dhabi Global Market Investment Exchange.

Supervision

129. **Notification requirements**

(1) The Regulator may make Rules requiring a Recognised Body to give it—

(a) notice of such events relating to the body as may be Specified; and

(b) such information in respect of those events as may be Specified.

(2) The Rules may also require a Recognised Body to give the Regulator, at such times or in respect of such periods as may be Specified, such information relating to the body as may be Specified.

(3) An obligation imposed by the Rules extends only to a notice or information which the Regulator may reasonably require for the exercise of its functions under these Regulations.

(4) The Rules may require information to be given in a Specified form and to be verified in a Specified manner.

(5) If a Recognised Body—

(a) alters or revokes any of its rules or guidance; or

(b) proposes to make new rules, makes new rules or issues new guidance;

it must give written notice to the Regulator without delay.

(6) If a Recognised Investment Exchange makes a change—

(a) in the arrangements it makes for the provision by another person of clearing services in respect of transactions effected on the exchange; or

(b) in the criteria which it applies when determining to whom it will provide services falling within section 119(1)(b);

it must give written notice to the Regulator without delay.

(7) If a Recognised Clearing House makes a change—

(a) in the Recognised Investment Exchanges for whom it provides clearing services or services falling within section 119(2)(b); or

(b) in the criteria which it applies when determining to whom (other than Recognised Investment Exchanges) it will provide clearing services or services falling within section 119(2)(b);

it must give written notice to the Regulator without delay.

(8) Subsections (5) to (7) do not apply to a Non-Abu Dhabi Global Market Investment Exchange or a Non-Abu Dhabi Global Market Clearing House.

130. **Modification or waiver of Rules**

(1) The Regulator may, on the application or with the consent of a Recognised Body, direct that Rules made under section 129 or 131—

(a) are not to apply to the body; or

(b) are to apply to the body with such modifications as may be specified in the Direction.

(2) An application must be made in such manner as the Regulator may direct.

(3) Subsections (4) to (6) apply to a Direction given under subsection (1).

(4) The Regulator may not give a Direction unless it is satisfied that—

(a) compliance by the Recognised Body with the Rules, or with the Rules as unmodified, would be unduly burdensome or would not achieve the purpose for which the Rules were made; and

(b) the Direction would not result in undue risk to persons whose interests the Rules are intended to protect.

(5) A Direction may be given subject to conditions.

(6) The Regulator may—

(a) revoke a Direction; or

(b) vary it on the application, or with the consent, of the Recognised Body to which it relates.

131. **Notification: Non-Abu Dhabi Global Market Investment Exchanges and Non-Abu Dhabi Global Market Clearing Houses**

(1) At least once a year, every Non-Abu Dhabi Global Market Investment Exchange and Non-Abu Dhabi Global Market Clearing House must provide the Regulator with a report.

(2) The report must contain a statement as to whether any events have occurred which are likely to affect the Regulator's assessment of whether the requirements set out in section 127(3) have been satisfied.

(3) The report must also contain such information as may be specified in the Rules made by the Regulator.

132. **Regulator's power to give Directions**

(1) This section applies if it appears to the Regulator that a Recognised Body—

(a) has failed, or is likely to fail, to satisfy the Recognition Requirements; or

(b) has failed to comply with any other obligation imposed on it by or under these Regulations.

(2) The Regulator may direct the body to take specified steps for the purpose of securing the body's compliance with—

(a) the Recognition Requirements; or

(b) any obligation of the kind in question.

(3) In the case of a Recognised Body other than a Non-Abu Dhabi Global Market Investment Exchange or Non-Abu Dhabi Global Market Clearing House, those steps may include—

(a) the granting to the Regulator of access to the premises of the body for the purpose of inspecting—

(i) those premises; or

(ii) any Documents on the premises which appear to the Regulator to be relevant for the purpose mentioned in subsection (2);

(b) the suspension of the carrying on of any Regulated Activity by the body for the period specified in the Direction.

(4) A Direction under this section is enforceable, on the application of the Regulator, by an injunction.

(5) The fact that a rule made by a Recognised Body has been altered in response to a Direction given by the Regulator does not prevent it from being subsequently altered or revoked by the Recognised Body.

133. **Additional power to direct Recognised Clearing Houses**

(1) The Regulator may direct a Recognised Clearing House to take, or refrain from taking, specified action if the Regulator is satisfied that it is necessary to give the Direction, having regard to the public interest in—

(a) protecting and enhancing the stability of the Abu Dhabi Global Market Financial System;

(b) maintaining public confidence in the stability of the Abu Dhabi Global Market Financial System;

(c) maintaining the continuity of the clearing services provided by the Recognised Clearing House; and

(d) maintaining and enhancing the financial resilience of the Recognised Clearing House.

(2) The Direction may, in particular—

(a) specify the time for compliance with the Direction;

(b) require the rules of the Recognised Clearing House to be amended; and

(c) override such rules (whether generally or in their application to a particular case).

(3) The Direction may not require the Recognised Clearing House—

(a) to take any steps for the purpose of securing its compliance with—

(i) the Recognition Requirements; or

(ii) any obligation of a kind mentioned in section 132(1)(b); or

(b) to accept a transfer of property, rights or liabilities of another Recognised Clearing House.

(4) If the Direction is given in reliance on section 135(7), the Regulator must, within a reasonable time of giving the Direction, give the Recognised Clearing House a statement of its reasons—

(a) for giving the Direction; and

(b) for relying on section 135(7).

(5) A Direction under this section is enforceable, on the application of the Regulator, by an injunction.

(6) The Regulator may revoke a Direction given under this section.

134. **Revoking recognition**

(1) A recognition order in respect of a Recognised Investment Exchange or in respect of a Recognised Clearing House may be revoked by an order made by the Regulator at the request, or with the consent, of the Recognised Body concerned.

(2) If it appears to the Regulator that a Recognised Body—

(a) is failing, or has failed, to satisfy the Recognition Requirements; or

(b) is failing, or has failed, to comply with any other obligation imposed on it by or under these Regulations;

it may make an order revoking the recognition order for that body.

(3) If it appears to the Regulator that a Recognised Body—

(a) has not carried on the business of an investment exchange or (as the case may be) of a clearing house during the period of 12 months beginning with the day on which the recognition order took effect in relation to it; or

(b) has not carried on the business of an investment exchange or (as the case may be) of a clearing house at any time during the period of six months ending with the Relevant Day;

it may make an order revoking the recognition order for that body.

(4) Subsection (3) does not apply to a Non-Abu Dhabi Global Market Investment Exchange or Non-Abu Dhabi Global Market Clearing House.

(5) An order under this section (a "Revocation Order") must specify the date on which it is to take effect.

(6) In the case of a Revocation Order made under subsection (2) or (3), the specified date must not be earlier than the end of the period of three months beginning with the day on which the order is made.

(7) A Revocation Order may contain such transitional provisions as the Regulator thinks necessary or expedient.

135. **Directions and revocation: procedure**

(1) Before giving a Direction under sections 132 or 133 or making a Revocation Order under section 134(2) or (3), the Regulator must give written notice of its intention to do so to the Recognised Body concerned.

(2) A notice under subsection (1) must—

(a) state why the Regulator intends to give the Direction or make the order; and

(b) draw attention to the right to make representations conferred by subsection (3).

(3) Before the end of the period for making representations, the Recognised Body may make representations to the Regulator.

(4) The period for making representations is such period as is specified in the notice (which may, in any particular case, be extended by the Regulator).

(5) In deciding whether to—

(a) give a Direction; or

(b) make a Revocation Order;

the Regulator must have regard to any representations made in accordance with subsection (3).

(6) When the Regulator has decided to give a Direction under sections 132 or 133 or make the proposed Revocation Order, it must give the Recognised Body written notice of its decision.

(7) If the Regulator reasonably considers it necessary to do so, it may give a Direction under section 132 or 133—

(a) without following the procedure set out in this section; or

(b) if the Regulator has begun to follow that procedure, regardless of whether the period for making representations has expired.

(8) If the Regulator has, in relation to a particular matter, followed the procedure set out in subsections (1) to (5), it need not follow it again if, in relation to that matter, it decides to take action other than that specified in its notice under subsection (1).

136. **Complaints about recognised bodies**

The Regulator must make arrangements for the investigation of any Relevant Complaint about a Recognised Body.

Power to disallow excessive Regulatory Provision

137. **Power of the Regulator**

(1) This section applies where a Recognised Body proposes to make any Regulatory Provision in connection with—

(a) its business as an investment exchange;

(b) the provision by it of clearing services; or

(c) the provision by it of services falling within section 119(1)(b) or (2)(b).

(2) If it appears to the Regulator—

(a) that the proposed provision will impose a Requirement on persons affected (directly or indirectly) by it; and

(b) that the Requirement is excessive;

the Regulator may direct that the proposed provision must not be made.

(3) A Requirement is excessive if—

(a) it is not required under any enactment or rule of law in the Abu Dhabi Global Market; and

(b) either—

(i) it is not justified as pursuing a reasonable regulatory objective; or

(ii) it is disproportionate to the end to be achieved.

(4) In considering whether a Requirement is excessive, the Regulator must have regard to all the relevant circumstances, including—

(a) the effect of existing legal and other requirements;

(b) the global character of financial services and markets and the international mobility of activity;

(c) the desirability of facilitating innovation; and

(d) the impact of the proposed provision on market confidence.

(5) Any provision made in contravention of a Direction under this section is of no effect.

138. **Power to disallow excessive Regulatory Provision: supplementary**

(1) In section 137—

(a) "Regulatory Provision" means any rule, guidance, arrangements, policy or practice; and

(b) references to making provision shall be read accordingly as including, as the case may require, issuing guidance, entering into arrangements or adopting a policy or practice.

(2) For the purposes of those sections, a variation of a proposal is treated as a new proposal.

(3) Those sections do not apply to a Non-Abu Dhabi Global Market Investment Exchange or Non-Abu Dhabi Global Market Clearing House.

Chapter 2 Interpretation

139. **Interpretation of Part 12**

(1) References in this Part to rules of a Recognised Body are to rules made, or conditions imposed, by a Recognised Body with respect to—

(a) Recognition Requirements;

(b) admission of persons to, or their exclusion from the use of, its facilities; or

(c) matters relating to its constitution.

(2) References in this Part to guidance issued by a Recognised Body are references to guidance issued, or any recommendation made, in writing or other legible form and intended to have continuing effect, by a Recognised Body to—

(a) all or any class of its members or users; or

(b) persons seeking to become members of a Recognised Body or to use its facilities;

with respect to the provision by it or its members of services.

Chapter 3 Clearing, Reporting and Risk Mitigation of OTC Derivatives

140. **Commencement**

(1) The provisions of this Chapter 3 shall enter into force at such time as the Regulator shall appoint in Rules made by the Regulator. Different dates may be appointed for different provisions of this Chapter.

(2) Such Rules may make transitional provision in relation to the entry into force of this Chapter 3.

141. **Clearing obligation**

(1) Counterparties shall clear all OTC Derivative Contracts pertaining to a class of OTC Derivatives that has been declared subject to the clearing obligation in accordance with section 142(1), if those contracts fulfil both of the following conditions—

(a) they have been concluded in one of the following ways—

(i) between two Financial Counterparties;

(ii) between a Financial Counterparty and a Non-Financial Counterparty that meets the conditions referred to in section 147(1)(b);

(iii) between two Non-Financial Counterparties that meet the conditions referred to in section 147(1)(b);

(iv) between a Financial Counterparty or a Non-Financial Counterparty meeting the conditions referred to in section 147(1)(b) and an entity established in a jurisdiction outside the Abu Dhabi Global Market that would be subject to the clearing obligation if it were established in the Abu Dhabi Global Market; or

(v) between two entities established in one or more jurisdictions outside the Abu Dhabi Global Market that would be subject to the clearing obligation if they were established in the Abu Dhabi Global Market, provided that the contract has a direct, substantial and foreseeable effect within the Abu Dhabi Global Market or where such an obligation is necessary or appropriate to prevent the evasion of any provisions of these Regulations; and

(b) they are entered into or novated either—

(i) on or after the date from which the clearing obligation takes effect; or

(ii) on or after recognition as referred to in section 142(1) but before the date from which the clearing obligation takes effect if the contracts have a remaining maturity higher than the minimum remaining maturity determined by the Regulator in accordance with section 142(1)(c).

(2) If a class of OTC Derivatives that has been previously declared subject to a clearing obligation in accordance with section 142(1) is no longer cleared by at least one Recognised Clearing House, it shall cease to be subject to the clearing obligation.

(3) Without prejudice to risk-mitigation techniques under section 148, OTC Derivative Contracts that are Intragroup Transactions shall not be subject to the clearing obligation, provided that, at least 30 days before the use of the exemption, the counterparty or counterparties established in the Abu Dhabi Global Market have notified the Regulator in writing that they intend to make use of the exemption.

(4) The OTC Derivative Contracts that are subject to the clearing obligation shall be cleared by a Recognised Clearing House. For that purpose a counterparty shall become a Clearing Member, a client, or shall establish indirect clearing arrangements with a Clearing Member, provided that those arrangements do not increase counterparty risk.

(5) The Regulator may make Rules specifying the contracts that are considered to have a direct, substantial and foreseeable effect within the Abu Dhabi Global Market or the cases where it is necessary or appropriate to prevent the evasion of any provisions of these Regulations as referred to in subsection (1)(a)(v).

142. **Clearing obligation procedure**

(1) The Regulator may make Rules specifying—

(a) a class of OTC Derivatives that shall be subject to the clearing obligation;

(b) the date or dates from which the clearing obligation takes effect in respect of such class of OTC Derivatives, including any phase-in and the categories of counterparties to which the obligation applies; and

(c) the minimum remaining maturity of the OTC Derivative Contracts referred to in section 141(1)(b)(ii).

(2) With the overarching aim of reducing systemic risk, the Regulator may take into consideration the following criteria—

(a) the degree of standardisation of the contractual terms and operational processes of the relevant class of OTC Derivatives;

(b) the volume and liquidity of the relevant class of OTC Derivatives;

(c) the availability of fair, reliable and generally accepted pricing information in the relevant class of OTC Derivatives;

(d) the interconnectedness between counterparties using the relevant classes of OTC Derivatives;

(e) the anticipated impact on the levels of Counterparty Credit Risk between counterparties;

(f) the impact on competition in the Abu Dhabi Global Market;

(g) the expected volume of the relevant class of OTC Derivatives;

(h) whether more than one Recognised Clearing House already clears the same class of OTC Derivatives;

(i) the ability of the relevant Recognised Clearing Houses to handle the expected volume and to manage the risk arising from the Clearing of the relevant class of OTC Derivatives;

(j) the type and number of counterparties active, and expected to be active within the market for the relevant class of OTC Derivatives;

(k) the amount of time a counterparty subject to the clearing obligation needs in order to put in place arrangements to clear its OTC Derivative Contracts through a Recognised Clearing House; and

(l) the risk management and the legal and operational capacity of the range of counterparties that are active in the market for the relevant class of OTC Derivatives and that would fall within the scope of the clearing obligation.

143. **Access to a Recognised Clearing House in relation to OTC Derivative Contracts**

(1) A Recognised Clearing House that has been authorised to clear OTC Derivative Contracts shall accept clearing such contracts on a non-discriminatory and transparent basis, regardless of the trading venue.

(2) A Recognised Clearing House may require that a trading venue comply with the operational and technical requirements established by the Recognised Clearing House, including the risk-management requirements.

(3) A Recognised Clearing House shall accede to or refuse a formal request for access by a trading venue within three months of such a request.

(4) Where a Recognised Clearing House refuses access under subsection (3), it shall provide the trading venue with full reasons for such refusal.

(5) Save where the competent authority of the trading venue and that of the Recognised Clearing House refuse access, the Recognised Clearing House shall, subject to subsection (6), grant access within three months of a decision acceding to the trading venue's formal request in accordance with subsection (3).

(6) The competent authority of the trading venue and that of the Recognised Clearing House may refuse access to the Recognised Clearing House following a formal request by the trading venue only where such access would threaten the smooth and orderly functioning of the markets or would adversely affect systemic risk.

(7) This section applies only to Recognised Bodies established in the Abu Dhabi Global Market.

144. **Access to a trading venue in relation to OTC Derivative Contracts**

(1) A trading venue shall provide trade feeds on a non-discriminatory and transparent basis to any Recognised Clearing House that has been authorised to clear OTC Derivative Contracts traded on that trading venue upon request by the Recognised Clearing House.

(2) Where a request to access a trading venue has been formally submitted to a trading venue by a Recognised Clearing House, the trading venue shall respond to the Recognised Clearing House within three months.

(3) Where access is refused by a trading venue, it shall notify the Recognised Clearing House accordingly, providing full reasons.

(4) Without prejudice to the decision by competent authorities of the trading venue and of the Recognised Clearing House, access shall be made possible by the trading venue within three months of a positive response to a request for access.

(5) Access of the Recognised Clearing House to the trading venue shall be granted only where such access would not require interoperability or threaten the smooth and orderly functioning of markets in particular due to liquidity fragmentation and the trading venue has put in place adequate mechanisms to prevent such fragmentation.

(6) This section applies only to Recognised Bodies established in the Abu Dhabi Global Market.

145. **Public register**

(1) The Regulator shall establish, maintain and keep up to date on its website a public register in order to identify the classes of OTC Derivatives subject to the clearing obligation.

(2) The register shall include—

(a) the classes of OTC Derivatives that are or will be subject to the clearing obligation;

(b) the dates from which the clearing obligation takes effect, including any phased-in implementation;

(c) the classes of OTC Derivatives identified by the Regulator that will be subject to the clearing obligation; and

(d) the minimum remaining maturity of the Derivative Contracts referred to in section 141(1)(b)(ii).

146. **Reporting obligation**

(1) Taking effect as from such date as is specified by the Regulator, Counterparties and Recognised Clearing Houses established in the Abu Dhabi Global Market shall ensure that the details of any OTC Derivative Contract they have concluded and any modification or termination of the contract are reported to a Trade Repository registered with the Regulator. The details shall be reported no later than the Business Day following the conclusion, modification or termination of the contract.

(2) A counterparty or a Recognised Clearing House which is subject to the reporting obligation in subsection (1) may delegate the reporting of the details of the OTC Derivative Contract. Counterparties and Recognised Clearing Houses shall ensure that the details of their OTC Derivative Contracts are reported without duplication.

(3) Counterparties shall keep a record of any OTC Derivative Contract they have concluded and any modification for at least five years following the termination of the contract.

(4) Where a Trade Repository is not available to record the details of an OTC Derivative Contract which is subject to the reporting obligation in subsection (1), counterparties and Recognised Clearing Houses shall ensure that such details are reported to the Regulator.

(5) A counterparty or a Recognised Clearing House that reports the details of an OTC Derivative Contract to a Trade Repository or to the Regulator, or an entity that reports such details on behalf of a counterparty or a Recognised Clearing House shall not be considered in breach of any restriction on disclosure of information imposed by that contract or by any enactment or subordinate legislation. No liability resulting from that disclosure shall lie with the reporting entity or its officers, agents or employees.

(6) The Regulator may make Rules specifying the details, type, format, frequency and reporting deadlines of the reports for the different classes of OTC Derivatives. The reports shall specify at least—

(a) the parties to the OTC Derivative Contract and, where different, the beneficiary of the rights and obligations arising from it; and

(b) the main characteristics of the OTC Derivative Contracts, including their type, underlying maturity, notional value, price, and settlement date.

147. **Non-Financial counterparties**

(1) Where a Non-Financial Counterparty takes positions in OTC Derivative Contracts and those positions exceed the Clearing threshold as specified under subsection (3), that Non-Financial Counterparty shall—

(a) immediately notify the Regulator;

(b) become subject to the clearing obligation for future contracts if the rolling average position over 30 Business Days exceeds the threshold; and

(c) clear all relevant future contracts within four months of becoming subject to the clearing obligation.

(2) A Non-Financial Counterparty that has become subject to the clearing obligation in accordance with subsection (1)(b) and that subsequently demonstrates to the Regulator that its rolling average position over 30 Business Days does not exceed the clearing threshold, shall no longer be subject to the clearing obligation.

(3) In calculating the positions referred to in subsection (1), the Non-Financial Counterparty shall include all the OTC Derivative Contracts entered into by the Non-Financial Counterparty or by other non-financial entities within the Group to which the Non-Financial Counterparty belongs, which are not objectively measurable as reducing risks directly relating to the commercial activity or treasury financing activity of the Non-Financial Counterparty or of that Group.

(4) The Regulator may make Rules specifying—

(a) criteria for establishing which OTC Derivative Contracts are objectively measurable as reducing risks directly relating to the commercial activity or treasury financing activity referred to in subsection (3); and

(b) values of the clearing thresholds, which are determined taking into account the systemic relevance of the sum of net positions and exposures per counterparty and per class of OTC Derivatives.

148. **Risk-mitigation techniques for OTC Derivative Contracts not cleared by a Recognised Clearing House**

(1) Financial Counterparties and Non-Financial Counterparties that enter into an OTC Derivative Contract not cleared by a Recognised Clearing House, shall ensure, exercising due diligence, that appropriate procedures and arrangements are in place to measure, monitor and mitigate operational risk and Counterparty Credit Risk, including at least—

(a) the timely confirmation, where available, by electronic means, of the terms of the relevant OTC Derivative Contract; and

(b) formalised processes which are robust, resilient and auditable in order to reconcile portfolios, to manage the associated risk and to identify disputes between parties early and resolve them, and to monitor the value of outstanding contracts.

(2) Taking effect as from such date as is specified by the Regulator, Financial Counterparties and Non-Financial Counterparties referred to in section 147 shall mark to market on a daily basis the value of outstanding contracts. Where market conditions prevent marking to market, reliable and prudent marking-to-model shall be used.

(3) Taking effect as from such date as is specified by the Regulator, Financial Counterparties shall have risk management procedures that require the timely, accurate and appropriately segregated exchange of collateral with respect to OTC Derivative Contracts. Non-Financial Counterparties referred to in section 147 shall have risk management procedures that require the timely, accurate and appropriately segregated exchange of collateral with respect to OTC Derivative Contracts that are entered into on or after the clearing threshold is exceeded.

(4) Taking effect as from such date as is specified by the Regulator, Financial Counterparties shall hold an appropriate and proportionate amount of capital to manage the risk not covered by appropriate exchange of collateral.

(5) The requirement laid down in subsection (3) shall not apply to an Intragroup Transaction that is entered into by counterparties which are both established in the Abu Dhabi Global Market provided that there is no current or foreseen practical or legal impediment to the prompt transfer of own funds or repayment of liabilities between counterparties.

(6) An Intragroup Transaction that is entered into by a counterparty which is established in the Abu Dhabi Global Market and a counterparty which is established outside the Abu Dhabi Global Market shall be exempt from the requirement laid down in subsection (3), provided that the following conditions are fulfilled—

(a) the risk management procedures of the counterparties are adequately sound, robust and consistent with the level of complexity of the derivative transaction; and

(b) there is no current or foreseen practical or legal impediment to the prompt transfer of own funds or repayment of liabilities between the counterparties.

(7) The counterparty of an Intragroup Transaction that is exempt from the requirement laid down in subsection (3) shall publicly disclose information on the exemption.

(8) The obligations set out in subsections (1) to (7) shall apply to OTC Derivative Contracts entered into between Non-Abu Dhabi Global Market Firms that would be subject to those obligations if they were established in the Abu Dhabi Global Market, provided that those contracts have a direct, substantial and foreseeable effect within the Abu Dhabi Global Market or where such obligation is necessary or appropriate to prevent the evasion of any provision of these Regulations.

(9) The Regulator shall regularly monitor the activity in OTC Derivatives not eligible for Clearing in order to identify cases where a particular Class of Derivatives may pose systemic risk and to prevent regulatory arbitrage between cleared and non-cleared derivative transactions.

(10) The Regulator may make Rules specifying—

(a) the procedures and arrangements referred to in subsection (1);

(b) the market conditions that prevent marking to market and the criteria for using marking-to-model referred to in subsection (2);

(c) the risk management procedures, including the levels and type of collateral and segregation arrangements, required for compliance with subsection (3);

(d) the applicable criteria referred to in subsections (5) and (6) including in particular what should be considered as practical or legal impediment to the prompt transfer of own funds and repayment of liabilities between the counterparties;

(e) the details of the information on exempt Intragroup Transactions referred to in subsection (7);

(f) the contracts that are considered to have a direct, substantial and foreseeable effect within the Abu Dhabi Global Market or the cases where it is necessary or appropriate to prevent the evasion of any provision of these Regulations as referred to in subsection (8); and

(g) the dates on which the provisions in this section come into effect.

Chapter 4 Transaction Reporting

149. **Obligation to report transactions**

(1) Authorised Persons which execute transactions in Financial Instruments shall report complete and accurate details of such transactions to the Regulator as quickly as possible, and no later than the close of the following Business Day.

(2) The obligation laid down in subsection (1) shall apply to—

(a) Financial Instruments which are admitted to trading or traded on a Recognised Investment Exchange or MTF or for which a request for admission to trading has been made;

(b) Financial Instruments where the underlying is a Financial Instrument traded on a Recognised Investment Exchange or MTF; and

(c) Financial Instruments where the underlying is an index or a basket composed of Financial Instruments traded on a Recognised Investment Exchange or MTF;

regardless of whether or not such transactions are carried out on the Recognised Investment Exchange or MTF.

(3) The operator of a Recognised Investment Exchange or MTF shall report details of transactions in Financial Instruments traded on its platform which are executed through its systems by a firm which is not subject to this section in accordance with subsection (1).

(4) The Regulator may make Rules specifying—

(a) the information to be included in reports made under subsection (1); and

(b) the manner in which such reports are to be made.

Part 13 Settlement Finality

150. **Introduction**

(1) This Part has effect for the purposes of safeguarding the operation of certain financial markets by provisions with respect to—

(a) the insolvency, Winding-Up or Default of a person party to transactions in the market (sections 151 to 165);

(b) the effectiveness or enforcement of certain Charges given to secure obligations in connection with such transactions (sections 167 to 169); and

(c) rights and remedies in relation to certain property provided as cover for margin in relation to such transactions or as Default Fund Contributions, or subject to such a Charge (sections 170 to 174).

(2) For the purposes of this Part, "notice" will be deemed to have been given if the person to whom the notice was given deliberately failed to make enquiries as to that matter in circumstances in which a reasonable and honest person would have done so. This does not apply for the purposes of a provision requiring actual notice or actual written notice.

Recognised Investment Exchanges and Recognised Clearing Houses

151. **Market Contracts**

(1) Except as provided in subsection (2), in relation to a Recognised Investment Exchange this Part applies to—

(a) contracts entered into by a member or Designated Non-Member of the Recognised Investment Exchange with a person other than the Recognised Investment Exchange which are either—

(i) contracts made on the Recognised Investment Exchange or on a Recognised Investment Exchange to whose undertaking the Recognised Investment Exchange has succeeded whether by amalgamation, merger or otherwise; or

(ii) contracts in the making of which the member or Designated Non-Member was subject to the rules of the Recognised Investment Exchange or of a Recognised Investment Exchange to whose undertaking the Recognised Investment Exchange has succeeded whether by amalgamation, merger or otherwise;

(b) contracts entered into by the Recognised Investment Exchange, in its capacity as such, with a member of the Recognised Investment Exchange or with a Recognised Clearing House or with another Recognised Investment Exchange for the purpose of enabling the rights and liabilities of that member or Recognised Clearing House or other Recognised Investment Exchange under a transaction to be settled; and

(c) contracts entered into by the Recognised Investment Exchange with a member of the Recognised Investment Exchange or with a Recognised Clearing House or with another Recognised Investment Exchange for the purpose of providing Clearing

Services to that member or Recognised Clearing House or other Recognised Investment Exchange.

(2) Where the Recognised Investment Exchange in question is a Non-Abu Dhabi Global Market Investment Exchange, this Part does not apply to a contract that falls within subsection (1)(a).

(3) In relation to transactions which are cleared through a Recognised Clearing House, this Part applies to—

(a) Clearing Member House Contracts;

(b) Clearing Member Client Contracts;

(c) Client Trades, other than Client Trades excluded by subsections (4) or (5); and

(d) contracts entered into by the Recognised Clearing House with a member of the Recognised Clearing House or a Recognised Body for the purpose of providing Clearing Services to that member or Recognised Body.

(4) A Client Trade is excluded by this subsection from subsection (3)(c) if—

(a) the Clearing Member which is a party to the Clearing Member Client Contract corresponding to the Client Trade Defaults; and

(b) the Clearing Member Client Contract is not transferred to another Clearing Member within the period specified for this purpose in the Default Rules of the Recognised Clearing House.

(5) A Client Trade is also excluded by this subsection from subsection (3)(c) if—

(a) the Client Trade was entered into by a Client in the course of providing Indirect Clearing Services to an Indirect Client;

(b) the Client Defaults; and

(c) the Clearing Member Client Contract corresponding to the Client Trade is not transferred within—

(i) the period specified for this purpose in the Default Rules of the Recognised Clearing House; or

(ii) if no such period is specified in the Default Rules of the Recognised Clearing House, a period of 14 days beginning with the day on which proceedings in respect of the Client's insolvency are begun.

(6) The parties referred to in the definitions of "Clearing Member Client Contract" and "Client Trade" are—

(a) a Clearing Member;

(b) a Client; and

(c) an Indirect Client.

(7) The reference in subsection (5)(c)(ii) to the beginning of insolvency proceedings is to—

(a) the presentation of a petition for Winding-Up;

(b) the application for an administration order or the passing of a resolution for voluntary Winding-Up; or

(c) the appointment of an Administrative Receiver.

(8) In subsection (7)(b) the reference to an application for an administration order is to be taken to include a reference to—

(a) in a case where an Administrator is appointed in accordance with Chapter 2 of Part 1 of the Insolvency Regulations 2015 following filing with the Court of a copy of a notice of intention to appoint under section 24 of those Regulations, the filing of the copy of the notice; and

(b) in a case where an Administrator is appointed under that Part without a copy of a notice of intention to appoint having been filed with the Court, the appointment of the Administrator.

152. **Qualifying Collateral Arrangements and Qualifying Property Transfers**

(1) In relation to transactions which are cleared through a Recognised Clearing House, this Part applies to—

(a) any contracts or contractual obligations for, or arising out of, the provision of Property as margin where—

(i) the margin is provided to a Recognised Clearing House and is recorded in the accounts of the Recognised Clearing House as an asset held for the account of a Client, an Indirect Client, or a group of Clients or Indirect Clients; or

(ii) the margin is provided to a Client or Clearing Member for the purpose of providing cover for exposures arising out of present or future Client Trades;

(b) transfers of Property;

(c) payments of money by a Clearing Member to Indirect Clients;

(d) transfers of Property to the extent that they—

(i) are made by a Recognised Clearing House to a Non-Defaulting Clearing Member instead of, or in place of, a Defaulting Clearing Member;

(ii) represent the termination or close-out value of a Clearing Member Client Contract which is transferred from a Defaulting Clearing Member to a Non-Defaulting Clearing Member; and

(iii) are determined in accordance with the Default Rules of the Recognised Clearing House; and

(e) transfers of Property to the extent that such transfer—

(i) is made by a Clearing Member to a Non-Defaulting Client or another Clearing Member instead of, or in place of, a Defaulting Client;

(ii) represents the termination or close-out value of a Client Trade which is transferred from a Defaulting Client to another Clearing Member or a Non-Defaulting Client; and

(iii) is of an amount that does not exceed the termination or close-out value of the Clearing Member Client Contract corresponding to that Client Trade, as determined in accordance with the Default Rules of the Recognised Clearing House.

(2) For the purposes of subsection (1), Property—

(a) has the meaning given to that term in section 215(2) of the Insolvency Regulations 2015; and

(b) the reference to a contract or contractual obligation for, or arising out of, the provision of Property as margin in circumstances falling within that subsection includes a reference to a contract or contractual obligation of that kind which has been amended to reflect the transfer of a Clearing Member Client Contract or Client Trade

153. **Change in Default Rules**

(1) A Recognised Body shall give the Regulator at least one month's notice of any proposal to amend, revoke or add to its Default Rules and the Regulator may direct the Recognised Body not to proceed with the proposal, in whole or in part.

(2) The Regulator may, if it considers it appropriate to do so, agree a shorter period of notice and, in a case where it does so, any Direction under this section must be given by it within that shorter period.

(3) A Direction under this section may be varied or revoked.

(4) Any amendment or revocation of, or addition to, the Default Rules of a Recognised Body in breach of a Direction under this section is ineffective.

154. **Modifications of the Insolvency Regulations 2015**

(1) The insolvency provisions outlined in the Insolvency Regulations 2015 have effect in relation to—

(a) Market Contracts;

(b) action taken under the rules of a Recognised Body with respect to Market Contracts;

(c) action taken under the rules of a Recognised Clearing House to transfer Clearing Member Client Contracts, or settle Clearing Member Client Contracts or Clearing Member House Contracts, in accordance with the Default Rules of the Recognised Clearing House;

(d) where Clearing Member Client Contracts transferred in accordance with the Default Rules of a Recognised Clearing House were entered into by the Clearing Member or Client as a principal, action taken to transfer Client Trades, or groups of Client Trades, corresponding to those Clearing Member Client Contracts;

(e) action taken to transfer Qualifying Collateral Arrangements in conjunction with a transfer of Clearing Member Client Contracts as mentioned in paragraph (c) or a transfer of Client Trades as mentioned in paragraph (d);

(f) Qualifying Property Transfers;

(g) a Collateral Security Arrangement;

(h) orders for the delivery of Cash or non-Cash collateral to or from a Recognised Body which have become final and irrevocable under the rules of the Recognised Body; and

(i) the Settlement or delivery of a product or security subject of a Market Contract following expiry or close-out of the Market Contract pursuant to the rules of a Recognised Body;

subject to the provisions of this Part.

(2) So far as those provisions relate to insolvency proceedings in respect of a person other than a Defaulter, they apply in relation to—

(a) proceedings in respect of a Recognised Investment Exchange or a member or Designated Non-Member of a Recognised Investment Exchange;

(b) proceedings in respect of a Recognised Clearing House; and

(c) proceedings in respect of a party to a Market Contract (other than solely a Client Trade) which are begun after a Recognised Body has taken action under its Default Rules in relation to a person party to the contract as principal;

but not in relation to any other insolvency proceedings, notwithstanding that rights or liabilities arising from Market Contracts fall to be dealt with in the proceedings.

(3) The reference in subsection (2)(c) to the beginning of insolvency proceedings is to—

(a) the presentation of a petition for Winding-Up;

(b) the application for an administration order or the passing of a resolution for voluntary Winding-Up; or

(c) the appointment of an Administrative Receiver.

(4) In subsection (3)(b) the reference to an application for an administration order shall be taken to include a reference to—

(a) in a case where an Administrator is appointed in accordance with Chapter 2 of Part 1 of the Insolvency Regulations 2015 following filing with the Court of a copy of a notice of intention to appoint under section 24 of those Regulations, the filing of the copy of the notice; and

(b) in a case where an Administrator is appointed under that Part without a copy of a notice of intention to appoint having been filed with the Court, the appointment of the Administrator.

155. **Proceedings of Recognised Body take precedence over insolvency procedures**

(1) None of the following shall be regarded as to any extent invalid at law on the ground of inconsistency with the Insolvency Regulations 2015 relating to the distribution of the assets of a person on Winding-Up, or in the Administration of a Company or other body or in the Administration of an insolvent estate—

(a) a Market Contract;

(b) the Default Rules of a Recognised Body;

(c) the rules of a Recognised Body as to the Settlement of Market Contracts not dealt with under its Default Rules;

(d) the application, transfer or realisation of any Collateral Security Arrangements;

(e) a transfer of a Clearing Member Client Contract, or the Settlement of a Clearing Member Client Contract or a Clearing Member House Contract, in accordance with the Default Rules of a Recognised Clearing House;

(f) where a Clearing Member Client Contract transferred in accordance with the Default Rules of a Recognised Clearing House was entered into by the Clearing Member or Client as principal, a transfer of a Client Trade or group of Client Trades corresponding to that Clearing Member Client Contract;

(g) a transfer of a Qualifying Collateral Arrangement in conjunction with the transfer of Clearing Member Client Contract as mentioned in paragraph (e) or of a Client Trade as mentioned in paragraph (f);

(h) a Qualifying Property Transfer;

(i) a Collateral Security Arrangement;

(j) orders for the delivery of Cash or non-Cash collateral to or from a Recognised Body which have become final and irrevocable under the rules of the Recognised Body; and

(k) the Settlement or delivery of a product or security subject of a Market Contract following expiry or close-out of the Market Contract pursuant to the rules of a Recognised Body;

irrespective of the law applicable to the Market Contract or the Default Rules.

(2) The powers of a Relevant Office-Holder in his capacity as such, and the powers of the Court under the Insolvency Regulations 2015 shall not be exercised in such a way as to prevent or interfere with—

(a) any action taken under the Default Rules of a Recognised Body;

(b) the Settlement in accordance with the rules of a Recognised Body of a Market Contract not dealt with under its Default Rules;

(c) the transfer of a Clearing Member Client Contract, or the Settlement of a Clearing Member Client Contract or a Clearing Member House Contract, in accordance with the Default Rules of a Recognised Clearing House;

(d) where a Clearing Member Client Contract transferred in accordance with the Default Rules of a Recognised Clearing House was entered into by the Clearing Member or Client as principal, the transfer of a Client Trade or group of Client Trades corresponding to that Clearing Member contract;

(e) the transfer of a Qualifying Collateral Arrangement in conjunction with a transfer of a Clearing Member Client Contract as mentioned in paragraph (c), or a transfer of a Client Trade as mentioned in paragraph (d);

(f) any action taken to give effect to any of the matters mentioned in paragraphs (c) to (e);

(g) any action taken to give effect to a Qualifying Property Transfer;

(h) a Collateral Security Arrangement;

(i) orders for the delivery of Cash or non-Cash collateral to or from a Recognised Body which have become final and irrevocable under the rules of the Recognised Body; and

(j) the Settlement or delivery of a product or security subject of a Market Contract following expiry or close-out of the Market Contract pursuant to the rules of a Recognised Body.

This does not prevent a Relevant Office-Holder from afterwards seeking to recover any amount under sections 159(5) or 160(3) or prevent the Court from afterwards making any such order or decree as is mentioned in sections 161(1) (but subject to subsections (2) and (3) of that section).

(3) Nothing in the following provisions of this Part shall be construed as affecting the generality of the above provisions.

(4) A debt or other liability arising out of a Market Contract which is the subject of Default Proceedings may not be proved in a Winding-Up or bankruptcy or in the Administration of a Company or other body, until the completion of the Default Proceedings. A debt or other liability which by virtue of this subsection may not be proved or claimed shall not be taken into account for the purposes of any set off until the completion of the Default Proceedings.

(5) However, prior to the completion of Default Proceedings—

(a) where it appears to the chairman of the meeting of creditors that a sum will be certified under section 158(1) to be payable, subsection (4) shall not prevent any proof or claim including or consisting of an estimate of that sum which has been lodged from being admitted for the purpose only of determining the entitlement of a creditor to vote at a meeting of creditors; and

(b) a creditor whose claim or proof has been lodged and admitted for the purpose of determining the entitlement of a creditor to vote at a meeting of creditors and which has not been subsequently wholly withdrawn, disallowed or rejected, is eligible as a creditor to be a member of a Liquidation Committee or, or in the Administration of a Company or other body a Creditors' Committee (both as defined in the Insolvency Regulations 2015).

(6) For the purposes of subsections (4) and (5) the Default Proceedings shall be taken to be completed in relation to a person when a report is made under section 158 stating the sum (if any) certified to be due to or from him.

156. **Duty to give assistance for purposes of Default Proceedings**

(1) It is the duty of—

(a) any person who has or had control of any assets of a Defaulter; and

(b) any person who has or had control of any Documents of or relating to a Defaulter;

to give a Recognised Body such assistance as it may reasonably require for the purposes of its Default Proceedings.

This applies notwithstanding any duty of that person under the Insolvency Regulations 2015.

(2) A person shall not under this section be required to provide any information or produce any Document which is deemed to be a Privileged Communication (as defined in the Insolvency Regulations 2015).

(3) Where original Documents are supplied in pursuance of this section, the Recognised Body shall return them forthwith after the completion of the relevant Default Proceedings, and shall in the meantime allow reasonable access to them to the person by whom they were supplied and to any person who would be entitled to have access to them if they were still in the control of the person by whom they were supplied.

(4) The expenses of a Relevant Office-Holder in giving assistance under this section are recoverable as part of the expenses incurred by him in the discharge of his duties and he shall not be required under this section to take any action which involves expenses which cannot be so recovered, unless the Recognised Body undertakes to meet them. There shall be treated as expenses its reasonable sums as it may determine in respect of time spent in giving the assistance and for the purpose of determining the priority in which its expenses are payable out of the assets, sums in respect of time spent shall be treated as his remuneration and other sums shall be treated as his disbursements.

157. **Supplementary provisions as to Default Proceedings**

(1) If the Court is satisfied on an application by a Relevant Office-Holder that a party to a Market Contract with a Defaulter intends to dissipate or apply his assets so as to prevent the Relevant Office-Holder recovering such sums as may become due upon the completion of the Default Proceedings, the Court may grant such interlocutory relief as it thinks fit.

(2) A liquidator, Administrator or trustee of a Defaulter shall not—

(a) declare or pay any dividend to the creditors; or

(b) return any capital to contributories;

unless he has retained what he reasonably considers to be an adequate reserve in respect of any claims arising as a result of the Default Proceedings of the Recognised Body concerned.

(3) The Court may on an application by a Relevant Office-Holder make such order as it thinks fit altering or dispensing from compliance with such of the duties of his office as are affected by the fact that Default Proceedings are pending or could be taken, or have been or could have been taken.

(4) Nothing in sections 42, 43, 44, 45 (including as applied by section 46), 193, or Article 20 of Chapter 3 of Schedule 10 of the Insolvency Regulations 2015 (all of which restrict the taking of certain legal proceedings and other steps), shall affect any action taken by a Recognised Body for the purpose of its Default Proceedings.

158. **Duty to report on completion of Default Proceedings**

(1) Subject to subsection (2), a Recognised Body shall, on the completion of proceedings under its Default Rules, report to the Regulator on its proceedings stating in respect of each creditor or debtor the sum or sums certified by them to be payable from or to the Defaulter or, as the case may be, the fact that no sum is payable.

(2) A Non-Abu Dhabi Global Market Recognised Body shall not be subject to the obligation under subsection (1) unless it has been notified by the Regulator that a report is required for the purpose of insolvency proceedings in the Abu Dhabi Global Market.

(3) The report under subsection (1) need not deal with a Market Contract which has been transferred in accordance with the Default Rules of a Recognised Clearing House.

(4) The Recognised Body may make a single report or may make reports from time to time as proceedings are completed with respect to the transactions affecting particular persons.

(5) The Recognised Body shall supply a copy of every report under this section to the Defaulter and to any Relevant Office-Holder acting in relation to him or his estate.

(6) When a report under this section is received by the Regulator, it shall publish notice of that fact in such manner as it thinks appropriate for bringing the report to the attention of creditors and debtors of the Defaulter.

(7) A Recognised Body shall make available for inspection by a creditor or debtor of the Defaulter so much of any report by it under this section as relates to the sum (if any) certified to be due to or from him or the method by which that sum was determined.

(8) Any such person may require the Recognised Body, on payment of such reasonable fee as the Recognised Body may determine, to provide him with a copy of any part of a report which he is entitled to inspect.

159. **Net sum payable on completion of Default Proceedings**

(1) The following provisions apply with respect to a net sum certified by a Recognised Body under its Default Rules to be payable by or to a Defaulter.

(2) Any net sum certified by a Recognised Body under its Default Rules shall be final and of declaratory effect, unless manifest error or fraud can be shown or any other subsection of this section provides otherwise.

(3) If, in the Abu Dhabi Global Market, a petition for Winding-Up has been made, an administration order has been granted, or a resolution for voluntary Winding-Up has been passed, the debt—

(a) is provable in the Winding-Up or Administration or, as the case may be, is payable to the Relevant Office-Holder; and

(b) shall be taken into account, where appropriate, paragraph 24 of Schedule 5 of the Insolvency Regulations 2015 (*Administration: mutual dealings and set-off*) or the corresponding provision applicable in the case of Winding-Up or Administration;

in the same way as a debt due before the commencement of the bankruptcy, the date on which the Body Corporate goes into liquidation (within the meaning of section 299(2) of the Insolvency Regulations 2015), or enters Administration or, in the case of a Limited Liability Partnership (as defined in the Insolvency Regulations 2015), the date of the Winding-Up order or the date on which the Limited Liability Partnership enters Administration.

(4) In subsection (3), a reference to the making of an administration order shall be taken to include a reference to the appointment of an Administrator under—

(a) section 21 of the Insolvency Regulations 2015 (*Power to appoint*); or

(b) section 29 of the Insolvency Regulations 2015 (*Power to appoint*).

(5) However, where (or to the extent that) a sum is taken into account by virtue of subsection (3)(b) which arises from a contract entered into at a time when the creditor had notice—

(a) that a meeting of creditors had been summoned under section 171 of the Insolvency Regulations 2015 or that a Winding-Up petition was pending; or

(b) that an application for an administration order was pending or that any person had given notice of intention to appoint an Administrator;

the value of any profit to him arising from the sum being so taken into account (or being so taken into account to that extent) is recoverable from him by the Relevant Office-Holder unless the Court directs otherwise.

(6) Subsection (5) does not apply in relation to a sum arising from a contract effected under the Default Rules of a Recognised Body.

(7) Any sum recoverable by virtue of subsection (5) ranks for priority, in the event of the insolvency of the person from whom it is due, immediately before preferential debts.

160. **Disclaimer of property, rescission of contracts, etc.**

(1) Section 218 of the Insolvency Regulations 2015 (*Power to disclaim onerous property*) does not apply in relation to—

(a) a Market Contract;

(b) a Qualifying Collateral Arrangement;

(c) a transfer of a Clearing Member Client Contract, a Client Trade or a Qualifying Collateral Arrangement, as mentioned in paragraphs (c) to (e) of section 154(1);

(d) a Qualifying Property Transfer;

(e) a contract effected by Recognised Body for the purpose of realising property provided as margin in relation to Market Contracts or as Default Fund Contribution;

(f) a Collateral Security Arrangement;

(g) orders for the delivery of Cash or non-Cash collateral to or from a Recognised Body which have become final and irrevocable under the rules of the Recognised Body; and

(h) the Settlement or delivery of a product or security subject of a Market Contract following expiry or close-out of the Market Contract pursuant to the rules of a Recognised Body.

(2) Section 209 (*Consequences of a Winding-Up order*) of the Insolvency Regulations 2015 does not apply to—

(a) a Market Contract, or any disposition of property in pursuance of such a contract;

(b) the provision of margin in relation to Market Contracts;

(c) the provision of Default Fund Contribution to the Recognised Body;

(d) a Qualifying Collateral Arrangement;

(e) a transfer of a Clearing Member Client Contract, a Client Trade or a Qualifying Collateral Arrangement, as mentioned in paragraphs (c) to (e) of section 154(1);

(f) a Qualifying Property Transfer;

(g) a contract effected by the Recognised Body for the purpose of realising property provided as margin in relation to a Market Contract or as Default Fund Contribution, or any disposition of property in pursuance of such a contract;

(h) any disposition of property in accordance with the rules of the Recognised Body as to the application of property provided as margin or as Default Fund Contribution;

(i) a Collateral Security Arrangement;

(j) orders for the delivery of Cash or non-Cash collateral to or from a Recognised Body which have become final and irrevocable under the rules of the Recognised Body; and

(k) the Settlement or delivery of a product or security subject of a Market Contract following expiry or close-out of the Market Contract pursuant to the rules of a Recognised Body.

(3) However, where—

(a) a Market Contract is entered into by a person who has notice that a petition has been presented for the Winding-Up of the estate of the other party to the contract;

(b) an order under section 154(1)(h) becomes irrevocable with respect to a person who has notice that a petition has been presented for the Winding-Up of the estate of another person affected by such order;

(c) a product or security subject of a Market Contract under section 154(1)(i) becomes deliverable by or to a person who has notice that a petition has been presented for the Winding-Up of the estate of the other party to the dealing or contract; or

(d) margin in relation to a Market Contract or Default Fund Contribution is accepted by a person who has notice that such a petition has been presented in relation to the person by whom or on whose behalf the margin or Default Fund Contribution is provided;

the value of any profit to him arising from the contract or, as the case may be, the amount or value of the collateral to be transferred, deliverable, margin or Default Fund Contribution is recoverable from him by the Relevant Office-Holder unless the Court directs otherwise.

(4) Subsection (3)(a) does not apply where the person entering into the contract is a Recognised Body acting in accordance with its rules, or where the contract or order is effected under the Default Rules of such a Recognised Body, but subsection (3)(d) applies in relation to the provision of—

(a) a margin in relation to any such contract, unless the contract has been transferred in accordance with the Default Rules of the Recognised Clearing House;

(b) a Default Fund Contribution;

(c) a Collateral Security Arrangement;

(d) orders for the delivery of Cash or non-Cash collateral to or from a Recognised Body which have become final and irrevocable under the rules of the Recognised Body; and

(e) the Settlement or delivery of a product or security subject of a Market Contract following expiry or close-out of the Market Contract pursuant to the rules of a Recognised Body.

(5) Any sum recoverable by virtue of subsection (3) ranks for priority, in the event of the insolvency of the person from whom it is due, immediately before preferential debts.

161. **Adjustment of prior transactions**

(1) No order shall be made in relation to a transaction to which this section applies under—

(a) section 257 of the Insolvency Regulations 2015 (*Transactions at an undervalue*); or

(b) section 258 of the Insolvency Regulations 2015 (*Preferences*).

(2) This section applies to—

(a) a Market Contract to which a Recognised Body is a party or which is entered into under its Default Rules; and

(b) a disposition of property in pursuance of a Market Contract referred to in paragraph (a).

(3) Where margin is provided in relation to a Market Contract and (by virtue of subsection (2)(a) or otherwise) no such order or decree as is mentioned in subsection (1) has been, or could be, made in relation to that contract, this section applies to—

(a) the provision of the margin;

(b) a Qualifying Collateral Arrangement;

(c) any contract effected by the Recognised Body in question for the purpose of realising the property provided as margin; and

(d) any disposition of property in accordance with the rules of the Recognised Body in question as to the application of property provided as margin.

(4) This section also applies to—

(a) the provision of Default Fund Contribution to a Recognised Body;

(b) any contract effected by a Recognised Body for the purpose of realising the property provided as Default Fund Contribution;

(c) any disposition of property in accordance with the rules of the Recognised Body as to the application of property provided as Default Fund Contribution;

(d) a transfer of a Clearing Member Client Contract, a Client Trade or a Qualifying Collateral Arrangement as mentioned in paragraphs (c) to (e) of section 154(1); and

(e) a Qualifying Property Transfer.

162. **Powers to give Directions**

(1) The powers conferred by this section are exercisable in relation to a Recognised Body.

(2) Where in any case a Recognised Body has not taken action under its Default Rules—

(a) if it appears to the Regulator that it could take action, the Regulator may direct it to do so; and

(b) if it appears to the Regulator that it is proposing to take or may take action, the Regulator may direct it not to do so.

(3) Before giving such a Direction the Regulator shall consult the Recognised Body in question, and it shall not give a Direction unless it is satisfied, in the light of that consultation—

(a) in the case of a Direction to take action, that failure to take action would involve undue risk to investors or other participants in the market;

(b) in the case of a Direction not to take action, that the taking of action would be premature or otherwise undesirable in the interests of investors or other participants in the market; or

(c) in either case, that the Direction is necessary having regard to the public interest in the stability of the Abu Dhabi Global Market Financial System.

(4) The Regulator may give a Direction to a Relevant Office-Holder appointed in respect of a Defaulting Clearing Member to take any action, or refrain from taking any action, if the Direction is given for the purposes of facilitating—

(a) the transfer of a Clearing Member Client Contract, a Client Trade or a Qualifying Collateral Arrangement;

(b) a Qualifying Property Transfer;

(c) the settlement of a Collateral Security Arrangement;

(d) orders for the delivery of Cash or non-Cash collateral to or from a Recognised Body which have become final and irrevocable under the rules of the Recognised Body; and

(e) the Settlement or delivery of a product or security subject of a Market Contract following expiry or close-out of the Market Contract pursuant to the rules of a Recognised Body.

(5) The Relevant Office-Holder to whom a Direction is given under subsection (4)—

(a) must comply with the Direction notwithstanding any duty on the Relevant Office-Holder under the Insolvency Regulations 2015; but

(b) is not required to comply with the Direction given if the value of the Clearing Member's estate is unlikely to be sufficient to meet the Relevant Office-Holder's reasonable expenses of complying.

(6) The expenses of the Relevant Office-Holder in complying with a Direction of the Regulator under subsection (4) are recoverable as part of the expenses incurred in the discharge of the Relevant Office-Holder's duties.

(7) A Direction shall specify the grounds on which it is given.

(8) A Direction not to take action may be expressed to have effect until the giving of a further Direction (which may be a Direction to take action or simply revoking the earlier Direction).

(9) No Direction shall be given not to take action if, in relation to the person in question—

(a) a Winding-Up order has been made; or

(b) a resolution for voluntary winding up has been passed or an Administrator, Administrative Receiver or provisional liquidator has been appointed;

and any previous Direction not to take action shall cease to have effect on the making or passing of any such order, award or appointment.

(10) Where a Recognised Body has taken or been directed to take action under its Default Rules, the Regulator may direct it to do or not to do such things (being things which it has power to do under its Default Rules) as are specified in the Direction.

(11) Where the Recognised Body is acting in accordance with a Direction under subsection (2)(a) that was given only by virtue of subsection (3)(a), the Regulator shall not give a Direction under subsection (10) unless it is satisfied that the Direction under that subsection will not impede or frustrate the proper and efficient conduct of the Default Proceedings.

(12) Where the Recognised Body has taken action under its Default Rules without being directed to do so, the Regulator shall not give a Direction under subsection (10) unless—

(a) it is satisfied that the Direction under that subsection will not impede or frustrate the proper and efficient conduct of the Default Proceedings; or

(b) it is satisfied that the Direction is necessary having regard to the public interest in the stability of the Abu Dhabi Global Market Financial System.

(13) A Direction under this section is enforceable, on the application of the Regulator, by injunction, and where a Recognised Body or a Relevant Office-Holder has not complied with a Direction, the Court may make such order as it thinks fit for restoring the position to what it would have been if the Direction had been complied with.

163. **Application to determine whether Default Proceedings to be taken**

(1) This section applies where a Relevant Insolvency Event has occurred in the case of—

(a) a Recognised Investment Exchange or a member or Designated Non-Member of a Recognised Investment Exchange;

(b) a Recognised Clearing House or a member of a Recognised Clearing House; or

(c) a Client which is providing Indirect Clearing Services to an Indirect Client.

The Recognised Investment Exchange, member, Designated Non-Member, Recognised Clearing House or Client in whose case a Relevant Insolvency Event has occurred is referred to below as the "Person in Default".

(2) For the purposes of this section a "Relevant Insolvency Event" occurs where—

(a) a Winding-Up order is made;

(b) an administration order is made;

(c) an Administrator is appointed under section 21 of the Insolvency Regulations 2015 (*Power to appoint*) or under section 29 of the Insolvency Regulations 2015 (*Power to appoint*);

(d) a resolution for voluntary Winding-Up is passed; or

(e) an order appointing a provisional liquidator is made.

(3) Where in relation to a person in default a Recognised Body (the "Responsible Recognised Body")—

(a) has power under its Default Rules to take action in consequence of the Relevant Insolvency Event or the matters giving rise to it; but

(b) has not done so;

a Relevant Office-Holder appointed in connection with or in consequence of the Relevant Insolvency Event may apply to the Regulator.

(4) The application shall specify the Responsible Recognised Body and the grounds on which it is made.

(5) On receipt of the application the Regulator shall notify the Responsible Recognised Body, and unless within three Business Days after the day on which the notice is received the Responsible Recognised Body—

(a) takes action under its Default Rules; or

(b) notifies the Regulator that it proposes to do so forthwith;

then, subject as follows, the provisions of sections 154 to 161 do not apply in relation to Market Contracts to which the Person in Default is a party or to anything done by the Responsible Recognised Body for the purposes of, or in connection with, the Settlement of any such contract.

(6) The provisions of sections 154 to 161 are not disapplied if before the end of the period mentioned in subsection (5) the Regulator gives the Responsible Recognised Body a Direction under section 162(2)(a). No such Direction may be given after the end of that period.

(7) If the Responsible Recognised Body notifies the Regulator that it proposes to take action under its Default Rules forthwith, it shall do so, and that duty is enforceable, on the application of the Regulator, by injunction.

164. **Supplementary provisions**

(1) Sections 132 and 134 apply in relation to a failure by a Recognised Body to comply with an obligation under this Part as to a failure to comply with an obligation under those sections.

(2) Where the recognition of a Recognised Body is revoked under section 134, the Regulator may, before or after the Revocation Order, give such Directions as it thinks fit with respect to the continued application of the provisions of this Part, with such exceptions, additions and adaptations as may be specified in the Direction, in relation to cases where a relevant event of any description specified in the Directions occurred before the Revocation Order takes effect.

(3) Part 21 may make provision in relation to a notice, Direction or other Document required or authorised by or under this Part to be given to or served on any person other than the Regulator.

165. **Certain Non-Abu Dhabi Global Market Clearing Houses and Non-Abu Dhabi Global Market Investment Exchanges**

(1) This Part applies to transactions cleared through a Non-Abu Dhabi Global Market Clearing House by a Clearing Member or a Client as it applies to transactions cleared through a Recognised Clearing House, but subject to the modifications in subsections (2) and (3).

(2) The Regulator shall not approve a Non-Abu Dhabi Global Market Clearing House unless it is satisfied—

(a) that the rules and practices of the body, together with the law of the country in which the body's head office is situated, provide adequate procedures for dealing with the default of persons party to contracts connected with the body; and

(b) that it is otherwise appropriate to approve the body.

(3) The reference in subsection (2)(a) to default is to a person being unable to meet his obligations.

(4) A Non-Abu Dhabi Global Market Clearing House may apply to the Regulator for an order recognising that the Relevant Provisions of its Default Rules satisfy the Relevant Requirements.

(5) The Application must be made in such manner, and must be accompanied by such information, Documents and reports, as the Regulator may direct.

(6) Information, Documents and reports required under subsection (5) must be provided in English and be given at such times, in such form and at such place, and verified in such manner, as the Regulator may direct.

(7) The Regulator may make an order recognising that the Relevant Provisions of the Default Rules satisfy the Relevant Requirements.

(8) The Regulator may by order revoke an order made under subsection (7) if—

(a) the Non-Abu Dhabi Global Market Clearing House consents;

(b) the Non-Abu Dhabi Global Market Clearing House has failed to pay a fee which is owing to the Regulator in accordance with Rules made under section 7(8);

(c) the Non-Abu Dhabi Global Market Clearing House is failing or has failed to comply with a requirement of or imposed under section 153 (as modified by section 166); or

(d) it appears to the Regulator that the Relevant Provisions no longer satisfy the Relevant Requirements.

(9) An order made under subsection (7) or (8) must state the time and date when it is to have effect.

(10) An order made under subsection (8) may contain such transitional provision as the Regulator considers appropriate.

(11) The Regulator must—

(a) maintain a register of orders made under subsection (7) which are in force; and

(b) publish the register in such manner as it appears to the Regulator to be appropriate.

(12) Section 135 applies to a refusal to make an order under subsection (7) or the making of a revocation order under subsection (8)(b), (c) or (d) as it applies to the making of a Revocation Order under section 134, but with the following modifications—

(a) for "Recognised Body" substitute "Non-Abu Dhabi Global Market Clearing House"; and

(b) in sections 135(6) and (7), for "give a Direction under section 132 or 133" substitute "make an order under section 165(8)".

(13) If the Regulator refuses to make an order under subsection (7) or makes an order under subsection (8)(b), (c) or (d), the Non-Abu Dhabi Global Market Clearing House may refer the matter for review by the Regulatory Committee.

(14) The Regulator may rely on information or advice from a Non-Global Market Competent Authority in its determination of an Application under subsection (4) or the making of a Revocation Order under subsection (8)(d).

166. **Change in Default Rules**

(1) A Non-Abu Dhabi Global Market Recognised Clearing House in respect of which an order under section 165(7) has been made and not revoked must give the Regulator at least one month's notice of any proposal to amend, revoke or add to its Default Rules.

(2) The Regulator may, if it considers it appropriate to do so, agree a shorter period of notice.

(3) Where notice is given to the Regulator under subsection (1), a Non-Abu Dhabi Global Market Recognised Clearing House must provide the Regulator with such information, Documents and reports as the Regulator may require.

(4) Information, Documents and reports required under subsection (3) must be provided in English and be given at such times, in such form and at such place, and verified in such a manner, as the Regulator may direct.

(5) Section 158 does not apply to a Non-Abu Dhabi Global Market Recognised Clearing House unless it has been notified by the Regulator that a report under that section is required for the purposes of insolvency proceedings in the Court.

(6) In relation to a Non-Abu Dhabi Global Market Recognised Clearing House, references in this Part to the "rules" or "Default Rules" of the Recognised Clearing House are to be taken not to include references to any Relevant Provisions unless—

(a) the Relevant Provisions satisfy the Relevant Requirements; or

(b) the Regulator has made an order under section 165(7) recognising that the Relevant Provisions of its Default Rules satisfy the Relevant Requirements and the order has not been revoked.

Collateral Security Arrangements

167. **Collateral Security Arrangements**

(1) In this Part "Collateral Security Arrangements" means any realisable assets provided under a Charge, whether fixed or floating, or a repurchase or similar agreement or otherwise (including money provided under a Charge), granted—

(a) in favour of a Recognised Investment Exchange, for the purpose of securing debts or liabilities arising in connection with the Settlement of Market Contracts;

(b) in favour of a Recognised Clearing House, for the purpose of securing debts or liabilities arising in connection with their ensuring the performance of Market Contracts;

(c) to a central bank for the purpose of security rights and obligations in connection with its operations in carrying out its function as a central bank; or

(d) in favour of a person who agrees to make payments as a result of the transfer or allotment of specified Financial Instruments or payments made through the medium of a computer based system established by the Regulator, for the purpose of securing debts or liabilities of the transferee or allottee arising in connection therewith.

(2) Where a Charge is granted partly for purposes specified in subsections (1)(a), (b) or (d) and partly for other purposes, it is a "Collateral Security Arrangement" so far as it has effect for the specified purposes.

168. **Administration orders**

(1) The insolvency provisions outlined in the Insolvency Regulations 2015 have effect in relation to Collateral Security Arrangements and action taken in enforcing them subject to the provisions of this section.

(2) The following provisions of Part 1 of the Insolvency Regulations 2015 do not apply in relation to a Collateral Security Arrangement—

(a) section 46 (*Interim moratorium*); and

(b) section 101 (*Hire-purchase property*).

(3) Section 159 of the Insolvency Regulations (*Vacation of office*) does not apply to a receiver appointed under a Collateral Security Arrangement.

(4) However, where a Collateral Security Arrangement falls to be enforced after the occurrence of an event to which subsection (5) applies, and there exists another Charge over some or all of the same property ranking in priority to or pari passu with the Collateral Security Arrangement, on the application of any person interested the Court may order that there shall be taken after enforcement of the Collateral Security Arrangement such steps as the Court may direct for the purpose of ensuring that the chargee under the other Charge is not prejudiced by the enforcement of the Collateral Security Arrangement.

(5) This subsection applies to—

(a) making an Administration application under section 8 of the Insolvency Regulations 2015; and

(b) filing with the Court a copy of notice of intention to appoint an Administrator under Chapter 4 of Part 1 of the Insolvency Regulations 2015.

(6) Section 170 of the Insolvency Regulations 2015 (*Power to dispose of charged property*) does not apply in relation to a Collateral Security Arrangement.

(7) Section 209 of the Insolvency Regulations 2015 (*Consequences of Winding-Up order)* does not apply to a disposition of property as a result of which the property becomes subject to a Collateral Security Arrangement or any transaction pursuant to which that disposition is made.

(8) However, if a person who is party to a disposition mentioned in subsection (7) has notice at the time of the disposition that a petition has been presented for the Winding-Up or bankruptcy of the estate of the party making the disposition, the value of any profit to him arising from the disposition is recoverable from him by the Relevant Office-Holder unless—

(a) the person is a chargee under the Collateral Security Arrangement;

(b) the disposition is made in accordance with the Default Rules of a Recognised Clearing House for the purposes of transferring a position or Asset of a Clearing Member in Default; or

(c) the Court directs otherwise.

(9) Any sum recoverable by virtue of subsection (8) ranks for priority, in the event of the insolvency of the person from whom it is due, immediately before preferential debts.

(10) In a case falling within both subsection (7) (as a disposition of property as a result of which the property becomes subject to a Collateral Security Arrangement) and section 160(2) (as the provision of margin in relation to a Market Contract), section 160(3) applies with respect to the recovery of the amount or value of the margin and subsection (8) does not apply.

169. **Power to make provision about certain other Charges**

(1) The Regulator may by Rules provide that the Insolvency Regulations 2015 have effect in relation to Charges of such descriptions as may be Specified, and action taken in enforcing them, subject to such provisions as may be Specified.

(2) The Rules may specify any description of Charge granted in favour of—

(a) a body approved under section 165;

(b) the Regulator;

(c) a person who has a Financial Services Permission to carry on a Regulated Activity of a description specified in the Rules; or

(d) an international securities self-regulating organisation approved for the purposes of an order made under these Regulations;

for the purpose of securing debts or liabilities arising in connection with or as a result of the settlement of contracts or the transfer of assets, rights or interests on a financial market.

(3) The Rules may specify any description of Charge granted for that purpose in favour of any other person in connection with exchange facilities or Clearing Services provided by a Recognised Body or by any such body, person, authority or organisation as is mentioned in subsection (2).

(4) Where a Charge is granted partly for the purpose specified in subsection (2) and partly for other purposes, the power conferred by this section is exercisable in relation to the Charge so far as it has effect for that purpose.

(5) The Rules may—

(a) make the same or similar provision in relation to the Charges to which they apply as is made by or under sections 179(1)(h) and 168 in relation to Collateral Security Arrangements; or

(b) apply any of those provisions with such exceptions, additions or adaptations as are specified in the Rules.

(6) Rules under this section may provide that they apply or do not apply to a Charge if or to the extent that it secures obligations of a Specified description, is a Charge over property of a Specified description or contains provisions of a Specified description.

Market property

170. **Application of margin or Default Fund Contribution not affected by certain other interests**

(1) The following provisions have effect with respect to the application by a Recognised Body of property (other than Real Property) held by the Recognised Body as margin in relation to a Market Contract or as Default Fund Contribution.

(2) So far as necessary to enable the property to be applied in accordance with the rules of the Recognised Body, it may be so applied notwithstanding any prior equitable interest or right, or any right or remedy arising from a breach of fiduciary duty, unless the Recognised Body had received actual written notice of the interest, right or breach of duty at the time the property was provided as margin or as Default Fund Contribution. In order to be valid, any notice under this subsection may only be delivered to the Recognised Body by one of its members and must be delivered in accordance with or in order to satisfy applicable Rules made by the Regulator on Client Money in accordance with section 4, or similar rules in any non-Abu Dhabi Global Market jurisdiction.

(3) No right or remedy arising subsequently to the property being provided as margin or as Default Fund Contribution may be enforced so as to prevent or interfere with the application of the property by the Recognised Body in accordance with its rules.

(4) Where a Recognised Body has power by virtue of the above provisions to apply property notwithstanding an interest, right or remedy, a person to whom the exchange or clearing house disposes of the property in accordance with its rules takes free from that interest, right or remedy.

(5) The records and accounts of a Recognised Body detailing the Clearing Member House Contracts, Clearing Member Client Contracts, relevant Client Trades and the corresponding property provided by way of margin with respect to each such category of Market Contract, shall be final and definitive in relation to the rights of the Recognised Body to take action

under its Default Rules, including applying property or its proceeds against liabilities or aggregating property or its proceeds with amounts in either case recorded in particular accounts, which may take place notwithstanding any prior or competing equitable interest or right, or any right or remedy arising from a breach of fiduciary duty on the part of any Clearing Member, Client or other party, whether relevant to a Market Contract or any corresponding property provided by way of margin, excepting only cases of actual written notice referred to in subsection (2).

171. **Priority of floating Collateral Security Arrangement over subsequent Charges**

(1) The Regulator may by Rules provide that a Collateral Security Arrangement which is a floating Charge has priority over a Charge subsequently created or arising, including a fixed Charge.

(2) The Rules may make different provision for cases defined, as regards the Collateral Security Arrangement or the subsequent Charge, by reference to the description of Charge, its terms, the circumstances in which it is created or arises, the nature of the Charge, the person in favour of whom it is granted or arises or any other relevant factor.

172. **Priority of Collateral Security Arrangement over unpaid vendor's lien**

Where property subject to an unpaid vendor's lien becomes subject to a Collateral Security Arrangement, the Charge has priority over the lien unless the chargee had actual notice of the lien at the time the property became subject to the Charge.

173. **Proceedings against market property by unsecured creditors**

(1) Where property (other than Real Property) is held by a Recognised Body as margin in relation to Market Contracts or as Default Fund Contribution, or is subject to a Collateral Security Arrangement, no execution or other legal process for the enforcement of a judgment or order may be commenced or continued, and no distress may be levied against the property by a person not seeking to enforce any interest in or security over the property, except with the consent of—

(a) in the case of property provided as cover for margin or as Default Fund Contribution, the Recognised Body in question; or

(b) in the case of property subject to a Collateral Security Arrangement, the person in whose favour the Charge was granted.

(2) Where consent is given the proceedings may be commenced or continued notwithstanding any provision of the Insolvency Regulations 2015.

(3) Where by virtue of this section a person would not be entitled to enforce a judgment or order against any property, any injunction or other remedy granted with a view to facilitating the enforcement of any such judgment or order shall not extend to that property.

174. **Power to apply provisions to other cases**

(1) A power to which this subsection applies includes the power to apply sections 170 to 173 to any description of property provided as cover for margin in relation to contracts in relation to which the power is exercised or, as the case may be, property subject to Charges in relation to which the power is exercised.

(2) The Rules may provide that those sections apply with such exceptions, additions and adaptations as may be specified in the Rules.

(3) Subsection (1) applies to the powers of the Regulator under sections 165, 169 and 179(1)(c).

175. **Recognised Clearing Houses: disapplication of provisions on mutual credit and set off**

(1) Nothing in the Insolvency Regulations 2015 shall enable the setting off against each other of—

(a) positions and assets recorded in an account at a Recognised Clearing House and held for the account of a Client, an Indirect Client or a group of Clients or Indirect Clients; and

(b) positions and assets recorded in any other account at the Recognised Clearing House.

(2) Nothing in the Insolvency Regulations 2015 shall enable the setting off against each other of—

(a) positions and assets recorded in an account at a Clearing Member and held for the account of an Indirect Client or a group of Indirect Clients; and

(b) positions and assets recorded in any other account at the Clearing Member.

176. **Insolvency proceedings in other jurisdictions**

(1) The references to insolvency law in the Insolvency Regulations 2015 include, in relation to a part of the Abu Dhabi Global Market, the provisions made by or under this Part and, in relation to another country or territory other than Abu Dhabi Global Market, so much of the law of that country or territory as corresponds to any provisions made by or under this Part.

(2) A court shall not, in pursuance of that section or any other enactment or rule of law, recognise or give effect to—

(a) any order of a court exercising jurisdiction in relation to insolvency law in a country or territory outside the Abu Dhabi Global Market; or

(b) any act of a person appointed in such a country or territory to discharge any functions under insolvency law;

in so far as the making of the order or the doing of the act would be prohibited in the case of the Court in the Abu Dhabi Global Market or a Relevant Office-Holder by provisions made by or under this Part.

177. **Indemnity for certain acts**

(1) Where a Relevant Office-Holder takes any action in relation to property of a Defaulter which is liable to be dealt with in accordance with the Default Rules of a Recognised Body, and believes and has reasonable grounds for believing that he is entitled to take that action, he is not liable to any person in respect of any loss or damage resulting from his action except in so far as the loss or damage is caused by the Relevant Office-Holder's own negligence.

(2) Any failure by a Recognised Body to comply with its own rules in respect of any matter shall not prevent that matter being treated for the purposes of this Part as done in accordance with

those rules so long as the failure does not substantially affect the rights of any person entitled to require compliance with the rules.

(3) No Recognised Body, nor any officer or servant or member of the governing body of a Recognised Body, shall be liable in damages for anything done or omitted in the discharge or purported discharge of any functions to which this subsection applies unless the act or omission is shown to have been in bad faith.

(4) The functions to which subsection (3) applies are the functions of the Recognised Body so far as relating to, or to matters arising out of—

(a) its Default Rules; or

(b) any obligations to which it is subject by virtue of this Part.

(5) No person to whom the exercise of any function of a Recognised Body is delegated under its Default Rules, nor any officer or servant of such a person, shall be liable in damages for anything done or omitted in the discharge or purported discharge of those functions unless the act or omission is shown to have been in bad faith.

178. **Action taken under Default Rules**

(1) For the purposes of the definition of "Defaulter", where a Recognised Clearing House takes action under the rules referred to in the definition of "Default Rules", the action is to be treated as taken in respect of the Client providing the Indirect Clearing Services.

(2) If a Recognised Body takes action under its Default Rules in respect of a person, all subsequent proceedings under its rules for the purposes of or in connection with the Settlement of Market Contracts to which the Defaulter is a party shall be treated as done under its Default Rules.

179. **Power of the Regulator to make Rules under this Part**

(1) The Regulator may by Rules, in accordance with the procedure in Part 2, make further provision as to—

(a) the duties of persons to give assistance to a Recognised Body for the purposes of its Default Proceedings, and the duties of the Recognised Body with respect to information supplied to it;

(b) the Charges granted in favour of any such person as is mentioned in sections 167(1)(a), (b) or (d) which are to be treated as "Collateral Security Arrangements" for the purposes of this Part, where the Regulator may—

(i) add, amend or repeal the provisions of sections 167(1) or (2); and

(ii) provide that a Charge shall or shall not be treated as a Collateral Security Arrangement if or to the extent that it secures obligations of a specified description, is a Charge over property of a specified description or contains provisions of a specified description;

(c) the application of this Part to contracts of any specified description in relation to which settlement arrangements are provided by the Regulator, as it applies to contracts connected with a Recognised Body;

(d) the effect of the Insolvency Regulations 2015 on specific Charges, in accordance with section 169;

(e) the application of these Regulations to a Non-Abu Dhabi Global Market Recognised Body approved in accordance with section 165, together with exceptions, additions and adaptations as deemed necessary;

(f) the priority of a Collateral Security Arrangement which is a floating Charge, in accordance with section 171;

(g) the application of this Part to contracts connected with a Non-Abu Dhabi Global Market Clearing House or Non-Abu Dhabi Global Market Investment Exchange which—

(i) is not a Non- Abu Dhabi Global Market Recognised Body; but

(ii) is approved by the Regulator in accordance with such requirements as may be so specified;

(h) modifications to the Insolvency Regulations 2015 relating to Collateral Security Arrangements and action taken in enforcing them, where such Rules may make different provision for cases defined by reference to the nature of the Charge, the nature of the property subject to it, the circumstances, nature or extent of the obligations secured by it or any other relevant factor; and

(i) such further provision as appears to the Regulator to be necessary or expedient for the purposes of this Part.

(2) Rules made in accordance with this Part may add to, amend or repeal any of the provisions of this Part or provide that those provisions have effect subject to such additions, exceptions or adaptations as are specified in the Rules.

Part 14 Suspension and Removal of Financial Instruments from Trading

180. Regulator's power to require suspension or removal of Financial Instruments from Trading

The Regulator may, for the purpose of protecting—

(a) the interests of investors; or

(b) the orderly functioning of the financial markets;

require an Institution or a class of Institutions to suspend or remove a Financial Instrument from Trading.

181. Suspension or removal of Financial Instruments from trading: procedure

(1) A requirement imposed under section 180 (a "Section 180 Requirement") takes effect—

(a) immediately, if the notice given under subsection (2) states that this is the case;

(b) in any other case, on such date as may be specified in the notice.

(2) If the Regulator proposes to impose a Section 180 Requirement on an Institution, or a class of Institutions, or imposes such a requirement with immediate effect, it must give notice to—

(a) the Institution or, as the case may be, each Institution in the class; and

(b) the Issuer of the Financial Instrument in question (if any).

(3) A notice given under subsection (2) must—

(a) give details of the Section 180 Requirement;

(b) state the Regulator's reasons for imposing the requirement and choosing the date on which it took effect or takes effect;

(c) inform the recipient that he may make representations to the Regulator within such period as may be specified by the notice (whether or not he has referred the matter to the Regulatory Committee);

(d) inform him of the date on which the requirement took effect or takes effect; and

(e) inform him of his right to refer the matter to the Regulatory Committee.

182. **Procedure following consideration of representations**

(1) This section applies where, within the period specified under section 181(3), representations are made to the Regulator in relation to a requirement that it has proposed to impose or has imposed under section 180.

(2) The Regulator must decide whether to impose the requirement or (in the case of a requirement that has been imposed) whether to revoke it.

(3) In the case of a requirement that the Regulator has proposed to impose on a class of Institutions, the Regulator may decide to impose the requirement—

(a) on the class;

(b) on the class apart from one or more specified members of it; or

(c) only on one or more specified members of the class.

(4) In the case of a requirement that the Regulator has imposed on a class of Institutions, the Regulator may decide to revoke it in relation to—

(a) the class;

(b) the class apart from one or more specified members of it; or

(c) one or more specified members of the class only.

(5) The Regulator must give written notice of its decision to—

(a) any Institution which has made representations; and

(b) the Issuer of the Financial Instrument in question (if any).

183. **Revocation of requirements: applications by Institutions**

(1) This section applies where the Regulator has imposed a Section 180 Requirement on an Institution or a class of Institutions.

(2) The Institution or any of the Institutions in the class may apply to the Regulator for the revocation of the requirement.

(3) The Regulator must decide whether to revoke the requirement.

(4) In the case of a requirement imposed on a class of Institutions, the Regulator may decide to revoke it in relation to—

(a) the class;

(b) the class apart from one or more specified members of it; or

(c) one or more specified members of the class only.

(5) The Regulator must give a written notice if—

(a) in the case of a requirement imposed on an Institution, the Regulator proposes not to revoke the requirement; or

(b) in the case of a requirement imposed on a class, the Regulator proposes to make a decision which would have the effect that the requirement continues to apply to the applicant (whether or not it would have the effect that it continues to apply to other members of the class).

(6) The written notice must be given to—

(a) the applicant; and

(b) the Issuer of the Financial Instrument in question (if any).

(7) A notice given under subsection (5) must—

(a) inform the recipient that he may make representations to the Regulator within such period as may be specified by the notice (whether or not he has referred the matter to the Regulatory Committee); and

(b) inform him of his right to refer the matter to the Regulatory Committee.

184. **Decisions on applications for revocation by Institutions**

(1) This section applies where, having considered any representations made in response to a written notice under section 183(5), the Regulator has decided whether to grant an application for revocation made under section 183.

(2) The Regulator must give written notice in accordance with subsection (3) if—

(a) in the case of a requirement imposed on an Institution, the Regulator decides to revoke the requirement; or

(b) in the case of a requirement imposed on a class, the Regulator makes a decision which has the effect that the requirement will no longer apply to the applicant (whether or not it will continue to apply to other members of the class).

(3) The written notice must be given to—

(a) the applicant; and

(b) the Issuer of the Financial Instrument in question (if any).

(4) The Regulator must give a decision notice in accordance with subsection (5) if—

(a) in the case of a requirement imposed on an Institution, the Regulator decides not to revoke the requirement; or

(b) in the case of a requirement imposed on a class, the Regulator makes a decision which has the effect that the requirement will continue to apply to the applicant (whether or not it will continue to apply to other members of the class).

(5) The decision notice must be given to—

(a) the applicant; and

(b) the Issuer of the Financial Instrument in question (if any).

185. **Revocation of requirements: applications by Issuers**

(1) This section applies where the Regulator has imposed a Section 180 Requirement on an Institution or a class of Institutions.

(2) The Issuer of the Financial Instrument may apply to the Regulator for the revocation of the requirement.

(3) The Regulator must decide whether to revoke the requirement.

(4) In the case of a requirement imposed on a class of Institutions, the Regulator may decide to revoke it in relation to—

(a) the class;

(b) the class apart from one or more specified members of it; or

(c) one or more specified members of the class only.

(5) The Regulator must give the Issuer a written notice if—

(a) in the case of a requirement imposed on an Institution, the Regulator proposes not to revoke the requirement; or

(b) in the case of a requirement imposed on a class, the Regulator proposes not to revoke the requirement or to revoke it in relation to—

(i) the class apart from one or more specified members of it; or

(ii) one or more specified members of the class only.

(6) A notice given under subsection (5) must—

(a) inform the recipient that he may make representations to the Regulator within such period as may be specified by the notice (whether or not he has referred the matter to the Regulatory Committee); and

(b) inform him of his right to refer the matter to the Regulatory Committee.

186. **Decisions on applications for revocation by Issuers**

(1) This section applies where, having considered any representations made in response to a written notice under section 185(5), the Regulator has decided whether to grant an application for revocation made under section 185.

(2) The Regulator must give written notice to the Issuer if the Regulator decides to revoke the requirement.

(3) The Regulator must give the Issuer a decision notice if—

(a) in the case of a requirement imposed on an Institution, the Regulator decides not to revoke the requirement; or

(b) in the case of a requirement imposed on a class, the Regulator decides not to revoke the requirement or makes a decision to revoke the requirement in relation to—

(i) the class apart from one or more specified members of it; or

(ii) one or more specified members of the class only.

187. **Notification in relation to suspension or removal of a Financial Instrument from trading**

If the Regulator exercises the power under section 180 in relation to a Financial Instrument traded on a Recognised Investment Exchange or Multilateral Trading Facility, it must as soon as reasonably practicable publish its decision in such manner as it considers appropriate.

Part 15 Auditors and Actuaries

188. **Cooperation with auditors**

(1) The Regulator may have arrangements for—

(a) the sharing with auditors of Authorised Persons or Recognised Bodies of information that the Regulator is not prevented from disclosing; and

(b) the exchange of opinions with auditors of Authorised Persons or Recognised Bodies.

189. **Appointment**

(1) The Regulator may make Rules requiring Authorised Persons, Recognised Bodies or Reporting Entities or any particular class thereof—

(a) to appoint—

(i) an auditor; or

(ii) an actuary; and

(b) to produce periodic financial reports; and

(c) to have them reported on by an auditor or an actuary.

(2) The Regulator may make Rules—

(a) imposing such duties on auditors referred to in subsection (1) as may be Specified; and

(b) imposing such duties on actuaries referred to in subsection (1) as may be Specified.

(3) Rules under subsection (1) may make provision—

(a) specifying the manner in which and time within which an auditor or actuary is to be Appointed;

(b) requiring the Regulator to be notified of an appointment;

(c) enabling the Regulator to make an appointment if no appointment has been made or notified;

(d) as to the term of office, remuneration, removal and resignation of an auditor or actuary.

(4) An auditor or actuary Appointed as a result of Rules under subsection (1), or on whom duties are imposed by Rules under subsection (2)—

(a) must act in accordance with such provision as may be made by Rules; and

(b) is to have such powers in connection with the discharge of his functions as may be provided by Rules.

190. **Access to books etc.**

An Appointed auditor of, or an Appointed actuary acting for, an Authorised Person, Recognised Body or Reporting Entity—

(a) has a right of access to the books, accounts and records of the Authorised Person, Recognised Body or Reporting Entity; and

(b) is entitled to require from the officers of the Authorised Person, Recognised Body or Reporting Entity such information and explanations as he reasonably considers necessary for the performance of his duties as auditor or actuary.

191. **Information given by auditor or actuary to the Regulator**

(1) This section applies to a person who is, or has been, an auditor of an Authorised Person, Recognised Body or Reporting Entity, Appointed pursuant to Rules made under this Part.

(2) This section also applies to a person who is, or has been, an actuary acting for an Authorised Person, Recognised Body or Reporting Entity and Appointed pursuant to Rules made under this Part.

(3) An auditor or actuary does not contravene any duty to which he is subject merely because he gives to the Regulator—

(a) information on a matter of which he has, or had, become aware in his capacity as auditor of, or actuary acting for, the Authorised Person, Recognised Body or Reporting Entity; or

(b) his opinion on such a matter;

if he is acting in good faith and he reasonably believes that the information or opinion is relevant to any functions of the Regulator.

(4) Subsection (3) applies whether or not the auditor or actuary is responding to a request from the Regulator.

(5) The Regulator may make Rules prescribing circumstances in which an auditor or actuary must communicate matters to the Regulator as mentioned in subsection (3).

(6) It is the duty of an auditor or actuary to whom any such Rules apply to communicate a matter to the Regulator or any other person or body in the circumstances prescribed by the Rules.

192. **Information given by auditor or actuary to the Regulator: persons with close links**

(1) This section applies to a person who—

(a) is, or has been, an auditor of an Authorised Person, Recognised Body or Reporting Entity, Appointed pursuant to Rules made under this Part; and

(b) is, or has been, an auditor of a person who has close links with the Authorised Person, Recognised Body or Reporting Entity ("CL").

(2) This section also applies to a person who—

(a) is, or has been, an actuary acting for an Authorised Person, Recognised Body or Reporting Entity and Appointed pursuant to Rules made under this Part; and

(b) is, or has been, an actuary acting for a person ("CL") who has close links with the Authorised Person, Recognised Body or Reporting Entity.

(3) An auditor or actuary does not contravene any duty to which he is subject merely because he gives to the Regulator—

(a) information on a matter concerning the Authorised Person, Recognised Body or Reporting Entity of which he has, or had, become aware in his capacity as auditor of, or actuary acting for, CL; or

(b) his opinion on such a matter;

if he is acting in good faith and he reasonably believes that the information or opinion is relevant to any functions of the Regulator.

(4) Subsection (3) applies whether or not the auditor or actuary is responding to a request from the Regulator.

(5) The Regulator may make Rules prescribing circumstances in which an auditor or actuary must communicate matters to the Regulator as mentioned in subsection (3).

(6) It is the duty of an auditor or actuary to whom any such Rules apply to communicate a matter to the Regulator or any other person or body in the circumstances prescribed by the Rules.

(7) CL has close links with the Authorised Person, Recognised Body or Reporting Entity concerned ("A") if CL is—

(a) a Parent Undertaking of A;

(b) a Subsidiary Undertaking of A;

(c) a Parent Undertaking of a Subsidiary Undertaking of A; or

(d) a Subsidiary Undertaking of a Parent Undertaking of A.

193. **Reports to the Regulator**

An Appointed auditor must communicate to the Regulator information on, or his opinion on, matters mentioned in sections 191(3) and 192(3) in the following circumstances—

(a) the auditor reasonably believes that, as regards the person concerned—

(i) there is or has been, or may be or may have been, a contravention of any requirement imposed by or under these Regulations that applies to the person concerned; and

(ii) that contravention may be of material significance to the Regulator in determining whether to exercise, in relation to the person concerned, any of its powers;

(b) the auditor reasonably believes that the information on, or his opinion on, those matters may be of material significance to the Regulator in determining whether the person concerned satisfies and will continue to satisfy the Threshold Conditions or, in the case of a Recognised Body, the Recognition Requirements applicable to that person;

(c) the auditor reasonably believes that the person concerned is not, may not be, or may cease to be, a going concern;

(d) the auditor is precluded from stating in his report that the annual accounts or, where they are required to be made by any of the following provisions, other financial reports of the person concerned—

(i) have been properly prepared in accordance with the Companies Regulations 2015 or, where applicable, give a true and fair view of the matters referred to

in section 467(3)(a) (*Auditor's report on Company's annual accounts*) of those Regulations;

(ii) have been prepared so as to conform with the requirements of Rules made under these Regulations where the auditor is, by Rules made under section 189, required to make such a statement; or

(iii) where applicable, the auditor is required to state in his report in relation to the person concerned any of the facts referred to in subsection (2), (3) or (5) of section 469 (*Duties of auditor*) of the Companies Regulations 2015.

194. **Duty of auditor or actuary resigning etc. to give notice**

(1) This section applies to an auditor or actuary to whom section 191 applies.

(2) He must without delay notify the Regulator if he—

(a) is removed from office by an Authorised Person, Recognised Body or Reporting Entity;

(b) resigns before the expiry of his term of office with such a person; or

(c) is not re-appointed by such a person.

(3) If he ceases to be an auditor of, or actuary acting for, such a person, he must without delay notify the Regulator—

(a) of any matter connected with his so ceasing which he thinks ought to be drawn to the Regulator's attention; or

(b) that there is no such matter.

195. **Provision of false or misleading information to auditor or actuary**

A person must not knowingly or recklessly give an Appointed auditor or actuary information which is false or misleading in a material particular.

Part 16 Public Record and Disclosure of Information

The public record

196. **The record of Authorised Persons etc.**

(1) The Regulator must publish and maintain a record of every—

(a) Security admitted to the Official List;

(b) Authorised Person;

(c) Public Fund;

(d) Recognised Investment Exchange;

(e) Recognised Clearing House;

(f) individual to whom a Prohibition Order relates;

(g) Trade Repository;

(h) Approved Person; and

(i) any person falling within such other class (if any) as the Regulator may determine.

(2) The record must include such information as the Regulator considers appropriate.

(3) The Regulator shall make a reasonably current version of the records available for viewing by the public during the normal business hours of the Regulator.

Disclosure of information

197. **Restrictions on disclosure of Confidential Information**

An Authorised Person with a Financial Services Permission to Accept Deposits must not disclose any Confidential Information relating to its depositors in breach of any duty of confidence owed to such depositors.

198. **Restrictions on disclosure of Confidential Information by the Regulator**

(1) Confidential Information must not be disclosed by a primary recipient, or by any person obtaining the information directly or indirectly from a primary recipient, without the consent of—

(a) the person from whom the primary recipient obtained the information; and

(b) if different, the person to whom it relates.

(2) Each of the following is a primary recipient for the purposes of this Part—

(a) the Regulator;

(b) a person Appointed to collect or update information under section 204 or to make a report under section 203;

(c) any person who is or has been employed by a person mentioned in paragraphs (a) and (b);

(d) a person who is or has been engaged to provide services to a person mentioned in those paragraphs;

(e) any auditor or expert instructed by a person mentioned in those paragraphs.

199. **Exceptions from section 198**

(1) Section 198 does not prevent a disclosure of Confidential Information which is made for the purpose of facilitating the carrying out of a Public Function and is—

(a) permitted or required under any enactment applicable to the Regulator, including, for the avoidance of doubt, any applicable international obligations;

(b) made to—

(i) any regulatory authority or body in the Abu Dhabi Global Market (including the Registrar and the Regulator);

(ii) a governmental or regulatory authority exercising powers and performing functions relating to anti-money laundering, counter-terrorist financing or sanctions compliance, whether in the Abu Dhabi Global Market or otherwise;

(iii) a self-regulatory body or organisation exercising and performing powers and functions in relation to financial services, whether in the Abu Dhabi Global Market or otherwise;

(iv) a civil or criminal law enforcement agency, whether in the Abu Dhabi Global Market or otherwise; or

(v) any other governmental or other regulatory body or authority, whether in the Abu Dhabi Global Market or otherwise;

for the purpose of assisting the performance by any such person of its functions and powers; or

(c) made in good faith for the purposes of the exercise of the functions and powers of the Regulator or in order to further the Regulator's objectives.

(2) Any disclosure by the Regulator pursuant to subsection (1) may include, insofar as the Regulator considers appropriate, provisions—

(a) making any permission to disclose Confidential Information subject to conditions (which may relate to the obtaining of consents or any other matter);

(b) restricting the uses to which Confidential Information disclosed may be put.

200. **Removal of other restrictions on disclosure**

(1) The Regulator may make Rules permitting the disclosure of any information, or of information—

(a) by Specified persons for the purpose of assisting or enabling them to discharge Specified functions under these Regulations or any Rules made under these Regulations;

(b) by Specified persons, or persons of a Specified description, to the Regulator for the purpose of assisting or enabling the Regulator to discharge Specified functions.

(2) Rules under this section may not make any provision in relation to the disclosure of Confidential Information by primary recipients or by any person obtaining Confidential Information directly or indirectly from a primary recipient.

(3) If a person discloses any information as permitted by Rules made under this section the disclosure is not to be taken as a contravention of any duty to which he is subject.

Part 17 Information Gathering, Prudential Directions, Skilled Person Reports, Investigations and Cooperation

Power to gather information

201. **The Regulator's power to require information**

(1) If the Regulator reasonably considers that it requires information or Documents in connection with the exercise by the Regulator of any of its functions or powers, or to further one or more of its objectives, the Regulator or an Officer appointed in writing by the Regulator, may, by notice in writing given to a person specified in subsection (2), require him—

(a) to provide Specified information or information of a Specified description; or

(b) to produce Specified Documents or Documents of a Specified description;

in such form as the Regulator may reasonably require.

(2) Subsection (1) applies to any person subject to Rules made under these Regulations or any person connected to such person and their employees.

(3) The information or Documents must be provided or produced—

(a) before the end of such reasonable period as may be Specified; and

(b) at such place as may be Specified.

(4) Nothing in this section prevents the Regulator from making a request for information to be provided on a voluntary basis, or prevents a person from responding to such a request.

Power to issue directions for prudential purposes

202. **Power to issue directions for prudential purposes**

(1) For prudential purposes, the Regulator may direct that a particular Authorised Person or Authorised Persons within a specified class—

(a) comply with any specified additional capital or liquidity requirements;

(b) apply a specific provisioning policy or treatment of Specified assets;

(c) comply with Specified limits on material risk exposures;

(d) comply with Specified limits on exposures to related parties;

(e) meet additional or more frequent reporting requirements; or

(f) take such other action as is Specified.

(2) The Regulator may direct an Affiliate of an Authorised Person or Recognised Body to take Specified steps or not to carry out Specified activities if the Regulator—

(a) is the consolidated supervisor of the Group to which the Authorised Person or Recognised Body belongs; and

(b) is satisfied that the direction is necessary or desirable for the purposes of the effective prudential supervision of the Group on a consolidated basis.

(3) A direction to an Affiliate under subsection (2) may include a requirement that the Affiliate—

(a) limit any activities it undertakes or may undertake (including closing any office that is outside the jurisdiction in which it has its principal place of business and head office) if the activities are reasonably likely to expose the Authorised Person, Recognised Body or its Group to excessive risks or risks that are not properly managed; or

(b) take such other measures as are necessary to remove any impediments to effective supervision of the Group on a consolidated basis, including a direction to take steps to restructure the Group.

(4) A direction issued under this section comes into force on the date specified in it and remains in force, subject to subsection (6), until it is revoked or varied in writing by the Regulator pursuant to subsection (5).

(5) The Regulator may, by notice, revoke or vary any direction given pursuant to this section.

(6) A direction issued to Authorised Persons within a specified class under subsection (1), including any variation made to such a direction pursuant to subsection (5), shall not remain in force for a period longer than 12 months from the date specified in the initial direction issued pursuant to subsection (1).

Skilled Persons

203. **Reports by skilled persons**

(1) This section applies where the Regulator has required or could require a person to whom subsection (2) applies (the "Person Concerned") to provide information or produce Documents with respect to any matter (the "Matter Concerned").

(2) This subsection applies to—

(a) an Authorised Person or Recognised Body ("A");

(b) any other member of A's Group;

(c) a Partnership of which A is a member; or

(d) a person who has at any relevant time been a person falling within paragraph (a), (b) or (c);

who is, or was at the relevant time, carrying on a business.

(3) The Regulator may either—

(a) by notice in writing given to the Person Concerned, require the Person Concerned to provide the Regulator with a report on the Matter Concerned; or

(b) itself appoint a person to provide the Regulator with a report on the Matter Concerned.

(4) When acting under subsection (3)(a), the Regulator may require the report to be in such form as may be specified in the notice.

(5) The Regulator must give notice of an appointment under subsection (3)(b) to the Person Concerned.

(6) The person Appointed to make a report—

(a) must be a person appearing to the Regulator to have the skills necessary to make a report on the Matter Concerned; and

(b) where the appointment is to be made by the Person Concerned, must be a person nominated or approved by the Regulator.

(7) It is the duty of—

(a) the Person Concerned; and

(b) any person who is providing (or who has at any time provided) services to the Person Concerned in relation to the Matter Concerned;

to give the person Appointed to prepare a report such assistance as the Appointed person may reasonably require.

(8) The obligation imposed by subsection (7) is enforceable, on the application of the Regulator, by an injunction.

(9) The Regulator may make Rules providing for expenses incurred by it in relation to an appointment under subsection (3)(b) to be payable as a fee by the Person Concerned.

204. **Appointment of skilled person to collect and update information**

(1) This section applies if the Regulator considers that an Authorised Person or Recognised Body ("A") has contravened a Rule made by the Regulator to collect, and keep up to date, information of a description specified in the Rules.

(2) The Regulator may either—

(a) require A to appoint a skilled person to collect or update the information; or

(b) itself appoint a skilled person to do so.

(3) References in this section to a skilled person are to a person—

(a) who appears to the Regulator to have the skills necessary to collect or update the information in question; and

(b) where the appointment is to be made by A, nominated or approved by the Regulator.

(4) The Regulator must notify A of an appointment under subsection (2)(b).

(5) The skilled person may require any person to provide all such assistance as the skilled person may reasonably require to collect or update the information in question.

(6) A requirement imposed under subsection (5) is enforceable, on the application of the Regulator, by an injunction.

(7) A contractual or other requirement imposed on a person ("P") to keep any information in confidence does not apply if—

(a) the information is or may be relevant to anything required to be done as a result of this section;

(b) A or a skilled person requests or requires P to provide the information for the purpose of securing anything required to be done as a result of this section is done; and

(c) the Regulator has approved the making of the request or the imposition of the requirement before it is made or imposed.

(8) A may provide information (whether received under subsection (7) or otherwise) that would otherwise be subject to a contractual or other requirement to keep it in confidence if it is provided for the purposes of anything required to be done as a result of this section.

(9) The Regulator may make Rules providing for expenses incurred by it in relation to an appointment under subsection (2)(b) to be payable as a fee by A.

Investigations

205. **Commencement of Investigations**

(1) If it appears to the Regulator that there is good reason for doing so, the Regulator may commence an investigation into—

(a) the nature, conduct or state of the Business of an Authorised Person or Recognised Body;

(b) a particular aspect of that Business;

(c) the ownership or control of an Authorised Person or Recognised Body; or

(d) a matter reasonably requested to be investigated pursuant to a request made under section 217.

(2) If the Regulator reasonably suspects that a person may have committed a contravention of these Regulations, the Regulator may commence an investigation into the matter.

(3) The Regulator may appoint one or more competent persons as Investigators to conduct an investigation on its behalf.

(4) The Regulator may but need not give written notice of the commencement of an investigation to the Person Under Investigation.

(5) If an Investigator thinks it necessary for the purposes of his investigation under subsections (1) or (2), he may also investigate the Business of a person who is or has, at any relevant time, been—

(a) a member of the Group of which the Person Under Investigation ("A") is part; or

(b) a Partnership of which A is a member.

(6) The power conferred by subsection (1)(a) to (c) may be exercised in relation to a former Authorised Person or former Recognised Body but only in relation to—

(a) Business carried on at any time when he was an Authorised Person or Recognised Body; or

(b) the ownership or control of a former Authorised Person or Recognised Body at any time when he was an Authorised Person or Recognised Body.

(7) Nothing prevents the Regulator from appointing a person who is a member of its staff as an Investigator under this section.

(8) References in subsection (1) to a Recognised Body do not include references to a Non-Abu Dhabi Global Market Recognised Investment Exchange.

206. **Powers of Investigators**

(1) The Investigator may, by written notice, require the person who is the Person Under Investigation or any other person (whether or not connected to the Person Under Investigation) to—

(a) attend an interview at a Specified time and place and answer questions;

(b) produce at a Specified time and place any Specified Documents or Documents of a Specified description;

(c) provide such information as the Investigator may require;

(d) provide such assistance as the Investigator may require; or

(e) permit the Investigator to enter the business premises of such person during normal business hours for the purpose of inspecting and copying Documents on such premises.

(2) A requirement under subsection (1) may be imposed only so far as the Investigator reasonably considers the interview, question, production of the Document, provision of information, provision of assistance or permission of entry to be relevant to the purposes of the investigation.

(3) Where the Investigator exercises its power under subsection (1)(e) to enter business premises, it may—

(a) require any appropriate person to make available any relevant information stored at those premises for inspection or copying;

(b) require any appropriate person to convert any relevant information into a form capable of being copied; and

(c) use the facilities of the occupier of the premises, free of charge, to make copies.

(4) Where the Investigator exercises its power under subsection (1)(a) to conduct an interview, it may give a Direction—

(a) concerning who may be present;

(b) preventing any person present during any part of the interview from disclosing to any other person any information provided to the interviewee or questions asked by the interviewer during the interview;

(c) concerning the conduct of any person present, including as to the manner in which they will participate in the interview;

(d) requiring the interviewee to swear an oath or give an affirmation that the answers of the interviewee will be true; and

(e) requiring the interviewee to answer any questions relevant to the investigation.

(5) Subject to section 210(3), it is not a reasonable excuse for a person to refuse or fail to—

(a) permit inspection and copying of any information or Document;

(b) give or produce, or procure the giving or production of, any information or Document; or

(c) answer questions;

pursuant to any requirement under sections 201, 203 and 206(1)(a), (b), (c) and (e) on the grounds that any such information or Document or answer, as the case may be—

(d) might tend to incriminate the person; or

(e) is, or contains, or might reveal a communication made in confidence (subject to section 209(6)).

207. **Admissibility of statements made to Investigators**

(1) A statement made to an Investigator by a person in compliance with an Information Requirement under these Regulations is admissible in evidence in any proceedings, so long as it also complies with any requirements governing the admissibility of evidence in the circumstances in question.

(2) The Investigator shall not disclose a statement made by a person in answer to any question asked pursuant to a requirement made of the person under section 206(1)(a) to any law enforcement agency for the purpose of criminal proceedings against the person unless—

(a) the person consents to the disclosure; or

(b) the Regulator is required by law or court order to disclose the statement.

208. **Costs of an investigation**

(1) Subject to subsection (2) and section 235, the Regulator shall be responsible for the costs and expenses of an investigation.

(2) Where, as a result of an investigation under this Part, a person is found by the Court to have committed the contravention of these Regulations which is the subject matter of the investigation, the Court may order, on application brought by the Regulator, that the person pay or reimburse the Regulator in respect of the whole, or a specified part of, the costs and expenses of the investigation, including the remuneration of any person involved in the investigation.

(3) The Court may make an order under subsection (2), on an application by the Regulator, whether or not the person has commenced, or intends to commence, a reference, appeal or other proceeding in relation to a decision of the Regulator.

(4) The Regulator may apply to the Court for an order under subsection (2) only where there are proceedings before the Court relating to the alleged contravention by the person.

(5) The Regulator may enter into any agreement regarding costs with the Person Under Investigation.

Information and Documents: supplemental provisions

209. **General requirements to supply information and Documents**

(1) If a Document is produced in response to a requirement imposed under this Part, the person to whom it is produced may—

(a) take copies or extracts from the Document; or

(b) require the person producing the Document, or any Relevant Person, to provide an explanation of the Document.

(2) A Document so produced may be retained for so long as the person to whom it is produced considers that it is necessary to retain it (rather than copies of it) for the purposes for which the Document was requested.

(3) If the person to whom a Document is so produced has reasonable grounds for believing—

(a) that the Document may have to be produced for the purposes of any legal proceedings; and

(b) that it might otherwise be unavailable for those purposes;

it may be retained until the proceedings are concluded.

(4) If a person who is required under this Part to produce a Document fails to do so, the Regulator or an Investigator may require him to state, to the best of his knowledge and belief, where the Document is.

(5) If a person claims a lien on a Document, its production under this Part does not affect the lien. A person is not entitled to claim a lien on any Documents as a basis for failing to comply with a requirement made under this Part.

(6) No person may be required under this Part to disclose information or produce a Document in respect of which he owes an obligation of confidence by virtue of carrying on the Regulated Activity of Accepting Deposits unless—

(a) he is the Person Under Investigation or a member of that person's Group;

(b) the person to whom the obligation of confidence is owed is the Person Under Investigation or a member of that person's Group;

(c) the person to whom the obligation of confidence is owed consents to the disclosure or production; or

(d) the imposing on him of a requirement with respect to such information or Document has been specifically authorised by the Regulator.

Limitation on powers to require Documents

210. **Protected information and Documents**

(1) Where there are any grounds for withholding any Protected Items or privileged materials, such grounds shall apply only to the relevant parts of the Document which are affected by such grounds and not to any other part of the Document.

(2) A lawyer may be required under this Part to furnish the name and address of his client.

(3) Where the Regulator requires a lawyer to give information or to produce a Document or to answer a question, and the giving of the information or the production of the Document or the answer to the question would involve disclosing a Privileged Communication made by, on behalf of, or to, the lawyer in his capacity as a lawyer, the lawyer is entitled to refuse to comply with the requirement unless—

(a) where the person to whom, or by, or on behalf of whom, the communication was made is a Body Corporate that is subject to a Winding-Up, the liquidator of the body consents to the lawyer complying with the requirement; or

(b) otherwise, the person to whom, or by, or on behalf of whom, the communication was made consents to the lawyer complying with the requirement.

(4) Where a lawyer so refuses to comply with a requirement, he shall, as soon as practicable, give to the Regulator a written notice setting out—

(a) where the lawyer knows the name and address of the person to whom, or by whom, or on behalf of whom, the communication was made, then that name and address; and

(b) where the requirement to give information or produce a Document relates to a communication which was made in writing, then sufficient particulars to identify the Document containing the communication.

211. **Protected Items**

(1) A person may not be required by or under these Regulations to produce, disclose or permit the inspection of Protected Items.

(2) "Protected Items" means—

(a) communications between a professional legal adviser and his client or any person representing his client which fall within subsection (3);

(b) communications between a professional legal adviser, his client or any person representing his client and any other person which fall within subsection (3) (as a result of paragraph (b) of that subsection);

(c) items which—

(i) are enclosed with, or referred to in, such communications;

(ii) fall within subsection (3); and

(iii) are in the possession of a person entitled to possession of them;

(d) in the case of any information held by the Regulator, information which—

(i) is supplied by or relating to bodies dealing with security matters;

(ii) is held by public authorities in the exercise of their functions;

(iii) relates to national security or international relations;

(iv) relates to the economic and financial interests of the Abu Dhabi Global Market or to its financial stability; and

(v) constitutes trade secrets.

(3) A communication or item falls within this subsection if it is made—

(a) in connection with the giving of legal advice to the client; or

(b) in connection with, or in contemplation of, legal proceedings and for the purposes of those proceedings.

(4) A communication or item is not a Protected Item if it is held with the intention of furthering a criminal purpose.

212. **Entry of premises under Court order**

(1) The Court of First Instance may issue an order under this section if satisfied on information on oath given by the Regulator or an Investigator that there are reasonable grounds for believing that the first, second or third set of conditions is satisfied.

(2) The first set of conditions is—

(a) that a person on whom an Information Requirement has been imposed has failed (wholly or in part) to comply with it; and

(b) that on the premises specified in the order—

(i) there are Documents which have been required; or

(ii) there is information which has been required.

(3) The second set of conditions is—

(a) that the premises specified in the order are premises of an Authorised Person or Recognised Body;

(b) that there are on the premises Documents or information in relation to which an Information Requirement could be imposed; and

(c) that if such a requirement were to be imposed—

(i) it would not be complied with; or

(ii) the Documents or information to which it related would be removed, tampered with or destroyed.

(4) The third set of conditions is—

(a) that a contravention mentioned in section 205(2) has been (or is being) committed by any person;

(b) that there are on the premises specified in the order Documents or information relevant to whether that contravention has been (or is being) committed;

(c) that an Information Requirement could be imposed in relation to those Documents or information; and

(d) that if such a requirement were to be imposed—

(i) it would not be complied with; or

(ii) the Documents or information to which it related would be removed, tampered with or destroyed.

(5) An order under this section shall authorise the person named in the order—

(a) to enter the premises specified in the order;

(b) to search the premises and take possession of any Documents or information appearing to be Documents or information of a kind in respect of which an order under this section was issued (the "Relevant Kind") or to take, in relation to any such Documents or information, any other steps which may appear to be necessary for preserving them or preventing interference with them;

(c) to take copies of, or extracts from, any Documents or information appearing to be of the Relevant Kind;

(d) to require any person on the premises to provide an explanation of any Document or information appearing to be of the Relevant Kind or to state where it may be found; and

(e) to use such force as may be reasonably necessary.

(6) An order under this section may be executed only by the person named in the order.

(7) The order may authorise persons to accompany any person named in the order who is executing it.

(8) The powers in subsection (5) may be exercised by a person authorised by the order to accompany the person named in the order, but that person may exercise those powers only in the company of, and under the supervision of, a person named in the order.

213. **Retention of Documents taken under section 212**

(1) Any Document of which possession is taken under section 212 (a "Seized Document") may be retained so long as it is necessary to retain it (rather than copies of it) in the circumstances.

(2) A person claiming to be the owner of a Seized Document may apply to the Court of First Instance for an order for the delivery of the Document to the person appearing to the Court of First Instance to be the owner.

(3) If on an application under subsection (2) the Court of First Instance cannot ascertain who is the owner of the Seized Document the Court of First Instance may make such order as it thinks fit.

(4) An order under subsection (2) or (3) does not affect the right of any person to take legal proceedings against any person in possession of a Seized Document for the recovery of the Document.

(5) Any right to bring proceedings (as described in subsection (4)) may only be exercised within six months of the date of the order made under subsection (2) or (3).

214. **Certification of defaults**

(1) If a person other than the Investigator (the "Defaulter") fails to comply with a requirement imposed on him under this Part the person imposing the requirement may certify that fact in writing to the Court of First Instance.

(2) If the Court of First Instance is satisfied that the Defaulter failed without reasonable excuse to comply with the requirement, it may deal with the Defaulter (and in the case of a Body Corporate, any Director or other Officer) as if he were in contempt.

(3) A person who knows or suspects that an investigation is being or is likely to be conducted under this Part shall not knowingly—

(a) falsify, conceal, destroy or otherwise dispose of a Document which he knows or suspects is or would be relevant to such an investigation; or

(b) cause or permit the falsification, concealment, destruction or disposal of such a Document.

(4) A person shall not, in purported compliance with a requirement imposed on him under this Part—

(a) provide information which he knows to be false or misleading in a material particular; or

(b) recklessly provide information which is false or misleading in a material particular.

(5) A person shall not intentionally obstruct the exercise of any rights conferred by an order under section 212.

Cooperation, assistance and support to Non-Abu Dhabi Global Market Regulators

215. **Regulator's right to co-operate with others**

(1) The Regulator may take such steps as it considers appropriate to co-operate with other persons (whether in the Abu Dhabi Global Market or elsewhere) who have functions—

(a) similar to those of the Regulator; or

(b) in relation to the prevention or detection of Financial Crime.

(2) Co-operation may include the sharing of information which the Regulator is not prevented from disclosing.

216. **Exercise of power in support of Non-Abu Dhabi Global Market Regulator**

(1) The Regulator's Own-Initiative Powers may be exercised in respect of an Authorised Person at the request of, or for the purpose of assisting, a Non-Abu Dhabi Global Market Regulator.

(2) If a request to the Regulator for the exercise of its Own-Initiative Powers has been made by a Non-Abu Dhabi Global Market Regulator, the Regulator must, in deciding whether or not to exercise those powers in response to the request, consider whether it is necessary to do so.

(3) In deciding whether or not to do so, in any case in which the Regulator does not consider that the exercise of its Own-Initiative Powers is necessary, it may take into account in particular—

(a) whether in the country, territory or jurisdiction of the Non-Abu Dhabi Global Market Regulator concerned, corresponding assistance would be given to the Regulator;

(b) whether the case concerns the breach of a law, or other requirement, which has no close parallel in the Abu Dhabi Global Market or involves the assertion of a jurisdiction not recognised by the Abu Dhabi Global Market;

(c) the seriousness of the case and its importance to persons in the Abu Dhabi Global Market;

(d) whether it is otherwise appropriate in the public interest to give the assistance sought;

(e) whether it would further one or more of the Regulator's objectives.

(4) The Regulator may decide not to exercise its Own-Initiative Powers, in response to a request made under subsection (1), unless the Non-Abu Dhabi Global Market Regulator concerned undertakes to make such contribution towards the cost of their exercise as the Regulator considers appropriate.

217. **Investigations etc. in support of Non-Abu Dhabi Global Market Regulator**

(1) At the request of a Non-Abu Dhabi Global Market Regulator, the Regulator may—

(a) exercise the power conferred by section 201; or

(b) exercise the powers conferred by section 205(1) or (2).

(2) In deciding whether or not to exercise its Investigative Power, the Regulator may take into account in particular—

(a) whether in the country, territory or jurisdiction of the Non-Abu Dhabi Global Market Regulator concerned, corresponding assistance would be given to the Regulator;

(b) whether the case concerns the breach of a law, or other requirement, which has no close parallel in the Abu Dhabi Global Market or involves the assertion of a jurisdiction not recognised by the Abu Dhabi Global Market;

(c) the seriousness of the case and its importance to persons in the Abu Dhabi Global Market;

(d) whether it is otherwise appropriate in the public interest to give the assistance sought;

(e) whether it would further one or more of the Regulator's objectives.

(3) The Regulator may decide that it will not exercise its Investigative Power unless the Non-Abu Dhabi Global Market Regulator undertakes to make such contribution towards the cost of its exercise as the Regulator considers appropriate.

(4) If the Regulator has Appointed an Investigator in response to a request from a Non-Abu Dhabi Global Market Regulator, it may direct the Investigator to permit a representative of the Non-Abu Dhabi Global Market Regulator to attend, and take part in, any interview conducted for the purposes of the investigation in accordance with section 206(1)(a).

(5) A Direction under subsection (4) is not to be given unless the Regulator is satisfied that any information obtained by a Non-Abu Dhabi Global Market Regulator as a result of the interview will be subject to safeguards equivalent to those contained in Part 16.

Part 18 Contraventions, etc.

General Provisions

218. **General contravention provision**

(1) A person who—

(a) does an act or thing that the person is prohibited from doing by or under these Regulations or any Rules made under these Regulations;

(b) does not do an act or thing that the person is required to do by or under these Regulations or any Rules made under these Regulations;

(c) fails to comply with a requirement or condition imposed by or under these Regulations or any Rules made under these Regulations; or

(d) otherwise contravenes a provision of these Regulations or any Rules made under these Regulations, including the General Prohibition;

commits a contravention of these Regulations.

219. **Defence against contraventions of section 18**

In proceedings for a contravention of section 18 it is a defence for the accused to show that he believed on reasonable grounds that the content of the communication was prepared, or approved for the purposes of section 18, by an Authorised Person.

220. **Involvement in contraventions**

If a person is Knowingly Concerned in a contravention of these Regulations committed by another person, the aforementioned person as well as the other person commits the contravention and is liable to be proceeded against and dealt with accordingly.

221. **Misleading the Regulator: residual cases**

(1) A person who, in purported compliance with any requirement falling within subsection (2) knowingly or recklessly gives the Regulator information which is false or misleading in a material particular commits a contravention of these Regulations.

(2) Subsection (1) applies only to a requirement in relation to which no other provision of these Regulations or any Rules made under these Regulations creates a contravention of these Regulations in connection with the giving of information.

Corporates and Partnerships

222. **Contraventions by bodies corporate etc.**

(1) If a contravention of these Regulations committed by a Body Corporate is shown—

(a) to have been committed with the consent or connivance of an Officer; or

(b) to be attributable to any neglect on his part;

the Officer as well as the Body Corporate commits the contravention and shall be liable to be proceeded against and punished accordingly.

(2) If the affairs of a Body Corporate are managed by its members, subsection (1) applies in relation to the acts and defaults of a member in connection with his functions of management as if he were a Director of the Body Corporate.

(3) If a contravention of these Regulations committed by a Partnership is shown—

(a) to have been committed with the consent or connivance of a Partner; or

(b) to be attributable to any neglect on his part;

the Partner as well as the Partnership commits the contravention and shall be liable to be proceeded against and punished accordingly.

(4) The Board may by Rules provide for the application of any provision of this section, with such modifications as the Board considers appropriate, to a Body Corporate formed or recognised under the law of a territory outside the Abu Dhabi Global Market.

Gaming contracts

223. **Gaming contracts**

(1) No contract to which this section applies is void or unenforceable because of any rule of law or any enactment relating to gaming or wagering contracts.

(2) This section applies to a contract if it is entered into by either or each party in the course of carrying on Regulated Activities.

Part 19 Regulatory Committee, Appeals Panel and Disciplinary Measures

Chapter 1 The Regulatory Committee

224. **Structure of the Regulatory Committee**

(1) The Board establishes the Regulatory Committee, which shall be composed of a maximum of seven members appointed by the Board for fixed terms. The Board may reappoint the members for further fixed terms.

(2) All the members of the Regulatory Committee appointed by the Board in accordance with subsection (1) shall be independent of the Board and the Regulator.

(3) The Board shall not remove any member of the Regulatory Committee without Just Cause.

225. **Jurisdiction and Role of the Regulatory Committee**

(1) Any decision made under these Regulations by the Regulator which may affect the rights or liabilities of a person or otherwise adversely affect the interests of a person, may be referred by that person to the Regulatory Committee for a full merit review.

(2) A reference under subsection (1) shall be commenced—

(a) within 30 days of the relevant decision of the Regulator; or

(b) within such further period not exceeding 30 days as may be approved by the Regulatory Committee where it is satisfied that such approval is appropriate in the circumstances.

(3) In the case of an exercise of the power under section 111, the referral may be made by the Fund Manager and the Trustee of the Public Fund concerned or either of them, in addition to the Public Fund.

(4) The Regulatory Committee has power to do whatever it deems necessary for or in connection with, or reasonably incidental to, the performance of its functions.

(5) The Regulator may refer an executive decision to the Regulatory Committee for determination if it considers it appropriate to do so.

(6) The Regulatory Committee may adopt any procedures or practices governing the commencement, hearing and determination of references made to it.

(7) Proceedings of the Regulatory Committee shall be heard in private, unless the Regulatory Committee decides otherwise.

226. **Powers of the Regulatory Committee to hear and determine a reference**

(1) Upon receipt of a notice of a reference falling within the jurisdiction of the Regulatory Committee, the Chairman of the Regulatory Committee shall, without undue delay select a panel of at least three members of the Regulatory Committee, one of whom may be its Chairman, to exercise the powers and perform the functions of the Regulatory Committee to hear and determine the reference.

(2) For the purposes of hearing and determining a reference, the Regulatory Committee may—

(a) stay the decision of the Regulator to which a reference relates and any related steps proposed to be taken by the Regulator until the Regulatory Committee has determined the reference;

(b) consider any information relating to the decision of the Regulator to which the reference relates, whether or not such information was available to the Regulator at the material time;

(c) receive and consider any information or Documents; and

(d) determine the manner in which such information or Documents are received by the Regulatory Committee.

(3) At the conclusion of a reference, the Regulatory Committee may—

(a) dismiss the reference;

(b) determine what, if any, is the appropriate action for the Regulator to take; and

(c) remit the matter to the Chief Executive with such directions, if any, as the Regulatory Committee considers appropriate to give effect to its determination, save that such directions may not require the Regulator to take any step which it would not otherwise have power to take.

(4) Subject to section 228(1) the Regulator must act in accordance with the determination of, and any direction given by, the Regulatory Committee.

(5) A certificate that purports to be signed by the Chairman or officer of the Regulatory Committee and which states that the Regulatory Committee on a specified day made a specified determination or made a specified finding of fact, is in any proceedings before the Court, where relevant—

(a) conclusive evidence of the determination of the Regulatory Committee made on that day; and

(b) prima facie evidence of the relevant finding of fact.

Chapter 2 The Appeals Panel

227. **Structure of the Appeals Panel**

(1) The Board—

(a) establishes the Appeals Panel and shall appoint up to a maximum of seven persons for fixed terms to serve as the President and other members of the Appeals Panel; and

(b) may reappoint the President or any of the members for further fixed terms.

(2) The Appeals Panel shall be composed of members who—

(a) are independent of each of the Board, the Regulator, the Regulatory Committee, the Courts and any other Director, officer or employee of any Abu Dhabi Global Market authority or any other body established under the ADGM Founding Law; and

(b) have relevant qualifications, expertise and experience in the regulatory aspects of financial services and related activities.

(3) The Appeals Panel shall have a President.

(4) The Board shall not remove any member of the Appeals Panel without Just Cause.

228. **Jurisdiction and Role of the Appeals Panel**

(1) Any decision, order or direction made by the Regulatory Committee in accordance with section 225 may be appealed by the Regulator or by the person against whom such decision, order or direction was made, to the Appeals Panel for a full merits review.

(2) The Appeals Panel has jurisdiction to do as it deems necessary for, or in connection with, or reasonably incidental to, performing its functions and exercising its powers conferred for the purposes of this Chapter, including the giving of directions as to practice and procedure to be followed by the Appeals Panel in the hearing and/or determination of appeals of decisions, orders or directions of the Regulatory Committee.

(3) The President of the Appeals Panel may establish one or more sub-panels to exercise the jurisdiction and perform the role of the Appeals Panel.

(4) The President of the Appeals Panel, or the head of a sub-panel established pursuant to subsection (3), may make any procedural order or order granting interim relief that the Appeals Panel has jurisdiction to make.

(5) For the purposes of an appeal made under subsection (1), the President of the Appeals Panel or the head of a sub-panel established pursuant to subsection (3)—

(a) may appoint one or more persons, who shall be independent and an expert in their field, to assist the Appeals Panel (or sub-panel (as the case may be)) in deciding any of the issues arising in the appeal, including assistance in the examination of the parties' witnesses; and

(b) shall provide the parties with an opportunity to make submissions on the expert's assistance and shall record in its decision the issues on, and the extent to, which such assistance was relied upon by the Appeals Panel (or the sub-panel (as the case may be)).

(6) The Appeals Panel may make rules of procedure governing the commencement, hearing and determination of any appeal under this Chapter, including rules as to—

(a) evidence;

(b) the manner in which the Appeals Panel's powers may be exercised, having regard the limits of the Appeal Panel's jurisdiction;

(c) the manner in which conflicts of interest of members of the Appeals Panel (or any sub-panel (as the case may be)) may be prevented;

(d) the manner in which an Appeals Panel appointed expert may provide assistance to the Appeals Panel;

(e) notification to the Chief Executive of the commencement of an appeal under this Chapter;

(f) notification to the Chief Executive and to the Chairman of the Regulatory Committee of an application for judicial review of a decision of the Appeals Panel (or sub-panel (as the case may be)) to the Court of First Instance pursuant to the Courts, Civil Evidence, Judgments, Enforcement and Judicial Appointments Regulations 2015; and

(g) whether, and if so, the manner in which, the Chief Executive may appear and be heard in an appeal before the Appeals Panel.

(7) Proceedings and decisions of the Appeals Panel shall be heard and given in public unless—

(a) the Appeals Panel hearing a matter orders otherwise; or

(b) the rules of procedure of the Appeals Panel provide otherwise.

(8) Proceedings before the Appeals Panel shall be determined on a balance of probabilities.

(9) A decision of the Appeals Panel may be taken by a majority.

(10) An application for judicial review of a decision of the Appeals Panel may be made to the Court on the grounds that the decision is wrong in law or is in excess of the Appeal Panel's jurisdiction.

229. **Powers of the Appeals Panel to hear and determine proceedings**

(1) The Appeals Panel may, for the purposes of any proceedings commenced under section 228 —

(a) stay the decision of the Regulator to which the appeal relates and any related steps proposed to be taken by the Regulator until the Appeals Panel has heard and determined the appeal;

(b) consider any evidence relating to the decision of the Regulatory Committee to which the appeal relates, whether or not such evidence was available to the Regulatory Committee at the material time;

(c) receive and consider any material by way of oral evidence, written statements or Documents, even if such material may not be admissible in evidence in civil or criminal proceedings in a court of law;

(d) by notice in writing require a person to attend before it at any sitting and to give evidence and produce any item, record or Document in his possession relating to the subject matter of the proceedings;

(e) administer oaths;

(f) examine or cause to be examined on oath or otherwise a person attending before it and require the person to answer truthfully any question which the Appeals Panel considers appropriate for the purposes of the proceedings;

(g) order a witness to provide evidence in a truthful manner for the purposes of the proceedings by sworn statement;

(h) order a person not to publish or otherwise disclose any material disclosed by any person to the Appeals Panel;

(i) stay the proceedings on such grounds and on such terms and conditions as it considers appropriate having regard to the interests of justice; and

(j) exercise such other powers or make such other orders as the Appeals Panel considers necessary for or ancillary to the conduct of the proceedings or the performance of its functions.

(2) At the conclusion of any proceedings commenced under section 228, the Appeals Panel may do one or more of the following—

(a) exercise any of the powers of the Regulator or the Regulatory Committee under these Regulations;

(b) make an order requiring a party to the appeal to cease and desist from any contravention of these Regulations;

(c) make an order requiring the party to the appeal to do an act or thing;

(d) make an order prohibiting the party to the appeal from holding office at any Body Corporate carrying on business in the Abu Dhabi Global Market; or

(e) make an order requiring a party to the appeal to pay a specified amount, being all or part of the costs of the proceedings, including those of any party to the proceedings. Costs ordered to be paid under this subsection shall be enforceable as a civil debt.

(3) Upon making its decision, the Appeals Panel must without undue delay inform each party to the proceeding in writing of—

(a) such decision and the reasons for such decision, including its findings on material questions of fact and identifying the evidence or other material on which those findings were based;

(b) the date on which the decision is to take effect; and

(c) where applicable, the date by which payment of any fine, restitution or compensation must be made.

(4) A certificate that purports to be signed by the President or officer of the Appeals Panel and states that the Appeals Panel on a specified day made a finding that a specified person has committed a contravention of a specified provision of these Regulations or made a specified finding of fact, is in any proceedings before the Court, where relevant—

(a) conclusive evidence that the person was found by the Appeals Panel on that day to have contravened the relevant provision;

(b) prima facie evidence that the person contravened that provision; and

(c) prima facie evidence of the relevant fact.

230. **Enforcement**

(1) A Person commits a contravention of these Regulations if he, without reasonable excuse—

(a) fails to comply with an order, notice, prohibition or requirement of the Appeals Panel under section 229;

(b) having been required by the Appeals Panel under section 229 to attend before the Appeals Panel, leaves the place where his attendance is so required without the permission of the Appeals Panel;

(c) hinders or deters any person from attending before the Appeals Panel, giving evidence or producing any item, record or Document, for the purposes of any proceedings commenced under section 228;

(d) threatens or causes any loss to be suffered by any person who has attended before the Appeals Panel, on account of such attendance; or

(e) threatens or causes any loss to be suffered by any member of the Appeals Panel or any person assisting the Appeals Panel at any time on account of the performance of his functions in that capacity;

(f) engages in conduct, including without limitation the—

(i) destruction of Documents; or

(ii) giving of information that is false or misleading;

that is intended to obstruct the Appeals Panel in the exercise of any of its powers.

(2) A person who commits a contravention under subsection (1) is liable to a financial penalty and may be subject to censure of the Appeals Panel, including by means of publication of a written notice of censure.

(3) Where a person fails to comply with an order, notice, prohibition or requirement of a Appeals Panel made under section 229, the Court may, on application of—

(a) the Appeals Panel; or

(b) the Chief Executive at the request of the Appeals Panel;

make any order as it thinks fit to enforce such order, notice, prohibition or requirement.

Chapter 3 Disciplinary measures

231. Public censure

(1) If the Regulator considers that a person has committed a contravention of these Regulations, the Regulator may publish a statement to that effect.

(2) After a statement under subsection (1) is published, the Regulator must send a copy of the statement to any person to whom a copy of the decision notice was given under section 248.

232. Financial penalties

(1) If the Regulator considers that a person has committed a contravention of these Regulations, it may impose a penalty on him, in respect of the contravention, of such amount as it considers appropriate.

(2) A penalty may not be imposed on any person under these Regulations in excess of the maximum amount that may be imposed under the ADGM Founding Law.

233. Suspending a Financial Services Permission or Approval or disqualification of auditors or actuaries

(1) If the Regulator considers that an Authorised Person has committed a contravention of these Regulations, it may—

(a) suspend, for such period as it considers appropriate, any Financial Services Permission which the person has to carry on a Regulated Activity; or

(b) impose, for such period as it considers appropriate, such limitations or other restrictions in relation to the carrying on of a Regulated Activity by the person as it considers appropriate.

(2) If the Regulator considers that an Approved Person has committed a contravention of these Regulations, it may suspend, for such period as it considers appropriate, any Approval of the performance by him of any Controlled Function to which the Approval relates.

(3) If the Regulator considers that an auditor or actuary has committed a contravention of these Regulations, it may disqualify the auditor or actuary from being the auditor of, or (as the case may be), from acting as an actuary for, any Authorised Person, Recognised Body or Reporting Entity or any particular class thereof.

(4) A suspension under this section may relate only to the carrying on of an activity or function in specified circumstances.

(5) A suspension under subsection (2) may have effect in relation to part of a function.

(6) A restriction under subsection (1)(b) may, in particular, be imposed so as to require the person concerned to take, or refrain from taking, specified action.

(7) The Regulator may—

(a) withdraw a suspension, restriction or disqualification; or

(b) vary a suspension, restriction or disqualification so as to reduce the period for which it has effect or otherwise to limit its effect.

(8) The power under this section may (but need not) be exercised so as to have effect in relation to all the Regulated Activities that the person concerned carries on.

234. **Prohibition Orders**

(1) The Regulator may make a Prohibition Order if it appears to it that an individual is not a fit and proper person to perform a Controlled Function in relation to a Regulated Activity carried on by an Authorised Person.

(2) A Prohibition Order may relate to—

(a) a Specified Regulated Activity, any Regulated Activity falling within a Specified description or all Regulated Activities; and

(b) all Authorised Persons or all persons within a Specified class of Authorised Person.

(3) An individual who performs or agrees to perform a function in breach of a Prohibition Order contravenes these Regulations.

(4) In proceedings in relation to a contravention committed under subsection (3) it is a defence for the individual to show that he took all reasonable precautions and exercised all due diligence to avoid committing the contravention.

(5) The Regulator may, on the application of the individual named in the order, vary or revoke a Prohibition Order that it has made.

235. **Enforceable undertakings**

(1) The Regulator may accept a written undertaking from a person against whom action could be taken under these Regulations or any Rules made under these Regulations.

(2) An undertaking under subsection (1) may incorporate an agreement by the person making the undertaking—

(a) to pay any sum to any person (including the Regulator); and

(b) to take remedial action.

(3) The person may withdraw or vary the undertaking at any time, but only with the consent of the Regulator.

(4) If the Regulator considers that the person who gave the undertaking has been in breach of any of its terms, it may apply to the Court for an order under subsection (5).

(5) If the Court is satisfied that the person has been in breach of a term of the undertaking, the Court may make all or any of the following orders—

(a) an order directing the person to comply with that term of the undertaking;

(b) an order directing the person to pay to any person or to the Regulator an amount up to the amount of any financial benefit that the person has obtained directly or indirectly and that is reasonably attributable to the breach;

(c) any order that the Court considers appropriate directing the person to compensate any other person who has suffered loss or damage as a result of the breach; or

(d) any other order that the Court considers appropriate.

Part 20 Injunctions, Restitution and Actions for Damages

Injunctions

236. **Injunctions: general**

(1) Where a person has engaged, is engaging or is proposing to engage in conduct that constituted, constitutes or would constitute—

(a) a contravention of these Regulations or any Rules made under these Regulations;

(b) an attempt to contravene these Regulations or any Rules made under these Regulations;

(c) aiding, abetting, counselling or procuring a person to contravene these Regulations or any Rules made under these Regulations;

(d) inducing or attempting to induce, whether by threats, promises or otherwise, a person to contravene these Regulations or any Rules made under these Regulations;

(e) being in any way, directly or indirectly, Knowingly Concerned in, or party to, the contravention by a person of these Regulations or any Rules made under these Regulations; or

(f) conspiring with others to contravene these Regulations or any Rules made under these Regulations;

the Court may, on the application of the Regulator, or of a person whose interests have been, are, or would be affected by the conduct, make one or more of the orders set out in subsection (2).

(2) The Court may, in accordance with subsection (1), make any of the following orders—

(a) an order restraining the person from engaging in the conduct including, but not limited to, engaging in conduct that may constitute a contravention of these Regulations or any Rules made under these Regulations;

(b) an order requiring that person to do any act or thing including, but not limited to, acts or things to remedy the contravention or to minimise loss or damage; or

(c) any other order as the Court sees fit.

(3) Where a person ("A") has refused or failed, is refusing or failing, or is proposing to refuse or fail, to do an act or thing that A is required to do by these Regulations or any Rules made under these Regulations, the Court may, on the application of—

(a) the Regulator; or

(b) any person whose interests have been, are or would be affected by the refusal or failure to do that act or thing;

grant an injunction on such terms as the Court thinks appropriate, requiring A to do that act or thing.

(4) The power of the Court to grant an injunction restraining a person ("A") from engaging in conduct under subsection (2) may be exercised—

(a) whether or not it appears to the Court that A intends to engage again, or to continue to engage, in conduct of that kind;

(b) whether or not A has previously engaged in conduct of that kind; or

(c) whether or not there is an imminent danger of substantial damage to any person if A engages in conduct of that kind.

(5) The power of the Court to grant an injunction requiring a person ("A") to do an act or thing in accordance with subsections (2) or (3) may be exercised—

(a) whether or not it appears to the Court that A intends to refuse or fail again, or to continue to refuse or fail, to do that act or thing;

(b) whether or not A has previously refused or failed to do that act or thing; and

(c) whether or not there is an imminent danger of substantial damage to any person if A refuses or fails to do that act or thing.

(6) Where in the opinion of the Court it is desirable to do so, the Court may grant an interim injunction pending determination of an application under subsection (1).

(7) The Court may discharge or vary an injunction granted under this section.

(8) In proceedings under this section against a person the Court may make an order under section 237 in respect of the person.

237. **Injunctions in cases of investigations and proceedings**

(1) Where—

(a) the Regulator is conducting or has conducted an investigation into the acts or omissions of a person (the "Relevant Person") who may contravene or who may have contravened these Regulations or any Rules made under these Regulations; or

(b) civil or regulatory proceedings have been instituted, by the Regulator or otherwise, against a Relevant Person in relation to an alleged contravention of these Regulations or any Rules made under these Regulations;

the Court may, on application of the Regulator or any aggrieved person, make one or more of the orders set out in subsection (2).

(2) The Court may, in accordance with subsection (1), make one or more of the following orders—

(a) an order restraining the Relevant Person from paying, transferring, disposing of, or otherwise dealing with, any assets of his which he is reasonably likely to dispose of or otherwise deal with;

(b) an order restraining any other person holding assets on behalf of the Relevant Person from paying, transferring, disposing of, or otherwise dealing with, any assets of the Relevant Person which are reasonably likely to be disposed of or otherwise dealt with;

(c) an order prohibiting the Relevant Person or any other person from taking or sending out of the jurisdiction of the Court or out of the Abu Dhabi Global Market any assets of the Relevant Person or held on his behalf;

(d) in the event that the Relevant Person is a natural person, an order appointing a receiver or trustee, having such powers as the Court may see fit, of the property or any of the property of the Relevant Person;

(e) in the event that the Relevant Person is a Body Corporate, an order appointing a receiver or receiver and manager, having such powers as the Court may see fit, of the property or any of the property of the Relevant Person;

(f) in the event that the Relevant Person is a natural person, an order requiring him to deliver up to the Court his passport and such other Documents as the Court sees fit; or

(g) in the event that the Relevant Person is a natural person, an order prohibiting him from leaving the jurisdiction of the Court or of the Abu Dhabi Global Market without the consent of the Court.

(3) Nothing in this section or section 236 affects any other powers that any person or the Court may have apart from as provided for under such sections.

238. **Injunctions in cases of Market Abuse**

(1) If, on the application of the Regulator, the Court is satisfied—

(a) that there is a reasonable likelihood that any person will engage in Market Abuse; or

(b) that any person is or has engaged in Market Abuse and that there is a reasonable likelihood that the Market Abuse will continue or be repeated;

the Court may make an order restraining the Market Abuse.

(2) If on the application of the Regulator the Court is satisfied—

(a) that any person is or has engaged in Market Abuse; and

(b) that there are steps which could be taken for remedying the Market Abuse;

the Court may make an order requiring him to take such steps as the Court may direct to remedy it.

(3) Subsection (4) applies if, on the application of the Regulator, the Court is satisfied that any person—

(a) may be engaged in Market Abuse; or

(b) may have been engaged in Market Abuse.

(4) The Court may make an order restraining the person concerned from disposing of, or otherwise dealing with, any assets of his which it is satisfied that he is reasonably likely to dispose of, or otherwise deal with.

(5) In subsection (2), references to remedying any Market Abuse include references to mitigating its effect.

Restitution orders

239. **Restitution orders**

(1) The Court may, on the application of the Regulator, make an order under subsection (2) if it is satisfied that a person has contravened these Regulations or any Rules made under these Regulations, or been Knowingly Concerned in such contravention, and—

(a) that profits have accrued to him as a result of the contravention; or

(b) that one or more persons have suffered loss or been otherwise adversely affected as a result of the contravention.

(2) The Court may order the person concerned to pay to the Regulator such sum as appears to the Court to be just and equitable having regard—

(a) in a case within paragraph (a) of subsection (1), to the profits appearing to the Court to have accrued;

(b) in a case within paragraph (b) of subsection (1), to the extent of the loss or other adverse effect;

(c) in a case within both of those paragraphs, to the profits appearing to the Court to have accrued and to the extent of the loss or other adverse effect.

(3) Any amount paid to the Regulator in pursuance of an order under subsection (2) must be paid by it to such Qualifying Person or distributed by it among such Qualifying Persons as the Court may direct.

(4) On an application under subsection (1) the Court may require the person concerned to supply it with such accounts or other information as it may require for any one or more of the following purposes—

(a) establishing whether any and, if so, what profits have accrued to him as mentioned in paragraph (a) of subsection (1);

(b) establishing whether any person or persons have suffered any loss or adverse effect as mentioned in paragraph (b) of subsection (1) and, if so, the extent of that loss or adverse effect; and

(c) determining how any amounts are to be paid or distributed under subsection (3).

(5) The Court may require any accounts or other information supplied under subsection (4) to be verified in such manner as it may direct.

(6) Nothing in this section affects the right of any person other than the Regulator to bring proceedings in respect of the matters to which this section applies.

240. **Restitution orders in cases of Market Abuse**

(1) The Court may, on the application of the Regulator, make an order under subsection (4) if it is satisfied that a person (the "Person Concerned")—

(a) has engaged in Market Abuse; or

(b) by taking or refraining from taking any action has required or encouraged another person or persons to engage in Behaviour which, if engaged in by the Person Concerned, would amount to Market Abuse;

and the condition mentioned in subsection (2) is fulfilled.

(2) The condition is that—

(a) profits have accrued to the Person Concerned as a result; or

(b) one or more persons have suffered loss or been otherwise adversely affected as a result.

(3) But the Court may not make an order under subsection (4) if it is satisfied that—

(a) the Person Concerned believed, on reasonable grounds, that his Behaviour did not fall within paragraph (a) or (b) of subsection (1); or

(b) he took all reasonable precautions and exercised all due diligence to avoid behaving in a way which fell within paragraph (a) or (b) of subsection (1).

(4) The Court may order the Person Concerned to pay to the Regulator such sum as appears to the Court to be just having regard—

(a) in a case within paragraph (a) of subsection (2), to the profits appearing to the Court to have accrued;

(b) in a case within paragraph (b) of subsection (2), to the extent of the loss or other adverse effect;

(c) in a case within both of those paragraphs, to the profits appearing to the Court to have accrued and to the extent of the loss or other adverse effect.

(5) Any amount paid to the Regulator in pursuance of an order under subsection (4) must be paid by it to such Qualifying Person or distributed by it among such Qualifying Persons as the Court may direct.

(6) On an application under subsection (1) the Court may require the Person Concerned to supply it with such accounts or other information as it may require for any one or more of the following purposes—

(a) establishing whether any and, if so, what profits have accrued to him as mentioned in paragraph (a) of subsection (2);

(b) establishing whether any person or persons have suffered any loss or adverse effect as mentioned in paragraph (b) of subsection (2) and, if so, the extent of that loss or adverse effect; and

(c) determining how any amounts are to be paid or distributed under subsection (5).

(7) The Court may require any accounts or other information supplied under subsection (6) to be verified in such manner as it may direct.

(8) Nothing in this section affects the right of any person other than the Regulator to bring proceedings in respect of the matters to which this section applies.

241. **Power of the Regulator to require restitution**

(1) The Regulator may exercise the power in subsection (5) if it is satisfied that an Authorised Person or Recognised Body (the "Person Concerned") has contravened these Regulations or any Rules made under these Regulations, or been Knowingly Concerned in such contravention, and—

(a) that profits have accrued to him as a result of the contravention; or

(b) that one or more persons have suffered loss or been otherwise adversely affected as a result of the contravention.

(2) The Regulator may exercise the power in subsection (5) if it is satisfied that a person (the "Person Concerned")—

(a) has engaged in Market Abuse; or

(b) by taking or refraining from taking any action has required or encouraged another person or persons to engage in Behaviour which, if engaged in by the Person Concerned, would amount to Market Abuse;

and the condition mentioned in subsection (3) is fulfilled;

(3) The condition is that—

(a) profits have accrued to the Person Concerned as a result of the Market Abuse; or

(b) one or more persons have suffered loss or been otherwise adversely affected as a result of the Market Abuse.

(4) But the Regulator may not exercise that power as a result of subsection (2) if, having considered any representations made to it in response to a warning notice, there are reasonable grounds for it to be satisfied that—

(a) the Person Concerned believed, on reasonable grounds, that his Behaviour did not fall within paragraph (a) or (b) of that subsection; or

(b) he took all reasonable precautions and exercised all due diligence to avoid behaving in a way which fell within paragraph (a) or (b) of that subsection.

(5) The power referred to in subsections (1) and (2) is a power to require the Person Concerned, in accordance with such arrangements as the Regulator considers appropriate, to pay to the Appropriate Person or distribute among the Appropriate Persons such amount as appears to the Regulator to be just having regard—

(a) in a case within paragraph (a) of subsection (1) or (3), to the profits appearing to the Regulator to have accrued;

(b) in a case within paragraph (b) of subsection (1) or (3), to the extent of the loss or other adverse effect;

(c) in a case within paragraphs (a) and (b) of subsection (1) or (3), to the profits appearing to the Regulator to have accrued and to the extent of the loss or other adverse effect.

242. **Actions for damages**

(1) Unless otherwise provided under Rules made by the Regulator, where a person (whether or not a Private Person)—

(a) intentionally, recklessly or negligently commits a breach of duty, requirement, prohibition, obligation or responsibility imposed by or under these Regulations; or

(b) commits fraud or other dishonest conduct in connection with a matter arising under such Regulations;

that person is liable to compensate any other person for any loss or damage caused to that other person as a result of such conduct, and otherwise is liable to restore such other person to the position they were in prior to such conduct.

(2) The Court may, on application of the Regulator or a person who has suffered loss or damages caused as a result of conduct described in subsection (1), make orders for the recovery of damages or for compensation or for the recovery of property or for any other order as the Court sees fit, except where such liability is excluded under these Regulations or any Rules made by the Regulator.

(3) Nothing in this section affects the powers that any person or the Court may have apart from this section.

243. **Power of the Regulator to intervene in proceedings**

(1) The Regulator may intervene as a party in any proceedings in the Court where it considers such intervention appropriate to meet one or more of its objectives.

(2) Where the Regulator so intervenes, it shall, subject to any other law, have all the rights, duties and liabilities of such a party.

244. **Compulsory Winding up**

(1) Where it appears to the Regulator that it is just and equitable in the interests of the Abu Dhabi Global Market that a Company which is or has been—

(a) an Authorised Person or Recognised Body; or

(b) carrying on Regulated Activities in breach of the General Prohibition;

should be wound up, it may apply to the Court for, and the Court may make orders considered necessary and desirable for, the winding up of such Company.

245. **Undertakings as to damages**

(1) If the Regulator makes an application to the Court for the grant of an injunction under these Regulations, the Court must not require the Applicant or any other person, as a condition of granting an interim injunction, to give any undertakings as to damages.

Part 21 Enforcement Procedure

246. **Requirement to give warning notices**

(1) If the Regulator proposes to exercise any of the following powers, it must give a warning notice to any person in relation to whom the power is proposed to be exercised—

(a) exercising its power under section 30(4)(a) or (b) on giving a Financial Services Permission;

(b) exercising its power under section 35(1) in connection with an Application for a Financial Services Permission;

(c) exercising its power under section 30(4)(a) or (b) in relation to the variation of a Financial Services Permission on the application of an Authorised Person;

(d) exercising its power under section 35(1) in connection with an application for the variation of a Financial Services Permission;

(e) exercising its power under section 33(2)(b) to cancel a Person's Financial Services Permission otherwise than at the Person's request;

(f) refusing an application made under Part 4;

(g) withdrawing approval under section 46;

(h) refusing an Application for Approval or granting the Application subject to any conditions or for a limited period (or both) under section 45(2);

(i) refusing an Application under section 47 or granting the Application subject to any conditions or for a limited period (or both) under section 47(1);

(j) refusing an Application for Listing, or imposing conditions or restrictions in relation to such an Application, under section 52(1);

(k) refusing an application by the Issuer of Financial Instruments for the Discontinuance or Suspension of the Listing of the Financial Instruments under section 55;

(l) refusing an application by the Issuer of Financial Instruments for the cancellation of a Suspension of Listing under section 55(4);

(m) refusing approval to a Prospectus under Rules made under section 61;

(n) exercising its power under section 72(4) on its own initiative;

(o) exercising the power of Direction in section 84;

(p) refusing an application under section 72(4)(a)(ii) or imposing any conditions or restrictions in respect of a declaration made following such application;

(q) exercising its powers under section 202;

(r) publishing a statement under section 231;

(s) imposing a financial penalty under section 232;

(t) exercising its powers under section 233;

(u) imposing a Prohibition Order under section 234 or refusing an application for variation or revocation of such an order made under subsection (5) of that section;

(v) refusing an Application for registration of a Public Fund under section 109;

(w) withdrawing the registration of a Public Fund under section 111;

(x) giving a Direction under section 111(3);

(y) giving a Direction under section 117; and

(z) exercising its power under section 241(5).

(2) In the case of an exercise of powers under section 111, a warning notice shall also be given to the Fund Manager and Trustee of the Public Fund concerned.

247. **Warning notices**

(1) A warning notice must, to the extent applicable—

(a) state the action which the Regulator proposes to take;

(b) be in writing;

(c) give reasons for the proposed action;

(d) state whether—

(i) section 255 applies; and

(ii) if that section applies, describe its effect and state whether any Secondary Material exists to which the person concerned must be allowed access under it;

(e) provide a reasonable period within which the person to whom the warning notice is given can make representations to the Regulator;

(f) provide for the possibility of an extension of the period outlined in paragraph (e);

(g) state the amount of any monetary payment to be made;

(h) state the period for which any suspension, limitation or restriction is to have effect; and

(i) state the terms of any statement to be published.

(2) Once the Regulator has provided a warning notice in accordance with subsection (1), the Regulator must then decide, within a reasonable period, whether to give the person concerned a decision notice.

248. **Requirement to give decision notice**

If the Regulator decides to exercise any of the powers specified in section 241, it must give a decision notice to every person in relation to whom a warning notice was given under section 247.

249. **Decision notices**

(1) A decision notice, must, to the extent applicable—

(a) state the action which the Regulator has decided to take;

(b) be in writing;

(c) give the reasons of the Regulator for taking the action to which the notice relates;

(d) state whether—

(i) section 255 applies;

(ii) if that section applies, describe its effect and state whether any Secondary Material exists to which the person concerned must be allowed access under it; and

(e) inform the person concerned of its right to have the matter referred to the Regulatory Committee which is given by these Regulations;

(f) state the amount of any monetary payment to be made;

(g) state the period for which any suspension, limitation or restriction is to have effect; and

(h) state the terms of any statement to be published;

(i) when ordering restitution in the form of payment—

(i) state the amount that is to be paid or distributed;

(ii) identify the person or persons to whom that amount is to be paid or among whom that amount is to be distributed; and

(iii) state the arrangements in accordance with which the payment or distribution is to be made.

(2) If the decision notice was preceded by a warning notice, the action to which the decision notice relates must be action under the same provision of these Regulations as the action proposed in the warning notice.

(3) The Regulator may, before it takes the action to which a decision notice (the "Original Notice") relates, give the person concerned a further decision notice which relates to different action in respect of the same matter.

(4) The Regulator may give a further decision notice as a result of subsection (3) only if the person to whom the Original Notice was given consents.

(5) If the person to whom a decision notice is given under subsection (3) had the right to refer the matter to which the original decision notice related to the Regulatory Committee, he has that right as respects the decision notice under subsection (3).

Conclusion of proceedings

250. **Notices of Discontinuance**

(1) If the Regulator decides not to take—

(a) the action proposed in a warning notice given by it; or

(b) the action to which a decision notice given by it relates;

it must give a Notice of Discontinuance to the person to whom the warning notice or decision notice was given.

(2) But subsection (1) does not apply if the discontinuance of the proceedings concerned results in the granting of an application made by the person to whom the warning or decision notice was given.

(3) Any Notice of Discontinuance must—

(a) state that, if the person to whom the notice is given consents, the Regulator may publish such information as it considers appropriate about the matter to which the discontinued proceedings related; and

(b) be accompanied by a statement that, if the person to whom the notice is copied consents, the Regulator may publish such information as it considers appropriate about the matter to which the discontinued proceedings related, so far as relevant to that person.

(4) A Notice of Discontinuance must identify the proceedings which are being discontinued.

251. **Final notices**

(1) If the Regulator has given a person a decision notice and the matter was not referred to the Regulatory Committee (or a decision of the Regulatory Committee in relation to the matter was not appealed to the Appeals Panel) within the time required by any procedures of the Regulatory Committee or, if applicable, the Appeals Panel, the Regulator must, on taking the action to which the decision notice relates, give the person concerned and any person to whom the decision notice was copied, a final notice.

(2) If the Regulator has given a person a decision notice and the matter was referred to the Regulatory Committee (or a decision of the Regulatory Committee in relation to the matter was appealed to the Appeals Panel), the Regulator must, on taking action in accordance with any directions given by the Regulatory Committee or Appeals Panel, give that person and any person to whom the decision notice was copied, the notice required by subsection (3).

(3) The notice required by this subsection is—

(a) in a case where the Regulator is acting in accordance with a direction given by the Regulatory Committee or Appeals Panel, a further decision notice; and

(b) in any other case, a final notice.

(4) A final notice must, to the extent applicable—

(a) state the amount of any monetary payment to be made;

(b) state the period for which any suspension, limitation or restriction is to have effect;

(c) state the terms of any statement to be published;

(d) when ordering restitution in the form of payment—

(i) state the amount that is to be paid or distributed;

(ii) identify the person or persons to whom that amount is to be paid or among whom that amount is to be distributed; and

(iii) state the arrangements in accordance with which the payment or distribution is to be made.

(5) If all or any of a required payment has not been made at the end of a period stated in a final notice, the obligation to make the payment is enforceable as a debt by the person entitled to the payment.

Publication

252. **Publication**

(1) A warning notice can only be published following a written agreement allowing Publication entered into between the Regulator and the person to whom the notice was addressed.

(2) Where the Regulator and the person to whom the notice was addressed have not agreed to publish the warning notice in accordance with subsection (1), neither the Regulator nor a person to whom the notice is given or copied may publish the notice or any details concerning it.

(3) A decision notice, final notice or any other notice in relation to the exercise of the Regulator's powers (other than a warning notice), and details about the matter to which such notice relates, may be published by the Regulator at its discretion.

(4) A person to whom a notice specified in subsection (3) is given or copied may not publish the notice or any details concerning it unless the Regulator has published the notice or those details in accordance with its power in subsection (3).

(5) The Regulator may determine not to publish information under this section if, in its opinion, Publication of the information would be—

(a) unfair to the person with respect to whom the action was taken (or was proposed to be taken);

(b) prejudicial to the interests of Customers; or

(c) detrimental to the stability of the Abu Dhabi Global Market Financial System.

(6) Any information published under this section is to be so published in such manner as the Regulator considers appropriate.

(7) For the purposes of these Regulations, a matter to which the notice relates is open to review if—

(a) the period during which any person may refer the matter to the Regulatory Committee or, appeal any decision of the Regulatory Committee in relation to the matter to the Appeals Panel, is still running; or

(b) the matter has been referred to the Regulatory Committee (or a decision of the Regulatory Committee in relation to the matter has been appealed to the Appeals Panel) but has not been dealt with.

Third Party rights and access to evidence

253. **Application of sections 254 and 255**

Sections 254 and 255 apply to—

(a) a warning notice given in accordance with section 246(1)(e), (g), (n), (r), (s), (t), (u), (w), (x), (y) or (z); and

(b) a decision notice given following a warning notice falling within paragraph (a) and in relation to the same matter as the warning notice.

254. **Third Party rights**

(1) If any of the reasons contained in a warning notice to which this section applies relates to a matter which—

(a) identifies a person (the "Third Party") other than the person to whom the notice is given; and

(b) in the opinion of the Regulator, is prejudicial to the Third Party;

a copy of the notice must be given to the Third Party.

(2) Subsection (1) does not require a copy to be given to the Third Party if the Regulator—

(a) has given him a separate warning notice in relation to the same matter; or

(b) gives him such a notice at the same time as it gives the warning notice which identifies him.

(3) The notice copied to a Third Party under subsection (1) must specify a reasonable period within which he may make representations to the Regulator.

(4) If any of the reasons contained in a decision notice to which this section applies relates to a matter which—

(a) identifies a person (the "Third Party") other than the person to whom the decision notice is given; and

(b) in the opinion of the Regulator, is prejudicial to the Third Party;

a copy of the notice must be given to the Third Party.

(5) If the decision notice was preceded by a warning notice, a copy of the decision notice must (unless it has been given under subsection (4)) be given to each person to whom the warning notice was copied.

(6) Subsection (4) does not require a copy to be given to the Third Party if the Regulator—

(a) has given him a separate decision notice in relation to the same matter; or

(b) gives him such a notice at the same time as it gives the decision notice which identifies him.

(7) Neither subsection (1) nor subsection (4) requires a copy of a notice to be given to a Third Party if the Regulator considers it impractical to do so.

(8) Subsections (9) to (11) apply if the person to whom a decision notice is given has a right to refer the matter to the Regulatory Committee.

(9) A person to whom a copy of the notice is given under this section may refer to the Regulatory Committee—

(a) the decision in question, so far as it is based on a reason of the kind mentioned in subsection (4); or

(b) any opinion expressed by the Regulator in relation to him.

(10) The copy must be accompanied by an indication of the Third Party's right to make a reference under subsection (9).

(11) A person who alleges that a copy of the notice should have been given to him, but was not, may refer to the Regulatory Committee the alleged failure and—

(a) the decision in question, so far as it is based on a reason of the kind mentioned in subsection (4); or

(b) any opinion expressed by the Regulator in relation to him.

(12) Section 255 applies to a Third Party as it applies to the person to whom the notice to which this section applies was given, in so far as the material to which access must be given under that section relates to the matter which identifies the Third Party.

(13) A copy of a notice given to a Third Party under this section must be accompanied by a description of the effect of section 255 as it applies to him.

(14) Any person to whom a warning notice or decision notice was copied under this section must be given a copy of a Notice of Discontinuance applicable to the proceedings to which the warning notice or decision notice is related.

255. **Access to Regulator material**

(1) If the Regulator gives a person ("A") a notice to which this section applies, it must—

(a) allow him access to the material on which it relied in making the decision which gave rise to the obligation to give the notice;

(b) allow him access to any Secondary Material which, in the Regulator's opinion, might undermine that decision.

(2) But the Regulator giving the notice does not have to allow A access to material under subsection (1) if the material is a Protected Item or it—

(a) relates to a case involving a person other than A; and

(b) was taken into account by the Regulator in A's case only for purposes of comparison with other cases.

(3) The Regulator may refuse A access to particular material which it would otherwise have to allow him access to if, in its opinion, allowing him access to the material—

(a) would not be in the public interest; or

(b) would not be fair, having regard to—

(i) the likely significance of the material to A in relation to the matter in respect of which he has been given a notice to which this section applies; and

(ii) the potential prejudice to the commercial interests of a person other than A which would be caused by the material's disclosure.

(4) If the Regulator does not allow A access to material because it is a Protected Item, it must give A written notice of—

(a) the existence of the Protected Item; and

(b) the Regulator's decision not to allow him access to it.

(5) If the Regulator refuses under subsection (3) to allow A access to material, it must give him written notice of—

(a) the refusal; and

(b) the reasons for it.

The Regulator's procedures

256. **The Regulator's procedures**

(1) The Regulator must determine the procedure that it proposes to follow in relation to the exercise of—

(a) any power giving rise to an obligation to give a notice under sections 246 or 248;

(b) its Own-Initiative Powers;

(c) its powers under section 48;

(d) its powers under section 53;

(e) its powers under section 71;

(f) its powers under section 135; or

(g) its powers under Part 14.

(2) That procedure must be designed to secure, among other things that a decision to exercise any power specified in subsection (1) is taken—

(a) by a person not directly involved in establishing the evidence on which the decision is based; or

(b) by two or more persons who include a person not directly involved in establishing that evidence.

Part 22 General

257. **Exercise of Powers**

(1) Any power which the Regulator has under any provision of these Regulations is not limited in any way by any other power which it has under any other provision of these Regulations.

(2) The exercise of any power under a provision of these Regulations in relation to a matter shall not prejudice the Regulator's power to exercise any other powers in relation to the same matter.

258. **Definitions**

(1) In these Regulations, unless the context otherwise requires—

Abu Dhabi Global Market Financial System	means the financial system operating in the Abu Dhabi Global Market and includes— (a) financial markets including trading venues; (b) Regulated Activities; and (c) other activities relating to paragraphs (a) and (b).
Accepted Market Practices	means, for the purposes of Part 8, practices that are reasonably expected in the financial market or markets in question and are accepted by the Regulator.
Accepting Deposits	means the Regulated Activity specified in paragraph 38 of Schedule 1.
Acting as a Central Securities Depository	means holding securities in dematerialised form to enable book entry transfer of such securities for the purposes of Clearing or settlement of transactions executed on a facility operated by a Recognised Investment Exchange, MTF or OTF or a similar facility regulated and supervised by a Non-Abu Dhabi Global Market Regulator.
Acting as an Insolvency Practitioner	is to be read with section 290 of the Insolvency Regulations 2015 and, in any provision of Schedule 1 which provides for activities to be excluded from a Regulated Activity, references to things done by a person acting— (a) as an Insolvency Practitioner; or (b) in reasonable contemplation of that person's appointment as an Insolvency Practitioner; include anything done by the Person's Firm in connection with that person so acting.

Acting as the Administrator of a Collective Investment Fund	means the Regulated Activity specified in paragraph 60 of Schedule 1.
Acting as the Trustee of an Investment Trust	means the Regulated Activity specified in paragraph 61 of Schedule 1.
ADGM Founding Law	Means Abu Dhabi Law No. 4 of 2013 concerning the ADGM issued by His Highness the Ruler of the Emirate of Abu Dhabi.
Administering a Specified Benchmark	means the Regulated Activity specified in paragraph 68(1)(b) of Schedule 1.
Administration	shall be construed in accordance with section 1(2) of the Insolvency Regulations 2015.
Administrator	has the meaning given to that term in section 1(1) of the Insolvency Regulations 2015.
Administrative Receiver	has the meaning given to that term in section 152 of the Insolvency Regulations 2015.
Advising on Investments or Credit	means the Regulated Activity specified in paragraph 28 of Schedule 1.
Affiliate	means, for the purposes of section 202 and in relation to an Authorised Person, any other entity in the Group to which the Authorised Person belongs.
Agreeing to Carry On a Specified Kind of Activity	means the Regulated Activity specified in paragraph 70 of Schedule 1.
Agreement	means— (a) for the purposes of section 21, an agreement— (i) made after that section comes into force; and (ii) the making or performance of which constitutes, or is part of, the Regulated Activity in question; and (b) for the purposes of section 22, an agreement— (i) made after that section comes into force; and (ii) the making or performance of which constitutes, or is part of, the Regulated Activity in question carried on by the Provider.

Annuities on Human Life	does not include superannuation allowances and annuities payable out of any fund applicable solely to the relief and maintenance of persons engaged, or who have been engaged, in any particular profession, trade or employment, or of the dependants of such persons.
Appeals Panel	means the panel Appointed by the Board in accordance with section 227.
Applicant	means the person applying for a Financial Services Permission under section 27, or its variation under section 32, apart from for the purposes of— (a) section 25, where it means the person seeking to enforce the agreement or obligation or retain the money or property paid or transferred; (b) Part 5, where it means an applicant making an application under section 44; (c) Part 6, where it means the person applying for admission to the Official List; (d) Part 7, where it means the person applying for an order sanctioning a scheme under section 86; (e) Part 11, where it means the Fund Manager or Trustee applying for registration of a Domestic Fund which is a Public Fund in accordance with section 107; (f) Part 12, where it means a Body Corporate which has applied for a recognition order; and (f) section 245, where it means the person applying to the Court for the grant of an injunction.
Application	means, for the purposes of— (a) section 5 and Part 4, an application for a Financial Services Permission under section 27; (b) Part 5, an application made under section 44; (c) Part 6, an application for admission to the Official List; (d) Part 7, an application for an order sanctioning a Transfer Scheme under section 86; (e) Chapter 2 of Part 11, an application for registration of a Public Fund;

	(f) Part 12, an application for a recognition order; and (g) section 165, an application made by a Non-Abu Dhabi Global Market Clearing House or Non-Abu Dhabi Global Market Investment Exchange for recognition of its Default Rules.
Appointed	means appointed under or as a result of these Regulations.
Appropriate Person	means a person appearing to the Regulator to be someone— (a) to whom the profits mentioned in sections 241(1)(a) or 241(3)(a) are attributable; or (b) who has suffered the loss or adverse effect mentioned in sections 241(1)(b) and 241(3)(b).
Approval	means the approval granted in accordance with section 45.
Approved Person	means a person in relation to whom an Approval is given under section 43.
Approved Prospectus	means, in relation to Securities to which section 61 applies, a Prospectus approved by the Regulator.
Arranging Credit	means the Regulated Activity specified in paragraph 50 of Schedule 1.
Arranging Custody	means the Regulated Activity specified in paragraph 46 of Schedule 1.
Arranging Deals in Investments	means the Regulated Activity specified in paragraph 16 of Schedule 1.
Asset	means, for the purposes of section 168(8)(b), collateral held to cover positions and includes the right to the transfer of assets equivalent to that collateral or the proceeds of the realisation of any collateral, but does not include Default Fund Contributions.
Assets Requirement	has the meaning given to that term in section 38(3).
Authorised Person	for the purposes of— (a) section 201, includes a person who was at any time an Authorised Person but who has ceased to be an Authorised Person; and

	(b) all other provisions, a person who has a Financial Services Permission to carry on one or more Regulated Activities.
Bank	means an Authorised Person which holds a Financial Services Permission to carry on the Regulated Activity of Accepting Deposits.
Behaviour	means for the purposes of Part 8, action or inaction.
Benchmark	means an index, rate or price that— (a) is determined from time to time by reference to the state of the market; (b) is made available to the public (whether free of charge or on payment); and (c) is used for reference for purposes that include one or more of the following— (i) determining the interest payable, or other sums due, under loan agreements or under other contracts relating to investments; (ii) determining the price at which investments may be bought or sold or the value of investments; and (iii) measuring the performance of investments.
Body Corporate	means a company incorporated under the Companies Regulations 2015 and any body corporate constituted under the law of a country, territory or jurisdiction outside the Abu Dhabi Global Market.
Borrower	means a person who receives Credit under a Credit Agreement or a person to whom the rights and duties of a borrower under a Credit Agreement have passed by assignment or operation of law.
Business	means, for the purposes of section 205 any part of a business even if it does not consist of carrying on Regulated Activities.
Business Day	means any day which is not a Friday or Saturday or a public holiday in the Abu Dhabi Global Market.
Buy or Buying	includes, for the purposes of Schedule 1, acquiring for valuable consideration.

Carrying Out Contracts of Insurance as Principal	means the Regulated Activity specified in paragraph 32 of Schedule 1.
Cash	includes money in any form.
Chairman	means the chairman of the members of the Regulatory Committee Appointed in accordance with section 224.
Charge	means any form of security, including, for the purposes of section 38 and Part 13, a mortgage.
Chief Executive	means— (a) for the purposes of Part 1 and Part 19, the head of the management of the Regulator; (b) in relation to a Body Corporate whose principal place of business is within the Abu Dhabi Global Market, an employee of that body who, alone or jointly with one or more others, is responsible under the immediate authority of the Directors, for the conduct of the whole of the business of that body; and (c) in relation to a Body Corporate whose principal place of business is outside the Abu Dhabi Global Market, means the person who, alone or jointly with one or more others, is responsible for the conduct of its business within the Abu Dhabi Global Market.
Class of Derivatives	means a subset of Derivatives sharing common and essential characteristics including at least the relationship with the underlying asset, the type of underlying asset, and currency of notional amount. Derivatives belonging to the same class may have different maturities.
Clearing	means, in relation to a Recognised Clearing House, the process of establishing positions with the Recognised Clearing House, including the calculation of net obligations and ensuring that Financial Instruments, Cash, or both, are available to secure the exposures arising from those positions.
Clearing Member	means— (a) in relation to a Recognised Clearing House, an undertaking which participates in a Recognised Clearing House and which is responsible for discharging the financial obligations arising from that participation; and

	(b) for the purposes of section 165, a clearing member to which the law of the Abu Dhabi Global Market will apply for the purposes of an Administration or Winding-Up.
Clearing Member Client Contract	means a contract between a Recognised Clearing House and one or more of the parties mentioned in section 151(6) which is recorded in the accounts of the Recognised Clearing House as a position held for the account of a Client, an Indirect Client or a group of Clients or Indirect Clients.
Clearing Member House Contract	means a contract between a Recognised Clearing House and a Clearing Member recorded in the accounts of the Recognised Clearing House as a position held for the account of a Clearing Member.
Clearing Services	means, for the purposes of Part 13— (a) the services provided by a Recognised Body in connection with contracts between each of the parties or the Recognised Body (in place of, or as an alternative to, a contract directly between the parties); (b) the services provided by a Recognised Body to another Recognised Body in connection with contracts between them; or (c) the services provided by a Recognised Investment Exchange to a Recognised Clearing House or to another Recognised Investment Exchange in connection with contracts between them; for the purpose of enabling the rights and liabilities of that member or Recognised Investment Exchange or other Recognised Clearing House under a transaction to be settled.
Client	means for the purposes of Part 13, a client— (a) which offers Indirect Clearing Services; and (b) to which Regulations will apply for the purposes of an Administration or Winding-Up.
Client Money	means the money held by an Authorised Person that is to be handled in accordance with Rules made under section 4.

Client Trade	means a contract between two or more of the parties mentioned in section 151(6) which corresponds to a Clearing Member Client Contract.
Close Relative	means, in relation to a person— (a) his spouse; (b) his children and step children, his parents and step parents, his brothers and sisters and his step brothers and step sisters; and (c) the spouse of any person within paragraph (b).
Collateral Security Arrangements	has the meaning given to that term in section 167(1).
Collective Investment Fund	has the meaning given to that term in section 106(1).
Commodity Derivative	means investments falling within paragraphs 94, 95 and 96 of Schedule 1, in so far as those investments relate to commodities.
Company	means— (a) any Body Corporate (wherever incorporated); and (b) any unincorporated body constituted under the law of a country, territory or jurisdiction outside the Abu Dhabi Global Market.
Confidential Information	means information which, regardless of whether or not the information was received by virtue of a requirement to provide it imposed by or under these Regulations— (a) relates to the business or other affairs of any person; and (b) was received by the recipient for the purposes of, or in the discharge of, any functions of the Regulator under any Rules made by or under these Regulations; unless— (c) the information has been made available to the public by virtue of being disclosed in any circumstances in which, or for any purposes for which, disclosure is not precluded by this section; or (d) it is in the form of a summary or collection of information so framed that it is not possible to

	ascertain from it information relating to any particular person.
Connected Person	has the meaning given to that term in the Rules made by the Regulator in accordance with section 76(2)(a).
Constitution	means, in relation to a Fund— (a) which is in the form of a Body Corporate, the instrument of incorporation; (b) which is in the form of an Investment Trust, the Trust Deed; (c) which is in the form of a Partnership, the partnership deed; and (d) adopting a form other than the one specified in paragraphs (a) to (c), any instrument creating the legal form of the Fund to which the Fund Manager is a party setting out provisions relating to any aspect of the operation or management of the Fund.
Contract of Insurance	has the meaning given to that term in Part 4 of Schedule 1.
Contract of Long-Term Insurance	means a Contract of Insurance, expressed to be in force for more than one year, where under the terms of the contract any of the following conditions exists— (a) the payment of the whole or part of the benefits is dependent upon the termination or continuation or human life; (b) the payment of any part of the premiums is dependent upon the termination or continuation of human life; (c) the benefits under the contract include payment of a sum on marriage or on the birth of a child; or (d) the contract is a permanent health insurance contract.
Control	has the meaning given to that term in the Rules made by the Regulator.
Control of Information Rules	means the Rules made by the Regulator under section 7(3).

Controlled Function	means, in relation to the carrying on of a Regulated Activity by an Authorised Person, a function of a description specified in the Rules made by the Regulator.
Controller	has the meaning given to that term in the Rules made by the Regulator.
Corporate Governance	in relation to an Issuer, includes— (a) the nature, constitution or functions of the organs of the Issuer; (b) the manner in which organs of the Issuer conduct themselves; (c) the requirements imposed on organs of the Issuer; (d) the relationship between the different organs of the Issuer; and (e) the relationship between the organs of the Issuer and the members of the Issuer or holders of the Issuer's Financial Instruments.
Counterparty Credit Risk	means the risk that the counterparty to a transaction defaults before the final settlement of the transaction's cash flows.
Court of First Instance	means the Abu Dhabi Global Market court of first instance established under the ADGM Founding Law.
Credit	includes any Cash loan or other financial accommodation.
Credit Agreement	means any facility which includes any arrangement or agreement which extends monetary Credit whether funded or unfunded to an individual including but not limited to any loan or syndicated loan, mortgage, overdraft, financial lease, letter of credit, financial guarantee, trade finance, transaction finance, project finance or asset finance.
Credit Rating Activities	has the meaning given to that term in paragraph 65(2)(a) of Schedule 1.

Customer	(a) means, for the purposes of Schedule 1 and Schedule 2, a person, other than an individual, to whom a supplier sells goods or supplies services, or agrees to do so, and, where the Customer is a member of a Group, also means any other member of that Group; and (b) means, for all other purposes, a person who is using, or who is or may be contemplating using, any of the services provided by an Authorised Person.
Dealing in Investments as Agent	means the Regulated Activity specified in paragraph 12 of Schedule 1.
Dealing in Investments as Principal	means the Regulated Activity specified in paragraph 4 of Schedule 1.
Defaulter	means, for the purposes of— (a) Part 13, a person in respect of whom action has been taken by a Recognised Body under its Default Rules, whether by declaring him to be a defaulter or otherwise, and the terms "Default", "Defaults", "Defaulting" and "Non-Defaulting" shall be construed accordingly; and (b) Part 17, the person described in section 214(1).
Default Proceedings	means proceedings taken by a Recognised Body under its Default Rules.
Default Rules	means rules of a Recognised Body which provide for— (a) the taking of action in the event of a person (including the Recognised Body itself or another Recognised Body) appearing to be unable, or likely to become unable, to meet his obligations in respect of one or more Market Contracts connected with the Recognised Body; (b) arrangements for netting, the closing out of market contacts, the application or transfer of Collateral Security Arrangements; (c) its default procedures; and (d) any rules of the Recognised Clearing House which provide for the taking of action in accordance with a request or instruction from a Clearing Member under the default procedures referred to in paragraph (c) in respect of assets or

	positions held by the Recognised Clearing House for the account of an Indirect Client or group of Indirect Clients.
Default Fund Contribution	means— (a) contribution by a member or Designated Non-Member of a Recognised Investment Exchange to a fund which— (i) is maintained by that Recognised Investment Exchange for the purpose of covering losses arising in connection with Defaults by any of the members of the Recognised Investment Exchange, or Defaults by any of the members or Designated Non-Members of the Recognised Investment Exchange; and (ii) may be applied for that purpose under the Default Rules of the Recognised Investment Exchange; (b) contribution by a member of a Recognised Clearing House to a fund which— (i) is maintained by that Recognised Clearing House for the purpose of covering losses arising in connection with Defaults by any of the members of the Recognised Clearing House; and (ii) may be applied for that purpose under the Default Rules of the Recognised Clearing House; (c) contribution by a Recognised Clearing House to a fund which— (i) is maintained by a Recognised Investment Exchange or another Recognised Clearing House ("A") for the purpose of covering losses arising in connection with Defaults by Recognised Clearing Houses or Recognised Investment Exchanges other than A or by any of their members; and (ii) may be applied for that purpose under A's Default Rules; or

	(d) contribution by a Recognised Investment Exchange to a fund which— (i) is maintained by a Recognised Clearing House or another Recognised Investment Exchange ("A") for the purpose of covering losses arising in connection with Defaults by Recognised Investment Exchanges or Recognised Clearing Houses other than A or by any of their members; and (ii) may be applied for that purpose under A's Default Rules.
Deposit	has the meaning given to that term in paragraph 85 of Schedule 1.
Derivative or **Derivative Contract**	means Specified Investments falling within paragraphs 94 to 96 of Schedule 1 or, so far as relevant to such investments, any investment falling within paragraphs 98 or 99 of Schedule 1.
Designated Investment	means a kind of investment specified for the purposes of sections 102 and 103 in Rules made by the Regulator.
Designated Non-Member	means a person in respect of whom action may be taken under the Default Rules of the Recognised Investment Exchange who is not a member of the Recognised Investment Exchange.

Direction	means, for the purposes of— (a) sections 9 and 10, a direction under section 9; (b) Reporting Entities and their obligations under Part 6, a direction under section 84; (c) suspending an investigation into Market Abuse, a direction under section 99; (d) the name of a Fund or Sub-Fund, a direction under section 117; (e) the Regulator's powers under Part 12, a direction under sections 130, 132, 133 and 137; (f) the Regulator's powers under Part 13, a direction under sections 153, 162 and 164; and (g) the Regulator's powers under Part 17, a direction under sections 206 and 217.
Director	includes, in relation to a Body Corporate— (a) a person occupying in relation to it the position of a director (by whatever name called); and (b) a person in accordance with whose directions or instructions (not being advice given in a professional capacity) the directors of that body are accustomed to act.
Disclosing Person	means the person making a disclosure in accordance with section 101.
Discontinuance	means a discontinuance of Listing in accordance with section 53.
Documents	means any record of information recorded physically, electronically or in any other form and, in relation to information recorded otherwise than in legible form, references to its production include references to producing a copy of the information in legible form, or in a form from which it can readily be produced in visible and legible form.
Domestic Fund	means a Fund established or domiciled in the Abu Dhabi Global Market.
Effecting Contracts of Insurance	means the Regulated Activity specified in paragraph 31 of Schedule 1.

Eligible Custodian	means, in relation to a Fund, a person who is a separate legal entity from the Fund Manager and who also meets one of the following criteria— (a) an Authorised Person whose Financial Services Permission authorises it to Provide Custody; (b) an Authorised Person that is a Bank; (c) a Recognised Body; (d) a legal entity that is authorised and supervised by a Non-Abu Dhabi Global Market Regulator in a Recognised Jurisdiction for Providing Custody in respect of a Fund and is subject to a minimum capital requirement of 4 million US Dollars or its equivalent in any other currency at the relevant time and has had surplus revenue over expenditure for the last two financial years; (e) a legal entity where it, or its holding company is— (i) in respect of its financial strength, rated or graded as at least "investment grade" by Moody's, Fitch or Standard & Poor's or such other international rating agency as may be recognised by the Regulator; and (ii) authorised and supervised by a Non-Abu Dhabi Global Market Regulator in another jurisdiction which is a Zone 1 country; or (f) a legal entity that is authorised or recognised by a Non-Abu Dhabi Global Market Regulator to operate as an exchange or a clearing house in a Recognised Jurisdiction; (g) a legal entity that is and remains— (i) controlled and wholly owned by one or more of the national governments of the six member states of the Gulf Cooperation Council; (ii) authorised and supervised by a financial services regulator or central bank of at least one of the said national governments; and (iii) rated or graded as at least "investment grade" by Moody's, Fitch or Standard &

	Poor's or such other international rating agency as may be recognised by the Regulator; or (h) any other legal entity otherwise acceptable to the Regulator.
Engage in Investment Activity	means— (a) enter or offer to enter into an agreement the making or performance of which by either party constitutes a Regulated Activity, or would constitute a Regulated Activity, but for the application of any exclusion pursuant to Schedule 1 or any exemption under section 16(3); or (b) exercise any rights conferred by a Specified Investment to acquire, dispose of, underwrite or convert a Specified Investment.
Exempt Fund	means the Fund of a description specified in Rules made by the Regulator.
Exempt Offeror	means, for the purposes of Part 6, a recognised government or other person included in the list of Exempt Offerors maintained by the Regulator in accordance with the Rules and in accordance with section 60(2).
Exempt Person	means a person set out in Schedule 3.
Financial Crime	includes— (a) fraud or dishonesty; (b) misconduct in, or misuse of information relating to, a financial market; (c) handling the proceeds of crime; or (d) the financing of terrorism.
Financial Counterparty	means an Authorised Person.
Financial Instrument	means the instruments listed in paragraphs 87, 88, 89, 90, 91, 92, 93, 94, 95 and 96 of Schedule 1 and, so far as relevant to any such instruments, those listed in paragraphs 98 and 99 of that Schedule.
Financial Promotion Restriction	is a reference to the restriction in section 18(1).

Financial Services Permission	is a permission given, or having effect as if so given, by the Regulator in accordance with Part 4.
Foreign Fund	means a Fund established or domiciled in a jurisdiction other than the Abu Dhabi Global Market managed by a Fund Manager who is an Authorised Person.
Fund	means a Collective Investment Fund.
Fund Manager	means the person who is responsible for the management of the property held for or within a Fund and who otherwise operates the Fund and, in relation to a Domestic Fund, is authorised under a Financial Services Permission granted by the Regulator to operate the Fund.
Fund Property	means the property held for or within a Fund.
General Partner	means, in relation to a Fund, the general partner of a Partnership (including an Investment Partnership).
General Prohibition	has the meaning given to that term in section 16(2).
Governing Body	means, in relation to a Fund, a person or a body of persons who together form the directing mind of the Fund including but not limited to— (a) its Fund Manager, a member of its main or supervisory board, a General Partner; or (b) any other person or body of persons exercising equivalent powers and functions in relation to directing the operation of the Fund.
Government	means, for the purposes of Schedule 1— (a) the Board or the government of the U.A.E., a member emirate of the U.A.E. or of any other country, territory or jurisdiction; or (b) a governmental authority in the U.A.E. or elsewhere (including a local or regulatory authority).
Group	has the meaning given to that term in section 260(1).
Group of Connected Individuals	for the purposes of— (a) Schedule 1, has the meaning given to that term in paragraph 78(3) of that Schedule; and (b) Schedule 2, has the meaning given to that term in paragraph 32(4) of that Schedule.

Guidance	means the guidance issued by the Regulator in accordance with section 15.
Indirect Clearing Services	means the Clearing Services provided by a Recognised Clearing House to an Indirect Client.
Indirect Client	means the Client of a Clearing Member.
Information Requirement	means a requirement to produce Documents or provide information imposed pursuant to these Regulations.
Inside Information	has the meaning given to that term in section 95.
Insider	has the meaning given to that term in section 94.
Insolvency Practitioner	means a person licensed to perform the activity specified in Rule 6 of the Commercial Licensing Regulations 2015 (Controlled Activities) Rules 2015.
Institution	means, for the purposes of Part 14— (a) a Recognised Investment Exchange, other than a Non-Abu Dhabi Global Market Investment Exchange; or (b) an Authorised Person.
Insurance Intermediation	means the Regulated Activity specified in paragraph 33 of Schedule 1.
Insurance Management	means the Regulated Activity specified in paragraph 36 of Schedule 1.
Insurer	means a person or institution which is authorised under these Regulations to carry on the Regulated Activity of Effecting Contracts of Insurance or Carrying Out Contracts of Insurance as Principal.
Interested Parties	are, in relation to an Application made under section 44— (a) the Applicant; and (b) the person in respect of whom the Application is made.
International Organisation	means any body the members of which comprise— (a) states or legal jurisdictions including the Abu Dhabi Global Market and the U.A.E.; or

	(b) bodies whose members comprise states or legal jurisdictions including the Abu Dhabi Global Market and the U.A.E.
Intragroup Transactions	means transactions occurring between two members of the same Group.
Investigative Power	means any one of the powers set out in section 217(1).
Investigator	means a person Appointed under section 205 to commence an investigation.
Investment Partnership	means, in relation to a Fund, a limited partnership established for the sole purpose of collective investment which is formed and registered under the Limited Partnership Act 1907 (Chapter 24).
Investment Trust	means an express trust created solely for collective investment purposes in accordance with section 114.
Islamic Financial Business	means the Regulated Activity specified in paragraph 64 of Schedule 1.
Issuer	(a) for the purposes of Part 6— (i) in relation to an Offer of Securities to the Public or admission of Securities to the Official List, means a legal person who issues or proposes to issue the Securities in question; and (ii) in relation to anything else which is or may be admitted to the Official List, has such meaning as may be prescribed in the Rules made by the Regulator; (b) for the purposes of Part 14, and in relation to a Financial Instrument, means the person who issued such Financial Instrument; and (c) in any other case, means a person issuing a Financial Instrument.
Joint Enterprise	means an enterprise into which two or more persons (the "participators") enter for commercial purposes related to a business or businesses (other than the business of engaging in a Regulated Activity) carried on by them, and, where a participator is a member of a Group, each other member of the Group is also to be regarded as a participator in the enterprise.
Just Cause	means inability, incapacity or misbehaviour.

Knowingly Concerned	means, for the purposes of sections 220, 236, 239 and 241, a person who— (a) has aided, abetted, counselled or procured the contravention; (b) has induced, whether by threats or promises or otherwise, the contravention; (c) has in any way, by act or omission, directly or indirectly been knowingly involved in or been party to, the contravention; or (d) has conspired with another or others to effect the contravention.
Lender	means— (a) the person providing Credit under a Credit Agreement; or (b) a person who exercises or has the right to exercise the rights and duties of a person who provided Credit under such an agreement.
Listed Fund	means a Fund where the Units are or have been admitted to the Official List.
Listing	means being admitted to the Official List in accordance with Part 6.
Listing Rules	means the Rules made under Part 6 which relate to Listing.
Managing Assets	means the Regulated Activity specified in paragraph 56 of Schedule 1.
Managing a Collective Investment Fund	means the Regulated Activity specified in paragraph 59 of Schedule 1.
Managing a Profit Sharing Investment Account	means the Regulated Activity specified in paragraph 64(2) of Schedule 1.
Market Abuse	has the meaning given to that term in section 92(1).
Market Contracts	means the contracts described in sections 151(1) to (5).
Market Operator	means a person who manages or operates the business of a Recognised Investment Exchange.
Matter Concerned	has the meaning given to that term in section 203(1).

Money-Lender	means, for the purposes of paragraph 22 of Schedule 1, a person who is— (a) a money-lending company within the meaning of section 198 (*Exceptions for money-lending companies*) of the Companies Regulations 2015; or (b) a person whose ordinary business includes the making of loans or the giving of guarantees in connection with loans.
Money Transmission	means— (a) selling or issuing payment instruments; (b) selling or issuing stored value; or (c) receiving money or monetary value for transmission, including electronic transmission, to a location within or outside the Abu Dhabi Global Market.
Multilateral Trading Facility or **MTF**	means a multilateral system, operated by an Authorised Person or a Market Operator, which brings together multiple third-party buying and selling interests in Financial Instruments, in the system and in accordance with non-discretionary rules, in a way that results in a contract in accordance with its rules.
Non-Abu Dhabi Global Market Applicant	means, for the purposes of Part 12, a Body Corporate or association which has neither its head office nor its registered office in the Abu Dhabi Global Market and which has applied for a recognition order.
Non-Abu Dhabi Global Market Clearing House	means, for the purposes of— (a) Part 12, a Body Corporate or association in respect of which a recognition order is in force; and (b) Part 13, a clearing house operating outside the Abu Dhabi Global Market which is not a Non-Abu Dhabi Global Market Recognised Body.
Non-Abu Dhabi Global Market Communicator	means a person who carries on the business of engaging in Regulated Activities from outside the Abu Dhabi Global Market but who does not carry on any such activity from a permanent place of business maintained by him in the Abu Dhabi Global Market.
Non-Abu Dhabi Global Market Firm	means a person—

	(a) who is a body incorporated in, or formed under the law of, or is an individual who is ordinarily resident, in any country, territory or jurisdiction outside the Abu Dhabi Global Market; and (b) who is carrying on a Regulated Activity in any country, territory or jurisdiction outside the Abu Dhabi Global Market in accordance with the law of that country, territory or jurisdiction.
Non-Abu Dhabi Global Market Investment Exchange	means, for the purposes of— (a) Part 12, a Body Corporate or association which has neither its head office nor its registered office in the Abu Dhabi Global Market and in relation to which a recognition order is in force; and (b) Part 13, an investment exchange operating outside the Abu Dhabi Global Market which is not a Non-Abu Dhabi Global Market Recognised Body.
Non-Abu Dhabi Global Market Person	means a person who— (a) carries on activities of the kind specified by any of paragraphs 4, 12, 16, 28, 56, 43, 59, 60 or 61 of Schedule 1, or, so far as relevant to any of those paragraphs, paragraph 70 (or activities of a kind which would be so specified but for the exclusion in paragraph 79); but (b) does not carry on any such activities, or offer to do so, from a permanent place of business maintained by him in the Abu Dhabi Global Market.
Non-Abu Dhabi Global Market Recognised Body	means a Non-Abu Dhabi Global Market Clearing House or Non-Abu Dhabi Global Market Investment Exchange which has been recognised by the Regulator in accordance with section 165.
Non-Abu Dhabi Global Market Recognised Clearing House	means, for the purposes of Part 13, a clearing house operating outside the Abu Dhabi Global Market which has been recognised by the Regulator in accordance with section 165.
Non-Abu Dhabi Global Market Recognised Investment Exchange	means, for the purposes of Part 13, an investment exchange operating outside the Abu Dhabi Global Market which has been recognised by the Regulator in accordance with section 165.

Non-Abu Dhabi Global Market Regulator	means an authority in a country, territory or jurisdiction outside the Abu Dhabi Global Market which exercises functions with respect to regulation of financial services in that country, territory or jurisdiction.
Non-Abu Dhabi Global Market State	means any country, territory or jurisdiction outside the Abu Dhabi Global Market.
Non-Financial Counterparty	means an undertaking established in the Abu Dhabi Global Market other than Recognised Clearing Houses or Financial Counterparties.
Non-Global Market Competent Authority	means, for the purposes of section 165 a competent authority responsible for the recognition or supervision of Recognised Clearing Houses in a country or territory other than the Abu Dhabi Global Market.
Notice of Discontinuance	means a notice given by the Regulator in accordance with section 250.
Offer	means— (a) for the purposes of Part 6 the offer made by the Offeror in accordance with section 59; and (b) in relation to Units of a Fund, an offer of Units falling outside Part 6.
Offer of Securities to the Public	has the meaning given to that term in section 59.
Offeror	means the person making the Prospectus Offer in accordance with Part 6.
Officer	means— (a) for the purposes of section 201 an officer of the Regulator exercising the power and includes a member of that Regulator's staff or an agent of the Regulator; (b) for the purposes of section 214, and in relation to a Body Corporate, an officer of the Body Corporate; and (c) for the purposes of section 222, and in relation to a Body Corporate— (i) a Director, member of the committee of management, Chief Executive, manager, secretary or other similar officer of the body, or a person purporting to act in any such capacity; and

	(ii) an individual who is a Controller of the body.
Official List	means the list of Securities maintained by the Regulator pursuant to Part 6.
Operating a Credit Rating Agency	means the Regulated Activity specified in paragraph 65 of Schedule 1.
Operating a Multilateral Trading Facility or Organised Trading Facility	means the Regulated Activity specified in paragraph 54 of Schedule 1.
Operating a Representative Office	means the Regulated Activity specified in paragraph 67 of Schedule 1.
Organised Trading Facility or OTF	means a multilateral system which is not a Recognised Investment Exchange or a Multilateral Trading Facility and in which multiple third-party buying and selling interests in Financial Instruments are able to interact in the system in a way that results in a contract in accordance with the provisions of its rules.
Original Notice	has the meaning given to that term in section 249(3).
OTC Derivative or **OTC Derivative Contract**	means a Derivative Contract the execution of which does not take place on a Recognised Investment Exchange.
Ownership Transfer	means, for the purposes of section 128(3), and in relation to an exchange, a transfer of ownership which gives rise to a change in the persons who are in a position to exercise significant influence over the management of the exchange, whether directly or indirectly.
Own-Initiative Powers	means the Regulator's Own-Initiative Variation Power and its Own-Initiative Requirement Power.
Own-Initiative Requirement Power	means the Regulator's power specified in section 35(3).
Own-Initiative Variation Power	means the Regulator's power specified in section 33(2).
Parent Undertaking	has the meaning given to that term in the Companies Regulations 2015 but, for the purposes of these Regulations, also includes an individual who would be a parent undertaking for the purposes of those provisions if he were taken to be an undertaking.
Participating Interest	has the meaning given to that term in sections 260 and 261.
Partner	includes, for the purposes of section 222(3), a person purporting to act as a partner.

Partnership	includes— (a) a partnership constituted under the law of the Abu Dhabi Global Market; (b) a partnership constituted under the law of a country, territory or jurisdiction outside the Abu Dhabi Global market; but (c) for the purposes of sections 30(5), (6) and (7), does not include a partnership which is constituted under the law of any place outside the Abu Dhabi Global Market and which has status of a Body Corporate under such law.
Person Concerned	means— (a) for the purposes of section 203, the person to whom section 203(2) applies; (b) for the purposes of section 240, the person in respect of which the Court makes an order under section 240(4); and (c) for the purposes of section 241, the Authorised Person or Recognised Investment Exchange in respect of which the Regulator exercises its powers under section 241(5).
Person's Firm	in relation to a person Acting as an Insolvency Practitioner or in reasonable contemplation of that person's appointment as an Insolvency Practitioner, means— (a) the person's employer; (b) where the person is a partner in a Partnership other than a limited liability partnership, that Partnership; or (c) where the person is a member of a limited liability partnership, that Partnership.
Person in Default	has the meaning given to that term in section 163(1).
Person Under Investigation	means the person subject to an investigation carried out in accordance with sections 205 and 206.
Precise	has the meaning given to that term in section 95(5).
Prescribed Markets	means Recognised Investment Exchanges, MTFs and OTFs or equivalent markets in the U.A.E.

President	means the president of the Appeals Panel Appointed in accordance with section 227.
Price Stabilising Rules	means the Rules made by the Regulator in accordance with section 7(4).
Private Person	has, for the purposes of section 242, such meaning as may be prescribed in the Rules made by the Regulator.
Privileged Communication	has the meaning given to that term in the Insolvency Regulations 2015.
Profit Sharing Investment Account	means an account or portfolio managed— (a) in relation to property of any kind, including the currency of any country or territory, held for or within the account or portfolio; (b) in accordance with Shari'a and held out as such; and (c) under the terms of an agreement whereby— (i) the investor agrees to share any profit with the manager of the account or portfolio in accordance with a predetermined specified percentage or ratio; and (ii) the investor agrees that he alone will bear any losses in the absence of negligence or breach of contract on the part of the manager.
Prohibition Order	means an order made in accordance with section 234, prohibiting an individual to whom that section applies from performing any Controlled Function specified in the order.
Property	has the meaning given to that term in section 152(2).
Prospectus	means a prospectus submitted in accordance with section 61.
Prospectus Offer	has the meaning given to that term in section 61(4)(a).
Protected Items	has the meaning given to that term in section 211(2).
Provider	means the Authorised Person making an Agreement in the course of carrying on a Regulated Activity in accordance with section 22(1)(a).

Providing Custody	means the Regulated Activity specified in paragraph 43 of Schedule 1.
Providing Information in Relation to a Specified Benchmark	means the Regulated Activity specified in paragraph 68(1)(a) of Schedule 1.
Providing Money Services	means the Regulated Activity specified in paragraph 52 of Schedule 1
Providing Trust Services	means the Regulated Activity specified in paragraph 72 of Schedule 1.
Public Functions	includes for the purposes of section 199— (a) functions of a public nature conferred by or in accordance with any provision contained in any enactment; and (b) similar functions conferred on persons by or under provisions having effect as part of the law of a country, territory or jurisdiction outside the Abu Dhabi Global Market.
Public Fund	means the Fund of a description specified in Rules made by the Regulator.
Publication	means— (a) a newspaper, journal, magazine or other periodical publication; (b) a web site or similar system for the electronic display of information; or (c) any programme forming part of a service consisting of the broadcast or transmission of television or radio programmes.
Qualified Investor Fund	means the Fund of a description specified in Rules made by the Regulator.
Qualifying Collateral Arrangements	means the contracts and contractual obligations to which these Regulations apply by virtue of section 152(1).
Qualifying Person	means— (a) for the purposes of section 239, a person appearing to the Court to be someone— (i) to whom the profits mentioned in section 239(1)(a) are attributable; or

	(ii) who has suffered the loss or adverse effect mentioned in section 239(1)(b); and (b) for the purposes of section 240, a person appearing to the Court to be someone— (i) to whom the profits mentioned in section 240(2)(a) are attributable; or (ii) who has suffered the loss or adverse effect mentioned in section 240(2)(b).
Qualifying Property Transfers	means the property transfers to which these Regulations apply by virtue of section 152(1).
Rating Subject	has the meaning given to that term in paragraph 65(3) of Schedule 1.
Real Property	has the meaning given to that term in the Real Property Regulations 2015.
Recipient	is, for the purposes of Schedule 2, the person to whom the communication is made or, in the case of a non-real time communication which is directed at persons generally, any person who reads or hears the communication.
Recognised Body	means a Recognised Investment Exchange and a Recognised Clearing House.
Recognised Clearing House	means a clearing house which provides clearing services in the Abu Dhabi Global Market in relation to which a recognition order is in force.
Recognised Function	means in relation to the carrying on of Regulated Activity by an Authorised Person, a function of a description specified in the Rules made by the Regulator.
Recognised Investment Exchange	means an investment exchange in relation to which a recognition order is in force.
Recognised Jurisdiction	means a jurisdiction included in the list maintained by the Regulator pursuant to section 118.
Recognised Person	means a person approved by an Authorised Person under section 43.
Recognition Requirements	has the meaning given to that term in section 120.
Regulated Activity	has the meaning given to that term in section 19.

Regulator	means the Financial Services Regulator of the Abu Dhabi Global Market.
Regulatory Committee	means the committee Appointed by the Board in accordance with section 224.
Regulatory Functions	means the functions of the Recognised Body so far as relating to, or to matters arising out of, the obligations to which the body is subject by or under these Regulations.
Regulatory Provision	has the meaning given to that term in section 138(1)(a).
Related Instrument	means, for the purposes of Part 8 and in relation to a Financial Instrument, an instrument whose price or value depends on the price or value of the Financial Instrument.
Relevant Agreement	means, for the purposes of sections 102(2), an agreement— (a) the entering into or performance of which by either party constitutes an activity of a kind specified in the Rules made by the Regulator; and (b) which relates to a Designated Investment.
Relevant Authorised Person	means, for the purposes of paragraph 22 of Schedule 1, an Authorised Person who has permission to Effect Contracts of Insurance or to sell investments of the kind specified by paragraph 98 of Schedule 1, so far as relevant to such contracts.
Relevant Benchmark	means, for the purposes of section 104, a benchmark of a kind specified in the Rules made by the Board.
Relevant Complaint	means a complaint which the Regulator considers is relevant to the question of whether the body concerned should remain a Recognised Body.
Relevant Day	means, for the purposes of section 134(3)(b), the day on which the power to make an order under that subsection is exercised.
Relevant Insolvency Event	has the meaning given to that term in section 163(2).
Relevant Kind	has the meaning given to that term in section 212(5)(b).
Relevant Office-Holder	means any of— (a) the official receiver; and (b) any person acting in relation to a company as its liquidator, provisional liquidator, Administrator or Administrative Receiver, where "company"

	means any company, Partnership or other body which may be wound up pursuant to the Insolvency Regulations 2015.
Relevant Person	means— (a) for the purposes of section 209, and in relation to a person who is required to produce a Document— (i) has been or is or is proposed to be a Director or Controller of that person; (ii) has been or is an auditor of that person; (iii) has been or is an actuary, accountant or lawyer appointed or instructed by that person; or (iv) has been or is an employee of that person; and (b) for the purposes of section 237, Authorised Persons and Recognised Bodies as defined in subsection (1)(a) of that section.
Relevant Provisions	means, for the purposes of sections 165 and 166, any provisions of the Default Rules of a Non-Abu Dhabi Global Market Recognised Clearing House which— (a) provide for the transfer of the positions or assets of a Defaulting Clearing Member; (b) are not necessary for the purposes of complying with the minimum requirements of Part 10; and (c) may be relevant to a question falling to be determined in accordance with the law of the Abu Dhabi Global Market.
Relevant Requirements	means, for the purposes of sections 165 and 166, the requirements specified in Rules made by the Regulator.
Relevant Security	means— (a) an investment falling within paragraph 87, 88 or 89 of Schedule 1; or (b) an investment falling within paragraph 91 or 92 of that Schedule so far as relating to any investments within paragraph (a).

Relevant Transaction	means, for the purposes of paragraph 22 of Schedule 1, the effecting of a Contract of Insurance or the sale of an investment of the kind specified by paragraph 98 of Schedule 1, so far as relevant to such contracts.
Reporting Entity	has the meaning given to that term in section 72.
Reporting Entity of the Listed Fund	has the meaning given to that term in section 72(2)(a)(i).
Requirement	means— (a) for the purposes of sections 35 and 36, a requirement imposed under section 35; and (b) for the purposes of section 137, any obligation or burden.
Responsible Recognised Body	has the meaning given to that term in section 163(3).
Revocation Order	means an order made under section 134.
Rules	means Rules made by the Regulator or the Board (as applicable) under these Regulations.
Rule-Making Instrument	means an instrument by which Rules are made by the Regulator.
Rules of Market Conduct	means Rules made by the Regulator in accordance with section 96.
Scheme Report	means a report made in accordance with section 89.
Secondary Material	means material, other than material falling within section 255(1)(a) which— (a) was considered by the Regulator in reaching the decision mentioned in that section; or (b) was obtained by the Regulator in connection with the matter to which that notice relates but which was not considered by it in reaching that decision.
Section 105 Notice	means a notice given under section 105(3)(a).
Section 180 Requirement	has the meaning given to that term in section 181(1).
Security	means— (a) any investment of the kind specified by any of paragraphs 87 to 95 of Schedule 1;

	(b) so far as relevant to any such investment, paragraph 98 of Schedule 1; (c) any investment set out in paragraphs (a) and (b) which falls within the scope of paragraph 99 of Schedule 1; and (d) any other Specified Investment declared to be a Security in Rules made by the Regulator.
Seized Document	means any Document of which possession is taken under section 212.
Sell or Selling	includes, in relation to any investment, disposing of the investment for valuable consideration, and for these purposes "disposing" includes— (a) in the case of an investment consisting of rights under a contract— (i) surrendering, assigning or converting those rights; or (ii) assuming the corresponding liabilities under the contract; (b) in the case of an investment consisting of rights under other arrangements, assuming the corresponding liabilities under the arrangements; and (c) in the case of any other investment, issuing or creating the investment or granting the rights or interests of which it consists.
Settlement	(a) means, in relation to a Market Contract, the discharge of the rights and liabilities of the parties to the contract, whether by performance, compromise or otherwise; and (b) includes, in relation to a Clearing Member Client Contract or a Clearing Member House Contract, a reference to its liquidation.
Shareholder	means a natural person or legal entity governed by private or public law, who holds, directly or indirectly— (a) Shares of the Issuer in its own name and on its own account;

	(b) Shares of the Issuer in its own name, but on behalf of another natural person or legal entity; or (c) depository receipts, in which case the holder of the depository receipt shall be considered as the shareholder of the underlying Shares represented by the depository receipts.
Shares	means— (a) in relation to an undertaking with a share capital, means allotted shares; (b) in relation to an undertaking with capital but no share capital, means rights to share in the capital of the undertaking; (c) in relation to an undertaking without capital, means interests— (i) conferring any right to share in the profits, or liability to contribute to the losses, of the undertaking, or (ii) giving rise to an obligation to contribute to the debts or expenses of the undertaking in the event of a winding up.
Shari'a Supervisory Board	means the board comprising individuals appointed by an Authorised Person and entrusted with the duty of directing, reviewing and supervising the activities of the Authorised Person conducting Islamic Financial Business in order to ensure that the Authorised Person comply with Shari'a.
Solicited Real Time Communication	has the meaning given to that term in paragraph 1(e) of Schedule 2.
Special Resolution	means, in relation to a Domestic Fund, a resolution passed by a majority of not less than 75 per cent. of the votes validly cast (whether on a show of hands or on a poll) for and against the resolution at a general meeting or class of meeting of Unitholders, of which notice specifying the intention to propose the resolution as a special resolution has been duly given.
Specified	means (except when used in the expressions "Specified Benchmark" and "Specified Investment"), for the purposes of—

	(a) sections 4, 5, 6, 7, 129, 169, 189 and 200 specified in the Rules made by the Regulator; (b) section 201, specified in the notice given under section 201(1); (c) section 202, specified in the direction given under that section; (d) section 206, specified in a notice in writing; and (e) section 234, specified in the Prohibition Order.
Specified Benchmark	has the meaning given to that term in paragraph 68(2)(c) of Schedule 1.
Specified Investment	means an investment falling within paragraphs 85 to 99 of Schedule 1, without regard to any applicable exclusions or exemptions set out in that Schedule.
Sub-Fund	means a separate pool of Fund Property within an Umbrella Fund.
Subsidiary Undertaking	has the meaning given to that term in the Companies Regulations 2015.
Sukuk	means the arrangements falling within paragraph 89(2) of Schedule 1.
Suspension	means a suspension of Listing in accordance with section 53.
Takeover	means takeover and merger transactions however effected, including arrangements which have similar commercial effect to takeovers, partial bids, bid by a parent Company for Shares in its subsidiary and (where appropriate) Share repurchases by general bid.
Third Party	for the purposes of— (a) sections 21 to 23, has the meaning given to that term in section 22(1)(b); and (b) section 254, means the party referred to in subsections (1)(a) and (4)(a) of that section.
Threshold Condition Rules	means the Rules made under section 7(2).
Threshold Conditions	has the meaning given to that term in section 7(2).
Trade Repository	means a legal person that centrally collects and maintains the records of Derivatives.

Trading	includes, for the purposes of section 180, trading taking place other than on a Recognised Investment Exchange or Multilateral Trading Facility.
Transfer	means— (a) in relation to a Market Contract— (i) an assignment; (ii) a novation; (iii) terminating or closing out the Market Contract and establishing an equivalent position between different parties; and (iv) establishing an equivalent position between different parties where, as a result of or immediately prior to the Default, the Market Contract was terminated or closed out. For the purposes of this definition— (a) where a Market Contract is recorded in the accounts of a Recognised Clearing House as a position held for the account of an Indirect Client or group of Indirect Clients, the Clearing Member Client Contract is to be treated as having been transferred if the position is transferred to a different account at the Recognised Clearing House; and (b) a reference to a transfer of a Qualifying Collateral Arrangement includes an assignment or a novation.
Transfer Scheme	has the meaning given to that term in section 85(2).
Trust Administration Services	means, the provision of administration services to a trust, including— (a) the keeping of accounting records relating to an express trust and the preparation of trust accounts; (b) the preparation of trust instruments or other documents relating to an express trust; (c) the management and administration of trust assets subject to an express trust;

	(d) dealing with trust assets subject to an express trust, including the investment, transfer and disposal of such assets; (e) the distribution of trust assets subject to an express trust; and (f) the payment of expenses or remuneration out of an express trust.
Trust Deed	means the deed entered into by a Fund Manager and the Trustee to create an Investment Trust.
Trustee	means, in relation to a Fund, the person who is appointed under a Trust Deed as the trustee of an Investment Trust to hold the Fund's Property on trust for the Unitholders and to oversee the operation of the Fund and, in relation to a Domestic Fund, is authorised under its Financial Services Permission to Act as the Trustee of an Investment Trust.
U.A.E.	means the United Arab Emirates.
Umbrella Fund	has the meaning given to that term in the Rules made by the Regulator.
Undertaking	has, for the purposes of section 261, the same meaning given to that term as in the Companies Regulations 2015.
Unitholders	has the meaning given to that term in section 106(2).
Units	means the rights or interests (however described) of the Unitholders in a Collective Investment Fund.
Unlawful Communication	means, for the purposes of section 25, a communication in relation to which there has been a contravention of section 18.
Unsolicited Real Time Communication	has the meaning given to that term in paragraph 1(f) of Schedule 2.
Voting Shares	in relation to a Body Corporate and for the purposes of paragraph 78 of Schedule 1 and paragraph 32 of Schedule 2, means Shares carrying voting rights attributable to share capital which are exercisable in all circumstances at any general meeting of that Body Corporate.
Winding-Up	means a voluntary winding-up or winding up by the Court performed in accordance with Part 3 of the Insolvency Regulations 2015.

Zone 1	means any of Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Iceland, Ireland, Italy, Japan, Luxembourg, Netherlands, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, United Kingdom and the United States of America.

(2) For the purposes of any provision of these Regulations (other than a provision of Part 6) authorising or requiring a person to do anything within a specified number of days no account is to be taken of any day which is a public holiday in any part of the Abu Dhabi Global Market.

259. **Carrying on Regulated Activities in the Abu Dhabi Global Market**

(1) In the cases described in this section, a person who—

(a) is carrying on a Regulated Activity; but

(b) would not otherwise be regarded as carrying it on in the Abu Dhabi Global Market;

is, for the purposes of these Regulations, to be regarded as carrying it on in the Abu Dhabi Global Market.

(2) The first case is where—

(a) his registered office (or if he does not have a registered office his head office) is in the Abu Dhabi Global Market;

(b) the day-to-day management of the carrying on of the Regulated Activity is the responsibility of—

(i) his registered office (or head office); or

(ii) another establishment maintained by him in the Abu Dhabi Global Market.

(3) The second case is where—

(a) his head office is not in the Abu Dhabi Global Market; but

(b) the activity is carried on from an establishment maintained by him in the Abu Dhabi Global Market.

260. **Group**

(1) In these Regulations, "Group", in relation to a person ("A"), means A and any person who is—

(a) a Parent Undertaking of A;

(b) a Subsidiary Undertaking of A;

(c) a Subsidiary Undertaking of a Parent Undertaking of A;

(d) a Parent Undertaking of a Subsidiary Undertaking of A; or

(e) an undertaking in which A or an undertaking mentioned in paragraph (a), (b), (c) or (d) has a participating interest.

(2) "Participating Interest" has the meaning given to that term in section 261, but also includes an interest held by an individual which would be a Participating Interest for the purposes of those provisions if he were taken to be an undertaking.

261. **Meaning of "Participating Interest"**

(1) In section 260, a "Participating Interest" means an interest held by an Undertaking in the Shares of another Undertaking which it holds on a long-term basis for the purpose of securing a contribution to its activities by the exercise of control or influence arising from or related to that interest.

(2) A holding of 20 per cent. or more of the Shares of an Undertaking is presumed to be a Participating Interest unless the contrary is shown.

(3) The reference in subsection (1) to an interest in Shares includes—

(a) an interest which is convertible into an interest in Shares; and

(b) an option to acquire Shares or any such interest;

and an interest or option falls within paragraph (a) or (b) notwithstanding that the Shares to which it relates are, until the conversion or the exercise of the option, unissued.

(4) For the purposes of this section an interest held on behalf of an Undertaking shall be treated as held by it.

262. **Consequential and supplementary provision**

The Regulator may by Rules which make such incidental, consequential, transitional or supplemental provision as it considers necessary or expedient for the general purposes, or any particular purpose, of these Regulations or in consequence of any provision made by or under these Regulations or for giving full effect to these Regulations or any such provision.

263. **International obligations**

The Regulator may not take, or omit to take, any action (including, without limitation, making any Rules under these Regulations) if such act or omission would constitute a breach of, or cause the U.A.E. to be in breach of, any obligations to which it may be subject under any treaty or any applicable provision of international law.

264. **Commercial Licensing Regulations 2015**

Section 41(2) of the Commercial Licensing Regulations 2015 does not apply to any contravention of these Regulations or of any Rules made under these Regulations.

265. **Short title, extent and commencement**

(1) These Regulations may be cited as the Financial Services and Markets Regulations 2015.

(2) These Regulations shall apply in the Abu Dhabi Global Market.

(3) Subject to section 140, these Regulations shall come into force on the date of their publication. The Board may by rules make any transitional, transitory, consequential, saving, incidental or supplementary provision in relation to the commencement of these Regulations as the Board thinks fit.

(4) Rules made under subsection (3) may amend any provision of any other enactment (including subordinate legislation made under such enactment).

Schedule 1

Regulated Activities

Section 19

Part 1

General

1. General

For the purposes of this Schedule, a transaction is entered into through a person if he enters into it as agent or arranges, in a manner constituting the carrying on of an activity of the kind specified by paragraph 16(1), for it to be entered into by another person as agent or principal.

2. Specification of activities and investments

(1) The following provisions of this Schedule specify kinds of activity for the purposes of section 19. Accordingly any activity of one of those kinds, which relates to an investment of a kind specified by any provision of Part 3 and applicable to that activity, is a Regulated Activity for the purposes of these Regulations.

(2) The kinds of activity specified by paragraphs 36, 43, 46, 52, 59, 60 61, 64(2), 65, 67, 68 and 72 are also specified for the purposes of section 19. Accordingly any activity of one of those kinds is a Regulated Activity (irrespective of the kind of property to which it relates and whether or not it is carried on in relation to property of any kind).

(3) Each provision specifying a kind of activity is subject to the exclusions applicable to that provision (including under Chapter 18). Accordingly any reference in this Schedule to an activity of the kind specified by a particular provision is to be read subject to any such exclusions.

3. By way of Business

(1) For the purpose of these Regulations, a person carries on an activity by way of business if the person—

(a) engages in the activity in a manner which in itself constitutes the carrying on of a business;

(b) holds himself out as willing and able to engage in that activity; or

(c) regularly solicits other persons to engage with him in transactions constituting that activity.

Part 2 Activities

Chapter 1 Dealing in Investments

The activity

4. Dealing in Investments as Principal

Buying, Selling, subscribing for or underwriting Financial Instruments as principal is a specified kind of activity.

Exclusions

5. Absence of holding out etc.

(1) Subject to sub-paragraph (2), a person ("A") does not carry on an activity of the kind specified by paragraph 4 by entering into a transaction which relates to a Security (or is the assignment of a Contract of Insurance, or of an investment specified in paragraph 98, so far as relevant to such a contract), unless—

(a) A holds himself out as willing, as principal, to Buy, Sell or subscribe for investments of the kind to which the transaction relates at prices determined by him generally and continuously rather than in respect of each particular transaction;

(b) A holds himself out as engaging in the business of Buying investments of the kind to which the transaction relates with a view to Selling them;

(c) A holds himself out as engaging in the business of underwriting investments of the kind to which the transaction relates; or

(d) A regularly solicits members of the public with the purpose of inducing them, as principals or agents, to enter into transactions constituting activities of the kind specified by paragraph 4, and the transaction is entered into as a result of his having solicited members of the public in that manner.

(2) This paragraph does not apply where A enters into the transaction as bare trustee for another person and is acting on that other person's instructions.

6. Deals with or through Authorised Persons or Exempt Persons or through foreign licensed persons

(1) A person who is not an Authorised Person does not carry on an activity of the kind specified by paragraph 4 by entering into a transaction relating to a Derivative or a Contract of Insurance—

(a) with or through an Authorised Person, or an Exempt Person acting in the course of a business comprising a Regulated Activity in relation to which he is exempt; or

(b) through an office outside the Abu Dhabi Global Market maintained by a party to the transaction, and with or through a person whose head office is situated outside the Abu Dhabi Global Market and whose ordinary business involves him in carrying on activities of the kind specified by any of paragraphs 4, 12, 16, 28, 43, 56, 59, 60, 61 or, so far as relevant to any of those paragraphs, paragraphs 64 or 70 (or would do so apart from any exclusion from any of those paragraphs made by this Schedule).

7. Acceptance of instruments creating or acknowledging indebtedness

(1) A person does not carry on an activity of the kind specified by paragraph 4 by accepting an instrument creating or acknowledging indebtedness in respect of any loan, Credit, guarantee or other similar financial accommodation or assurance which he has made, granted or provided.

(2) The reference in sub-paragraph (1) to a person accepting an instrument includes a reference to a person becoming a party to an instrument otherwise than as a debtor or a surety.

8. Issue by a Company of its own Shares etc.

(1) There is excluded from paragraph 4 the issue by a Company of its own Shares or share warrants, and the issue by any person of his own debentures or debenture warrants.

(2) In this paragraph—

(a) "Company" means any Body Corporate other than an open-ended investment company;

(b) "Shares" and "debentures" include any investment of the kind specified by paragraphs 87 or 88 respectively;

(c) "share warrants" and "debenture warrants" mean any investment of the kind specified by paragraph 91 which relates to shares in the Company concerned or, as the case may be, debentures issued by the person concerned.

9. Dealing by a Body Corporate in its own Shares

(1) A Body Corporate does not carry on an activity of the kind specified by paragraph 4 by purchasing its own Shares where section 666 of the Companies Regulations 2015 (*Treasury shares*) applies to the Shares purchased.

(2) A Body Corporate does not carry on an activity of the kind specified by paragraph 4 by dealing in its own Shares held as treasury shares, in accordance with section 668 (*Treasury shares: disposal*) or 670 (*Treasury shares: cancellation*) of those Regulations.

(3) In this paragraph "shares held as treasury shares" has the same meaning as in the Companies Regulations 2015.

10. Risk management

(1) A person ("B") does not carry on an activity of the kind specified by paragraph 4 by entering as principal into a transaction with another person ("C") if—

(a) the transaction relates to investments of the kind specified by any of paragraphs 94 to 96 (or paragraphs 98 or 99 so far as relevant to any of those paragraphs);

(b) neither B nor C is an individual;

(c) the sole or main purpose for which B enters into the transaction (either by itself or in combination with other such transactions) is that of limiting the extent to which a

relevant business will be affected by any identifiable risk arising otherwise than as a result of the carrying on of a Regulated Activity; and

(d) the relevant business consists mainly of activities other than—

(i) Regulated Activities; or

(ii) activities which would be Regulated Activities but for any exclusion made by this Part.

(2) In sub-paragraph (1), "relevant business" means a business carried on by—

(a) B;

(b) a member of the same Group as B; or

(c) where B and another person are, or propose to become, participators in a Joint Enterprise, that other person.

11. Other exclusions

Paragraph 4 is also subject to the exclusions in paragraphs 74 (*Trustees etc.*), 76 (*Sale of goods and supply of services*), 77 (*Groups and Joint Enterprises*), 78 (*Sale of a Body Corporate*), 79 (*Non-Abu Dhabi Global Market Persons*), and 82 (*Insolvency Practitioners*).

The activity

12. Dealing in Investments as Agent

Buying, Selling, subscribing for or underwriting Financial Instruments as agent is a specified kind of activity.

Exclusions

13. Deals with or through Authorised Persons

(1) A person who is not an Authorised Person does not carry on an activity of the kind specified by paragraph 12 by entering into a transaction as agent for another person (the "client") with or through an Authorised Person if—

(a) the transaction is entered into on advice given to the client by an Authorised Person; or

(b) it is clear, in all the circumstances, that the client, in his capacity as an investor, is not seeking and has not sought advice from the agent as to the merits of the client's entering into the transaction (or, if the client has sought such advice, the agent has declined to give it but has recommended that the client seek such advice from an Authorised Person).

(2) But the exclusion in sub-paragraph (1) does not apply if—

(a) the transaction relates to a Contract of Insurance; or

(b) the agent receives from any person other than the client any pecuniary reward or other advantage, for which he does not account to the client, arising out of his entering into the transaction.

14. Risk management

For the purposes of this paragraph, paragraph 10 applies with the necessary changes, save that references in that paragraph to "principal" shall be construed as "agent" in this paragraph.

15. Other exclusions

Paragraph 12 is also subject to the exclusions in paragraphs 75 (*Profession or non-investment business*), 76 (*Sale of goods and supply of services*), 77 (*Groups and Joint Enterprises*), 78 (*Sale of a Body Corporate*), 79 (*Non-Abu Dhabi Global Market Persons*), 80 (*Insurance Intermediation: incidental basis*), and 82 (*Insolvency Practitioners*).

Chapter 2 Arranging Deals in Investments

The activities

16. Arranging Deals in Investments

(1) Making arrangements with a view to another person (whether as principal or agent) Buying, Selling, subscribing for or underwriting a Specified Investment is a specified kind of activity.

(2) Making arrangements with a view to a person who participates in the arrangements Buying, Selling, subscribing for or underwriting Specified Investments (whether as principal or agent) is also a specified kind of activity.

Exclusions

17. Arrangements not causing a deal

There are excluded from paragraph 16 arrangements which do not or would not bring about the transaction to which the arrangements relate.

18. Enabling parties to communicate

A person does not carry on an activity of the kind specified by paragraph 16 merely by providing means by which one party to a transaction (or potential transaction) is able to communicate with other such parties.

19. Arrangements which amount to a Operating a Multilateral Trading Facility or Organised Trading Facility

There are excluded from paragraph 16 arrangements which amount to Operating a Multilateral Trading Facility or Organised Trading Facility.

20. Arranging transactions to which the arranger is a party

(1) There are excluded from paragraph 16(1) any arrangements for a transaction into which the person making the arrangements enters or is to enter as principal or as agent for some other person.

(2) There are excluded from paragraph 16(2) any arrangements which a person makes with a view to transactions into which he enters or is to enter as principal or as agent for some other person.

21. Arranging deals with or through Authorised Persons

There are excluded from paragraphs 16(1) and (2) arrangements made by a person ("A") who is not an Authorised Person for or with a view to a transaction which is or is to be entered into by a person ("the client") with or through an Authorised Person if—

(a) the transaction is or is to be entered into on advice to the client by an Authorised Person; or

(b) it is clear, in all the circumstances, that the client, in his capacity as an investor or Borrower is not seeking and has not sought advice from A as to the merits of the client's entering into the transaction (or, if the client has sought such advice, A has declined to give it but has recommended that the client seek such advice from an Authorised Person).

22. Arranging transactions in connection with lending on the security of insurance policies

(1) There are excluded from paragraph 16(1) and (2) arrangements made by a Money-Lender under which either—

(a) a Relevant Authorised Person or a person acting on his behalf will introduce to the Money-Lender persons with whom the Relevant Authorised Person has entered, or proposes to enter, into a Relevant Transaction, or will advise such persons to approach the Money-Lender, with a view to the Money-Lender lending money on the security of any contract effected pursuant to a Relevant Transaction;

(b) a Relevant Authorised Person gives an assurance to the Money-Lender as to the amount which, on the security of any contract effected pursuant to a Relevant Transaction, will or may be received by the Money-Lender should the Money-Lender lend money to a person introduced to him pursuant to the arrangements.

23. Arranging the acceptance of debentures in connection with loans

(1) There are excluded from paragraph 16(1) and (2) arrangements under which a person accepts or is to accept, whether as principal or agent, an instrument creating or acknowledging indebtedness in respect of any loan, Credit, guarantee or other similar financial accommodation or assurance which is, or is to be, made, granted or provided by that person or his principal.

(2) The reference in sub-paragraph (1) to a person accepting an instrument includes a reference to a person becoming a party to an instrument otherwise than as a debtor or a surety.

24. Provision of finance

There are excluded from paragraph 16(2) arrangements having as their sole purpose the provision of finance to enable a person to Buy, Sell, subscribe for or underwrite investments.

25. Introducing

There are excluded from paragraph 16(2) arrangements where—

(a) they are arrangements under which persons ("clients") will be introduced to another person;

(b) the person to whom introductions are to be made is—

(i) an Authorised Person;

(ii) an Exempt Person acting in the course of a business comprising a Regulated Activity in relation to which he is exempt; or

(iii) a person who is not unlawfully carrying on Regulated Activities in the Abu Dhabi Global Market and whose ordinary business involves him in engaging in an activity of the kind specified by any of paragraphs 4, 12, 16, 28, 43, 56, 59, 60 and 61 (or, so far as relevant to any of those paragraphs, paragraphs 64 or 70), or would do so apart from any exclusion from any of those paragraphs made by this Schedule;

(c) the introduction is made with a view to the provision of independent advice or the independent exercise of discretion in relation to investments generally or in relation to any class of investments to which the arrangements relate; and

(d) the arrangements are made with a view to a person entering into a transaction which does not relate to a Contract of Insurance.

26. Arrangements for the issue of Shares etc.

(1) There are excluded from paragraph 16(1) and (2)—

(a) arrangements made by a Company for the purposes of issuing its own Shares or share warrants; and

(b) arrangements made by any person for the purposes of issuing his own debentures or debenture warrants;

and for the purposes of paragraph 16(1) and (2), a Company is not, by reason of issuing its own Shares or share warrants, and a person is not, by reason of issuing his own debentures or debenture warrants, to be treated as Selling them.

(2) In sub-paragraph (1), "Company", "Shares", "debentures", "share warrants" and "debenture warrants" have the meanings given by paragraph 8(2).

27. Other exclusions

Paragraph 16 is also subject to the exclusions in paragraphs 74 (*Trustees etc.*), 75 (*Profession or non-investment business*), 76 (*Sale of goods and supply of services*), 77 (*Groups and Joint Enterprises*), 78 (S*ale of a Body Corporate*), 79 (N*on-Abu Dhabi Global Market Persons*), 80 (*Insurance Intermediation: incidental basis*), 81 (*Provision of information on an incidental basis*), and 82 (*Insolvency Practitioners*).

Chapter 3 Advising on Investments or Credit

The activity

28. Advising on Investments or Credit

(1) Advising a person is a specified kind of activity if the advice is—

(a) advice on the merits of his doing any of the following (whether as principal or agent)—

(i) Buying, Selling, subscribing for or underwriting a particular investment which is a Specified Investment (other than a Credit Agreement) or a Profit Sharing Investment Account;

(ii) exercising any right conferred by such an investment to Buy, Sell, subscribe for or underwrite such an investment; or

(iii) entering into a Credit Agreement; and

(b) given to the person in his capacity as

(i) an investor or potential investor;

(ii) agent for an investor or a potential investor;

(iii) Borrower or potential Borrower; or

(iv) agent for a Borrower or potential Borrower.

(2) In sub-paragraph (1), "advice" includes a statement, opinion or report—

(a) where the intention is to influence a person, in making a decision, to select a particular financial product or an interest in a particular investment; or

(b) which could reasonably be regarded as being intended to have such an influence.

Exclusions

29. Advice given in newspapers etc.

(1) There is excluded from paragraph 28 the giving of advice in writing or other legible form if the advice is contained in a newspaper, journal, magazine, or other periodical Publication, or is given by way of a service comprising regularly updated news or information, if the principal purpose of the Publication or service, taken as a whole and including any advertisements or other promotional material contained in it, is neither—

(a) that of giving advice of a kind mentioned in paragraph 28; nor

(b) that of leading or enabling persons to Buy, Sell, subscribe for or underwrite Specified Investments.

(2) There is also excluded from paragraph 28 the giving of advice in any service consisting of the broadcast or transmission of television or radio programmes, if the principal purpose of the

service, taken as a whole and including any advertisements or other promotional material contained in it, is neither of those mentioned in sub-paragraph (1)(a) and (b).

(3) The Regulator may, on the application of the proprietor of any such Publication or service as is mentioned in sub-paragraph (1) or (2), certify that it is of the nature described in that paragraph, and may revoke any such certificate if it considers that it is no longer justified.

(4) A certificate given under sub-paragraph (3) and not revoked is conclusive evidence of the matters certified.

30. Other exclusions

Paragraph 28 is also subject to the exclusions in paragraphs 74 (*Trustees etc.*), 75, (*Profession or non-investment business*), 76 (*Sale of goods and supply of services*), 77 (*Groups and Joint Enterprises*), 78 (*Sale of a Body Corporate*), 79 (*Non-Abu Dhabi Global Market Persons*), 80 (*Insurance Intermediation: incidental basis*), and 82 (*Insolvency Practitioners*).

Chapter 4 Insurance

The Activities

31. Effecting Contracts of Insurance

Effecting a Contract of Insurance as principal is a specified kind of activity.

32. Carrying Out Contracts of Insurance as Principal

Carrying out a Contract of Insurance as Principal is a specified kind of activity.

33. Insurance Intermediation

(1) Insurance Intermediation is a specified kind of activity.

(2) Insurance Intermediation means—

(a) advising on Contracts of Insurance;

(b) acting as agent for another person in relation to the Buying or Selling of Contracts of Insurance for that other person; or

(c) making arrangements with a view to another person, whether as principal or agent, Buying Contracts of Insurance.

(3) In sub-paragraph (2)(a), "advising" means giving advice to a person in his capacity as a policyholder or potential policyholder, or in his capacity as agent for a policyholder or potential policyholder on the merits of his entering into a Contract of Insurance whether as principal or agent.

(4) In sub-paragraph (3), "advice" includes a statement, opinion or report—

(a) where the intention is to influence a person, in making a decision, to select a particular Contract of Insurance or insurance cover; or

(b) which could reasonably be regarded as being intended to have such influence.

(5) The arrangements in sub-paragraph (2)(c) include arrangements which do not bring about the transaction.

(6) The arrangements in sub-paragraph (2)(c) do not include arrangements of the kind described in paragraph 67 that constitute marketing.

(7) The exclusion in paragraph 29 applies to the activity specified in sub-paragraph (2)(a).

Exclusions

34. Entering Contracts of Insurance as Principal

A person does not carry on the activities specified in paragraph 33(2)(b) or (c) if he enters or is to enter into a transaction in respect of a Contract of Insurance as principal.

35. Other exclusions

(1) A person does not arrange a Contract of Insurance merely by providing the means by which one party to a transaction is able to communicate with other such parties.

(2) An Authorised Person does not advise in relation to a Contract of Insurance if it is authorised under its Financial Services Permission to carry on the Regulated Activity of Advising on Investments or Credit, to the extent the advice relates to a Contract of Long-Term Insurance not being a contract of reinsurance.

(3) An Authorised Person does not arrange a Contract of Insurance if it is authorised under its Financial Services Permission to carry on the Regulated Activity of Arranging Deals in Investments, to the extent that the arranging relates to rights under a Contract of Long-Term Insurance not being a contract of reinsurance.

(4) The exclusions in paragraphs 75 and 81 apply to the activity specified in paragraph 33.

The activity

36. Insurance Management

(1) Insurance Management is a specified kind of activity.

(2) Insurance Management means providing management services or exercising managerial functions for an Insurer.

(3) In sub-paragraph (2) management services and managerial functions include administration and underwriting.

Exclusions

37. Employees and Authorised Persons

(1) A person does not provide Insurance Management to an Insurer if he is an employee of that Insurer.

(2) An Authorised Person does not provide Insurance Management if it is an Insurer.

(3) The exclusion in paragraph 75 applies to the activity specified in paragraph 36.

Chapter 5 Accepting Deposits

The activity

38. Accepting Deposits

(1) Accepting Deposits is a specified kind of activity if—

(a) money received by way of Deposit is lent to others; or

(b) any other activity of the person accepting the Deposit is financed wholly, or to a material extent, out of the capital of or interest on money received by way of Deposit.

Exclusions

39. Sums paid by certain persons

(1) A sum is not a Deposit for the purposes of paragraph 38 if it is—

(a) paid by any of the following persons—

(i) an Authorised Person who has permission to Accept Deposits, or to Effect Contracts of Insurance or Carry Out Contracts of Insurance as Principal;

(ii) the International Bank for Reconstruction and Development;

(iii) the International Finance Corporation; and

(iv) the International Monetary Fund;

(b) paid by a person other than one mentioned in sub-paragraph (a) in the course of carrying on a business consisting wholly or to a significant extent of lending money;

(c) paid by one Body Corporate to another at a time when both are members of the same Group or when the same individual is a majority Shareholder of both of them or when both are or propose to become participators in a Joint Enterprise and the sum is paid for the purpose of or in connection with that enterprise;

(d) paid by a person who, at the time when it is paid, is a Close Relative of the person receiving it or who is, or is a Close Relative of, a Director or manager of that person or who is, or is a Close Relative of, a Controller of that person; or

(e) paid by a person by way of investment in a Profit Sharing Investment Account.

(2) In the application of sub-paragraph (d) to a sum paid by a Partnership, that sub-paragraph is to have effect as if, for the reference to the person paying the sum, there were substituted a reference to each of the Partners.

40. Sums received by lawyers etc.

(1) A sum is not a Deposit for the purposes of paragraph 38 if it is received by a practising lawyer acting in the course of his profession.

(2) In sub-paragraph (1), "practising lawyer" means a lawyer who is qualified to act as such under the laws of any jurisdiction.

41. Sums received in consideration for the issue of debt financial instruments

(1) Subject to sub-paragraph (2), a sum is not a Deposit for the purposes of paragraph 38 if it is received by a person as consideration for the issue by him of any investment of the kind specified by paragraphs 88, 89 or 90.

(2) The exclusion in sub-paragraph (1) does not apply to the receipt by a person of a sum as consideration for the issue by him of commercial paper unless—

(a) the commercial paper is issued to persons—

(i) whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses; or

(ii) who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses; and

(b) the redemption value of the commercial paper is not less than 150,000 US Dollars (or an amount of equivalent value denominated wholly or partly in a currency other than US Dollars), and no part of the commercial paper may be transferred unless the redemption value of that part is not less than 150,000 US Dollars (or such an equivalent amount).

(3) In sub-paragraph (2), "commercial paper" means an investment of the kind specified by paragraph 88, 89 or 90 having a maturity of less than one year from the date of issue.

42. Other exclusions

(1) A person who carries on an activity of the kind specified by paragraph 38 is not to be regarded as doing so by way of business if—

(a) he does not hold himself out as Accepting Deposits on a day-to-day basis; and

(b) any Deposits which he accepts are accepted only on particular occasions, whether or not involving the issue of any Financial Instruments.

(2) In determining for the purposes of sub-paragraph (1)(b) whether Deposits are accepted only on particular occasions, regard is to be had to the frequency of those occasions and to any characteristics distinguishing them from each other.

(3) A sum is not a Deposit for the purposes of paragraph 38 if it is received by a person who is—

(a) an Authorised Person with a Financial Services Permission to carry on the Regulated Activities specified in paragraphs 4, 12, 16, 56, 59, 60 or 61 (or, in so far as it relates to such activities, the activity specified in paragraph 64); or

(b) an Exempt Person in relation to any such activity,

in the course of, or for the purposes of, carrying on any such activity (or any activity which would be such an activity but for any exclusion made by this Schedule) with or on behalf of the person by or on behalf of whom the sum is paid.

Chapter 6 Custody

The activities

43. Providing Custody

(1) Each of the following activities—

(a) safeguarding of Financial Instruments or other assets belonging to another;

(b) in the case of a Fund, safeguarding Fund Property;

(c) Acting as a Central Securities Depository; or

(d) administering the assets, Financial Instruments or Fund Property for the purpose of sub-paragraphs (a) and (b);

is a specified kind of activity.

(2) For the purposes of this paragraph—

(a) it is immaterial that title to the assets is held in uncertificated form; and

(b) it is immaterial that the assets may be transferred to another person, subject to a commitment that they will be replaced by equivalent assets at some future date or when so requested by the person to whom they belong.

44. Activities not constituting administration

The following activities do not constitute the administration of assets for the purposes of paragraph 43—

(a) providing information as to the number of Units or the value of any assets in respect of which custody is provided;

(b) converting currency; or

(c) receiving Documents relating to an investment solely for the purpose of onward transmission to, from or at the direction of the person to whom the investment belongs.

45. Other exclusions

Paragraph 43 is also subject to the exclusions in paragraphs 74 (*Trustees etc.*), 75 (*Profession or non-investment business*), 76 (*Sale of goods and supply of services*), 77 (*Groups and Joint Enterprises*), 81 (*Provisions of information on an incidental basis*) and 82 (*Insolvency Practitioners*).

46. Arranging Custody

Arranging for one or more persons to carry on the activity described in paragraph 43 is a specified kind of activity.

47. Exclusions

(1) A person ("the introducer") does not Arrange Custody by introducing a person to another person ("the custodian") who is authorised by the Regulator or a Non-Abu Dhabi Global Market Regulator to carry on the activity described in paragraph 43, if the introducer is not connected with the custodian.

(2) For the purposes of sub-paragraph (1) an introducer is connected to a custodian if—

(a) the custodian is a member of the same Group as the introducer; or

(b) the introducer is remunerated by the custodian or a member of the custodian's Group for making the introduction.

Chapter 7 Credit

The Activity

48. Providing Credit

(1) Entering into a Credit Agreement with a person in his capacity as a Borrower or potential Borrower is a specified kind of activity.

(2) It is a specified kind of activity for the Lender or another person to exercise, or to have the right to exercise, the Lender's rights and duties under a Credit Agreement.

Exclusions

49. Incidental or connected lending and general exclusions

(1) An Authorised Person does not enter into a Credit Agreement as Lender where entering into the agreement is incidental to or in connection with transactions in Specified Investments (other than Credit Agreements) or the carrying on of the Regulated Activities of Effecting Contracts of Insurance or Carrying Out Contracts of Insurance as Principal.

(2) Paragraph 48 is also subject to the exclusions in paragraphs 76, 77 and 83.

The activity

50. Arranging Credit

Making arrangements for another person, whether as principal or agent, to borrow money by way of a Credit Agreement is a specified kind of activity.

51. Exclusions

(1) A person does not Arrange Credit by—

(a) providing means by which one party to a transaction is able to communicate with other such parties;

(b) making arrangements under which another person accepts or is to accept an instrument creating or acknowledging indebtedness in respect of any loan, Credit, guarantee or other similar financial accommodation which he or his principal has made or provided;

(c) making arrangements having as their sole purpose the provision of finance to enable a person to Buy, Sell, subscribe for or underwrite investments; or

(d) making arrangements for the issue or redemption of Securities issued by it.

(2) A person does not Arrange Credit if the activity—

(a) is carried on in the course of carrying on the activities specified in Rules 4 or 5 of the Commercial Licensing Regulations 2015 (Controlled Activities) Rules 2015, which does not otherwise consist of the carrying on of Regulated Activities;

(b) may reasonably be regarded as a necessary part of any other services provided in the course of carrying on the activities specified in those rules; and

(c) is not remunerated separately from the other services.

Chapter 8 Money Services

The activity

52. Providing Money Services

Providing currency exchange or Money Transmission is a specified kind of activity.

Exclusion

53. Connected Services

An Authorised Person does not Provide Money Services if it does so in relation to the carrying on of another Regulated Activity where Providing Money Services is in connection with and a necessary part of that other Regulated Activity.

Chapter 9 Operating Multilateral and Organised Trading Facilities

The activities

54. Operating a Multilateral Trading Facility or Organised Trading Facility

The operation of a Multilateral Trading Facility or Organised Trading Facility on which Financial Instruments are traded is a specified kind of activity.

Exclusion

55. Order Routing

A person does not Operate a Multilateral Trading Facility or Organised Trading Facility if it operates a facility which is merely an order routing system where Buying and Selling interests in, or orders for, Financial Instruments are merely transmitted but do not interact.

Chapter 10 Managing Assets

The activity

56. Managing Assets

Managing on a discretionary basis assets belonging to another person is a specified kind of activity if the assets include any Financial Instrument or rights under a Contract of Long-Term Insurance, not being a contract of reinsurance.

Exclusions

57. Attorneys

(1) A person does not carry on an activity of the kind specified by paragraph 56 if—

(a) he is a person appointed to manage the assets in question under a power of attorney; and

(b) all routine or day-to-day decisions, so far as relating to investments of a kind mentioned in paragraph 56, are taken on behalf of that person by—

(i) an Authorised Person with permission to carry on activities of the kind specified by paragraph 56;

(ii) a person who is an Exempt Person in relation to activities of that kind; or

(iii) a Non-Abu Dhabi Global Market Person.

58. Other exclusions

Paragraph 56 is also subject to the exclusions in paragraphs 74 (*Trustees etc.*) 76 (*Sale of goods and supply of services*), 77 (*Groups and Joint Enterprises*), 81 (*Provision of information on an incidental basis*) and 82 (*Insolvency Practitioners*).

Chapter 11 Collective Investment

The activities

59. Managing a Collective Investment Fund

(1) Managing a Collective Investment Fund is a specified kind of activity.

(2) A person manages a Collective Investment Fund when the person—

(a) is legally accountable to the Unitholders in the Collective Investment Fund for the management of the property held for or within a Collective Investment Fund under the Collective Investment Fund's Constitution; and

(b) establishes, manages or otherwise operates or winds up a Collective Investment Fund.

60. Acting as the Administrator of a Collective Investment Fund

(1) Acting as the Administrator of a Collective Investment Fund is a specified kind of activity.

(2) Acting as the Administrator of a Collective Investment Fund means providing one or more of the following services in relation to a Collective Investment Fund—

(a) processing dealing instructions including subscriptions, redemptions, stock transfers and arranging settlements;

(b) valuing of assets and performing net asset value calculations;

(c) maintaining the share register and Unitholder registration details;

(d) performing anti-money laundering functions;

(e) undertaking transaction monitoring and reconciliation functions;

(f) performing administrative activities in relation to banking, Cash management, treasury and foreign exchange;

(g) producing financial statements, other than as the Collective Investment Fund's auditor; or

(h) communicating with participants, the Collective Investment Fund, the Collective Investment Fund manager, and investment managers, the prime brokers, the Regulator and any other parties in relation to the administration of the Collective Investment Fund.

61. Acting as the Trustee of an Investment Trust

(1) Acting as the Trustee of an Investment Trust is a specified kind of activity.

(2) A person Acts as the Trustee of an Investment Trust when the person holds the assets of a Collective Investment Fund on trust for the Unitholders where the Collective Investment Fund is in the form of an Investment Trust.

Exclusions

62. Acting as agent, employee or delegate of an Investment Trust

A person does not Act as the Trustee of an Investment Trust merely because he is acting as an agent, employee or delegate of such trustee.

63. Other exclusions

(1) Paragraphs 59, 60 and 61 are also subject to the exclusion in paragraph 82 (*Insolvency Practitioners*); and

(2) Managing a Profit Sharing Investment Account shall not constitute a Regulated Activity under Chapter 11, but shall constitute a Regulated Activity solely under paragraph 64.

Chapter 12 Islamic Finance

64. Shari'a-compliant Regulated Activities

(1) Carrying on an activity specified in any of paragraphs 4, 12, 16, 28 (subject to the specific exclusions to those paragraphs made in Rules made by the Regulator), 31, 32, 33, 36, 38, 43, 46, 48, 50, 52, 54, 56, 59, 60, 61, 65, 67, 68, 70 or 72 (subject to any exclusions to those paragraphs made by this Schedule) in a manner that complies with Shari'a is a specified kind of activity.

(2) Managing a Profit Sharing Investment Account is a specified kind of activity if an account or portfolio is managed as a Profit Sharing Investment Account.

Chapter 13 Operating a Credit Rating Agency

The activity

65. Operating a Credit Rating Agency

(1) Operating a Credit Rating Agency means undertaking one or more Credit Rating Activities for the purpose of producing a Credit Rating with a view to that Credit Rating being—

(a) disseminated to the public; or

(b) distributed to a person by subscription;

whether or not it is in fact disseminated or distributed.

(2) For the purposes of sub-paragraph (1)—

(a) Credit Rating Activities are data and information analysis relating to a Credit Rating or the evaluation, approval, issue or review of a Credit Rating; and

(b) a Credit Rating is an opinion expressed using an established and defined ranking system of rating categories regarding the creditworthiness of a Rating Subject.

(3) In sub-paragraph (2), a Rating Subject means—

(a) a person other than a natural person;

(b) a credit commitment; or

(c) a debt or debt-like Specified Investment.

Exclusions

66. Preparing credit scores etc.

A person does not Operate a Credit Rating Agency where that person prepares any credit scores, credit scoring systems or similar assessments relating to obligations arising from consumer, commercial or industrial relationships.

Chapter 14 Operating a Representative Office

The activity

67. Operating a Representative Office

(1) Operating a Representative Office is a Regulated Activity.

(2) Operating a Representative Office means the marketing, from an establishment in the Abu Dhabi Global Market, of one or more financial services or investments which are offered in a jurisdiction other than the Abu Dhabi Global Market.

(3) For the purposes of this paragraph, "marketing" means—

(a) providing information on one or more investments or financial services;

(b) engaging in promotions in relation to such information provision; or

(c) making introductions or referrals in connection with the offer of financial services or investments;

provided that such activities do not constitute—

(i) advising on Specified Investments; or

(ii) receiving and transmitting orders in relation to a Specified Investment.

(4) An Authorised Person which is authorised to Operate a Representative Office may not have a Financial Services Permission to carry on any other Regulated Activity.

(5) An Authorised Person which does not have a Financial Services Permission to Operate a Representative Office does not Operate a Representative Office if it undertakes any activities of the kind described in sub-paragraph (3) that constitute marketing.

(6) Any communication which amounts to marketing in respect of a financial service or investment, which is issued by or on behalf of a Government or non-commercial governmental entity, does not constitute marketing for the purposes of sub-paragraph (3).

Chapter 15 Specified Benchmarks

The activities

68. Specified Benchmarks

(1) The following are specified kinds of activity—

(a) Providing Information in Relation to a Specified Benchmark;

(b) Administering a Specified Benchmark.

(2) In this Chapter—

(a) "Administering" a Specified Benchmark means—

(i) administering the arrangements for determining a Specified Benchmark;

(ii) collecting, analysing or processing information or expressions of opinion provided for the purpose of determining a Specified Benchmark;

(iii) determining a Specified Benchmark through the application of a formula or other method of calculation to the information or expressions of opinion provided for that purpose;

(b) "Providing Information" in relation to a Specified Benchmark means providing any information or expression of opinion that is—

(i) provided to, or for the purpose of passing to, a person who has permission to carry on the activity specified in sub-paragraph (1)(b) in relation to that Specified Benchmark;

(ii) required in connection with the determination of the Specified Benchmark; and

(iii) provided for the purpose of determining the Specified Benchmark; and

(c) "Specified Benchmark" means a benchmark specified in the Rules made by the Regulator.

Exclusion

69. Publicly available factual data and subscription services

A person does not carry on an activity of the kind specified by paragraph 68(1)(a) in relation to a Specified Benchmark where the information provided—

(a) consists solely of factual data obtained from a publicly available source; or

(b) is—

(i) compiled by a subscription service for purposes other than in connection with the determination of a Specified Benchmark;

(ii) provided to a person who has permission to carry on an activity of the kind specified by paragraph 68(1)(b) and who is a subscriber to the service; and

(iii) provided to such a person only in that person's capacity as a subscriber.

Chapter 16 Agreeing to Carry On Specified Kinds of Activity

The activity

70. Agreeing to Carry On Specified Kinds of Activity

Agreeing to carry on an activity of the kind specified by any other provision of this Part (other than paragraphs 31, 32, 38, 54, 59, 60 and 61) is a specified kind of activity.

Exclusions

71. Non-Abu Dhabi Global Market Persons etc.

Paragraph 70 is subject to the exclusions in paragraphs 79 (*Non-Abu Dhabi Global Market Persons*), and 82 (*Insolvency Practitioners*).

Chapter 17 Providing Trust Services

The activity

72. Providing Trust Services

(1) Providing Trust Services is a specified kind of activity.

(2) Providing Trust Services means—

(a) the provision of services with respect to the creation of an express trust;

(b) arranging for any person to act as a trustee in respect of any express trust;

(c) acting as trustee in respect of an express trust; or

(d) the provision of Trust Administration Services in respect of an express trust.

Exclusions

73. Exclusions

(1) A person ("A") licensed under the Commercial Licensing Regulations 2015 to carry on the activities specified in Rules 4 or 5 of the Commercial Licensing Regulations 2015 (Controlled Activities) Rules 2015 does not Provide Trust Services where it only—

(a) arranges for a person to act as trustee in respect of an express trust; or

(b) provides services with respect to the creation of an express trust;

provided that—

(i) the provision of such services is solely incidental to the ordinary business of A; and

(ii) A is not holding itself out as Providing Trust Services.

(2) A person is not Providing Trust Services if that person is the Trustee of an Investment Trust and the activities are in connection with or arise from, Acting as the Trustee of an Investment Trust.

Chapter 18
Exclusions Applying to Several Specified Kinds of Activity

74. Trustees, nominees and personal representatives

(1) A person ("X") does not carry on an activity of the kind specified by paragraph 4 where he enters into a transaction as bare trustee for another person ("Y") and—

(a) X is acting on Y's instructions; and

(b) X does not hold himself out as providing a service of buying and selling Securities, Derivatives or Contracts of Insurance.

(2) Subject to sub-paragraph (5), there are excluded from paragraphs 16(1) and (2) arrangements made by a person acting as trustee or personal representative for or with a view to a transaction which is or is to be entered into—

(a) by that person and a fellow trustee or personal representative (acting in their capacity as such); or

(b) by a beneficiary under the trust, will or intestacy.

(3) Subject to sub-paragraph (5), there is excluded from paragraphs 43 or 56 any activity carried on by a person acting as trustee or personal representative, unless he holds himself out as providing a service comprising an activity of the kind specified by paragraphs 43 or 56.

(4) Subject to sub-paragraph (5), there is excluded from paragraph 28 the giving of advice by a person acting as trustee or personal representative where he gives the advice to—

(a) a fellow trustee or personal representative for the purposes of the trust or the estate; or

(b) a beneficiary under the trust, will or intestacy concerning his interest in the trust fund or estate.

(5) Sub-paragraphs (2), (3) and (4) do not apply if the person carrying on the activity is remunerated for what he does in addition to any remuneration he receives as trustee or personal representative, and for these purposes a person is not to be regarded as receiving additional remuneration merely because his remuneration is calculated by reference to time spent.

75. Activities carried on in the course of a profession or non-investment business

(1) There is excluded from paragraphs 12, 16(1) and (2), 28, 33, 36 and 43 any activity which—

(a) is carried on in the course of carrying on any profession or business which does not otherwise consist of the carrying on of Regulated Activities in the Abu Dhabi Global Market; and

(b) may reasonably be regarded as a necessary part of other services provided in the course of that profession or business.

(2) But the exclusion in sub-paragraph (1) does not apply if the activity in question is remunerated separately from the other services.

76. Activities carried on in connection with the sale of goods or supply of services

(1) Subject to sub-paragraphs (10), (11) and (12), this paragraph concerns certain activities carried on for the purposes of or in connection with the sale of goods or supply of services by a supplier to a Customer, where "supplier" means a person whose main business is to sell goods or supply services and not to carry on any activities of the kind specified by any of

paragraphs 4, 12, 16, 28, 33, 36, 43, 48, 56, 59, 60 and 61 where the supplier is a member of a Group, also means any other member of that Group.

(2) In this paragraph "related sale or supply" means a sale of goods or supply of services to the Customer otherwise than by the supplier, but for or in connection with the same purpose as the sale or supply mentioned above.

(3) There is excluded from paragraph 4 any transaction entered into by a supplier with a Customer, if the transaction is entered into for the purposes of or in connection with the sale of goods or supply of services, or a related sale or supply.

(4) There is excluded from paragraph 12 any transaction entered into by a supplier as agent for a Customer, if the transaction is entered into for the purposes of or in connection with the sale of goods or supply of services, or a related sale or supply, and provided that—

(a) the supplier does not hold himself out (other than to the Customer) as engaging in the business of Buying Financial Instruments of the kind to which the transaction relates with a view to Selling them, and does not regularly solicit members of the public for the purpose of inducing them (as principals or agents) to Buy, Sell, subscribe for or underwrite Financial Instruments; or

(b) the supplier enters into the transaction—

(i) with or through an Authorised Person, or an Exempt Person acting in the course of a business comprising a Regulated Activity in relation to which he is exempt; or

(ii) through an office outside the Abu Dhabi Global Market maintained by a party to the transaction, and with or through a person whose head office is situated outside the Abu Dhabi Global Market and whose ordinary business involves him in carrying on activities of the kind specified by any of paragraphs 4, 12, 16, 28, 33, 36, 43, 48, 56, 59, 60, 61 or, so far as relevant to any of those paragraphs, paragraph 70, or would do so apart from any exclusion from any of those paragraphs made by this Schedule.

(5) There are excluded from paragraph 16(1) and (2) arrangements made by a supplier for, or with a view to, a transaction which is or is to be entered into by a Customer for the purposes of or in connection with the sale of goods or supply of services, or a related sale or supply.

(6) There is excluded from paragraph 56 any activity carried on by a supplier where the assets in question—

(a) are those of a Customer; and

(b) are managed for the purposes of or in connection with the sale of goods or supply of services, or a related sale or supply.

(7) There is excluded from paragraph 43 any activity carried on by a supplier where custody over the assets in question is or is to be provided for the purposes of or in connection with the sale of goods or supply of services, or a related sale or supply.

(8) There is excluded from paragraph 28 the giving of advice by a supplier to a Customer for the purposes of or in connection with the sale of goods or supply of services, or a related sale or

supply, or to a person with whom the Customer proposes to enter into a transaction for the purposes of or in connection with such a sale or supply or related sale or supply.

(9) There is excluded from paragraph 48 the entering into of a Credit Agreement by a supplier with a Customer for the purposes of or in connection with the sale of goods or supply of services, or a related sale or supply.

(10) Sub-paragraphs (3), (4) and (5) do not apply in the case of a transaction for the sale or purchase of a Contract of Insurance, an investment of the kind specified by paragraph 93, or an investment of the kind specified by paragraph 98 so far as relevant to such a contract or such an investment.

(11) Sub-paragraph (6) does not apply where the assets managed consist of Contracts of Insurance, investments of the kind specified by paragraph 93, or investments of the kind specified by paragraph 98 so far as relevant to such contracts or such investments.

(12) Sub-paragraph (8) does not apply in the case of advice in relation to an investment which is a Contract of Insurance, is of the kind specified by paragraph 93, or is of the kind specified by paragraph 98 so far as relevant to such a contract or such an investment.

77. Groups and Joint Enterprises

(1) There is excluded from paragraph 4 any transaction into which a person enters as principal with another person if that other person is also acting as principal and—

(a) they are members of the same Group; or

(b) they are, or propose to become, participators in a Joint Enterprise and the transaction is entered into for the purposes of or in connection with that enterprise.

(2) There is excluded from paragraph 12 any transaction into which a person enters as agent for another person if that other person is acting as principal, and the condition in sub-paragraph (1)(a) or (b) is met, provided that—

(a) the agent does not hold himself out (other than to members of the same Group or persons who are or propose to become participators with him in a Joint Enterprise) as engaging in the business of Buying Financial Instruments of the kind to which the transaction relates with a view to Selling them, and does not regularly solicit members of the public for the purpose of inducing them (as principals or agents) to Buy, Sell, subscribe for or underwrite Financial Instruments;

(b) the agent enters into the transaction—

(i) with or through an Authorised Person, or an Exempt Person acting in the course of a business comprising a Regulated Activity in relation to which he is exempt; or

(ii) through an office outside the Abu Dhabi Global Market maintained by a party to the transaction, and with or through a person whose head office is situated outside the Abu Dhabi Global Market and whose ordinary business involves him in carrying on activities of the kind specified by any of paragraphs 4, 12, 16, 28, 43, 48, 56, 59, 60, or 61 or, so far as relevant to any

of those paragraphs, paragraph 70, or would do so apart from any exclusion from any of those paragraphs made by this Schedule.

(3) There are excluded from paragraph 16(1) and (2) arrangements made by a person if—

(a) he is a member of a Group and the arrangements in question are for, or with a view to, a transaction which is or is to be entered into, as principal, by another member of the same Group; or

(b) he is or proposes to become a participator in a Joint Enterprise, and the arrangements in question are for, or with a view to, a transaction which is or is to be entered into, as principal, by another person who is or proposes to become a participator in that enterprise, for the purposes of or in connection with that enterprise.

(4) There is excluded from paragraph 56 any activity carried on by a person if—

(a) he is a member of a Group and the assets in question belong to another member of the same Group; or

(b) he is or proposes to become a participator in a Joint Enterprise with the person to whom the assets belong, and the assets are managed for the purposes of or in connection with that enterprise.

(5) There is excluded from paragraph 43 any activity carried on by a person if—

(a) he is a member of a Group and the assets in question belong to another member of the same Group; or

(b) he is or proposes to become a participator in a Joint Enterprise, and the assets in question—

(i) belong to another person who is or proposes to become a participator in that Joint Enterprise; and

(ii) are or are to be subject to the provision of custody for the purposes of or in connection with that enterprise.

(6) There is excluded from paragraph 28 the giving of advice by a person if—

(a) he is a member of a Group and gives the advice in question to another member of the same Group; or

(b) he is, or proposes to become, a participator in a Joint Enterprise and the advice in question is given to another person who is, or proposes to become, a participator in that enterprise for the purposes of or in connection with that enterprise.

(7) There is excluded from paragraph 48 the entering into of a Credit Agreement by a person if—

(a) he is a member of a Group and enters into the agreement with another member of the same Group; or

(b) he is, or proposes to become, a participator in a Joint Enterprise and the Credit Agreement is entered into with another person who is, or proposes to become, a

participator in that enterprise for the purposes of or in connection with that enterprise.

(8) Sub-paragraph (2) does not apply to a transaction for the sale or purchase of a Contract of Insurance.

(9) Sub-paragraph (3) does not apply to arrangements for, or with a view to, a transaction for the sale or purchase of a Contract of Insurance.

(10) Sub-paragraph (6) does not apply where the advice relates to a transaction for the sale or purchase of a Contract of Insurance.

78. Activities carried on in connection with the sale of a Body Corporate

(1) A person does not carry on an activity of the kind specified by paragraph 4 by entering as principal into a transaction if—

(a) the transaction is one to acquire or dispose of Shares in a Body Corporate, or is entered into for the purposes of such an acquisition or disposal; and

(b) either—

(i) the conditions set out in sub-paragraph (2) are met; or

(ii) those conditions are not met, but the object of the transaction may nevertheless reasonably be regarded as being the acquisition of day-to-day control of the affairs of the Body Corporate.

(2) The conditions mentioned in sub-paragraph (1)(b) are that—

(a) the Shares consist of or include 50 per cent. or more of the Voting Shares in the Body Corporate; or

(b) the Shares, together with any already held by the person acquiring them, consist of or include at least that percentage of such Shares; and

(c) in either case, the acquisition or disposal is between parties each of whom is a Body Corporate, a Partnership, a single individual or a Group of Connected Individuals.

(3) In sub-paragraph (2)(c), a "Group of Connected Individuals" means—

(a) in relation to a party disposing of Shares in a Body Corporate, a single group of persons each of whom is—

(i) a Director or manager of the Body Corporate;

(ii) a Close Relative of any such Director or manager;

(iii) a person acting as trustee for any person falling within sub-paragraph (i) or (ii); and

(b) in relation to a party acquiring Shares in a Body Corporate, a single group of persons each of whom is—

(i) a person who is or is to be a Director or manager of the Body Corporate;

(ii) a Close Relative of any such person; or

(iii) a person acting as trustee for any person falling within sub-paragraph (i) or (ii).

(4) A person does not carry on an activity of the kind specified by paragraph 12 by entering as agent into a transaction of the kind described in sub-paragraph (1).

(5) There are excluded from paragraph 16(1) and (2) arrangements made for, or with a view to, a transaction of the kind described in sub-paragraph (1).

(6) There is excluded from paragraph 28 the giving of advice in connection with a transaction (or proposed transaction) of the kind described in sub-paragraph (1).

(7) Sub-paragraphs (4), (5) and (6) do not apply in the case of a transaction for the sale or purchase of a Contract of Insurance.

79. Non-Abu Dhabi Global Market Persons

(1) A Non-Abu Dhabi Global Market Person does not carry on an activity of the kind specified by paragraph 4 by—

(a) entering into a transaction as principal with or through an Authorised Person, or an Exempt Person acting in the course of a business comprising a Regulated Activity in relation to which he is exempt; or

(b) entering into a transaction as principal with a person in the Abu Dhabi Global Market, if the transaction is the result of a legitimate approach.

(2) A Non-Abu Dhabi Global Market Person does not carry on an activity of the kind specified by paragraph 12 by—

(a) entering into a transaction as agent for any person with or through an Authorised Person or an Exempt Person acting in the course of a business comprising a Regulated Activity in relation to which he is exempt; or

(b) entering into a transaction with another party ("X") as agent for any person ("Y"), other than with or through an Authorised Person or such an Exempt Person, unless—

(i) either X or Y is in the Abu Dhabi Global Market; and

(ii) the transaction is the result of an approach (other than a legitimate approach) made by or on behalf of, or to, whichever of X or Y is in the Abu Dhabi Global Market.

(3) There are excluded from paragraph 16(1) arrangements made by a Non-Abu Dhabi Global Market Person with an Authorised Person, or an Exempt Person acting in the course of a business comprising a Regulated Activity in relation to which he is exempt.

(4) There are excluded from paragraph 16(2) arrangements made by a Non-Abu Dhabi Global Market Person with a view to transactions which are, as respects transactions in the Abu Dhabi Global Market, confined to—

(a) transactions entered into by Authorised Persons as principal or agent; and

(b) transactions entered into by Exempt Persons, as principal or agent, in the course of business comprising Regulated Activities in relation to which they are exempt.

(5) There is excluded from paragraph 28 the giving of advice by a Non-Abu Dhabi Global Market Person as a result of a legitimate approach.

(6) There is excluded from paragraph 70 any agreement made by a Non-Abu Dhabi Global Market Person to carry on an activity of the kind specified by paragraph 16(1) or (2), 33, 36, 43 or 56 if the agreement is the result of a legitimate approach.

(7) In this paragraph, "legitimate approach" means an approach made to the Non-Abu Dhabi Global Market Person which has not been solicited by such person in any way, unless the approach or solicitation made to the Non-Abu Dhabi Global Market Person has been made by an Authorised Person or Exempt Person.

80. Insurance intermediation: incidental basis

(1) A Person does not carry on Insurance Intermediation if the activity—

(a) is carried on in the course of any professional business which does not otherwise consist of the carrying on of Financial Services;

(b) may reasonably be regarded as a necessary part of any other services provided in the course of that professional business; and

(c) is not remunerated separately from the other services

81. Provision of information on an incidental basis

(1) There is excluded from paragraphs 16(1) and (2) the making of arrangements for, or with a view to, a transaction for the sale or purchase of a Contract of Insurance or an investment of the kind specified by paragraph 98, so far as relevant to such a contract, where that activity meets the conditions specified in sub-paragraph (4).

(2) There is excluded from paragraphs 43 and 56 any activity—

(a) where the assets in question are rights under a Contract of Insurance or an investment of the kind specified by paragraph 98, so far as relevant to such a contract; and

(b) which meets the conditions specified in sub-paragraph (4).

(3) There is excluded from paragraphs 33 and 36 any activity which meets the conditions specified in sub-paragraph (4).

(4) The conditions specified in this paragraph are that the activity—

(a) consists of the provision of information to the policyholder or potential policyholder;

(b) is carried on by a person in the course of carrying on a profession or business which does not otherwise consist of the carrying on of Regulated Activities; and

(c) may reasonably be regarded as being incidental to that profession or business.

82. Insolvency Practitioners

(1) There is excluded from the provisions listed in sub-paragraph (2) any activity carried on by a person Acting as an Insolvency Practitioner.

(2) The provisions are—

(a) paragraph 4 (*Dealing in Investments as Principal*);

(b) paragraph 12 (*Dealing in Investments as Agent*);

(c) paragraph 16 (*Arranging Deals in Investments*);

(d) paragraph 54 (*Operating a Multilateral Trading Facility or Organised Trading Facility*);

(e) paragraph 56 (*Managing Assets*);

(f) paragraph 33 (*Insurance Intermediation*);

(g) paragraph 36 (*Insurance Management*);

(h) paragraph 43 (*Providing Custody*);

(i) paragraph 59 (*Managing a Collective Investment Fund*);

(j) paragraph 60 (*Acting as the Trustee of an Investment Trust*); and

(k) paragraph 28 (*Advising on Investments or Credit*).

(3) There is excluded from paragraph 70 any agreement made by a person Acting as an Insolvency Practitioner to carry on an activity of the kind excluded by sub-paragraph (1).

83. Recognised Bodies

A person who is a Body Corporate does not carry on the activity specified under paragraph 4 or 12 by way of business, if—

(a) the person carries on such activities as a member of a Recognised Body;

(b) the person carries on such activities for its own account or for another Body Corporate which is in the same Group as the person;

(c) the person restricts such activities to transactions on that Recognised Body involving or relating only to Commodity Derivatives;

(d) the main business of the person is dealing in relation to Commodity Derivatives; and

(e) the person is not part of a Group whose main business is the provision of financial services.

Part 3

Specified Investments

84. Investments: general

The following kinds of investment are specified for the purposes of paragraph 2.

85. Deposits

(1) A Deposit is a sum of money paid on terms—

(a) under which it will be repaid, with or without interest or a premium, and either on demand or at a time or in circumstances agreed by or on behalf of the person making the payment and the person receiving it; and

(b) which is not referable to the provision of property (other than currency) or services or the giving of security.

(2) Money is paid on terms which are referable to the provision of property or services or the giving of security if—

(a) it is paid by way of advance or part payment under a contract for the sale, hire or other provision of property or services, and is repayable only in the event that the property or services are not in fact sold, hired or otherwise provided;

(b) it is paid by way of security for the performance of a contract or by way of security in respect of loss which may result from the non-performance of a contract; or

(c) without prejudice to sub-paragraph (b), it is paid by way of security for the delivery up of property, whether in a particular state of repair or otherwise.

86. Contracts of Insurance

Rights under a Contract of Insurance.

87. Shares etc.

Shares or stock in the share capital of—

(a) any Body Corporate (other than an open-ended investment company); and

(b) any unincorporated body constituted under the law of a country, territory or jurisdiction outside the Abu Dhabi Global Market.

88. Instruments creating or acknowledging indebtedness

(1) Subject to sub-paragraph (2), such of the following as do not fall within paragraph 90—

(a) debentures;

(b) debenture stock;

(c) loan stock;

(d) bonds;

(e) certificates of deposit;

(f) any other instrument creating or acknowledging indebtedness.

(2) If and to the extent that they would otherwise fall within sub-paragraph (1), there are excluded from that sub-paragraph—

(a) an instrument acknowledging or creating indebtedness for, or for money borrowed to defray, the consideration payable under a contract for the supply of goods or services;

(b) a cheque or other bill of exchange, a banker's draft or a letter of credit (but not a bill of exchange accepted by a banker);

(c) a banknote, a statement showing a balance on a current, deposit or savings account or a lease or other disposition of property; and

(d) a Contract of Insurance;

(3) An instrument excluded from sub-paragraph (1) of paragraph 90 by sub-paragraph (2)(b) of that paragraph is not thereby to be taken to fall within sub-paragraph (1) of this paragraph.

89. Sukuk

(1) Rights under a Sukuk, to the extent that they do not fall within paragraph 88 or 90.

(2) For the purposes of this paragraph, arrangements constitute a Sukuk if—

(a) the arrangements provide for a person (the "Sukuk-holder") to pay a sum of money (the "capital") to another (the "Sukuk-issuer");

(b) the arrangements identify assets, or a class of assets, which the Sukuk-issuer will acquire for the purpose of generating income or gains directly or indirectly (the "Sukuk assets");

(c) the arrangements provide that the Sukuk represent an undivided beneficial ownership in the Sukuk assets;

(d) the arrangements specify a period at the end of which they cease to have effect (the "Sukuk term");

(e) the Sukuk-issuer undertakes under the arrangements—

(i) to make a repayment in respect of the capital (the "redemption payment") to the Sukuk-holder during or at the end of the Sukuk term (whether or not in instalments); and

(ii) to pay to the Sukuk-holder other payments on one or more occasions during or at the end of the Sukuk term (the "profit payments");

(f) the amount of the profit payments does not exceed an amount which would, at the time at which the Sukuk is issued, be a reasonable commercial return on a loan of the capital;

(g) the arrangements are a Financial Instrument admitted to trading on a Recognised Investment Exchange; and

(h) the Sukuk has received a fatwa as to compliance with Shari'a from an appropriately qualified Shari'a Supervisory Board.

(3) For the purposes of sub-paragraph (2)—

(a) the Sukuk-Issuer may acquire the Sukuk assets before or after the arrangements take effect;

(b) the Sukuk assets may be property of any kind, including rights in relation to property owned by someone other than the Sukuk-issuer;

(c) the identification of the Sukuk assets mentioned in sub-paragraph (2)(b) and the undertakings mentioned in sub-paragraph (2)(e) may (but need not) be described as, or accompanied by a document described as, a declaration of trust;

(d) the reference to a period in sub-paragraph (2)(d) includes any period specified to end upon the redemption of the Sukuk by the Sukuk-issuer;

(e) the Sukuk-holder may (but need not) be entitled under the arrangements to terminate them, or participate in terminating them, before the end of the Sukuk term;

(f) the amount of the profit payments may be—

(i) fixed at the beginning of the Sukuk term;

(ii) determined wholly or partly by reference to the value of or income generated by the Sukuk assets; or

(iii) determined in some other way;

(g) if the amount of the profit payments is not fixed at the beginning of the Sukuk term, the reference in sub-paragraph (2)(f) to the amount of the profit payments is a reference to the maximum amount of the profit payments;

(h) the amount of the redemption payment may (but need not) be subject to reduction in the event of a fall in the value of the bond assets or in the rate of income generated by them; and

(i) entitlement to the redemption payment may (but need not) be capable of being satisfied (whether or not at the option of the Sukuk-issuer or the Sukuk-holder) by the issue or transfer of Shares or other Financial Instruments.

(4) An instrument excluded from sub-paragraph (1) of paragraph 90 by sub-paragraph (2) of that paragraph is not thereby taken to fall within sub-paragraph (1) of this paragraph.

90. Government and public Financial Instruments

(1) Subject to sub-paragraph (2), loan stock, bonds and other instruments creating or acknowledging indebtedness, issued by or on behalf of any of the following—

(a) the Board;

(b) the government of any country, jurisdiction or territory outside the Abu Dhabi Global Market;

(c) a local authority; or

(d) a body the members of which comprise—

(i) states or legal jurisdictions including the Abu Dhabi Global Market; or

(ii) bodies whose members comprise states or legal jurisdictions including the Abu Dhabi Global Market.

(2) Subject to sub-paragraph (3), there are excluded from sub-paragraph (1), so far as applicable, the instruments mentioned in paragraph 88(2)(a) to (d).

(3) Sub-paragraph (2) does not exclude an instrument which meets the requirements set out in paragraph 89(2) (a) to (f).

91. Instruments giving entitlements to investments

(1) Warrants and other instruments entitling the holder to subscribe for any investment of the kind specified by paragraph 87, 88, 89 or 90.

(2) It is immaterial whether the investment to which the entitlement relates is in existence or identifiable.

(3) An investment of the kind specified by this paragraph is not to be regarded as falling within paragraph 94, 95 or 96.

92. Certificates representing certain Financial Instruments

(1) Subject to sub-paragraph (2), certificates or other instruments which confer contractual or property rights (other than rights consisting of an investment of the kind specified by paragraph 94)—

(a) in respect of any investment of the kind specified by any of paragraphs 87 to 91, being an investment held by a person other than the person on whom the rights are conferred by the certificate or instrument; and

(b) the transfer of which may be effected without the consent of that person.

(2) There is excluded from sub-paragraph (1) any certificate or other instrument which confers rights in respect of two or more investments issued by different persons, or in respect of two or more different investments of the kind specified by paragraph 90 and issued by the same person.

93. Units in a Collective Investment Fund

Units in a Collective Investment Fund.

94. Options

(1) Options to acquire or dispose of—

(a) a Financial Instrument (other than one of a kind specified by this paragraph);

(b) currency of any country or territory;

(c) a commodity of any kind;

(d) a right to receive a Cash settlement, the value of which is determined by reference to—

(i) the value or price of an index, interest rate or exchange rate; or

(ii) any other rate or variable; or

(e) an option to acquire or dispose of an investment of the kind specified by this paragraph by virtue of sub-paragraph (a), (b), (c) or (d).

95. Futures

(1) Subject to sub-paragraph (2), rights under a contract for the sale of a commodity or property of any other description under which delivery is to be made at a future date and at a price agreed on when the contract is made.

(2) There are excluded from sub-paragraph (1) rights under any contract which is made for commercial and not investment purposes.

(3) A contract is to be regarded as made for investment purposes if it is made or traded on a Recognised Investment Exchange, or is made otherwise than on a Recognised Investment Exchange but is expressed to be as traded on such an exchange or on the same terms as those on which an equivalent contract would be made on such an exchange.

(4) A contract not falling within sub-paragraph (3) is to be regarded as made for commercial purposes if under the terms of the contract delivery is to be made within seven days, unless it can be shown that there existed an understanding that (notwithstanding the express terms of the contract) delivery would not be made within seven days.

(5) The following are indications that a contract not falling within sub-paragraph (3) or (4) is made for commercial purposes and the absence of them is an indication that it is made for investment purposes—

(a) one or more of the parties is a producer of the commodity or other property, or uses it in his business;

(b) the seller delivers or intends to deliver the property or the purchaser takes or intends to take delivery of it.

(6) It is an indication that a contract is made for commercial purposes that the prices, the lot, the delivery date or other terms are determined by the parties for the purposes of the particular contract and not by reference (or not solely by reference) to regularly published prices, to standard lots or delivery dates or to standard terms.

(7) The following are indications that a contract is made for investment purposes—

(a) it is expressed to be as traded on an investment exchange;

(b) performance of the contract is ensured by an investment exchange or a clearing house;

(c) there are arrangements for the payment or provision of margin.

(8) For the purposes of sub-paragraph (1), a price is to be taken to be agreed on when a contract is made—

(a) notwithstanding that it is left to be determined by reference to the price at which a contract is to be entered into on a market or exchange or could be entered into at a time and place specified in the contract; or

(b) in a case where the contract is expressed to be by reference to a standard lot and quality, notwithstanding that provision is made for a variation in the price to take account of any variation in quantity or quality on delivery.

96. Contracts for differences etc.

(1) Subject to sub-paragraph (2), rights under—

(a) a contract for differences; or

(b) any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss by reference to fluctuations in—

(i) the value or price of property of any description; or

(ii) an index or other factor designated for that purpose in the contract.

(2) There are excluded from sub-paragraph (1)—

(a) rights under a contract if the parties intend that the profit is to be secured or the loss is to be avoided by one or more of the parties taking delivery of any property to which the contract relates;

(b) rights under a contract under which money is received by way of deposit on terms that any interest or other return to be paid on the sum deposited will be calculated by reference to fluctuations in an index or other factor;

(c) rights under a Contract of Insurance.

97. Credit Agreement

Rights under a Credit Agreement.

98. Rights to or interests in investments

(1) Subject to sub-paragraph (2), any right to or interest in anything which is specified by any other provision of this Part.

(2) Sub-paragraph (1) does not include anything which is specified by any other provision of this Part.

99. Shari'a-compliant Specified Investments

Any investment specified in paragraphs 85 to 98 that complies with Shari'a.

Part 4
Contracts of Insurance

100. Definition of Contract of Insurance

A Contract of Insurance means any contract of insurance or contract of reinsurance.

101. Classes of Contracts of Insurance

The classes of Contracts of Insurance are specified in the following paragraphs.

Chapter 1 Classes of Life Insurance

102. Class 1 - Life and annuity

Contracts of Insurance on human life or contracts to pay Annuities on Human Life, but excluding, in each case, contracts within paragraph 104 of this Part.

103. Class 2 - Marriage and birth

Contracts of Insurance to provide a sum on marriage or on the birth of a child, being contracts expressed to be in effect for a period of more than one year.

104. Class 3 - Linked long term

Contracts of Insurance on human life or contracts to pay Annuities on Human Life where the benefits are wholly or partly to be determined by reference to the value of, or the income from, property of any description (whether or not specified in the contracts) or by reference to fluctuations in, or in an index of, the value of property of any description (whether or not so specified).

105. Class 4 - Permanent health

Contracts of Insurance providing specified benefits against risks of individuals becoming incapacitated in consequence of sustaining injury as a result of an accident or of an accident of a specified class or of sickness or infirmity, being contracts that—

(a) are expressed to be in effect for a period of not less than five years, or until the normal retirement age for the individuals concerned, or without limit of time; and

(b) either are not expressed to be terminable by the insurer, or are expressed to be so terminable only in special circumstances mentioned in the contract.

106. Class 5 - Tontines

Tontines.

107. Class 6 - Capital redemption

Contracts, other than contracts in paragraph 100 of this Part to provide a capital sum at the end of a term.

108. Class 7 - Pension fund management

(a) Pension fund management contracts; or

(b) Contracts of the kind mentioned in sub-paragraph (a) that are combined with Contracts of Insurance covering either conservation of capital or payment of a minimum interest.

Chapter 2 Classes of Non-Life Insurance

109. Class 1 - Accident

(1) Contracts of Insurance providing fixed pecuniary benefits or benefits in the nature of the indemnity, or a combination of both, against risks of the person insured—

(a) sustaining injury as the result of an accident or of an accident of a specified class;

(b) dying as the result of an accident or of an accident of a specified class; or

(c) becoming incapacitated in the consequence of disease or of disease of a specified class;

inclusive of contracts relating to industrial injury and occupational disease.

110. Class 2 - Sickness

Contracts of Insurance providing fixed pecuniary benefits or benefits in the nature of indemnity, or a combination of the two, against risks of loss to the persons insured attributable to sickness or infirmity.

111. Class 3 - Land Vehicles

Contracts of Insurance against loss of or damage to vehicles used on land, including motor vehicles but excluding railway rolling stock.

112. Class 4 - Marine, aviation and transport

(1) Contracts of Insurance—

(a) against loss of or damage to railway rolling stock;

(b) upon aircraft or upon the machinery, tackle, furniture or equipment of aircraft;

(c) upon vessels used on the sea or on inland water, or upon the machinery, tackle, furniture or equipment of such vessels; or

(d) against loss of or damage to merchandise, baggage and all other goods in transit, irrespective of the form of transport.

113. Class 5 - Fire and other property damage

Contracts of Insurance against loss of or damage to property, other than property to which classes 3 and 4 relate, due to fire, explosion, storm, natural forces other than storm, nuclear energy, land subsidence, hail, frost or any event, such as theft.

114. Class 6 - Liability

Contracts of Insurance against risks of the persons insured incurring liabilities to third parties, including risks of damage arising out of or in connection with the use of motor vehicles on land, aircraft and vessels on the sea or on inland water, including third-party risks and carrier's liability.

115. Class 7 - Credit

Contracts of Insurance against risks of loss to the persons insured arising from the insolvency of debtors of theirs or from the failure, otherwise than through insolvency, of debtors of theirs to pay their debts when due.

116. Class 8 - Suretyship

(1) Contracts of Insurance against risks of loss to the persons insured arising from their having to perform contracts of guarantee entered into by them; or

(2) Contracts for fidelity bonds, performance bonds, administration bonds, bail bonds or customs bonds or similar contracts of guarantee.

117. Class 9 - Other

(1) Contracts of Insurance—

(a) against risks of loss to the persons insured attributable to interruptions of the carrying on of business carried on by them or to reduction of the scope of business so carried on;

(b) against risks of loss to the persons insured attributable to their incurring unforeseen expense;

(c) against risks of loss to the persons insured attributable to their incurring legal expenses, including costs of litigation; and

(d) providing assistance, whether in cash or in kind, for persons who get into difficulties, whether while travelling, while away from home, while away from their permanent residence, or otherwise.

Schedule 2

Financial Promotions

Section 18(5)

1. Interpretation

In this Schedule—

(a) any reference to a communication being made to another person is a reference to a communication being addressed, whether orally or in legible form, to a particular person or persons (for example where it is contained in a telephone call or letter);

(b) any reference to a communication being directed at persons is a reference to a communication being addressed to persons generally (for example where it is contained in a television broadcast or web site);

(c) references to a real time communication are references to any communication made in the course of a personal visit, telephone conversation or other interactive dialogue;

(d) a non-real time communication is a communication not falling within sub-paragraph (c) including communications made by letter or e-mail or contained in a Publication;

(e) a real time communication is solicited where it is made in the course of a personal visit, telephone call or other interactive dialogue if that call, visit or dialogue—

(i) was initiated by the Recipient of the communication; or

(ii) takes place in response to an express request from the Recipient of the communication; and

(f) a real time communication is unsolicited where it is made otherwise than as described in sub-paragraph (e).

2. Degree of prominence to be given to required indications

Where a communication must, if it is to fall within any provision of this Schedule, be accompanied by an indication of any matter, the indication must be presented to the Recipient—

(a) in a way that can be easily understood; and

(b) in such manner as, depending on the means by which the communication is made or directed, is best calculated to bring the matter in question to the attention of the Recipient and to allow him to consider it.

3. Combination of different exemptions

In respect of any communication a person may rely on the application of one or more of the exemptions in this Schedule.

Exempt Communications

4. Communications to non-Abu Dhabi Global Market Recipients and Authorised Persons or Recognised Bodies

(1) Subject to sub-paragraph (3), the Financial Promotion Restriction does not apply to any communication which—

(a) is made only to Recipients whom the person making the communication believes on reasonable grounds to be Authorised Persons or Recognised Bodies or persons outside the Abu Dhabi Global Market; or

(b) may reasonably be regarded as being directed (whether from inside or outside the Abu Dhabi Global Market) only at Authorised Persons or Recognised Bodies or persons outside the Abu Dhabi Global Market.

(2) A communication will fall within the exemption in sub-paragraph (1)(b) if the conditions set out in sub-paragraphs (a) to (d) are met. In any other case where one or more of the conditions in sub-paragraphs (a) to (d) are met, that fact is to be taken into account in determining whether or not the exemption in sub-paragraph (1)(b) applies. The conditions in this paragraph are that—

(a) the communication is accompanied by an indication that it is directed only at persons falling in sub-paragraph (1)(b), that it must not be acted or relied upon by any other persons and that any investment or investment activity to which it relates is available only to such persons or will be engaged in only with such persons;

(b) the communication is not referred to in, or directly accessible from, any other communication made to a person or directed at persons other than those falling under sub-paragraph (1)(b) by the person directing the communication;

(c) there are in place proper systems and procedures to prevent Recipients other than those falling under sub-paragraph (1)(b) from Engaging in the Investment Activity to which the communication relates with the person directing the communication, a Close Relative of his or a member of the same Group;

(d) the communication is included in—

(i) a web site, newspaper, journal, magazine or periodical Publication which is principally accessed in or intended for a market outside the U.A.E.; or

(ii) a radio or television broadcast transmitted principally for reception outside the U.A.E.

(3) Sub-paragraphs (1)(a) and (b) do not apply to an Unsolicited Real Time Communication unless—

(a) it is made from a place outside the Abu Dhabi Global Market; and

(b) it is made for the purposes of a business which is carried on outside the Abu Dhabi Global Market and which is not carried on in the Abu Dhabi Global Market.

(4) A communication may be treated as made only to or directed only at persons falling under sub-paragraph (1)(a) or (b) even if it is also made to or directed at other persons to whom it may lawfully be communicated.

5. Communications from Customers and potential Customers

(1) The Financial Promotion Restriction does not apply to any communication made by or on behalf of a person ("Customer") to one other person ("supplier")—

(a) in order to obtain information about a Specified Investment available from or a controlled service provided by the supplier; or

(b) in order that the Customer can acquire a Specified Investment from that supplier or be supplied with a controlled service by that supplier.

(2) For the purposes of sub-paragraph (1), a controlled service is a service the provision of which results in either the Customer or the supplier Engaging in Investment Activity.

6. Follow up non-real time communications and Solicited Real Time Communications

(1) Where a person makes or directs a communication (the "first communication") which is exempt from the Financial Promotion Restriction because, in compliance with the requirements of another provision of this Schedule, it is accompanied by certain indications or contains certain information, then the Financial Promotion Restriction does not apply to any subsequent communication which complies with the requirements of sub-paragraph (2).

(2) The requirements of this paragraph are that the subsequent communication—

(a) is a non-real time communication or a Solicited Real Time Communication;

(b) is made by, or on behalf of, the same person who made the first communication;

(c) is made to a Recipient of the first communication;

(d) relates to the same kind of activity and the same Specified Investment as the first communication; and

(e) is made within 12 months of the Recipient receiving the first communication.

(3) The provisions of this paragraph only apply in the case of a person who makes or directs a communication on behalf of another where the first communication is made by that other person.

(4) Where a person makes or directs a communication on behalf of another person in reliance on the exemption contained in this paragraph, the person on whose behalf the communication was made or directed remains responsible for the content of that communication.

7. Introductions

(1) If the requirements of sub-paragraph (2) are met, the Financial Promotion Restriction does not apply to any communication which is made with a view to or for the purposes of introducing the Recipient to—

(a) an Authorised Person who carries on the activity to which the communication relates; or

(b) an Exempt Person where the communication relates to an activity in relation to which he is an Exempt Person.

(2) The requirements of this paragraph are that—

(a) the maker of the communication ("A") is not a Close Relative of, nor a member of the same Group as, the person to whom the introduction is, or is to be, made;

(b) A does not receive from any person other than the Recipient any pecuniary reward or other advantage arising out of his making the introduction; and

(c) it is clear in all the circumstances that the Recipient, in his capacity as an investor, is not seeking and has not sought advice from A as to the merits of the Recipient Engaging in Investment Activity (or, if the client has sought such advice, A has declined to give it, but has recommended that the Recipient seek such advice from an Authorised Person).

8. Generic promotions

The Financial Promotion Restriction does not apply to any communication which—

(a) does not identify (directly or indirectly) a person who provides the Specified Investment to which the communication relates; and

(b) does not identify (directly or indirectly) any person as a person who Engages in Investment Activity in relation to that investment.

9. Exempt Persons

(1) The Financial Promotion Restriction does not apply to any communication which—

(a) is a non-real time communication or a Solicited Real Time Communication;

(b) is made or directed by an Exempt Person; and

(c) is for the purposes of that Exempt Person's business of carrying on an activity in relation to which he is an Exempt Person.

10. Communications caused to be made or directed by unauthorised persons

(1) If a condition in sub-paragraph (2) is met, the Financial Promotion Restriction does not apply to a communication caused to be made or directed by an unauthorised person which is made or directed by an Authorised Person.

(2) The conditions in this paragraph are that—

(a) the Authorised Person prepared the content of the communication; or

(b) it is a real-time communication.

11. Mere conduits

(1) Subject to sub-paragraph (4), the Financial Promotion Restriction does not apply to any communication which is made or directed by a person who acts as a mere conduit for it.

(2) A person acts as a mere conduit for a communication if—

(a) he communicates it in the course of an activity carried on by him, the principal purpose of which is transmitting or receiving material provided to him by others;

(b) the content of the communication is wholly devised by another person; and

(c) the nature of the service provided by him in relation to the communication is such that he does not select, modify or otherwise exercise control over its content prior to its transmission or receipt.

(3) For the purposes of sub-paragraph (2)(c) a person does not select, modify or otherwise exercise control over the content of a communication merely by removing or having the power to remove material—

(a) which is, or is alleged to be, illegal, defamatory or in breach of intellectual property laws;

(b) in response to a request to a body which is empowered by or under any enactment to make such a request; or

(c) when otherwise required to do so by law.

(4) Nothing in sub-paragraph (1) prevents the application of the Financial Promotion Restriction in so far as it relates to the person who has caused the communication to be made or directed.

12. Communications by and to journalists

(1) Subject to sub-paragraph (2), the Financial Promotion Restriction does not apply to any non-real time communication if—

(a) the content of the communication is devised by a person acting in the capacity of a journalist;

(b) the communication is contained in a qualifying publication; and

(c) in the case of a communication requiring disclosure, one of the conditions in sub-paragraph (2) is met.

(2) The conditions in this paragraph are that—

(a) the communication is accompanied by an indication explaining the nature of the author's financial interest or that of a member of his family (as the case may be);

(b) the authors are subject to proper systems and procedures which prevent the Publication of communications requiring disclosure without the explanation referred to in sub-paragraph (a); or

(c) the qualifying publication in which the communication appears falls within the remit of the U.A.E. National Media Council or similar international body.

(3) For the purposes of this paragraph, a communication requires disclosure if—

(a) an author of the communication or a member of his family is likely to obtain a financial benefit or avoid a financial loss if people act in accordance with the invitation or inducement contained in the communication;

(b) the communication relates to a Specified Investment of a kind falling within sub-paragraph (5); and

(c) the communication identifies directly a person who issues or provides the Specified Investment to which the communication relates.

(4) The Financial Promotion Restriction does not apply to any non-real time communication relating to a Specified Investment falling under sub-paragraph (5) if—

(a) the content of the communication is to a person acting in the capacity of a journalist; and

(b) the journalist is employed by the publisher of, or regularly contributes as a freelance to, qualifying publications.

(5) A Specified Investment falls within this paragraph if it is—

(a) an investment falling within paragraph 87 of Schedule 1 (*Shares etc.*);

(b) an investment falling within paragraph 94 of that Schedule (*Options*) to acquire or dispose of an investment falling within sub-paragraph (a);

(c) an investment falling within paragraph 95 of that Schedule (*Futures*) being rights under a contract for the sale of an investment falling within sub-paragraph (a); or

(d) an investment falling within paragraph 96 of that Schedule (*Contracts for differences etc.*) being rights under a contract relating to, or to fluctuations in, the value or price of an investment falling within sub-paragraph (a).

(6) For the purposes of this paragraph—

(a) the authors of the communication falling under sub-paragraph (1) are the person who devises the content of the communication and the person who is responsible for deciding to include the communication in the qualifying publication;

(b) a "qualifying publication" is a Publication or service of the kind mentioned in paragraph 29(1) or (2) of Schedule 1 and which is of the nature described in that paragraph, and for the purposes of this paragraph, a certificate given under paragraph 29(3) of that Schedule and not revoked is conclusive evidence of the matters certified;

(c) the members of a person's family are his spouse, partner, parent, child or sibling.

13. Promotion broadcast by a Director etc.

(1) The Financial Promotion Restriction does not apply to a communication which is communicated as part of a qualifying service by a person ("D") who is a Director or employee of an undertaking ("U") where—

(a) the communication invites or induces the Recipient to acquire—

(i) a Specified Investment of the kind falling within paragraph 12(5) which is issued by U (or by an undertaking in the same Group as U); or

(ii) a Specified Investment issued or provided by an Authorised Person in the same Group as U;

(b) the communication—

(i) comprises words which are spoken by D and not broadcast, transmitted or displayed in writing; or

(ii) is displayed in writing only because it forms part of an interactive dialogue to which D is a party and in the course of which D is expected to respond immediately to questions put by a Recipient of the communication;

(c) the communication is not part of an organised marketing campaign; and

(d) the communication is accompanied by an indication that D is a Director or employee (as the case may be) of U.

(2) For the purposes of this paragraph, a "qualifying service" is a service—

(a) which is broadcast or transmitted in the form of television or radio programmes; or

(b) displayed on a web site (or similar system for the electronic display of information) comprising regularly updated news and information;

provided that the principal purpose of the service, taken as a whole and including any advertisements and other promotional material contained in it, is neither of the purposes described in paragraph 29(1)(a) or (b) of Schedule 1.

(3) For the purposes of sub-paragraph (2), a certificate given under paragraph 29(3) of Schedule 1 and not revoked is conclusive evidence of the matters certified.

14. One off non-real time communications and Solicited Real Time Communications

(1) The Financial Promotion Restriction does not apply to a one off communication which is either a non-real time communication or a Solicited Real Time Communication.

(2) If all the conditions set out in sub-paragraph (3) are met in relation to a communication it is to be regarded as a one off communication. In any other case in which one or more of those conditions are met, that fact is to be taken into account in determining whether the communication is a one off communication (but a communication may still be regarded as a one off communication even if none of the conditions in sub-paragraph (3) are met).

(3) The conditions in this paragraph are that—

(a) the communication is made only to one Recipient or only to one group of Recipients in the expectation that they would Engage in Investment Activity jointly;

(b) the identity of the product or service to which the communication relates has been determined having regard to the particular circumstances of the Recipient; and

(c) the communication is not part of an organised marketing campaign.

15. One off Unsolicited Real Time Communications

(1) The Financial Promotion Restriction does not apply to an Unsolicited Real Time Communication if the conditions in sub-paragraph (2) are met.

(2) The conditions in this paragraph are that—

(a) the communication is a one off communication;

(b) the communicator believes on reasonable grounds that the Recipient understands the risks associated with Engaging in the Investment Activity to which the communication relates; and

(c) at the time that the communication is made, the communicator believes on reasonable grounds that the Recipient would expect to be contacted by him in relation to the investment activity to which the communication relates.

(3) Paragraphs 14(2) and (3) apply in determining whether a communication is a one off communication for the purposes of this paragraph as they apply for the purposes of paragraph 14.

16. Communications required or authorised by enactments

The Financial Promotion Restriction does not apply to any communication which is required or authorised by or under any enactment other than these Regulations.

17. Non-Abu Dhabi Global Market Communicators: Solicited Real Time Communication

The Financial Promotion Restriction does not apply to any Solicited Real Time Communication which is made by a Non-Abu Dhabi Global Market Communicator from outside the Abu Dhabi Global Market in the course of or for the purposes of his carrying on the business of engaging in Regulated Activities outside the Abu Dhabi Global Market.

18. Governments, central banks etc.

The Financial Promotion Restriction does not apply to any communication which—

(a) is a non-real time communication or a Solicited Real Time Communication;

(b) is communicated by and relates only to Specified Investments issued, or to be issued, by—

(i) any Government, Government ministry, Government department or similar body;

(ii) any local authority;

(iii) any International Organisation;

(iv) the Central Bank of the U.A.E;

(v) the central bank of any country, legal jurisdiction or territory outside the Abu Dhabi Global Market.

19. Financial markets

(1) The Financial Promotion Restriction does not apply to any communication—

(a) which is a non-real time communication or a Solicited Real Time Communication;

(b) which is communicated by a Recognised Body; and

(c) to which sub-paragraph (2) or (3) applies.

(2) This paragraph applies to a communication if—

(a) it relates only to facilities provided by the Recognised Body; and

(b) it does not identify (directly or indirectly)—

(i) any particular investment issued, traded or cleared or to be issued, traded or cleared by or available from an identified person as one that may be traded, cleared or dealt in on the Recognised Body; or

(ii) any particular person as a person through whom transactions on the Recognised Body may be effected.

(3) This paragraph applies to a communication if—

(a) it relates only to a particular investment falling within paragraph 94, 95 or 96 of Schedule 1; and

(b) it identifies the investment as one that may be traded or dealt in on the market.

20. Persons in the business of placing promotional material

The Financial Promotion Restriction does not apply to any communication which is made to a person whose business it is to place, or arrange for the placing of, promotional material provided that it is communicated so that he can place or arrange for placing it.

21. Joint Enterprises

The Financial Promotion Restriction does not apply to any communication which is made or directed by a participator in a Joint Enterprise to or at another participator in the same Joint Enterprise in connection with, or for the purposes of, that enterprise.

22. Members and creditors of Bodies Corporate

(1) The Financial Promotion Restriction does not apply to any non-real time communication or Solicited Real Time Communication which is communicated—

(a) by, or on behalf of, a Body Corporate or member of the Group of such Body Corporate ("A"); and

(b) to persons whom the person making or directing the communication believes on reasonable grounds to be persons to whom sub-paragraph (2) applies;

and which relates only to a Relevant Security which is issued or to be issued by A, or by an undertaking ("U") in the same Group as A.

(2) This paragraph applies to—

(a) a creditor or member of A or of U;

(b) a person who is entitled to a Relevant Security which is issued, or to be issued, by A or by U;

(c) a person who is entitled, whether conditionally or unconditionally, to become a member of A or of U but who has not yet done so;

(d) a person who is entitled, whether conditionally or unconditionally, to have transferred to him title to a Relevant Security which is issued by A or by U but has not yet acquired title to the Security.

(3) For the purposes of this paragraph, a Security falling within paragraph 91 or 92 of Schedule 1 is treated as issued by the person ("P") who issued the Security in respect of which the Security confers rights if it is issued by—

(a) an undertaking in the same Group as P; or

(b) a person acting on behalf of, or pursuant to arrangements made with, P.

23. Group companies

The Financial Promotion Restriction does not apply to any communication made by one Body Corporate in a Group to another Body Corporate in the same Group.

24. Persons in the business of disseminating information

(1) The Financial Promotion Restriction does not apply to any communication which is made only to Recipients whom the person making the communication believes on reasonable grounds to be persons to whom sub-paragraph (2) applies.

(2) This paragraph applies to—

(a) a person who receives the communication in the course of a business which involves the dissemination through a Publication of information concerning Regulated Activities;

(b) a person whilst acting in the capacity of Director, officer or employee of a person falling within sub-paragraph (a) being a person whose responsibilities when acting in that capacity involve him in the business referred to in that sub-paragraph;

(c) any person to whom the communication may otherwise lawfully be made.

25. Settlors, trustees and personal representatives

The Financial Promotion Restriction does not apply to any communication which is made between—

(a) a person when acting as a settlor or grantor of a trust, a trustee or a personal representative; and

(b) a trustee of the trust, a fellow trustee or a fellow personal representative (as the case may be);

if the communication is made for the purposes of the trust or estate.

26. Beneficiaries of trust, will or intestacy

The Financial Promotion Restriction does not apply to any communication which is made—

(a) between a person when acting as a settlor or grantor of a trust, trustee or personal representative and a beneficiary under the trust, will or intestacy; or

(b) between a beneficiary under a trust, will or intestacy and another beneficiary under the same trust, will or intestacy;

if the communication relates to the management or distribution of that trust fund or estate.

27. Insolvency Practitioners

The Financial Promotion Restriction does not apply to any non-real time communication or Solicited Real Time Communication by a person Acting as an Insolvency Practitioner who carries on an activity which would be a Regulated Activity but for paragraph 82 of Schedule 1.

28. Persons placing promotional material in particular Publications

The Financial Promotion Restriction does not apply to any communication received by a person who receives the Publication in which the communication is contained because he has himself placed an advertisement in that Publication.

29. Annual accounts and Directors' report

(1) If the requirements in sub-paragraphs (2) to (5) are met, the Financial Promotion Restriction does not apply to any communication by a Body Corporate which—

(a) consists of, or is accompanied by, the whole or any part of the annual accounts of a Body Corporate; or

(b) is accompanied by any report which is prepared and approved by the Directors of such a Body Corporate under sections 400 (*Duty to prepare Directors' report*) and 404 (*Approval and signing of Directors' report*) of the Companies Regulations 2015;

(2) The requirements of this paragraph are that the communication—

(a) does not contain any invitation to persons to underwrite, subscribe for, or otherwise acquire or dispose of, a Specified Investment; and

(b) does not advise persons to engage in any of the activities within sub-paragraph (a).

(3) The requirements of this paragraph are that the communication does not contain any invitation to persons to make use of any services provided by that Body Corporate (or by any named person) in the course of carrying on such activity.

(4) The requirements of this paragraph are that the communication does not contain any inducement relating to an investment other than one issued, or to be issued, by the Body Corporate (or another Body Corporate in the same Group) which falls within—

(a) paragraph 87, 88 or 89 of Schedule 1; or

(b) paragraph 91 or 92 of that Schedule, so far as relating to any investments within sub-paragraph (a).

(5) The requirements of this paragraph are that the communication does not contain any reference to—

(a) the price at which investments issued by the Body Corporate have in the past been bought or sold; or

(b) the yield on such investments;

unless it is also accompanied by an indication that past performance cannot be relied on as a guide to future performance.

(6) For the purposes of sub-paragraph (5)(b), a reference, in relation to an investment, to earnings, dividend or nominal rate of interest payable shall not be taken to be a reference to the yield on the investment.

(7) "Annual accounts" means accounts of a description specified by the Regulator in Rules made by the Regulator.

30. Participation in employee share schemes

(1) The Financial Promotion Restriction does not apply to any communication by a person ("C"), a member of the same Group as C or a relevant trustee where the communication is for the purposes of an employee share scheme and relates to any of the following investments issued, or to be issued, by C—

(a) investments falling within paragraph 87, 88 or 89 of Schedule 1;

(b) investments falling within paragraph 91 or 92 of that Schedule so far as relating to any investments within sub-paragraph (a); or

(c) investments falling within paragraph 94 or 98 of that Schedule so far as relating to any investments within sub-paragraph (a) or (b).

(2) In this paragraph, "employee share scheme", in relation to any investments issued by C, means arrangements made or to be made by C or by a person in the same Group as C to enable or facilitate—

(a) transactions in the investments specified in sub-paragraphs (1)(a) or (b) between or for the benefit of—

(i) the bona fide employees or former employees of C or of another member of the same Group as C;

(ii) the wives, husbands, widows, widowers, surviving or children or step-children under the age of eighteen of such employees or former employees; or

(b) the holding of those investments by, or for the benefit of, such persons.

(3) In this paragraph, "relevant trustee" means a person who, in pursuance of an actual or proposed employee share scheme, holds as trustee or will hold as trustee investments issued by C.

31. Sale of goods and supply of services

(1) In this paragraph—

"supplier" means a person whose main business is to sell goods or supply services and, where the supplier is a member of a Group, also means any other member of that Group;

"Customer" means a person, other than an individual, to whom a supplier sells goods or supplies services, or agrees to do so, and, where the Customer is a member of a Group, also means any other member of that Group;

a "related sale or supply" means a sale of goods or supply of services to the Customer otherwise than by the supplier, but for or in connection with the same purpose as the sale or supply mentioned above.

(2) The Financial Promotion Restriction does not apply to any non-real time communication or any Solicited Real Time Communication made by a supplier to a Customer of his for the purposes of, or in connection with, the sale of goods or supply of services or a related sale or supply.

(3) But the exemption in sub-paragraph (2) does not apply if the communication relates to—

(a) a Contract of Insurance or Units in a Collective Investment Fund; or

(b) investments falling within paragraph 98 of Schedule 1 so far as relating to investments within sub-paragraph (a).

(4) The exemption in sub-paragraph (2) also does not apply if the communication is made by a person carrying on, or in relation to, an activity of a kind specified in paragraph 50 of Schedule 1.

32. Sale of a Body Corporate

(1) The Financial Promotion Restriction does not apply to any communication by, or on behalf of, a Body Corporate, a Partnership, a single individual or a Group of Connected Individuals or an officer of them which relates to a transaction falling within sub-paragraph (2).

(2) A transaction falls within this paragraph if—

(a) it is one to acquire or dispose of Shares in a Body Corporate or is entered into for the purposes of such an acquisition or disposal; and

(b) either—

(i) the conditions set out in sub-paragraph (3) are met; or

(ii) those conditions are not met, but the object of the transaction may nevertheless reasonably be regarded as being the acquisition of day-to-day control of the affairs of the Body Corporate.

(3) The conditions mentioned in sub-paragraph (2)(b) are that—

(a) the Shares consist of or include 50 per cent. or more of the Voting Shares in the Body Corporate; or

(b) the Shares, together with any already held by the person acquiring them, consist of or include at least that percentage of such Shares; and

(c) in either case, the acquisition or disposal is, or is to be, between parties each of whom is a Body Corporate, a Partnership, a single individual or a Group of Connected Individuals.

(4) A "Group of Connected Individuals" means—

(a) in relation to a party disposing of Shares in a Body Corporate, a single group of persons each of whom is—

(i) a Director or manager of the Body Corporate;

(ii) a Close Relative of any such Director or manager; or

(iii) a person acting as trustee for, or nominee of, any person falling within sub-paragraph (i) or (ii); and

(b) in relation to a party acquiring Shares in a Body Corporate, a single group of persons each of whom is—

(i) a person who is or is to be a Director or manager of the Body Corporate;

(ii) a Close Relative of any such person; or

(iii) a person acting as trustee for or nominee of any person falling within sub-paragraph (i) or (ii).

33. Promotions required or permitted by the rules of certain markets

(1) The Financial Promotion Restriction does not apply to any communication which—

(a) is a non-real time communication or a Solicited Real Time Communication;

(b) relates to an investment which falls within any of paragraphs 87 to 92 of Schedule 1 and which is permitted to be traded or dealt in on a relevant market; and

(c) is required or expressly permitted to be communicated by—

(i) the rules of the relevant market;

(ii) a body which regulates the market; or

(iii) a body which regulates offers or issues of investments to be traded on such a market.

(2) The exemption does not apply to the extent that the communication contains any statements not so required or expressly permitted.

(3) In sub-paragraph (1), "relevant market" means a Recognised Investment Exchange or such other market as the Regulator may specify in Rules.

34. Promotions of Financial Instruments already admitted to certain markets

(1) If the requirements of sub-paragraph (2) are met, the Financial Promotion Restriction does not apply to any communication which—

(a) is a non-real time communication or a Solicited Real Time Communication;

(b) is communicated by a Body Corporate or member of the Group of such Body Corporate ("A"); and

(c) relates only to Relevant Securities issued, or to be issued, by A or by another Body Corporate in the same Group;

if Relevant Securities issued by A or by any such Body Corporate are permitted to be traded on a Recognised Investment Exchange.

(2) The requirements of this paragraph are that the communication—

(a) is not, and is not accompanied by, an invitation to Engage in Investment Activity;

(b) is not, and is not accompanied by, an inducement relating to an investment other than one issued, or to be issued, by A (or another Body Corporate in the same Group);

(c) is not, and is not accompanied by, an inducement relating to a Relevant Security which refers to—

(i) the price at which Relevant Securities have been bought or sold in the past; or

(ii) the yield on such Securities;

unless the inducement also contains an indication that past performance cannot be relied on as a guide to future performance.

(3) For the purposes of this paragraph, a Security falling within paragraph 91 or 92 of Schedule 1 is treated as issued by the person ("P") who issued the Security in respect of which the investment confers rights if it is issued by—

(a) an undertaking in the same Group as P; or

(b) a person acting on behalf of, or pursuant to, arrangements made with P.

(4) For the purposes of sub-paragraph (2)(c)(ii), a reference, in relation to an investment, to earnings, dividend or nominal rate of interest payable shall not be taken to be a reference to the yield on the investment.

35. Promotions included in Prospectuses

(1) The Financial Promotion Restriction does not apply to any non-real time communication which is included in—

(a) a Prospectus or supplementary prospectus approved by the Regulator in accordance with Part 6, or any Rules under that Part;

(b) part of such a Prospectus or supplementary prospectus; or

(c) any other Document required or permitted to be published by Rules made under Part 6.

(2) The Financial Promotion Restriction does not apply to any non-real time communication comprising the final terms of an offer or the final offer price or amount of Securities which will be offered to the public.

36. Material relating to Prospectus for public offer of unlisted Securities

(1) The Financial Promotion Restriction does not apply to any non-real time communication relating to a Prospectus or supplementary prospectus where the only reason for considering it to be an invitation or inducement is that it does one or more of the following—

(a) it states the name and address of the person by whom the Securities to which the Prospectus or supplementary prospectus relates are to be offered;

(b) it gives other details for contacting that person;

(c) it states the nature and the nominal value of the Securities to which the Prospectus or supplementary prospectus relates, the number offered and the price at which they are offered;

(d) it states that a Prospectus or supplementary prospectus is or will be available (and, if it is not yet available, when it is expected to be);

(e) it gives instructions for obtaining a copy of the Prospectus or supplementary prospectus.

(2) In this paragraph, references to a Prospectus or supplementary prospectus are references to a Prospectus or supplementary prospectus which is published in accordance with Rules made under Part 6.

Schedule 3

Exempt Persons

Section 16(3)

1. The following are persons are exempt for the purposes of section 16(3)—

(1) the Regulator;

(2) the Registrar;

(3) Recognised Bodies;

(4) persons falling within paragraph 2; and

(5) any other regulatory or governmental body or any other body of a public nature as may be specified by the Regulator and listed on the Regulator's website.

2. Transitional Provisions

(1) A person ("A") who is licensed by a U.A.E. Financial Regulator ("U.A.E. licence") and who would otherwise be subject to the General Prohibition as at the date of enactment of these Regulations shall be deemed to be an Exempt Person and permitted to carry on the Regulated Activities falling within the scope of its U.A.E. licence subject to the conditions as prescribed under sub-paragraph (4), provided that A has notified the Regulator within one month of the date of enactment of these Regulations of its intention to rely upon this paragraph 2.

(2) The notice given to the Regulator by A under sub-paragraph (1) shall include the following—

(a) either an undertaking to—

(A) submit an application for authorisation under Part 4 of these Regulations within 3 months of the date of enactment of these Regulations; or

(B) cease carrying out Regulated Activities within 12 months from the date of enactment of these Regulations; and

(b) such other information as the Regulator may reasonably require.

(3) The periods referred to in sub-paragraph (2)(a) may be extended by the Regulator upon written request made by A to the Regulator.

(4) Subject to sub-paragraph (2)(b), the Regulator shall within 30 Business Days following receipt of the notice referred to in sub-paragraph (1) confirm to A its ability to continue to rely on this paragraph 2. Such confirmation or otherwise may include and be subject to such conditions as the Regulator considers appropriate.

(5) The Regulator shall publish on its website a list of persons designated as Exempt Persons under this paragraph 2.

(6) For the purposes of sub-paragraph (1) "U.A.E Financial Regulator" means any of—

(a) the Central Bank of the U.A.E;

(b) the Emirates Securities and Commodities Authority; and

(c) the Emirates Insurance Authority.

FINANCIAL SERVICES REGULATORY AUTHORITY
سلطة تنظيم الخدمات المالية

Market Infrastructure Rulebook (MIR)

ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

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1 INTRODUCTION

1.1.1 The Rules and guidance in this Rulebook apply to Recognised Bodies and Remote Bodies that carry on, or intend to carry on, business in or from the Abu Dhabi Global Market, and to Applicants for recognition as a Recognised Body.

1.1.2 Where this rulebook states that the Regulator may have regard to any factor in assessing or determining whether a Recognition Requirement is satisfied, it means that the Regulator will take that factor into account so far as it is relevant.

1.1.3 In determining whether a Recognised Body satisfies the Recognition Requirements, the Regulator will have regard to any relevant factor, including, but not limited to, the factors specifically discussed in this rulebook. Chapters 1 – 6 only apply to Recognised Bodies.

1.1.4 Table 1.1.4 below sets out further applicable requirements to Recognised Bodies that are contained in GEN and COBS.

No.	Rule title	Rule Reference	All ADGM Recognised Bodies
1	Emergency	GEN Rule 4.3.1	√
2	Disclosure of regulatory status	GEN Rule 4.4.1 & 4.4.2	√
3	Location of offices	GEN Rule 4.5.1	√
4	Close links	GEN Rule 4.6.1	√
5	Communications with the Regulator in English	GEN Rule 4.9	√
6	Information gathering and the Regulator's access to information	GEN Rule 8.1	√
7	Waivers	GEN Rule 8.2	√
8	Controllers	GEN 8.8.1 – 8.8.14	√
9	Notifications	GEN Rule 8.10	√
10	Accuracy of information	GEN Rule 8.10.11	√
11	Skilled person	GEN Rule 8.12.2	√
12	Imposing restrictions on Recognised Body's and Recognised Body's dealing with property	GEN Rule 8.13	√
13	Pooling and distribution	COBS Rule 14.4.3(h)	* Recognised Clearing Houses only

1.1.5 Separately, chapter 7 of this Rulebook applies only to Remote Bodies who are granted a Recognition Order, or seek a Recognition Order.

1.1.6 Chapter 8 of this Rulebook applies to Remote Members who are admitted, or intend to be admitted, as Members of a Recognised Body.

2 RULES APPLICABLE TO ALL RECOGNISED BODIES

2.1 Introduction

2.1.1 This chapter contains the Recognition Requirements for Recognised Bodies.

2.1.2 A Recognised Body must at all times comply with the requirements of this chapter to the satisfaction of the Regulator. The same standards apply on initial recognition and throughout the period Recognised Body status is held. The term Recognised Body in the guidance should be taken to refer also to an Applicant when appropriate.

2.1.3 In considering whether a Recognised Body satisfies Recognition Requirements applying to it, the Regulator may take into account all relevant circumstances including the constitution of the Person concerned and its Regulatory Provisions.

2.1.4 In considering whether a Recognised Body satisfies the Recognition Requirements, the Regulator will have regard to:

(a) the constitution, Regulatory Provisions and practices of the Recognised Body;

(b) the nature (including complexity, diversity and risk) and scale of the Recognised Body's business;

(c) the size and nature of the market which is supported by the Recognised Body's facilities;

(d) the nature and status of the types of investor who use the Recognised Body's facilities or have an interest in the market supported by the Recognised Body's facilities;

(e) competition in the markets for services provided, or proposed to be provided, by the Recognised Body in its capacity as such; and

(f) the nature and scale of the risks to the Regulator's objectives associated with the matters described in (a) to (e).

2.2 Suitability

2.2.1 The Recognised Body must be a fit and proper Person to perform the Regulatory Functions of a Recognised Body. In determining whether a Recognised Body is a fit and proper Person, the Regulator may have regard to any relevant factor including, but not limited to:

(a) the commitment shown by the Recognised Body's Governing Body to satisfying the Recognition Requirements and to complying with other applicable obligations;

(b) its arrangements, policies and resources for fulfilling its obligations in relation to its activities as a Recognised Body, including in relation to the control of conflicts of interest;

(c) the extent to which its constitution and organisation provide for effective governance and effective oversight by the Governing Body of its relevant Regulatory Functions;

(d) breaches of any relevant law, regulation or code of practice by the Recognised Body or its Key Individuals;

(e) its arrangements for ensuring that it employs individuals who are honest and demonstrate high standards of integrity;

(f) the access which the persons responsible for the performance of supervisory functions has to the Governing Body;

(g) the independence of the persons responsible for the performance of supervisory functions from its commercial and marketing arms;

(h) its connections with any undertaking under its control or in its Group, and any Person with a position of influence over, or who effectively runs the business of, the Recognised Body, having regard to:

(i) the reputation and standing of that other Person, including his standing with any relevant Abu Dhabi Global Market or Non-Abu Dhabi Global Market Financial Services Regulator;

(ii) breaches of any law or regulation by that other Person;

(iii) the roles of any of the Recognised Body's Key Individuals who have a position within organisations under the control or influence of that other Person, including their responsibilities in that organisation and the extent and type of their access to its Senior Management or Governing Body;

(iv) the extent to which the Recognised Body operates as a distinct entity notwithstanding its connection with that other Person; and

(v) the extent to which the Recognised Body's Governing Body is responsible for its day-to-day management and operations,

but nothing in this paragraph should be taken to imply any restriction on the ability of a Recognised Body to outsource any function to any Person in a manner consistent with the rules on outsourcing set out in Rule 2.14.

2.2.2 Persons, including members of the Board and Key Individuals, who are in a position to exercise significant influence, directly or indirectly, over the management of the Recognised Body, and who effectively direct the business and operations of the Recognised Body must comply with the requirements for Approved Persons and Recognised Persons as set out in Part 5 of FSMR.

Guidance

For the purposes of this Rule, the Regulator deems the following Persons Approved Persons: Members of the Governing Body, Senior Executive Officer, Finance Officer, Head of Supervision and Head of Operations. The Regulator deems the following Persons

Recognised Persons: Compliance Officer, Risk Officer, Money Laundering Reporting Officer and Internal Audit.

2.3 Governance

2.3.1 A Recognised Body's Governing Body must comply with the requirements set out in GEN chapter 3.

2.4 Financial resources

2.4.1 A Recognised Body must have financial resources sufficient for the proper performance of its Regulatory Functions as a Recognised Body. In considering whether this requirement is satisfied, the Regulator must take into account all the circumstances, including the Recognised Body's connection with any Person, and any activity carried on by the Recognised Body, whether or not it is a Regulated Activity conducted by it in its capacity as an Exempt Person.

2.4.2 In determining whether a Recognised Body has financial resources sufficient for the proper performance of its Regulatory Functions, the Regulator may have regard to:

(a) the operational and other risks to which the Recognised Body is exposed;

(b) if the Recognised Body guarantees the performance of transactions in Financial Instruments, the counterparty and market risks to which it is exposed in that capacity;

(c) the amount and composition of the Recognised Body's capital and liquid financial assets;

(d) the amount and composition of the Recognised Body's other financial resources (such as insurance policies and guarantees, where appropriate);

(e) the financial benefits, liabilities, risks and exposures arising from the Recognised Body's connection with any Person, including but not limited to, its connection with:

(i) any undertaking in the same Group as the Recognised Body;

(ii) any other Person with a significant shareholding or stake in the Recognised Body;

(iii) any other Person with whom the Recognised Body has made a significant investment, whether in the form of equity, debt, or by means of any guarantee or other form of commitment; and

(iv) any Person with whom the Recognised Body has a significant contractual relationship;

(f) the likely availability of liquid financial resources to the Recognised Body during periods of major market turbulence or other periods of major stress for the Abu Dhabi Global Market Financial System; and

(g) in relation to a Recognised Investment Exchange, the nature and extent of the transactions concluded on the Recognised Investment Exchange.

Capital requirements

2.4.3 A Recognised Investment Exchange must, at all times, hold capital in accordance with Rule 3.2.

2.4.4 A Recognised Clearing House must, at all times, hold capital in accordance with Rule 4.2.

2.4.5 "Capital" means Tier 1 Capital, as defined in PRU 3.9.

2.4.6 The Regulator may require a Recognised Body to hold an additional capital buffer, which may be used only in times of market stress or financial difficulty.

Accounting information and standards

2.4.7 The Regulator will rely on a Recognised Body's published financial statements provided that those financial statements, are prepared in accordance with the International Financial Reporting Standards.

Guidance

GEN 6.2.2 requires all Recognised Bodies and Authorised Persons to prepare and maintain all financial statements in accordance with the International Financial Reporting Standards.

Counterparty, market, operational and other risks

2.4.8 In assessing whether, pursuant to Rule 2.4.2(b), a Recognised Body has sufficient financial resources in relation to counterparty and market risks, the Regulator may have regard to the:

(a) amount and liquidity of its financial assets and the likely liquid financial resources available to the Recognised Body during periods of major market turbulence or other periods of major stress for the ADGM Financial System; and

(b) nature and scale of the Recognised Body's exposures to counterparty and market risks and, where relevant, the counterparties to which it is exposed.

2.4.9 For the purposes of Rule 2.4.2(a), in assessing whether a Recognised Body has sufficient financial resources in relation to operational and other risks, the Regulator may have regard to the extent to which, after allowing for the financial resources necessary to cover counterparty and market risks, the Recognised Body's financial resources are sufficient and sufficiently liquid to:

(a) enable the Recognised Body to continue to properly carry on the Regulated Functions that it expects to carry on; and

(b) ensure that it would be able to complete an orderly closure or transfer of its Regulated Functions without being prevented from doing so by insolvency or lack of available funds.

2.5 Systems, controls and conflicts

2.5.1 The Recognised Body must ensure that the systems and controls used in the performance of its Regulatory Functions are adequate, and appropriate for the scale and nature of its business. This applies in particular to systems and controls concerning:

(a) the transmission of information;

(b) the assessment, mitigation and management of risks to the performance of the Recognised Body's Regulatory Functions, including conflicts of interest;

(c) the effecting and monitoring of transactions on the Recognised Body;

(d) the technical operation of the Recognised Body, including contingency arrangements for disruption to its facilities;

(e) the operation of its functions relating to the safeguards and protections to investors;

(f) (where relevant) the safeguarding and administration of assets belonging to users of the Recognised Body's facilities; and

(g) outsourcing.

2.5.2 In assessing whether the systems and controls used by a Recognised Body in the performance of its Regulatory Functions are adequate and appropriate for the scale and nature of its business, the Regulator may have regard to the Recognised Body's:

(a) arrangements for managing, controlling and carrying out its Regulatory Functions, including:

(i) the distribution of duties and responsibilities among its Key Individuals and the departments of the Recognised Body responsible for performing its Regulatory Functions;

(ii) the staffing and resources of the departments of the Recognised Body responsible for performing its Regulatory Functions;

(iii) the arrangements made to enable Key Individuals to supervise the departments for which they are responsible;

(iv) the arrangements for appointing and supervising the performance of Key Individuals (and their departments); and

(v) the arrangements by which the Governing Body is able to keep the allocation of responsibilities between, and the appointment, supervision and remuneration of, Key Individuals under review;

(b) arrangements for the identification and management of conflicts of interest;

(c) arrangements for internal and external audit; and

(d) information technology systems.

General safeguards for investors

2.5.3 A Recognised Body must have rules, procedures and appropriate surveillance to ensure that its facilities are such as to afford proper protection to investors. The Regulator may have regard to the extent to which the Recognised Body's rules, procedures and arrangements for monitoring and overseeing the use of its facilities:

(a) include appropriate measures to prevent the use of its facilities for abusive or improper purposes;

(b) provide appropriate safeguards for investors against fraud or misconduct, recklessness, negligence or incompetence by users of its facilities;

(c) provide appropriate information to enable users of its facilities to monitor their use of the facilities;

(d) include appropriate arrangements to enable users of its facilities to raise queries about any use of those facilities which they are reported to have made;

(e) include appropriate arrangements to enable users of its facilities to comply with any relevant regulatory or legal requirements; and

(f) include appropriate arrangements to reduce the risk that those facilities will be used in ways which are incompatible with relevant regulatory or legal requirements,

and in this paragraph "appropriate" should be taken to mean appropriate having regard to the nature and scale of the Recognised Body's facilities, the types of Persons who will use the facilities and the use which they will make of those facilities.

Promotion and maintenance of standards

2.5.4 A Recognised Body must be able and willing to promote and maintain high standards of integrity and fair dealing in the carrying on of business on or through its facilities. The Regulator may have regard to the extent to which the Recognised Body seeks to promote and encourage, through its rules, practices and procedures, conduct in Regulated Activities which is consistent with the Rules of Market Conduct and with any other Rules, codes or principles relating to behaviour in Regulated Activities which users of the Abu Dhabi Global Market Financial System would normally expect to apply to the Regulated Activity and the conduct in question.

2.5.5 A Recognised Body must be able and willing to cooperate, by the sharing of information or otherwise, with the Regulator, with any other authority, body or Person having responsibility in the Abu Dhabi Global Market for the supervision or regulation of any Regulated Activity or other financial service, or with a Non-Abu Dhabi Global Market Financial Services Regulator. The Regulator may have regard to the extent to which the constitution and rules of the Recognised Body and its agreements with its Members

enable it to obtain information from Members and to disclose otherwise confidential information to the Regulator and other appropriate bodies, including:

(a) the extent to which the Recognised Body is willing to provide information about it and its activities to assist the Regulator in the exercise of its functions;

(b) the extent to which the Recognised Body is open with the Regulator or other appropriate bodies in regulatory matters;

(c) how diligently the Recognised Body investigates or pursues enquiries from the Regulator or other appropriate bodies; and

(d) whether the Recognised Body participates in appropriate international fora.

2.5.6 For the purpose of this section, "information" includes information held about large positions held by Members of a Recognised Body.

Conflicts of interest

2.5.7 Deleted.

2.5.8 Deleted.

Guidance

A conflict of interest arises in a situation where a Person with responsibility to act in the interests of one Person may be influenced in his action by an interest or association of his own, whether Personal or business or employment related. Conflicts of interest can arise both for the Employees of Recognised Bodies and for the members (or other Persons) who may be involved in the decision-making process, for example where they belong to committees or to the Governing Body. Conflicts of interest may also arise for the Recognised Body itself as a result of its connection with another Person.

The Regulator recognises that a Recognised Body has legitimate interests of its own and that its general business policy may properly be influenced by other Persons (such as its owners). Such a connection does not necessarily imply the existence of a conflict of interest nor is it necessary to exclude individuals closely connected with other Persons (for example, those responsible for the stewardship of the owner's interests) from all decision-making processes in a Recognised Body. However, there may be decisions, primarily regulatory decisions, from which it may be appropriate to exclude an individual in certain circumstances where an interest, position or connection of his conflicts with the interest of the Recognised Body.

2.5.9 The Regulator may have regard to the arrangements a Recognised Body makes to structure itself and to allocate responsibility for decisions so that it can continue to take proper regulatory decisions notwithstanding any conflicts of interest, including:

(a) the systems and controls intended to ensure that confidential information is only used for proper purposes;

(b) the size and composition of the Governing Body and relevant committees;

(c) the roles and responsibilities of Key Individuals, especially where they also have responsibilities in other organisations;

(d) the arrangements for transferring decisions or responsibilities to alternates in individual cases; and

(e) the arrangements made to ensure that individuals who may have a permanent conflict of interest in certain circumstances are excluded from the process of taking decisions (or receiving information) about matters in which that conflict of interest would be relevant.

2.5.10 The Regulator may also have regard to the contracts of employment, staff rules, letters of appointment for members of the Governing Body, members of relevant committees and other Key Individuals and other guidance given to individuals on handling conflicts of interest. Guidance to individuals may need to cover:

(a) the need for prompt disclosure of a conflict of interest to enable others, who are not affected by the conflict, to assist in deciding how it should be managed;

(b) the circumstances in which a general disclosure of conflicts of interest in advance of any particular instance in which a conflict of interest arises may be sufficient;

(c) the circumstances in which a general advance disclosure may not be adequate;

(d) the circumstances in which it would be appropriate for a conflicted individual to withdraw from involvement in the matter concerned, without disclosing the interest; and

(e) the circumstances in which safeguards in addition to disclosure would be required, such as the withdrawal of the individual from the decision-making process, or from access to relevant information.

2.5.11 The Regulator may also have regard to the arrangements made:

(a) for enforcing rules or other provisions applicable to staff and other Persons involved in regulatory decisions; and

(b) to keep records of disclosures of conflicts of interest and the steps taken to handle them.

2.5.12 A Recognised Body must ensure that appropriate arrangements are made to:

(a) identify conflicts between the interests of the Recognised Body, its shareholders, owners and operators and the interests of the Persons who make use of its facilities or the interests of the facilities operated by it; and

(b) manage or disclose such conflicts so as to avoid adverse consequences for the sound functioning and operation of the facilities operated by the Recognised Body and for the Persons who make use of its facilities.

2.5.13 A Recognised Body must establish and maintain adequate policies and procedures to ensure that its Employees do not undertake personal account transactions in Financial Instruments in a manner that creates or has the potential to create conflicts of interest.

2.5.14 A Recognised Body must establish a code of conduct that sets out the expected standards of behaviour for its Employees, including clear procedures for addressing conflicts of interest. Such a code must be:

(a) binding on Employees; and

(b) to the extent appropriate and practicable, made publicly available.

Information transmission

2.5.15 In assessing a Recognised Body's systems and controls for the transmission of information, the Regulator may also have regard to the extent to which these systems and controls ensure that information is transmitted promptly and accurately:

(a) within the Recognised Body itself;

(b) to its Members; and

(c) (where appropriate) to other market participants or other relevant Persons.

Risk management

2.5.16 In assessing a Recognised Body's systems and controls for assessing and managing risk, the Regulator may also have regard to the extent to which these systems and controls enable the Recognised Body to:

(a) identify, measure and control all the general, operational, legal and market risks wherever they arise in its activities;

(b) allocate responsibility for risk management to Persons with appropriate knowledge and expertise; and

(c) provide sufficient, reliable information to Key Individuals and, where relevant, the Governing Body of the Recognised Body.

Internal and external audit

2.5.17 In assessing the adequacy of a Recognised Body's internal and external audit arrangements, the Regulator may have regard to:

(a) the size, composition and terms of reference of any audit committee of the Recognised Body's Governing Body;

(b) the frequency and scope of external audit;

(c) the provision and scope of internal audit;

(d) the staffing and resources of the Recognised Body's internal audit department;

(e) the internal audit department's access to the Recognised Body's records and other relevant information; and

(f) the position, responsibilities and reporting lines of the internal audit department and its relationship with other departments of the Recognised Body.

Information technology systems

2.5.18 In assessing the adequacy of the information technology used by a Recognised Body to perform or support its Regulatory Functions, the Regulator may have regard to:

(a) the organisation, management and resources of the information technology department within the Recognised Body;

(b) the arrangements for controlling and documenting the design, development, implementation and use of information technology systems; and

(c) the performance, capacity and reliability of information technology systems.

2.5.19 The Regulator may also have regard to the arrangements for maintaining, recording and enforcing technical and operational standards and specifications for information technology systems, including:

(a) the procedures for the evaluation, selection and testing of information technology systems;

(b) the procedures for problem management and system change;

(c) the arrangements to monitor and report system performance, availability and integrity;

(d) the arrangements (including spare capacity and access to back-up facilities) made to ensure information technology systems are resilient and not prone to failure;

(e) the arrangements made to ensure business continuity in the event that an information technology system does fail;

(f) the arrangements made to protect information technology systems from damage, tampering, misuse or unauthorised access; and

(g) the arrangements made to ensure the integrity of data forming part of, or being processed through, information technology systems.

2.5.20 The Regulator may have regard to the arrangements made to keep clear and complete audit trails of all uses of information technology systems and to reconcile (where appropriate) the audit trails with equivalent information held by system users and other interested parties.

Effecting and monitoring of transactions and operation of settlement arrangements

2.5.21 In assessing a Recognised Body's systems and controls for the effecting and monitoring of transactions, and for the operation of settlement arrangements, the Regulator may have

regard to the totality of the arrangements and processes through which the Recognised Body's transactions are effected, cleared and settled, including:

(a) a Recognised Body's arrangements under which orders are received and matched, its arrangements for trade and transaction reporting, and (if relevant) its arrangements with another Person under which any rights or liabilities arising from transactions are discharged including arrangements for transmission to a settlement system or Recognised Clearing House;

(b) (if relevant), a Recognised Body's arrangements under which instructions relating to a transaction to be cleared by another person by means of a Clearing Service are entered into its systems by the relevant person providing the Clearing Service and transmitted to the Recognised Body; and

(c) the arrangements made by the Recognised Body for monitoring and reviewing the operation of these systems and controls.

Safeguarding and administration of assets

2.5.22 In assessing a Recognised Body's systems and controls for the safeguarding and administration of assets belonging to users of its facilities, the Regulator may have regard to the totality of the arrangements and processes by which the Recognised Body:

(a) records the assets held and the identity of the owners of (and other persons with relevant rights over) those assets;

(b) records any instructions given in relation to those assets;

(c) records the carrying out of those instructions;

(d) records any movement in those assets (or any corporate actions or other events in relation to those assets); and

(e) reconciles its records of assets held with the records of any custodian or sub-custodian (or Person Acting as a Central Securities Depository) used to hold these assets, and with the records of beneficial or legal ownership of those assets.

Performance of Regulatory Functions

2.5.23 A Recognised Body must take all reasonable steps to ensure that the performance of its Regulatory Functions is not adversely affected by its commercial interests.

2.5.24 For the purposes of Rule 2.5.23, a Recognised Body must have adequate systems and controls, including policies and procedures, to ensure that the pursuit of its commercial interests (including its profitability) does not adversely impact on the performance of its Regulatory Functions.

Guidance

A Recognised Body should have systems for identifying, and drawing to the attention of its Senior Management and Governing Body, situations where its commercial interests conflict, or may potentially conflict, with the proper performance of its Regulatory

Functions. This would enable the Recognised Body to take appropriate steps to ensure that such conflicts do not adversely affect the proper performance by the Recognised Body of its Regulatory Functions. In particular, the Recognised Body should ensure that adequate human, financial and other resources (both in terms of quantity and quality) are provided for risk management, regulatory, compliance and other similar functions.

2.6 Operational systems and controls

2.6.1 A Recognised Body must establish a robust operational risk management framework with appropriate systems and controls to identify, monitor and manage operational risks that key participants, other Recognised Bodies, service providers (including outsourcees) and utility providers might pose to itself.

2.6.2 A Recognised Body must have a business continuity plan, which is subjected to periodic review and scenario testing, that addresses events posing a significant risk of disrupting operations, including events that could cause a widespread or major disruption. The plan should:

(a) outline objectives, policies, procedures and responsibilities to deal with internal and external business disruptions and measures to ensure timely resumption of service levels;

(b) include policies and procedures for event and crisis management;

(c) incorporate the use of a secondary site;

(d) contain appropriate emergency rules for force majeure events;

(e) be designed to ensure that critical information technology systems can resume operations within two hours following disruptive events;

(f) outline business continuity procedures in respect of its Members and other users of its facilities following disruptive or force majeure events; and

(g) in the case of a Recognised Clearing House, be designed to enable the Recognised Clearing House to complete settlement by the end of the day of disruption, even in case of extreme circumstances.

2.6.3 A Recognised Body should have an incident management procedure in place to record, report, analyse and resolve all operational incidents.

2.6.4 A Recognised Body should have clearly defined operational reliability objectives and policies to achieve these objectives, as well as a scalable operational capacity adequate to handle increasing stress volumes, service-level objectives and historical data.

2.6.5 A Recognised Body should have a comprehensive physical and information security policy, standards, practices and controls to identify, assess and manage security threats and vulnerabilities and to protect data from loss and leakage, unauthorised access and other processing risks.

2.7 Transaction recording

2.7.1 The Recognised Body must ensure that satisfactory arrangements are made for recording transactions effected on or cleared (or to be cleared) by the Recognised Body by means of its facilities.

2.7.2 In determining whether a Recognised Body has satisfactory arrangements for recording the transactions effected on, or cleared (or to be cleared) by means of, its facilities, the Regulator may have regard to:

(a) whether the Recognised Body has arrangements for creating, maintaining and safeguarding an audit trail of transactions for at least 7 years; and

(b) the type of information recorded and the extent to which the record includes details for each transaction of:

(i) the name of the Financial Instrument (and, if relevant, the underlying asset) and the price, quantity and date of the transaction;

(ii) the identities and, where appropriate, the roles of the counterparties to the transaction;

(iii) if the Recognised Body's rules make provision for transactions to be effected, cleared or to be cleared in more than one type of facility, or under more than one part of its rules, the type of facility in which, or the part of its rules under which, the transaction was effected, cleared or to be cleared; and

(iv) the date and manner of settlement of the transaction.

2.7.3 Where transactions are effected on a Recognised Investment Exchange and cleared through a Recognised Clearing House, the Recognised Bodies concerned may agree which information is to be recorded by each Recognised Body and need not duplicate each other's records.

2.8 Membership criteria and access

2.8.1 A Recognised Body must ensure that access to its facilities is subject to criteria designed to protect the orderly functioning of the market and the interests of investors.

2.8.2 The Recognised Body must make transparent and non-discriminatory rules, based on objective criteria, governing access to, or membership of, its facilities. In particular, those rules must specify the obligations for users or Members of its facilities arising from:

(a) the constitution and administration of the Recognised Body;

(b) rules relating to transactions on a Recognised Body’s market;

(c) its professional standards for staff of any Authorised Person, or Remote Member, having access to or membership of a financial market operated by the Recognised Body;

(d) conditions established for access to or membership of a financial market operated by the Recognised Body by Persons other than Authorised Persons, including Remote Members; and

(e) the rules and procedures for Clearing and settlement of transactions.

2.8.3 The Recognised Body shall only give access to or admit to membership a Person who:

(a) is fit and proper and of sufficient good repute;

(b) has a sufficient level of ability, competence and experience, including appropriate standards of conduct for its staff;

(c) where applicable, has adequate organisational arrangements, including financial and technological resources; and

(d) where that Person is a Remote Member, they have been granted a Recognition Order by the Regulator under section 138A of FSMR.

2.8.4 A Recognised Body must immediately notify the Regulator of the:

(a) receipt of a Member application from a Remote Member;

(b) approval by the Recognised Body of a Remote Member application; and

(c) imposition of disciplinary measures or sanctions on a Remote Member by the Recognised Body.

2.8.5 In assessing whether access to a Recognised Body's facilities is subject to criteria designed to protect the orderly functioning of the market, or of those facilities, and the interests of investors, the Regulator may have regard to whether:

(a) the Recognised Body limits access as a Member to such Persons:

(i) over whom it can with reasonable certainty enforce its rules contractually;

(ii) who have sufficient technical competence to use its facilities;

(iii) whom it is appropriate to admit to membership having regard to the size and sophistication of users of its facilities and the nature of the business effected by means of, or cleared through, its facilities; and

(iv) (if appropriate) who have adequate financial resources in relation to their exposure to the Recognised Body;

(b) indirect access to the Recognised Body's facilities is subject to suitable criteria, remains the responsibility of a Member of the Recognised Body and is subject to its rules;

(c) where access is granted to Remote Members, there are adequate safeguards against Market Abuse and Financial Crime; and

(d) the Recognised Body's rules:

(i) set out the design and operation of the Recognised Body's relevant systems;

(ii) set out the risk for Members and other participants when accessing and participating on the Recognised Body's facilities;

(iii) contain provisions for the resolution of Members' and other participants' disputes and an appeal process for the decisions of the Recognised Body;

(iv) contain disciplinary proceedings, including any sanctions that may be imposed by the Recognised Body against its Members and other participants; and

(v) any other matters necessary for the proper functioning of the Recognised Body and the facilities operated by it.

2.8.6 The Recognised Body must make arrangements regularly to provide the Regulator with a list of users or Members of its facilities.

Direct Electronic access

2.8.7 A Recognised Body may only permit a Member to provide its Clients Direct Electronic Access to the Recognised Body's facilities where:

(a) the Clients meet the suitability criteria established by the Member in order to meet the requirements in Rule 2.8.8;

(b) the Member retains responsibility for the orders and trades executed by the Clients who are using Direct Electronic Access; and

(c) the Member has adequate mechanisms to prevent the Clients placing or executing orders using Direct Electronic Access in a manner that would result in the Member exceeding its position or margin limits.

2.8.8 A Recognised Body which permits its Members to allow their Clients to have Direct Electronic Access to its trading facilities must:

(a) set appropriate standards regarding risk controls and thresholds on trading through Direct Electronic Access;

(b) be able to identify orders and trades made through Direct Electronic Access; and

(c) if necessary, be able to stop orders or trades made by a Client using Direct Electronic Access provided by the Member without affecting the other orders or trades made or executed by that Member.

2.8.9 Deleted.

2.8.10 A Person who is permitted to have Direct Electronic Access to a Recognised Body's facilities through a Member is not, by virtue of such permission, a Member of the Recognised Body.

2.8.11 The Regulator may have regard to the arrangements made to permit Direct Electronic Access to the Recognised Body's facilities and to prevent and resolve problems likely to arise from the use of electronic systems to provide indirect access to its facilities by Persons other than its Members, including:

(a) the rules and guidance governing Members' procedures, controls and security arrangements for inputting instructions into the system;

(b) the rules and guidance governing the facilities Members provide to Clients to input instructions into the system and the restrictions placed on the use of those systems;

(c) the rules and practices to detect, identify, and halt or remove instructions breaching any relevant restrictions;

(d) the quality and completeness of the audit trail of any transaction processed through an electronic connection system; and

(e) procedures to determine whether to suspend trading by those systems or access to them by or through individual Members.

2.9 Financial crime and market abuse

2.9.1 A Recognised Body must:

(a) operate an effective market surveillance program and appropriate measures to identify, monitor, deter and prevent conduct which may amount to market misconduct, Financial Crime and money laundering on and through the Recognised Body's facilities; and

(b) immediately report to the Regulator any suspected market misconduct, Financial Crime or money laundering, along with full details of that information in writing.

2.9.2 A Recognised Body must have appropriate procedures and protections for enabling Employees to disclose any information to the Regulator or to other appropriate bodies involved in the prevention of market misconduct, money laundering or other Financial Crime or any other breaches of relevant legislation.

2.9.3 In determining whether a Recognised Body's measures are appropriate to reduce the extent to which its facilities can be used for a purpose connected with Market Abuse or Financial Crime, to facilitate their detection and to monitor their incidence, the Regulator may have regard to:

(a) whether the rules of the Recognised Body enable it to disclose any information to the Regulator or other appropriate bodies involved in the detection, prevention or pursuit of Market Abuse or Financial Crime inside or outside the Abu Dhabi Global Market; and

(b) whether the arrangements, resources, systems, and procedures of the Recognised Body enable it to:

(i) monitor the use made of its facilities so as to obtain information regarding possible patterns of normal, abnormal or improper use of those facilities;

(ii) detect possible instances of Market Abuse or Financial Crime, for example, by detecting suspicious patterns in the use of its facilities;

(iii) communicate information about Market Abuse or Financial Crime promptly and accurately to appropriate organisations; and

(iv) cooperate with all relevant bodies in the prevention, investigation and pursuit of Market Abuse or Financial Crime.

2.10 Custody

2.10.1 A Recognised Body must ensure that, where its facilities include making provision for the safeguarding and administration of assets belonging to users of those facilities, satisfactory arrangements are made for that purpose with an appropriate custodian or settlement facility.

2.10.2 In determining whether a Recognised Body has made satisfactory arrangements for the safeguarding and administration of assets belonging to the users of its facilities, the Regulator may have regard to:

(a) the level of protection which the arrangements provide against the risk of theft or other types or causes of loss;

(b) whether the arrangements ensure that assets are only used or transferred in accordance with the instructions of the owner of those assets or in accordance with the terms of the agreement by which the Recognised Body undertook to safeguard and administer those assets;

(c) whether the arrangements ensure that the assets are not transferred to the Recognised Body or to any other Person to settle the debts of the owner (or other Person with the appropriate rights over the assets) except in accordance with valid instructions from a Person entitled to give those instructions, or in accordance with the terms of the agreement by which the Recognised Body undertook to safeguard and administer those assets;

(d) whether the arrangements include satisfactory procedures to ensure that any rights arising in relation to the assets held as a result of any actions by the issuers of those assets (or other relevant Persons) are held, transferred or acted upon in a timely and accurate manner in accordance with the instructions of the owner of those assets or in accordance with the terms of the agreement by which the Recognised Body undertook to safeguard and administer those assets;

(e) whether there are adequate arrangements to ensure the proper segregation of assets belonging to the Recognised Body (or to undertakings in the same Group)

from those belonging to the users of its facilities for the safeguarding and administration of assets;

(f) whether the arrangements include satisfactory procedures for the selection, oversight and review of custodians or sub-custodians used to hold the assets;

(g) whether the agreements by which the Recognised Body undertakes to safeguard and administer assets belonging to users of its facilities include appropriate information regarding the terms and conditions of that service and the obligations of the Recognised Body to the user of the service and of the user of the service to the Recognised Body;

(h) whether the records kept of those assets and the operation of the safeguarding services provide sufficient accurate and timely information:

(i) to identify the legal and beneficial owners of the assets and of any Persons who have charges over, or other interests in, the assets;

(ii) to record separately any additions, reductions and transfers in each account of assets held for safeguarding or administration; and

(iii) to identify separately the assets owned by (or, where appropriate, on behalf of) different Persons, including, where appropriate, the assets owned by Members of the Recognised Body and their Clients;

(i) the frequency of reconciliation of the assets held by (or on behalf of) the Recognised Body with the accounts held with the Recognised Body by the users of its safeguarding and administration services and the extent of the arrangements for resolving a shortfall identified in any reconciliation; and

(j) the frequency with which statements of their holdings are provided to the users of the safeguarding and administration services, to the owners of the assets held and to other appropriate Persons in accordance with the terms of the agreement by which the Recognised Body undertook to safeguard and administer those assets.

2.10.3 This Rule 2.10 does not apply to collateral taken under title transfer arrangements.

2.11 Rules and consultation

2.11.1 The Recognised Body must ensure that appropriate procedures are adopted for it to make rules, for keeping its rules under review and for amending them. The procedures must include procedures for consulting users of the Recognised Body's facilities in appropriate cases.

2.11.2 Any amendment to a Recognised Body's Business Rules must, prior to the amendment being effective, be

(a) made available for public consultation; and

(b) approved by the Regulator.

2.11.2A Any amendment to a Recognised Body's guidance to its Business Rules must, prior to the amendment being effective, be notified to the Regulator.

2.11.3 The Regulator may dispense with the requirement in Rule 2.11.2(a) in cases of emergency, force majeure, typographical errors, minor administrative matters, or to comply with applicable laws.

2.11.4 A Recognised Body must have procedures for notifying users of these amendments.

Public consultation

2.11.5 A Recognised Body must, before making any amendment to its Business Rules, undertake public consultation on the proposed amendment in accordance with the requirements in this Rule.

2.11.6 For the purposes of Rule 2.11.5, a Recognised Body must publish a consultation paper setting out (a) the text of both the proposed amendment and the Business Rules that are to be amended, (b) the reasons for proposing the amendment, and (c) a reasonable consultation period, which must not be less than fourteen days from the date of publication, within which Members and other stakeholders may provide comments. The Recognised Body must lodge with the Regulator the consultation paper no later than the time at which it is released for public comment.

2.11.7 The Regulator may, where it considers on reasonable grounds that it is appropriate to do so, require the Recognised Body to extend its proposed period of public consultation specified in the consultation paper.

2.11.8 A Recognised Body must

(a) facilitate, as appropriate, informal discussions on the proposed amendment with Members and other stakeholders including any appropriate representative bodies of such Persons;

(b) consider the impact the proposed amendment has on the interests of its Members and other stakeholders; and

(c) have proper regard to any public comments received.

2.11.9 Following public consultation, a Recognised Body must publish the final rules and consider whether it would be appropriate to discuss the comments received and any amendments made prior to publication.

Review of rules

2.11.10 In determining whether a Recognised Body's procedures for consulting Members and other users of its facilities are appropriate, the Regulator may have regard to the range of Persons to be consulted by the Recognised Body under those procedures. Consultation with a smaller range of Persons may be appropriate where limited, technical changes to a Recognised Body's rules are proposed. A Recognised Body's procedures may include provision to restrict consultation where it is essential to make a change to the rules without delay in order to ensure continued compliance with the Recognition Requirements or other legal obligations.

2.11.11 In determining whether a Recognised Body's procedures for consulting Members and other users of its facilities are appropriate, the Regulator may have regard to the extent to which the procedures include:

(a) informal discussions at an early stage with users of its facilities or appropriate representative bodies;

(b) publication to users of its facilities of a formal consultation paper which includes clearly expressed reasons for the proposed changes and an appropriately detailed assessment of the likely costs and benefits;

(c) adequate time for users of its facilities to respond to the consultation paper and for the Recognised Body to take their responses properly into account;

(d) adequate arrangements for making responses to consultation available for inspection by users of its facilities, unless the respondent requests otherwise;

(e) adequate arrangements for ensuring that the Recognised Body has proper regard to the representations received; and

(f) publication, no later than the publication of the amended rules, of a reasoned account of the Recognised Body's decision to amend its rules.

2.12 Discipline

2.12.1 The Recognised Body must have effective arrangements for monitoring and enforcing compliance with its rules (including, in the case of a Recognised Investment Exchange, effective arrangements for monitoring transactions in order to identify disorderly trading conditions or Market Abuse).

2.12.2 The arrangements must include procedures for:

(a) investigating complaints made to the Recognised Body about the conduct of Persons in the course of using the Recognised Body's facilities; and

(b) fair, independent and impartial resolution of appeals against decisions of the Recognised Body.

2.12.3 Where arrangements include provision for requiring the payment of financial penalties, they must include arrangements for ensuring that any amount so paid is applied only in one or more of the following ways:

(a) towards meeting expenses incurred by the Recognised Body in the course of the investigation of the breach in respect of which the penalty is paid, or in the course of any appeal against the decision of the Recognised Body in relation to that breach;

(b) for the benefit of users of the Recognised Body's facilities; or

(c) for charitable purposes.

2.12.4 In determining whether a Recognised Body has effective arrangements for monitoring and enforcing compliance with its rules (including its settlement arrangements), the Regulator may have regard to:

(a) the Recognised Body's ability to:

(i) monitor and oversee the use of its facilities;

(ii) assess its Members' compliance with its rules (and settlement arrangements, where appropriate);

(iii) assess the significance of any non-compliance;

(iv) take appropriate disciplinary action against Members in breach of its rules (and settlement arrangements, where appropriate);

(v) suspend a Member's access to its facilities;

(vi) refer Members' or others' conduct to other appropriate authorities for possible action or further investigation;

(vii) retain authority over a Member for at least one year after he has ceased to be a Member;

(viii) where appropriate, enforce its rules (and settlement arrangements, where appropriate) against users (other than Members) of its facilities; and

(ix) take action against suppliers of services to Members (for example, warehouses) whose performance or conduct may be critical to ensuring compliance with its rules (and settlement arrangements, where appropriate);

(b) the position, management and resources of the departments responsible for monitoring and overseeing the use of the Recognised Body's facilities and for enforcing compliance with its rules (and settlement arrangements, where appropriate); and

(c) the arrangements made for the determination of disciplinary matters including the arrangements for disciplinary hearings and the arrangements made for appeals from the Recognised Body's decisions in those matters.

2.12.5 In assessing whether the procedures made by a Recognised Body to investigate complaints about the users of its facilities are satisfactory, the Regulator may have regard to:

(a) whether these procedures include arrangements which enable the Recognised Body to:

(i) acknowledge complaints promptly;

(ii) consider and investigate these complaints objectively, promptly and thoroughly;

(iii) provide a timely reply to the complainant; and

(iv) keep adequate records of complaints and investigations;

(b) the arrangements made to enable a Person who is the subject of a complaint to respond in an appropriate manner to that complaint; and

(c) the documentation of these procedures and the arrangements made to ensure that the existence of these procedures is brought to the attention of Persons who might wish to make a complaint.

2.12.6 In assessing whether the arrangements include procedures for the fair, independent and impartial resolution of appeals against decisions of a Recognised Body, the Regulator may have regard to at least the following factors:

(a) the appeal procedures of the Recognised Body, including the composition and roles of any appeal committees or tribunals, and their relationship to the Governing Body;

(b) the arrangements made to ensure prompt hearings of appeals from decisions made by the Recognised Body;

(c) the format, organisation and rules of procedure of those hearings;

(d) the arrangements made to select the Persons to preside over those hearings and to serve as members of any appeal tribunal;

(e) the provision for determining whether or not such hearings should be in public;

(f) the provision made to enable an appellant to be aware of the procedure at any appeal hearing and to have the opportunity to prepare and present his case at that hearing;

(g) the provision made for an appeal tribunal to give an explanation of its decision; and

(h) the provision for publicity for any appeals or for determining whether or not publicity should be given to the outcome of any appeal.

2.12.7 In assessing whether a Recognised Body's arrangements include appropriate provision for ensuring the application of any financial penalties in ways described in the Recognition Requirement, the Regulator may have regard to:

(a) the Recognised Body's policy regarding the application of financial penalties; and

(b) the arrangements made for applying that policy in individual cases,

but the Regulator does not consider that it is necessary for Recognised Bodies to follow any specific policy in order to meet this Recognition Requirement.

2.13 Complaints

2.13.1 The Recognised Body must have effective arrangements for the investigation and resolution of complaints arising in connection with the performance of, or failure to perform, any of its Regulatory Functions.

2.13.2 The arrangements must include arrangements for a complaint to be fairly and impartially investigated by a Person independent of the Recognised Body, and for him to report on the result of his investigation to the Recognised Body and to the complainant.

2.13.3 The arrangements must confer on the Person mentioned in Rule 2.13.2 the power to recommend, if he thinks appropriate, that the Recognised Body:

(a) makes a compensatory payment to the complainant; or

(b) remedies the matter complained of,

or takes both of those steps.

2.13.4 Nothing in these Rules is to be taken as preventing the Recognised Body from making arrangements for the initial investigation of a complaint to be conducted by the Recognised Body.

2.13.5 In determining whether a Recognised Body has effective arrangements for the investigation and resolution of complaints arising in connection with the performance of, or failure to perform, any of its Regulatory Functions, the Regulator may have regard to the extent to which the Recognised Body's resources and procedures enable it to:

(a) acknowledge complaints promptly;

(b) make an objective, prompt and thorough initial investigation of complaints;

(c) provide a timely reply to the complainant after that initial investigation;

(d) inform the complainant of his right to apply to the Recognised Body's complaints investigator; and

(e) keep adequate records of complaints and investigations.

2.13.6 In determining whether a Recognised Body's arrangements for the investigation of complaints include appropriate arrangements for the complaint to be fairly and impartially investigated by an independent Person (a "complaints investigator"), the Regulator may have regard to:

(a) the arrangements made for appointing (and removing) a complaints investigator, including the terms and conditions of such an appointment and the provision for remuneration of a complaints investigator;

(b) the complaints investigator's access to, and relationship with, the Recognised Body's Governing Body and Key Individuals;

(c) the arrangements made for giving complainants access to the complaints investigator;

(d) the facilities made available to the complaints investigator to enable him to pursue his investigation and prepare his report and recommendations, including access to the Recognised Body's records, Key Individuals and other staff (including, where appropriate, suppliers, contractors or other Persons to whom any functions have been outsourced and their staff); and

(e) the arrangements made for the Recognised Body to consider the complaints investigator's report and recommendations.

2.13.7 If a Recognised Body considers that another Recognised Body or an Authorised Person is entirely or partly responsible for the subject matter of a complaint, it may refer the complaint, or the relevant part of it, to the other Recognised Body or Authorised Person in accordance with the process set out in GEN 7.2.10.

2.14 Outsourcing

2.14.1 A Recognised Body may satisfy Recognition Requirements applying to it by making arrangements for functions to be performed on its behalf by any other Person.

2.14.2 Where a Recognised Body makes such arrangements, the arrangements do not affect the responsibility on the Recognised Body to satisfy Recognition Requirements applying to it, but it is in addition a Recognition Requirement applying to the Recognised Body that the Person who performs (or is to perform) the functions is a fit and proper Person who is able and willing to perform them.

2.14.3 A Recognised Body must, before entering into any material outsourcing arrangements with a service provider, obtain the Regulator's prior approval to do so.

2.14.4 A Recognised Body that outsources any functions must comply with the outsourcing requirements in GEN 3.3.32.

2.14.5 If a Person who performs a function on behalf of a Recognised Body is himself carrying on a Regulated Activity in the Abu Dhabi Global Market, he will, unless he is a Person to whom the General Prohibition does not apply, need to be either an Authorised Person or an Exempt Person. The Person to whom a function is delegated is not covered by the Recognised Body's exemption.

2.15 Applications for recognition

Application process

2.15.1 An Applicant for Recognised Body status must demonstrate to the Regulator that it is able to meet the Recognition Requirements before a Recognition Order can be made. Once it has been recognised, a Recognised Body must comply with the Recognition Requirements at all times.

2.15.2 The Regulator must refuse to make a Recognition Order in relation to a body applying for recognition as a Recognised Body if it appears to the Regulator that an existing or proposed Regulatory Provision of the Applicant in connection with the Applicant's

business as a Recognised Investment Exchange or Recognised Clearing House, or will impose, an excessive requirement on Persons directly or indirectly affected by it. A requirement is excessive if it is not required by any Abu Dhabi Global Market law and either:

(a) it is not justified as pursuing a reasonable regulatory objective; or

(b) it is disproportionate to the end to be achieved,

in either case, having regard to the effect of existing legal and other requirements, the global character of financial services and markets and the international mobility of activity, the desirability of facilitating innovation and the impact of the proposed Regulatory Provision on market confidence.

2.15.3 Deleted.

Guidance

There is no standard application form. A prospective Applicant should contact the Regulator at an early stage for advice on the preparation, scheduling and practical aspects of its application. It is very important that an application is comprehensively prepared, demonstrates satisfaction of all Recognition Requirements and is based on a well-developed and clear proposal.

2.15.4 An application should include the following information:

(a)	Details of the Applicant's constitution including copies of its memorandum and articles of association (or similar or analogous documents) and any agreements between the Applicant, its owners or other Persons relating to its constitution or governance.
(b)	Details of the Applicant's structure and ownership, including the identity and scale of interests of the Persons who are in a position to exercise significant influence over the management of the proposed Recognised Body, whether directly or indirectly in a structure chart.
(c)	A full organisation chart and a list of the posts to be held by Key Individuals (with details of the duties and responsibilities) and the names of the Persons proposed for these appointments when these names are available.
(d)	Copies of the Applicant's proposed Regulatory Provisions.
(e)	Information, evidence and explanatory material (including supporting documentation) necessary to demonstrate to the Regulator that the Recognition Requirements will be met.
(f)	Details of all business to be conducted by the Applicant, whether or not a Regulated Activity.
(g)	Details of the facilities which the Applicant plans to operate, including details of the trading platform, settlement arrangements, Clearing Services and custody services which it plans to supply.
(h)	Copies of the last three annual reports and accounts and, for the current financial year, quarterly management accounts.
(i)	Its business plan for the first three years of operation as a Recognised Body.

(j)	Details of its auditors, bankers, solicitors and any Persons providing corporate finance advice or similar services (such as reporting accountants) to the Applicant.
(k)	Details of any Regulatory Functions to be outsourced or delegated, with copies of relevant agreements.
(l)	Details of information technology systems and of arrangements for their supply, management, maintenance and upgrading, and security.
(m)	Details of all plans to minimise disruption to operation of its facilities in the event of the failure of its information technology systems.
(n)	Details of internal systems for financial control, arrangements for risk management and insurance arrangements to cover operational and other risks.
(o)	Details of its arrangements for managing any counterparty risks, including details of margining systems, guarantee funds and insurance arrangements.
(p)	Details of internal arrangements to safeguard confidential or privileged information and for handling conflicts of interest.
(q)	Details of arrangements for complying with the notification rules and other requirements to supply information to the Regulator.
(r)	Details of the arrangements to be made for monitoring and enforcing compliance with its rules and with its Clearing, settlement and default arrangements.
(s)	A summary of the legal due diligence carried out in relation to ascertaining the enforceability of its rules (including Default Rules) and arrangements for margin against any of its Members based outside the Abu Dhabi Global Market, and the results and conclusions reached.
(t)	Details of the procedures to be followed for declaring a Member in default, and for taking action after that event to close out positions, protect the interests of other Members and enforce its Default Rules.
(u)	Details of membership selection criteria, rules and procedures.
(v)	Details of arrangements for recording transactions effected by, or cleared through, its facilities.
(w)	Details of arrangements for detecting Market Abuse or Financial Crime, including arrangements for complying with money laundering law.
(x)	Details of criteria, rules and arrangements for selecting Financial Instruments to be admitted to trading on a Recognised Investment Exchange, or to be cleared by a Recognised Clearing House and, where relevant, details of how information regarding Financial Instruments will be disseminated to users of its facilities.
(y)	Details of arrangements for cooperating with the Regulator and other appropriate authorities, including draft memoranda of understanding or letters.
(z)	Details of the procedures and arrangements for making and amending rules, including arrangements for consulting on rule changes.
(aa)	Details of disciplinary and appeal procedures, and of the arrangements for investigating complaints.
(bb)	Any information required in accordance with directions issued by the Regulator.

(cc)	The appropriate fee.

2.15.5 The Regulator may require the Applicant to provide additional information, and may require the Applicant to verify any information in any manner. In view of their likely importance for any application, the Regulator will normally wish to arrange for its own inspection of an Applicant's information technology systems.

Timing

2.15.6 The application must be determined by the Regulator before the end of the period of six months beginning with the date on which it receives the completed application.

2.15.7 At any time after making a formal application, the Applicant may make amendments to its rules, guidance or any other part of its application submitted to the Regulator, provided that it updates its application accordingly.

2.15.8 Deleted.

Guidance

The Regulator will keep the Applicant informed of the progress of the application. It may be necessary to ask the Applicant to clarify or amplify or discuss some aspects of its proposals, and the Regulator may invite the Applicant to attend meetings for that purpose.

2.15.9 The Regulator will follow the procedure set out in Rule 6.9.6 if it does not give its approval.

3 RULES APPLICABLE TO RECOGNISED INVESTMENT EXCHANGES

3.1 Introduction

3.1.1 This chapter contains additional Recognition Requirements applicable to Recognised Investment Exchanges.

3.2 Capital requirements

3.2.1 A Recognised Investment Exchange shall hold the following capital:

(a) an amount equal to 6 months' operational expenses; plus

(b) unless the Regulator directs otherwise, an additional buffer amount of up to a further 6 months' operational expenses.

3.2.2 For the purposes of this Rule, operational expenses shall be considered in accordance with:

(a) International Financial Reporting Standards (IFRS);

(b) generally accepted accounting principles of a third country determined by the Regulator to be equivalent to IFRS; or

(c) accounting standards of a third country the use of which is permitted by the Regulator.

3.2.3 Recognised Investment Exchanges shall use the most recent audited information from their annual financial statement.

3.3 Fair and orderly trading

3.3.1 A Recognised Investment Exchange must ensure that it has transparent and non-discretionary rules and procedures to provide for fair and orderly trading, and to establish objective criteria for the efficient execution of orders.

3.3.2 In determining whether a Recognised Investment Exchange is ensuring that business conducted by means of its facilities is conducted in an orderly manner (and so as to afford proper protection to investors), the Regulator may have regard to the extent to which the Recognised Investment Exchange's rules and procedures:

(a) are consistent with the Rules of Market Conduct;

(b) prohibit abusive trading practices or the deliberate reporting or publication of false information about trades;

(c) prohibit or prevent:

(i) trades in which a party is improperly indemnified against losses;

(ii) trades intended to create a false appearance of trading activity ("wash trades");

(iii) cross trades executed for improper purposes;

(iv) improperly prearranged or pre-negotiated trades;

(v) trades intended to assist or conceal any potentially identifiable trading abuse ("accommodation trades"); and

(vi) trades which one party does not intend to close out or settle.

(d) include appropriate measures to prevent the use of its facilities for abusive or improper purposes;

(e) provide appropriate safeguards for investors against fraud or misconduct, recklessness, negligence or incompetence by users of its facilities;

(f) provide appropriate information to enable users of its facilities to monitor their use of the facilities;

(g) include appropriate arrangements to enable users of its facilities to raise queries about any use of those facilities which they are reported to have made;

(h) include appropriate arrangements to enable users of its facilities to comply with any relevant regulatory or legal requirements; and

(i) include appropriate arrangements to reduce the risk that those facilities will be used in ways which are incompatible with relevant regulatory or legal requirements,

and in this paragraph "appropriate" should be taken to mean appropriate having regard to the nature and scale of the Recognised Body's facilities, the types of Persons who will use the facilities and the use which they will make of those facilities.

3.3.3 In determining whether a Recognised Investment Exchange is ensuring that business conducted by means of its facilities is conducted in an orderly manner (and so as to afford proper protection to investors), the Regulator may have regard to whether the Recognised Investment Exchange's arrangements and practices:

(a) enable Members and Clients for whom they act to obtain the best price available at the time for their size and type of trade;

(b) include procedures which enable the Recognised Investment Exchange to influence trading conditions or suspend trading promptly when necessary to maintain an orderly market; and

(c) if they include arrangements to support or encourage liquidity:

(i) are transparent;

(ii) are not likely to encourage any Person to enter into transactions other than for proper trading purposes (which may include hedging, investment, speculation, price determination, arbitrage and filling orders from any Client for whom he acts);

(iii) are consistent with a reliable, undistorted price-formation process; and

(iv) alleviate dealing or other identified costs associated with trading on the Recognised Investment Exchange's markets and do not subsidise a market position of a user of its facilities.

3.3.4 The rules of a Recognised Investment Exchange must provide that the Recognised Investment Exchange must not exercise its power to suspend or remove from trading on a market operated by it any Financial Instrument which no longer complies with its rules, where such step would be likely to cause significant damage to the interests of investors or the orderly functioning of the Abu Dhabi Global Market Financial System.

3.4 Rules Applicable to Recognised Investment Exchanges that are also MTF, OTF or Crypto Asset Exchange Operators and rules on Trade Repositories

3.4.1 A Recognised Investment Exchange may carry on the Regulated Activity of operating a MTF or OTF provided that its Recognition Order includes a stipulation permitting it to do so. If it does include such a stipulation, the specific rules on MTFs and OTFs in COBS will apply to that function, but that function only.

3.4.1A A Recognised Investment Exchange may operate a Crypto Asset Exchange, as part of the Regulated Activity of Operating a Crypto Asset Business, provided that its Recognition Order includes a stipulation permitting it to do so.

3.4.1B If the Recognition Order referred to in rule 3.4.1A above does include such a stipulation, the Recognised Investment Exchange must comply with all requirements in respect of the Regulated Activity of Operating a Crypto Asset Business, as set out in –

(a) section 5A of the Financial Services and Markets Regulations 2015; and

(b) COBS, Chapter 17 and, in particular, the Rules applicable to operating a Crypto Asset Exchange as set out in COBS, Rule 17.7.

3.4.2 A Recognised Investment Exchange operating an MTF, an OTF or Crypto Asset Exchange must also operate a market that complies with the Recognition Requirements.

3.4.3 A Recognised Body may also act as a Trade Repository if its Recognition Order includes a stipulation permitting it to do so. Acting as a Trade Repository will result in it being subject to the additional conduct requirements in Appendix 2 of GEN.

3.5 Pre-trade transparency obligations

3.5.1 A Recognised Investment Exchanges shall, in relation to Financial Instruments traded on its systems, make public continuously throughout its normal trading hours, and submit to the Regulator, in accordance with the type of trading system they operate:

(a) the information specified in Rule 3.5.5; and

(b) current bid and offer prices and the depth of trading interests at those prices which are advertised through their systems.

3.5.2 Deleted.

3.5.3 Deleted.

3.5.4 Deleted.

3.5.5 Information to be made public

Type of Trading System	Description of Trading System	Summary of information to be made public for each Financial Instrument
Continuous auction order book trading system	A system that by means of an order book and a trading algorithm operated without human intervention matches sell orders with matching buy orders on the basis of the best available price on a continuous basis.	The aggregate number of orders and the Financial Instruments those orders represent, at each price level, for at least the five best bid and offer price levels.
Quote-driven trading system	A system where transactions are concluded on the basis of firm quotes that are continuously made available to participants, which requires the market makers to maintain quotes in a size that balances the needs of Members and participants to deal in a commercial size and the risk to which the market maker exposes itself.	The best bid and offer by price of each market maker in that Financial Instrument, together with the volumes attaching to those prices. The quotes made public shall be those that represent binding commitments to buy and sell the Financial Instruments and which indicate the price and volume of Financial Instruments in which the registered market makers are prepared to buy or sell. In exceptional market conditions, however, indicative or one-way prices may be allowed for a limited time.
Periodic auction trading system	A system that matches orders on the basis of a periodic auction and a trading algorithm operated without human intervention.	The price that would best satisfy the system's trading algorithm and the volume that would potentially be

Type of Trading System	Description of Trading System	Summary of information to be made public for each Financial Instrument
		executable at that price by participants in the system.
Trading system not covered by first three trading systems	A hybrid system falling into two or more of the first three trading systems or a system where the price determination process is of a different nature than that applicable to the types of system covered by the first three trading systems.	Adequate information as to the price level of orders or quotes for each Financial Instrument, and of the trading interest in that Financial Instrument. In particular, the five best bid and offer price levels and/or two way quotes of each market maker in the Financial Instrument, if the characteristics of the price discovery mechanism so permit.

3.5.6 Deleted.

Waivers based on market model and type of order or transaction

3.5.7 Waivers from Rule 3.5.1 may be granted by the Regulator in respect of Shares, depository receipts, ETFs, Certificates and other similar Financial Instruments, for any of the following:

(a) systems matching orders based on a trading methodology by which the price of the Financial Instrument is derived from a reference price generated by another trading venue or the most relevant market in terms of liquidity, where that reference price is widely published and is regarded by Members as a reliable reference price;

(b) systems that formalise negotiated transactions, which are:

(i) made at, or within, the current volume weighted spread reflected on the order book or the quotes of the market makers, subject to a volume cap to be determined by the Regulator to ensure that the use of this waiver does not unduly harm price formation;

(ii) where the Financial Instrument does not fall within the meaning of a liquid market, and are dealt within a percentage of a suitable reference

price, being a percentage and a reference price set in advance by the Recognised Investment Exchange; or

(iii) subject to conditions other than the current market price of that Financial Instrument, being;

A. a transaction related to an individual Financial Instrument in a portfolio trade; or

B. a volume weighted average price transaction.

(c) orders that are large in scale compared with normal market size, as set out in Rule 3.5.11; or

(d) orders held in an order management facility of the Recognised Investment Exchange pending disclosure.

3.5.8 For Financial Instruments not covered by Rule 3.5.7, waivers may be granted by the Regulator for any of the following:

(a) orders that are large in scale compared with normal market size;

(b) orders held in an order management facility of the Recognised Investment Exchange pending disclosure; or

(c) Financial Instruments for which there is not a liquid market.

References to negotiated transaction

3.5.9 For the purpose of Rule 3.5.7(b), a negotiated transaction shall mean a transaction involving Members or participants of a Recognised Investment Exchange which is negotiated privately but executed within the Recognised Investment Exchange and where that Member or participant in doing so undertakes one of the following tasks:

(a) dealing on own account with another Member or participant who acts for the account of a Client;

(b) dealing with another Member or participant, where both are executing orders on own account;

(c) acting for the account of both the buyer and seller;

(d) acting for the account of the buyer, where another Member or participant acts for the account of the seller; or

(e) trading for own account against a Client order.

3.5.10 Deleted.

3.5.11 Waivers in relation to transactions which are large in scale

For the purpose of Rule 3.5.7(c), an order shall be considered to be large in scale compared with normal market size if it is equal to or larger than the minimum size of order specified in Rule 3.5.11. For the purposes of determining whether an order is large in scale compared to normal market size, all Financial Instruments admitted to trading on a Recognised Investment Exchange market shall be classified in accordance with their average daily turnover, in accordance with Rule 3.5.12.

3.5.12 Orders large in scale compared with normal market size

Class in terms of average daily turnover (ADT)	ADT < USD 500 000	USD 500 000 < ADT < USD 1 000 000	USD 1 000 000 < ADT < USD 25 000 000	USD 25 000 000 < ADT < USD 50 000 000	ADT > USD 50 000 000
Minimum size of order qualifying as large in scale compared with normal market size	USD 50 000	USD 100 000	USD 250 000	USD 400 000	USD 500 000

3.6 Post-trade transparency obligation

3.6.1 The Recognised Investment Exchange must make arrangements for the price, volume and time of transactions executed in Financial Instruments to be made available to the public and the Regulator as close to real-time as technically possible assuming a reasonable level of efficiency and of expenditure on systems on the part of the Recognised Investment Exchange, provided that:

(a) information relating to a portfolio trade shall be made available with respect to each constituent transaction as close to real time as possible, having regard to the need to allocate prices to particular Financial Instruments; and

(b) post-trade information referring to transactions taking place on a Recognised Investment Exchange but outside its normal trading hours shall be made public before the opening of the next trading day of the Recognised Investment Exchange.

3.6.2 Recognised Investment Exchanges shall, with regard to Transactions in respect of Financial Instruments admitted to trading on or concluded within their systems, make public the following details:

(a) the details specified in Rule 3.6.7;

(b) an indication that the exchange of Financial Instruments is determined by factors other than the current market valuation of the Financial Instrument, where the Transaction:

(i) related to an individual Financial Instrument in a portfolio trade; or

(ii) is a volume weighted average price Transaction.

(c) an indication that the trade was a negotiated trade, where applicable; and

(d) any amendments to previously disclosed information, where applicable.

These details shall be made public either by reference to each Transaction or in a form aggregating the volume and price of all Transactions in the same Financial Instrument taking place at the same price at the same time.

Deferrals

3.6.3 The Regulator may authorise a Recognised Investment Exchange to provide for deferred publication of the details of transactions based on the size or type of the transaction. In particular, the Regulator may authorise the deferred publication in respect of transactions that:

(a) are large in scale compared with the normal market size for that Financial Instrument;

(b) are related to Financial Instrument traded on a trading venue for which there is not a liquid market; or

(c) are above a size specific to that Financial Instrument which would expose liquidity providers to undue risk and takes into account whether the relevant market participants are retail or wholesale investors.

3.6.4 Recognised Investment Exchanges shall obtain the Regulator's prior approval of proposed arrangements for deferred trade-publication, and shall clearly disclose those arrangements to market participants and the public.

3.6.5 If a Recognised Investment Exchange decides to provide Members, and if applicable, Authorised Persons, details of transactions in Financial Instruments, it must do so on reasonable commercial terms and on a non-discriminatory basis.

3.6.6 The Regulator may permit the requirements of Rule 3.6.1 to be deferred in respect of large volume or for certain types of trades, as specified in Rule 3.6.8, in which case the Recognised Investment Exchange must ensure that the existence of and the terms of the deferral are disclosed to Members and users of their facilities, and to investors.

3.6.7 Post-trade information:

(a)	Trading Day	The trading day on which the transaction was executed.
(b)	Trading Time	The time at which the transaction was executed.
(c)	Instrument Identification	This shall consist of a unique code to be decided by the Regulator identifying the Financial Instrument which is the subject of the transaction; or, if the Financial Instrument in question does not have a unique identification code, the report must include the name of the Financial Instrument.
(d)	Unit Price	The price per Financial Instrument excluding commission and (where relevant) accrued interest.
(e)	Price Notation	The currency in which the price is expressed.
(f)	Quantity	The number of units of the Financial Instruments.
(g)	Venue identification	Identification, if applicable, of the venue where the transaction was executed.

3.6.8 Deferred publication of large transactions

The deferred publication of information in respect of transactions may be authorised, for a period no longer than the period specified in Rule 3.6.10 for the class of Financial Instrument and transaction concerned, provided the following criteria are satisfied:

(a) the transaction is between a Member or if applicable, Authorised Person, dealing on own account and a Client of that firm; and

(b) the size of that transaction is equal to or exceeds the relevant minimum qualifying size, as specified in Rule 3.6.10. In order to determine the relevant minimum qualifying size, all Financial Instruments admitted to trading on a Recognised Investment Exchange shall be classified in accordance with their average daily turnover to be calculated in accordance with Rule 3.6.10.

3.6.9 Each constituent transaction of a portfolio trade shall be assessed separately for the purposes of determining whether deferred publication in respect of that transaction is available.

3.6.10 Deferred publication thresholds and delays

The table below shows, for each permitted delay for publication and each class of Financial Instrument in terms of average daily turnover (ADT), the minimum qualifying size of transaction that will qualify for that delay in respect of a Financial Instrument of that type.

Permitted delay for publication	**Class of Financial Instruments in terms of average daily turnover (ADT)**			
	ADT ‹ USD 100 000	**USD 100 000 ‹ ADT ‹ USD 1 000 000**	**USD 1 000 000 ‹ ADT ‹ USD 50 000 000**	**ADT ‹› USD 50 000 000**
	Minimum qualifying size of transaction for permitted delay			
60 minutes	USD 10 000	Greater of 5% of ADT and USD 25 000	Lower of 10% of ADT and USD 3 500 000	Lower of 10% of ADT and USD 7 500 000
180 minutes	USD 25 000	Greater of 15% of ADT and USD 75 000	Lower of 15% of ADT and USD 5 000 000	Lower of 20% of ADT and USD 15 000 000
Until end of trading day (or roll-over to 12pm of next trading day if trade undertaken in final 12 hours of trading day)	USD 45 000	Greater of 25% of ADT and USD 100 000	Lower of 25% of ADT and USD 10 000 000	Lower of 30% of ADT and USD 30 000 000
Until end of trading day next after trade	USD 60 000	Greater of 50% of ADT and USD 100 000	Greater of 50% of ADT and USD 1 000 000	100% of ADT
Until end of second trading day next after trade	USD 80 000	100% of ADT	100% of ADT	250% of ADT
Until end of third trading day next after trade		250% of ADT	250% of ADT	

3.7 Public disclosure

3.7.1 Any arrangement to make information public shall satisfy the following conditions:

(a) it must include all reasonable steps necessary to ensure that the information to be published is reliable, monitored continuously for errors, and corrected as soon as errors are detected;

(b) it must facilitate the consolidation of the data with similar data from other sources; and

(c) it must make the information available to the public on a non-discriminatory commercial basis at a reasonable cost.

3.7.2 For the purposes of Rule 3.7.1(a), a verification process should be established which does not need to be external from the organisation of the publishing entity, but which should be an independent cross-check of the accuracy of the information generated by the trading process. This process should have the capability to at least identify price and volume anomalies, be systematic and conducted in real-time. The chosen process should be reasonable and proportionate in relation to the business.

3.7.3 In respect of arrangements pertaining to public disclosure in Rule 3.7.1:

(a) For the purposes of Rule 3.7.1(b), information is made public, if it:

(i) is accessible by automated electronic means in a machine-readable way;

(ii) utilises technology that facilitates consolidation of the data and permits commercially viable usage; and

(iii) is accompanied by instructions outlining how users can access the information.

(b) For the purposes of Rule3.7.3(a)(i), an arrangement fulfils the 'machine-readable' criteria where the data:

(i) is in a physical form that is designed to be read by a computer;

(ii) is in a location on a computer storage device where that location is known in advance by the party wishing to access the data; and

(iii) is in a format that is known in advance by the party wishing to access the data.

(c) Publication on a non-machine-readable website would not meet the requirements of Rule 3.7.1(a).

3.7.4 Information that is made public should conform to a consistent and structured format based on industry standards. Recognised Investment Exchanges can choose the structure that they use.

3.7.5 Proper information

In determining whether appropriate arrangements have been made to make relevant information available to Persons engaged in dealing in Financial Instruments admitted to trading on the Recognised Investment Exchange, the Regulator may have regard to:

(a) the extent to which Members and Clients for whom they act are able to obtain information about those Financial Instruments, either through accepted channels for dissemination of information or through other regularly and widely accessible communication media, to make a reasonably informed judgment about the value and the risks associated with those Financial Instruments in a timely fashion;

(b) what restrictions, if any, there are on the dissemination of relevant information to the Recognised Investment Exchange's Members and Clients for whom they act; and

(c) whether relevant information is or can be kept to restricted groups of Persons in such a way as to facilitate or encourage dealing in contravention of the Rules of Market Conduct.

3.7.6 Own means of dissemination

Recognised Investment Exchanges do not need to maintain their own arrangements for disseminating news or information about Financial Instruments (or underlying assets) to their Members where they have made adequate arrangements for other Persons to do so on their behalf or there are other effective and reliable arrangements for this purpose.

3.8 Settlement and Clearing Services

3.8.1 The Recognised Investment Exchange, when engaging a Clearing Service, must ensure that satisfactory arrangements are made for securing the timely discharge (whether by performance, compromise or otherwise), Clearing and settlement of the rights and liabilities of the parties to transactions effected on the Recognised Investment Exchange (being rights and liabilities in relation to those transactions).

3.8.2 The engagement of a Recognised Clearing House or Remote Clearing House will be deemed sufficient to satisfy Rule 3.8.1.

3.8.3 If a Recognised Investment Exchange engages a party that is not a Recognised Clearing House or a Non-Abu Dhabi Global Market Clearing House, the Recognised Investment Exchange must confirm to the Regulator, in writing, the satisfactory arrangements made under Rule 3.8.1.

Guidance

The satisfactory arrangements required by Rule 3.8.1 should reference the requirements set out in Rule 4.3.5.

3.8.4 The rules of the Recognised Investment Exchange must permit a Member to use whatever settlement facility they choose for a transaction. This Rule only applies where:

(a) such links and arrangements exist between the chosen settlement facility and any other settlement facility as are necessary to ensure the efficient and economic settlement of the transaction; and

(b) the Recognised Investment Exchange is satisfied that the smooth and orderly functioning of the ADGM financial markets will be maintained.

3.9 Admission of Financial Instruments to trading

3.9.1 Admission to trading

(a) The Recognised Investment Exchange must make clear and transparent rules concerning the admission of Financial Instruments to trading on any market operated by it.

(b) The rules must ensure that all Financial Instruments admitted to trading on any market operated by the Recognised Investment Exchange are capable of being traded in a fair, orderly and efficient manner.

(c) The rules must ensure that:

(i) all Financial Instruments admitted to trading on a market operated by the Recognised Investment Exchange are freely negotiable; and

(ii) all contracts for Derivatives admitted to trading on a regulated market operated by the Recognised Investment Exchange are designed so as to allow for their orderly pricing as well as for the existence of effective settlement conditions.

(d) The Recognised Investment Exchange must maintain effective arrangements to verify that Issuers of Financial Instruments admitted to trading on a market operated by it comply with its disclosure obligations.

(e) The Recognised Investment Exchange must maintain arrangements to assist users of a market operated by it to obtain access to information made public under its disclosure obligations.

(f) The Recognised Investment Exchange must maintain arrangements regularly to review whether the Financial Instruments admitted to trading on a market operated by it comply with the admission requirements for those Financial Instruments.

(g) The rules must provide that where a Recognised Investment Exchange, without obtaining the consent of the Issuer, admits to trading on a market operated by it a Financial Instrument which has been admitted to trading on another market, the Recognised Investment Exchange:

(i) must inform the Issuer of that Financial Instrument as soon as is reasonably practicable; and

(ii) may not require the Issuer of that Financial Instrument to demonstrate compliance with its disclosure obligations.

(h) The rules must provide that where a Recognised Investment Exchange, without obtaining the consent of the Issuer, admits to trading on an MTF operated by it a Financial Instrument which has been admitted to trading on a market, it may not require the Issuer of that Financial Instrument to demonstrate compliance with its disclosure obligations.

3.9.2 Financial Instruments – Freely negotiable and fair, orderly and efficient

For the purposes of Rules 3.9.1(b) and 3.9.1(c)(i):

(a) Financial Instruments shall be considered freely negotiable if they can be traded between the parties to a transaction, and subsequently transferred without restriction, and if all Financial Instruments within the same class as the Financial Instrument in question are fungible.

(b) Financial Instruments which are subject to a restriction on transfer shall not be considered as freely negotiable unless the restriction is not likely to disturb the market.

(c) Financial Instruments that are not fully paid may be considered as freely negotiable, if arrangements have been made to ensure that the negotiability of such Financial Instruments is not restricted and that adequate information concerning the fact that the Financial Instruments are not fully paid, and the implications of that fact for shareholders, is publicly available.

(d) When exercising its discretion whether to admit a Financial Instrument to trading, a Recognised Investment Exchange shall, in assessing whether the Financial Instrument is capable of being traded in a fair, orderly and efficient manner, take into account the following:

(i) the distribution of those Financial Instruments to the public; and

(ii) such historical financial information, information about the Issuer, and information providing a business overview as is required to be prepared under the Market Rules or is or will be otherwise publicly available.

(e) A Financial Instrument that is admitted to the Official List, and the listing of which is not suspended, shall be deemed to be freely negotiable and capable of being traded in a fair, orderly and efficient manner.

(f) When assessing whether a Financial Instrument is capable of being traded in a fair, orderly and efficient manner, the Recognised Investment Exchange shall take into account, whether the following criteria (if relevant to the particular kind of Financial Instrument) are satisfied:

(i) the terms of the Financial Instrument are clear and unambiguous and allow for a correlation between its price and the price or other value measure of the underlying Financial Instrument;

(ii) the price or other value measure of the underlying Financial Instrument is reliable and publicly available;

(iii) there is sufficient information publicly available of a kind needed to value the Financial Instrument;

(iv) the arrangements for determining the settlement price of the Financial Instrument ensure that this price properly reflects the price or other value measure of the underlying; and

(v) where the settlement of the Financial Instrument requires or provides for the possibility of the delivery of an underlying security or asset rather than cash settlement, there are adequate settlement and delivery procedures for that underlying as well as adequate arrangements to obtain relevant information about that underlying.

3.9.3 Units in collective investment funds

When assessing whether Units are capable of being traded in a fair, orderly and efficient manner for the purposes of Rule 3.9.1, a Recognised Investment Exchange shall take the following aspects into account:

(a) For an open-ended Collective Investment Fund:

(i) the distribution of those Units to the public;

(ii) whether there are appropriate market-making arrangements, or whether the Fund Manager provides appropriate alternative arrangements for investors to redeem the Units; and

(iii) whether the value of the units is made sufficiently transparent to investors by means of the periodic publication of the net asset value.

(b) For a closed-ended Investment Fund:

(i) the distribution of those Units to the public; and

(ii) whether the value of the Units is made sufficiently transparent to investors, either by publication of information on the Fund's investment strategy or by the periodic publication of a net asset value.

3.9.4 Derivatives

When admitting to trading a Financial Instrument that is a Derivative, Recognised Investment Exchanges shall verify that the following conditions are satisfied:

(a) the terms of the contract establishing the Derivative must be clear and unambiguous, and enable a correlation between the price of the Derivative and the price or other value measure of the underlying;

(b) the price or other value measure of the underlying must be reliable and publicly available or ascertainable; or the contract establishing that instrument must be likely to provide a means of disclosing to the market, or enabling the market to assess, the price or other value measure of the underlying, where the price or value measure is not otherwise publicly available;

(c) sufficient information of a kind needed to value the Derivative must be publicly available or ascertainable;

(d) the arrangements for determining the settlement price of the contract must be such that the price properly reflects the price or other value measure of the underlying or reference;

(e) the Recognised Investment Exchange must ensure that appropriate supervisory arrangements are in place to monitor trading and settlement in such Derivative;

(f) the Recognised Investment Exchange must ensure that settlement and delivery, whether physical delivery or by cash settlement, can be effected in accordance with the contract terms and conditions of those Derivative; and

(g) where the settlement of the Derivative requires or provides for the possibility of the delivery of an underlying security or asset rather than cash settlement, there must be adequate arrangements to enable market participants to obtain relevant information about that underlying, as well as adequate settlement and delivery procedures for the underlying.

3.9.5 Rules concerning the admission of Financial Instruments to trading on an MTF

When determining, for the purposes of Rule 3.3.1, whether a Recognised Investment Exchange has clear and transparent rules concerning the admission of Financial Instruments to trading on any Multilateral Trading Facility operated by it, the Regulator may have regard to:

(a) whether there is a sufficient range of Persons already holding the Financial Instrument (or, where relevant, the underlying asset) or interested in dealing in it to bring about adequate forces of supply and demand;

(b) the extent to which there are any limitations on the Persons who may hold or deal in the Financial Instrument, or the amounts of the Financial Instrument which may be held; and

(c) whether the Recognised Investment Exchange has adequate procedures for obtaining information relevant for determining whether or not to suspend or discontinue trading in that Financial Instrument.

3.10 Default Rules

3.10.1 A Recognised Investment Exchange must have legally enforceable Default Rules which, in the event of a Member of the Recognised Investment Exchange being or appearing to be unable to meet his obligations in respect of one or more Market Contracts, enable it to suspend or terminate such Member's membership and cooperate by sharing information with its Recognised Clearing House.

3.10.2 The Recognised Investment Exchange must issue a public notice on its website in respect of any Member whose membership is so suspended or terminated.

3.10.3 The Recognised Investment Exchange must be able and willing to cooperate, by the sharing of information and otherwise, with the Regulator, any Relevant Office Holder and any other authority or body having responsibility for any matter arising out of, or connected with, the default of a Member of the Recognised Investment Exchange or any designated non-Member or the default of a Recognised Clearing House or another Recognised Investment Exchange.

4 RULES APPLICABLE TO RECOGNISED CLEARING HOUSES

4.1 Introduction

4.1.1 This chapter contains additional Recognition Requirements applicable to Recognised Clearing Houses.

4.1.2 The Rules in this Chapter are intended to be consistent with the CPSS-IOSCO Principles for Financial Market Infrastructures. All Recognised Clearing Houses should comply with such principles.

4.2 Capital requirements

4.2.1 A Recognised Clearing House shall hold capital more than or equal to the sum of capital calculated in respect of the following risks:

(a) **winding down or restructuring activities**. Six months' gross operational expenses.

(b) **operational risks**. A Recognised Clearing House shall calculate its capital requirement for operational risks using either the Basic Indicator Approach or, with prior authorisation from the Regulator, the Standardised Approach or the Alternative Standardised Approach, both as provided specifically in Appendix 7.3 and generally in Appendix 7 of PRU.

(c) **credit, counterparty credit and market risks**. A Recognised Clearing House shall calculate its capital requirements as the sum of 10% of its risk-weighted exposure amounts for credit and counterparty credit risk and its capital requirements for market risk calculated in accordance with Appendix 6 of PRU, subject to the following:

(i) For the calculation of the risk-weighted exposure amounts for credit risk and counterparty credit risk, a Recognised Clearing House shall apply the Credit Risk Capital Requirement (CRCOM) method in section 4.8 of PRU.

(ii) Where a Recognised Clearing House does not use its own resources, the Recognised Clearing House shall apply a risk weight of 250% to its exposure stemming from any contributions to the default fund of another Clearing house and a risk weight of 2% to any trade exposures with another Clearing house.

(d) **business risk**. A Recognised Clearing House shall submit to the Regulator for approval its own estimate of the capital necessary to cover losses resulting from business risk based on reasonably foreseeable adverse scenarios relevant to its business model. The capital requirement for business risk shall be equal to the approved estimate and shall be subject to a minimum amount of 25% of its annual gross operational expenses.

4.2.2 For the purposes of Rule 4.2.1, operational expenses shall be considered in accordance with:

(a) International Financial Reporting Standards (IFRS);

(b) in accordance with generally accepted accounting principles of a third country determined by the Regulator to be equivalent to IFRS; or

(c) accounting standards of a third country the use of which is permitted by the Regulator.

Recognised Clearing Houses shall use the most recent audited information from their annual financial statement.

4.2.3 A Recognised Clearing House shall have procedures in place to identify all sources of risks that may impact its on-going functions and shall consider the likelihood of potential adverse effects on its revenues or expenses and its level of capital.

4.2.4 If the amount of capital held by a Recognised Clearing House is lower than 110% of the capital requirements or lower than 110% of USD 9.5 million (the "notification threshold"), the Recognised Clearing House shall immediately notify the Regulator in writing of the information set out in Rule 5.4.1 and keep it updated at least weekly, until the amount of capital held by the Recognised Clearing House returns above the notification threshold.

4.3 Clearing and settlement

4.3.1 A Recognised Clearing House must be able to demonstrate compliance with internationally accepted standards for financial market infrastructures to the satisfaction of the Regulator.

4.3.2 A Recognised Clearing House must ensure that its Clearing Services include satisfactory arrangements for securing the timely discharge (whether by performance, compromise or otherwise) of the rights and liabilities of the parties to transactions for which it provides such services.

4.3.3 In determining whether there are satisfactory arrangements for securing the timely discharge of the rights and liabilities of the parties to transactions, the Regulator may have regard to the Recognised Clearing House's:

(a) rules and practices relating to Clearing and settlement including its arrangements with another Person for the provision of Clearing and settlement services;

(b) arrangements for matching trades and ensuring that the parties are in agreement about trade details;

(c) where relevant, arrangements for making deliveries and payments, in all relevant jurisdictions;

(d) procedures to detect and deal with the failure of a Member to settle in accordance with its rules;

(e) arrangements for taking action to settle a trade if a Member does not settle in accordance with its rules;

(f) arrangements for monitoring its Members' settlement performance; and

(g) (where appropriate) Default Rules and default procedures.

4.3.4 A Recognised Clearing House will not be regarded as failing to comply with the Recognition Requirement merely because it is unable to arrange for a specific transaction to be settled.

4.4 Admission of Financial Instruments to Clearing – investment criteria

4.4.1 A Recognised Clearing House must have clear and objective criteria ("Investment Criteria") included in its Business Rules according to which Financial Instruments can be cleared and settled on its facilities. The Investment Criteria must include the requirements in Rule 4.4.2(a) and (b) below as relevant.

4.4.2 A Recognised Clearing House must ensure that Financial Instruments are cleared on its facilities only if:

(a) in the case of Securities, such Securities are either:

(i) admitted to the Official List of Securities; or

(ii) admitted to trading on a Recognised Investment Exchange, Remote Investment Exchange, or a market in a jurisdiction acceptable to the Regulator; and

(b) in the case of Derivative contracts, are traded on a Recognised Investment Exchange, Remote Investment Exchange, or a market in a jurisdiction acceptable to the Regulator, having regard to:

(i) the degree of standardisation of the contractual terms and operational processes of the Derivative contract;

(ii) the volume and liquidity of the Derivative contract; and

(iii) the availability of fair, reliable and generally accepted pricing information in the Derivative contract.

4.5 Default Rules

4.5.1 Deleted.

4.5.2 Deleted.

4.5.3 A Recognised Clearing House which provides central counterparty, clearing or settlement facilities must make transparent and non-discriminatory rules based on objective criteria, governing access to those facilities. A Recognised Body may refuse access to these facilities on legitimate commercial grounds.

4.5.4 A Recognised Clearing House must have legally enforceable Default Rules which, in the event of a Member (including if a Member is another Recognised Clearing House or a Recognised Investment Exchange) being, or appearing to be, unable to meet his obligations in respect of one or more Market Contracts, enable action to be taken in respect of unsettled Market Contracts to which the Member is a party, where appropriate to the risks faced by it, including:

(a) effecting any transfers and close-outs of a defaulting Member or participant's assets or proprietary or Client positions (as applicable) to the Recognised Clearing House, a non-defaulting Member or participant, and/or to a receiver, third party or bridge financial company;

(b) the auction of any position or asset of the defaulting Member or participant in the market;

(c) the application the proceeds of liquidation, and other funds and assets of the defaulting Member or participant; and/or

(d) the use of a default contribution fund mechanism whereby defaulting and non-defaulting Member or participant's pre-funded contributions to the default contribution fund are applied to cover the obligation.

4.5.5 The Default Rules shall clearly define and specify:

(a) circumstances which constitute a default, addressing both financial and operational default, and how the different types of default may be treated by the Recognised Clearing House;

(b) the method for identifying a default (including any automatic or discretionary default scenarios, and how the discretion is exercised in any discretionary default scenarios);

(c) potential changes to the normal settlement practices in a default scenario;

(d) the management of transactions at different stages of processing;

(e) the expected treatment of proprietary and Client transactions and accounts;

(f) the probable sequencing of actions that the Recognised Clearing House may take;

(g) the roles, obligations and responsibilities of various parties, including the Recognised Clearing House, the defaulting Member and non-defaulting participants;

(h) how to address the defaulting Member's obligations to Clients;

(i) how to address the allocation of any credit losses it may face as a result of any individual or combined default among its participants with respect to their obligations to the Recognised Clearing House and how stress events are dealt with; and

(j) any other mechanisms that may be activated to contain the impact of a default, including:

(i) a default contribution fund, whereby defaulting and non-defaulting Members or participants' pre-funded contributions to the default contribution fund are applied to cover the losses or shortfall arising on a default on the basis of a predetermined order of priority; and

(ii) a resolution regime of the defaulting participant, involving "porting" or transferring the open positions and margin related to Client transactions to a non-defaulting participant, receiver, third party or bridge financial company;

(k) for all remaining rights and liabilities of the defaulter under or in respect of unsettled Market Contracts to be discharged and for there to be paid by or to the defaulter such sum of money (if any) as may be determined in accordance with the Default Rules, by offsetting all relevant rights, assets and liabilities on the relevant account;

(l) for the certification by or on behalf of the Recognised Clearing House of the sum finally payable or, as the case may be, of the fact that no sum is payable, separately for each account of the defaulter;

(m) the Recognised Clearing House's segregation and portability arrangements, including the method for determining the value at which Client positions will be transferred; and

(n) provisions ensuring that losses that arise as a result of the default of a Member of the Recognised Clearing House or threaten the Recognised Clearing House's solvency are allocated with a view to ensuring that the Recognised Clearing House can continue to provide the services and carry on the activities specified in its Recognition Order.

4.5.6 Default Rules should be reviewed and tested at least annually or following material changes to the rules and procedures to ensure that they are practical and effective.

4.5.7 A Recognised Clearing House must have adequate compliance procedures in place to ensure that:

(a) its Business Rules and Default Rules are monitored and enforced;

(b) any complaints relating to its operations or regarding Members and other participants on its facilities are promptly investigated;

(c) where appropriate, disciplinary action resulting in financial and other types of penalties can be taken;

(d) appeal procedures are in place; and

(e) referrals can be made to the Regulator in appropriate circumstances.

4.5.8 The Default Rules may make the same or similar provision, in relation to Designated Non-Members designated in accordance with the procedures mentioned in Rule 4.5.9, as in relation to Members of the Recognised Clearing House.

4.5.9 If such provision is made as allowed under Rule 4.5.8, the Recognised Clearing House must have adequate procedures for:

(a) designating the Persons, or descriptions of person, in respect of whom action may be taken;

(b) keeping under review the question which Persons or descriptions of person should be or remain so designated; and

(c) withdrawing such designation.

4.5.10 The procedures in Rule 4.5.9 must be designed to secure that:

(a) a Person is not, or does not remain, designated if failure by him to meet his obligations in respect of one or more Market Contracts would adversely affect the operation of the market; and

(b) a description of persons is not, or does not remain, designated if failure by a Person of that description to meet his obligations in respect of one or more Market Contracts would affect operation of the market.

4.5.11 The Recognised Body must have adequate arrangements:

(a) for bringing a designation or withdrawal of designation to the attention of the Person or description of persons concerned; and

(b) where a description of Persons is designated, or the designation of a description of persons is withdrawn, for ascertaining which Persons fall within that description.

4.6 Stress testing of capital

4.6.1 A Recognised Clearing House should adopt comprehensive and stringent measures to ensure that it has adequate total financial resources to effectively manage its credit risk and exposures.

4.6.2 A Recognised Clearing House should determine the amount of the total financial resources available to it and regularly test the sufficiency of such amount, particularly in the event of a default or multiple defaults in extreme but plausible market conditions through rigorous stress testing.

4.6.3 In conducting stress testing, a Recognised Clearing House should consider the effect of a wide range of relevant stress scenarios in terms of both defaulters' positions and possible price changes in liquidation periods. Scenarios should include relevant peak historic price volatilities, shifts in other market factors such as price determinants and yield curves, multiple defaults over various time horizons, simultaneous pressures in funding and asset markets, and a spectrum of forward-looking stress scenarios in a variety of extreme but plausible market conditions.

4.6.4 A Recognised Clearing House which is involved in activities with a more-complex risk profile, or is systemically important in multiple jurisdictions, should maintain additional financial resources to cover a wide range of potential stress scenarios. These should include the default of the two of its market counterparties (including their affiliates) that would potentially cause the largest aggregate credit exposure for the Recognised Clearing House in extreme but plausible market conditions. In all other cases, a Recognised Clearing House should maintain additional financial resources sufficient to cover a wide range of potential stress scenarios, which include the default of the market counterparty

(including its affiliates) that would potentially cause the largest aggregate credit exposure for the Recognised Clearing House in extreme but plausible market conditions.

4.7 Risk management

Risk management framework

4.7.1 A Recognised Clearing House must have a comprehensive risk management framework (i.e. detailed policies, procedures and systems) capable of managing systemic, legal, credit, liquidity, operational and other risks to which it is exposed.

4.7.2 The risk management framework in Rule 4.7.1 must:

(a) encompass a regular review of material risks to which the Recognised Clearing House is exposed and the risks posed to other market participants resulting from its operations; and

(b) be subject to periodic review as appropriate to ensure that it is effective and operating as intended.

4.7.3 The risk management framework should identify scenarios that may potentially prevent a Recognised Clearing House from being able to provide its critical operations and services as a going concern and assess the effectiveness of a full range of options for recovery or orderly wind-down.

4.7.4 A Recognised Clearing House should prepare appropriate plans for resumption of its operations in such scenarios and, where it is not possible to do so, for an orderly wind-down of the operations of the Recognised Clearing House premised on the results of such assessments. Such procedures should also include appropriate early notification to the Regulator and other regulators as appropriate.

4.7.5 A Recognised Clearing House should, to the extent possible, provide incentives to Members and other market participants to manage and contain the risks they pose to the orderly and efficient operations of the Recognised Clearing House. Those may include financial penalties to Members and other participants that fail to settle Investments in a timely manner or to repay intra-day credit by the end of the operating day.

Operational risk

4.7.6 A Recognised Clearing House shall have in place a well-documented assessment and management system for operational risk with clear responsibilities assigned for this system. It shall identify its exposures to operational risk and track relevant operational risk data, including material loss data. This system shall be subject to regular review carried out by an independent party possessing the necessary knowledge to carry out such review.

4.7.7 An operational risk assessment system shall be closely integrated into the risk management processes of the Recognised Clearing House. Its output shall be an integral part of the process of monitoring and controlling the operational risk profile.

4.7.8 A Recognised Clearing House shall implement a system of reporting to Senior Management that provides operational risk reports to Regulatory Functions within the

institutions. A Recognised Clearing House shall have in place procedures for taking appropriate action according to the information within the reports to management.

Legal risk

4.7.9 A Recognised Clearing House must have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.

4.7.10 A Recognised Clearing House must have adequate rules and procedures, including contractual arrangements, which are legally enforceable.

4.7.11 A Recognised Clearing House that operates in multiple jurisdictions must:

(a) identify and mitigate the risks arising from doing business in the relevant jurisdictions, including those arising from conflicting laws applicable in such jurisdictions; and

(b) ensure the arrangements referred to in Rule 4.7.10 provide a high degree of certainty that actions taken by the Recognised Clearing House under its rules and procedures will not be reversed, stayed or rendered void.

4.7.12 A Recognised Clearing House may be conducting its activities in multiple jurisdictions in circumstances such as:

(a) where it operates through linked Recognised Clearing Houses in or outside of the Abu Dhabi Global Market, or clearing houses, securities settlement systems, being systems that enable Financial Instruments to be transferred and settled by book entry, or Central Securities Depositories outside of the Abu Dhabi Global Market;

(b) where its Members and other participants are incorporated, located, or otherwise conducting business in jurisdictions outside the Abu Dhabi Global Market; or

(c) where any collateral provided is located or held in a jurisdiction outside the Abu Dhabi Global Market.

4.7.13 A Recognised Clearing House should be able to demonstrate to the Regulator that the legal basis on which it operates, including in multiple jurisdictions, is well founded. This would general include:

(a) well-defined rights and obligations of the Recognised Clearing House, its Members and other users, including its service providers such as custodians and settlement banks, or would provide a mechanism by which such rights and obligations can be ascertained. This would enable the Recognised Clearing House to identify and address risks that arise from its operations involving such parties;

(b) adequately addressing legal risks faced by a Recognised Clearing House, particularly where it operates in multiple jurisdictions including a situation where an unexpected application of a law or regulation may render a contract between itself and counterparty void or unenforceable, thereby leading to a loss; and

(c) obtaining independent legal opinions as appropriate to its activities in order to form clear views about the legally binding nature of its contractual arrangements

in the relevant jurisdictions. Such legal opinions should, to the extent practicable, confirm the enforceability of the rules and procedures of the Recognised Clearing House in the relevant jurisdictions and be made available to the Regulator upon request.

Credit risk

4.7.14 A Recognised Clearing House must establish and implement a robust process to manage:

(a) its current and potential future credit and market risk exposures to market counterparties, including Members and other participants on its facilities; and

(b) credit risks arising from its payment, Clearing, and settlement processes.

4.7.15 The process referred to in Rule 4.7.14 must:

(a) enable a Recognised Clearing House to effectively measure, monitor, and manage its risks and exposures effectively;

(b) enable a Recognised Clearing House to identify sources of credit risk and routinely measure and monitor its credit exposures; and

(c) use appropriate risk management tools or margin and other prefunded financial resources to control the identified credit risks.

4.7.16 For the purposes of Rule 4.7.14, a Recognised Clearing House must, on a regular basis as appropriate to the nature, scale and complexity of its operations:

(a) perform stress tests using models containing standards and predetermined parameters and assumptions; and

(b) carry out comprehensive and thorough analysis of stress testing models, scenarios, and underlying parameters and assumptions used to ensure that they are appropriate for determining the required level of default protection in light of current and evolving market conditions.

4.7.17 A Recognised Clearing House must:

(a) undertake the analysis referred to in Rule 4.7.16(b) at least on a two-monthly basis, unless more frequent analysis is warranted because the Investments cleared or markets served display high volatility, become less liquid, or when the size or concentration of positions held by its participants increase significantly;

(b) consider carrying out daily stress testing to measure and monitor its risk exposures, especially if its operations are complex or widely spread over multiple jurisdictions; and

(c) perform a full validation of its risk-management models at least annually.

4.7.18 A Recognised Clearing House must establish explicit rules and procedures that address fully any credit losses it may face as a result of any individual or combined default among

its Members and other participants with respect to any of their obligations to the Recognised Clearing House. Such rules and procedures should:

(a) address how any potentially uncovered credit losses would be allocated, including the repayment of any funds the Recognised Clearing House may borrow from its liquidity providers; and

(b) indicate the Recognised Clearing House's process to replenish any financial resources that it may employ during a stress event, so that it can continue to operate in a safe and sound manner.

4.7.19 A Recognised Clearing House must document its supporting rationale for, and have appropriate governance arrangements relating to, the amount of total financial resources it maintains.

4.7.20 A Recognised Clearing House must have clear procedures to report the results of its stress tests to its Governing Body and Senior Management as appropriate.

4.7.21 A Recognised Clearing House must use the results of its stress tests to evaluate the adequacy of its total financial resources and make any adjustments as appropriate.

Liquidity risk

4.7.22 A Recognised Clearing House must:

(a) determine the amount of its minimum liquid resources;

(b) maintain sufficient liquid resources to be able to effect same-day, intra-day or multi-day settlement, as applicable, of its payment obligations with a high degree of confidence under a wide range of potential stress scenarios;

(c) ensure that all resources held for the purposes of meeting its minimum liquid resource requirement are available when needed;

(d) have a well-documented rationale to support the amount and form of total liquid resources it maintains for the purposes of (b) and (c); and

(e) have appropriate arrangements in order to be able to maintain, on an on-going basis, such amount and form of its total liquid resources.

4.7.23 A Recognised Clearing House must have a robust framework for managing its liquidity risks. Such a framework must enable it to manage liquidity risks arising from its Members and other participants on its facilities, and any other involved parties, such as settlement banks, custodian banks, liquidity providers ("Members and other involved parties"). For that purpose, the framework must, at a minimum, include:

(a) rules and procedures that:

(i) enable the Recognised Clearing House to meet its payment obligations on time following any individual or combined default of its Members and other involved parties;

(ii) address unforeseen and potentially uncovered liquidity shortfalls to avoid unwinding, revoking, or delaying the settlement of its payment obligations arising under the same-day, intra-day or multiday settlement obligations, as applicable; and

(iii) indicate any liquidity resources the Recognised Clearing House may deploy, in the event of default by a Member or other involved parties, during a stress event to replenish the available liquid resources and the associated process, so that it can continue to operate in a safe and sound manner;

(b) effective operational and analytical tools to identify, measure and monitor its settlement and funding flows on an on-going and timely basis; and

(c) rigorous due diligence procedures relating to its liquidity providers to obtain a high degree of confidence that each provider (whether the provider is a Member or other participant using its facilities or an external party) has:

(i) sufficient information to assess, understand and manage its own liquidity risks; and

(ii) the capacity to perform as required under their commitment.

4.7.24 The framework referred to in Rule 4.7.23 must enable the Recognised Clearing House to effectively measure, monitor, and manage its liquidity risk.

4.7.25 To the extent that the rules addressing liquidity risk referred to in Rule 4.7.23 also address credit risks, the same rules, after adjustment as appropriate, can be used for both purposes.

4.7.26 A Recognised Clearing House must regularly:

(a) review the adequacy of the amount of its minimum liquid resources as determined in accordance with Rule 4.7.22;

(b) test the sufficiency of its liquid resources maintained to meet the relevant amount through rigorous stress testing; and

(c) test its procedures for accessing its liquid resources at a liquidity provider.

4.7.27 In conducting stress testing, a Recognised Clearing House should consider:

(a) a wide range of relevant scenarios including relevant peak historic price volatilities, shifts in other market factors such as price determinants and yield curves, multiple defaults over various time horizons, simultaneous pressures in funding and asset markets, and a spectrum of forward-looking stress scenarios in a variety of extreme but plausible market conditions;

(b) the design and operation of the Recognised Clearing House;

(c) all entities that may pose material liquidity risks to the Recognised Clearing House (such as settlement banks, custodian banks, liquidity providers, and other involved entities); and

(d) where appropriate, for price fluctuations during a multi-day period.

4.7.28 For the purposes of meeting the minimum liquid resource requirement referred to in Rule 4.7.22, a Recognised Clearing House's qualifying liquid assets/resources may include:

(a) cash held in appropriate currencies at a central bank in its or other relevant jurisdiction, or at creditworthy commercial banks;

(b) committed lines of credit;

(c) committed foreign exchange swaps;

(d) committed repos; and

(e) highly marketable collateral held in custody and Investments that are readily available and convertible into cash with prearranged and highly reliable funding arrangements, even in extreme but plausible market conditions.

4.7.29 A Recognised Clearing House's access to a routine line of credit made available by a central bank in its or other relevant jurisdiction, to the extent that the Recognised Clearing House has collateral that is eligible for pledging to (or for conducting other appropriate forms of transactions with) the relevant central bank must comply with the following to count as liquid assets/resources:

(a) a Recognised Clearing House must take account of what collateral is typically accepted by the relevant central bank as such assets may be more likely to be liquid in stressed circumstances, even if the Recognised Clearing House does not have access to a routine line of credit made available by a central bank; and

(b) a Recognised Clearing House should not assume the availability of emergency central bank credit as a part of its liquidity plan.

4.7.30 A Recognised Clearing House may supplement its qualifying liquid resources with other forms of liquid resources; and such liquid resources should be in the form of assets that are likely to be saleable, or acceptable as collateral, for lines of credit, swaps, or repos on an ad hoc basis following a default, even if this cannot be reliably prearranged or guaranteed in extreme market conditions.

4.7.31 Where a Recognised Clearing House has access to a central bank lines of credit or accounts, payment services, or securities services, it should use those services as far as practicable, as such use is likely to enhance its ability to manage liquidity risk more effectively.

4.7.32 A Recognised Clearing House must have clear procedures to report the results of its stress tests undertaken for the purposes of this Rule to its Governing Body and Senior Management as appropriate.

4.7.33 A Recognised Clearing House must use the results of stress testing to evaluate the adequacy of its liquidity risk-management framework and make any appropriate adjustments as needed.

4.7.34 A Recognised Clearing House must record the results of such stress testing and the rationale for any adjustments made to the amount and form of total liquid resources it maintains.

Custody and investment risk

4.7.35 A Recognised Clearing House must have effective means to address risks relating to:

(a) custody of its own assets (or banking of its cash), in accordance with Rule 4.7.36; and

(b) custody of its Members and other participants' assets in accordance with Rule 4.7.37.

4.7.36 For the purposes of Rules 4.7.35(a) and 4.7.35(b), a Recognised Clearing House must:

(a) hold its own deposits and custody assets only with entities which have been granted Financial Services Permission by the Regulator or in banks or credit institutions regulated by a non-Abu Dhabi Global Market Financial Services Regulator considered by the Regulator to be equivalent for such purposes;

(b) be able to have prompt access to its deposits and custody assets when required; and

(c) regularly evaluate and understand its exposures to entities which hold its assets, including the monitoring of the overall risk exposure to an individual banker or custodian remains within acceptable concentration limits and of the bank or custodian's financial condition on an on-going basis.

4.7.37 For the purposes of investing its own or its participants' deposits and custody assets, a Recognised Clearing House must ensure that:

(a) it has an investment strategy which is consistent with its overall risk-management strategy and is fully disclosed to its Members and other participants using its facilities; and

(b) its Investments comprise instruments with minimal credit, market, and liquidity risks. For this purpose, the Investments may be secured by, or be claims on, high-quality obligors, or the arrangements allow for quick liquidation with little, if any, adverse price effect, or there is no Investments in obligors affiliated with or securities issued by the participant.

4.8 Money settlement

4.8.1 Where a Recognised Clearing House conducts its money settlements using commercial bank money, it must adopt appropriate measures to minimise and strictly control the credit and liquidity risk arising from such use.

4.8.2 For the purposes of Rule 4.8.1, a Recognised Clearing House must:

(a) conduct its money settlements using only such settlement assets with little or no credit or liquidity risk;

(b) monitor, manage, and limit its credit and liquidity risks arising from commercial settlement banks. In particular, it must establish and monitor adherence to strict criteria for the use of settlement banks, which take into account, among other things, the regulation and supervision, creditworthiness, capitalisation, access to liquidity, and operational reliability of the relevant settlement banks; and

(c) monitor and manage the concentration of credit and liquidity exposures to its commercial settlement banks, including, to the extent such banks are also Members ensure that its legal agreements with such settlement banks, at a minimum:

(i) specify clearly when transfers on the books of individual settlement banks are expected to occur and when they are final;

(ii) ensure that funds received are transferable as soon as possible, if not intra-day, at least by the end of the day to enable it and its Members and other participants on its facilities to manage their credit and liquidity risks; and

(iii) not permit such banks to combine or offset any right or liability they or their affiliates may have in their capacity as a Clearing Member.

4.8.3 If a Recognised Clearing House does not conduct its money settlement on commercial bank money but on its own books, it should minimise and strictly control its credit and liquidity risks as appropriate.

4.9 Physical delivery

4.9.1 A Recognised Clearing House incurring obligations that require physical delivery of physical instruments or commodities must:

(a) provide adequate information to its Members and other participants using its facilities relating to its obligations with respect to physical delivery of the physical instruments or commodities. Such information must also be made publicly available;

(b) identify, monitor, and manage the risks associated with such physical deliveries; and

(c) identify, monitor, and manage the risks and costs associated with the storage and delivery.

4.9.2 A Recognised Clearing House must have adequate arrangements, including service agreements, which enable it to meet its physical delivery obligations.

4.9.3 Where a Recognised Clearing House matches participants that have delivery and receipt obligations, the Recognised Clearing House would not need to be involved with the

physical storage and delivery process but it should monitor the participants' performance and to the extent practicable, ensure the participants have the necessary systems and resources to be able to fulfil their physical delivery obligations:

4.9.4 The legal obligations for delivery should be clearly expressed in the Business Rules, Default Rules, and any related agreements, including provisions to specify, for instance:

(a) whether the receiving participant should seek compensation from the Recognised Clearing House or the delivering participant in the event of a loss; and

(b) if the Recognised Clearing House holds margin on the matched participants, such margin will only be released until the Recognised Clearing House confirms that both participants have fulfilled their obligations.

4.10 Collateral and margin

4.10.1 A Recognised Clearing House must call and receive collateral to manage its risks arising in the course of or for the purposes of its payment, Clearing, and settlement processes. It must, in the normal course of business, only accept collateral with low credit, liquidity, and market risks.

4.10.2 In some instances, certain types of assets which are not considered to have low credit, liquidity and market risks may be acceptable for credit purposes if the Recognised Clearing House sets and enforces appropriately conservative haircuts and concentration limits and appropriate collateral risk management procedures are put in place by the Recognised Clearing House. A Recognised Clearing House may, in some circumstances, accept the deliverable of a contract as collateral against the contract for exchange.

4.10.3 A Recognised Clearing House must, for the purposes of meeting the requirement in Rule 4.10.1, establish and implement a collateral management system that is well designed and operationally flexible to enable ongoing monitoring and management of collateral. A Recognised Clearing House must also ensure that it is confident of the collateral's value in the event of liquidation and its capacity to use that collateral quickly, especially in stressed market conditions. Such a system must, at a minimum:

(a) allow for timely calculation and execution of margin calls, accurate daily reporting of initial and variation margin, and the management of any disputes;

(b) track the extent of reuse of collateral by the Recognised Clearing House (both cash and non-cash) and the rights of the Recognised Clearing House to the collateral;

(c) accommodate timely deposit, withdrawal, substitution and liquidation of collateral;

(d) regularly adjust its requirements for acceptable collateral in accordance with changes in underlying risks;

(e) establish prudent valuation practices, including daily marking to market of the Recognised Clearing House's collateral;

(f) develop haircuts that are regularly tested, independently validated at least annually and take into account stressed market conditions;

(g) reduce the need for procyclical adjustments, by establishing, to the extent practicable and prudent, stable and conservative haircuts that are calibrated to include periods of stressed market conditions;

(h) establish concentration limits which are periodically reviewed by the Recognised Clearing House to determine their adequacy or imposing concentration charges to avoid concentrated holdings of certain assets where that would significantly impair the ability to liquidate such assets quickly without significant adverse price effects; and

(i) mitigate, if it accepts collateral held in another jurisdiction or governed by non-Abu Dhabi Global Market law, the risks and exposures associated with such use, including considering foreign exchange risk, legal and operational challenges such as differences in operating hours of foreign custodians and central securities depositories and conflicts of law risks. Such measures must ensure that the collateral can be used in a timely manner and should identify and address any significant liquidity effects and legal risks.

4.10.4 If a Recognised Clearing House plans to use assets held as collateral to secure liquidity facilities in the event of a participant default, the Recognised Clearing House must:

(a) consider, in determining acceptable collateral, what will be acceptable as security to lenders offering liquidity facilities.

(b) measure and monitor the correlation between a counterpart's creditworthiness and the collateral posted; and

(c) take measures to mitigate risks, that the collateral would likely lose value in the event that the participant providing the collateral defaults.

4.10.5 The rules of the Recognised Clearing House must set out:

(a) collateral and margin requirements and collateral management process, and specify when a Recognised Clearing House may reuse or invest its participants' collateral and the process for returning that collateral to participants; and

(b) in the event of a default, that margin provided by the defaulter for any Client account is not to be applied to meet a shortfall its own proprietary account.

4.10.6 A Recognised Clearing House must, for the purposes of managing its credit and the requirements in Rules 4.10.7 and 4.10.8:

(a) mark participant positions to market and collect variation margin at least daily to limit the build-up of current exposures;

(b) have necessary authority and operational capacity to make intra-day margin calls and payments, both scheduled and unscheduled, to participants; and

(c) regularly review and validate its margin system to ensure that it operates effectively and as intended.

4.10.7 The margin system of a Recognised Clearing House must, at a minimum:

(a) establish margin levels which are commensurate with the risks and particular attributes of each product, portfolio, and market it serves, especially the risk of credit exposures posed by open positions of its Members or other participants using its facilities;

(b) use a reliable source of timely price data for its margin system, and also procedures and sound valuation models for addressing circumstances in which pricing data is not readily available or reliable;

(c) adopt initial margin models and parameters that are risk-based and generate margin requirements sufficient to cover its potential future exposure to Members and other participants using its facilities in the interval between the last margin collection and the close-out of positions following a participant default;

(d) adopt a daily (and where appropriate, intra-day) calculation and collection policy of variation margin based on models and parameters that manages current and potential future exposures; and

(e) analyse and review the performance of the margin model and overall margin coverage by:

(i) conducting rigorous daily back-testing to evaluate whether there are any exceptions to its initial margin coverage at least monthly, and more frequently as appropriate;

(ii) sensitivity analysis to determine the impact of varying important model parameters, including the most-volatile periods that have been experienced by the markets it serves and extreme changes in the correlations between prices; and

(iii) an assessment of the theoretical and empirical properties of its margin model for all products it clears.

4.10.8 The initial margin established pursuant to Rule 4.10.7(c) must:

(a) at the Member's portfolio level, be applied in respect of each portfolio's distribution of future exposure. If a Recognised Clearing House uses portfolio margining, it should continuously review and test offsets among products;

(b) at more granular levels, meet the corresponding distribution of future exposures; and

(c) use models which, among other things:

(i) rely on conservative estimates of the time horizons for the effective hedging or close-out of the particular types of products cleared by the Recognised Clearing House, including in stressed market conditions; and

(ii) have an appropriate method for measuring credit exposure that accounts for relevant product risk factors and portfolio effects across products, and, to the extent practicable and prudent, limit the need for destabilising procyclical changes.

4.10.9 A Recognised Clearing House may allow offsets or reductions in required margin across products that it clears or between products that it and another Recognised Clearing House clear, if the risk of one product is significantly and reliably correlated with the risk of the other product.

4.10.10 Where two or more Recognised Clearing Houses are authorised to offer cross-margining, they must have appropriate safeguards and harmonised overall risk-management systems.

4.11 Settlement finality

4.11.1 A Recognised Clearing House must have adequate arrangements to ensure clear and certain final settlement of payments, transfer instructions or other obligations of Members and other participants using its facilities and, where relevant, its own obligations. Where possible, a Recognised Clearing House should provide intra-day or real-time settlement finality to reduce settlement risk.

4.11.2 A Recognised Clearing House's arrangements for final settlement must:

(a) ensure that, if intra-day or real-time settlement is not feasible, final settlement (of any payment, transfer instruction, or other obligation that has been submitted to and accepted by a Recognised Clearing House in accordance with its acceptance criteria) occurs at least by the end of the value date of the relevant transaction; and

(b) clearly define:

(i) the point at which the transfer instruction takes effect as having been entered into the system and when the final settlement occurs;

(ii) the point after which unsettled payments, transfer instructions, or other obligations may not be revoked by the parties to the underlying contract; and

(c) prohibit the revocation by a Member, participant or other user of a transfer instruction from the point specified in accordance with sub-paragraph (b)(ii).

4.11.3 For the purposes of this Rule:

(a) "final settlement" is the irrevocable and unconditional transfer of an asset or Financial Instrument, or the discharge of obligations arising under the underlying contract by the parties to the contract; and

(b) "value date" is the day on which the payment, transfer instruction, or other obligation arising under the underlying contract is due and, accordingly, the associated funds or Investments are available to the respective parties under the contract.

4.12 Segregation and portability

4.12.1 A Recognised Clearing House must have systems and procedures to enable segregation and portability of positions of the Clients of its Members and other participants on its

facilities, and any collateral provided to it with respect to those positions. Such systems and procedures must enable the Recognised Clearing House to:

(a) maintain the Client positions and any related collateral referred to in 4.12.1 in individual Client accounts or in Omnibus Client Accounts; and

(b) structure its portability arrangements so that the positions and collateral of a defaulting Member's or other participant's Clients can be transferred to one or more other Members or participants.

4.12.2 A Recognised Clearing House's systems and controls must, at a minimum, provide for the following:

(a) the segregation and portability arrangements that effectively protect the positions and related collateral of the Clients of the Members or other participants on its facilities, from the default or insolvency of the relevant Member or other participants;

(b) if the Recognised Clearing House offers additional protection of the Client positions and related collateral against the concurrent default of both the relevant Member or other participants or other Clients, the adoption of necessary measures to ensure that the additional protection offered is effective; and

(c) the use of account structures that enable the Recognised Clearing House to readily identify assets and positions of the Clients of the relevant Member or other participant, and to segregate their related collateral.

4.12.3 The requirement to distinguish assets and positions in accounts in 4.12.2(a) is satisfied where:

(a) the assets and positions are recorded in separate accounts;

(b) the netting and positions recorded on different accounts is prevented; and

(c) the assets covering the positions recorded in an account are not exposed to losses connected to positions recorded in another account.

4.12.4 In relation to 4.12.2(a) above, a Recognised Clearing House shall offer to

(a) keep separate records and accounts enabling its Members or participants to distinguish in accounts with the Recognised Clearing House its assets and positions from those held for the accounts of its Clients ('Omnibus Client Segregation'); or

(b) keep separate records and accounts enabling its Members or participants to distinguish in accounts with the Recognised Clearing House the assets and positions held for the account of a specific Client from those held for the account of other Clients ('Individual Client Segregation'). If requested, the Recognised Clearing House must offer Members or participants the possibility to open more accounts in their own name or for the account of their Clients.

4.12.5 A Recognised Clearing House must make available to its Members and other participants using its facilities, its rules, policies and procedures relating to the segregation and portability of the positions and related collateral of the Clients of its Members and other participants using its facilities. This includes specifying the method for determining the value at which Client positions will be transferred.

4.12.6 A Recognised Clearing House should also disclose whether:

(a) the segregated assets and/or Client collateral are held by the Recognised Clearing House or unaffiliated third-party custodians that hold assets on behalf of the Recognised Clearing House;

(b) the Recognised Clearing House takes title transfer or if it takes a security interest, whether it has a right of use or re-use of Client collateral and when;

(c) the Clients' collateral is protected on an individual or omnibus basis or a Clearing Member default for different accounts; and

(d) there are any constraints, such as legal or operational, that may impair its ability to segregate or transfer a Member's or other participant's Clients' positions and related collateral.

4.12.7 In this section, assets refers to collateral held to cover positions and include the right to the transfer of assets equivalent to that collateral or the proceeds of the realisation of any collateral, but does not include default fund contributions.

4.12.8 In relation to a Remote Clearing House, this Chapter does not prevent other customer segregation models being offered to Clearing Members outside the Abu Dhabi Global Market. In relation to clearing members of clearing houses incorporated outside the Abu Dhabi Global Market, this Chapter does not require such clearing members to offer levels of segregation which are not made available by such clearing houses.

4.13 Rules relating to Central Securities Depositories

4.13.1 If a Recognised Clearing House also carries out functions of a Central Securities Depository, it may do so pursuant to its exemption or alternative may seek an additional registration as an Authorised Person solely in respect of its activities as a Central Securities Depository, provided that its Recognition Order includes a stipulation permitting it to do so. If the Recognition Order does include such a stipulation, the rules that are applicable to Central Securities Depositories in COBS pursuant to COBS 10.2 will apply to that function, but that function only, and no other provisions of the Rulebook except MIR and such provisions of COBS shall apply.

5 NOTIFICATION RULES FOR RECOGNISED BODIES

5.1 Application and purpose

Application

5.1.1 The notification Rules in this chapter apply to Recognised Bodies.

Guidance

Remote Body notification requirements are set out in Rule 7.5.2.

5.1.2 The notification Rules in this chapter are in addition to the requirements on Recognised Bodies to give notice or information to the Regulator that exist elsewhere in the FSMR and the Rules.

5.1.3 The requirements relating to the form and method of notification in Rule 5.2 also apply to Remote Bodies.

5.2 Form and method of notification

Form of notification

5.2.1 Where a Recognised Body is required to give any notice or information under any notification rule, it may do so (unless that rule expressly provides otherwise) orally or in writing, whichever is the more appropriate in the circumstances, but where it gives notice or information orally, it must confirm that notice or information in writing promptly.

Method of notification

5.2.2 Unless otherwise stated in the notification rule, a written notification required from a Recognised Body under any notification rule must be given to, or addressed for the attention of, the Recognised Body's usual supervisory contact at the Regulator and:

(a) delivered by recorded courier to the address in Rule 5.2.3;

(b) delivered by electronic mail to an address for the Recognised Body's usual supervisory contact at the Regulator and obtaining an electronic confirmation of receipt; or

(c) delivered by hand to the Recognised Body's usual supervisory contact at the Regulator.

5.2.3 The address for a written notification to the Regulator is:

Financial Services Regulatory Authority
Abu Dhabi Global Market Square
Al Mariyah Island
P.O. Box 111999
Abu Dhabi
United Arab Emirates

Timely notification

5.2.4 If a notification rule requires notification within a specified period:

(a) the Recognised Body must give the notification so as to be received by the Regulator no later than the end of that period; and

(b) if the end of that period falls on a day which is not a business day, the notification must be given so as to be received by the Regulator no later than the start of the first business day after the end of that period.

5.3 Waivers

5.3.1 The Regulator may, on the application or with the consent of a Recognised Body, direct that any notification rule is not to apply to the body or is to apply with such modifications as may be specified in the waiver. Such waiver may be made subject to conditions.

5.4 Notification requirements

5.4.1 A Recognised Body must, in the circumstances noted, notify the Regulator of the following information:

	Event	**Timing**	**Information Requirement**
Key Individuals			
1.	A Recognised Body proposes to appoint or elect a Person as a Key Individual.	At least thirty days before appointment or election is effective.	(a) Name; (b) date of birth; and (c) description of the responsibilities in the post.
2.	A Person has resigned as, or has ceased to be, a Key Individual of the Recognised Body.	As soon as practicable.	Name.
3.	A major change in responsibilities of a Key Individual is made which amounts to a new appointment.	At least thirty days before change is effective.	(a) Name; and (b) description of the new responsibilities.
Standing committees			
4.	The Governing Body delegates any of its Regulatory Functions to a standing committee, or appoints a standing committee to manage or oversee the carrying out of any of that Recognised Body's Regulatory Functions.	As soon as practicable.	(a) Names of the members of that standing committee; and (b) the terms of reference of that standing committee (including a description of any powers delegated to that committee and any conditions or limitations placed on the exercise of those powers).
5.	There is any change in the composition or the terms of reference of a standing committee or any such committee is dissolved.	As soon as practicable.	(a) Changes to the names of the members of that standing committee; and (b) changes to the terms of reference of that standing committee (including a

	Event	Timing	Information Requirement
			description of any powers delegated to that committee and any conditions or limitations placed on the exercise of those powers).
Disciplinary action and events relating to Key Individuals			
6.	Where any Key Individual: (a) is the subject of any disciplinary action because of concerns about his alleged misconduct; (b) resigns as a result of an investigation into his alleged misconduct; or (c) is dismissed for misconduct.	As soon as practicable.	(a) Name of the Key Individual and his responsibilities within the Recognised Body; (b) details of the acts or alleged acts of misconduct by that Key Individual; and (c) details of any disciplinary action which has been or is proposed to be taken by that body in relation to that Key Individual.
7.	Any of the following has occurred in relation to a Key Individual: (a) a petition for bankruptcy is presented (or similar or analogous proceedings under the law of a jurisdiction outside the Abu Dhabi Global Market are commenced); (b) a bankruptcy order (or a similar or analogous order under the law of a jurisdiction outside the Abu Dhabi Global Market) is made; or (c) he enters into a voluntary arrangement (or a similar or analogous arrangement under the law of a jurisdiction outside the Abu Dhabi Global Market) with his creditors.	As soon as the Recognised Body becomes aware of the relevant event.	Details of the relevant event.
Constitution and governance			
8.	A Recognised Body proposes to circulate any notice or other document proposing any amendment to its memorandum or articles of association (or other similar agreement or document relating to its constitution) to its shareholders (or any group or class of them), its Members (or any group or class of them), or any other group or class of Persons which has the power to make that amendment or whose consent or approval is required before it may be made.	In advance of circulation or otherwise as soon as reasonably practicable.	(a) The proposed amendments; (b) the reasons for the proposal; and (c) a description of the group or class of Persons to whom the proposal is to be circulated.
9.	A change to a Recognised Body's memorandum or articles of association (or other similar agreement or document	As soon as practicable.	(a) Details of the amendment; and

	Event	Timing	Information Requirement
	relating to its constitution) becomes effective.		(b) the date on which the amendment took effect.
10.	Any change is made to an agreement which relates to the constitution or governance of a Recognised Body: (a) between that Recognised Body and another Person; (b) between the owners of that Recognised Body; (c) between the owners of that Recognised Body and another Person; or (d) between other Persons.	As soon as practicable.	(a) Details of the change; and (b) the date on which the change took, or is to take, effect.
Auditors			
11.	The auditors of a Recognised Body cease to act as such.	As soon as practicable.	(a) Whether the appointment of those auditors expired or was terminated; (b) the date on which the auditors ceased to act; and (c) if the Recognised Body terminated, or decided not to renew, their appointment, its reasons for taking that action or decision.
12.	Appointment of new auditors.	As soon as practicable.	(a) The name and business address of those new auditors; and (b) the date of their appointment.
Financial information			
13.	Publication of a Recognised Body's: (a) annual report and accounts; (b) consolidated annual report and accounts of any Group in which the Recognised Body is a member.	The latest of: (a) four months after the end of the financial year to which the document relates; (b) the time when the document is sent to the Members or shareholders of the Recognised Body; or (c) the time when the document is sent to the shareholders of the Group to which the Recognised Body is a member.	A copy of the relevant document.

	Event	Timing	Information Requirement
14.	An audit committee has prepared a report in relation to any period or any matter relating to any Regulatory Function of that Recognised Body.	As soon as practicable.	A copy of the relevant report.
15.	A Recognised Body's: (a) quarterly management accounts; or (b) monthly management accounts.	Within one month of the end of the period to which they relate.	A copy of the relevant accounts.
16.	Preparation of: (a) a statement of a Recognised Body's anticipated income, expenditure and cashflow for each financial year; and (b) an estimated balance sheet showing its position as it is anticipated at the end of each financial year.	Before the beginning of the financial year to which they relate.	A copy of the relevant document.
17.	Accounting reference date is changed.	As soon as practicable.	New accounting reference date.
Fees and incentive schemes			
18.	Any proposal to change the fees or charges levied on a Recognised Body's Members (or any group or class of them) is made.	As close to the time when the proposal is communicated to those Members as practicable.	A summary of any such proposal made.
19.	Any change is made to fees or charges levied on a Recognised Body's Members (or any group or class of them) is made.	No later than the date when the changes are published or notified to those Members.	A summary of any such changes.
Complaints			
20.	(a) Where a Recognised Body's complaints investigator has investigated a complaint arising in connection with the performance of, or failure to perform, any of its Regulatory Functions; and (b) that complaints investigator has made a recommendation in respect of that complaint that the Recognised Body should: (i) make a compensatory payment to any Person; or (ii) remedy the matter which was the subject of that complaint.	As soon as practicable.	A notification of that event.
21.	When the complaints investigator's report, as referred to above, and the particulars of his recommendations are made available to the Recognised Body.	As soon as practicable.	(a) A copy of the complaints investigator's report; and (b) particulars of his recommendations.

	Event	Timing	Information Requirement
Insolvency events			
22.	On: (a) the presentation of a petition for the winding up of a Recognised Body (or the commencement of any similar or analogous proceedings under the law of a jurisdiction outside the Abu Dhabi Global Market); or (b) the appointment of a receiver, administrator, liquidator, trustee or sequestrator of assets of that body (or of any similar or analogous appointment under the laws of a jurisdiction outside the Abu Dhabi Global Market); or (c) the making of a voluntary arrangement by that body with its creditors (or of any similar or analogous arrangement under the law of a jurisdiction outside the Abu Dhabi Global Market).	As soon as practicable.	A notification of that event.
Legal proceedings			
23.	If any civil or criminal legal proceedings are instituted against a Recognised Body, except where all of the conditions stated at (a) – (c) are met in respect of those proceedings: (a) the amount of damages claimed would not significantly affect that Recognised Body's financial resources, if the claim were successful; (b) the claim would not have a significant adverse effect on the reputation and standing of that body, if that claim were successful; and (c) the claim does not relate to that body's Regulatory Functions.	As soon as practicable.	For civil proceedings: (a) the name of the claimant; (b) particulars of the claim; (c) the amount of damages; (d) any other remedy sought by the claimant; and (e) particulars of any allegation that any act or omission of that body was in bad faith. For criminal proceedings: the particulars of the offence with which that body is charged.
Delegation of Regulatory Functions			
24.	Where a Recognised Body makes an offer or agrees to delegate any of its Regulatory Functions to another Person in respect of any activities forming a significant part of a Regulatory Function or which make a significant contribution to the performance of a Regulatory Function of that Recognised Body.	As soon as practicable.	(a) The reasons for that delegation or proposed delegation; (b) the reasons why the Recognised Body is satisfied that it will continue to meet the Recognition Requirements following that delegation; (c) a copy of the invitation to tender, if the offer is made by issuing a written invitation to

	Event	Timing	Information Requirement
			tender to another body or Person; and (d) a copy of the agreement, where the Recognised Body makes such an agreement.
25.	A Recognised Body makes an offer or agrees to undertake any Regulatory Function of another Recognised Body in respect of any activities forming a significant part of a Regulatory Function, or which make a significant contribution to the performance of a Regulatory Function, of that other Recognised Body.	As soon as practicable.	A notification of that event.
Products, services and normal hours of operation			
26.	A Recognised Body proposes to admit to trading (or to cease to admit to trading) by means of its facilities: (a) a Financial Instrument (other than a Security or an Option in relation to a Security); or (b) a type of Security or a type of Option in relation to a Security.	No later than the date when the proposal is communicated to Members or shareholders.	(a) A description of the Financial Instrument to which the proposal relates; (b) where that Financial Instrument is a Derivative, the proposed terms of that Derivative; and (c) in the case of a Recognised Body which is admitting that Financial Instrument to trading, the name of any Recognised Body, Remote Body or clearing house which will provide Clearing Services in respect of that Financial Instrument under an agreement with that Recognised Body, Remote Body or clearing house.
27.	A Recognised Body removes a Financial Instrument from trading on a market.	As soon as practicable.	(a) Notice of that event; (b) relevant information including particulars of that Financial Instrument; and (c) the reasons for the action taken.
28.	A Recognised Body proposes to provide (or to cease to provide) Clearing Services in respect of: (a) a Financial Instrument (other than a Security or an Option in relation to a Security); or (b) a type of Security or a type of Option in relation to a Security.	As soon as practicable.	(a) Notice of that event; (b) a description of the Financial Instrument to which the proposal relates; (c) where that Financial Instrument is a Derivative, the proposed terms of that Derivative; and (d) in the case of a Recognised Body which is admitting that Financial Instrument to trading,

	Event	Timing	Information Requirement
			the name of any Recognised Body which will provide Clearing Services in respect of that Financial Instrument under an agreement with that Recognised Body.
29.	A Recognised Body proposes to amend the standard terms of any Derivative admitted to trading by means of its facilities.	As soon as practicable.	(a) Notice of that event; and (b) written particulars of those proposed amendments.
30.	A Recognised Body proposes to amend the standard terms relating to any Derivative in respect of which it provides Clearing Services.	As soon as practicable.	(a) Notice of that event; and (b) written particulars of those proposed amendments.
31.	A Recognised Body proposes to make (or to cease to make) arrangements for the safeguarding and administration of assets belonging to any other Person (other than an undertaking in the same Group).	As soon as practicable.	(a) Notice of that event; (b) a description of the assets (or types of assets) to which the proposal relates; and (c) the date or dates on which the arrangements will be made (or cease to be made).
32.	A Recognised Body proposes to change its normal hours of operation.	As soon as practicable.	(a) Notice of that proposal; (b) the particulars of the proposal; and (c) the reasons for the actions proposed.
Suspension of services and inability to operate facilities			
33.	A Recognised Body: (a) suspends trading in any Derivative (other than an Option in relation to a Security), in any type of Security or in any type of Option in relation to a Security; or (b) temporarily calls a trading halt in respect of any type of Security or in any type of Option in relation to a Security.	As soon as practicable.	(a) Notice of that event; (b) particulars of that Derivative, type of Security or type of Option in relation to a Security, as the case may be; and (c) the reasons for the action taken.
34.	A Recognised Body suspends trading on a market in any Financial Instrument.	As soon as practicable.	(a) Notice of that event; (b) relevant information including particulars of that Financial Instrument; and (c) the reasons for the action taken.
35.	A Recognised Body suspends providing Clearing Services generally in respect of any Derivative (other than an Option in relation to a Security), type of Security or type of Option in relation to a Security.	As soon as practicable.	(a) Notice of that event; (b) particulars of that Derivative, type of Security or type of Option in relation to a Security, as the case may be; and

	Event	Timing	Information Requirement
			(c) the reasons for the action taken.
36.	A Recognised Body suspends any arrangements it makes for the safeguarding and administration of any type of asset belonging to any other Person (other than an undertaking in the same Group).	As soon as practicable.	(a) Notice of that event; (b) particulars of that type of asset; and (c) the reasons for the action taken.
37.	A Recognised Body is unable to operate any of its facilities within its normal hours of operation, due to the occurrence of any event or circumstances.	As soon as practicable.	(a) Notice of that event; (b) which facility the Recognised Body is unable to operate; (c) what event or circumstance has caused it to become unable to operate that facility within those hours; and (d) what action, if any, the Recognised Body is taking or proposes to take to enable it to recommence operating that facility.
38.	A Recognised Body extends its hours of operation, due to the occurrence of any event or circumstances.	As soon as practicable.	(a) Notice of that event; (b) what event or circumstance has caused it to do so; (c) the new hours of operation; and (d) the date on which it expects to revert to its normal hours of operation.
Information technology systems			
39.	A Recognised Body changes any of its plans for action in the event of a failure of any of its information technology systems resulting in disruption to the operation of its facilities; unless the changes are only minor revisions to, or updating of, the documents containing a Recognised Body's business continuity plan (for example, changes to contact names or telephone numbers).	As soon as practicable.	(a) Notice of that event; and (b) a copy of the new plan.
40.	Any reserve information technology system of a Recognised Body fails in such a way that, if the main information technology system of that body were also to fail, it would be unable to operate any of its facilities during its normal hours of operation.	As soon as practicable.	(a) Notice of that event; (b) what action that Recognised Body is taking to restore the operation of the reserve information technology system; and (c) when it is expected that the operation of that system will be restored.

	Event	Timing	Information Requirement
Inability to discharge Regulatory Functions			
41.	A Recognised Body is unable to discharge any Regulatory Function because of the occurrence of any event or circumstances.	As soon as practicable.	(a) Notice of that event; (b) what event or circumstances has caused it to become unable to do so; (c) which of its Regulatory Functions it is unable to discharge; and (d) what action, if any, it is taking or proposes to take to deal with the situation and, in particular, to enable it to recommence discharging that Regulatory Function.
Membership			
42.	A Recognised Body admits a new Member.	As soon as practicable.	(a) Notice of that event; (b) a description of the Person whom it is admitting to membership; and (c) particulars of its reasons for considering that the Recognised Body's membership criteria are met.
43.	A Recognised Body admits for the first time a Remote Member whose head or registered office is in a jurisdiction from which that Recognised Body has not previously admitted Remote Members.	As soon as practicable.	(a) Notice of that event; (b) the name of that jurisdiction; (c) the name of any regulatory authority in that jurisdiction which regulates that Remote Member in respect of activities relating to Financial Instruments; and (d) particulars of its reasons for considering that, in admitting a Remote Member from that jurisdiction to membership, the Recognised Body is able to continue to satisfy the Recognition Requirements which apply to it.
Investigations			
44.	A Recognised Body becomes aware that a Person has been appointed by any regulatory body (other than the Regulator or a Recognised Body) to investigate: (a) any business transacted by means of its facilities; or	As soon as practicable.	Notice of that event.

	Event	Timing	Information Requirement
	(b) any aspect of the Clearing Services which it provides. Notifications do not need to be made in respect of: (a) routine inspections or visits undertaken in the course of regular monitoring, complaints handling or as part of a series of 'theme visits'; (b) routine requests for information; or (c) investigations into the conduct of Members of the Recognised Body or of other users of its facilities where the use of its facilities is a small or incidental part of the subject matter of the investigation.		
Disciplinary action relating to Members			
45.	A Recognised Body has taken any disciplinary action against any Member or any Employee of a Member, in respect of a breach of a rule relating to the carrying on by the Recognised Body of any of its Regulatory Functions.	As soon as practicable.	(a) Notice of that event; (b) the name of the Person concerned; (c) details of the disciplinary action taken by the Recognised Body; and (d) the Recognised Body's reasons for taking that disciplinary action.
46.	An appeal is lodged against any disciplinary action taken by a Recognised Body against any Member or any Employee of a Member, in respect of a breach of a rule relating to the carrying on by the Recognised Body of any of its Regulatory Functions.	As soon as practicable.	(a) Notice of that event; (b) the name of the appellant; (c) the grounds on which the appeal is based; and (d) the outcome of the appeal, when known.
Criminal offences and civil prohibitions			
47.	A Recognised Body has evidence tending to suggest that any Person has: (a) been carrying on any Regulated Activity in the Abu Dhabi Global Market in contravention of the General Prohibition; (b) been engaged in Market Abuse; committed a criminal offence under FSMR and the Rules or subordinate legislation made under the FSMR and the Rules; or (d) committed a criminal offence under the Anti-Money Laundering and Sanctions Rules (AML).	As soon as practicable.	(a) Notice of that event; and (b) full details of that evidence in writing.

	Event	Timing	Information Requirement
Restriction of, or instruction to close out, open positions			
48.	A Recognised Body decides to: (a) restrict the open position on any of the contracts of a Member; or (b) issue instructions to a Member to close out its positions on any contracts.	As soon as practicable.	(a) Notice of that event; (b) the Member's name; (c) the nature and size of any position to be restricted or closed out; and (d) the reasons for the Recognised Body's decision.
Default			
49.	A Recognised Body decides to put a Member into default.	As close to when such a decision is taken by a Recognised Body as practicable.	(a) Notice of that event; (b) the name of the Member and (where relevant) the class of membership; (c) the reasons for that decision; and (d) the names of any other exchange, Clearing house or trading platform on which, to the best of that Recognised Body's knowledge, that Member clears business or transacts for, or in respect of, its Clients.
Transfers of ownership			
50.	A Recognised Body becomes aware of a transfer of ownership of the Recognised Body which gives rise to a change in the Persons who are in a position to exercise significant influence over the management of the Recognised Body, whether directly or indirectly.	In advance of the transfer taking place, to allow for approval under section 105 FSMR.	(a) Notice of that event; (b) the name of the Person(s) concerned; and (c) the details of the transfer.
Significant breaches of rules and disorderly trading conditions			
51.	Any of the following events arise: (a) significant breaches of a Recognised Body's rules; or (b) disorderly trading conditions on any of its markets.	As soon as practicable.	(a)Notice of that event; and (b) details of the event
Rule changes			
52.	A Recognised Body issues a consultation on proposed changes to its rules or procedures.	As soon as practicable.	A copy of the consultation paper and accompanying documentation.
53.	Changes to a Recognised Body's rules or procedures become effective.	As soon as practicable.	A copy of the amended rules or procedures.
54.	A Recognised Body issues guidance on or a circular relating its rules or procedures.	As soon as practicable.	A copy of the guidance or circular.
Recognised Clearing House capital			

	Event	Timing	Information Requirement
55.	The amount of capital falls below the notification threshold set out in Rule 4.2.4.	As soon as practicable.	(a) The reasons for the Recognised Clearing House's capital being below the notification threshold and a description of the short-term perspective of the Recognised Clearing House's financial situation; and (b) a comprehensive description of the measures the Recognised Clearing House intends to adopt to ensure the ongoing compliance with the capital requirements.
Operation of markets or MTFs/OTFs			
56.	A Recognised Body proposes to operate a new market (or close an existing market).	No later than the date when the proposal is communicated to Members or shareholders	(a) Notice of that event; (b) in the case of a Recognised Body proposing to operate a new market, a description of the market and a description of the Financial Instruments which will be admitted to trading on that market; (c) where the Recognised Body proposes to close a market, the name of that market.
57.	A Recognised Body proposes to operate a new MTF/OTF (or close an existing MTF/OTF).	No later than the date when the proposal is communicated to Members or shareholders	(a) Notice of that event; (b) in the case of a Recognised Body proposing to operate a new MTF/OTF, a description of the MTF/OTF and a description of the Financial Instruments which will be admitted to trading on that MTF/OTF; (c) where the Recognised Body proposes to close an MTF/OTF, the name of that MTF/OTF.
GEN Notifications			
58.	As set out in GEN 8.10.12(1), a Recognised Body becomes aware, or has information that reasonably suggests that it has, or may have: (a) provided the Regulator with information which was or may have been false, misleading, incomplete or inaccurate; or (b) changed in a material particular.	Immediately it becomes aware of the information.	(a) Notice of that event; (b) Details of the information; (c) Explanation of why such information was or may have been provided; (d) The correct information.
59.	As set out in GEN 8.10.7, one of the following events arises in relation to its activities in or from the ADGM:	Immediately the Recognised Body	(a) Notice and details of the event.

	Event	Timing	Information Requirement
	(a) an Employee may have committed a fraud against one of its Customers; (b) a serious fraud has been committed against it; (c) it has reason to believe that a Person is acting with intent to commit a serious fraud against it; (d) it identifies significant irregularities in its accounting or other records, whether or not there is evidence of fraud; or (e) it suspects that one of its Employees who is Connected with the Regulated Body's activities may be guilty of serious misconduct concerning his honesty or integrity.	becomes aware of the event.	
60.	As set out in GEN 8.10.6, a Recognised Body becomes aware, or has reasonable grounds to believe, that any of the following matters may have occurred or may be about to occur: (a) the Recognised Body's failure to satisfy the fit and proper requirements of Rule 2.2.1; (b) any matter which could have a significant adverse effect on the Recognised Body's reputation; (c) any matter in relation to the Recognised Body which could result in serious adverse financial consequences to the ADGM Financial System or to other Authorised Persons or Recognised Bodies; (d) a significant breach of a Rule by the Recognised Body or any of their Employees; (e) a breach by the Recognised Body or any of their Employees of any requirement imposed by any applicable law; (f) any proposed restructuring, merger, acquisition, reorganisation or business expansion which could have a significant impact on the Recognised Body's risk profile or resources; (g) any significant failure in the Recognised Body's systems or controls, including a failure reported to the Recognised Body by its auditor; (h) non-compliance with Rules due to an emergency outside the	Immediately it becomes aware of the information.	(a) Notice and details of the event.

	Event	Timing	Information Requirement
	Recognised Body's control and the steps being taken by the Recognised Body.		
61.	As set out in GEN 8.10.8, the: (a) granting or refusal of any application for or revocation of authorisation to carry on financial services in any jurisdiction outside the ADGM; (b) granting, withdrawal or refusal of an application for, or revocation of, membership of the Recognised Body of any Regulated Exchange or clearing house; (c) the Recognised Body becoming aware that a Non-ADGM Financial Services Regulator has started an investigation into the affairs of the Recognised Body; (d) the appointment of inspectors, howsoever named, by a Non-ADGM Financial Services Regulator to investigate the affairs of the Recognised Body; or (e) the imposition of disciplinary measures or disciplinary sanctions on the Recognised Body in relation to its financial services by any regulator or any Regulated Exchange or clearing house.	Immediately.	(a) Notice and details of the event.

6 SUPERVISION

6.1 Suspension and removal of Financial Instruments from trading

6.1.1 The Regulator may for the purpose of protecting:

(a) the interests of investors; or

(b) the orderly functioning of the ADGM Financial System,

require a Recognised Investment Exchange to suspend or remove a Financial Instrument from trading.

6.1.2 The Regulator may for the purposes of Rule 6.1.1(a) or (b) require a Recognised Clearing House to cease Clearing a Financial Instrument.

Guidance

The procedure the Regulator will follow if it exercises its power to require a Recognised Investment Exchange to suspend or remove a Financial Instrument from trading or Clearing is set out in Part 14 of FSMR. The procedure the Regulator will follow if it exercises its power to require a Recognised Clearing House to cease Clearing a Financial Instrument is set out in Part 14 of FSMR, as if references to Recognised Investment Exchanges were to Recognised Clearing Houses.

6.1.3 If the Regulator exercises its power to require a Recognised Body to suspend or remove a Financial Instrument from trading or Clearing, it must as soon as reasonably practicable, publish its decision in such manner as it considers appropriate.

6.2 Information gathering power on Regulator's own initiative

6.2.1 While the Regulator will seek to obtain information from a Recognised Body in the context of an open, cooperative and constructive relationship with the Recognised Body, where it appears to the Regulator that obtaining information in that context will not achieve the necessary results, the Regulator or (as the case may be) its officers may, by notice in writing, require the Recognised Body or any Person who is connected to the Recognised Body to provide or produce specified information or information of a specified description, at a specified place and before the end of a reasonable period, in such form and with such verifications or authentications as it may reasonably require.

6.2.2 A Person is connected with a Recognised Body if he is or has at any relevant time been:

(a) a Member of the Recognised Body's Group;

(b) a Controller of the Recognised Body;

(c) any other Member of a partnership of which the Recognised Body is a Member; or

(d) a Person mentioned in section 39 of FSMR (reading references in that Part to the "authorised Person" as references to the Recognised Body).

6.3 Risk assessments for Recognised Bodies

6.3.1 For each Recognised Body, the Regulator will conduct a periodic risk assessment. This assessment will take into account relevant considerations including the special position of Recognised Bodies under the FSMR and the Rules, the nature of the Recognised Body's Members, the position of other users of its facilities and the business environment more generally.

6.3.2 Deleted.

6.3.3 Deleted.

Guidance

Information is needed to support the Regulator's risk-based approach to the supervision of all regulated entities, including Recognised Bodies. Risk-based supervision is intended to ensure that the allocation of supervisory resources and the supervisory process are compatible with the Regulators objectives and the Regulator's general duties. The central element of the process of risk-based supervision is a systematic assessment by the Regulator (a risk assessment) of the main supervisory risks and concerns for each regulated entity.

The risk assessment will guide the Regulator's supervisory focus. It is important, therefore, that there is good dialogue between the Regulator and the Recognised Body. The Regulator expects to review its risk assessment with the staff of the Recognised Body to ensure factual accuracy and a shared understanding of the key issues, and may discuss the results of the risk assessment with Key Individuals of the Recognised Body. If appropriate, the Regulator may send a detailed letter to the Recognised Body with proposals for further action or work to address particular concerns or issues and seek its comments on the risk assessment.

6.4 Complaints – Regulator’s arrangements

6.4.1 Deleted.

6.4.2 The Regulator is required to have arrangements to investigate complaints which it considers relevant to the question of whether a Recognised Body should remain recognised as such. This section describes aspects of the Regulator's arrangements for investigating relevant complaints.

6.4.3 Where the Regulator receives a complaint about a Recognised Body, it will, in the first instance, seek to establish whether the complainant has approached the Recognised Body. Where this is not the case, the Regulator will ask the complainant to complain to the Recognised Body. Where the complainant is dissatisfied with the handling of the complaint, but has not exhausted the Recognised Body's own internal complaints procedures (in the case of a complaint against a Recognised Body, including by applying to that body's complaints investigator), the Regulator will encourage the complainant to do so.

6.4.4 The Regulator will not usually consider a complaint which has not, in the first instance, been made to the Recognised Body concerned, unless there is good reason for believing that it is a relevant complaint which merits early consideration by the Regulator.

6.4.5 When it is considering a relevant complaint, the Regulator will make its own enquiries as appropriate with the Recognised Body, the complainant and other Persons. It will usually ask the Recognised Body and the complainant to comment upon any preliminary or draft conclusions of its review and to confirm any matters of fact at that stage.

6.4.6 The Regulator will communicate the outcome of its review of a relevant complaint to the complainant and the Recognised Body, but will normally only discuss any action which it considers the Recognised Body should take with the Recognised Body itself.

6.5 Regulator supervision of action by Recognised Bodies under their Default Rules

6.5.1 Deleted.

6.5.2 Deleted.

Guidance

Recognised bodies which, under their rules, have Market Contracts are required to have Default Rules enabling them (among other things) to take action in relation to a Member who appears to be unable to meet his obligations in respect of one or more unsettled Market Contracts. The detailed Recognition Requirements relating to the Default Rules are set out in Rule 3.10 and Rule 4.5.

The Default Rules are designed to ensure that rights and liabilities between the defaulter and any counterparty to an unsettled Market Contract are discharged, and for there to be paid between the defaulter and each counterparty one net sum. The Insolvency Regulations contain provisions which protect action taken under Default Rules from the normal operation of insolvency law which might otherwise leave this action open to challenge by a Relevant Office Holder.

6.5.3 The Regulator may direct a Recognised Body to take, or not to take, action under its Default Rules (see Rules 6.5.4 and 6.5.6). Before exercising these powers the Regulator must consult the Recognised Body. The Regulator may also exercise these powers if a Relevant Office Holder applies to it.

6.5.4 The Regulator may issue a "positive" direction (to take action) where in any case a Recognised Body has not taken action under its Default Rules, but it appears to the Regulator that the Recognised Body could take action.

6.5.5 Before giving such a direction under Rule 6.5.4, the Regulator shall consult the Recognised Body in question, and the Regulator shall not give a direction unless the Regulator is satisfied, in the light of that consultation that:

(a) failure to take action would involve undue risk to investors or other participants in the market;

(b) the direction is necessary having regard to the public interest in the financial stability of the Abu Dhabi Global Market; or

(c) the direction is necessary to facilitate a proposed or possible use of a power under COBS 16 or in connection with a particular exercise of a power under that Part.

6.5.6 The Regulator may issue a "negative" direction (not to take action) where in any case a Recognised Body has not taken action under its Default Rules, but it appears to the Regulator that the Recognised Body is proposing to take or may take action.

6.5.7 Before giving a direction under Rule 6.5.6, the Regulator shall consult the Recognised Body in question, and the Regulator shall not give a direction unless the Regulator is satisfied, in the light of that consultation that:

(a) the taking of action would be premature or otherwise undesirable in the interests of investors or other participants in the market;

(b) the direction is necessary having regard to the public interest in the financial stability of the Abu Dhabi Global Market; or

(c) the direction is necessary to facilitate a proposed or possible use of a power under COBS 16 or in connection with a particular exercise of a power under that Part.

6.5.8 A negative direction cannot be given if, in relation to the defaulter, either:

(a) a bankruptcy order or an award of sequestration of the defaulter's estate has been made, or an interim receiver or interim trustee has been appointed; or

(b) a winding-up order has been made, a resolution for voluntary winding-up has been passed or an administrator, administrative receiver or provisional liquidator has been appointed,

and any previous negative direction will cease to have effect on the making or passing of any such order, award or appointment.

6.5.9 A negative direction may be expressed to have effect until a further direction is given, which may either be a positive direction or a revocation of the earlier negative direction.

6.5.10 Where a Recognised Body has taken action either of its own accord or in response to a direction, the Regulator may direct it to do or not to do specific things subject to these being within the powers of the Recognised Body under its Default Rules. However,

(a) where the Recognised Body is acting in accordance with a direction given by the Regulator to take action on the basis that failure to take action would involve undue risk to investors or other participants in the market, the Regulator will not direct it to do or not to do specific things which the Recognised Body has power to do under its Default Rules, unless the Regulator is satisfied that this will not impede or frustrate the proper and efficient conduct of the default proceedings; and

(b) where the Recognised Body has taken action under its Default Rules without being directed to do so, the Regulator will not direct it to do or not to do specific things which the Recognised Body has power to do under its Default Rules, unless the Regulator is satisfied that:

(i) the direction will not impede or frustrate the proper and efficient conduct of the default proceedings; or

(ii) the direction is necessary:

A. having regard to the public interest in the stability of the Abu Dhabi Global Market Financial System;

B. to facilitate a proposed or possible use of a power under COBS 16; or

C. in connection with a particular exercise of a power under COBS 16.

6.5.11 Where, in relation to a Member (or designated non-Member) of a Recognised Body:

(a) a bankruptcy order;

(b) an award of sequestration of his estate;

(c) an order appointing an interim receiver of his property;

(d) an administration or winding-up order;

(e) a resolution for a voluntary winding-up; or

(f) an order appointing a provisional liquidator,

has been made or passed and the Recognised Body has not taken action under its Default Rules as a result of this event or of the matters giving rise to it, a Relevant Office Holder appointed in connection with the order, award or resolution may make an application to the Regulator.

6.5.12 The effect of such an application is to require the Recognised Body concerned to take action under its Default Rules or to require the Regulator to take action.

6.5.13 The procedure is that the Regulator must notify the Recognised Body of the application and, unless within three business days after receipt of that notice, the Recognised Body:

(a) takes action under its Default Rules;

(b) notifies the Regulator that it proposes to take action forthwith; or

(c) is directed to take action by the Regulator,

section 268 of the Insolvency Regulations do not apply in relation to Market Contracts to which the Member or designated non-Member is a party or to anything done by the Recognised Body for the purpose of, or in connection with, the settlement of any Market Contracts.

6.6 Power to give directions

6.6.1 The Regulator has the power to give directions to a Recognised Body to take specified steps in order to secure its compliance with the Recognition Requirements. Those steps may include granting the Regulator access to the Recognised Body's premises for the purposes of inspecting those premises or any documents on the premises and the suspension of the carrying on of any activity by the Recognised Body for the period specified in the direction.

6.6.2 The Regulator is likely to exercise its power if it considers that:

(a) there has been, or was likely to be, a failure to satisfy one or more of the Recognition Requirements which has serious consequences;

(b) compliance with the direction would ensure that one or more of the Recognition Requirements is satisfied; and

(c) the Recognised Body is capable of complying with the direction.

6.6.3 The Regulator need not follow the consultation procedure set out in the rest of Rule 6.9 or may cut short that procedure, if it considers it reasonably necessary to do so.

6.7 Controllers – Notifications and powers to direct

6.7.1 A Recognised Body must comply with GEN 8.8.1 – 8.8.14 in relation to notifying changes relating to control.

6.7.2 The Regulator has the power to give a direction to the Controllers of a Recognised Body if it considers that it is desirable to give the direction in order to advance one of more of its operational objectives.

6.7.3 In exercising or deciding whether to exercise its power to direct a Controller, the Regulator will have regard to any statement of policy published under this section and for the time being in force.

6.8 Power to revoke recognition

6.8.1 The Regulator has the power to revoke a Recognition Order relating to a Recognised Body, including when a Recognised Body has asked the Regulator to revoke a Recognition Order.

6.8.2 Deleted.

6.8.3 The Regulator will usually consider revoking a Recognition Order if:

(a) the Recognised Body is failing or has failed to satisfy one or more of the Recognition Requirements and that failure has or will have serious consequences; or

(b) it would not be possible for the Recognised Body to comply with a direction under the Regulator's power to give directions under Rule 6.6.1; or

(c) for some other reason, it would not be appropriate for the Regulator to give a direction under its power to give directions under Rule 6.6.1; or

(d) the Recognised Body has not carried on the business of a Recognised Body during the 12 months beginning with the day on which the Recognition Order took effect in relation to it, or it has not carried on the business of a Recognised Body at any time during the period of six months ending with the day the Recognition Order is revoked.

6.8.4 The Regulator would be likely to consider the conditions in Rule 6.8.3(b) or Rule 6.8.3(c) to be triggered in the following circumstances:

(a) the Recognised Body appears not to have the resources or management to be able to organise its affairs so as to satisfy one or more of the Recognition Requirements; or

(b) the Recognised Body does not appear to be willing to satisfy one or more of the Recognition Requirements; or

(c) the Recognised Body is failing or has failed to comply with a direction made by the Regulator; or

(d) the Recognised Body has ceased to carry out activities in the Abu Dhabi Global Market, or has so changed the nature of its business that it no longer satisfies one or more of the Recognition Requirements in respect of the activities for which Recognised Body status is relevant.

6.8.5 In addition to the relevant factors set out in Rule 6.8.4, the Regulator will usually consider that it would not be able to secure a Remote Body's compliance with the Recognition Requirements or other obligations means of a direction, if it appears to the Regulator that the Remote Body is prevented by any change in the legal framework or supervisory arrangements to which it is subject in its home jurisdiction from complying with the Recognition Requirements or other obligations in or under the FSMR and the Rules.

6.8.6 A Recognised Clearing House must terminate, transfer, invoice back or otherwise close out all open contracts prior to any such revocation taking effect.

6.9 Procedure for making orders

6.9.1 Deleted.

6.9.2 Deleted.

6.9.3 In considering whether it would be appropriate to exercise its powers to make directions under Rule 6.6.1 or Rule 6.7.1, the Regulator will have regard to all relevant information and factors including:

(a) the Rules contained in MIR;

(b) the results of its routine supervision of the Recognised Body concerned;

(c) the extent to which the failure or likely failure to satisfy one or more of the Recognition Requirements may affect the objectives of the Regulator.

6.9.4 In considering whether or not to make a Recognition Order under section 124 of the FSMR, the Regulator will have regard to all relevant information and factors, including the information provided by Applicants.

6.9.5 Before exercising its powers to make directions, the Regulator will usually discuss its intention, and the basis for this, with the Key Individuals or other appropriate representatives of the Recognised Body. It will usually discuss its intention not to make a Recognition Order with appropriate representatives of the Applicant.

6.9.6 The procedures that the Regulator will follow in exercising its powers to make directions or refuse to make a Recognition Order (except in the case of a revocation of a Recognition Order, the Recognised Body concerned has given its consent or, in case where the Regulator proposes to make a direction, it considers it is reasonably necessary not to follow, or to cut short, the procedure) are:

	The Regulator will:	**Guidance**
1.	give written notice to the Recognised Body (or Applicant);	The notice will state why the Regulator intends to take the action it proposes to take, and include an invitation to make representations, and the period within which representations should be made (unless subsequently extended by the Regulator).
2.	receive representations from the Recognised Body or Applicant concerned;	The Regulator will not usually consider oral representations without first receiving written representations from the Recognised Body or Applicant. It will normally only hear oral representations from the Recognised Body or Applicant on request.
3.	write promptly to the Recognised Body or Applicant who requests the opportunity to make oral representations if it decides not to hear that Person's representations;	The Regulator will indicate why it will not hear oral representations and the Regulator will allow the Recognised Body or Applicant further time to respond.
4.	have regard to representations made;	
5.	(when it has reached its decision) notify the Recognised Body or Applicant concerned in writing.	

6.10 Disciplinary measures

6.10.1 If the Regulator considers that a Recognised Body has contravened a requirement imposed by the Regulator, or under any provision of the FSMR or the Rules whose contravention constitutes an offence the Regulator has power to prosecute, it may:

(a) publish a statement to that effect; or

(b) impose on the body a financial penalty of such amount as it considers appropriate.

6.10.2 The procedures and policies which the Regulator will follow if it proposes to publish a statement or to impose a penalty, and if it decides to publish such statement or impose such penalty, are set out in FSMR.

6.10.3 In exercising or deciding whether to exercise its power to impose a penalty, the Regulator will also have regard to any statement of policy published under this section and in force at a time when the contravention in question occurred.

6.10.4 If the Regulator considers that a Controller of a Recognised Body has contravened a requirement of a direction given by the Regulator, or a provision of Rules made by the Regulator, it may:

(a) impose a penalty of such amount as it considers appropriate on the Controller of the Recognised Body, or any Person who was knowingly concerned in the contravention; or

(b) publish a statement censuring the Person.

6.10.5 The procedures which the Regulator will follow if it proposes to take action, and if it decides to take action against a Person, are set out in FSMR.

6.10.6 In exercising or deciding whether to exercise its power to impose a penalty or publish a statement of censure, the Regulator will also have regard to any statement of policy published under this section and in force at a time when the contravention in question occurred.

6.11 Publication of information

6.11.1 A Recognised Body must as soon as practicable after a Recognition Order is made in respect of it, publish such particulars of the ownership of the Recognised Body, including the identity and scale of interests of the Persons who are in a position to exercise significant influence over the management of the Recognised Body, whether directly or indirectly, as the Regulator may reasonably require.

6.11.2 A Recognised Body must as soon as practicable after becoming aware of a transfer of ownership of the Recognised Body which gives rise to a change of Persons who are in a position to exercise significant influence over the management of the Recognised Body, whether directly or indirectly, publish such particulars of any transfer as the Regulator may reasonably require.

6.11.3 A Recognised Body must publish such particulars of any decision it makes to suspend or remove a Financial Instrument from trading on a market operated by it as the Regulator may reasonably require.

7 REMOTE BODIES

7.1 Applications

7.1.1 Applicants for recognition as a Remote Investment Exchange or Remote Clearing House shall follow the same application procedures as apply in respect of Applicants for recognition as a Recognised Investment Exchange or Recognised Clearing House.

7.1.2 Applicants for recognition as a Remote Clearing House must demonstrate, where they act as a CCP, that they have QCCP status for the purposes of the Bank for International Settlements' paper BCBS282 entitled "Capital requirements for bank exposures to central counterparties".

7.1.3 In addition, applications for recognition as a Remote Investment Exchange or Remote Clearing House must contain:

(a) the address of the Applicant's head office in its home jurisdiction;

(b) the address of a place in the Abu Dhabi Global Market for the service on the Applicant of notices or other documents required or authorised to be served on it;

(c) information identifying any type of activity which the Applicant envisages having in the Abu Dhabi Global Market and extent and nature of usage and membership;

(d) a comparative analysis of the Applicant's regulatory requirements in its home jurisdiction compared against those under the Rules set out in this Rulebook and those contained in the IOSCO Principles for Financial Market Infrastructures;

(e) the information, evidence and explanatory material necessary to demonstrate to the Regulator that the requirements specified in Rule 7.2.2 are met;

(f) one copy of each of the following documents:

(i) its most recent financial statements; and

(ii) the Applicant’s memorandum and articles of association or any similar documents; and

(g) the date by which the Applicant wishes the Recognition Order to take effect.

7.1.4 The Regulator may require further information, including information specified in Rule 2.15.4, from the Applicant and may need to have discussions with the appropriate authorities in the Applicant's home jurisdiction.

7.1.5 All material should be supplied in English, or accompanied, if appropriate, by an accurate English translation. An English glossary of technical or statistical terms may be sufficient to accompany tables of statistical or financial information.

7.2 Recognition requirements

7.2.1 Before making a Recognition Order, the Regulator will need to be satisfied that the Remote Recognition Requirements in Rule 7.2.2 have been met.

7.2.2 Remote Recognition Requirements:

A Remote Body must ensure that:

(a) investors are afforded protection equivalent to that which they would be afforded if the body concerned were required to comply with the Recognition Requirements;

(b) there are adequate procedures for dealing with a Person who is unable, or likely to become unable, to meet his obligations in respect of one or more Market Contracts connected with the Remote Body;

(c) the Applicant is able and willing to co-operate with the Regulator by the sharing of information and in other ways; and

(d) adequate arrangements exist for co-operation between the Regulator and those responsible for the supervision of the Applicant in the jurisdiction in which the Applicant's head office is situated.

7.2.3 In considering whether it is satisfied as to the requirements mentioned in Rule 7.2.2(a) and (b), the Regulator shall have regard to:

(a) the relevant law and practice of the jurisdiction in which the Applicant's head office is situated, including with respect to a Remote Clearing House Applicant, the equivalence of such laws to those set out in Chapter 3, Chapter 4 of Part 12, and Part 13 of FSMR; and

(b) the Regulatory Provisions of the Applicant.

7.3 Regulator decision on recognition

7.3.1 If the Regulator considers that the Remote Recognition Requirements are satisfied, it may make a Recognition Order, which will state the date on which it takes effect.

7.3.2 Deleted.

7.3.3 Deleted.

7.3.4 Deleted.

7.3.5 Deleted.

7.3.6 If the Regulator decides to refuse to make a Recognition Order, it will follow the procedure set out in Rule 6.9.6.

Guidance

Where the Regulator considers that it is unlikely to make a Recognition Order it may discuss its concerns with the Applicant with a view to enabling the Applicant to make changes to its Regulatory Provisions, or other parts of its application.

7.4 Supervision

7.4.1 A Remote Body shall provide the Regulator with an annual report which contains the information set out in Rule 7.4.2. In relation to the report:

(a) the period covered by such a report starts on the day after the period covered by its last report or, if there is no such report, after the making of the Recognition Order recognising the Remote Body as such, and ends on the date specified in the report or, if no date is specified, on the date of the report.

(b) if a Remote Body changes the period covered by its report, it should ensure that the first day of the period covered by a report is the day immediately following the last day of the period covered by the previous report.

(c) copies of the report should be sent to the Regulator within two months after the end of the period to which it relates.

Guidance

The period covered by the report to be submitted under Rule 7.4.1 would most conveniently be one year.

7.4.2 A Remote Body must, in the circumstances noted, notify the Regulator of the following information:

	Event	Timing	Information requirement
1.	An event occurs which is likely to affect the Regulator's assessment of whether it is satisfied that the Remote Body continues to satisfy the Remote Recognition Requirements (see Rule 7.4.3).	As soon as reasonably practicable.	Particulars of the relevant event.
2.	A Remote Body amends its: (a) memorandum and articles of association or any similar or analogous documents; or (b) chairman or president, or chief executive (or equivalent).	In its next annual report (or first annual report, if not notified to the Regulator during application process).	Particulars of the change and effective date.
3.	Disciplinary action (or any similar or analogous action) is taken against the Remote Body by any supervisory authority in its home jurisdiction, whether or not that action has been	As soon as reasonably practicable.	Particulars of the disciplinary action taken.

	Event	Timing	Information requirement
	made public in that jurisdiction.		
4.	Publication of annual report and accounts.	Within fourteen days of publication or approval of the auditor, whichever is the sooner.	A copy of the annual report and accounts.
5.	A Remote Body proposes to change: (a) its address in the Abu Dhabi Global Market for the service of notices or other documents required or authorised to be served on it; or (b) the address of its head office.	Fourteen days before the change is effective.	The new address.
6.	A Remote Body has notice that any license, permission or authorisation which it requires to conduct any regulated activity in its home jurisdiction has been or is about to be revoked or modified in any way which would materially restrict the Remote Body in performing any regulated activity in its home jurisdiction or in the Abu Dhabi Global Market.	As soon as practicable.	(a) particulars of the license, permission or authorisation which has been or is to be revoked or modified, including particulars of the Remote Body's regulated activities to which it relates; (b) an explanation of how the revocation or modification restricts or will restrict the Remote Body in carrying on any regulated activity in its home jurisdiction or in the Abu Dhabi Global Market; (c) the date on which the revocation or modification took, or will take, effect and, if it is a temporary measure, any date on which, or any conditions that must be met before which, it will cease to have effect; and (d) any reasons given for the revocation or modification.
7.	A Remote Body admits for the first time a Member whose head or registered office is in the Abu Dhabi Global Market.	As soon as practicable.	(a) notice of that event; (b) the address of the new Member.
8.	A Remote Body decides to put a Member into default.	As close to when such a decision is taken by a Remote Body as practicable.	(a) notice of that event; (b) the name of the Member and (where relevant) the class of membership; (c) the reasons for that decision; and (d) the names of any other exchange, Clearing house or

	Event	Timing	Information requirement
			trading platform on which, to the best of that Remote Body's knowledge, that Member clears business or transacts for, or in respect of, its Clients.
9.	A Remote Body issues a consultation on proposed changes to its rules or procedures.	As soon as practicable.	A copy of the consultation paper and accompanying documentation.
10.	Changes to a Remote Body's rules or procedures become effective.	As soon as practicable.	A copy of the amended rules or procedures.
11.	A Remote Body issues guidance on or a circular relating its rules or procedures.	As soon as practicable.	A copy of the guidance or circular.

7.4.3 The following events are examples of events likely to affect an assessment of whether a Remote Body is continuing to satisfy the Remote Recognition Requirements:

(a) significant changes to any relevant law or regulation in its home jurisdiction, including laws or regulations:

(i) governing exchanges or Clearing houses;

(ii) designed to prevent insider dealing, market manipulation or other forms of Market Abuse or misconduct;

(iii) designed to protect the interests of Clients of Members of the Remote Body, or of a class of bodies which includes the Remote Body;

(iv) which affect:

A. the ability of the Remote Body to seek information (whether compulsorily or voluntarily) from its Members, including information relating to the price and volume of transactions, the identity of parties to transactions, and the movement of funds associated with transactions; and

B. the ability of the Remote Body to pass such information, on request, to the Regulator;

(b) significant changes to its internal organisation or structure;

(c) significant changes to the practices of the Remote Body applying to any activities carried on by it in the Abu Dhabi Global Market; or

(d) any other event or series of events in relation to the body which:

(i) affects or may significantly affect cooperation between the Remote Body, or its supervisor in its home jurisdiction, and the Regulator;

(ii) has or may have a substantial effect on the structure of the markets in which the body operates;

(iii) brings about or may bring about a substantial change in the nature and composition of its membership in the Abu Dhabi Global Market; or

(iv) brings about or may bring about a substantial change in the activities undertaken by it in the Abu Dhabi Global Market.

Language of notice

7.4.4 Any notice to be given or information to be supplied under these notification rules must be supplied in English, and any document to be provided must be accompanied, if not in English, by an accurate English translation.

7.4.5 An English glossary of technical or statistical terms may be sufficient to accompany tables of statistical or financial information.

Form and method of notification

7.4.6 The Rules relating to the form and method of notification in Rule 5.2 also apply to Remote Bodies.

Waivers

7.4.7 Remote Bodies may apply to the Regulator for a waiver of any of the notification rules. The procedure is the same as that for applications from Recognised Bodies, as set out in Rule 5.3.1.

7.5 Powers to supervise

7.5.1 The Regulator has similar powers to supervise Non-Abu Dhabi Global Market Recognised Bodies to those it has to supervise Recognised Bodies. It may (in addition to any other powers it might exercise):

(a) give directions to a Remote Body if it has failed, or is likely to fail, to satisfy the Non-Abu Dhabi Global Market Recognition Requirements or if it has failed to comply with any other obligation imposed by or under the FSMR and the Rules; or

(b) revoke a Recognition Order if a Remote Body is failing, or has failed, to comply with the Remote Recognition Requirements or any other obligation in or under the FSMR and the Rules; or

(c) require a Remote Body or a Person connected with the Remote Body, to provide or produce specified information or information of a specified description, at a specified place and before the end of a reasonable period, in such form and with such verifications or authentications as it may reasonably require; or

(d) require any of the following Persons, to provide the Regulator with a report on any matter, or appoint a Skilled Person to provide the Regulator with information or produce documents with respect to any matter:

(i) the Remote Body; or

(ii) any other Member of the Remote Body's Group; or

(iii) a partnership of which the Remote Body is a Member; or

(iv) a Person who has at any time been a Person falling within (i), (ii) or (iii).

7.5.2 The Regulator will follow the approach in Rules 6.2.1, 6.6.1, 6.8.1, 6.96 and GEN 8.12 if it is considering exercising these powers in relation to a Remote Body.

8 REMOTE MEMBERS

8.1 Introduction

8.1.1 An Applicant to be a Remote Member must submit a written application to the Regulator on how it satisfies or intends to satisfy the Remote Member Requirements at the date of the application and on an ongoing basis.

8.1.2 The written application in Rule 8.1.1 is to include:

(a) the business name or trading name the Remote Member intends to use in the ADGM;

(b) the address of the Remote Member's registered office and head office in its home jurisdiction;

(c) the name of the Recognised Body upon which it is applying for membership;

(d) the name of, and contact details relating to, the Non-ADGM Financial Services Regulator in its home jurisdiction; and

(e) how the Applicant will satisfy the Remote Member Requirements set out in Rule 8.2.1.

8.1.3 In assessing an application for a Remote Member Recognition Order, the Regulator may:

(a) carry out any enquiries which it considers appropriate including enquiries independent of the Applicant;

(b) require the Applicant to submit such additional information as the Regulator may reasonably require;

(c) require any information submitted by the Applicant to be verified in such manner as the Regulator may specify; and

(d) take into account any information which the Regulator considers appropriate in relation to the Applicant.

8.2 Applications

8.2.1 The Remote Member Requirements for a Remote Member are that:

(a) it agrees in writing to submit unconditionally to the jurisdiction of the Regulator in relation to any matters which arise out of or which relate to its use of the facilities of the Recognised Body;

(b) it agrees in writing to submit unconditionally to the jurisdiction of the ADGM Courts in relation to any proceedings in the ADGM, arising out of or related to its use of the facilities of the Recognised Body; and

(c) it agrees in writing to subject itself to the ADGM legislation and the jurisdiction of the ADGM Courts in relation to its use of the facilities of the ADGM Recognised Body.

(d) it is licensed or otherwise authorised to trade on, or use the facilities of, an exchange or clearing house in a jurisdiction acceptable to the Regulator;

(e) it is regulated in respect of the trading, or use of facilities in (d), by a Non-ADGM Financial Services Regulator to a standard acceptable to the Recognised Body;

(f) the law and practice under which the Remote Member is licensed or otherwise authorised is broadly equivalent to the ADGM regulatory regime as it applies to an ADGM Member;

(g) adequate arrangements exist, or will exist, for co-operation between the Regulator and the Non-ADGM Financial Services Regulator responsible for the Remote Member's licensing and regulation;

(h) it carries on business in a jurisdiction other than the ADGM and has its head office and registered office outside the ADGM;

(i) subject to Rule 8.2.2, when using the facilities of a Recognised Investment Exchange or Recognised Clearing House, it only does so for the purpose of dealing in investments as either agent or principal, pursuant to the scope of the activities it is licensed to undertake by its Non-ADGM Financial Services Regulator; and

(j) subject to Rule 8.2.3, when dealing on a Recognised Body it does so only for non-ADGM clients.

8.2.2 Rule 8.2.1(i) does not prevent a Remote Member which has a Branch that is an Authorised Person from carrying on a Regulated Activity in or from the ADGM through such a Branch.

8.2.3 Rule 8.2.1(j) does not apply to a Remote Member which:

(a) is licensed and supervised by a Non-ADGM Financial Services Regulator located within the U.A.E; or

(b) has a Branch which is an Authorised Person.

8.3 Regulator decision on Remote Member Recognition

8.3.1 If the Regulator considers that the Remote Member Requirements are satisfied, it may make a Recognition Order, which will state the date on which it takes effect.

8.3.2 Where the Regulator considers that it is unlikely to make a Recognition Order, it will discuss its concerns with the Applicant with a view to enabling the Applicant to make changes to its application. If the Regulator decides to refuse to make a Recognition Order, it will follow the procedure set out in Part 12 of FSMR.

8.4 Remote Member Supervision

Guidance

The Regulator will rely upon a Remote Member's Non-ADGM Financial Services Regulator in its home jurisdiction to supervise the Remote Member. The focus of the Regulator's interest will be on the ADGM and those activities of the Remote Member that may impact the ADGM.

8.4.1 A Remote Member must provide the Regulator with reasonable advance notice of a change in:

(a) its name;

(b) any business name or trading name it uses in the ADGM, if different to (a); or

(c) the address of its registered office or head office in its home jurisdiction.

8.4.2 A Remote Member must notify the Regulator immediately upon the granting, modification, variation, withdrawal or refusal of an application for, or revocation of membership of an exchange or clearing house, including membership of a Recognised Body.

8.4.3 A Remote Member must provide the Regulator with a copy of any information provided to any Non-ADGM Financial Services Regulator to which the Remote Member is subject and which is relevant to its status as a Remote Member.

8.4.4 Notwithstanding Rule 8.4.2, a Remote Member must notify the Regulator as soon as possible of:

(a) anything which causes, or may cause, it to fail to satisfy the Remote Member Requirements;

(b) it becoming aware that a Non-ADGM Financial Services Regulator has started an investigation into the affairs of the Remote Member;

(c) the appointment of inspectors, howsoever named, by a Non-ADGM Financial Services Regulator to investigate or manage the affairs of the Remote Member;

(d) the imposition of disciplinary measures or sanctions on the Remote Member by any Non-ADGM Financial Services Regulator;

(e) any significant event, or anything else relating to the Remote Member, which the Recognised Body would reasonably expect to notified of; or

(f) it receiving an order from a Client, or arranges or executes a transactions with or for a Client, and has reasonable grounds to suspect that the order or transaction may constitute Market Abuse in the ADGM.

(i) The notification under 8.4.4(f) must provide sufficient details of the order or transaction, and the reasons for the Remote Member suspecting that the order or transaction may constitute Market Abuse in the ADGM.

(ii) A Remote Member must not inform the Client, or any other Person involved in the order or transaction, of a notification under Rule 8.4.4(f).

Guidance

Events which may cause a Remote Member to be unable to meet the Remote Member Requirements include significant changes to any relevant laws or regulations in its home jurisdiction, which:

(a) are designed to prevent market abuse or money laundering; or

(b) affect the ability of a Remote Member to provide information to the Regulator.

The Regulator does not require notification from a Remote Member, for the purposes of Rule 8.4.4(b) or (c), where the activities of the Non-ADGM Financial Services Regulator are part of a routine / regular inspection or audit of affairs of the Remote Member.

8.4.5 A Remote Member must:

(a) deal with the Regulator in an open and co-operative manner; and

(b) ensure that communication with the Regulator is conducted in the English language.

Guidance

GEN Rule 8.11 sets out how information is to be provided to the Regulator.

8.5 Revocation of a Remote Member Recognition Order

8.5.1 If a Remote Member wishes to have its Recognition Order revoked it must submit a request in writing to the Regulator stating:

(a) the reasons for the request;

(b) that it is no longer, or will no longer be, a Member of a Recognised Body;

(c) the date on which its membership was, or will be, terminated; and

(d) that it has discharged, or will discharge, all obligations owed to any Person in the ADGM which have arisen as a result of its recognised status.

8.5.2 If the Regulator decides to revoke a Remote Member's Recognition Order, it will follow the requirements set out in Rules 6.9.3 and 6.9.6, *mutatis mutandis*.

Guidance

The Regulator may revoke a Remote Member's Recognition Order in circumstances where such Person continues to the meet the Remote Member Recognition Requirements. This may include where the Regulator considers it necessary or desirable in order to prevent damage to the reputation of the ADGM or to the ADGM Financial System.

ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

TABLE OF CONTENTS

The contents of the AML Rulebook are divided into the following Chapters and sections:

1. INTRODUCTION

1.1 Jurisdiction

1.1.1 (1) The AML Rulebook is made in recognition of the application in the Abu Dhabi Global Market ("**ADGM**") of the Federal AML Legislation.

(2) Nothing in the AML Rulebook affects the operation of Federal AML Legislation.

1.2 Application

1.2.1 (1) Subject to (2), the AML Rulebook applies to:

(a) every Relevant Person in respect of all its activities carried out in or from the ADGM; and

(b) the Persons specified in Rule 1.3.3 as being responsible for a Relevant Person's compliance with the AML Rulebook.

(2) In respect of a Relevant Person that is:

(a) an Authorised Person (other than a Credit Rating Agency) and a Recognised Body, only the requirements of Chapters 1 to 14 of the AML Rulebook apply;

(b) a Representative Office only the requirements of Chapters 1 to 6 and 11 to 14 of the AML Rulebook apply;

(c) a DNFBP, only the requirements of Chapters 1 to 9 and 11 to 15 of the AML Rulebook apply; and

(d) an NPO only the requirements of Chapter 16 of the AML Rulebook apply.

Guidance

1. Chapters 7 to 9 of the AML Rulebook deal with customers. As a Representative Office does not have customer these chapters do not apply.

2. Chapter 10 of the AML Rulebook deals with correspondent banking, electronic transfer of funds and audits.

3. Relevant Persons should consider these Chapters and determine which provisions apply. To assist Relevant Persons the following table sets out the application of the AML Rulebook to each of the different types of Relevant Persons specified in Rule 1.2.1(1). This table is for guidance purposes only.

Application table

Relevant Person	Applicable Chapter(s)	
Authorised Person (other than a credit Rating Agency) or Recognised Body	1 - 14	
Representative Office	1 - 6	11 - 14
DNFBP	1 - 9	11 - 15
NPO	16	

1.3 Responsibility for compliance with the AML Rulebook

1.3.1 A Relevant Person's Governing Body is responsible for establishing, maintaining and monitoring the Relevant Person's AML policies, procedures, systems and controls and compliance with applicable AML legislation.

1.3.2 A Relevant Person's Governing Body must ensure the policies, procedures, systems and controls referred to in Rule 1.3.1 are effective to meet the obligations of the Relevant Person.

1.3.3 (1) Responsibility for a Relevant Person's compliance with the AML Rulebook lies with every member of the Governing Body, and its Senior Management.

(2) In carrying out their responsibilities under the AML Rulebook every member of a Relevant Person's Governing Body, its Senior Management and MLRO (as the case may be) must exercise due skill, care and diligence.

(3) Nothing in this Rule precludes the Regulator from taking enforcement action against any Person, including any one or more of the following Persons, in respect of a breach of any Rule in the AML Rulebook:

(a) a Relevant Person;

(b) members of a Relevant Person's Senior Management; or

(c) an Employee of a Relevant Person.

2. OVERVIEW AND PURPOSE OF THE AML RULEBOOK

Guidance

1. Under Section 15A of the Financial Services and Markets Regulations 2015 ("FSMR"), the Regulator has jurisdiction for the regulation of AML in ADGM. The AML Rulebook sets out the requirements imposed by the Regulator. The U.A.E. criminal law applies in the ADGM and, therefore, Persons in the ADGM must be aware of their obligations in respect of the criminal law as well as these Rules. Relevant U.A.E. criminal laws include Federal AML Legislation and Federal Law No. 3 of 1987 (the Penal Code of the United Arab Emirates). The Rules in the AML Rulebook should not be relied upon to interpret or determine the application of the criminal laws of the U.A.E.

2. The AML Rulebook has been designed to provide a single reference point for all Relevant Persons who are supervised by the Regulator for Anti-Money Laundering and Sanctions compliance in accordance with the scope of application outlined in Rule 1.2.1. Accordingly it applies to Relevant Persons, but in different degrees as provided in Rule 1.2.2(2). The AML Rulebook takes into consideration the fact that Relevant Persons have differing AML risk profiles. A Relevant Person should familiarise itself with the AML Rulebook, and assess the extent to which the Chapters and sections apply to it.

3. The AML Rulebook is not intended to be read in isolation from other UAE relevant legislation or developments in international policy and best practice and, to the extent applicable, Relevant Persons need to be aware of, and take into account, how these aforementioned matters may impact on the Relevant Person's day to day operations. This is particularly relevant when considering the List of terrorist organisations or persons issued under Article 63 of Federal Law No. 7 of 2014 on Combating Terrorism and the United Nations Security Council ("**UNSC**") Resolutions which apply in the ADGM, and Sanctions imposed by other jurisdictions which may apply to a Relevant Person depending on the Relevant Person's jurisdiction of origin, its business and/or customer base.

4. Chapter 1 specifies who is ultimately responsible for a Relevant Person's compliance with AML. The Regulator expects the Governing Body and Senior Management of a Relevant Person to establish a robust and effective AML and Sanctions compliance culture for the business.

5. Chapter 2 provides an overview of the AML Rulebook and Chapter 3 sets out the key definitions in the AML Rulebook.

6. Chapter 4 outlines the general compliance including Group policies, notifications, record keeping requirements and the annual AML Return.

7. Chapter 5 explains the meaning of the risk-based approach ("**RBA**"), which should be applied when complying with the AML Rulebook. The RBA requires a risk-based assessment of a Relevant Person's business (in Chapter 6) and its customers (in Chapter 7). A risk-based assessment should be a dynamic process involving regular review, and the use of these reviews to establish the appropriate processes to match the levels of risk. No two Relevant Persons will have the same approach, and

implementation of the RBA and the AML Rulebook permits a Relevant Person to design and implement systems and controls that should be appropriate to their business and customers, with the obvious caveat being that such systems should be reasonable and proportionate in light of the AML risks. The Regulator expects the RBA to determine the breadth and depth of the Customer Due Diligence ("**CDD**") which is undertaken for a particular customer under Chapter 8, though the Regulator understands that there is an inevitable overlap between the risk-based assessment of the customer in Chapter 7 and CDD in Chapter 8. This overlap may occur at the initial stages of on-boarding of customers but may also occur when undertaking on-going CDD.

8. Chapter 9 sets out where a Relevant Person may rely on a third party to undertake all or some of its CDD obligations. Reliance on third-party CDD reduces the need to duplicate CDD already performed for a customer. Alternatively, a Relevant Person may outsource some or all of its CDD obligations to a service provider.

9. Chapter 10 sets out certain obligations in relation to correspondent banking, wire transfers and other matters which are limited to Authorised Persons (other than a Credit Rating Agency) and Recognised Bodies and, in particular, to banks.

10. Chapter 11 sets out a Relevant Person's obligations in relation to UNSC resolutions and Sanctions, and government, regulatory and international findings (in relation to AML, terrorist financing and the financing of weapons of mass destruction).

11. Chapter 12 sets out the obligation for a Relevant Person to appoint an MLRO and the responsibilities of such a Person.

12. Chapter 13 sets out the requirements for AML training and awareness. A Relevant Person should adopt the RBA when complying with Chapter 13, so as to make its training and awareness proportionate to the AML risks of the business and the Employee role.

13. Chapter 14 contains the obligations applying to all Relevant Persons concerning Suspicious Activity Reports, which are required to be made under Federal AML Legislation.

14. Chapter 15 sets out additional obligations applying to DNFBPs, including registration and notification requirements.

15. Chapter 16 sets out the obligations applying to Relevant Persons that are NPOs.

The U.A.E. criminal law

16. Under Article 3 of Federal Decree By Law No. 20 of 2018, a Relevant Person may be criminally liable for the offence of money laundering if such an activity is intentionally committed in its name or for its account. Relevant Persons are also reminded that:

    (a) the failure to report suspicions of money laundering;

    (b) "tipping off"; and

    (c) assisting in the commission of money laundering,

may each constitute a criminal offence that is punishable under the laws of the U.A.E.

Financial Action Task Force Standards

17. The Financial Action Task Force (the "FATF") is an inter-governmental body whose purpose is the development and promotion of international standards to combat money laundering and terrorist financing.

18. The Regulator has had regard to the FATF Recommendations in making these Rules and has determined to closely align these Rules with the FATF Recommendations, where that is deemed to be necessary and appropriate. A Relevant Person may wish to refer to the FATF Recommendations and interpretive notes to assist it in complying with these Rules. However, in the event that a FATF Recommendation or interpretive note conflicts with a Rule in the AML Rulebook, the relevant Rule takes precedence.

19. A Relevant Person may also wish to refer to the FATF typology reports which may assist in identifying new money laundering threats and which provide information on money laundering and terrorist financing methods. The FATF typology reports cover many pertinent topics for Relevant Persons, including corruption, new payment methods, money laundering using trusts and Company Service Providers, and vulnerabilities of free trade zones. These typology reports can be found on the FATF website www.fatf-gafi.org.

Basel Committee Standards

20. The Basel Committee on Banking Supervision has published a set of guidelines for banks (Sound Management of Risks related to Money Laundering and Financing of Terrorism, January 2014) which are intended to supplement FATF Recommendations. Banks operating in ADGM should read the Basel Committee guidelines in conjunction with FATF Recommendations and in complying with these Rules.

21. In the event that any of the Basel Committee guidelines conflict with a Rule in the AML Rulebook, the relevant Rule takes precedence.

Wolfsberg Group

22. The Wolfsberg Group is an association of thirteen global banks that has published guidance aimed at assisting financial institutions in managing money laundering risks (Wolfsberg Statement Guidance on a Risk Based Approach for Managing Money Laundering Risks, March 2006) and in preventing terrorist financing (Wolfsberg Statement on the Suppression of the Financing of Terrorism, January 2002). Banks operating in ADGM should be familiar with relevant Wolfberg Group published guidance in conjunction with the FATF Recommendations and in complying with these Rules.

23. In the event that any of the Wolfsberg Group published guidance conflict with a Rule in the AML Rulebook, the relevant Rule takes precedence.

Sanctions

24. The U.A.E, as a member of the United Nations, is required to comply with all Sanctions issued and passed by the UNSC. The U.A.E periodically publicises its imposition of

sanctions. These UNSC obligations apply in the ADGM and their importance is emphasised by specific obligations contained in the AML Rulebook requiring Relevant Persons to establish and maintain effective systems and controls to make appropriate use of UNSC Sanctions and resolutions (see Chapter 11).

25. The FATF has issued guidance on a number of specific UNSC Sanctions and resolutions regarding the countering of the proliferation of weapons of mass destruction. Such guidance has been issued to assist in implementing the targeted financial Sanctions and activity based financial prohibitions. This guidance can be found on the FATF website (at www.fatf-gafi.org).

26. In relation to unilateral Sanctions imposed in specific jurisdictions such as the European Union, the U.K. ("**HM Treasury**") and the U.S. (by the Office of Foreign Assets Control ("**OFAC**")) and any other Sanctions that may apply to the Relevant Person's business partners and customers, the Regulator expects a Relevant Person to consider and take positive steps to ensure compliance where required or appropriate.

3. INTERPRETATION AND TERMINOLOGY

3.1 Interpretation

3.1.1 A reference in the AML Rulebook to "money laundering" in lower case includes a reference to terrorist financing, the financing of unlawful organisations and sanctions non-compliance unless the context provides or implies otherwise.

3.2 Glossary for AML

Guidance on the term "customer"

1. The point at which a Person becomes a customer will vary from business to business. However, the Regulator considers that it would usually occur at or prior to the business relationship being formalised, for example, by the signing of a client agreement or the acceptance by the customer of terms of business.

2. The Regulator does not consider that a Person would be a customer of a Relevant Person merely because such Person receives marketing information from a Relevant Person or where a Relevant Person refers a Person who is not a customer to a third party (including a Group member).

3. The Regulator considers that a Counterparty would generally be a customer for the purposes of the AML Rulebook and would therefore require a Relevant Person to undertake CDD on such a Person. However, this would not include a counterparty in a Transaction undertaken on a Regulated Exchange. Nor would it include suppliers of ancillary business services for consumption by the Relevant Person such as cleaning, catering, stationery, IT or other similar services.

4. A Representative Office should not have any customers in relation to its ADGM operations.

3.2.1 The following terms and abbreviations bear the following meanings for the purposes of these Rules.

ADGM	Means the Abu Dhabi Global Market.
ADGM Entity	Means a Legal Person which is incorporated or registered in the ADGM (excluding a registered Branch).
AML or AML Rulebook	Means the Anti-Money Laundering and Sanctions Rules and Guidance.
AML Return	Means the return which is required to be completed by Relevant Persons in accordance with AML 4.6.

Authorised Person	Means a Person, other than a Recognised Body, who is authorised under the FSMR.
Beneficial Owners	Means, in relation to a customer, a natural person who ultimately owns or controls the customer or a natural person on whose behalf a transaction is conducted or a business relationship is established and includes: (a) in relation to a body corporate, a person referred to in Rule 8.3.3(2); (b) in relation to a Partnership, a person referred to in Rule 8.3.4(2); (c) in relation to a trust or other similar Legal Arrangement, a person referred to in Rule 8.3.5 (2); and (d) in relation to a foundation, a person referred to in Rule 8.3.6(2).
Body Corporate	Means any body corporate, including limited liability partnership and a body corporate constituted under the law of a country or territory outside of the ADGM.
Client	Means a Retail Client, Professional Client or Market Counterparty as defined in COBS 2.
Client Agreement	Means an agreement between an Authorised Person and a Client which is made or entered into in accordance with COBS 3.3.
Client Money	Means money of any currency which an Authorised Person holds on behalf of a Client (including any receivables of the Authorised Person in respect of bank accounts or clearing or brokerage accounts) or which an Authorised Person treats as Client Money, subject to the exclusions in COBS 14.2.6.
COBS	Means the Conduct of Business Rulebook.
Company	Includes: (a) any Body Corporate (wherever incorporated); and (b) any unincorporated body constituted under the law of a country, territory or jurisdiction outside the ADGM.
Company Service Provider	Means a Person that, carries out the following services to a customer: (a) acting as a formation agent of Legal Persons; (b) acting as (or arranging for another Person to act as) a director or secretary of a company, a partner of a

	partnership or a similar position in relation to other Legal Persons or Legal Arrangements; (c) providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other Legal Person or Legal Arrangement; (d) acting as (or arranging for another Person to act as) a trustee of an express trust or performing the equivalent function for another form of Legal Arrangement; or (e) acting as (or arranging for another Person to act as) a nominee shareholder for another Person.
Contract of Insurance	Has the meaning given in Part 4 of Schedule 1 of FSMR.
Contravention	Means a contravention of any Regulations or Rules made by the ADGM Board and the Regulator, as the case may be.
Correspondent Account	Means an account opened on behalf of a Correspondent Banking Client to receive deposits from, to make payments on behalf of or to otherwise handle financial transactions for or on behalf of the Correspondent Banking Client.
Correspondent Bank	Means a bank in a jurisdiction other than the ADGM where an Authorised Person opens a Correspondent Account.
Correspondent Banking Client	Means a Client of an Authorised Person which uses the firm's correspondent banking services account to clear transactions for its own customer base.
Counterparty	Means any Person with or for whom an Authorised Person carries on, or intends to carry on, any regulated business or associated business. In this context, a Counterparty includes an individual, unincorporated association, Company, government, local authority or other public body.
Credit Rating Agency	Means a Person carrying on in or from the ADGM the Regulated Activity of Operating a Credit Rating Agency for which it has an authorisation under its Financial Services Permission.
Customer Due Diligence (CDD)	Has the meaning given in AML 8.3.
Designated Non-Financial Business or Profession (DNFBP)	Means the following class of Persons who carries out the following businesses in the ADGM:

	(a) a real estate agency which carries out transactions with other Persons that involve the acquiring or disposing of real property; (b) a dealer in precious metals or precious stones; (c) a dealer in any saleable item of a price equal to or greater than USD15,000; (d) an accounting firm, audit firm, insolvency firm or taxation consulting firm; (e) a law firm, notary firm or other independent legal business; or (f) a Company Service Provider.
Director	Means: (a) In relation to an Undertaking established under the ADGM Companies Regulations 2015, a Person who appears on the Register of Directors maintained by the ADGM Registrar of Companies; (b) In relation to all other Undertakings, a Person who has been admitted to a register which has a corresponding meaning to the Register of Directors or performs the function of acting in the capacity of a Director, by whatever name called; (c) who is employed or appointed by a Person in connection with that Person's business, whether under a contract of service or for services or otherwise; or (d) whose services, under an arrangement between that Person and a third party, are placed at the disposal and under the control of that Person.
Employee	Means an individual: (a) who is employed or appointed by a Person in connection with that Person's business, whether under a contract of service or for services or otherwise; or (b) whose services, under an arrangement between that Person and a third party, are placed at the disposal and under the control of that Person.
Enhanced Customer Due Diligence	Means undertaking Customer Due Diligence and the enhanced measures under AML 8.4.

FATF Recommendations	Means the publication entitled the "International Standards on Combatting Money Laundering and the Financing of Terrorism & Proliferation", as published and amended from time to time by the Financial Action Task Force (FATF).
Federal AML Legislation	Means the legislation described in section 258 of FSMR.
Federal Decree by law No. 20 of 2018	Means U.A.E Federal Decree by Law No. 20 of 2018 On Anti Money Laundering, Combating the Financing of Terrorism and Financing of Illegal Organisations.
Federal Law No. 1 of 2004	Means U.A.E Federal Law No. 1 of 2004 regarding Combatting Terrorism Offences.
Federal Law No. 4 of 2002	Means U.A.E Federal Law No. 4 of 2002 regarding the Criminalisation of Money Laundering.
Federal Law No. 7 of 2014	Means Federal Law No. 7 of 2014 regarding Combatting Terrorist Crimes.
FIU	Means the Financial Intelligence Unit of the U.A.E.
Financial Institution	Means: (1) an Authorised Person; (2) any Person which carries out as its principal business an activity which would, if carried out in ADGM, be a Regulated Activity; and (3) is not one of the following: (A) a governmental organisation, including the Central Bank of any State; or (B) a multilateral development bank.
Financial Services Permission	Means a permission given, or having effect as if so given, by the Regulator in accordance with Part 4 of FSMR.
Financial Services Regulator	Means a regulator of financial services activities established in a jurisdiction other than the ADGM.
FSMR	Means the Financial Services and Markets Regulations 2015.
Governing Body	Means the board of directors, partners, committee of management or other governing body of an Undertaking.
Group	Has the meaning given in section 258 of FSMR.
Guidance	Has the meaning given in section 15(2) of FSMR.
International Organisation	Means an organisation established by formal political agreement between member countries, where the agreement

	has the status of an international treaty, and the organisation is recognised in the law of countries which are members.
Investment	Means Specified Investments set out in Part 3 of Schedule 1 of FSMR, unless otherwise specified.
Legal Arrangement	Means express trusts or other similar legal arrangements.
Legal Person	Means any entity other than a Natural Person that can establish a customer relationship with a Relevant Person or otherwise own property. This can include companies, Bodies Corporate or unincorporate, trusts, foundations, partnerships, associations, states and governments and other relevantly similar entities.
Listed Body Corporate	Means, for the purposes of Rule 8.3.3(4), a Body Corporate listed on a stock exchange recognised by the Regulator.
Money Laundering Reporting Officer (MLRO)	Means, for the purposes of an Authorised Person other than a Credit Rating Agency, the Recognised Function described in GEN 5.4.8.
Natural Person	Means an individual.
Non-Profit Organisation (NPO)	Means a Legal Person or arrangement or organisation that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social or fraternal purposes or for other charitable purpose.
Parent	Means a Holding Company as defined in section 1015 of the Companies Regulations 2015.
Partner	Means, in relation to an Undertaking which is a Partnership, a Person occupying the position of a partner, by whatever name called.
Partnership	Means any partnership, including a partnership constituted under the law of a country, jurisdiction or territory outside the ADGM, but not including a Limited Liability Partnership.
Person	Means any Natural Person, Body Corporate or body unincorporated, including a Legal Person, company, Partnership, unincorporated association, government or state.
Politically Exposed Person (PEP)	Means a Natural Person (and includes, where relevant, a family member or close associate) who is or has been entrusted with a prominent public function, including but not limited to, a head of state or of government, senior officials and functionaries of an international or supranational organisation, senior politician, senior government, judicial or military official, ambassador, senior executive of a state owned corporation, or

	an important political party official, but not middle ranking or more junior individuals in these categories.
Recognised Body	Means a Recognised Investment Exchange or a Recognised Clearing House.
Regulated Activity	Has the meaning given in section 19 of FSMR.
Regulated Financial Institution	A person who does not hold a FSP but who is authorised in a jurisdiction other than the ADGM to carry on any financial service by another Financial Services Regulator.
Regulator	Means the ADGM Financial Services Regulatory Authority.
Relevant Person	Has the meaning given in section 258 of FSMR.
Representative Office	Means the business operations of Person authorised to carry on the Regulated Activity of Operating a Representative Office in the ADGM and which actually carries on the Regulated Activity of Operating a Representative Office.
Restricted Scope Company	Has the meaning given in section 3(4) of the Companies Regulations 2015.
Rule	Means any rule made by the Regulator or the ADGM Board, as applicable, in accordance with the procedures in Part 2 of FSMR.
Sanctions	Means any law executing foreign policy, security, sanction, trade embargo, or anti-terrorism objectives or similar restrictions imposed, administered or enforced from time to time by: (i) the U.A.E.; (ii) the United Nations Security Council; (iii) the European Union; (iv) H.M. Treasury of the United Kingdom; (v) the Office of Foreign Assets Control (OFAC) of the U.S. Department of the Treasury; (vi) any other relevant governmental authority; or (vii) any of their successors.
Sanctions List	Means any official list of Persons or entities targeted by Sanctions from time to time.
Senior Management	Means in relation to a Relevant Person every member of the Relevant Person's executive management and includes: (i) for an ADGM Entity, every member of the Relevant Person's Governing Body; (ii) for a Branch, the Person or Persons who control the day to day operations of the Relevant Person in the ADGM; or

	(iii) for an auditor, every member of the Relevant Person's executive management in the U.A.E.
Shareholder	Means a Natural Person or legal entity governed by private or public law, who holds, directly or indirectly: (a) Shares of the Issuer in its own name and on its own account; (b) Shares of the Issuer in its own name, but on behalf of another natural person or legal entity; or (c) depository receipts, in which case the holder of the depository receipt shall be considered as the shareholder of the underlying Shares represented by the depository receipts.
Shell Bank	A bank that has no physical presence in the country in which it is incorporated or licensed and which is not affiliated with a regulated financial Group that is subject to effective consolidated supervision.
Simplified Customer Due Diligence	Means Customer Due Diligence as modified under AML 8.5.
Source of Funds	Means the origin of customer's funds which relate to a Transaction or service and includes how such funds are connected to a customer's Source of Wealth.
Source of Wealth	Means how the customer's global wealth or net worth is or was acquired or accumulated.
Suspicious Activity Report (SAR)	Means a report in the prescribed format regarding suspicious activity (including a suspicious Transaction) made to the FIU.
Transaction	Means any transaction undertaken by a Relevant Person for or on behalf of a customer in the course of carrying on a business in or from the ADGM.
U.A.E.	Means the United Arab Emirates.
Undertaking	Means: (a) a Body Corporate or Partnership; or (b) an unincorporated association carrying on a trade or business, with or without a view to profit.
Unlawful Organisation	An organisation, the establishment or activities of which have been declared to be criminal under Federal AML Legislation.

Waiver	Means in relation to GEN 8.2 written notice provided under FSMR.

4. GENERAL COMPLIANCE REQUIREMENTS

4.1 General requirements

4.1.1 (1) A Relevant Person must establish and maintain effective Anti-Money Laundering policies, procedures, systems and controls to prevent opportunities for money laundering, in relation to the Relevant Person and its activities.

(2) A Relevant Person's Anti-Money Laundering policies, procedures, systems and controls must:

(a) ensure compliance with Federal AML Legislation;

(b) enable suspicious Persons and Transactions to be detected and reported;

(c) ensure the Relevant Person is able to provide an appropriate audit trail of a Transaction; and

(d) ensure compliance with any other obligation in these Rules.

(3) A Relevant Person must take reasonable steps to ensure that its Employees comply with the relevant requirements of its Anti-Money Laundering policies, procedures, systems and controls.

(4) A Relevant Person must review the effectiveness of its Anti-Money Laundering policies, procedures, systems and controls at least annually.

(5) The review process may be undertaken:

(a) internally by its internal audit or compliance function; or

(b) by a competent firm of independent auditors or compliance professionals.

(6) The review process required under Rule 4.1.1(4) must cover at least the following:

(a) a sample testing of customer documentation relevant to an assessment of the adequacy of the customer risk assessment or CDD performed by the Relevant Person;

(b) an analysis of all Suspicious Activity Reports to highlight any area where procedures or training may need to be enhanced; and

(c) a review of the adequacy of the level of responsibility and oversight of the Relevant Person’s Governing Body and Senior Management in ensuring the Relevant Person has implemented and maintained adequate controls.

4.1.2 A Relevant Person that is a Domestic Firm must ensure that its Anti-Money Laundering policies, procedures, systems and controls apply to any branch or subsidiary operating in another jurisdiction.

4.1.3 If another jurisdiction's laws or regulations prevent or inhibit a Relevant Person from complying with the Federal AML Legislation or with these Rules, the Relevant Person must immediately inform the Regulator in writing.

4.2 Groups, branches and subsidiaries

4.2.1 (1) A Relevant Person which is an ADGM Entity must ensure that its policies, procedures, systems and controls required by Rule 4.1.1 apply to:

(a) all of its branches or subsidiaries; and

(b) all of its Group entities in the ADGM.

(2) The requirement in (1) does not apply if the Relevant Person can satisfy the Regulator that the relevant branch, subsidiary or Group entity is subject to regulation, including Anti-Money Laundering, by a Financial Services Regulator or other competent authority in a country or jurisdiction with Anti-Money Laundering regulations which are equivalent to the standards set out in the FATF Recommendations and is supervised for compliance with such regulations.

(3) Where the regulator in another jurisdiction does not permit the implementation of policies, procedures, systems and controls consistent with these Rules, the Relevant Person must:

(a) inform the Regulator in writing immediately; and

(b) apply appropriate additional measures to manage the money laundering risks posed by the relevant branch or subsidiary.

Guidance

A Relevant Person that is an ADGM Entity should conduct a periodic review to verify that any branch or subsidiary operating in another jurisdiction is in compliance with the obligations imposed under these Rules.

4.2.2 A Relevant Person must:

(a) communicate the policies and procedures that it establishes and maintains in accordance with these Rules to its Group entities, branches and subsidiaries; and

(b) document the basis for its satisfaction that the requirement in Rule 4.2.1(1) is met.

Guidance

In relation to an Authorised Person, if the Regulator is not satisfied in respect of the Anti-Money Laundering compliance of its branches and subsidiaries in another jurisdiction, it may take action, including making it a condition of the Authorised Person's Financial Services Permission that it must not operate a branch or subsidiary in that jurisdiction.

4.3 Group policies

4.3.1 A Relevant Person which is part of a Group must ensure that it:

(a) has developed and implemented policies and procedures for the sharing of information between Group entities , including the sharing of information relating to CDD and money laundering risks;

(b) has in place adequate safeguards on the confidentiality and use of information exchanged between Group entities, including consideration of relevant data protection legislation;

(c) remains aware of the money laundering risks of the Group as a whole and of its exposure to the Group and takes active steps to mitigate such risks;

(d) contributes to a Group-wide risk assessment to identify and assess money laundering risks for the Group; and

(e) provides its Group-wide compliance, audit and Anti-Money Laundering functions with customer account and Transaction information from its Branches and Subsidiaries when necessary for Anti-Money Laundering purposes.

4.4 Notifications

4.4.1 A Relevant Person must inform the Regulator in writing immediately if, in the course of its activities carried on in or from the ADGM or in relation to any of its Branches or Subsidiaries, it:

(a) receives a request for information from a regulator or agency in another jurisdiction responsible for Anti-Money Laundering or Sanctions regarding enquiries into potential money laundering or terrorist financing or Sanctions breaches;

(b) becomes aware, or has reasonable grounds to believe, that the following has or may have occurred in or through its business:

(i) money laundering, contrary to relevant Federal AML Legislations

(ii) a breach of Sanctions; or

(iii) acts amounting to bribery under the Organisation for Economic Co-operation and Development ("**OECD**") Convention on Combating Bribery of Foreign Public Officials in International Business Transactions;

(c) becomes aware of any money laundering or Sanctions matter in relation to the Relevant Person or a member of its Group which could result in adverse reputational consequences to the Relevant Person; or

(d) becomes aware of any a significant breach of a Rule in the AML Rulebook or breach of relevant Federal AML Legislations

4.4.2 A Relevant Person must inform the Regulator in writing as soon as possible if, in the course of its activities carried on in or from the ADGM, it suspects or becomes aware that another Person outside of its business is engaged in:

(a) money laundering, contrary to relevant Federal AML Legislations

(b) a breach of Sanctions; or

(c) acts amounting to bribery under the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions.

This requirement does not apply to information or documents that are legally privileged or in the public domain.

4.5 Record keeping

4.5.1 A Relevant Person must, where relevant, maintain the following records:

(a) a copy of all documents and information obtained in undertaking initial and on-going CDD or due diligence on business partners;

(b) records, consisting of the original documents or certified copies, in respect of the customer business relationship, including:

(i) business correspondence and other information relating to a customer's account;

(ii) sufficient records of transactions to enable individual transactions to be reconstructed; and

(iii) internal findings and analysis relating to a transaction or any business, if the transaction or business appears unusual or suspicious, whether or not it results in a Suspicious Activity Report;

(c) Internal Suspicious Activity Report notifications made under Rule 14.2.2;

(d) Suspicious Activity Reports and any relevant supporting documents and information, including internal findings and analysis;

(e) any relevant communications with the FIU;

(f) the documents in Rule 4.6.3; and

(g) any other matter that the Relevant Person is expressly required to record under these Rules,

for at least six years from the date on which the notification or report was made, the business relationship ends or the Transaction is completed, whichever occurs last.

4.5.2 A Relevant Person must immediately provide to the Regulator, upon request, or a law enforcement agency, pursuant to a valid and enforceable request or requirement, a copy of the record referred to in Rule 4.6.1.

Guidance

The Regulator expects that a Relevant Person will be able to ordinarily provide the records within one day of a request from the Regulator.

4.5.3 A Relevant Person must document, and provide to the Regulator immediately upon request, any of the following:

(a) the risk assessment of its business as required by Rule 6.1.1;

(b) how the assessment in (a) was used for the purposes of complying with Rule 7.2.1(1);

(c) the risk assessment of the customer undertaken under Rule 7.1.1(a); and

(d) the determination made under Rule 7.1.1(b).

4.5.4 The records maintained by a Relevant Person must be kept in such a manner that:

(a) the Regulator or another competent third party is able to assess the Relevant Person's compliance with legislation applicable in ADGM;

(b) any Transaction which was processed by or through the Relevant Person on behalf of a customer or other third party can be reconstructed;

(c) any customer or third party can be identified;

(d) all internal and external Suspicious Activity Reports can be identified; and

(e) the Relevant Person can satisfy, within an appropriate time, any regulatory enquiry or court order to disclose information.

Guidance

1. The records required to be kept under Rule 4.6.1 may be kept in electronic format, provided that such records are readily accessible and available to respond promptly to any requests from the Regulator for information.

2. If the date on which the business relationship with a customer ended is unclear, it may be taken to have ended on the date of the completion of the last Transaction.

4.5.5 Where the records referred to in Rule 4.6.1 are kept by a Relevant Person outside ADGM, a Relevant Person must:

(a) take reasonable steps to ensure that the records are held in a manner consistent with these Rules;

(b) ensure that the records are easily accessible to the Relevant Person; and

(c) upon request by the Regulator, ensure that the records are immediately available for inspection.

4.5.6 A Relevant Person must:

(a) identify where there is secrecy or data protection legislation that might restrict access without delay to the records referred to in Rule 4.6.1 by the Relevant Person, the Regulator or the law enforcement agencies of the U.A.E.; and

(b) where such legislation exists, obtain without delay certified copies of the relevant records and keep such copies in a jurisdiction which allows access by those persons in (a).

4.5.7 A Relevant Person must be able to demonstrate that it has complied with the training and awareness requirements in Chapter 13 through appropriate measures, including the maintenance of relevant training records.

Guidance

The Regulator considers that "appropriate measures" in Rule 4.5.7 may include the maintenance of a training log setting out details of:

(a) the dates when the training was given;

(b) the nature of the training; and

(c) the names of Employees who received the training.

4.6 Annual AML Return

4.6.1 A Relevant Person must complete the prescribed AML Return form and submit it to the Regulator by the end of April each year. The AML Return must cover the period from 1 January to 31 December of the preceding year.

Guidance

Relevant Persons should be aware of their obligations under Cabinet Resolution 38 of 2014 to prepare AML reports and copy them to the FIU.

4.7 Co-operation with the Regulator

4.7.1 A Relevant Person must:

(a) be open and cooperative in all its dealings with the Regulator; and

(b) ensure that any communication with the Regulator is conducted in the English language.

4.8 Employee disclosures

4.8.1 A Relevant Person must ensure that it does not prejudice an Employee who discloses any information regarding money laundering to the Regulator or to any other relevant body involved in the prevention of money laundering.

Guidance

The Regulator considers that "relevant body" in Rule 4.10.1 would include the FIU, any other financial intelligence unit, the police, or an Abu Dhabi or Federal ministry.

5. APPLYING A RISK-BASED APPROACH TO AML

5.1 The risk-based approach

5.1.1 A Relevant Person must:

(a) assess and address its Anti-Money Laundering risks under the AML Rulebook by reviewing the risks to which the Relevant Person is exposed as a result of the nature of its business, customers, products, services and any other matters which are relevant in the context of money laundering; and

(b) ensure that any risk-based assessment undertaken for the purposes of complying with a requirement in the AML Rulebook is:

(i) objective and proportionate to the risks;

(ii) based on reasonable grounds;

(iii) properly documented; and

(iv) updated at appropriate intervals.

Guidance

1. Rule 5.1.1 requires a Relevant Person to adopt an approach to Anti-Money Laundering which is proportionate to the risks. This is called the "risk-based approach" ("**RBA**"). The Regulator expects the RBA to be a key part of the Relevant Person's anti-money laundering compliance culture and to cascade down from the Senior Management to the rest of the organisation. Embedding the RBA within its business allows a Relevant Person to make decisions and allocate Anti-Money Laundering resources in the most efficient and effective way.

2. In implementing the RBA, a Relevant Person is expected to have in place processes to identify, assess, monitor, manage and mitigate money laundering risks. The general principle is that where there are higher risks of money laundering, a Relevant Person is required to take enhanced measures to manage and mitigate those risks, and that, correspondingly, when the risks are lower, simplified measures are permitted. Simplified measures are not permitted where there is a suspicion of money laundering.

3. The RBA should not be seen as a "tick-box" approach to Anti-Money Laundering. Instead a Relevant Person is required to assess relevant money laundering risks and adopt a proportionate response to such risks, however, even where a customer is assessed through the RBA as being low risk a minimum of simplified CDD must be undertaken in relation to that customer.

4. The Rules regarding record-keeping for the purposes of the AML Rulebook are in Rule 4.5 and 4.7. These Rules apply in relation to Rule 5.1.1(b)(iii).

6. BUSINESS RISK ASSESSMENT

6.1 Assessing business AML risks

6.1.1 A Relevant Person must:

(a) take appropriate steps to identify and assess money laundering risks to which its business is exposed, taking into consideration the nature, size and complexity of its activities;

(b) when identifying and assessing the risks in (a), take into account, to the extent relevant, any vulnerabilities relating to:

(i) its type of customers and their activities;

(ii) the countries or geographic areas in which it does business;

(iii) its products, services and activity profiles;

(iv) its distribution channels and business partners;

(v) the complexity and volume of its Transactions;

(vi) the development of new products and business practices including new delivery mechanisms, channels and partners;

(vii) the use of new or developing technologies for both new and pre-existing products and services; and

(c) take appropriate measures to ensure that any risk identified as part of the assessment in (a) is taken into account in its day to day operations and is mitigated, including in relation to:

(i) the development of new products;

(ii) the taking on of new Customers; and

(iii) changes to its business profile.

6.1.2 A Relevant Person must use the information obtained in undertaking its business risk assessment to:

(a) develop and maintain its Anti-Money Laundering policies, procedures, systems and controls as required by Rule 6.2.1;

(b) ensure that its Anti-Money Laundering policies, procedures, systems and controls adequately mitigate the risks identified as part of the assessment in Rule 6.1.1;

(c) assess the effectiveness of its Anti-Money Laundering policies, procedures, systems and controls as required by Rule 6.2.1(c);

(d) assist in the allocation and prioritisation of Anti-Money Laundering resources; and

(e) assist in the carrying out of the customer risk assessment under Chapter 7.

6.1.3 Without limiting compliance with Rules 6.1.1 and 6.1.2 a Relevant Person must, prior to launching any new product, service, business practice or using a new or developing technology, take reasonable steps to ensure that it has:

(a) assessed and identified the money laundering risks relating to the product, service, business practice or technology; and

(b) taken appropriate steps to mitigate or eliminate the risks identified under (a).

Guidance

1. Unless a Relevant Person understands the money laundering risks to which it is exposed, it cannot take appropriate steps to prevent its business being used for the purposes of money laundering. Money laundering risks vary from business to business depending on the nature of the business, the type of customers a business has, the nature of the products and services sold, and the geographical operations in which it operates.

2. Using the RBA, a Relevant Person should assess its own vulnerabilities to money laundering and take all reasonable steps to eliminate or manage such risks. The results of this assessment will also feed into the Relevant Person's risk assessment of its Customers under Chapter 7.

3. A Relevant Person should, prior to launching any new product, service, business practice pay specific attention to assessing the potential for risks associated with money laundering. This is especially important given the innovative nature of any such new offering as the Relevant Person may be less familiar with the functioning of the offering, compared to existing offerings.

4. Similarly, in using a new or developing technology, such as those associated with the Regulated Activity of Developing Financial Technology Services within the RegLab, a Relevant Person should pay specific attention to assessing the potential for risks associated with money laundering that might arise as a result of implementing that innovative technology.

6.2 Anti-Money Laundering systems and controls

6.2.1 A Relevant Person must:

(a) establish and maintain effective policies, procedures, systems and controls to prevent opportunities for money laundering in relation to the Relevant Person and its activities;

(b) ensure that its systems and controls in (a):

(i) include the provision to the Relevant Person's Senior Management of regular management information on the operation and effectiveness of its Anti-

Money Laundering systems and controls necessary to identify, measure, manage and control the Relevant Person's money laundering risks;

(ii) enable it to determine whether a customer or a Beneficial Owners is a PEP;

(iii) enable the Relevant Person to comply with these Rules and Federal AML Legislation; and

(iv) enable the Relevant Person to comply with the Penal Code of the United Arab Emirates; and

(c) ensure that regular risk assessments are carried out on the adequacy of the Relevant Person's Anti-Money Laundering systems and controls to ensure that they continue to enable it to identify, assess, monitor and manage money laundering risk adequately, and are comprehensive and proportionate to the nature, scale and complexity of its activities.

Guidance

In Rule 6.2.1(c) the regularity of risk assessments will depend on the nature, size and complexity of the Relevant Person's business and also on when any material changes are made to its business.

7. CUSTOMER RISK ASSESSMENT

Guidance

1. This Chapter prescribes the risk-based assessment that must be undertaken by a Relevant Person on a customer and the proposed business relationship, Transaction or product. The outcome of this process is to produce a risk rating for a customer, which determines the level of CDD that must be undertaken in relation to that customer under Chapter 8. Chapter 8 prescribes the requirements of CDD and of Enhanced CDD for high-risk customers and, where appropriate, Simplified CDD for low-risk customers.

2. CDD in the context of AML refers to the process of identifying a customer, verifying such identification and monitoring the customer's business and the potential for any money laundering risk on an on-going basis. CDD is required to be completed following a risk-based assessment of the customer and the proposed business relationship, Transaction or product.

3. Relevant Persons should note that the on-going CDD requirements in Rule 8.6.1 require a Relevant Person to ensure that it reviews a customer's risk rating to ensure that it remains appropriate in light of the potential money laundering risks.

4. The risk-based assessment of the customer and the proposed business relationship, Transaction or product required under this Chapter is required to be undertaken prior to the establishment of a business relationship with a customer. Because the risk rating assigned to a customer resulting from this assessment determines the level of CDD that must be undertaken for that customer, this process must be completed before the CDD is completed for the customer. The Regulator is aware that in practice there will often be some degree of overlap between the customer risk assessment and CDD. For example, a Relevant Person may undertake some aspects of CDD, such as identifying Beneficial Owners, when it performs a risk assessment of the customer. Conversely, a Relevant Person may also obtain relevant information as part of CDD which has an impact on its customer risk assessment. Where information obtained as part of CDD of a customer affects the risk rating of a customer, the change in risk rating should be reflected in the degree of CDD undertaken.

7.1 Assessing customer Anti-Money Laundering risks

7.1.1 (1) A Relevant Person must:

(a) undertake a risk-based assessment of every customer; and

(b) assign the customer a risk rating proportionate to the assessed money laundering risks associated with the customer.

(2) The customer risk assessment in (1) must be completed:

(a) prior to establishing a business relationship with a customer;

(b) on a periodic basis, in accordance with Rule 8.6.1(e); and

(c) whenever it is otherwise appropriate for existing customers, including where the Relevant Person becomes aware of any change to the risk factors associated with the customer that might contribute to the potential for money laundering risk to increase materially.

(3) When undertaking a risk-based assessment of a customer under (a), a Relevant Person must identify, assess and consider:

(a) the customer and any Beneficial Owners;

(b) the purpose and intended nature of the business relationship, and the nature of the customer's business;

(c) the nature, ownership and control structure of the customer, its beneficial ownership (if any) and its business;

(d) the customer's country of origin, residence, nationality, place of incorporation or place of business;

(e) the relevant product, service or Transaction;

(f) in relation to life insurance or other similar insurance policy, the beneficiary of the policy and Beneficial Owners of the beneficiary; and

(g) the outcomes of the business risk assessment undertaken under Chapter 6.

7.1.2 (1) When undertaking a risk-based assessment of a customer and considering whether or not to assign a high risk rating under 7.1.1(1), a Relevant Person must take into account all relevant risk factors that would reasonably apply to the customer, including but not limited to:

(a) customer risk factors, including whether the:

(i) business relationship is conducted in unusual circumstances;

(ii) customer is resident, established, registered or conducts business in a geographical area or jurisdiction of high risk (as set out in paragraph (c));

(iii) customer is a Legal Person or legal arrangement that is a vehicle for holding personal assets;

(iv) customer is a company that has nominee shareholders or shares in bearer form;

(v) customer is a business that is cash intensive, such as a business that receives a majority of its revenue in cash;

(vi) corporate structure of the customer or any group to which it belongs is unusual or excessively complex given the nature of the business;

(b) product, service, transaction or delivery channel risk factors, including whether:

(i) the service involves private banking;

(ii) the product, service or transaction is one that might allow for anonymity or obfuscation of the true identity of any of the parties involved in the transaction;

(iii) the situation involves non face-to-face business relationships or transactions, or lacks appropriate safeguards, such as electronic signatures;

(iv) payments will be received from unknown or unassociated third parties;

(v) the service involves the provision of nominee directors, nominee shareholders or shadow directors, or the formation of companies in another country;

(vi) new products and new business practices are involved, including new delivery mechanisms or the use of new or developing technologies for both new and pre-existing products; and

(c) geographical or jurisdictional risk factors, including whether the relevant country or countries:

(i) are identified by credible sources, as:

(A) not having effective systems to counter money laundering; or

(B) not implementing requirements to counter money laundering that are consistent with FATF Recommendations;

(ii) are identified by credible sources as having significant levels of corruption or other criminal activity, such as terrorism, money laundering or the production and supply of illicit drugs;

(iii) are subject to sanctions, embargos or similar measures issued by, for example, the United Nations or the State;

(iv) are identified by credible sources as providing funding or support for terrorism;

(v) have organisations operating within their territory that have been designated by the State, other countries or International Organisations as terrorist organisations.

(2) For the purposes of 7.2.1(1)(c), a credible source includes, but is not limited to, mutual evaluations, detailed assessment reports or follow up reports issued by FATF, the

International Monetary Fund ("**IMF**"), the World Bank, the OECD and other International Organisations.

7.1.3 (1) When undertaking a risk-based assessment of a customer and considering whether or not to assign a low risk rating under 7.1.1(1), a Relevant Person must take into account all relevant risk factors that would reasonably apply to the customer, including but not limited to:

(a) customer risk factors, including whether the customer is:

(i) a public body or a publicly owned enterprise;

(ii) resident, established, registered or conducts business in a geographical area or jurisdiction of lower risk (as set out in paragraph (c));

(iii) an Authorised Person;

(iv) a Regulated Financial Institution that is subject to regulation and supervision, including Anti Money Laundering regulation and supervision, in a jurisdiction with Anti Money Laundering regulations that are equivalent to the standards set out in the FATF Recommendations;

(v) a Subsidiary of a Regulated Financial Institution referred to in (iv), if the law that applies to the Parent ensures that the Subsidiary also observes the same Anti-Money Laundering standards as its Parent;

(vi) a company whose Securities are listed by the Regulator, another Financial Services Regulator or a Regulated Exchange, which is subject to disclosure obligations broadly equivalent to those set out in the Market Rules;

(vii) a law firm, notary firm or other legal business that carries on its business in ADGM;

(viii) an accounting firm, insolvency firm, auditor or other audit firm that carries on its business in ADGM;

(b) product, service, transaction or delivery channel risk factors, including whether the product or service is:

(i) a Contract of Insurance which is non-life insurance;

(ii) a Contract of Insurance which is a life insurance product with no investment return or redemption or surrender value;

(iii) an insurance policy for a pension scheme that does not provide for an early surrender option, and cannot be used as collateral;

(iv) a pension, superannuation or similar scheme that satisfies the following conditions:

(A) the scheme provides retirement benefits to employees;

(B) contributions to the scheme are made by way of deductions from wages; and

(C) the scheme rules do not permit the assignment of a member's interest under the scheme;

(v) a product where the risks of money laundering are adequately managed by other factors such as transaction limits or transparency of ownership; and

(c) geographical and jurisdictional risk factors, including whether a country or countries:

(i) are identified by credible sources as having effective systems to counter money laundering;

(ii) are identified by credible sources as having a low level of corruption or other criminal activity, such as terrorism, money laundering, or the production and supply of illicit drugs;

(iii) have been assessed by credible sources, as having::

(A) requirements to counter money laundering that are consistent with the FATF Recommendations; and

(B) effectively implement FATF Recommendations.

(2) For the purposes of (1)(c), a credible source includes, but is not limited to, mutual evaluations, detailed assessment reports or follow up reports issued by FATF, the IMF, the World Bank, the OECD and other International Organisations.

Guidance on the customer risk assessment

1. The risk assessment of a customer requires a Relevant Person to allocate an appropriate risk rating to the customer. Risk ratings should be either descriptive, such as "low", "medium" or "high", or a sliding, ordinal numeric scale such as 1 for the lowest risk to 10 for the highest, with at least three differentiated risk ratings. All the factors set out in both 7.1.2 and 7.1.3 should be considered in order to assess and allocate the appropriate risk rating to the customer.

2. Depending on the outcome of a Relevant Person's assessment of its customer's money laundering risk, a Relevant Person should decide to what degree CDD will need to be performed. For a customer exhibiting significant potential risk for money laundering, the Relevant Person is required to carry out Enhanced CDD under Rule 8.4, in addition to the normal CDD required under Rule 8.3. For a customer rated low risk, the Relevant Person may be able to carry out Simplified CDD under Rule 8.5. For any other customer, the Relevant Person must undertake CDD under Rule 8.3.

3. Using the RBA, a Relevant Person could, when assessing two customers with near identical risk profiles, consider that one is high-risk and the other low-risk. This may occur, for example, where both customers may be from the same high-risk country,

but one customer may be a customer in relation to a low-risk product, or may be a long-standing customer of a Group company which has been introduced to the Relevant Person.

Guidance on high risk customers

1. When assessing the risk factors referred to in 7.1.2(1), Relevant Persons must bear in mind that the presence of one or more risk factors may not always indicate a high risk of money laundering in a particular situation.
2. An example of a business relationship conducted in unusual circumstances, for the purposes of Rule 7.1.2 (1)(a)(i), would include, but is not limited to a business relationship or proposed business relationship that involves, or would involve, significant unexplained geographic distance between the location of the Relevant Person and the customer or proposed customer.
3. The highest risk products or services in respect of money laundering are those where unlimited third party funds can be freely received from or paid to third parties, without evidence of the identity of the third parties being obtained and the identity being verified.
4. Money laundering risks are likely to be increased if a Person is able to hide behind corporate structures such as limited companies, trusts, special purpose vehicles and nominee arrangements. When devising its internal procedures, a Relevant Person should consider how its customers and operational systems impact upon the capacity of its staff to identify suspicious Transactions. Generally, the lowest risk products in respect of money laundering are those where funds can only be received from a named customer by way of payment from an account held in the customer's name, and similarly where the funds can only be remitted to a named customer.

Guidance on low risk customers

When assessing the risk factors referred to in 7.1.3 (1), a Relevant Person must bear in mind that the presence or absence of one or more risk factors may not always indicate a high or low risk of money laundering respectively in a particular situation.

7.2 Prohibition on Establishing Business Relationships with Certain customers

7.2.1 A Relevant Person must not establish a business relationship with a prospective customer that is a Legal Person or Legal Arrangement if the ownership or control arrangements of the customer prevents the Relevant Person from identifying one or more of the customer's Beneficial Owners.

7.2.2 A Relevant Person must not establish or maintain a business relationship with a Shell Bank.

7.2.3 A Relevant Person must not knowingly establish or maintain an anonymous account, an account in a fictitious name, or a nominee account which is held for the benefit of another person whose true identity has not been disclosed to the Relevant Person.

Guidance

1. In Rules 7.2.1, ownership arrangements which may prevent the Relevant Person from identifying one or more Beneficial Owners include bearer shares and other negotiable instruments in which ownership is determined by possession.

2. A Shell Bank is a bank that has no physical presence in the country in which it is incorporated and licensed, and which is unaffiliated with a regulated financial Group that is subject to effective consolidated supervision. The Regulator does not consider that the existence of a local agent or low-level staff constitutes physical presence.

7.2.4 If a Relevant Person uses a numbered account with an abbreviated name, it must ensure that:

(a) such an account is used only for internal purposes;

(b) it has undertaken the same CDD procedures in relation to the account holder as are required for other account holders;

(c) it maintains the same information in relation to the account and account holder as is required for other accounts and account holders; and

(d) staff performing AML functions, including staff responsible for identifying and monitoring transactions for suspicious activity, and staff performing compliance and audit functions, have full access to information about the account and the account holder.

Guidance on anonymous accounts

A Relevant Person should note that, in addition to the prohibition in Rule 7.2.3 against knowingly establishing anonymous accounts, accounts in a fictitious name or nominee accounts, the Federal AML legislation also prohibits the opening of accounts held under borrowed, mock or fake names or accounts designated solely with numbers and without the names of account holders.

Guidance on Restricted Scope Companies

1. A Restricted Scope Company is a corporate vehicle offering a greater degree of confidentiality than other forms of corporate entity in ADGM. Restricted Scope Companies are not required to file accounts and are not required to have their accounts audited. Restricted Scope Companies must file an annual return, articles, and details of their registered offices, directors and secretary (if they have one) with the ADGM Registrar of Companies.

2. Relevant Persons will know that Restricted Scope Companies are subject to less onerous corporate disclosure requirements than other forms of corporate entities due to the requirement to have "(Restricted)" in a company's name. Given that only the constitution and details of the registered office of a Restricted Scope Company will be available in a public register, a Relevant Person will be required to have a bilateral dialogue with the Restricted Scope Company, in accordance with the RBA, to obtain any other relevant information which it needs to assess the money laundering risks to which it is exposed.

3. Restricted Scope Companies should be forthcoming with relevant information in response to requests by other Persons and entities for the purpose of the compliance

of the latter with the requirements in the AML Rulebook. The fact that Restricted Scope Companies are not subject to strict standards of disclosure of corporate documentation to a public registry should not be interpreted by Restricted Scope Companies to limit or prohibit their providing of any relevant information to other Persons and entities for Anti-Money Laundering purposes.

8. CUSTOMER DUE DILIGENCE

8.1 Requirement to undertake Customer Due Diligence

8.1.1 (1) A Relevant Person that is an Authorised Person or a Recognised Body must undertake CDD under Rule 8.3.1 where the Relevant Person:

(a) establishes a business relationship with a customer;

(b) carries out an occasional Transaction for a customer that is of an amount of equal to or more than USD15,000; or

(c) suspects a customer of, or a Transaction to be for the purposes of, money laundering; or

(d) doubts the veracity or adequacy of any documents or information previously provided by, or obtained for, a customer in relation to (a), (b) or (c) above.

(2) A Relevant Person that is a DNFBP must undertake CDD under Rule 8.3.1 where it:

(a) is a real estate agency and it prepares for or is involved in a Transaction, or the provision of real estate agency services to a Person, that involves the buying and selling of real property;

(b) is a dealer in precious metals or precious stones and it is involved in a Transaction in cash that amounts to USD15,000 or more, whether or not the Transaction is executed in a single operation or in several operations that are or appear to be linked;

(c) is a dealer in any saleable item of a price equal to or greater than USD15,000 and it is involved in a Transaction in cash that amounts to USD15,000 or more, whether or not the Transaction is executed in a single operation or in several operations that are or appear to be linked;

(d) is an accounting firm, audit firm, insolvency firm or taxation consulting firm and it prepares for or is involved in the provision of accounting, auditing, insolvency or taxation consulting services to a Person;

(e) is a law firm, notary firm or other independent legal business and it prepares for or is involved in the provision of legal or notarial services to another Person participating in financial or real property Transactions concerning the following activities:

(i) the buying and selling of real property;

(ii) the managing of client money, securities or other assets;

(iii) the management of bank, savings or securities accounts;

(iv) the organisation of contributions for the creation, operation or management of companies; or

(v) the creation, operation or management of legal persons or arrangements, and buying and selling of business entities; or

(f) is a Company Service Provider and it prepares for or is involved in the provision of any of the following services to another Person:

(i) acting as a formation agent of Legal Persons or Legal Arrangements;

(ii) acting as (or arranging for another Person to act as) a director or secretary of a company, a partner of a partnership, or a similar position in relation to other Legal Persons or Legal Arrangements;

(iii) providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other Legal Person or Legal Arrangement;

(iv) acting as (or arranging for another Person to act as) a trustee of an express trust or performing the equivalent function for another form of Legal Arrangement; or

(v) acting as (or arranging for another Person to act as) a nominee shareholder for another Person.

(3) In addition to undertaking CDD in accordance with Rule 8.3.1, a Relevant Person must undertake Enhanced CDD in accordance with Rule 8.4.1 for each of its customers assigned a high risk rating;

(4) A Relevant Person may undertake Simplified CDD in accordance with Rule 8.5.1 by modifying the CDD undertaken in accordance with Rule 8.3.1 for any customer assigned a low risk rating.

8.1.2 (1) A Relevant Person must also apply CDD measures to each existing customer under Rules 8.3.1, 8.4.1 or 8.5.1 as applicable:

(a) with a frequency appropriate to the outcome of the risk-based approach in relation to each customer; and

(b) when the Relevant Person becomes aware that any of circumstances relevant to its risk assessment for a customer has changed.

(2) For the purposes of 8.1.2(1), in determining when it is appropriate to apply CDD measures in relation to existing customers, a Relevant Person must take into account, amongst other things:

(a) any indication that the identity of the customer, or the customer's Beneficial Owners, has changed;

(b) any Transactions that are not reasonably consistent with the Relevant Person's knowledge of the customer;

(c) any change in the purpose or intended nature of the Relevant Person's relationship with the customer; or

(d) any other matter that might affect the Relevant Person's risk assessment of the customer.

Guidance

1. A Relevant Person should undertake appropriate CDD in a manner proportionate to the customer's money laundering risks. This means that all customers are subject to CDD under Rule 8.3.1. However, for high-risk customers, additional Enhanced Customer Due Diligence measures should also be undertaken under Rule 8.4.1. For customers having a low-risk rating, the requirements under Rule 8.3.1 may be modified according to the assessed risk, in accordance with Rule 8.5.1.

2. The frequency for undertaking CDD for existing customers will be determined by the risk rating assigned to a particular customer. The Regulator expects that customers rated high risk for money laundering should be reviewed more frequently than customers rated lower risk for money laundering.

8.2 Timing of Customer Due Diligence

8.2.1 (1) For a Relevant Person that is an Authorised Person or Recognised Body:

(a) the appropriate CDD obligations must, subject to (1)(b), must be fulfilled before the Relevant Person undertakes any Transaction on behalf of the customer or when undertaking an occasional transaction under 8.1.1(1)(b).

(b) the Relevant Person does not have to fulfil the verification of the identity of a customer and Beneficial Owners obligations under the AML Rules before undertaking a Transaction for a customer or occasional transaction where it has, on reasonable grounds, established that:

(i) there is little risk of money laundering and that risk is effectively managed; and

(ii) doing so would interrupt or delay the normal course of business in respect of effecting the Transaction.

(2) (a) A Relevant Person that is a DNFBP must fulfil the appropriate CDD obligations before the Relevant Person prepares for or carries out a Transaction or provision of a service in Rule 8.1.1(2) (a), (d), (e) or (f).

(b) A Relevant Person that is a DNFBP as a result of carrying on one or more of the business activities referred to in Rule 8.1.1(2) (b) or (c) must fulfil the appropriate CDD obligations before the Relevant Person prepares for or carries out a transaction in cash that amounts to USD 15,000 or more, whether in a single operation or several operations that are or appear to be linked.

(3) The Relevant Person does not have to fulfil the verification of the identity of a customer and Beneficial Owners obligations under the AML Rules preparing for or carrying out a Transaction for its customer concerning those business activities referred to in Rule 8.1.1(2) where it has, on reasonable grounds, established that:

(i) there is little risk of money laundering and that risk is effectively managed; and

(ii) doing so would interrupt or delay the normal course of business in respect of effecting the Transaction.

(4) A Relevant Person that has relied on Rule 8.2.1(1)(b) or 8.2.1(3) must fulfil its CDD obligations as soon as practicable after effecting the Transaction.

(5) Where the Relevant Person, having relied on Rule 8.2.1(1)(b) or 8.2.1(3) is unable to complete the verification of the identity of a customer and any Beneficial Owners, within thirty days of effecting a Transaction or occasional transaction it must:

(a) consider the circumstances and determine whether to make an internal Suspicious Activity Report to the MLRO;

(b) where it has determined that it is unnecessary to make such a report, return to the customer any monies associated with the Transaction or occasional transaction, excluding any reasonable costs incurred by the Relevant Person;

(c) where it has determined that it is necessary to make such a report, not return any monies or provide any Investments to the customer, unless instructed to do so by the MLRO and otherwise act in accordance with instructions issued by the MLRO; and

(d) not establish any further business relationship with that customer until the verification process has been completed for that customer in accordance with these Rules.

8.2.2 (1) A Relevant Person must ensure that its Anti-Money Laundering systems and controls referred to in Rule 6.2.1 include risk management policies and procedures concerning the conditions under which business relationships may be established with a customer before completing verification of the identity of a customer and Beneficial Owners.

Guidance

1. Examples of situations that might lead a Relevant Person to have doubts about the veracity or adequacy of documents, data or information previously obtained might be where: there is a suspicion of money laundering in relation to that customer; there is a material change in the way that the customer's account is operated which is not consistent with the customer's business profile; or it appears to the Relevant Person that a Person other than the nominal customer is the real customer.

2. Situations that the Relevant Person may take into account include, for example, accepting subscription monies during a short offer period or executing a time critical Transaction which, if not executed immediately, would or may cause a customer to

incur a financial loss due to price movement or loss of opportunity or when a customer seeks immediate insurance cover.

3. When complying with Rule 8.2.1, a Relevant Person should also, where relevant, consider Rule 8.7.1 regarding failure to conduct or complete CDD and Chapter 14 regarding Suspicious Activity Reports and tipping off.

8.3 Customer Due Diligence requirements

8.3.1 (1) In undertaking CDD a Relevant Person must:

(a) identify the customer and verify the customer's identity including identification and verification of the identify of any Person purporting to act on behalf of the customer;

(b) identify all the Beneficial Owners and take reasonable measures to verify the identity of the Beneficial Owners, such that the Relevant Person is satisfied that it knows who the Beneficial Owners are;

(c) assess and understand and, as appropriate, obtain information on the purpose and intended nature of the business relationship; and

(d) conduct on-going due diligence of the business relationship as required under Rule 8.6.1.

(2) In addition to complying with (a), for life insurance or other similar policies a Relevant Person must:

(a) record the names of any beneficiaries named in the policy;

(b) verify the identity of all Persons in all classes of beneficiary when a payout of the policy is due;

(c) undertake the measures referred to in (a) and (b) as soon as the beneficiary of the policy is identified or designated; and

(d) verify the identity of beneficiaries and any Beneficial Owners of a beneficiary before it makes a payout under the policy.

(3) A Relevant Person must have systems and controls in place and take reasonable measures to determine whether:

(a) a customer,

(b) any Beneficial Owners of the customer; or

(c) for a life insurance or other similar policy, any beneficiary of the policy, or any Beneficial Owners of a beneficiary;

is a PEP.

(4) If a PEP is identified under (3), then the Relevant Person must, in addition to CDD under 8.3.1, undertake Enhanced CDD under 8.4.1.

8.3.2 (1) For the purposes of Rule 8.3.1(1)(a), a Relevant Person must identify a customer and verify the customer's identity in accordance with this Rule.

(2) If a customer is a natural person, a Relevant Person must obtain and verify information about the person's:

(a) full name (including any alias);

(b) date of birth;

(c) nationality;

(d) legal domicile; and

(e) current residential address (other than a post office box).

(3) If a customer is a Body Corporate, the Relevant Person must obtain and verify:

(a) the full name of the Body Corporate and any trading name;

(b) the address of its registered office and, if different, its principal place of business;

(c) the date and place of incorporation or registration;

(d) relevant corporate documents of the customer; and

(e) the full names of the members of its Governing Body and persons exercising a senior management position.

(4) If a customer is a foundation, the Relevant Person must obtain and verify:

(a) a certified copy of the charter and by-laws of the foundation or any other documents constituting the foundation; and

(b) documentary evidence of the appointment of the guardian or any other person who may exercise powers in respect of the foundation.

(5) If a customer is a trust or other similar Legal Arrangement, the Relevant Person must obtain and verify:

(a) a certified copy of the trust deed or other documents that set out the nature, purpose and terms of the trust or arrangement; and

(b) documentary evidence of the appointment of the trustee or any other person exercising powers under the trust or arrangement.

Guidance on CDD

1. The information required under 8.3.2(2)(a) and (b) should be obtained through a first-hand inspection of an original current, valid passport or, where a customer does not own a passport, an official identification document which includes a photograph.

2. A Relevant Person should ensure that any documents used for the purpose of identification are original documents.

3. Where personal identity documents, such as a passport, ID card or other identification documentation cannot be obtained in original form, for example because a Relevant Person has no physical contact with the Customer, the identification documentation provided should be certified as a true copy of the original document by any one of the following:

   a. a registered lawyer;

   b. a registered notary;

   c. a chartered accountant;

   d. a government ministry;

   e. a post office;

   f. a police officer; or

   g. an embassy or consulate.

   The individual or authority undertaking the certification should be contactable if necessary.

   Where a copy of an original identification document is made by a Relevant Person, the copy should be dated, signed and marked with 'original sighted'.

8.3.3 (1) For the purposes of Rule 8.3.1(1)(b), and subject to (4), a Relevant Person must identify the Beneficial Owners of a Body Corporate in accordance with this Rule.

(2) The Relevant Person must identify any natural person who:

   (a) owns or controls (in each case whether directly or indirectly) 25% or more of the shares or voting rights in the Body Corporate; or

   (b) controls the Body Corporate.

   (c) exercises ultimate control over the management of the Body Corporate.

(3) For the purposes of (2)(b), a natural person controls a Body Corporate if such person:

   (a) holds, directly or indirectly:

      (i) 25% or more of the Body Corporate’s shares;

(ii) 25% or more of the voting rights in the Body Corporate; or

(iii) the right to appoint or remove a majority of the board of directors of the Body Corporate; or

(b) has the right to exercise, or actually exercises, significant influence or control over the Body Corporate.

(4) A Relevant Person is not required to comply with Rule 8.3.1(1)(b) if the customer is:

(a) a Listed Body Corporate; or

(b) a Body Corporate that is wholly-owned by the Federal Government of the United Arab Emirates, or by any of the governments of the member Emirates of the United Arab Emirates; or

(c) a Body Corporate created by Emiri decree within the United Arab Emirates.

8.3.4 (1) For the purposes of Rule 8.3.1(1)(b), a Relevant Person must identify the Beneficial Owners of a Partnership in accordance with this Rule.

(2) The Relevant Person must identify any natural person who:

(a) ultimately is entitled to or controls (in each case whether directly or indirectly) a 25% or more share of the capital or profits of the Partnership or 25% or more of the voting rights in the Partnership; or

(b) otherwise exercises ultimate control over the management of the Partnership.

8.3.5 (1) For the purposes of Rule 8.3.1(1)(b), a Relevant Person must identify the Beneficial Owners of a customer that is a trustee of a trust or an equivalent position in respect of a similar Legal Arrangement in accordance with this Rule.

(2) The Relevant Person must identify:

(a) the settlor of the trust;

(b) any other trustee(s) aside from the customer;

(c) each beneficiary of the trust;

(d) where the persons (or some of the persons) benefiting from the trust have not been determined, the class of persons in whose main interest, in the opinion of the Registrar, the trust has been established or operates; and

(e) any natural person who has control over the trust.

(3) For the purposes of (2)(e),"control" means a power (whether exercisable alone, jointly with another person or with the consent of another person) under the trust instrument or by law to:

(a) dispose of, advance, lend, invest, pay or apply trust property;

(b) vary or terminate the trust;

(c) add or remove a person as a beneficiary to or from a class of beneficiaries;

(d) appoint or remove trustees or give another person control over the trust; and

(e) direct, withhold consent to or veto the exercise of a power mentioned in sub-paragraphs (a) to (d).

(4) Where any of the persons identified under (2)(a) to (e) are fulfilled by a Body Corporate or Partnership, the Relevant Person must identify the Beneficial Owners of Body Corporate or Partnership in accordance with Rule 8.3.3 and Rule 8.3.4.

8.3.6 (1) For the purposes of Rule 8.3.1(1)(b), a Relevant Person must identify the Beneficial Owners of a customer that is a foundation or other Legal Arrangement similar to a foundation in accordance with this Rule.

(2) The Relevant Person must identify:

(a) the founder;

(b) the foundation council members (or otherwise members of the governing body of the foundation);

(c) the guardian, if any;

(d) the beneficiaries (if names) or designee (if no beneficiaries are named) in whose main interest, in the opinion of the Relevant Person, the foundation or arrangement has been established or operates; and

(e) any natural person who has control over the foundation or other Legal Arrangement.

(3) For the purposes of (2)(e), a natural person shall have "control" over a foundation or Legal Arrangement if such person:

(a) holds, directly or indirectly, 25% or more of the voting rights in the conduct and management of the foundation or other legal arrangement; or

(b) holds the right, directly or indirectly, to appoint or remove a majority of the officials of the foundation or other legal arrangement.

(4) Where any of the persons identified under (2) (a) to (e) are a Body Corporate or Partnership, the Relevant Person must identify the Beneficial Owners of Body Corporate or Partnership in accordance with Rule 8.3.3 and Rule 8.3.4.

Guidance on verification of the identity of Beneficial Owners

1. In determining whether an individual meets the definition of Beneficial Owners regard should be had to all the circumstances of the case, in particular the size of an individual's legal engagement or beneficial ownership in a Transaction.

2. For a retail investment fund that is widely-held and where the investors invest via pension contributions, the Regulator would not expect the manager of the fund to look through to any underlying investors where there are none with any material control or ownership of the fund. However, for a closely-held fund with a small number of investors, each having a large shareholding or other interest, the Regulator would expect a Relevant Person to identify and verify each of the Beneficial Owners, depending on the risks identified as part of its risk-based assessment of the customer. For a corporate health policy with defined benefits, however, the Regulator would not expect a Relevant Person to identify the Beneficial Owners.

Guidance on Politically Exposed Persons (PEPs) and corruption

1. Individuals who have, or have had, a high political profile, or hold, or have held, public office, may pose a higher money laundering risk to a Relevant Person as their position may make them prone to corruption. This risk also extends to members of their families and to known close associates. Being a PEP does not, in itself, of course, incriminate individuals or entities.

2. Generally, a foreign PEP presents a higher risk of money laundering because there is a greater risk that such a Person, if he were undertaking money laundering, would attempt to place his money offshore, away from his home jurisdiction, where he is less likely to be recognised as a PEP and where it would be more difficult for law enforcement agencies in his home jurisdiction to confiscate or freeze his criminal proceeds.

3. A Relevant Person should be aware that customer relationships with family members or close associates of PEPs involve similar risks to those with PEPs themselves.

4. The risk of corruption-related money laundering increases where a Relevant Person deals with a PEP. Corruption may involve serious crimes and has become the subject of increasing global concern. Corruption offences are predicate crimes under Federal AML Legislation.

5. The Regulator considers that after leaving office a PEP may remain a higher risk for money laundering if such an individual continues to exert political influence or otherwise poses a risk of being involved in corruption.

6. The fact that an individual is a PEP does not automatically mean that the individual must be assessed to be a high risk customer: however, Enhanced CDD still needs to be undertaken on PEPs. A Relevant Person will need to assess the particular circumstances relating to each PEP to determine what risk category is appropriate.

8.4 Enhanced Customer Due Diligence

8.4.1 Where a Relevant Person is required to undertake Enhanced CDD, having assigned a customer a high risk rating or it or its Beneficial Owners is a PEP, then, in addition to CDD under Rule 8.3.1, it must:

(a) obtain:

(i) additional identification information on the customer and all Beneficial Owners;

(ii) additional information on the intended nature of the business relationship;

(iii) information on the reasons for a Transaction;

(b) update the CDD information which it holds on the customer and any Beneficial Owners more regularly;

(c) identify and verify:

(i) the Source of Funds; and

(ii) the Source of Wealth;

of the customer and, if applicable, all Beneficial Owners;

(d) conduct enhanced monitoring of the business relationship, by increasing the frequency and intensity of controls applied, and determining which groups of transactions need further examination;

(e) obtain the approval of Senior Management to commence a business relationship with the customer; and

(f) require the first payment to be carried out through an account in the customer's name with a financial institution that is subject to money laundering regulation and supervision in a jurisdiction that has standards equivalent to those set out in the FATF Recommendations.

Guidance

1. In Rule 8.4.1 Enhanced CDD measures are mandatory to the extent that they are applicable to the relevant customer or the circumstances of the business relationship and to the extent that the risks would reasonably require it. Therefore, the extent of additional measures to be conducted is a matter for the Relevant Person to determine on a case by case basis.

2. In Rule 8.4.1(e), Senior Management approval may be given by an individual member of the Relevant Person's Senior Management or by a committee of senior managers appointed to consider high-risk customers. Such approval may also be outsourced within the Group, but only to a suitably qualified individual or committee.

3. For high-risk customers, a Relevant Person should, in order to mitigate the perceived potential and actual risks, exercise a greater degree of diligence throughout the course of the customer relationship and should endeavour to understand the nature of the customer's business and consider whether it is consistent and reasonable.

4. A Relevant Person should be satisfied that a customer's use of complex legal structures and/or the use of trust and private investment vehicles, has a genuine and legitimate purpose.

5. For Enhanced CDD, where there are one or more Beneficial Owners, verification of the customer's Source of Funds and Wealth may require enquiring into the Beneficial Owners' Source of Funds and Wealth because the Source of the Funds would normally be associated with the Beneficial Owners and not the customer.

6. The Regulator considers that verification of Source of Funds includes obtaining independent corroborating evidence such as the proof of dividend payments connected to a shareholding, bank statements, salary/bonus certificates, loan documentation and proof of all Transactions which gave rise to payments into the account. A customer should be able to demonstrate and have documented how the relevant funds are connected to a particular event which gave rise to the payment into the account or to the source of the funds for a Transaction.

7. The Regulator considers that verification of Source of Wealth includes obtaining independent corroborating evidence such as share certificates, publicly-available registers of ownership, bank or brokerage account statements, probate documents, audited accounts and financial statements, news items from a reputable source and other similar evidence.

8. A Relevant Person may commission a report from a third party vendor to obtain further information on a customer or Transaction or to investigate a customer or Beneficial Owners in very high-risk cases. Such a report may be particularly useful where there is little or no publicly-available information on a Person or on a legal arrangement or where the Relevant Person has difficulty in obtaining and verifying information.

9. For Rule 8.4.1, circumstances where it may be applicable to require the first payment made by a customer in order to open an account with a Relevant Person to be carried out through a bank account in the customer's name include:

   (a) where, following the use of other Enhanced Customer Due Diligence measures, the Relevant Person is not satisfied with the results of due diligence; or

   (b) as an alternative measure, where one of the measures in Rule 8.4.1 (a) to (e) cannot be carried out.

8.5 Simplified Customer Due Diligence

8.5.1 (1) Where a Relevant Person is permitted to undertake Simplified CDD under Rule 8.1.1(2), modification of Rule 8.3.1 may include:

   (a) verifying the identity of the customer and any Beneficial Owners after the establishment of the business relationship;

   (b) deciding to reduce the frequency of, or as appropriate not undertake, customer identification updates;

   (c) deciding not to verify an identification document other than by requesting a copy;

(d) reducing the degree of on-going monitoring of Transactions, based on a reasonable monetary threshold or on the nature of the Transaction; and

(e) not collecting specific information or carrying out specific measures to understand the purpose and intended nature of the business relationship, but inferring such purpose and nature from the type of Transactions or business relationship established.

(2) The modification undertaken under (1) must be proportionate to the customer's money laundering risks.

Guidance

1. A Relevant Person should not use a "one size fits all" approach for all of its low-risk customers. Notwithstanding that the risks may be low for all such customers in that category, the extent of CDD undertaken needs to be proportionate to the specific risks identified on a case by case basis.

2. A Relevant Person might reasonably reduce the frequency of or, as appropriate, eliminate customer identification updates where the money laundering risks are low and the service provided does not offer a realistic opportunity for money laundering.

3. An example of where a Relevant Person might reasonably reduce the degree of on-going monitoring and scrutinising of Transactions, based on a reasonable monetary threshold or on the nature of the Transaction, would be where the Transaction is a recurring, fixed contribution to a savings scheme, investment portfolio or fund or where the monetary value of the Transaction is not material for money laundering purposes given the nature of the customer and the Transaction type.

8.6 On-going Customer Due Diligence

8.6.1 When undertaking on-going CDD under Rule 8.3.1(d), a Relevant Person must:

(a) monitor Transactions undertaken during the course of its customer relationship to ensure that the Transactions are consistent with the Relevant Person's knowledge of the customer, his business and risk rating;

(b) pay particular attention to any complex or unusually large Transactions or unusual patterns of Transactions that have no apparent or visible economic or legitimate purpose;

(c) enquire into the background and purpose of the Transactions in (b);

(d) periodically review the adequacy of the CDD information it holds on customers and Beneficial Owners to ensure that the information is kept up to date, particularly for customers with a high-risk rating; and

(e) periodically review each customer to ensure that the risk rating assigned to a customer under Rule 7.1.1(b) remains appropriate for the customer in light of the money laundering risks.

8.6.2 A Relevant Person should apply an intensified and on-going monitoring programme with respect to higher risk Transactions and customers.

Guidance

1. The customer identification process does not end at the time of establishing a business relationship with a customer or, where relevant, undertaking a specific transaction or business activity on behalf of a customer. Following the start of the customer relationship, a Relevant Person should ensure that all relevant evidence and information is kept up-to-date including, for example, the list of authorised signatories who can act on behalf of a corporate customer.

2. In complying with Rule 8.6.1(d), a Relevant Person should undertake a periodic review to ensure that non-static customer identity documentation is accurate and up-to-date. A Relevant Person is expected to ensure that the information and the evidence obtained from a customer is valid and has not expired, for example when obtaining copies of identification documentation such as a passport or identification card. Examples of non-static identity documentation include passport number and residential/business address and, for a Legal Person, its share register or list of partners.

3. A Relevant Person should undertake a review under Rule 8.6.1(d) and (e) particularly when:

   (a) the Relevant Person changes its CDD documentation requirements;

   (b) an unusual Transaction with the customer is expected to take place;

   (c) there is a material change in the business relationship with the customer; or

   (d) there is a material change in the nature or ownership of the customer.

4. The degree of the on-going due diligence to be undertaken will depend on the customer risk assessment carried out under Rule 7.1.1.

5. A Relevant Person's Transaction monitoring policies, procedures, systems and controls, which may be implemented by manual or automated systems, or a combination thereof, are one of the most important aspects of effective CDD. Whether a Relevant Person should undertake the monitoring by means of a manual or computerised system (or both) will depend on a number of factors, including:

   (a) the size and nature of the Relevant Person's business and customer base; and

   (b) the complexity and volume of customer Transactions.

8.6.3 A Relevant Person must review its customers, their businesses, and Transactions, against Sanctions Lists when complying with Rule 8.6.1(d).

8.7 Failure to conduct or complete Customer Due Diligence

8.7.1 (1) Where, in relation to a customer, a Relevant Person is unable to conduct or complete the requisite CDD in accordance with Rule 8.1.1 it must, where appropriate:

(a) not carry out a Transaction with or for the customer through a bank account or in cash;

(b) not open an account or otherwise provide a service;

(c) not otherwise establish a business relationship or carry out a Transaction;

(d) terminate or suspend any existing business relationship with the customer;

(e) return any monies or assets received from the customer; and

(f) consider whether the inability to conduct or complete CDD necessitates the making of a Suspicious Activity Report under Rule 14.3.1(c).

(2) A Relevant Person is not obliged to comply with (1)(a) to (e) if:

(a) to do so would amount to "tipping off" the customer, in breach of Federal AML Legislation; or

(b) the FIU directs the Relevant Person to act otherwise.

Guidance

1. In complying with Rule 8.7.1(1) a Relevant Person should apply one or more of the measures in (a) to (f) as appropriate in the circumstances. Where CDD cannot be completed to a significant degree, it may be appropriate not to carry out a Transaction pending completion of CDD. Where CDD cannot be conducted, including where a material part of the CDD such as identifying and verifying Beneficial Owners cannot be undertaken, a Relevant Person should not establish a business relationship with the customer.

2. A Relevant Person should note that Rule 8.7.1 applies to both existing and prospective customers. For prospective customers it may be appropriate for a Relevant Person to terminate the business relationship before a product or service is provided. However, for existing customers, while termination of the business relationship should not be ruled out, suspension may be more appropriate depending on the circumstances, whilst further investigations are carried out. Whichever course of action is taken, the Relevant Person should be careful not to tip off the customer.

3. A Relevant Person should adopt the RBA in order to inform the appropriate level of CDD to be undertaken for existing customers. For example, if a Relevant Person considers that any of its existing customers (which may include customers that it migrates into the ADGM) have not been subject to CDD of a standard equivalent to that required by the AML Rulebook, it should adopt the RBA and take remedial action in a manner proportionate to the risks and within a reasonable period of time whilst complying with Rule 8.7.1.

9. RELIANCE AND OUTSOURCING OF ANTI-MONEY LAUNDERING COMPLIANCE

9.1 Reliance on a third party

9.1.1 (1) A Relevant Person may rely on the following third parties ("**qualified professionals**") to conduct one or more of the elements of CDD on its behalf:

(a) an Authorised Person or Recognised Body;

(b) a law firm, notary, or other independent legal business, accounting firm, audit firm or insolvency practitioner or an equivalent Person in another jurisdiction;

(c) a Financial Institution;

(d) a member of the Relevant Person's Group; or

(e) other specialised utilities for the provision of outsourced Anti-Money Laundering services.

(2) In (1), a Relevant Person may rely on the information previously obtained by a third party which covers one or more elements of CDD.

(3) Where a Relevant Person seeks to rely on a Person in (1) it may only do so if and to the extent that:

(a) it immediately obtains the necessary CDD information from the third party in (1);

(b) it takes adequate steps to satisfy itself that certified copies of the documents used to undertake the relevant elements of CDD will be available from the third party on request without delay;

(c) the Person in (1)(b) to (d) is subject to regulation, including AML, by a Non-ADGM Financial Services Regulator or other competent authority in a country with AML regulations which are equivalent to the standards set out in the FATF Recommendations and it is supervised for compliance with such regulations;

(d) the Person in (1) has not relied on any exception from the requirement to conduct any relevant elements of CDD which the Relevant Person seeks to rely on; and

(e) in relation to (2), the information is up to date.

(4) Where a Relevant Person relies on a member of its Group to conduct one or more of the elements of CDD on its behalf, such Group member need not meet the condition in (3)(c) if:

(a) the Group is subject to policies and requirements equivalent to FATF standards, either:

(i) where the Group applies and implements a Group-wide policy on CDD and record keeping which is equivalent to the standards set by FATF; or

(ii) where the effective implementation of those CDD and record keeping requirements and Anti-Money Laundering programmes are supervised at Group level by a Non-ADGM Financial Services Regulator or other competent authority in a jurisdiction with Anti-Money Laundering regulations that are equivalent to the standards set out in the FATF Recommendations;

(b) no exception from identification obligations has been applied in the original identification process; and

(c) a written statement is received from the introducing member of the Relevant Person's Group confirming that:

(i) the customer has been identified in accordance with the relevant standards under (4)(a) and (b);

(ii) any identification evidence can be accessed by the Relevant Person without delay; and

(iii) the identification evidence will be kept for at least six years.

(5) If a Relevant Person is not reasonably satisfied that a customer or Beneficial Owners has been identified and verified by a third party in a manner consistent with these Rules, the Relevant Person must immediately perform the CDD itself with respect to any deficiencies identified.

(6) Notwithstanding the Relevant Person's reliance on a Person in 9.1.1(1), the Relevant Person remains responsible for compliance with, and liable for any failure to meet the CDD requirements in the AML Rulebook.

9.1.2 (1) When assessing under Rule 9.1.1(3) or (4) if Anti-Money Laundering regulations in another jurisdiction are equivalent to FATF standards, a Relevant Person must take into account factors including, but not limited to:

(a) mutual evaluations, assessment reports or follow-up reports published by FATF, the IMF, the World Bank, the OECD or other International Organisations;

(b) membership of FATF or other international or regional groups such as the MENAFATF or the Gulf Co-operation Council;

(c) contextual factors such as political stability or the level of corruption in the jurisdiction;

(d) evidence of recent criticism of the jurisdiction, including in:

(i) FATF advisory notices;

(ii) public assessments of the jurisdiction’s Anti-Money Laundering regime by organisations referred to in (a); or

(iii) reports by other relevant non-government organisations or specialist commercial organisations; and

(e) whether adequate arrangements exist for co-operation between the Anti-Money Laundering regulator in that jurisdiction and the Regulator.

(2) A Relevant Person making an assessment under (1) must rely only on sources of information that are reliable and up-to-date.

(3) A Relevant Person must keep adequate records of how it made its assessment, including the sources and materials considered.

Guidance

1. In complying with Rule 9.1.1(3)(a), "immediately obtaining the necessary CDD information" means obtaining all relevant CDD information, and not just basic information such as name and address. However, compliance can be achieved by having the information sent in an email or other appropriate means. For the avoidance of doubt, it does not necessarily require a Relevant Person to immediately obtain the underlying certified documents used by the third party to undertake its CDD because under Rule 9.1.1(3)(b), these need only be available on request without delay.

2. The Regulator would expect a Relevant Person, in complying with Rule 9.1.1(5), to fill any gaps in the CDD process as soon as it becomes aware that a customer or Beneficial Owners has not been identified and verified by the third party in a manner consistent with these Rules.

3. If a Relevant Person acquires another business, either in whole or in substantial part, the Regulator would permit the Relevant Person to rely on the CDD conducted by the business it is acquiring, but would expect the Relevant Person to have done the following:

   (a) as part of its due diligence for the acquisition, to have taken a reasonable sample of the prospective customers to assess the quality of the CDD undertaken; and

   (b) to have undertaken CDD on all the customers to cover any deficiencies identified in (a) as soon as possible following the acquisition, prioritising high-risk customers.

4. Where the legislative framework of a jurisdiction (such as secrecy or data protection legislation) prevents a Relevant Person from having access to CDD information upon request without delay as referred to in Rule 9.1.1(3)(b), the Relevant Person should undertake the relevant CDD itself and should not seek to rely on the relevant third party.

5. If a Relevant Person relies on a third party located in a foreign jurisdiction to conduct one or more elements of CDD on its behalf, the Relevant Person must ensure that the foreign jurisdiction has Anti-Money Laundering regulations which are equivalent to the standards in the FATF Recommendations (see Rule 9.1.1(3)(c)).

9.2 Business partner identification

9.2.1 (1) Prior to establishing the business relationship, a Relevant Person must establish and verify its business partners' identities by obtaining sufficient and satisfactory evidence of the identity of any business partner it relies upon in carrying on its Regulated Activities.

(a) A Relevant Person must maintain accurate and up-to-date information and conduct on-going due diligence on its business partners, throughout the course of the business relationship.

(b) If at any time a Relevant Person becomes aware that it lacks sufficient information or documentation concerning a business partner's identification, or develops a concern about the accuracy of its current information or documentation, it must promptly obtain appropriate material to verify such business partner's identity.

(2) In the context of this Rule, a 'business partner' includes:

(a) a qualified professional as specified in Rule 9.1.1(1);

(b) a member of the Relevant Person's Group;

(c) a Correspondent Bank; or

(d) any other service provider.

(3) A Relevant Person that establishes, operates or maintains a Correspondent Account for a Correspondent Banking Client must ensure that it has arrangements to:

(a) conduct due diligence in respect of the opening of a Correspondent Account for a Correspondent Banking Client, including measures to identify:

(i) its ownership and management structure;

(ii) its major business activities and customer base;

(iii) its location; and

(iv) the intended purpose of the Correspondent Account;

(b) identify all third parties that will use the Correspondent Account; and

(c) monitor Transactions processed through a Correspondent Account that has been opened by a Correspondent Banking Client, in order to detect and report any suspicion of Money Laundering.

9.2.2 A Relevant Person must not:

(1) establish a correspondent banking relationship with a Shell Bank;

(2) establish or keep anonymous accounts or accounts in false names; or

(3) maintain a nominee account which is held in the name of one Person, but controlled by or held for the benefit of another Person whose identity has not been disclosed to the Relevant Person.

Guidance

1. "Know your business partner" is as important as "Know Your Customer". A Relevant Person is therefore required to verify the identity of a prospective business partner and to obtain evidence of it. The same documentation that is used to identify customers should be obtained from the business partner prior to conducting any business.

2. A Relevant Person should verify whether any secrecy or data protection law exists in the country of incorporation of the business partner that would prevent access to relevant data.

3. The requirement to identify the business partner is meant to cover only those business partners who may pose any relevant money laundering risk to the Relevant Person. Hence, a Relevant Person would be not required to establish and verify the identity of, for example, its maintenance or cleaning service.

4. The Regulator may take into account the identity of a Relevant Person's business partner and the nature of their relationship in considering the fitness and propriety of a Relevant Person.

5. Before entering into a business relationship, a Relevant Person should conduct a due diligence investigation, which includes ensuring that the business partner is an existing Person authorised to conduct the kind of business in question and, if applicable, verifying that this Person is duly regulated by a Financial Services Regulator or other relevant regulatory authority or regulator. In accordance with "The Wolfsberg Anti-Money Laundering Principles for Correspondent Banking", the Relevant Person should take into account, and verify the nature of:

    (a) the business to be conducted and the major business activities of the business partner;

    (b) the jurisdiction where the business partner is located as well as that of its parent; and

    (c) the transparency and the nature of the ownership and the management structure.

6. A Relevant Person may also gather information about the reputation of the business partner, including whether it has been subject to investigation or regulatory action in relation to money laundering or terrorist financing.

7. A Relevant Person should adopt a risk-based approach when verifying its business partners' identities. Depending on the money laundering risk assessment of the Relevant Person's business partner, the Relevant Person should decide the level of detail of the business partner identification and verification process.

8. A Relevant Person should have in place specific arrangements to ensure that adequate due diligence and identification measures with regard to the business relationship are taken.

9. The Relevant Person should conduct regular reviews of the relationship with its business partners.

10. The Senior Management or Governing Body of a Relevant Person should give its approval before it establishes any new correspondent banking relationships.

11. A Relevant Person should also have arrangements to guard against establishing a business relationship with business partners who permit their accounts to be used by Shell Banks; further details on the definition of Shell Banks are set out in Guidance 2 to Rule 10.2.2.

9.3 Outsourcing

9.3.1 A Relevant Person which outsources any one or more elements of its CDD to a service provider (including those within its Group) remains responsible for compliance with, and liable for any failure to meet, such obligations.

Guidance

Prior to appointing an outsourced service provider to undertake CDD, a Relevant Person should undertake due diligence to assure itself of the suitability of the outsourced service provider and should ensure that the outsourced service provider's obligations are clearly documented in a binding agreement.

10. CORRESPONDENT BANKING, WIRE TRANSFERS, ANONYMOUS ACCOUNTS AND AUDIT

10.1 Application

10.1.1 This Chapter applies to all Authorised Persons, other than Credit Rating Agencies or Recognised Body other than a Representative Office.

10.2 Correspondent banking

10.2.1 An Authorised Person proposing to have a correspondent banking relationship with a respondent bank must:

(a) undertake CDD on the respondent bank;

(b) as part of (a), gather sufficient information about the respondent bank to understand fully the nature of the business, including making appropriate enquiries as to its management, its major business activities and the countries or jurisdictions in which it operates;

(c) determine from publicly-available information the reputation of the respondent bank and the quality of supervision that is subject to, including whether it has been the subject of a money laundering or terrorist financing investigation or relevant regulatory action;

(d) assess the respondent bank's Anti-Money Laundering controls and ascertain if they are adequate and effective in light of the FATF Recommendations;

(e) ensure that prior approval of the Authorised Person's Senior Management is obtained before entering into a new correspondent banking relationship;

(f) ensure that the respective responsibilities of the parties to the correspondent banking relationship are properly documented; and

(g) be satisfied that, in respect of any customers of the respondent bank who have direct access to accounts of the Authorised Person, the respondent bank:

(i) has undertaken CDD (including on-going CDD) at least equivalent to that in Rule 8.3.1 in respect of each Customer; and

(ii) is able to provide the relevant CDD information in (i) to the Authorised Person upon request; and

(h) document the basis for its satisfaction that the requirements in (a) to (g) are met.

10.2.2 An Authorised Person must:

(a) not enter into a correspondent banking relationship with a Shell Bank; and

(b) take appropriate measures to ensure that it does not enter into, or continue a corresponding banking relationship with, a bank which is known to permit its accounts to be used by Shell Banks.

Guidance

1. The rules and guidance set out in Rule 9.2 above also applies to correspondent banking business partners. This Rule provides further details on specific requirements applicable to a correspondent banking business relationship.

2. With regard to Correspondent Banking Clients and, if applicable, other qualified professionals, specific care should be taken to assess their Anti-Money Laundering arrangements regarding customer identification, Transaction monitoring, terrorist financing and other relevant elements, and to verify that these business partners comply with the same or equivalent Anti-Money Laundering requirements as the Relevant Person. Information on applicable laws and regulations regarding the prevention of money laundering should be obtained.

3. A Relevant Person should ensure that a Correspondent Banking Client does not use the Relevant Person's products and services to engage in business with Shell Banks. A Shell Bank would be a bank that has no physical presence in the country in which it is incorporated and licensed, and which is unaffiliated with a regulated financial Group that is subject to effective consolidated supervision. The Regulator does not consider that the existence of a local agent or low level staff constitutes physical presence.

4. If applicable, information on distribution networks and delegation of duties should be obtained.

10.3 Wire transfers

10.3.1 In this section:

(a) "**beneficiary**" means the natural or Legal Person or legal arrangement who is identified by the originator as the receiver of the requested wire transfer;

(b) "**originator**" means the account holder who instructs the wire transfer from the relevant account, or where there is no account, the Natural or Legal Person that places the order with the ordering Financial Institution to perform the wire transfer;

(c) "**wire transfer**" includes any value transfer arrangement; and

(d) "**batch transfer**" means a transfer comprised of a number of individual wire transfers that are bundled for transmission, whether or not the individual wire transfers are intended ultimately for one or more beneficiaries.

10.3.2 (1) An Authorised Person and Recognised Body must:

(a) when it sends or receives funds by wire transfer on behalf of a customer, ensure that the wire transfer and any related messages contain accurate originator and beneficiary information;

(b) ensure that, while the wire transfer is under its control, the information in (a) remains with the wire transfer and any related message throughout the payment chain;

(c) monitor wire transfers for the purpose of detecting those wire transfers that do not contain both originator and beneficiary information and take appropriate measures to identify any money laundering risks; and

(d) not effect wire transfers without the information required under (3) and (4).

(2) The requirement in (1) does not apply to an Authorised Person or Recognised Body which:

(a) provides Financial Institutions with messages or other support systems for transmitting funds; or

(b) transfers funds to another Financial Institution where both the originator and the beneficiary are Financial Institutions acting on their own behalf.

(3) An Authorised Person and Recognised Body must ensure that information accompanying all wire transfers contains at a minimum:

(a) the name of the originator;

(b) the originator account number where such an account is used to process the Transaction or unique Transaction reference number if no originator account number exists;

(c) the originator's address, or national identity number, or customer identification number, or date and place of birth;

(d) the name of the beneficiary; and

(e) the beneficiary account number where such an account is used to process the Transaction or unique Transaction reference number if no beneficiary account number exists.

(4) An Authorised Person and Recognised Body must ensure that for batch transfers:

(a) it has verified the originator information required under (3)(a) to (c); and

(b) the batch file contains the beneficiary information required under (3)(d) and (e) for each beneficiary and that the information is fully traceable in the beneficiaries jurisdiction.

Guidance

1. 'FATF Recommendation Number 16' seeks to ensure that national or international electronic payment and message systems, including fund or wire transfer systems such as SWIFT, are not misused as a means to break the money laundering audit trail. Therefore, the information about a customer as the originator of the transfer of funds should remain with the payment instruction throughout the payment chain.

2. Relevant Persons should monitor for, and conduct enhanced scrutiny of, suspicious activities, including incoming fund transfers that do not contain complete originator information, including name, address and account number or unique reference number.

3. The Regulator considers that concealing or removing in a wire transfer any of the information required by Rule 10.3.2(3) would be a breach of the requirement to ensure that the wire transfer contains accurate originator and beneficiary information.

10.4 Audit

10.4.1 An Authorised Person or a Recognised Body must ensure that its internal audit function undertakes regular reviews and assessments of the effectiveness of the Authorised Person or Recognised Body's money laundering policies, procedures, systems and controls, and its compliance with its obligations in the AML Rulebook.

Guidance

1. The review and assessment undertaken for the purposes of Rule 10.4.1 may be undertaken:

   (a) internally by the Authorised Person or Recognised Body's internal audit function; or

   (b) by a competent firm of independent, external auditors or compliance professionals.

2. The review and assessment undertaken for the purposes of Rule 10.4.1 should cover at least the following:

   (a) sample testing of compliance with the Authorised Person or the Recognised Body's CDD arrangements;

   (b) an analysis of all notifications made to the MLRO to highlight any area where procedures or training may need to be enhanced; and

   (c) a review of the nature and frequency of the dialogue between Senior Management and the MLRO.

10.5 Anonymous and nominee accounts

10.5.1 An Authorised Person or a Recognised Body must not establish or maintain:

(a) an anonymous account or an account in a fictitious name; or

(b) a nominee account which is held in the name of one Person, but which is controlled by or held for the benefit of another Person whose identity has not been disclosed to the Authorised Person or the Recognised Body.

11. SANCTIONS AND OTHER INTERNATIONAL OBLIGATIONS

11.1 Resolutions and Sanctions

11.1.1 (1) A Relevant Person must establish and maintain effective systems and controls to ensure that on an ongoing basis it is properly informed as to, and takes reasonable measures to comply with, relevant resolutions or Sanctions which it is required to comply with, under the laws of ADGM or any other jurisdiction.

(2) A Relevant Person must immediately notify the Regulator when it becomes aware that it is, for or on behalf of a Person:

(a) carrying on or about to carry on an activity;

(b) holding or about to hold money or other assets; or

(c) undertaking or about to undertake any other business whether or not arising from or in connection with (a) or (b);

where such carrying on, holding or undertaking constitutes or may constitute a contravention of any Sanctions which the Relevant Person is required to comply with, under the laws of ADGM or any other jurisdiction.

(3) A Relevant Person must ensure that the notification stipulated in (2) above includes the following information:

(a) a description of the relevant activity in (2)(a), (b) or (c); and

(b) the action proposed to be taken or that has been taken by the Relevant Person with regard to the matters specified in the notification.

Guidance

1. In Rule 11.1.1(1), taking reasonable measures to comply with resolutions or Sanctions may include, for example, a Relevant Person not undertaking a transaction for or on behalf of a Person undertaking further due diligence in respect of a Person.

2. Relevant resolutions or Sanctions mentioned in Rule 11.1.1 may, among other things, relate to money laundering, terrorist financing or the financing of weapons of mass destruction, or otherwise be relevant to the activities carried on by the Relevant Person. For example:

(a) a Relevant Person should exercise due care to ensure that it does not provide services to, or otherwise conduct business with, a Person engaged in money laundering, terrorist financing or the financing of weapons of mass destruction; and

(b) a Recognised Investment Exchange or Recognised Clearing House, as a Recognised Body, should additionally exercise due care to ensure that it does

not facilitate fund raising activities or listings by Persons engaged in money laundering or terrorist financing or financing of weapons of mass destruction.

3. A Relevant Person should be proactive in checking for, and taking measures to comply with, relevant resolutions or sanctions which the Relevant Person is required to comply with, under the laws of ADGM or any other jurisdiction. The Regulator expects Relevant Persons to perform checks on an ongoing basis against their customer databases and records for any names appearing in resolutions or sanctions which the Relevant Person is required to comply with as well as to monitor transactions accordingly.

4. A Relevant Person may use a database maintained elsewhere for an up-to-date list of resolutions and sanctions, or to perform checks of customers or transactions against that list. For example, it may wish to use a database maintained by its head office or a Group member. However, the Relevant Person retains responsibility for ensuring that its systems and controls are effective to ensure compliance with this module.

11.2 Government, regulatory and international findings

11.2.1 (1) A Relevant Person must establish and maintain systems and controls to ensure that on an ongoing basis it is properly informed as to, and takes reasonable measures to comply with, any findings, recommendations, guidance, directives, resolutions, Sanctions, notices or other conclusions issued by:

(a) the government of the U.A.E. or any government departments in the U.A.E.;

(b) the Central Bank of the U.A.E. or the FIU;

(c) U.A.E. enforcement agencies;

(d) FATF;

(e) the Basel Committee on Banking Supervision;

(f) the Regulator; and

(g) any other jurisdiction which promulgates Sanctions to which it is subject,

concerning the matters in (2).

(2) For the purposes of (1), the relevant matters are:

(a) arrangements for preventing money laundering, terrorist financing or the financing of weapons of mass destruction in a particular country or jurisdiction, including any assessment of material deficiency against relevant countries in adopting international standards; and

(b) the names of Persons, Groups, organisations or entities or any other body where suspicion of money laundering or terrorist financing or the financing of weapons of mass destruction exists.

(3) For the purposes of (1), measures that a Relevant Person must undertake when taking reasonable measures to comply with findings, recommendations, guidance, directives, resolutions, Sanctions, notices or other conclusions, include, but are not limited to, measures:

(a) requiring specific elements of enhanced CDD;

(b) requiring enhanced reporting mechanisms or systematic reporting of financial transactions;

(c) limiting business relationships or financial transactions with specified persons or persons in a specified jurisdiction;

(d) prohibiting Relevant Persons from relying on third parties located in a specified jurisdiction to conduct CDD;

(e) requiring the review and amendment, or if necessary termination, of correspondent relationships with banks in a specified jurisdiction;

(f) prohibiting the execution of specified electronic fund transfers; or

(g) requiring increased external audit requirements for financial groups with respect to any of their branches and subsidiaries located in a specified jurisdiction.

(4) A Relevant Person must immediately notify the Regulator in writing if it becomes aware of non-compliance by a Person with a finding, recommendation, guidance, directive, resolution, Sanction, notice or other conclusion and provide the Regulator with sufficient details of the person concerned and the nature of the non-compliance.

Guidance

1. The purpose of this Rule is to ensure that a Relevant Person takes into consideration the broad range of tools used by competent authorities and international organisations to communicate Anti-Money Laundering risks to stakeholders.

2. The Rule also permits the Regulator to require enhanced CDD or other specific countermeasures to address risks identified in a specific country or jurisdiction. The Regulator may impose such countermeasures either when called upon to do so by FATF or independently of any FATF request.

3. Relevant Persons considering Transactions or business relationships with Persons located in countries or jurisdictions that have been identified as deficient, or against which the U.A.E. or the Regulator have outstanding advisories, should be aware of the background against which the assessments, or the specific recommendations have been made. These circumstances should be taken into account in respect of business introduced from such jurisdictions, and when receiving inward payments for existing customers or in respect of inter-bank Transactions.

4. The Relevant Person's MLRO is not obliged to report all Transactions from these countries or jurisdictions to the FIU if they do not qualify as suspicious under Federal AML Legislation (see Chapter 14 on Suspicious Activity Reports).

5. Transactions with counterparties located in countries or jurisdictions which are no longer identified as deficient or have been relieved from special scrutiny (for example, taken off sources mentioned in this Guidance) may nevertheless require attention which is higher than normal.

6. In order to assist Relevant Persons, the Regulator may, from time to time, publish findings, guidance, directives or Sanctions from U.A.E. authorities, the FATF or other relevant bodies. However, the Regulator expects a Relevant Person to take its own steps in acquiring relevant information from various available sources. For example, a Relevant Person may obtain relevant information from consolidated lists of financial Sanctions published by the European Union, HM Treasury, and OFAC.

7. In addition, the systems and controls mentioned in Rule 11.2.1 should be established and maintained by a Relevant Person taking into account its risk assessment under Chapters 6 and 7. In relation to the term "make appropriate use" in Rule 11.2.1, this may mean that a Relevant Person cannot undertake a Transaction for or on behalf of a Person or that it may need to undertake further due diligence in respect of such a Person.

8. A Relevant Person should be proactive in obtaining and appropriately using available national and international information, for example, suspect lists or databases from credible public or private sources with regard to money laundering, including obtaining relevant information from sources mentioned in Guidance 6 above. The Regulator encourages Relevant Persons to perform checks against their customer databases and records for any names appearing on such lists and databases as well as to monitor Transactions accordingly.

9. The risk of terrorists entering the financial system can be reduced if Relevant Persons apply effective Anti-Money Laundering strategies, particularly in respect of CDD. Relevant Persons should assess which countries carry the highest risks and should conduct an analysis of Transactions from countries or jurisdictions known to be a source of terrorist financing.

10. The Regulator may require Relevant Persons to take any special measures it may prescribe with respect to certain types of Transactions or accounts where the Regulator reasonably believes that any of the above may pose a money laundering risk to the ADGM.

12. MONEY LAUNDERING REPORTING OFFICER

12.1 Appointment of a MLRO

12.1.1 (1) A Relevant Person must appoint an individual as the MLRO who has an appropriate level of seniority, experience and independence to act in the role, with responsibility for implementation and oversight of its compliance with the Rules in the AML Rulebook. It must do so by completing and filing with the Regulator the appropriate form specified by the Regulator.

(2) The MLRO in (1) and Rule 12.1.7 must be resident in the U.A.E.

12.1.2 The individual appointed as the MLRO of a DNFBP that comprises as one officer, partner or principal can, with the prior approval of the Regulator be the same person as the officer, partner or principle of the DNFBP.

12.1.3 The individual appointed as the MLRO of a Representative Office must be the same individual who holds the position of Principal Representative of that Representative Office.

Guidance

1. Authorised Persons are reminded that under GEN Rule 5.5.1 the MLRO function is a mandatory appointment. For the avoidance of doubt, the individual appointed as the MLRO of an Authorised Person, other than a Representative Office, is the same individual who holds the Recognised Function of MLRO of that Authorised Person. Authorised Persons are also reminded that the guidance under GEN Rule 5.5.2 sets out the grounds under which the Regulator will determine whether to grant a waiver from the residence requirements for an MLRO. The same guidance would apply by analogy to other Relevant Persons seeking a waiver from the MLRO residence requirements.

2. The individual appointed as the MLRO of a Recognised Investment Exchange or Recognised Clearing House is the same individual who holds the position of MLRO of that Recognised Investment Exchange or Recognised Clearing House under the relevant MIR Rule.

12.1.4 If the MLRO leaves the employment of the Relevant Person, the Relevant Person must immediately appoint a new MLRO or arrange temporary cover for the MLRO appointment.

12.1.5 A Relevant Person, other than a Representative Office, must appoint an individual to act as a deputy MLRO of the Relevant Person to fulfil the role of the MLRO in his absence.

12.1.6 A Relevant Person's MLRO and deputy MLRO must deal with the Regulator in an open and co-operative manner and must disclose appropriately any information of which the Regulator would reasonably be expected to be notified.

Guidance

1. The individual appointed as the deputy MLRO need not apply for the Regulator's approval.

2. A Relevant Person should make adequate arrangements to ensure that it remains in compliance with the AML Rulebook in the event that its MLRO is absent. Adequate arrangements would include appointing a temporary MLRO for the period of the MLRO's absence or making sure that the Relevant Person's AML systems and controls allow it to continue to comply with these Rules when the MLRO is absent.

12.1.7 A Relevant Person may outsource the role of MLRO to an individual outside the Relevant Person provided that the individual under the outsourcing agreement is and remains suitable to perform the MLRO role.

Guidance

Where a Relevant Person outsources specific AML tasks of its MLRO to another individual or a third party provider, including the case where they are within it's corporate Group, the Relevant Person remains responsible for ensuring that the duties undertaken by the MLRO ensure its compliance with the requirements in the AML Rulebook. The Relevant Person should satisfy itself of the suitability of anyone who acts for it in the role of MLRO.

12.2 Qualities of a MLRO

12.2.1 A Relevant Person must ensure that its MLRO has:

(a) direct access to the Governing Body and its Senior Management;

(b) sufficient and up-to-date qualifications and experience to fulfil the role;

(c) sufficient resources including, if necessary, an appropriate number of appropriately trained Employees to assist in the performance of his duties in an effective, objective and independent manner;

(d) a level of seniority and independence within the Relevant Person to enable him to act on his own authority;

(e) timely and unrestricted access to information the Relevant Person has about the financial and business circumstances of a customer or any Person on whose behalf the customer is or has been acting sufficient to enable him to carry out his responsibilities in accordance with Rule 12.3.1; and

(f) unrestricted access to relevant information about the features of the Transaction which the Relevant Person has entered into or may have contemplated entering into with or for the customer or a Person on whose behalf a customer is or has been acting.

Guidance

The Regulator considers that a Relevant Person will need to consider this Rule most especially when appointing an outsourced MLRO. Any external MLRO that is appointed will need to have the actual or effective level of seniority that the role requires.

12.3 Responsibilities of a MLRO

12.3.1 A Relevant Person must ensure that its MLRO implements and has oversight of and is responsible for the following matters:

(a) the day-to-day operations for compliance by the Relevant Person with its Anti-Money Laundering policies, procedures, systems and controls;

(b) acting as the point of contact to receive notifications from the Relevant Person's Employees under Rule 14.2.2;

(c) taking appropriate action under Rule 14.3.1 following receipt of a notification from an Employee;

(d) making, in accordance with Federal AML Legislation, Suspicious Activity Reports;

(e) acting as the point of contact within the Relevant Person for competent U.A.E. authorities and the Regulator regarding money laundering issues;

(f) responding promptly to any request for information made by competent U.A.E. authorities or the Regulator;

(g) receiving and acting upon any relevant findings, recommendations, guidance, directives, resolutions, Sanctions, notices or other conclusions described in Chapter 11; and

(h) establishing and maintaining an appropriate money laundering training programme and adequate awareness arrangements under Chapter 13.

12.4 Reporting

12.4.1 The MLRO must report at least annually in a form prescribed by the Regulator, to the Governing Body or Senior Management of the Relevant Person on the following matters:

(a) the results of the review under Rule 4.1.1(4);

(b) the Relevant Person's compliance with applicable Anti-Money Laundering laws including these Rules;

(c) the quality of the Relevant Person's Anti-Money Laundering policies, procedures, systems and controls;

(d) any relevant findings, recommendations, guidance, directives, resolutions, Sanctions, notices or other conclusions and how the Relevant Person has taken them into account;

(e) any internal Suspicious Activity Reports made by the Relevant Person's Employees and action taken in respect of those reports, including the grounds for all decisions;

(f) any external Suspicious Activity Reports made by the Relevant Person and action taken in respect of those reports including the grounds for all decisions; and

(g) any other relevant matters related to Anti-Money Laundering as it concerns the Relevant Person's business.

12.4.2 A Relevant Person must ensure that its Governing Body or Senior Management promptly:

(a) assess the report provided under Rule 12.4.1;

(b) take action, as required, subsequent to consideration of the findings of the report, in order to resolve any identified deficiencies; and

(c) make a record of their assessment pursuant to paragraph (a) and the action taken pursuant to paragraph (b).

13. ANTI-MONEY LAUNDERING TRAINING AND AWARENESS

13.1 Training and awareness

13.1.1 A Relevant Person must:

(a) provide Anti-Money Laundering training to all relevant Employees at appropriate and regular intervals;

(b) ensure that its Anti-Money Laundering training enables its Employees to:

(i) know the identity, and understand the responsibilities, of the Relevant Person's MLRO and his deputy;

(ii) understand the relevant legislation relating to money laundering, including Federal AML Legislation;

(iii) understand its policies, procedures, systems and controls related to money laundering and any changes to these;

(iv) recognise and deal with Transactions, risks, trends, techniques and other activities which may be related to money laundering;

(v) understand the types of activity that may constitute suspicious activity in the context of the business in which an Employee is engaged and that may warrant a notification to the MLRO under Rule 14.2.2;

(vi) understand its arrangements regarding the making of a notification to the MLRO under Rule 14.2.2;

(vii) be aware of the prevailing techniques, methods and trends in money laundering relevant to the business of the Relevant Person;

(viii) understand the roles and responsibilities of Employees in combating money laundering; and

(ix) understand the relevant findings, recommendations, guidance, directives, resolutions, Sanctions, notices or other conclusions described in Chapter 11;

(c) ensure that its Anti-Money Laundering training:

(i) is appropriately tailored to the Relevant Person's activities, including its products, services, customers, distribution channels, business partners and the level and complexity of its Transactions; and

(ii) indicates the different levels of money laundering risk and vulnerabilities associated with the matters in (c)(i); and

(d) ensure that its Anti-Money Laundering training is up-to-date with money laundering trends and techniques.

13.2 Frequency

13.2.1 A Relevant Person must provide Anti-Money Laundering training for all Employees in accordance with Rule 13.1.1 at least annually.

13.3 Record-keeping

13.3.1 All relevant details of the Relevant Person's Anti-Money Laundering training must be recorded, including:

(a) dates when the training was given;

(b) the nature of the training; and

(c) the names of the Employees who received the training.

13.3.2 These records must be kept for at least six years from the date on which the training was given.

Guidance

1. The Regulator considers it appropriate that all new relevant Employees of a Relevant Person be given appropriate Anti-Money Laundering training as soon as reasonably practicable after commencing employment with the Relevant Person, and thereafter on a periodic basis.

2. A relevant Employee would include a member of the Senior Management or operational staff, any Employee with customer contact or which handles or may handle customer monies or assets, and any other Employee who might otherwise encounter money laundering in the business.

3. Relevant Persons should take an RBA to Anti-Money Laundering training. The Regulator considers that Anti-Money Laundering training should be provided by a Relevant Person to each of its relevant Employees at intervals appropriate to the role and responsibilities of the Employee. In the case of an Authorised Person the Regulator expects that training should be provided to each relevant Employee at least annually.

4. The manner in which AML training is provided by a Relevant Person need not be in a formal classroom setting, rather it may be via an online course or any other similarly appropriate manner.

14. SUSPICIOUS ACTIVITY REPORTS

14.1 Application and definitions

14.1.1 In this Chapter "money laundering" and “terrorist financing" means the criminal offences defined in Federal AML Legislation.

14.2 Internal reporting requirements

14.2.1 A Relevant Person must establish and maintain policies, procedures, systems and controls in order to monitor and detect suspicious activity or Transactions in relation to potential money laundering or terrorist financing.

14.2.2 A Relevant Person must have policies, procedures, systems and controls to ensure that whenever any Employee, acting in the ordinary course of his employment, either:

(a) knows;

(b) suspects; or

(c) has reasonable grounds for knowing or suspecting,

that a Person is engaged in or attempting money laundering or terrorist financing, that Employee promptly notifies the Relevant Person's MLRO and provides the MLRO with all relevant details ("**Internal Suspicious Activity Report**").

14.2.3 A Relevant Person must have policies and procedures to ensure that disciplinary action can be taken against any Employee who fails to make such a report.

Guidance

1. Circumstances that might give rise to suspicion or reasonable grounds for suspicion of money laundering include:

   (a) Transactions which have no apparent purpose, which make no obvious economic sense, or which are designed or structured to avoid detection;

   (b) Transactions requested by a Person without reasonable explanation, which are out of the ordinary range of services normally requested or are outside the experience of a Relevant Person in relation to a particular customer;

   (c) where the size or pattern of Transactions, without reasonable explanation, is out of line with any pattern that has previously emerged or may have been deliberately structured to avoid detection;

   (d) a customer's refusal to provide the information requested without reasonable explanation;

(e) where a customer who has just entered into a business relationship uses the relationship for a single Transaction or for only a very short period of time;

(f) an extensive use of offshore accounts, companies or structures in circumstances where the customer's economic needs do not support such requirements;

(g) unnecessary routing of funds through third party accounts; or

(h) unusual Transactions without an apparently profitable motive.

2. CDD measures form the basis for recognising suspicious activity. Sufficient guidance must therefore be given to the Relevant Person's Employees to enable them to form a suspicion or to recognise when they have reasonable grounds to suspect that money laundering or terrorist financing is taking place. This should involve training that will enable relevant Employees to seek and assess the information that is required for them to judge whether a Person is involved in suspicious activity related to money laundering or terrorist financing.

3. The requirement for Employees to notify the Relevant Person's MLRO should include situations when no business relationship was developed because the circumstances were suspicious.

4. A Relevant Person may allow its Employees to consult with their line managers before sending a report to the MLRO. The Regulator would expect that such consultation does not prevent making a report whenever an Employee has stated that he has knowledge, suspicion or reasonable grounds for knowing or suspecting that a Person may be involved in money laundering. Whether or not an Employee consults with his line manager or other Employees, the responsibility remains with the Employee to decide for himself whether a notification to the MLRO should be made.

5. An Employee, including the MLRO, who considers that a Person is engaged in or engaging in activity that he knows or suspects to be suspicious would not be expected to know the exact nature of the criminal offence or that the particular funds were definitely those arising from the crime of money laundering or terrorist financing.

6. A Transaction that appears unusual is not necessarily suspicious. Even Customers with a stable and predictable Transaction profile will have periodic Transactions that are unusual for them. Many Customers will, for perfectly good reasons, have an erratic pattern of Transactions or account activity. So the unusual is, in the first instance, only a basis for further inquiry, which may in turn require judgement as to whether it is suspicious. A Transaction or activity may not be suspicious at the time, but if suspicions are raised later, an obligation to report it then arises.

7. Effective CDD measures may provide the basis for recognising unusual and suspicious activity. Where there is a customer relationship, suspicious activity will often be one that is inconsistent with a customer's known legitimate activity, or with the normal business activities for that type of account or customer. Therefore, the key to recognising "suspicious activity" is knowing enough about the customer and the customer's normal expected activities to recognise when their activity is abnormal.

8. A Relevant Person may consider implementing policies and procedures whereby disciplinary action is taken against an Employee who fails to notify the Relevant Person's MLRO.

14.3 External Suspicious Activity Report

14.3.1 A Relevant Person must ensure that where the Relevant Person's MLRO receives an Internal Suspicious Activity Report under Rule 14.2.2, the MLRO, without delay:

(a) investigates and documents the circumstances in relation to which the notification made under Rule 14.2.2 was made;

(b) determines whether in accordance with Federal AML Legislation an external Suspicious Activity Report must be made to the FIU and documents such determination; and

(c) if required, makes an external Suspicious Activity Report to the FIU as soon as practicable.

14.3.2 The MLRO must, following receipt of an Internal Suspicious Activity Report under Rule 14.2.2, document:

(a) the steps taken to investigate the circumstances in relation to which an Internal Suspicious Activity Report is made; and

(b) where no external Suspicious Activity Report is made to the FIU, the reasons why no such report was made.

14.3.3 Where, following a notification to the MLRO under 14.2.2, no external Suspicious Activity Report is made, a Relevant Person must record the reasons for not making an external Suspicious Activity Report.

14.3.4 A Relevant Person must ensure that if the MLRO decides to make an external Suspicious Activity Report, his decision is made independently and is not subject to the consent or approval of any other Person.

Guidance

1. Relevant Persons are reminded that the failure to report suspicions of money laundering or terrorist financing may constitute a criminal offence that is punishable under the laws of the U.A.E.

2. Suspicious Activity Reports under Federal AML Legislation should be emailed to the FIU. The dedicated email address and the template for making a Suspicious Activity Report are available on the Regulator's website.

3. In the preparation of a Suspicious Activity Report, if a Relevant Person knows or assumes that the funds which form the subject of the report do not belong to a customer but to a third party, this fact and the details of the Relevant Person's proposed course of further action in relation to the case should be included in the report.

4. If a Relevant Person has reported a suspicion to the FIU, the FIU may instruct the Relevant Person on how to continue its business relationship, including effecting any Transaction with a Person. If the customer in question expresses his wish to move the funds before the Relevant Person receives instruction from the FIU on how to proceed, the Relevant Person should immediately contact the FIU for further instructions.

14.4 Suspension of Transactions and "no tipping-off" requirement

14.4.1 A Relevant Person must not carry out Transactions that it knows or suspects or has reasonable grounds for knowing or suspecting to be related to money laundering until it has informed the FIU pursuant to Rule 14.3.

Guidance

1. Relevant Persons are reminded that in accordance with Article 16 of Federal AML Legislation, Relevant Persons or any of their Employees must not tip-off any Person, that is, inform any Person that he is being scrutinised for possible involvement in suspicious activity related to money laundering, or that any other competent authority is investigating his possible involvement in suspicious activity relating to money laundering.

2. If a Relevant Person reasonably believes that performing CDD measures will tip-off a customer or potential customer, it may choose not to pursue that process and should file a Suspicious Activity Report. Relevant Persons should ensure that their Employees are aware of and sensitive to these issues when considering the CDD measures.

14.5 Record-keeping

14.5.1 All relevant details of any internal or external Suspicious Activity Report pursuant to Rules 14.2 and 14.3 must be kept for at least six years from the date on which the report was made.

14.6 Freezing of assets

Guidance

It may also apply to ADGM Courts for an order restraining a Person from transferring or disposing of any assets suspected of relating to money laundering. In cases involving suspected money laundering, the FSRA will usually take such action in co-ordination with the FIU.

15. DNFBP REGISTRATION AND SUPERVISION

Guidance

1. FSMR gives the Regulator a power to supervise DNFBPs' compliance with relevant Anti-Money Laundering laws in the State. FSMR also gives the Regulator a number of other powers in relation to DNFBPs, including powers of enforcement. This includes a power to obtain information and to conduct investigations into possible breaches of the FSMR. The Regulator may also impose fines for breaches of FSMR or the Rules. It may also suspend or withdraw the registration of a DNFBP in various circumstances.

2. The Regulator takes a risk-based approach to regulation of persons which it supervises. Generally, the Regulator will work with DNFBPs to identify, assess, mitigate and control relevant risks where appropriate. The Guidance & Policies Manual ("**GPM**") describes the Regulator's enforcement powers under FSMR and outlines its policy for using these powers.

3. Rule 15.1.1 requires a DNFBP to be registered by the Regulator to conduct its activities in the ADGM. Rule 15.2.1 sets out the criteria a DNFBP must meet to be registered.

4. A DNFBPs is defined in Rule 3.2.1 and includes the following class of persons whose business is carried out in the ADGM:

   (a) a real estate agency which carries out transactions with other Persons that involve the acquiring or disposing of real property;

   (b) a dealer in precious metals or precious stones;

   (c) a dealer in any saleable item of a price equal to or greater than USD15,000;

   (d) an accounting firm, audit firm, insolvency firm or taxation consulting firm;

   (e) a law firm, notary firm or other independent legal business; or

   (f) a Company Service Provider.

5. In determining if a Person is a DNFPB the Regulator will adopt a 'substance over form' approach. That is, it will consider what business or profession is in fact being carried on, and its main characteristics, and not just what business or profession the person purports, or is licensed, to carry on in the ADGM.

6. The Regulator considers that a "law firm, notary firm or other independent legal business, includes any business or profession that involves a legal service, including advice or services related to laws in the U.A.E. The Regulator does not consider it necessary for the purposes of the definition that the:

   (a) Person is licensed to provide legal services in the U.A.E; or

   (b) the individuals or employees providing the legal service are qualified or authorised to do so.

7. The Regulator considers that that "accounting firm, audit firm, insolvency firm or taxation consulting firm", includes forensic accounting services that use accounting skills, principles and techniques to investigate suspected illegal activity or to analyse financial information for use in legal proceedings.

15.1 DNFBP Prohibition

15.1.1 A person who is a DNFBP must not carry on any activities in or from the ADGM unless that person is registered under AML 15.4 by the Regulator as a DNFBP.

15.1.2 The Regulator may delegate its powers for the registration, suspension and cancellation of the a DNFBP's registration of a DNFBP to the Registrar of Companies.

15.2 Criteria for Registration as a DNFBP

15.2.1 (1) To be registered as a DNFBP, an applicant must demonstrate to the Regulator's satisfaction that:

(a) it is fit and proper to perform anti-money laundering functions; and

(b) it has adequate resources, systems and controls, including policies and procedures, to comply with all applicable anti-money laundering requirements under Federal AML legislation, FSMR and these Rules;

(2) In assessing if an applicant is fit and proper under (1)(a), the Regulator may, without limiting the matters it may take into account under that paragraph, consider the applicant, its senior management, its Beneficial Owners, other entities in its Group and any other Person with whom it has a relationship.

(3) The Regulator will in assessing if an applicant is fit and proper, consider the cumulative effect of matters that, if considered individually, may be regarded as insufficient to give reasonable cause to doubt the fitness and propriety of the applicant.

15.3 Application for Registration as a DNFBP

15.3.1 A person may apply to the Regulator to be registered as a DNFBP by completing and submitting the appropriate form.

15.3.2 The Regulator may require an applicant to provide additional information or documents reasonably required by the Regulator for it to be able to consider an application for registration including, but not limited to, information or documents relating to the activities, ownership, group structure, financial and other resources of the applicant.

15.3.3 Where, at any time between filing an application and the grant or refusal of registration as a DNFBP, an applicant becomes aware of a material change in its circumstances that is reasonably likely to be relevant to its application it shall inform the Regulator in writing of the change without delay.

15.3.4 Any person who is a DNFBP upon the making of this Chapter and was previously a Relevant Person prior to the making of this Chapter:

(a) is deemed to be registered as a DNFBP at the time of the making of this Chapter; and

(b) must apply for registration under Rule 15.3:

(i) within 12 months of the making of this Chapter; or

(ii) at the date of the renewal of its Commercial Licence under the Commercial Licensing Regulations 2015;

whichever comes first.

15.4 Grant of an Application

15.4.1 The Regulator may grant an application for DNFBP registration as a DNFBP if it is wholly satisfied that the applicant meets the criteria for registration under Rule 15.3.1.

15.4.2 Where the Regulator decides to register a DNFBP, it shall as soon as is practicable inform the applicant in writing of that decision and of the date on which registration is to take effect.

15.5 Refusal of an Application

15.5.1 The Regulator may refuse to grant an application for DNFBP registration where it is not wholly satisfied that the applicant meets the criteria for registration under Rule 15.3.1.

15.6 DNFBP Notifications

15.6.1 A DNFBP must promptly notify the Regulator of any change in its:

(a) name;

(b) legal status;

(c) address;

(d) MLRO;

(e) senior management; or

(f) Beneficial ownership.

15.6.2 (1) A DNFBP must notify the Regulator in writing at least fourteen days in advance of it ceasing to carry on the business activities that establishes it as a DNFBP.

(2) The notice must include a request to cancel its registration, an explanation of the reason for the DNFBP ceasing business, the planned date of the cessation of its activities, and copies of any relevant documents must be submitted with the notice.

15.7 Suspension and withdrawal of DNFBP Registration

15.7.1 (1) The Regulator may suspend the registration of a DNFBP at the request of the DNFBP or on its own initiative.

(2) The Regulator may withdraw the registration of a DNFBP:

(a) at the request of the DNFBP;

(b) if the Registrar of Companies notifies it that the DNFBP no longer holds the relevant commercial licence to operate in the ADGM; or

(c) on its own initiative.

15.7.2 (1) The Regulator may exercise its power on its own initiative under Rule 15.7.1 (1) or (2)(c) where:

(a) the DNFBP no longer meets the criteria for DNFBP registration;

(b) the DNFBP is in breach of, or has been in breach of, the Law or Rules or other Anti-Money Laundering Legislation;

(c) the DNFBP is insolvent or entering into administration;

(d) the DNFBP is no longer carrying on business in the ADGM; or

(e) the Regulator considers that exercising the power is necessary or desirable in the pursuit of its objectives in section 1.(3).

Guidance

1. A DNFBP may request the withdrawal of its registration because, for example, it no longer meets the definition of a DNFBP, becomes insolvent or enters into administration, or proposes to leave the ADGM.

2. In addition to being able to withdraw registration at the request of a DNFBP, the Regulator may, on its own initiative, suspend or withdraw the registration of a DNFBP in various circumstances.

15.8 Disclosure of regulatory status

15.8.1 A DNFBP must not:

(a) misrepresent its regulatory status with respect to the Regulator expressly or by implication; or

(b) use or reproduce the logo of the Regulator without express written permission from the Regulator and in accordance with any conditions for use imposed by the Regulator.

15.9 Co-ordination between the Regulator and the Registrar of Companies

15.9.1 (1) The Registrar of Companies shall not grant a person who is a DNFBP a commercial licence to operate in the ADGM until the Regulator has confirmed to the Registrar of Companies that it intends to register the person as a DNFBP.

(2) The Regulator shall as soon as is practicable notify the Registrar of Companies where it suspends or withdraws the registration of a DNFBP.

(3) The Registrar of Companies shall as soon as is practicable suspend or withdraw (as the case may be) the commercial licence of the DNFBP where it receives a notification under (2).

16. NON-PROFIT ORGANISATIONS ("NPOS")

16.1 Responsibility for NPO compliance

16.1.1 An NPO's Governing Body is responsible for establishing, maintaining and monitoring the NPO's obligations under this chapter.

16.1.2 An NPO must maintain information on the following:

(a) the purpose and objectives of its stated activities;

(b) the identity of the persons who own, control or direct its activities, including the Governing Body and senior management;

(c) the relevant controls that have been put in place to ensure that all funds are fully accounted for, and are spent in a manner that is consistent with the purpose and objectives of its stated activities; and

(d) the relevant measures that it has taken to confirm the identity, credentials and good standing of beneficiaries and associated NPOs to ensure that they are not involved with terrorists or terrorist organisations or use its charitable funds to support.

16.2 Record Keeping

16.2.1 An NPO must maintain for a period of at least six years records of its obligations required under Rule 16.1.2, covering both domestic and international transactions, which are sufficiently detailed to verify that funds have been received and spent in a manner consistent with the purpose and objectives of the NPO.

16.3 Cooperation

16.3.1 An NPO must deal with the Regulator in an open and co-operative manner and keep the Regulator informed of significant events or anything else relating to the NPO of which the Regulator would be reasonable expect to be notified.

16.3.2 An NPO must, at the request of the Regulator:

(a) give or procure the giving of specified information, Documents, files, tapes, computer data or other material in the NPO's possession or control to the Regulator;

(b) make its Employees readily available for meetings with the Regulator;

(c) give the Regulator access to any information, Documents, records, files, tapes, computer data or systems, which are within the NPO's possession or control and provide any facilities to the Regulator;

(d) permit the Regulator to copy Documents or other material on the premises of the NPO at the NPO's expense;

(e) provide any copies of those Documents or other material as requested by the Regulator; and

(f) answer truthfully, fully and promptly, all questions which are put to it by the Regulator.

FINANCIAL SERVICES REGULATORY AUTHORITY
سلطة تنظيم الخدمات المالية

General Rulebook (GEN)

GEN VER05.030220

ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

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1. INTRODUCTION

1.1 Application

1.1.1 This Rulebook ("**GEN**") applies to every Person to whom the Financial Services and Markets Regulations 2015 ("**FSMR**") or Market Infrastructure Rules ("**MIR**") applies and to the same extent as those Regulations or Rules, except to the extent that a provision of GEN provides for a narrower application. This Rulebook does not apply to Remote Bodies.

1.2 Overview of the Rulebook

Guidance

1. Chapter 2 sets out the Principles for Authorised Persons, Approved Persons and Recognised Persons.

2. Chapter 3 specifies the requirements upon senior management to implement effective systems and controls. There are also requirements upon the Authorised Person to apportion material responsibility among its senior management.

3. Chapter 4 contains mainly guidance in respect of: interpretation of the Rulebook, emergency procedures, disclosure, the location of offices, Close Links, Complaints against the Regulator and the public records maintained by the Regulator in accordance with section 196 of the FSMR.

4. Chapter 5 specifies the Regulator's authorisation requirements for any applicant intending to become an Authorised Person, the threshold conditions required for such authorisation and requirements relating to Approved Persons and Recognised Persons.

5. Chapter 6 specifies, in relation to Authorised Persons and Recognised Bodies, the auditing and accounting requirements which deal with such matters as the appointment and termination of auditors, accounts and Regulatory Returns and the functions of an auditor.

6. Chapter 7 prescribes the manner in which an Authorised Person must handle Complaints made against it by Retail Clients or Professional Clients.

7. Chapter 8 specifies the Regulator's supervisory requirements for any Authorised Person being regulated by the Regulator.

8. Chapter 9 specifies requirements relating to operators of Representative Offices and contains related guidance.

2. CORE PRINCIPLES

2.1 Principles for Authorised Persons – application

2.1.1 (1) The twelve Principles for Authorised Persons, set out in Rule 2.2, apply subject to (2) and (3) to every Authorised Person in accordance with Rules 2.1.2 and 2.1.3.

(2) The twelve Principles for Authorised Persons, set out in Rule 2.2, do not apply to an Authorised Person which is a Representative Office.

(3) An Authorised Person which is a Credit Rating Agency does not have to comply with the Principles set out in Rules 2.2.6, 2.2.7, 2.2.8 and 2.2.9.

2.1.2 (1) For the purposes of this Rule and Rule 2.1.3 the term 'Activities' means:

(a) a Regulated Activity;

(b) activities carried on in connection with a Regulated Activity;

(c) activities held out as being for the purpose of a Regulated Activity; and

(d) in relation to any particular Principle, any activity specified in 2.1.3(2), (3) and (4).

(2) Principles 3 and 4 also apply in a Prudential Context to an Authorised Person with respect to the carrying on of all its Activities.

(3) Principles 3 and 4 also take into account any Activities of other members of the Group of which the Authorised Person is a member.

(4) Principles 10 and 11, to the extent that it relates to disclosing to the Regulator, also applies to an Authorised Person with respect to the carrying on of all its Activities, and takes into account any Activities of other members of the Group of which the Authorised Person is a member.

2.1.3 (1) The Principles apply to an Authorised Person only with respect to Activities carried on from an establishment maintained by it in the ADGM, unless an extension in (2), (3), (4) or (5) applies.

(2) Where another applicable Rule, which is relevant to the Activity, has a wider territorial scope than that in (1), any related Principle applies with that wider scope in relation to the Activity described in the Rule.

(3) Principles 1, 2 and 3 apply in a Prudential Context to an Authorised Person with respect to Activities wherever they are carried on.

(4) Principles 4 and 11 apply to an Authorised Person with respect to Activities wherever they are carried on.

(5) Principle 5 also applies to an Authorised Person with respect to the Activities carried on in or from any place outside the ADGM if and to the extent that the Activities have, or might reasonably be regarded as likely to have, a negative effect on confidence in the ADGM Financial System.

Guidance

1. The Principles for Authorised Persons have the status of Rules and are a general statement of fundamental regulatory requirements which apply alongside the other Rules and also in new or unforeseen situations which may not be covered elsewhere by a specific Rule. Rules in other areas of the Rulebook build upon these fundamental principles. Consequently the Rules and Guidance elsewhere in the Rulebook should not be seen as exhausting the implications of the Principles.

2. Breaching a Principle for Authorised Persons makes an Authorised Person liable to disciplinary action, and may indicate that it is no longer fit and proper to carry on a Regulated Activity or to hold a Financial Services Permission and the Regulator may consider withdrawing authorisation or the Financial Services Permission on that basis.

3. The onus will be on the Regulator to show that the Authorised Person has been at fault in some way, taking into account the standard of conduct required under the Principle in question.

2.2 The Principles for Authorised Persons

Principle 1 - Integrity

2.2.1 An Authorised Person must observe high standards of integrity and fair dealing.

Principle 2 - Due skill, care and diligence

2.2.2 In conducting its business activities, an Authorised Person must act with due skill, care and diligence.

Principle 3 - Management, systems and controls

2.2.3 An Authorised Person must ensure that its affairs are managed effectively and responsibly by its senior management. An Authorised Person must have adequate systems and controls to ensure, as far as is reasonably practical, that it complies with the Regulations and Rules.

Principle 4 - Resources

2.2.4 An Authorised Person must maintain and be able to demonstrate the existence of adequate resources to conduct and manage its affairs. These include adequate financial and system resources as well as adequate and competent human resources.

Principle 5 - Market conduct

2.2.5 An Authorised Person must observe proper standards of conduct in the ADGM Financial System.

Principle 6 - Information and interests

2.2.6 An Authorised Person must pay due regard to the interests of its Customers and communicate information to them in a way which is clear, fair and not misleading.

Principle 7 - Conflicts of interest

2.2.7 An Authorised Person must take all reasonable steps to ensure that conflicts of interest between itself and its Customers, between its Employees and Customers and between one Customer and another are identified and then prevented or managed, or disclosed, in such a way that the interests of a Customer are not adversely affected.

Principle 8 - Suitability

2.2.8 An Authorised Person must take reasonable care to ensure the suitability of its Advice and discretionary decisions for Customers who are entitled to rely upon its judgment.

Principle 9 - Customer assets and money

2.2.9 Where an Authorised Person has control of or is otherwise responsible for assets or money belonging to a Customer which it is required to safeguard, it must arrange proper protection for them in accordance with the responsibility it has accepted.

Principle 10 - Relations with Regulators

2.2.10 An Authorised Person must deal with Regulators in an open and co-operative manner and keep the Regulator promptly informed of significant events or anything else relating to the Authorised Person of which the Regulator would reasonably expect to be notified.

Principle 11 - Compliance with high standards of corporate governance

2.2.11 An Authorised Person must have a corporate governance framework as appropriate to the nature, scale and complexity of its business and structure, which is adequate to promote the sound and prudent management and oversight of the Authorised Person's business and to protect the interests of its Customers and stakeholders.

Guidance

Corporate governance framework encompasses structural and procedural arrangements such as systems, policies and practices that are put in place to promote good governance and include the specific measures required under Rule 3.3.41.

Principle 12 – Remuneration practices

2.2.12 An Authorised Person must have a Remuneration structure and strategies which are well aligned with the long term interests of the Authorised Person, and are appropriate to the nature, scale and complexity of its business.

2.3 Principles for Approved Persons and Recognised Persons – application

2.3.1 The six Principles for Approved Persons and Recognised Persons set out in Rule 2.4 apply to every Approved Person and Recognised Person in respect of every Controlled Function.

Guidance

1. The Principles for Approved Persons and Recognised Persons do not apply to an Approved Person or a Recognised Person in respect of any other functions he may carry out, although his conduct in those functions may be relevant to his fitness and propriety.

2. Breaching a Principle for Approved Persons and Recognised Persons makes an Approved Person liable to disciplinary action and may indicate that he is no longer fit and proper to perform a Controlled Function, and the Regulator, may consider suspending or withdrawing Approved Person status on that basis.

3. The onus will be on the Regulator, to show that the Approved Person is culpable, taking into account the standard of conduct required under the Principle in question. In determining whether or not the particular conduct of an Approved Person complies with the Principles for Approved Persons and Recognised Persons, the Regulator will take account of whether that conduct is consistent with the requirements and standards relevant to his Authorised Person, his own role and the information available to him.

4. Breaching a Principle for Approved Persons and Recognised Persons makes a Recognised Person liable to disciplinary action and may indicate that he is no longer fit and proper to perform a Recognised Function, and the Authorised person may consider suspending or withdrawing Recognised Person status on that basis.

2.4 The Principles for Approved Persons and Recognised Persons

Principle 1 - Integrity

2.4.1 Each Approved Person and Recognised Person must observe high standards of integrity and fair dealing in carrying out every Controlled Function or Recognised Function.

Principle 2 - Due skill, care and diligence

2.4.2 Each Approved Person and Recognised Person must act with due skill, care and diligence in carrying out every Controlled Function or Recognised Function.

Principle 3 - Market conduct

2.4.3 Each Approved Person and Recognised Person must observe proper standards of conduct in the ADGM Financial System in carrying out every Controlled Function or Recognised Function.

Principle 4 - Relations with the Regulator

2.4.4 Each Approved Person and Recognised Person must deal with the Regulator in an open and co-operative manner and must disclose appropriately any information of which the Regulator would reasonably be expected to be notified.

Principle 5 - Management, systems and control

2.4.5 Each Approved Person and Recognised Person who has significant responsibility must take reasonable care to ensure that the business of the Authorised Person for which he is responsible is organised so that it can be managed and controlled effectively.

Principle 6 - Compliance

2.4.6 Each Approved Person and Recognised Person who has significant responsibility must take reasonable care to ensure that the business of the Authorised Person for which he is responsible complies with any Regulations or Rules.

3. MANAGEMENT, SYSTEMS AND CONTROLS

3.1 Application

3.1.1 (1) This Chapter applies to every Authorised Person with respect to the Regulated Activities carried on in or from the ADGM.

(2) It also applies in a Prudential Context to a Domestic Firm with respect to all its activities wherever they are carried on.

(3) Rule 3.3 also applies to an Authorised Person in a Prudential Context with respect to its entire ADGM Branch's activities wherever they are carried on.

(4) This Chapter does not apply to a Representative Office.

(5) Rules 3.3.13, 3.3.14 and 3.3.15 do not apply to a Fund Manager of a Venture Capital Fund.

Guidance

1. The purpose of this Chapter is to set out the requirements for the Governing Body and the senior management within an Authorised Person who are to take direct responsibility for the Authorised Person's arrangements on matters likely to be of interest to the Regulator wherever they may give rise to risks to the Regulator's objectives or they affect the Regulator's functions under the Regulations and Rules. See also the requirements relating to organisation in Rules 3.3.2 and 3.3.3.

2. In relation to an Authorised Person which is a Fund Manager or the Trustee, this Chapter should be read in conjunction with FUNDS and construed to take into account any Fund which the Authorised Person operates or for which it acts as the Trustee.

3. In relation to an Authorised Person which carries on Islamic Financial Business in or from the ADGM, this Chapter should be read in conjunction with IFR.

3.2 Allocation of significant responsibilities

Apportionment of significant responsibilities

3.2.1 An Authorised Person must apportion significant responsibilities between the members of its Governing Body and its senior management and maintain such apportionment in such a way that:

(1) it meets the corporate governance requirements in Rule 3.3.41;

(2) it is appropriate with regard to:

(i) the nature, scale and complexity of the business of the Authorised Person; and

(ii) the ability and qualifications of the responsible individuals;

(3) it is clear who is responsible for which matters; and

(4) the business of the Authorised Person can be adequately monitored and controlled by the Authorised Person's Governing Body and senior management.

3.2.2 An Authorised Person must allocate to the Senior Executive Officer or to the individual holding equivalent responsibility for the conduct for the Authorised Person's business or the Governing Body, the functions of:

(1) dealing with the apportionment of responsibilities; and

(2) overseeing the establishment and maintenance of systems and controls.

Guidance

Rules 3.2.1 and 3.2.2 do not derogate from the overall responsibility of the Governing Body in Rule 3.3.41(2).

Recording of apportionment

3.2.3 (1) An Authorised Person must establish and maintain an up-to-date record of the arrangements it has made to comply with Rules 3.2.1 and 3.2.2.

(2) The record must show that the members of the Governing Body and the senior management are aware of and have accepted the responsibilities apportioned in accordance with Rule 3.2.1.

(3) Where a responsibility has been allocated to more than one individual, the record must show clearly how that responsibility is allocated between the individuals.

(4) The record must be retained for six years from the date on which it was established or superseded by a more up-to-date record.

3.3 Systems and controls

General requirement

3.3.1 (1) An Authorised Person must establish and maintain systems and controls, including but not limited to financial and risk systems and controls, that ensure that its affairs are managed effectively and responsibly by its senior management.

(2) An Authorised Person must undertake regular reviews of its systems and controls.

Guidance

The nature and extent of the systems and controls of an Authorised Person will depend upon a variety of factors including the nature, scale and complexity of its business. While all Authorised Persons, irrespective of the nature, scale, and complexity of their business and legal structure or organisation need to comply with this Chapter, the Regulator will take into account these factors and the differences that exist between Authorised Person when assessing the adequacy of an Authorised Person's systems and controls. Nevertheless, neither these factors nor the differences relieve an Authorised Person from compliance with its regulatory obligations.

Organisation

3.3.2 (1) An Authorised Person must establish and implement, taking due account of the nature, scale and complexity of its business and structure, adequate measures to ensure that:

(a) the roles and responsibilities assigned to its Governing Body and the members of that body, senior management and Persons Undertaking Key Control Functions are clearly defined;

(b) there are clear reporting lines applicable to the individuals undertaking those functions; and

(c) the roles, responsibilities and reporting lines referred to in (a) and (b) are documented and communicated to all relevant Employees.

(2) An Authorised Person must ensure that any Employee who will be delivering Regulated Activities to its Customers is clearly identified, together with his respective lines of accountability and supervision.

(3) An Authorised Person which is conducting Investment Business or the Regulated Activities of Acting as the Administrator of a Collective Investment Fund or Providing Trust Services must ensure it makes publically available details of any

Employee who delivers Regulated Activities to its Customers, by including such information:

(a) in a register, maintained by the Authorised Person at its place of business and open for inspection during business hours; or

(b) on the website of the Authorised Person.

(4) An Authorised Person referred to in (3), must have complete and up to date information on its register or website, including:

(a) the date on which the relevant Employee commenced delivering of Regulated Activities to Customers; and

(b) the Regulated Activities which that Employee is permitted by the Authorised Person to deliver to Customers.

Guidance

1. The term Employee is defined in the Glossary ("**GLO**") widely and includes members of the Governing Body or Directors and Senior Managers of the Authorised Person. Therefore, the requirements relating to Employees in Rules 3.3.19, 3.3.20, 3.3.21 and 3.3.42 apply to all Employees including those across the organisation.

2. The division of responsibilities between the Governing Body and the senior management should be clearly established and set out in writing. In assigning duties, the Governing Body should take care that no one individual has unfettered powers in making material decisions.

3. Members of the Governing Body may include individuals undertaking senior management functions (such as the chief executive of the firm) and Persons Undertaking Key Control Functions. In assigning specific functions to such individuals, care should be taken to ensure that the integrity and effectiveness of the functions they are to perform are not compromised. For example, if the chairperson of the Governing Body is also the chief executive officer of the Authorised Person, the Governing Body should ensure that the performance assessment of that individual in his roles should be undertaken by a senior non-executive member of the Governing Body or a skilled person.

4. Persons Undertaking Key Control Functions are defined in GLO in an inclusive manner to encompass Persons such as the heads of risk control, compliance and internal audit functions. In the case of an Insurer, the Actuary also is a Person who Undertakes a Key Control Function.

5. An example of an Employee providing Regulated Activities to a Customer is a client relationship manager employed by an Authorised Person providing wealth management services. In contrast, an Employee who may be employed in the back office of an Authorised Person with responsibility for setting up Client Accounts would not be client facing.

3.3.3 An Authorised Person must ensure that key duties and functions are segregated. Such segregation must ensure that the duties and functions to be performed by the same individual do not conflict with each other, thereby impairing the effective discharge of those functions by the relevant individuals (such as undetected errors or any abuse of positions) and thus exposing the Authorised Person or its Customers or users to inappropriate risks.

Risk management

3.3.4 An Authorised Person must establish and maintain risk management systems and controls to enable it to identify, assess, mitigate, control and monitor its risks.

3.3.5 An Authorised Person must develop, implement and maintain policies and procedures to manage the risks to which the Authorised Person and where applicable, its Customers or users, are exposed.

3.3.6 (1) An Authorised Person must appoint an individual to advise its Governing Body and senior management of such risks.

(2) An Authorised Person which is part of a Group should be aware of the implications of any Group wide risk policy and systems and controls regime.

Compliance

3.3.7 An Authorised Person must establish and maintain compliance arrangements, including processes and procedures that ensure and evidence, as far as reasonably practicable, that the Authorised Person complies with all Regulations and Rules.

3.3.8 An Authorised Person must document the organisation, responsibilities and procedures of the compliance function.

3.3.9 An Authorised Person must ensure that the Compliance Officer has access to sufficient resources, including an adequate number of competent staff, to perform his duties objectively and independently of operational and business functions.

3.3.10 An Authorised Person must ensure that the Compliance Officer has unrestricted access to relevant records and to the Authorised Person's Governing Body and senior management.

3.3.11 An Authorised Person must establish and maintain monitoring and reporting processes and procedures to ensure that any compliance breaches are readily identified, reported and promptly acted upon.

3.3.12 An Authorised Person must document the monitoring and reporting processes and procedures as well as keep records of breaches of any of Regulations and Rules.

Internal audit

3.3.13 (1) An Authorised Person must establish and maintain an internal audit function with responsibility for monitoring the appropriateness and effectiveness of its systems and controls.

(2) The internal audit function must be independent from operational and business functions.

3.3.14 An Authorised Person must ensure that its internal audit function has unrestricted access to all relevant records and recourse when needed to the Authorised Person's Governing Body or the relevant committee, established by its Governing Body for this purpose.

3.3.15 An Authorised Person must document the organisation, responsibilities and procedures of the internal audit function.

Business plan and strategy

3.3.16 (1) An Authorised Person must produce a business plan which enables it, amongst other things, to manage the risks to which it and its Customers are exposed.

(2) The business plan must take into account the Authorised Person's current business activities and the business activities forecast for the next twelve months and, additionally, inform the IRAP and the ICAAP where the Authorised Person is required to undertake them under Chapter 10 of PRU.

(3) The business plan must be documented and updated as appropriate to take account of changes in the business environment and to reflect changes in and the complexities of the business of the Authorised Person.

Management information

3.3.17 An Authorised Person must establish and maintain arrangements to provide its Governing Body and senior management with the information necessary to organise, monitor and control its activities, to comply with the Regulations and Rules and to manage risks. The information must be relevant, accurate, comprehensive, timely and reliable.

Staff and agents

3.3.18 An Authorised Person must establish and maintain systems and controls that enable it to satisfy itself of the suitability of anyone who acts for it.

3.3.19 (1) An Authorised Person must ensure, as far as reasonably practical, that its Employees are:

(a) fit and proper;

(b) competent and capable of performing the functions which are to be assigned to those Employees; and

(c) trained in the requirements of the Regulations and Rules.

(2) An Authorised Person must establish and maintain systems and controls to comply with (1). An Authorised Person must be able to demonstrate that it has complied with these requirements through appropriate measures, including the maintenance of relevant records.

Guidance

1. When considering whether an Employee is fit and proper, competent and capable, an Authorised Person should consider any training undertaken or required by an Employee, the nature of the Clients to whom an Employee provides Regulated Activities, and the type of activities performed by an Employee in the provision of such Regulated Activities including any interface with Clients.

2. When assessing the fitness and propriety of Employees, an Authorised Person should be guided by the matters set out in the GPM and should also monitor conflicts or potential conflicts of interest arising from all of the individual's links and activities.

3. When assessing the competence and capability of an Employee, an Authorised Person should:

a. obtain details of the skills, knowledge and experience of the Employee relevant to the nature and requirements of the role;

b. take reasonable steps to verify the relevance, accuracy and authenticity of any information obtained;

c. determine, in light of the Employee's relevant skills, knowledge and experience, that the Employee is competent and capable of fulfilling the duties of the role; and

d. consider the level of responsibility that the Employee will assume within the Authorised Person, including whether the Employee will be providing Regulated Activities to Retail Clients in an interfacing role.

4. An Authorised Person should also satisfy itself that an Employee:

a. continues to be competent and capable of performing the role;

b. has kept abreast of market, product, technology, legislative and regulatory developments that are relevant to the role, through training or other means; and

c. is able to apply his knowledge.

5. Refer to the GPM for criteria for suitability of members of the Governing Body of the Authorised Person.

Conduct

3.3.20 An Authorised Person must establish and maintain systems and controls that ensure, as far as reasonably practical, that the Authorised Person and their Employees do not engage in conduct, or facilitate others to engage in conduct, which may constitute:

(1) market misconduct; or

(2) a Financial Crime under any applicable U.A.E. laws.

Conflicts of Interest

3.3.21 An Authorised Person must comply with Principle 7 as outlined in Rule 2.2.7, taking all reasonable steps to identify conflicts of interest between:

(1) the Authorised Person, including its managers, Employees and Clients, or any person directly or indirectly linked to them by control; or

(2) one Client of the Authorised Person and another Client,

that arises or may arise in the course of the Authorised Person providing any Regulated Activities.

3.3.22 For the purposes of identifying the types of conflict of interest that arise, or may arise, in the course of providing a service and whose existence may entail a material risk of damage to the interests of a Client, an Authorised Person must take into account, as a

minimum, whether the Authorised Person or a person directly or indirectly linked by control to the Authorised Person:

(1) is likely to make a financial gain, or avoid a financial loss, at the expense of the Client;

(2) has an interest in the outcome of a service provided to the Client or of a Transaction carried out on behalf of the Client, which is distinct from the Client's interest in that outcome;

(3) has a financial or other incentive to favour the interest of another Client or group of Clients over the interests of the Client;

(4) carries on the same business as the Client; or

(5) receives or will receive from a person other than the Client an inducement in relation to a service provided to the Client, in the form of monies, goods or services, other than the standard Commission or Fee for that service.

3.3.23 If arrangements made by an Authorised Person to manage conflicts of interest in accordance with Principle 7 are not sufficient to ensure, with reasonable confidence, that risks of damage to the interests of a Client will be prevented, the Authorised Person must clearly disclose the general nature and/or sources of conflicts of interest to the Client before undertaking business for the Client.

3.3.24 The disclosure in Rule 3.3.23 must:

(1) be made in a durable medium; and

(2) include sufficient detail, taking into account the nature of the Client, to enable that Client to take an informed decision with respect to the service in the context of which the conflict of interest arises.

Information barriers

3.3.25 When an Authorised Person establishes and Maintains an information barrier (that is, an arrangement that requires information held by an Authorised Person in the course of carrying on one part of the business to be withheld from, or not to be used for, persons with or for whom its acts in the course of carrying on another part of its business) it may:

(1) withhold or not use the information held; and

(2) for that purpose, permit persons employed in the first part of its business to withhold the information held from those employed in that other part of the business,

but only to the extent that the business of one of those parts involves the carrying on of Regulated Activities or ancillary activities.

3.3.26 Information may also be withheld or not used by an Authorised Person when this is required by an established arrangement Maintained between different parts of the business (of any kind) in the same group. This provision does not affect any requirement to transmit or use information that may arise apart from the rules in COBS.

3.3.27 For the purposes of this Rule, "Maintains" includes taking reasonable steps to ensure that the arrangements remain effective and are adequately monitored, and must be interpreted accordingly.

3.3.28 Acting in conformity with Rule 3.3.25 does not amount to Market Abuse.

3.3.29 When any of the rules of COBS apply to an Authorised Person that acts with knowledge, the Authorised Person will not be taken to act with knowledge for the purposes of that rule if none of the relevant individuals involved on behalf of the Authorised Person acts with that knowledge as a result of arrangements established under Rule 3.3.25.

3.3.30 When an Authorised Person manages a conflict of interest using the arrangements in Rule 3.3.25 which take the form of an information barrier, individuals on the other side of the wall will not be regarded as being in possession of knowledge denied to them as a result of the information barrier.

Outsourcing

3.3.31 (1) An Authorised Person which outsources any of its functions or activities directly related to Regulated Activities to service providers (including within its Group) is not relieved of its regulatory obligations and remains responsible for compliance with the Regulations and Rules.

(2) The outsourced function under this Rule shall be deemed as being carried out by the Authorised Person itself.

(3) An Authorised Person which uses such service providers must ensure that it:

(a) has undertaken due diligence in choosing suitable service providers;

(b) effectively supervises the outsourced functions or activities; and

(c) deals effectively with any act or failure to act by the service provider that leads, or might lead, to a breach of any Regulations or Rules.

3.3.32 (1) An Authorised Person must inform the Regulator about any material outsourcing arrangements.

(2) An Authorised Person which has a material outsourcing arrangement must:

(a) establish and maintain comprehensive outsourcing policies, contingency plans and outsourcing risk management programmes;

(b) enter into an appropriate and written outsourcing contract; and

(c) ensure that the outsourcing arrangements neither reduce its ability to fulfil its obligations to Customers and the Regulator, nor hinder supervision of the Authorised Person by the Regulator.

(3) An Authorised Person must ensure that the terms of its outsourcing contract with each service provider under a material outsourcing arrangement require the service provider to:

(a) provide for the provision of information under Rule 8.1 in relation to the Authorised Person and access to their business premises; and

(b) deal in an open and co-operative way with the Regulator.

Guidance

1. An Authorised Person's outsourcing arrangements should include consideration of:

a. applicable guiding principles for outsourcing in financial services issued by the Basel Committee on Banking Supervision, IOSCO or any other international body promulgating standards for outsourcing by Financial Institutions; or

b. any equivalent principles or regulations the Authorised Person is subject to in its home country jurisdiction.

2. An outsourcing arrangement would be considered to be material if it is a service of such importance that weakness or failure of that service would cast serious doubt on the Authorised Person's continuing ability to remain fit and proper or to comply with the Regulator's administered Regulations and Rules.

Business continuity and disaster recovery

3.3.33 (1) An Authorised Person must have in place adequate arrangements to ensure that they can continue to function and meet their obligations under the Regulations and Rules in the event of an unforeseen interruption.

(2) These arrangements must be kept up to date and regularly tested to ensure their effectiveness.

Guidance

1. In considering the adequacy of an Authorised Person's business continuity arrangements, the Regulator will have regard to the Authorised Person's management of the Specific Risks arising from interruptions to its business including its crisis management and disaster recovery plans.

2. The Regulator expects an Authorised Person to have:

   a. arrangements which establish and maintain the Authorised Person's physical security and protection for its information systems for business continuity purposes in the event of planned or unplanned information system interruption or other events that impact on its operations;

   b. considered its primary data centres' and business operations' reliance on infrastructure components, for example transportation, telecommunications networks and utilities and made the necessary arrangements to minimise the risk of interruption to its operations by arranging backup of infrastructure components and service providers; and

   c. considered, in its plans for dealing with a major interruption to its primary data centre or business operations, its alternative data centres' and business operations' reliance on infrastructure components and made the necessary arrangements such that these do not rely on the same infrastructure components and the same service provider as the primary data centres and operations.

Records

3.3.34 (1) An Authorised Person must make and retain records of matters and dealings, including Accounting Records and corporate governance practices which are the subject of requirements and standards under the Regulations and Rules.

(2) Such records, however stored, must be capable of reproduction on paper within a reasonable period not exceeding three Business Days.

3.3.35 Subject to Rule 3.3.36, the records required by Rule 3.3.34 or by any other Rule in this Rulebook must be maintained by the Authorised Person in the English language.

3.3.36 If an Authorised Person's records relate to business carried on from an establishment in a country or territory outside the ADGM, an official language of that country or territory may be used instead of the English language as required by Rule 3.3.35.

3.3.37 An Authorised Person must have systems and controls to fulfil the Authorised Person's legal and regulatory obligations with respect to adequacy, access, period of retention and security of records.

Fraud

3.3.38 An Authorised Person must establish and maintain effective systems and controls to:

(1) deter and prevent suspected fraud against the Authorised Person; and

(2) report suspected fraud and other Financial Crimes to the relevant authorities.

3.3.39 An Authorised Person must ensure that the systems and controls established and maintained in accordance with Rule 3.3.38:

(1) enable it to identify, assess, monitor and manage Money Laundering Risk; and

(2) are comprehensive and proportionate to the nature, scale and complexity of its activities.

3.3.40 In Rule 3.3.39(1), "Money Laundering Risk" is the risk that an Authorised Person may be used to further money laundering. In identifying its Money Laundering Risk and establishing the necessary systems and controls, an Authorised Person should consider a range of factors, including:

(1) its Customer, product and activity profiles;

(2) its distribution channels;

(3) the complexity and volume of its Transactions;

(4) its processes and systems; and

(5) its operating environment.

Corporate Governance

3.3.41 (1) An Authorised Person must have a Governing Body and senior management that meet the requirements in (2) and (3) respectively.

(2) The Governing Body of the Authorised Person must:

(a) be clearly responsible for setting or approving (or both) the business objectives of the Authorised Person and the strategies for achieving those objectives and for providing effective oversight of the management of the Authorised Person;

(b) comprise an adequate number and mix of individuals who have, among them, the relevant knowledge, skills, expertise and time commitment

necessary to effectively carry out the duties and functions of the Governing Body; and

(c) have adequate powers and resources, including its own governance practices and procedures, to enable it to discharge those duties and functions effectively.

(3) The senior management of the Authorised Person must be clearly responsible for the day-to-day management of the Authorised Person's business in accordance with the business objectives and strategies approved or set by the Governing Body.

Guidance

Scope of corporate governance

1. Corporate governance is a framework of systems, policies, procedures and controls through which an entity:

   a. promotes the sound and prudent management of its business;

   b. protects the interests of its Customers and stakeholders; and

   c. places clear responsibility for achieving Rule 3.3.41(2)(a) and (3) on the Governing Body and its members and the senior management of the Authorised Person.

2. Many requirements designed to ensure sound corporate governance of companies, such as those relating to shareholder and minority protection and responsibilities of the Board of Directors of companies, are found in the company laws and apply to Authorised Persons. Additional disclosure requirements also apply if they are listed companies. The requirements in this Rulebook are tailored to Authorised Persons and are designed to augment and not to exclude the application of those requirements.

3. Whilst Rule 3.3.41 deals with two aspects of corporate governance, the requirements included in other provisions under Rules 3.2 and 3.3 also go to the heart of sound corporate governance by promoting prudent and sound management of the Authorised Person’s business in the interest of its Customers and stakeholders. These requirements together are designed to promote sound corporate governance practices in Authorised Persons whilst also providing a greater degree of flexibility for Authorised Persons in establishing and implementing a corporate governance framework that are both appropriate and practicable to suit their operations.

4. Stakeholder groups of an Authorised Person, who would benefit from the sound and prudent management of Authorised Persons, can be varied but generally encompass its owners (e.g. its shareholders), Customers, creditors, Counterparties and Employees, whose interests may not necessarily be mutually coextensive. A key objective in enhancing corporate governance standards applicable to Authorised Persons is to ensure that they are soundly and prudently managed, with the primary regard being had to its Customers.

Proportionate application to Authorised Persons depending on the nature of their business

5. One of the key considerations that underpins how the corporate governance requirements set out in Rule 3.3.41 apply to an Authorised Person is the nature, scale and complexity of the Authorised Person's business, and its organisational structure.

6. While requiring Banks, Insurers and dealers to have more detailed and complex corporate governance systems and controls, simpler systems and procedures could be required for other Authorised Persons, depending on the nature and scale of their Regulated Activities. For example, in the case of certain types of Category 4 Regulated Activity providers such as arranging or advising only Authorised Persons, less extensive and simpler corporate governance systems and procedures may be sufficient to meet their corporate governance obligations.

7. For example, an Authorised Person which is a small scale operation with a tightly held ownership structure may not have a Governing Body which comprises members who are fully independent of the Authorised Person's business and from each other, nor be sufficiently large to be able to form numerous committees of the Governing Body to undertake various functions such as nomination and Remuneration. In such cases, whilst strict adherence to such aspects of best practice would not be required, overall measures as appropriate to achieve the sound and prudent management of the business would be needed. For example, an Authorised Person with no regulatory track record would be expected to have additional corporate governance controls in place to ensure the sound and prudent management of its business, such as the appointment of an independent Director (who has relevant regulatory experience) to its Governing Body.

Application to Branches and Groups

8. As part of the flexible and proportionate application of corporate governance standards to Authorised Persons, whether an Authorised Person is a Branch or a Subsidiary within a Group is also taken into account. An Authorised Person which is a member of a Group may, instead of developing its own corporate governance policies, adopt Group-wide corporate governance standards. However, the

Governing Body of the Authorised Person should consider whether those standards are appropriate for the Authorised Person, and to the extent possible, make any changes as necessary.

9. In the case of a Branch, corporate governance practices adopted at the head office would generally apply to the Branch and are expected to be adequate. The Regulator considers, as part of its authorisation of a Branch and on-going supervision, the adequacy of regulatory and supervisory arrangements applicable in the home jurisdiction, including a corporate governance framework adopted and implemented by the head office (see the GPM).

Best practice relating to corporate governance

10. In addition to the considerations noted above, best practice that an Authorised Person may adopt to achieve compliance with the applicable corporate governance standards is set out in Guidance at Appendix 1.1. An Authorised Person may, where the best practice set out in Appendix 1.1 is not suited to its particular business or structure, deviate from such best practice or any aspects thereof. The Regulator will expect the Authorised Person to demonstrate to the Regulator, upon request, what the deviations are and why such deviations are considered by the Authorised Person to be appropriate.

Remuneration structure and strategies

3.3.42 (1) The Governing Body of an Authorised Person must ensure that the Remuneration structure and strategy of that Authorised Person:

(a) are consistent with the business objectives and strategies and the identified risk parameters within which the Authorised Person's business is to be conducted;

(b) provide for effective alignment of risk outcomes and the roles and functions of the Employees, taking account of:

(i) the nature of the roles and functions of the relevant Employees; and

(ii) whether the actions of the Employees may expose the Authorised Person to unacceptable financial, reputational and other risks;

(c) at a minimum, include the members of its Governing Body, the senior management, Persons Undertaking Key Control Functions and any Major Risk-Taking Employees; and

(d) are implemented and monitored to ensure that they operate, on an on-going basis, effectively and as intended.

(2) The Governing Body must provide to the Regulator and relevant stakeholders sufficient information about its Remuneration structure and strategies to demonstrate that such structure and strategies meet the requirements in (1) on an on-going basis.

(3) For the purposes of this Rule, "Major Risk-Taking Employees" are Employees whose actions have a material impact on the risk exposure of the Authorised Person.

Guidance

Proportionate application to Authorised Persons depending on the nature of their business

1. Those considerations set out in Guidance items 5 – 7 under Rule 3.3.41 apply equally to the way in which the Remuneration structure and strategies related requirement in Rule 3.3.42 is designed to apply to an Authorised Person. Accordingly, whilst most Category 4 Authorised Persons may have simple arrangements to achieve the outcome of aligning performance outcomes and risks associated with Remuneration structure and strategies, Banks, Insurers and dealers are expected to have more stringent measures to address such risks.

Application to Branches and Groups

2. As part of the flexible and proportionate application of corporate governance standards to Authorised Persons, whether an Authorised Person is a Branch or a Subsidiary within a Group is also taken into account. As such, the considerations noted in Guidance items 8 – 9 under Rule 3.3.41 apply equally to the application of the Remuneration related requirements for Branches and Groups. For example, where an Authorised Person is a member of a Group, its Governing Body should consider whether the Group wide policies, such as those relating to the Employees covered under the Remuneration strategy and the disclosure relating to Remuneration made at the Group level are adequate to meet its obligations under Rule 3.3.42.

Best practice relating to corporate governance

3. In addition to the considerations noted above, best practice that an Authorised Person may adopt to promote sound Remuneration structure and strategies within the Authorised Person is set out as Guidance at Appendix 1.2. Where such best practice or any aspects thereof are not suited to a particular Authorised Person's business or structure, it may deviate from such best practice. The

Regulator will expect the Authorised Person to demonstrate, upon request, what the deviations are and why such deviations are considered appropriate.

Disclosure of information relating to Remuneration structure and strategy

4. The information which an Authorised Person provides to the Regulator relating to its Remuneration structure and strategies should be included in the annual report or accounting statements. The Regulator expects the annual report of Authorised Persons to include, at a minimum, information relating to:

   a. the decision making process used to determine the Authorised Person-wide Remuneration policy (such as by a Remuneration committee or an external consultant if any, or by the Governing Body);

   b. the most important elements of its Remuneration structure (such as, in the case of performance based Remuneration, the link between pay and performance and the relevant assessment criteria); and

   c. aggregate quantitative information on Remuneration of its Governing Body, the senior management, Persons Undertaking Key Control Functions and any Major Risk-Taking Employees.

5. The Regulator may, pursuant to its supervisory powers, require additional information relating to the Remuneration structure and strategy of an Authorised Person to assess whether the general elements relating to Remuneration under Rule 3.3.42(1) are met by the Authorised Person. Any significant changes to the Remuneration structure and strategy should also be notified to the Regulator before being implemented.

6. The information included in the annual report is made available to the Regulator and the shareholders, and in the case of a listed company, to the public. The Governing Body of the Authorised Person should also consider what additional information should be included in the annual report. In the case of Banks, Insurers and dealers, more detailed disclosure of Remuneration structure and strategy and its impact on the financial soundness of the Authorised Person would be required. When providing disclosure relating to Remuneration in its annual report, Authorised Persons should take account of the legal obligations that apply to them including the confidentiality of information obligations.

4. GENERAL PROVISIONS

4.1 Application

4.1.1 (1) Rules 4.2 and 4.8 apply to every Person to whom any provision in the Rulebook applies.

(2) Rule 4.4 applies to every Authorised Person and Recognised Body.

(3) Rules 4.5 and 4.6 apply to every Authorised Person, Recognised Body and Person who has submitted an application for authorisation to carry on one or more Regulated Activities.

(4) Rule 4.7 applies to the Regulator.

(5) This Chapter does not apply to a Representative Office.

4.2 Interpreting the Rulebook

Guidance

Interpretation

1. Every provision in the Rulebook must be interpreted in the light of its purpose. The purpose of any provision is to be gathered first and foremost from the text of the provision in question and its context among other relevant provisions.

2. When this Rule refers to a provision, this means every type of provision, including Rules and Guidance.

3. Where reference is made in the Rulebook to another provision of the Rulebook or other Regulations and Rules, it is a reference to that provision as amended from time to time.

4. Unless the contrary intention appears:

   a. words in the Rulebook importing the masculine gender include the feminine gender and words importing the feminine gender include the masculine; and

   b. words in the Rulebook in the singular include the plural and words in the plural include the singular.

5. If a provision in the Rulebook refers to a communication, notice, agreement, or other Document 'in writing' then, unless the contrary intention appears, it means in legible form and capable of being reproduced on paper, irrespective of the medium used. Expressions related to writing must be interpreted accordingly.

6. Any reference to 'dollars' or '$' is a reference to United States Dollars unless the contrary intention appears.

7. References to sections made throughout the Rulebook are references to sections in the FSMR unless otherwise stated.

8. Unless stated otherwise, a day means a calendar day. If an obligation falls on a calendar day which is either a Friday or Saturday or an official State holiday in the ADGM, the obligation must take place on the next calendar day which is a Business Day.

Defined Terms

9. Defined terms are identified throughout the Rulebook by the capitalisation of the initial letter of a word or of each word in a phrase and are defined in GLO, however, where a word or phrase is used only in a prudential context in PRU then for convenience purposes it is also defined under Rule 1.2.1 of PRU. Unless the context otherwise requires, where capitalisation of the initial letter is not used, an expression has its natural meaning.

4.3 Emergency

4.3.1 (1) If an Authorised Person or Recognised Body is unable to comply with a particular Rule due to an emergency which is outside its or its Employees' control and could not have been avoided by taking all reasonable steps, the Authorised Person or Recognised Body will not be in Contravention of that Rule to the extent that, in consequence of the emergency, compliance with that Rule is impractical.

(2) This Rule applies only for so long as the consequences of the emergency continue and the Authorised Person or Recognised Body is able demonstrate that it is taking all practical steps to deal with those consequences, to comply with the Rule, and to mitigate losses and potential losses to its Customers or users.

(3) An Authorised Person or Recognised Body must notify the Regulator as soon as practical of the emergency and of the steps it is taking and proposes to take to deal with the consequences of the emergency.

Guidance

1. Procedures for notification to the Regulator are set out in Rule 8.11.

2. The provisions in Rule 4.3.1 do not affect the powers of the Regulator under section 1(1) and (2) of the FSMR.

4.4 Disclosure of regulatory status

4.4.1 Neither an Authorised Person nor a Recognised Body must misrepresent its status expressly or by implication.

(1) Each Authorised Person and Recognised Body must take reasonable care to ensure that every key business Document which is made available to third parties in connection with the Authorised Person or Recognised Body carrying on a Regulated Activity, or activity set out under a Recognition Order, in or from the ADGM includes one of the disclosures under this Rule.

(2) A key business Document includes letterhead whether issued by post, fax or electronic means, terms of business, Client Agreements, written promotional materials, business cards, Prospectuses and websites but does not include compliment slips, account statements or text messages.

(3) The disclosure required under this Rule is: 'Regulated by the ADGM Financial Services Regulatory Authority'.

(4) The Regulator's logo must not be reproduced without express written permission from the Regulator and in accordance with any conditions for use.

(5) Rules 4.4.1(1) to (4) also apply to the operation and administration of an Official List of Securities by a Recognised Body.

4.5 Location of offices

4.5.1 (1) Where an Authorised Person, a Recognised Body or a Person who has submitted an application for authorisation to carry on one or more Regulated Activities, or activities set out under a Recognition Order, is a Body Corporate incorporated in the ADGM, its head office and registered office must be in the ADGM.

(2) Where an Authorised Person, a Recognised Body or a Person who has submitted an application for authorisation to carry on one or more Regulated Activities, is a Partnership established under the Limited Liability Partnership Regulations 2015 or the Partnership Act 1890, its head office must be in the ADGM.

Guidance

1. In considering the location of an Authorised Person or Recognised Body's head office, the Regulator will have regard to the location of its Directors, partners and senior management and to the main location of its day-to-day operational, control, management and administrative arrangements and will judge matters on a case by case basis.

2. Under the fit and proper test for Authorised Persons or the Recognition Requirements for Recognised Bodies, an Authorised Person or Recognised Body which does not satisfy the Regulator with respect to the location of its offices will, on this point alone not be considered fit and proper or able to satisfy the Recognition Requirements.

4.6 Close links

4.6.1 (1) Where an Authorised Person, Recognised Body or a Person who has submitted an application for authorisation to carry on one or more Regulated Activities has Close Links with another Person, the Regulator must be satisfied that those Close Links are not likely to prevent the effective supervision by the Regulator of the Authorised Person or Recognised Body.

(2) In assessing whether the Close Links between an Authorised Person, Recognised body or a Person who has submitted an application under (1), with another person will not prevent the effective supervision by the Regulator of that Authorised Person, Recognised Body or Person, the Regulator will consider:

(a) the nature of the relationship between the Authorised Person, Recognised Body or Person and the person with whom they have Close Links;

(b) whether those Close Links are, or that relationship is, likely to prevent the Regulator's effective supervision of the Authorised Person, Recognised Body or Person; and

(c) if the person with whom the Authorised Person, Recognised Body or Person has Close Links is subject to the laws, regulations or administrative provisions of a country, territory or jurisdiction other than the ADGM, (the "Foreign Provisions"), whether those Foreign Provisions, or any deficiency in their enforcement, would prevent the Regulator's effective supervision of the Authorised Person, Recognised Body or Person.

(3) If requested by the Regulator the Authorised Person or Recognised Body must submit a Close Links report or notification, in a form specified by the Regulator. This may be requested on an ad hoc or periodic basis.

Guidance

1. Procedures for notification to the Regulator are set out in Rule 8.11.

2. Under the fit and proper test for Authorised Persons and the requirements for a Financial Services Permission to be granted to Recognised Bodies, an Authorised Person or Recognised Body which does not satisfy the Regulator with respect of

its Close Links will, on this point alone, not be considered fit and proper or able to satisfy the Recognition Requirements.

4.7 Public records

Maintenance and publication

4.7.1 The records required to be maintained and published by the Regulator pursuant to section 196 of the FSMR shall be published and maintained in either or both of the following manners:

(1) by maintaining hard copy records which are made available for inspection at the premises of the Regulator during normal business hours; or

(2) by maintaining an electronic version of the records and making the information from those records available through the Regulator's website.

4.8 Communication with the Regulator

4.8.1 An Authorised Person and Recognised Body must ensure that any communication with the Regulator is conducted in the English language.

5. AUTHORISATION AND THRESHOLD CONDITIONS

5.1 Application

5.1.1 (1) This Chapter applies, subject to (2), to every Person who is:

(a) an Authorised Person;

(b) an applicant for a Financial Services Permission;

(c) an Approved Person;

(d) an applicant for Approved Person status;

(e) a Recognised Person;

(f) an applicant for Recognised Person status; or

(g) a Controller of a Person referred to in (a) or (b).

(2) This Chapter does not apply to Recognised Bodies or operators of a Representative Office.

(3) Upon the granting of a Financial Services Permission to an applicant, such applicant will be required to satisfy the requirements of the provisions in this Chapter on an on-going basis.

Guidance

1. This Chapter outlines the authorisation requirements for an Authorised Person, an Approved Person and a Recognised Person

2. The Regulator's requirements for authorisation of:

   a. Recognised Bodies are covered by MIR; and

   b. Representative Offices are covered by Chapter 9.

3. This Chapter should be read in conjunction with the GPM which sets out the Regulator's general regulatory policy and processes. Some additional processes may be outlined in other Chapters of this Rulebook.

4. The GPM sets out the Regulator's approach to the authorisation of Undertakings and individuals to conduct Regulated Activities, Controlled Functions or Recognised Functions, as the case may be.

5.2 Application for a Financial Services Permission

5.2.1 A Person who intends to carry on one or more Regulated Activities in or from the ADGM must apply to the Regulator for a Financial Services Permission, in accordance with the provisions in this Rule. Where the Person becomes aware of a material change in circumstances that is reasonably likely to be relevant to such an application whilst it is under consideration by the Regulator, then it must inform the Regulator in writing of the change without delay.

5.2.2 (1) The Regulator will only consider an application for a Financial Services Permission from a Person who, subject to (2), (3) and (4), is:

(a) a Body Corporate; or

(b) a Partnership;

and who is not a Recognised Body.

(2) If the application is in respect of either or both of the following Regulated Activities:

(a) Effecting Contracts of Insurance; or

(b) Carrying Out Contracts of Insurance as Principal;

the applicant must be a Body Corporate.

(3) If the application is in respect of the Regulated Activity of Accepting Deposits, the applicant must be a Body Corporate or a Partnership.

(4) If the application is in respect of the Regulated Activity of Acting as the Trustee of an Investment Trust, the applicant must be a Body Corporate.

Guidance

The GPM sets out matters which the Regulator takes into consideration when making an assessment under Rule 5.2.2.

Carrying on service with or for a Retail Client

5.2.3 The following requirements must be met by an Authorised Person applying for a Financial Services Permission to carry on a Regulated Activity with or for a Retail Client:

(1) the applicant must have adequate systems and controls for carrying on Regulated Activities with or for a Retail Client;

(2) the applicant must have adequate systems and controls (including policies and procedures) to ensure compliance with the requirements in COBS relevant to Retail Clients;

(3) the applicant must have adequate systems and controls to ensure that its Employees remain competent and capable to perform the functions which are assigned to them, in particular, functions that involve dealing with Retail Clients; and

(4) the applicant must have adequate Complaints handling policies and procedures.

Acting as a Trade Repository

5.2.4 The requirements in Appendix 2 must be met by an Authorised Person whose Financial Services Permission, or Recognised Body whose Recognition Order, includes a designation permitting the Authorised Person or Recognised Body to maintain a Trade Repository.

Guidance

1. Maintaining a Trade Repository is not a separate Regulated Activity but may be carried on by an Authorised Person or Recognised Body which has a Financial Services Permission, or Recognition Order with a designation permitting it to do so. An Authorised Person or Recognised Body maintaining a Trade Repository is subject to some specific requirements relating to that activity, which are set out in Appendix 2.

2. The functions of a Trade Repository promote increased transparency and integrity of information, particularly for centrally cleared OTC Derivatives. Transaction reporting requirements in the ADGM exist in section 146 of the FSMR which require reporting to Trade Repositories. These requirements are yet to be triggered by the Regulator.

3. An Authorised Person or Recognised Body does not carry on the activities of a Trade Repository to the extent that it maintains records of transactions pursuant to the record keeping requirements applicable to that Authorised Person or Recognised Body (such as those relating to transactions carried out on behalf of the Authorised Person's Clients, or transactions carried out on the facilities of a Recognised Body).

Persons Licensed by the Emirates Securities and Commodities Authority

5.2.5 A Person licensed by the Emirates Securities and Commodities Authority to trade on an U.A.E. exchange will not be granted a Financial Services Permission by the Regulator unless that Person has the prior approval of the Emirates Securities and Commodities Authority.

5.2.6 A Person applying for a Financial Services Permission must make an application in such form as the Regulator shall prescribe.

Guidance

A Person submitting an application under Rule 5.2.6 is required to:

a. pay the appropriate application fee as set out in FEES; and

b. include information relating to its Controllers, completed by the relevant Controllers themselves, in such form as the Regulator shall prescribe.

Consideration and assessment of applications

5.2.7 In order to become authorised to carry on one or more Regulated Activities, the applicant must demonstrate to the satisfaction of the Regulator that it:

(1) has adequate and appropriate resources, including financial resources;

(2) is fit and proper;

(3) is capable of being effectively supervised; and

(4) has adequate compliance arrangements, including policies and procedures, that will enable it to comply with all the applicable legal requirements, including the Rules.

Adequate and appropriate resources

5.2.8 (1) In assessing whether an applicant has adequate and appropriate financial resources, the Regulator will consider:

(a) how the applicant will comply with the applicable provisions of PRU or PIN;

(b) the provision the applicant makes, or, if the applicant is a member of a Group, which other members of the Group make, in respect of any liabilities, including contingent and future liabilities;

(c) the means by which the applicant or, if the applicant is a member of a Group, by which other members of the Group manage the incidence of risk in connection with their business;

(d) the rationale for, and basis of, the applicant's business plan;

(e) whether the applicant's assets are appropriate given the applicant's liabilities;

(f) the liquidity of the applicant's resources;

(g) the nature and scale of the business which will be carried on by the applicant;

(h) the risks to the continuity of the services which will be provided by the applicant;

(i) the applicant's membership of a Group and any effect which that membership may have; and

(j) whether the applicant is capable of meeting its debts as they fall due.

(2) In assessing whether an applicant has adequate and appropriate non-financial resources, the Regulator will consider:

(a) the skills and experience of those who will manage the applicant's affairs;

(b) the applicant's willingness and ability to value its assets and liabilities and its resources to identify, monitor, measure and take action to remove or reduce risks as to the accuracy of such valuation;

(c) the applicant's resources to identify, monitor, measure and take action to remove or reduce risks as to its safety and soundness;

(d) the effectiveness of the applicant's business management; and

(e) whether the applicant's non-financial resources are sufficient to enable the applicant to comply with:

(i) requirements imposed or likely to be imposed on the applicant by the Regulator in the exercise of its functions; or

(ii) any other requirement in relation to whose Contravention the Regulator would be concerned for the purpose of any provision of Part 19 of the FSMR.

Guidance

1. A Credit Rating Agency is not subject to PRU including capital requirements.

2. A Fund Manager of a Venture Capital Fund is not subject to PRU except 6.12 (professional indemnity insurance).

3. However both are required, pursuant to GEN Rules 2.2.4 and 5.2.8, to have and maintain adequate financial resources to manage its affairs prudently and soundly.

Fitness and propriety

5.2.9 (1) In assessing whether an applicant is fit and proper, the Regulator will consider:

(a) the fitness and propriety of the members of its Governing Body;

(b) the applicant's connection with any person or membership of any Group;

(c) the suitability of the applicant's Controllers or any other Person;

(d) the impact a Controller might have on the applicant's ability to comply with the applicable requirements;

(e) the Regulated Activities concerned and the risks to their continuity;

(f) the nature (including the scale and complexity) of the activities of the applicant and any associated risks that those activities pose to the Regulator's objectives described under section 1(3) of the FSMR;

(g) whether the applicant's business model will allow for its affairs and business to be conducted and managed in a sound and prudent manner, having regard in particular to the interests of consumers and the integrity of the ADGM;

(h) whether those who manage the applicant's affairs in accordance with (g) will have adequate skills and experience and will act with probity;

(i) any matter which may harm or may have harmed the integrity or the reputation of the Regulator or ADGM, including through the carrying on of a business by the applicant for a purpose connected with a Financial Crime; and

(j) any other relevant matters.

(2) The Regulator will, in assessing the matters in (1), consider the cumulative effect of factors which, if taken individually, may be regarded as insufficient to give reasonable cause to doubt the fitness and propriety of an applicant.

Effective supervision

5.2.10 (1) In assessing whether an applicant is capable of being effectively supervised by the Regulator, the Regulator will consider:

(a) the nature, including the complexity, of the Regulated Activities that the applicant will carry on;

(b) the complexity of any products that the applicant will provide in carrying on those activities;

(c) the way in which the applicant's business is organised;

(d) if the applicant is a member of a Group, whether membership of the Group is likely to prevent the Regulator's effective supervision of the applicant; and

(e) whether the applicant is subject to consolidated supervision.

Compliance arrangements

5.2.11 In assessing whether an applicant has adequate compliance arrangements, the Regulator will consider whether it has:

(1) clear and comprehensive policies and procedures relating to compliance with all applicable legal requirements including the Rules; and

(2) adequate means to implement those policies and procedures and monitor that they are operating effectively and as intended.

5.2.12 In assessing an application for a Financial Services Permission, the Regulator may:

(1) make any enquiries which it considers appropriate, including enquiries independent of the applicant;

(2) require the applicant to provide additional information;

(3) require the applicant to have information on how it intends to ensure compliance with a particular Rule;

(4) require any information provided by the applicant to be verified in any way that the Regulator specifies; and

(5) take into account any information which it considers relevant in determining whether the applicant will ensure compliance with requirements imposed by the Regulator in the exercise of its functions.

5.2.13 (1) In assessing an application for a Financial Services Permission the Regulator may, by means of written notice, indicate the legal form that the applicant may adopt to enable authorisation to be granted.

(2) Where the Regulator thinks it appropriate it may treat an application made by one legal form or Person as having been made by the new legal form or Person.

5.2.14 In assessing an application for a Financial Services Permission authorising the applicant to Operate a Multilateral Trading Facility or an Organised Trading Facility, the Regulator will have regard to, but is not limited to, considering the following matters:

(1) whether the establishment of a Multilateral Trading Facility or Organised Trading Facility is, or is likely to be, in the interests of the Financial Services and Markets industry;

(2) whether the Multilateral Trading Facility or Organised Trading Facility will or is likely to lead to more efficient price discovery of, or deepen liquidity in, an Investment; and

(3) whether there is any risk of market fragmentation, loss of liquidity or inefficiency in price discovery as a result of the proposed Multilateral Trading Facility or Organised Trading Facility operation.

5.3 Controlled Functions and Approved Persons

5.3.1 (1) Pursuant to Part 5 of the FSMR, the functions specified in Rules 5.3.2 to 5.3.4 are Controlled Functions.

(2) Performance of Controlled Functions are subject to approval by the Regulator.

(3) Where an individual who has been approved pursuant to Rule 5.3.1(2) has his Controlled Function withdrawn or varied, the Authorised Person must notify the Regulator in writing within 10 days of such withdrawal or variation.

(4) A Controlled Function shall not include a function performed by a registered insolvency practitioner (subject to the restrictions defined within section 289 of the Insolvency Regulations 2015) if the practitioner is:

(a) appointed as a receiver or administrative receiver within the meaning of Part 2 of the Insolvency Regulations 2015;

(b) appointed as a liquidator in relation to a members' voluntary Winding-Up within the meaning of Chapter 3 of Part 3 of the Insolvency Regulations 2015;

(c) appointed as a liquidator in relation to a creditors' voluntary Winding-Up within the meaning of Chapter 4 of Part 3 of the Insolvency Regulations 2015; or

(d) appointed as a liquidator or provisional liquidator in relation to a compulsory Winding-Up within the meanings of Chapter 6 of Part 3 of the Insolvency Regulations 2015.

(5) A Controlled Function shall not include a function performed by an individual appointed to act as manager of the business of an Authorised Person or Recognised Body.

Guidance

The Regulator will approve an Approved Person for the performance of Controlled Functions. However, the Regulator expects that the Authorised Person will carry out proper due diligence to satisfy itself that the individual will be able to carry out his role effectively, is fit and proper to do so, and that there are no conflicts of interest or that any actual or potential conflicts of interest are appropriately managed.

Senior Executive Officer

5.3.2 The Senior Executive Officer function is carried out by an individual who:

(1) has, either alone or jointly with other Approved Persons, ultimate responsibility for the day-to-day management, supervision and control of one or more (or all) parts of an Authorised Person's Regulated Activities carried on in or from the ADGM; and

(2) is a Director, Partner or Senior Manager of the Authorised Person.

Licensed Director

5.3.3 Subject to Rule 5.5.4, the Licensed Director function is carried out by an individual who is a Director of an Authorised Person which is a Body Corporate.

Licensed Partner

5.3.4 The Licensed Partner function is carried out, in the case of an Authorised Person which is a Partnership, by an individual specified in Rule 5.5.5.

5.3.5 An Approved Person may perform one or more Controlled Functions for one or more Authorised Persons. Carrying on a Controlled Function does not prevent a Person from also performing any Recognised Function.

Guidance

1. In considering whether to grant an individual Approved Person status with respect to more than one Authorised Person, the Regulator will consider each Controlled Function and any Recognised Function to be carried out and the allocation of

responsibility for that individual among the relevant Authorised Persons. In this situation the Regulator will need to be satisfied that the individual will be able to carry out his roles effectively, is fit and proper to do so, and that there are no conflicts of interest or that any actual or potential conflicts of interest are appropriately managed.

5.4 Recognised Functions and Recognised Persons

5.4.1 Pursuant to Part 5 of FSMR, the functions as listed in Rules 5.4.5 to 5.4.9 are Recognised Functions.

5.4.2 Performance of Recognised Functions shall be subject to approval by the relevant Authorised Person in respect of which the Recognised Function is to be performed.

5.4.3 Where an individual is approved pursuant to Rule 5.4.2 or has his Recognised Function varied, the Authorised Person must notify the Regulator in writing within 10 days of such approval or variation.

5.4.4 A Recognised Function shall not include a function performed by a registered insolvency practitioner (subject to the restrictions defined within section 289 of the Insolvency Regulations 2015) if the practitioner is:

(1) appointed as a receiver or administrative receiver within the meaning of Part 2 of the Insolvency Regulations 2015;

(2) appointed as a liquidator in relation to a members' voluntary Winding-Up within the meaning of Chapter 3 of Part 3 of the Insolvency Regulations 2015;

(3) appointed as a liquidator in relation to a creditors' voluntary Winding-Up within the meaning of Chapter 4 of Part 3 of the Insolvency Regulations 2015; or

(4) appointed as a liquidator or provisional liquidator in relation to a compulsory Winding-Up within the meanings of Chapter 6 of Part 3 of the Insolvency Regulations 2015.

Finance Officer

5.4.5 The Finance Officer function is carried out by an individual who is a Director, Partner or Senior Manager of an Authorised Person who has responsibility for the Authorised Person's compliance with the applicable Rules in PRU or PIN.

Compliance Officer

5.4.6 The Compliance Officer function is carried out by an individual who is a Director, Partner or Senior Manager of an Authorised Person who has responsibility for compliance matters in relation to the Authorised Person's Regulated Activities.

Senior Manager

5.4.7 The Senior Manager function is carried out by an individual who is responsible either alone or jointly with other individuals for the management, supervision or control of one or more parts of an Authorised Person's Regulated Activities who is:

(1) an Employee of the Authorised Person; and

(2) not a Director or Partner of the Authorised Person.

Guidance

In respect of a Fund, the Regulator would expect the Fund Manager to appoint at least one individual other than the Senior Executive Officer to carry out Senior Manager functions in relation to the Fund such as managing operational risk and other internal controls.

Money Laundering Reporting Officer

5.4.8 The Money Laundering Reporting Officer function is carried out by an individual who is a Director, Partner or Senior Manager of an Authorised Person and who has responsibility for the implementation of an Authorised Person's anti-money laundering policies, procedures, systems and controls and day to day oversight of its compliance with the Rules in AML and any relevant anti-money laundering Rules.

Responsible Officer

5.4.9 The Responsible Officer function is carried out by an individual who:

(1) has significant responsibility for the management of one or more aspects of an Authorised Person's affairs;

(2) exercises a significant influence on the Authorised Person as a result of (1); and

(3) is not an Employee of the Authorised Person.

Guidance

1. The Recognised Function of a Responsible Officer applies to an individual employed by a Controller or other Group company who is not an Employee of the Authorised Person, but who has significant responsibility for, or for exercising a significant influence on, the management of one or more aspects of the Authorised Person's business.

2. Examples of a Responsible Officer might include an individual responsible for the overall strategic direction of an Authorised Person or a regional manager to whom a Senior Executive Officer reports and from whom he takes direction.

5.4.10 An Authorised Person must notify the Regulator prior to approval of an individual, for one or more Recognised Functions, when the individual is currently an Approved Person or Recognised Person for one or more other Authorised Persons.

Guidance

1. The Regulator expects an Authorised Person when considering whether to approve an individual as a Recognised Person and who is already an Approved Person or Recognised Person with one or more other Authorised Persons, will consider each Recognised Function and any Controlled Functions to be carried out and the allocation of responsibility for that individual among the relevant Authorised Persons.

2. The Regulator also expects that the Authorised Person will assess whether the individual will be able to carry out his roles effectively, is fit and proper to do so, and that there are no conflicts of interest or that any actual or potential conflicts of interest are appropriately managed.

5.5 Mandatory appointments

5.5.1 (1) An Authorised Person must, subject to (2), make the following appointments and ensure that they are held by one or more Approved Persons or Recognised Persons at all times:

(a) Senior Executive Officer;

(b) Finance Officer;

(c) Compliance Officer; and

(d) Money Laundering Reporting Officer.

(2) An Authorised Person which is a Credit Rating Agency:

(a) need not make the appointments referred to in (1)(b) and (d); and

(b) must ensure that the appointments referred to in (1)(a) and (c) are held by separate persons at all times.

(3) An Authorised Person which is a Fund Manager of a Venture Capital Fund need not make the appointment referred to in (1)(b).

Guidance

1. This Guidance addresses a range of circumstances:

   a. one individual performing more than one function in a single Authorised Person, as contemplated in Rule 5.5.1;

   b. more than one individual performing one function in a single Authorised Person, not addressed by that Rule; and

   c. one individual performing a single function in more than one Authorised Person, also not addressed by that Rule.

2. The Regulator or relevant Authorised Person, as applicable, will only authorise an individual to perform more than one Controlled Function or Recognised Function or combine Controlled Functions with other functions (including Recognised Functions) where it is satisfied that the individual is fit and proper to perform each Controlled Function, Recognised Function or combination of Controlled Functions and Recognised Functions.

3. In the above situation the Regulator or relevant Authorised Person, as applicable, will need to be satisfied that the individual will be able to carry out his role effectively, is fit and proper to do so, and that there are no conflicts of interest or that any actual or potential conflicts of interest are appropriately managed.

4. Notwithstanding this Rule, an Authorised Person would generally be expected to separate the roles of Compliance Officer and Senior Executive Officer. In addition, the roles of Compliance Officer, Finance Officer and Money Laundering Reporting Officer would not be expected to be combined with any other Controlled Functions or Recognised functions unless appropriate monitoring and control arrangements independent of the individual concerned will be implemented by the Authorised Person. This may be possible in the case of a Branch, where monitoring and controlling of the individual (carrying out more than one role in the Branch) is conducted from the Authorised Person's home state by an appropriate individual for each of the relevant Controlled Functions or Recognised Functions, as applicable. However, it is recognised that, on a case by case basis, there may be exceptional circumstances in which this may not always be practical or possible.

5. In what it considers to be exceptional circumstances, the relevant Authorised Person may register more than one individual to perform the Controlled Function of Compliance Officer in respect of different internal business divisions within that Authorised Person, particularly where it is large in size. In this regard the relevant Authorised Person may consider, amongst other things, the nature, scale and complexity of its activities, the clarity of demarcation between areas of

responsibility, the potential for gaps in responsibility, and processes of communication with the Regulator.

6. More than one Authorised Person may also register the same individual as its Compliance Officer. This will only be performed where the Authorised Persons concerned are satisfied that the individual is able to carry out his functions effectively in each Authorised Person taking into consideration factors such as the amount and nature of business conducted by the Authorised Persons. Each Authorised Person has a duty under Rules 3.3.7 to 3.3.12 to monitor its compliance arrangements to ensure, as far as reasonably practicable, that it complies with all Regulations and Rules.

5.5.2 The Approved Persons or Recognised Persons referred to in Rule 5.5.1(1)(a), (c) and (d) must be resident in the U.A.E.

Guidance

1. In appropriate circumstances, the Regulator may waive the requirement for a Compliance Officer or Money Laundering Reporting Officer to be resident in the U.A.E. In determining whether to grant a waiver, the Regulator will consider a range of factors on a case by case basis focused on whether the Authorised Person can demonstrate that it has appropriate compliance arrangements (see Rules 3.3.7 to 3.3.12). These factors may include, but are not limited to: the nature, scale and complexity of the activities of the Authorised Person; the ability of a remote officer to carry out his functions in differing time zones and a differing working week; the size, resourcing and capabilities of a remote compliance function; the ability of a remote officer to liaise and communicate readily with the Regulator; and the competency and capability of a remote officer and whether the remote officer is able effectively to undertake or supervise regular compliance monitoring and keep up to date with applicable Rules.

2. The Regulator will also take into account factors such as the relevant regulatory experience of the proposed Approved Person or Recognised Person, as applicable, and whether the applicant Authorised Person has previously been subject to financial services regulation.

5.5.3 In the case of a Trust Service Provider, the Recognised Persons referred to in Rule 5.5.1(1)(c) and (d) must not act also as trustees on behalf of the Trust Service Provider.

5.5.4 An Authorised Person which is a Body Corporate whose head office and registered office are located in the ADGM, must register with the Regulator all of its Directors as Licensed Directors.

5.5.5 (1) In the case of an Authorised Person which is a Partnership established under either the Limited Liability Partnership Regulations 2015 or the Partnership Act 1890, the Licensed Partner function must be carried out by:

(a) each individual Partner who must be registered as a Licensed Partner; and

(b) in the case of a Partner which is a Body Corporate, by an individual nominated by that Body Corporate and registered as a Licensed Partner to act on its behalf.

Guidance

An Authorised Person that is a Branch is not required to register its Directors as Licensed Directors under Rule 5.5.4 or its Partners as Licensed Partners under Rule 5.5.5.

5.6 Application for Approved Person status

5.6.1 In submitting applications to the Regulator for Approved Person status in respect of the Controlled Functions, the Authorised Person must make applications in such form as the Regulator shall prescribe.

5.6.2 Applicants for Approved Person status must countersign or otherwise consent to an application.

5.6.3 When an Authorised Person applies to the Regulator, for that individual to be an Approved Person, the individual must satisfy the Regulator and the Authorised Person that he is a fit and proper person to carry out the role.

Consideration and assessment of applications

5.6.4 An individual will only be authorised to carry on one or more Controlled Functions if the Regulator is satisfied that the individual is fit and proper to be an Approved Person. In making this assessment, the Regulator will consider:

(1) the individual's integrity;

(2) the individual's competence and capability;

(3) the individual's financial soundness;

(4) the individual's proposed role within the Authorised Person; and

(5) any other relevant matters.

Guidance

The GPM sets out matters which the Regulator takes into consideration when making an assessment of the kind under Rule 5.6.4.

5.6.5 In Rule 5.6.4, an individual may not be considered as fit and proper where:

(1) he is bankrupt;

(2) he has been convicted of a serious criminal offence; or

(3) he is incapable, through mental or physical incapacity, of managing his affairs.

5.6.6 In assessing an application for Approved Person status, the Regulator may:

(1) make any enquiries which it considers appropriate, including enquiries independent of the applicant;

(2) require the individual or Authorised Person to provide additional information;

(3) require any information provided in accordance with (b) or otherwise to be verified in any way specified by the Regulator; and

(4) take into account any information which it considers appropriate.

5.6.7 An Authorised Person must not permit an individual to perform a Controlled Function on its behalf, except as permitted by Rule 8.6, unless that individual is an Approved Person who has been assessed by the Authorised Person as competent to perform that Controlled Function in accordance with Rule 5.6.8.

5.6.8 In assessing the competence of an individual, an Authorised Person must:

(1) obtain details of the knowledge and skills of the individual in relation to the knowledge and skills required for the role;

(2) take reasonable steps to verify the relevance, accuracy and authenticity of any information acquired;

(3) determine whether the individual holds any relevant qualifications with respect to the Controlled Function or Controlled Functions performed, or proposed to be to performed, within the Authorised Person;

(4) determine the individual's relevant experience; and

(5) determine the individual's knowledge of the Authorised Person's relevant systems and procedures with respect to the type of business that is to be, or is being, conducted by the individual on behalf of the Authorised Person.

5.6.9 An Authorised Person must be satisfied that an Approved Person:

(1) continues to be competent in his proposed role;

(2) has kept abreast of relevant market, product, technology, legislative and regulatory developments; and

(3) is able to apply his knowledge.

5.6.10 The Authorised Person is responsible for the conduct of its Approved Persons and for ensuring that they remain fit and proper to carry out their role.

Guidance

In considering whether an Approved Person remains fit and proper, the Authorised Person should consider those matters in the GPM and the notification requirements in Rule 8.10.

5.6.11 Before lodging an application with the Regulator to perform a Controlled Function, an Authorised Person must make reasonable enquiries as to an individual's fitness and propriety to carry out a Controlled Function.

5.6.12 An Authorised Person must not lodge an application in accordance with Rule 5.6.1 if it has reasonable grounds to believe that the individual is not fit and proper to carry out the Controlled Function.

Systems and controls

5.6.13 An Authorised Person must have appropriate arrangements in place to ensure that an individual assessed as being competent under Rule 5.6.8 maintains his competence.

5.6.14 An Authorised Person must ensure, in the case of individuals seeking to perform the Controlled Function of Senior Executive Officer that such individuals are able to demonstrate sufficient knowledge of relevant anti-money laundering requirements.

Guidance

In considering whether individuals have sufficient knowledge of relevant anti-money laundering requirements, the Authorised Person may be satisfied where the individual can demonstrate receipt of appropriate training specifically relevant to such requirements.

5.6.15 An Authorised Person must establish and maintain systems and controls which will enable it to comply with Rules 5.6.7 to 5.6.10.

5.6.16 (1) An Authorised Person must keep records of the assessment process undertaken for each individual under this Chapter.

(2) These records must be kept for a minimum of six years from the date of the assessment.

5.7 Application for Recognised Person status

5.7.1 Appointment of new Recognised Persons must be made in accordance with applicable governance procedures and policies of the Authorised Person.

5.7.2 The Authorised Person must be satisfied that an individual candidate for Recognised Person status is a fit and proper person to carry out the role.

Consideration and assessment of applications

5.7.3 An individual shall only be approved to carry on one or more Recognised Functions if the Authorised Person is satisfied that the individual is fit and proper to be a Recognised Person. In making this assessment, the Authorised Person must consider:

(1) the individual's integrity;

(2) the individual's competence and capability;

(3) the individual's financial soundness;

(4) the individual's proposed role within the Authorised Person; and

(5) any other relevant matters.

Guidance

Authorised Persons may refer to the GPM for more detail as to how these requirements may be interpreted.

5.7.4 In Rule 5.7.3, an individual may not be considered as fit and proper where:

(1) he is bankrupt;

(2) he has been convicted of a serious criminal offence; or

(3) he is incapable, through mental or physical incapacity, of managing his affairs.

5.7.5 In assessing an application for Recognised Person status, the Authorised Person may:

(1) make any enquiries which it considers appropriate, including enquiries independent of the applicant;

(2) require the individual to provide additional information;

(3) require any information provided in accordance with (b) or otherwise to be verified in any way as it chooses to specify; and

(4) take into account any information which it considers appropriate.

5.7.6 An Authorised Person must not permit an individual to perform a Recognised Function on its behalf, except as permitted by Rule 8.6 or with the consent of the Regulator, unless that individual is a Recognised Person who has been assessed by the Authorised Person as competent to perform that Recognised Function in accordance with Rule 5.7.5.

5.7.7 In assessing the competence of an individual, an Authorised Person must:

(1) obtain details of the knowledge and skills of the individual in relation to the knowledge and skills required for the role;

(2) take reasonable steps to verify the relevance, accuracy and authenticity of any information acquired;

(3) determine whether the individual holds any relevant qualifications with respect to the Recognised Function or Recognised Functions performed, or proposed to be to performed, within the Authorised Person;

(4) determine the individual's relevant experience; and

(5) determine the individual's knowledge of the Authorised Person's relevant systems and procedures with respect to the type of business that is to be, or is being, conducted by the individual on behalf of the Authorised Person.

5.7.8 An Authorised Person must be satisfied that a Recognised Person:

(1) continues to be competent in his proposed role;

(2) has kept abreast of relevant market, product, technology, legislative and regulatory developments; and

(3) is able to apply his knowledge.

5.7.9 The Authorised Person is responsible for the conduct of its Recognised Persons and for ensuring that they remain fit and proper to carry out their role.

Guidance

In considering whether a Recognised Person remains fit and proper, the Authorised Person should consider the guidance applicable to Approved Persons in the GPM and the notification requirements in Rule 8.10.

5.7.10 Before appointing an individual as a Recognised Person approved to carry out Recognised Functions, an Authorised Person must make reasonable enquiries as to an individual's fitness and propriety to carry out a Recognised Function.

5.7.11 An Authorised Person must not appoint an individual as a Recognised Person if it has reasonable grounds to believe that the individual is not fit and proper to carry out the Recognised Function.

Systems and controls

5.7.12 An Authorised Person must have appropriate arrangements in place to ensure that an individual assessed as being competent under Rule 5.7.7 maintains his competence.

5.7.13 An Authorised Person must ensure, in the case of individuals seeking to perform the Recognised Functions of Money Laundering Reporting Officer or Compliance Officer, that such individuals are able to demonstrate sufficient knowledge of relevant anti-money laundering requirements.

Guidance

In considering whether individuals have sufficient knowledge of relevant anti-money laundering requirements, the Authorised Person may be satisfied where the individual can demonstrate receipt of appropriate training specifically relevant to such requirements.

5.7.14 An Authorised Person must establish and maintain systems and controls which will enable it to comply with Rules 5.7.6 to 5.7.9.

5.7.15 (1) An Authorised Person must keep records of the assessment process undertaken for each individual under this Chapter.

(2) These records must be kept for a minimum of six years from the date of the assessment.

6. ACCOUNTING AND AUDITING

6.1 Application

6.1.1 This Chapter applies to every Authorised Person and Recognised Body other than a Representative Office.

6.1.2 An Authorised Person or Recognised Body which is a Representative Office is hereby exempt from the requirements in section 189 of the FSMR relating to the appointment of an Auditor.

Guidance

The Regulator has exercised its power under section 189 of the FSMR to exempt an Authorised Person or Recognised Body which is a Representative Office from the requirements in that section. As a result, in accordance with the terms of section 189 the FSMR, the Representative Office also does not need to comply with other requirements in Part 15 of the FSMR.

6.2 Financial statements and financial reporting standards

6.2.1 Each Authorised Person and Recognised Body must prepare financial statements for each financial year of the Authorised Person or Recognised Body.

Guidance

1. IFR sets out specific disclosures an Authorised Person and Recognised Body must include in its financial statements when carrying on Islamic Financial Business.

2. The financial statements prepared by an Authorised Person or Recognised Body which is a Branch may be the financial statements prepared for the Authorised Person or Recognised Body's head office.

6.2.2 Each Authorised Person and Recognised Body must, except as provided under Rule 6.2.3, prepare and maintain all financial statements in accordance with the International Financial Reporting Standards ("**IFRS**").

6.2.3 (1) An Authorised Person specified in (2) may prepare and maintain its financial statements in accordance with IFRS for Small and Medium-Sized Entities (SMEs) where that standard applies to it.

(2) Authorised Persons specified for the purposes of (1) are:

(a) an Authorised Person in Category 3B, Category 3C or Category 4, which does not hold or control Client Assets or Insurance Monies; and

(b) an Authorised Person in Category 4 which is not authorised under its Financial Services Permission to carry on the Regulated Activity of Operating a Multilateral Trading Facility or Organised Trading Facility.

(3) The Regulator may by written notice direct that a particular Authorised Person or a specified class of Authorised Person specified in (2) must prepare and maintain financial statements in accordance with IFRS rather than IFRS for Small and Medium Sized Entities.

(4) The Regulator may by written notice vary or revoke a direction under (3).

(5) The procedures in Part 21 of the FSMR apply to a decision of the Regulator to give a direction under (3) to a particular Authorised Person.

(6) If the Regulator decides to give a direction under (3) to a particular Authorised Person, the Authorised Person may refer the matter to the Regulatory Committee for review.

6.2.4 Each Authorised Person and Recognised Body must:

(1) if it is a Body Corporate, have its financial statements approved by the Directors and signed on their behalf by at least one of the Directors; or

(2) if it is a Partnership, have its financial statements approved by the Partners and signed on their behalf by at least one of the Partners.

6.3 Accounting records and Regulatory Returns

6.3.1 Each Authorised Person and Recognised Body must keep Accounting Records which are sufficient to show and explain Transactions and are such as to:

(1) be capable of disclosing the financial position of the Authorised Person or Recognised Body on an ongoing basis; and

(2) record the financial position of the Authorised Person or Recognised Body as at its financial year end.

6.3.2 Accounting Records must be maintained by an Authorised Person and Recognised Body such as to enable its Governing Body to ensure that any financial statements prepared by the Authorised Person or Recognised Body comply with the Regulations and Rules.

6.3.3 Each Authorised Person or Recognised Body's Accounting Records must be:

(1) retained by the Authorised Person or Recognised Body for at least six years from the date to which they relate;

(2) at all reasonable times, open to inspection by the Regulator or the Auditor of the Authorised Person or Recognised Body; and

(3) if requested by the Regulator capable of reproduction, within a reasonable period not exceeding three Business Days, in hard copy and in English.

6.3.4 All Regulatory Returns prepared by the Authorised Person must be prepared and submitted in accordance with the requirements set out in PRU or PIN as applicable.

Financial years

6.3.5 (1) The first financial year of an Authorised Person which is a Domestic Firm starts on the day on which it is incorporated and lasts for such period not exceeding 18 months as may be determined by its Directors or Partners.

(2) An Authorised Person which is a Domestic Firm must as soon as practicable after it has made a determination under (1) notify the Regulator of the end date determined for its first financial year.

(3) The second and any subsequent financial year of an Authorised Person which is a Domestic Firm shall, except as provided in Rule 6.3.6, start at the end of the previous financial year and shall last for 12 months or such other period which is within seven days either shorter or longer than 12 months as may be determined by its Directors or Partners.

6.3.6 (1) An Authorised Person which is a Domestic Firm may only change its financial year end from a period provided for under Rule 6.3.5(3) with the Regulator's prior consent.

(2) The application for consent must be in writing and include the reasons for the change.

(3) The Regulator may require the Authorised Person to obtain written confirmation from its Auditor that the change of financial year end would not result in any significant distortion of the financial position of the Authorised Person.

6.3.7 If an Authorised Person is not a Domestic Firm and intends to change its financial year, it must provide the Regulator with reasonable advance notice prior to the change taking effect.

6.4 Appointment and termination of Auditors

6.4.1 Each Authorised Person and Recognised Body must:

(1) notify the Regulator of the appointment of an Auditor in such form as the Regulator shall prescribe; and

(2) prior to the appointment of the Auditor, take reasonable steps to ensure that the Auditor has the required skills, resources and experience to audit the business of the Authorised Person or Recognised Body for which the auditor has been appointed.

6.4.2 Each Authorised Person and Recognised Body must notify the Regulator immediately if the appointment of the Auditor is or is about to be terminated, or on the resignation of its Auditor, in such form as the Regulator shall prescribe.

6.4.3 Each Authorised Person and Recognised Body must appoint an Auditor to fill any vacancy in the office of Auditor and ensure that the replacement Auditor can take up office at the time the vacancy arises or as soon as reasonably practicable.

6.4.4 Each Authorised Person and Recognised Body must comply with any request by the Regulator to replace an Auditor previously appointed by that Authorised Person or Recognised Body.

6.4.5 (1) Each Authorised Person and Recognised Body must take reasonable steps to ensure that the Auditor and the relevant audit staff of the Auditor are independent of and not subject to any conflict of interest with respect to the Authorised Person or Recognised Body.

(2) Each Authorised Person and Recognised Body must notify the Regulator if it becomes aware, or has reason to believe, that the Auditor or the relevant audit staff of the Auditor are no longer independent of the Authorised Person or Recognised Body, or have a conflict of interest which may affect their judgement in respect of the Authorised Person or Recognised Body.

Guidance

1. Each Authorised Person and Recognised Body should consider whether there is any financial or personal relationship between it or any of its relevant Employees and the Auditor or any of the relevant Employees of the Auditor that may affect the judgement of the Auditor when conducting an audit of the Authorised Person or Recognised Body or complying with all its legal obligations, including the FSMR, AML and other relevant Rulebooks.

2. Each Authorised Person and Recognised Body should consider rotating the appointed relevant staff of the Auditor on a regular basis to ensure that the relevant staff of the Auditor remain independent.

6.4.6 If requested by the Regulator, an Authorised Person or Recognised Body which carries on Regulated Activities through a Branch must provide the Regulator with information on its appointed or proposed Auditor with regard to the Auditor's skills, experience and independence.

6.5 Co-operation with Auditors

6.5.1 Each Authorised Person and Recognised Body must take reasonable steps to ensure that it and its Employees:

(1) provide any information to its Auditor that its Auditor reasonably requires, or is entitled to receive as Auditor;

(2) give the Auditor right of access at all reasonable times to relevant records and information within its possession;

(3) allow the Auditor to make copies of any records or information referred to in (2);

(4) do not interfere with the Auditor's ability to discharge its duties;

(5) report to the Auditor any matter which may significantly affect the financial position of the Authorised Person or Recognised Body; and

(6) provide such other assistance as the Auditor may reasonably request it to provide.

6.6 Audit reports

6.6.1 Each Authorised Person and Recognised Body must, in writing, arrange for and ensure the submission of the following by its Auditor:

(1) a Financial Statement Auditor's Report on the Authorised Person or Recognised Body's financial statements in accordance with the International Standards on Auditing following the performance of an audit;

(2) a Regulatory Returns Auditor's Report in accordance with the Rules 6.6.4 and 6.6.5 as relevant;

(3) if the Authorised Person is permitted to control or hold Client Money, a Client Money Auditor's Report in accordance with Rule 6.6.6;

(4) if the Authorised Person is permitted to hold or control Client Investments or Provide Custody in or from the ADGM, a Safe Custody Auditor's Report in respect of such business as applicable, in accordance with the Rule 6.6.7;

(5) if FUNDS is applicable, a Fund Auditor's Report in accordance with Rule 6.6.8; and

(6) if the Authorised Person is a Public Listed Company, a Public Listed Company Auditor's Report in accordance with Rule 6.6.9.

Guidance

For the purposes of Rule 6.6.1(1) the financial statements of an Authorised Person or Recognised Body which is a Branch may be the financial statements prepared for the Authorised Person or Recognised Body's head office.

6.6.2 Each Authorised Person and Recognised Body must submit any reports produced by its Auditor in accordance with this Chapter to the Regulator annually within four months of the Authorised Person or Recognised Body's financial year end.

6.6.3 (1) Each Authorised Person and Recognised Body must, subject to (2), upon request by any Person, provide a copy of its most recent audited financial statements, together with the Financial Statement Auditor's Report to the Person. If the copy is made available in printed form, the Authorised Person or Recognised Body may make a charge to cover reasonable costs incurred in providing the copy.

(2) The requirement in (1) does not apply to an Authorised Person which:

(a) is in Category 3B, Category 3C or Category 4; and

(b) does not hold or control Client Assets or Insurance Monies.

Guidance

An Authorised Person and Recognised Body should be aware that there may be other legislation applicable to it that may require the Authorised Person or Recognised Body to provide access to all or part of its financial statements.

Regulatory Returns Auditor's Report

6.6.4 An Authorised Person or Recognised Body must, in procuring the production of a Regulatory Returns Auditor's Report for a Domestic Firm, ensure that the Auditor states whether:

(1) it has received all the necessary information and explanations for the purposes of preparing the report to the Regulator;

(2) the Authorised Person or Recognised Body's Regulatory Returns, specified in PRU, PIN or MIR to the Regulator have been properly reconciled with the appropriate audited financial statements;

(3) the Authorised Person or Recognised Body's Regulatory Returns, specified in PRU PIN or MIR to the Regulator on a quarterly basis have been properly reconciled with the appropriate annual returns;

(4) the Authorised Person or Recognised Body's financial resources as at its financial year end have been properly calculated in accordance with the applicable Rules in PRU, PIN or MIR (as the case may be) and are sufficient to meet the relevant requirements;

(5) (in the case of an Authorised Person other than an Insurer) the Capital Resources have been calculated in accordance with the applicable Rules in PRU;

(6) (in the case of an Authorised Person other than an Insurer) the Capital Resources maintained exceed the Capital Requirement in accordance with the applicable Rules in PRU;

(7) (in the case of an Authorised Person) the Regulatory Returns specified in PRU or PIN have been properly prepared by the Authorised Person in accordance with the applicable rules in PRU or PIN;

(8) (in the case of an Authorised Person) the Authorised Person has kept proper Accounting Records in accordance with the applicable Rules in PRU or PIN;

(9) (in the case of an Authorised Person which is subject to Expenditure Based Capital Minimum) the Expenditure Base Capital Minimum has been calculated in accordance with the applicable Rules in PRU; and

(10) (in the case of an Authorised Person in Category 3B, 3C or 4, and which is subject to Expenditure Based Capital Minimum) the Capital Requirement maintained exceeds its Expenditure Based Capital Minimum and has been maintained in the form of liquid assets in accordance with the applicable Rules in PRU.

6.6.5 An Authorised Person or Recognised Body must ensure that, in procuring the production of a Regulatory Returns Auditor's Report for a Branch, an Auditor states whether:

(1) the Authorised Person or Recognised Body's Regulatory Returns have been properly reconciled with the Branch's financial statements; and

(2) in the case of an Authorised Person only:

(a) the Regulatory Returns specified in PRU or PIN have been properly prepared by the Authorised Person in accordance with the applicable rules in PRU or PIN; and

(b) the Authorised Person has kept proper Accounting Records in accordance with the applicable Rules in PRU or PIN.

Client Money Auditor's Report

6.6.6 An Authorised Person must, in procuring the production of a Client Money Auditor's Report, ensure that an Auditor states, as at the date of which the Authorised Person's audited statement of financial position was prepared:

(1) the amount of Client Money an Authorised Person was holding and controlling in accordance with COBS Chapter 14; and

(2) whether:

(a) the Authorised Person has maintained throughout the year systems and controls to enable it to comply with the relevant provisions of COBS Chapter 14;

(b) the Authorised Person's controls are such as to ensure that Client Money is identifiable and secure at all times;

(c) any of the requirements in COBS Chapter 14 have not been met;

(d) if applicable, Client Money belonging to Segregated Clients has been segregated in accordance with COBS Chapter 14;

(e) if applicable, the Authorised Person as holding and controlling the appropriate amount of Client Money in accordance with COBS Chapter 14 as at the date on which the Authorised Person's audited statement of financial position was prepared;

(f) the Auditor has received all necessary information and explanations for the purposes of preparing the report to the Regulator; and

(g) if applicable, there have been any material discrepancies in the reconciliation of Client Money.

Guidance

Where an Authorised Person does not hold or control any Client Money as at the date on which the Authorised Person's audited statement of financial position was prepared, the Regulator expects that a nil balance be stated to comply with Rule 6.6.6.

Safe Custody Auditor's Report

6.6.7 An Authorised Person must, in procuring the production of a Safe Custody Auditor's Report by its Auditor, ensure that the Auditor states, as at the date on which the Authorised Person's audited statement of financial position was prepared:

(1) the extent to which the Authorised Person was holding and controlling Client Investments, Arranging Custody or Providing Custody; and

(2) whether:

(a) the Authorised Person has, throughout the year, maintained systems and controls to enable it to comply with the Safe Custody Rules in COBS Chapter 15;

(b) the Safe Custody Investments are registered, recorded or held in accordance with the Safe Custody Rules;

(c) there have been any material discrepancies in the reconciliation of Safe Custody Investments;

(d) the Auditor has received all necessary information and explanations for the purposes of preparing this report to the Regulator; and

(e) any of the requirements of the Safe Custody Provisions have not been met.

Guidance

Where an Authorised Person does not hold or control any Client Investments or Provide Custody as at the date on which the Authorised Person's audited statement of financial position was prepared, the Regulator expects that such fact be stated to comply with Rule 6.6.7.

Fund Auditor's Report

6.6.8 A Fund Manager must, in procuring the production of a Fund Auditor's Report, ensure that an Auditor states:

(1) whether the financial statements have been properly prepared in accordance with the financial reporting standards adopted by the Fund in accordance with FUNDS;

(2) whether the financial statements give a true and fair view of the financial position of the Fund, including the net income and the net gains or losses of the Fund Property, or, as the case may be, the Fund Property attributable to the Sub-Fund for the annual accounting period in question and the financial position of the Fund or Sub-Fund as at the end of the annual accounting period;

(3) whether proper accounting records for the Fund, or as the case may be, Sub-Fund, have not been kept, or that the financial statements are not in agreement with

the accounting records and returns, or that the financial statements do not comply with the applicable financial reporting standards;

(4) whether it has been given all the information and explanations which, to the best of its knowledge and belief, are necessary for the purposes of its audit;

(5) whether the information given in the report of the Directors or in the report of the Fund Manager for that period is consistent with the financial statements; and

(6) any other matter or opinion required by FUNDS.

Public Listed Company Auditor's Report

6.6.9 An Authorised Person or Recognised Body, in procuring the production of a Public Listed Company Auditor's Report, must ensure that an Auditor states whether the financial statements have been properly prepared in accordance with MKT.

7. COMPLAINTS HANDLING AND DISPUTE RESOLUTION

7.1 Application

7.1.1 This Chapter applies to every Authorised Person, other than a Representative Office and a Credit Rating Agency, carrying on a Regulated Activity in or from the ADGM as follows:

(1) Rule 7.2 applies to an Authorised Person carrying on a Regulated Activity with or for a Retail Client; and

(2) Rule 7.3 applies to an Authorised Person carrying on a Regulated Activity with or for a Professional Client.

7.2 Complaints handling procedures for Retail Clients

Written Complaints handling procedures

7.2.1 An Authorised Person must have adequate policies and procedures in place for the investigation and resolution of Complaints made against it by Retail Clients, and the manner of redress (including compensation for acts or omissions of the Authorised Person).

7.2.2 The policies and procedures for handling Complaints must be in writing and provide that Complaints are handled fairly, consistently and promptly.

Guidance

1. In establishing adequate Complaints handling policies and procedures, an Authorised Person should have regard to:

   a. the nature, scale and complexity of its business; and

   b. its size and organisational structure.

2. An Authorised Person should consider its obligations under Rule 3.3.19 and accompanying guidance.

3. The Regulator considers 60 days from the receipt of a Complaint to be an appropriate period in which an Authorised Person should be able to resolve most Complaints.

7.2.3 On receipt of a Complaint, an Authorised Person must:

(1) acknowledge the Complaint promptly in writing;

(2) provide the complainant with:

(i) the contact details of any individual responsible for handling the Complaint;

(ii) key particulars of the Authorised Person's Complaints handling procedures; and

(iii) a statement that a copy of the procedures is available free of charge upon request in accordance with Rule 7.2.11; and

(3) consider the subject matter of the Complaint.

7.2.4 Where appropriate, an Authorised Person must update the complainant on the progress of the handling of the Complaint.

Guidance

1. The Regulator considers seven days to be an adequate period in which an Authorised Person should be able to acknowledge most Complaints.

2. The Regulator expects an update to be provided to the complainant in circumstances where the resolution of the Complaint is taking longer than 30 days.

Resolution of Complaints

7.2.5 Upon conclusion of an investigation of a Complaint, an Authorised Person must promptly:

(1) advise the complainant in writing of the resolution of the Complaint;

(2) provide the complainant with clear terms of redress, if applicable; and

(3) comply with the terms of redress if accepted by the complainant.

7.2.6 If the complainant is not satisfied with the terms of redress offered by the Authorised Person, the Authorised Person must inform the complainant of other avenues, if any, for resolution of the Complaint and provide him with the appropriate contact details upon request.

Guidance

Other avenues for resolution of a Complaint may include an external dispute resolution scheme, arbitration or the Regulatory Committee, Appeals Panel or Court in the ADGM.

Employees handling Complaints

7.2.7 Where appropriate, taking into account the nature, scale and complexity of an Authorised Person's business, an Authorised Person must ensure that any individual handling the Complaint is not or was not involved in the conduct of the Regulated Activity about which the Complaint has been made, and is able to handle the Complaint in a fair and impartial manner.

7.2.8 An Authorised Person must ensure that any individual responsible for handling the Complaint has sufficient authority to resolve the Complaint or has access to individuals with the necessary authority.

Complaints involving other Authorised Persons or Recognised Bodies

7.2.9 If an Authorised Person considers that another Authorised Person or a Recognised Body is entirely or partly responsible for the subject matter of a Complaint**,** it may refer the Complaint, or the relevant part of it, to the other Authorised Person or Recognised Body in accordance with Rule 7.2.10.

7.2.10 To refer a Complaint, an Authorised Person must:

(1) inform the complainant promptly and in writing that it would like to refer the Complaint, either entirely or in part, to another Authorised Person or Recognised Body, and obtain the written consent of the complainant to do so;

(2) if the complainant consents to the referral of the Complaint, refer the Complaint to the other Authorised Person or Recognised Body promptly and in writing;

(3) inform the complainant promptly and in writing that the Complaint has been referred and include adequate contact details of any individual at the other Authorised Person or Recognised Body responsible for handling the Complaint; and

(4) continue to deal with any part of the Complaint not referred to the other Authorised Person or Recognised Body, in accordance with this Chapter.

Retail Client awareness

7.2.11 An Authorised Person must ensure that a copy of its Complaints handling procedures is available free of charge to any Retail Client upon request.

Retention of records

7.2.12 An Authorised Person must maintain a record of all Complaints made against it for a minimum period of six years from the date of receipt of a Complaint.

7.2.13 The record maintained under Rule 7.2.12 must contain the name of the complainant, the substance of the Complaint, a record of the Authorised Person's response, and any other relevant correspondence or records, and the action taken by the Authorised Person to resolve each Complaint.

Systems and controls

7.2.14 In accordance with Rules 3.3.4 and 3.3.5, an Authorised Person must put in place adequate systems and controls in order for it to identify and remedy any recurring or systemic problems identified from Complaints.

Guidance

An Authorised Person should consider whether it is required to notify the Regulator, pursuant to Rule 8.10.6, of any recurring or systemic problems identified from Complaints.

Outsourcing

Guidance

An Authorised Person may outsource the administration of its Complaints handling procedures in accordance with Rules 3.3.31 and 3.3.32.

7.3 Complaints recording procedures for Professional Clients

7.3.1 An Authorised Person must have adequate policies and procedures in place for the recording of Complaints made against it by Professional Clients.

7.3.2 An Authorised Person must maintain a record of any Complaint made against it for a minimum period of six years from the date of receipt of the Complaint.

Guidance

Depending on the nature, scale and complexity of its business, it may be appropriate for an Authorised Person to have in place a suitable Complaints handling procedure for Professional Clients in order to ensure that such Complaints are properly handled and remedial action is taken promptly. Such Complaints handling procedures would be expected to include provisions about the independence of staff investigating the Complaint and bringing the matter to the attention of senior management.

8. SUPERVISION

Introduction

Guidance

1. This Chapter outlines the Regulator's supervisory requirements for an Authorised Person and Recognised Body.

2. This Chapter should be read in conjunction with the GPM which sets out the Regulator's general regulatory policy and processes.

8.1 Information gathering and the Regulator's access to information

8.1.1 This Rule applies to an Authorised Person and Recognised Body other than a Representative Office with respect to the carrying on of all of its activities.

8.1.2 An Authorised Person and Recognised Body must where reasonable:

(1) give or procure the giving of specified information, Documents, files, tapes, computer data or other material in the Authorised Person or Recognised Body's possession or control to the Regulator;

(2) make its Employees readily available for meetings with the Regulator;

(3) give the Regulator access to any information, Documents, records, files, tapes, computer data or systems, which are within the Authorised Person or Recognised Body's possession or control and provide any facilities to the Regulator;

(4) permit the Regulator to copy Documents or other material on the premises of the Authorised Person or Recognised Body at the Authorised Person or Recognised Body's expense;

(5) provide any copies as requested by the Regulator; and

(6) answer truthfully, fully and promptly, all questions which are put to it by the Regulator.

8.1.3 An Authorised Person and Recognised Body must take reasonable steps to ensure that its Employees act in the manner set out in this Chapter.

8.1.4 An Authorised Person and Recognised Body must take reasonable steps to ascertain if there is any secrecy or data protection legislation that would restrict access by the Authorised Person, Recognised Body or the Regulator to any data required to be recorded under the Regulator's Rules. Where such legislation exists, the Authorised Person or

Recognised Body must keep copies of relevant Documents or material in a jurisdiction which does allow access in accordance with Regulations and Rules.

Lead regulation

8.1.5 (1) If requested by the Regulator, an Authorised Person and Recognised Body must provide the Regulator with information that the Authorised Person or Recognised Body or its Auditor has provided to a Non-ADGM Financial Services Regulator.

(2) If requested by the Regulator, an Authorised Person and Recognised Body must take reasonable steps to provide the Regulator with information that other members of the Authorised Person or Recognised Body's Group have provided to a Non-ADGM Financial Services Regulator.

8.2 Waivers or Modification

8.2.1 This Rule applies to every Authorised Person and Recognised Body, Foreign Fund Manager, Person making a Public Offer of Securities or Reporting Entity.

8.2.2 Throughout the Rulebook reference to the written notice under the FSMR will be referred to as a "Waiver or Modification".

8.2.3 If an Authorised Person, Recognised Body, Foreign Fund Manager, Person making a Public Offer of Securities or Reporting Entity wishes to apply for a Waiver or Modification, it must apply in writing and the application must be delivered to the Regulator as outlined in Rule 8.2.4.

Guidance

Applications for a Waiver or Modification must be made in such form as the Regulator shall prescribe and the GPM sets out the Regulator's approach to considering a Waiver or Modification.

8.2.4 The application must contain:

(1) the name and Financial Services Permission/Recognition Order/FSRA identification number of the Authorised Person, Recognised Body, Foreign Fund Manager, Person making a Public Offer of Securities or Reporting Entity;

(2) the Rule to which the application relates;

(3) a clear explanation of the Waiver or Modification that is being applied for and the reason why the Authorised Person, Recognised Body, Foreign Fund Manager, Person making a Public Offer or Reporting Entity is requesting the Waiver or Modification;

(4) details of any other requirements; for example, if there is a specific period for which the Waiver or Modification is required;

(5) the reason, if any, why the Waiver or Modification should not be published or why it should be published without disclosing the identity of the Authorised Person, Recognised Body, Foreign Fund Manager, Person making a Public Offer or Reporting Entity; and

(6) all relevant facts to support the application.

8.2.5 An Authorised Person and Recognised Body must immediately notify the Regulator if it becomes aware of any material change in circumstances which may affect the application for or the continuing relevance of a Waiver or Modification.

Revocation and variation of Waivers or Modification

8.2.6 The Regulator may revoke or vary a Waiver or Modification at any time. In deciding whether to revoke or vary a Waiver or Modification, the Regulator will consider whether the conditions in Rules 8.2.1 to 8.2.3 are no longer satisfied, and whether the Waiver or Modification is otherwise no longer appropriate.

8.2.7 If the Regulator proposes to revoke or vary a Waiver or Modification, or revokes or varies a Waiver or Modification with immediate effect, it will:

(1) give the Authorised Person or Recognised Body written notice either of its proposal, or of its action, and may give reasons for such proposal or action; and

(2) state in the notice a reasonable period within which the Authorised Person or Recognised Body can make representations about the proposal or action.

8.2.8 If the Authorised Person or Recognised Body wishes to make oral representations in accordance with its rights under Rule 8.2.7(2), it should:

(1) inform the Regulator as soon as possible;

(2) specify who will make the representations; and

(3) specify which matters will be covered.

8.2.9 Upon receipt of information from the Authorised Person or Recognised Body under Rule 8.2.8, the Regulator will inform the Authorised Person or Recognised Body of the time and place for hearing the representations and may request a written summary of such representations.

8.2.10 After considering any representations made by an Authorised Person or Recognised Body under Rule 8.2.8:

(1) in the case of a proposed revocation or variation, the Regulator will give the Authorised Person or Recognised Body written confirmation of its decision to revoke or vary the Waiver or Modification or not, as the case may be; or

(2) in the case of a revocation or variation that has already taken effect, either confirm the revocation or variation or seek the Authorised Person or Recognised Body's consent to a new Waiver or Modification.

8.2.11 Alternatively, the Regulator may vary a Waiver or Modification with the Authorised Person or Recognised Body's consent, or upon the application of an Authorised Person or Recognised Body.

8.2.12 If an Authorised Person or Recognised Body wishes the Regulator to vary a Waiver or Modification, or the Regulator wishes to vary a Waiver or Modification with the consent of the relevant Authorised Person or Recognised Body, both the Authorised Person or Recognised Body and the Regulator should follow the procedures in this Rule.

8.2.13 If the Waiver or Modification that has been revoked or varied, as the case may be, has previously been published, the Regulator may publish the variation unless it is satisfied that it is inappropriate or unnecessary to do so, having regard to any representations made by the Authorised Person or Recognised Body.

8.3 Application to change the scope of a Financial Services Permission

8.3.1 This Rule applies to an Authorised Person applying to change the scope of its Financial Services Permission or, where a condition or restriction has previously been imposed, to have the condition or restriction varied or withdrawn.

8.3.2 The provisions relating to permitted legal forms, fitness and propriety, adequate and appropriate resources, compliance arrangements, effective supervision, enquiries and the provision of additional information set out in Rule 5.2 also apply to an Authorised Person making an application under this Chapter, and are to be construed accordingly.

8.3.3 An Authorised Person applying to change the scope of its Financial Services Permission, or to have a condition or restriction varied or withdrawn, must provide the Regulator with written details of the proposed changes.

8.4 Withdrawal of a Financial Services Permission at an Authorised Person's request

8.4.1 An Authorised Person seeking to have its Financial Services Permission withdrawn must submit a request in writing stating:

(1) the reasons for the request;

(2) that it has ceased or will cease to carry on Regulated Activities in or from the ADGM;

(3) the date on which it ceased or will cease to carry on Regulated Activities in or from the ADGM;

(4) that it has discharged, or will discharge, all obligations owed to its Customers in respect of whom the Authorised Person has carried on, or will cease to carry on, Regulated Activities in or from the ADGM; and

(5) if it is Providing Trust Services, that it has made appropriate arrangements for the transfer of business to a new Trust Service Provider and the appointment, where necessary, of new trustees.

Guidance

When considering a withdrawal of a Financial Services Permission, the Regulator takes into account a number of matters including those outlined in the GPM.

8.5 Changes to an Approved Person status

Guidance

This Rule addresses applications or requests regarding Approved Persons with respect to Parts 3, 4 and 5 of the FSMR.

8.5.1 An application to extend the scope of an Approved Person status to other Controlled Functions may be made by the Authorised Person by submitting an application in such form as the Regulator shall prescribe. Applicants for extension of scope of Approved Person status must countersign or otherwise consent to an application.

8.5.2 An Authorised Person requesting:

(1) the imposition, variation or withdrawal of a condition or restriction;

(2) withdrawal of Approved Person status; or

(3) withdrawal of authorisation in relation to one or more Controlled Functions;

must, subject to Rule 8.5.3, for (1) submit such request in writing to the Regulator and for (2) and (3) submit a request in such form as the Regulator as applicable, shall prescribe.

8.5.3 A request for the variation or withdrawal of a condition or restriction may only be made after the expiry of any period within which a reference to the Court relating to the relevant condition or restriction may commence under Part 19 of the FSMR.

Guidance

In considering the suitability of such an application or request the Regulator or relevant Authorised Person, as applicable, may take into account any matter referred to in GPM with respect to fitness and propriety for Approved Persons.

8.6 Temporary cover

8.6.1 (1) An Authorised Person may, subject to (2), appoint an individual who is not an Approved Person or a Recognised Person to carry out the functions of an Approved Person or a Recognised Person, as applicable, where the following conditions are met:

(a) the absence of the Approved Person or Recognised Person is temporary or reasonably unforeseen;

(b) the functions are carried out for a maximum of twelve weeks in any consecutive twelve months; and

(c) the Authorised Person has assessed that the individual has the relevant skills and experience to carry out these functions.

(2) An Authorised Person may not appoint under (1) an individual to carry out the Controlled Functions of a Licensed Director or Licensed Partner.

(3) The Authorised Person must take reasonable steps to ensure that the individual complies with all the Rules applicable to Approved Persons or Recognised Persons, as applicable.

(4) Where an individual is appointed as an Approved Person or Recognised Person under this Rule, the Authorised Person must notify the Regulator in writing of the name and contact details of the individual appointed.

8.6.2 Where an individual is appointed under this Rule, the Regulator may exercise any powers it would otherwise be entitled to exercise as if the individual held Approved Person status.

8.7 Dismissal or resignation of an Approved Person

8.7.1 An Authorised Person must request the withdrawal of an Approved Person status within seven days of the Approved Person ceasing to be employed by the Authorised Person to perform a Controlled Function.

8.7.2 In requesting the withdrawal of an Approved Person status in respect of an Approved Person performing any Controlled Functions, the Authorised Person must also submit a request to the Regulator in such form as the Regulator shall prescribe. This request shall

include details of any circumstances where the Authorised Person may consider that the individual is no longer fit and proper.

8.7.3 If an Approved Person is dismissed or requested to resign in accordance with Rule 8.7.2, a statement of the reason, or reasons, for the dismissal or resignation must be given to the Regulator by the Authorised Person.

8.7.4 If the Approved Person was acting as a trustee, the Trust Service Provider must confirm to the Regulator in writing that a new trustee has been appointed in place of the trustee in question.

8.8 Changes relating to control

8.8.1 (1) This Rule applies, subject to (2) and (3), to:

(a) an Authorised Person or Recognised Body; or

(b) a Person who is, or is proposing to become, a Controller specified in Rule 8.8.2.

(2) This Chapter does not apply to a Representative Office or a Person who is a Controller of such a Representative Office.

(3) A Credit Rating Agency must comply with the requirements in this Rule as if it were a non-ADGM established company.

Guidance

The requirements in respect of notification of changes relating to control of Branches (i.e. non-ADGM established companies) are set out in Rule 8.8.10. Although some Credit Rating Agencies may be companies established in the ADGM, such companies will only be subject to the notification requirements relating to their Controllers. Accordingly, regardless of whether a Credit Rating Agency is a company established in the ADGM or a Branch operation, it is subject to the notification requirements only and not to the requirement for prior approval by the Regulator of changes relating to its Controllers.

Definition of a Controller

8.8.2 (1) A Controller is a Person who, either alone or with any Associate:

(a) Holds 10% or more of the Shares in either the Authorised Person or a Holding Company of that Authorised Person;

(b) is entitled to exercise, or controls the exercise of, 10% or more of the voting rights in either the Authorised Person or a Holding Company of that Authorised Person; or

(c) is able to exercise significant influence over the management of the Authorised Person as a result of Holding Shares or being able to exercise voting rights in the Authorised Person or a Holding Company of that Authorised Person or having a current exercisable right to acquire such Shares or voting rights.

(2) A reference in this Chapter to the term:

(a) "Share" means:

(i) in the case of an Authorised Person, or a Holding Company of an Authorised Person, which has a share capital, its allotted shares;

(ii) in the case of an Authorised Person, or a Holding Company of an Authorised Person, with capital but no share capital, rights to a share in its capital; and

(iii) in the case of an Authorised Person, or a Holding Company of an Authorised Person, without capital, any interest conferring a right to share in its profits or losses or any obligation to contribute to a share of its debt or expenses in the event of its Winding-Up; and

(b) "Holding" means, in respect of a Person, Shares, voting rights or a right to acquire Shares or voting rights in an Authorised Person or a Holding Company of that Authorised Person held by that Person either alone or with any Associate.

(3) The Regulator may make additional rules which:

(a) provide for exemptions from the obligations to notify imposed by Rules 8.8.5, 8.8.9 and Part 10 of the FSMR; or

(b) amend the cases in this Chapter where a person is deemed to be:

(i) acquiring control over an Authorised Person or Recognised Body;

(ii) increasing control over an Authorised Person or Recognised Body;

(iii) reducing or ceasing to have control over an Authorised Person or Recognised Body;

(iv) a Controller of an Authorised Person.

Guidance

1. For the purposes of these Rules, the relevant definition of a Holding Company is found in the Companies Regulations. That definition describes when one Body Corporate is considered to be a Holding Company or a Subsidiary of another Body Corporate and extends that concept to the ultimate Holding Company of the Body Corporate.

2. Pursuant to Rule 8.8.2(1)(c), a Person becomes a Controller if that Person can exert significant management influence over an Authorised Person. The ability to exert significant management influence can arise even where a Person, alone or with his Associates, controls less than 10% of the Shares or voting rights of the Authorised Person or a Holding Company of that Authorised Person. Similarly, a Person may be able to exert significant management influence where such Person does not Hold Shares or voting rights but has current exercisable rights to acquire Shares or voting rights, such as under Options.

Disregarded holdings

8.8.3 For the purposes of determining whether a Person is a Controller, any Shares, voting rights or rights to acquire Shares or voting rights that a Person Holds, either alone or with any Associate with whom they are acting in concert, in an Authorised Person or a Holding Company of that Authorised Person are disregarded if:

(1) they are Shares held for the sole purpose of clearing and settling within a short settlement cycle;

(2) they are Shares held in a custodial or nominee capacity and the voting rights attached to the Shares are exercised only in accordance with written instructions given to that Person by another Person;

(3) they are Shares representing no more than 5% of the total voting power and are Held by an Authorised Person with a Financial Services Permission to deal as principal, who:

(i) Holds the Shares in the capacity of a market maker; and

(ii) neither intervenes in the management of the Authorised in which it Holds the Shares, nor exerts any influence on that Authorised Person to buy the Shares or back the Share price; or

(4) the Person is an Authorised Person and it:

(i) acquires the Shares as a result of an Underwriting of a Share issue or a placement of Shares on a firm commitment basis;

(ii) does not exercise the voting rights attaching to the Shares or otherwise intervene in the management of the Issuer; and

(iii) retains the Shares for a period less than one year.

Requirement for prior approval of Controllers of Domestic Firms

8.8.4 (1) In the case of an Authorised Person which is a Domestic Firm, a Person must not:

(a) become a Controller; or

(b) increase the level of control which that Person has in the Domestic Firm beyond a threshold specified in (2),

unless that Person has obtained the prior written approval of the Regulator to do so.

(2) For the purposes of (1)(b), the thresholds at which the prior written approval of the Regulator is required are when the relevant Holding is increased:

(a) from below 20% to 20% or more;

(b) from below 30% to 30% or more; or

(c) from below 50% to 50% or more.

Guidance

1. See Rules 8.8.2 and 8.8.3 for the circumstances in which a Person becomes a Controller of an Authorised Person.

2. The Regulator recognises that Authorised Persons acting as Investment Managers may have difficulties in complying with any prior notification requirements in these Rules as a result of acquiring or disposing of listed Shares in the course of that Fund management activity. To ameliorate these difficulties, the Regulator may accept pre-notification of proposed changes in control and may grant approval of such changes for a period lasting up to a year.

Approval process

8.8.5 (1) A Person who is required to obtain the prior written approval of the Regulator pursuant to Rule 8.8.4(1) must provide written notice to the Regulator in such form as the Regulator shall prescribe.

(2) The written notice provided under (1) must be in such form, include such information and be accompanied by such Documents as the Regulator may require.

(3) Where the Regulator receives an application under (1), it may:

(a) approve the proposed acquisition or increase in the level of control;

(b) approve the proposed acquisition or increase in the level of control subject to such conditions as it considers appropriate; or

(c) object to the proposed acquisition or increase in the level of control.

(4) The Regulator may request such further information from the notice-giver as it deems necessary for the purposes of making its decision under (3).

(5) Any approval of an application under (3)(a) or (b) will be effective for such period as the Regulator may specify, and subsequently vary, in writing.

Guidance

1. A Person intending to acquire or increase control in an Authorised Person should submit an application for approval in such form as the Regulator shall prescribe sufficiently in advance of the proposed acquisition to be able to obtain the Regulator approval in time for the proposed acquisition. The GPM sets out the matters which the Regulator will take into consideration when exercising its powers under Rule 8.8.5 to approve, object to or impose conditions of approval relating to a proposed Controller or a proposed increase in the level of control of an existing Controller.

2. The Regulator will exercise its powers relating to Controllers in a manner proportionate to the nature, scale and complexity of an Authorised Person's business, and the impact a proposed change in control would have on that Authorised Person and its Clients. For example, the Regulator would generally be less likely to impose conditions requiring a proposed acquirer of control of an Authorised Person whose financial failure would have a limited systemic impact or impact on its Clients to provide prudential support to the Authorised Person by contributing more capital. Most advisory and arranging Authorised Persons will fall into this class.

8.8.6 (1) Where the Regulator proposes to approve a proposed acquisition or an increase in the level of control in an Authorised Person pursuant to Rule 8.8.5(3)(a), it must:

(a) do so as soon as practicable and in any event within 90 days of the receipt of a duly completed application, unless a different period is considered appropriate by the Regulator and notified to the applicant in writing; and

(b) issue to the applicant, and where appropriate to the Authorised Person, an approval notice as soon as practicable after making that decision.

(2) An approval pursuant to Rule 8.8.5(3)(a), including a conditional approval granted by the Regulator pursuant to Rule 8.8.5(3)(b), is valid for a period of one year from the date of the approval, unless an extension is granted by the Regulator in writing.

Guidance

1. If the application for approval lodged with the Regulator does not contain all the required information, then the 90 day period runs from the date on which all the relevant information has been provided to the Regulator.

2. If a Person who has obtained prior Regulator approval for an acquisition or an increase in the control of an Authorised Person is unable to effect the acquisition before the end of the period referred to in Rule 8.8.6(2), it will need to obtain fresh approval from the Regulator.

Objection or conditional approval process

8.8.7 (1) Where the Regulator proposes to exercise its conditional approval or objection power pursuant to Rule 8.8.5(3)(b) or (c) respectively, in respect of a proposed acquisition of, or an increase in the level of control in, an Authorised Person, it must, as soon as practicable and in any event within 90 days of the receipt of the duly completed application form, provide to the applicant:

(a) a written notice stating:

(i) the Regulator's reasons for objecting to that Person as a Controller or to the Person's proposed increase in control; and

(ii) any proposed conditions subject to which that Person may be approved by the Regulator; and

(b) an opportunity for the Person to make representations within 14 days of the receipt of such notice in (a) or such other longer period as agreed to by the Regulator.

(2) The Regulator must, as soon as practicable after receiving representations or, if no representations are received, after the expiry of the period for making representations referred to in (1)(b), issue a final notice stating that:

(a) the proposed objections and any conditions are withdrawn and the Person is an approved Controller;

(b) the Person is approved as a Controller subject to conditions specified in the notice; or

(c) the Person is not approved and therefore is an unacceptable Controller with respect to that Person becoming a Controller of, or increasing the level of control in, the Authorised Person.

(3) If the Regulator decides to exercise its power under this Rule not to approve a Person as a Controller or to impose conditions on an approval, the Person may refer the matter to the Regulatory Committee for review.

8.8.8 (1) A Person who has been approved by the Regulator as a Controller of an Authorised Person subject to any conditions must comply with the relevant conditions of approval.

(2) A Person who has been notified by the Regulator pursuant to Rule 8.8.7(2)(c) as an unacceptable Controller must not proceed with the proposed acquisition of control of the Authorised Person.

Guidance

1. A Person who acquires control of or increases the level of control in an Authorised Person without the prior Regulator approval or breaches a condition of approval is in breach of the Rules. See Rules 8.8.13 and 8.8.14 for the actions that the Regulator may take in such circumstances.

2. In assessing a proposed acquisition or increase in control, the Regulator may generally consider the suitability of the notice-giver, the financial soundness of the acquisition in order to ensure the sound and prudent management of the Authorised Person, and the likely influence that the notice-giver will have on the Authorised Person.

3. In determining whether to object to a proposed acquisition, the Regulator may consider:

a. the reputation of the notice-giver or of any person who will direct the business of the Authorised Person as a result of the acquisition;

b. the financial soundness of the notice-giver;

c. whether the Authorised Person will be able to comply with its prudential requirements;

d. where the Authorised Person is to become part of a Group as a result of the acquisition, whether the structure of such a Group will allow for effective supervision and the exchange of information with the Regulator where required;

e. whether there are reasonable grounds to suspect that money laundering or terrorist financing has been, or may be, committed in connection with the proposed acquisition; and

f. whether the proposed acquisition is contrary to one or more of the Regulator's objectives.

Notification for decrease in the level of control of Domestic Firms

8.8.9 (1) A Controller of an Authorised Person which is a Domestic Firm must submit, in such form as the Regulator shall prescribe, a written notification to the Regulator where that Person:

(a) proposes to cease being a Controller;

(b) proposes to decrease that Person's Holding from:

(i) more than 50% to 50% or less;

(ii) more than 30% to 30% or less; or

(iii) more than 20% to 20% or less.

(2) A written notice provided under (1) must be in such form, include such information and be accompanied by such Documents as the Regulator may reasonably require.

Requirement for notification of changes relating to control of Branches

8.8.10 (1) In the case of an Authorised Person which is a Branch, a written notification to the Regulator must be submitted by a Controller or a Person proposing to become a Controller of that Authorised Person in accordance with (3) in respect of any one of the events specified in (2).

(2) For the purposes of (1), a notification to the Regulator is required when:

(a) a Person becomes a Controller;

(b) an existing Controller proposes to cease being a Controller; or

(c) an existing Controller's Holding is:

(i) increased from below 30% to 30% or more;

(ii) increased from below 50% to 50% or more; or

(iii) decreased from more than 50% to 50% or less.

(3) The notification required under (1) must be made by a Controller or Person proposing to become a Controller of a Branch in such form as the Regulator shall prescribe as soon as possible, and in any event, before making the relevant acquisition or disposal.

Obligations of Authorised Persons relating to its Controllers

8.8.11 (1) An Authorised Person must have adequate systems and controls to monitor:

(a) any change or proposed change of its Controllers; and

(b) any significant changes in the conduct or circumstances of existing Controllers which might reasonably be considered to impact on the fitness and propriety of the Authorised Person, or on its ability to conduct business soundly and prudently.

(2) An Authorised Person must, subject to (3), notify the Regulator in writing of any event specified in (1) as soon as possible after becoming aware of that event.

(3) An Authorised Person need not comply with the requirement in (2) if it is satisfied on reasonable grounds that a proposed or existing Controller has either already obtained the prior approval of the Regulator or notified the event to the Regulator as applicable.

Guidance

Steps which an Authorised Person may take in order to monitor changes relating to Controllers include the monitoring of any relevant regulatory disclosures, press reports, public announcements, share registers and entitlements to vote or the control of voting rights at general meetings.

8.8.12 (1) An Authorised Person must submit to the Regulator an annual report on its Controllers within four months of its financial year end.

(2) The Authorised Person's annual report on its Controllers must include:

(a) the name of each Controller; and

(b) the current holding of each Controller, expressed as a percentage.

Guidance

1. An Authorised Person may satisfy the requirements of Rule 8.8.12 by submitting a corporate structure diagram containing the relevant information.

2. An Authorised Person must take account of the Holdings which the Controller, either alone or with any Associate, has in the Authorised Person or any Holding Company of the Authorised Person (see the definition of a Controller in Rule 8.8.2(1)).

Other Powers relating to Controllers

8.8.13 (1) Without limiting the generality of its other powers, the Regulator may, subject only to (2), object to a Person as a Controller of an Authorised Person where such a Person:

(a) has acquired or increased the level of control that Person has in an Authorised Person without the prior written approval of the Regulator as required under Rule 8.8.4;

(b) has breached the requirement in Rule 8.8.8(1) to comply with the conditions of approval applicable to that Person; or

(c) is no longer acceptable to the Regulator as a Controller.

(2) Where the Regulator proposes to object to a Person as a Controller of an Authorised Person under (1), the Regulator must provide such a Person with:

(a) a written notice stating:

(i) the Regulator's reasons for objecting to that Person as a Controller; and

(ii) any proposed conditions subject to which that Person may be approved by the Regulator; and

(b) an opportunity for the Person to make representations within 14 days of the receipt of such objections notice in (a) or such other longer period as agreed to by the Regulator.

(3) The Regulator must, as soon as practicable after receiving representations, or if no representations are made, after the expiry of the period for making representations referred to in (2)(b), issue a final notice stating that:

(a) the proposed objections and any conditions are withdrawn and the Person is an approved Controller;

(b) the Person is approved as a Controller subject to conditions specified in the notice; or

(c) the Person is an unacceptable Controller and accordingly, must dispose of that Person's Holdings.

(4) Where the Regulator has issued a final notice imposing any conditions subject to which a Person is approved as a Controller, that Person must comply with those conditions.

(5) Where the Regulator has issued a final notice declaring a Person to be an unacceptable Controller, that Person must dispose of the relevant Holdings within such period as specified in the final notice.

(6) The Regulator may apply to the Court for the order of the sale or disposition of shares held in Contravention to a final notice, in accordance with (5).

(7) The Regulator must also notify the Authorised Person of any decision it has made pursuant to (3).

(8) The Regulator may give a restriction notice directing that, Shares or voting power Held by a Controller in respect of which a final notice has been given, are subject to one or more of the following restrictions:

(a) any agreement to transfer or a transfer of any such Shares or voting power is void;

(b) no voting power is to be exercisable;

(c) no further Shares are to be issued in pursuance of any right of the Holder of any such Shares or voting power or in pursuance of any offer made to their Holder; and

(d) save for in instances of liquidation, no payment is to be made of any sums due in respect of any such Shares.

(9) If the Regulator decides to exercise its power under this Rule to object to a Person as a Controller, to impose conditions or restrictions on an approval or to require a

Person to dispose of their Holdings, the Person may refer the matter to the Regulatory Committee for review.

Guidance

The GPM sets out the matters which the Regulator takes into consideration when exercising its powers under Rule 8.8.13.

Contraventions of the Rules under this Chapter

8.8.14 (1) A Person commits a Contravention of the Rules under this Chapter where it:

(a) fails to comply with any obligation of notification under Rules 8.8.5 and 8.8.9;

(b) makes the proposed acquisition to which the notice it has provided to the Regulator relates, prior to the receipt of any approval, whether conditional or unconditional, from the Regulator;

(c) Contravenes any conditions imposed by the Regulator upon its giving of a conditional approval to the proposed acquisition under Rule 8.8.7;

(d) makes the proposed acquisition after the period for which the Regulator has deemed the approval to be effective under Rule 8.8.5(5);

(e) breaches a direction in a restriction notice given under Rule 8.8.13(8); or

(f) provides false information to the Regulator.

(2) Any Contravention in (1) will entitle the Regulator to exercise its powers in Part 19 of the FSMR.

8.9 Creation of additional Cell of a Protected Cell Company or an Incorporated Cell Company for an Insurer

8.9.1 This Rule applies to Insurers that are Protected Cell Companies or Incorporated Cell Companies.

Guidance

1. An Insurer that is a Protected Cell Company is a company incorporated as, or converted into, a Protected Cell Company in accordance with the provisions of the Companies Regulations 2015.

2. An Insurer that is an Incorporated Cell Company is a company incorporated as, or converted into, an Incorporated Cell Company in accordance with the provisions of the Companies Regulations 2015.

8.9.2 A Protected Cell Company and an Incorporated Cell Company cannot be established in the ADGM without the consent of the Regulator.

8.9.3 An application to the Regulator in connection with the proposed establishment of a Protected Cell Company and an Incorporated Cell Company must be made in such form, and be accompanied by such Documents, as the Regulator may from time to time prescribe.

8.9.4 An Insurer that is a Protected Cell Company or an Incorporated Cell Company may not create a new Cell unless approval has been granted by the Regulator.

8.9.5 An application to the Regulator for the approval for the creation of a new Cell must be made in such form as the Regulator shall prescribe, and shall be accompanied by such Documents and information and verified in such manner, as the Regulator may require.

8.9.6 (1) The Regulator may:

(a) grant approval;

(b) grant approval with conditions or restrictions; or

(c) refuse approval;

for the creation of a new Cell.

(2) The procedures in Part 21 of the FSMR apply to a decision of the Regulator under (1)(b) and (1)(c).

(3) If the Regulator decides to exercise its power under (1)(b) and (c), the Insurer may refer the matter to the Regulatory Committee for review.

8.10 Notifications

8.10.1 (1) This Rule applies to every Authorised Person and Recognised Body, unless otherwise provided, with respect to the carrying on of Regulated Activities and any other activities whether or not financial.

(2) This Rule does not apply to a Representative Office.

Guidance

1. This Chapter sets out Rules on specific events, changes or circumstances that require notification to the Regulator and outlines the process and requirements for notifications.

2. The list of notifications outlined in this Chapter is not exhaustive. Other areas of the Rulebook may also detail additional notification requirements.

3. Each Authorised Person, Recognised Body and its Auditors is also required under Part 16 and section 193 of the FSMR respectively, to disclose to the Regulator any matter which may indicate a breach or likely breach of, or a failure or likely failure to comply with, Regulations or Rules. Each Authorised Person and Recognised Body is also required to establish and implement systems and procedures to enable its compliance and compliance by its Auditors with notification requirements.

Core information

8.10.2 Each Authorised Person must provide the Regulator with reasonable advance notice of a change in:

(1) its name;

(2) any business or trading name under which it, in the case of an Authorised Person, carries on a Regulated Activity in or from the ADGM;

(3) the address of its principal place of business in the ADGM;

(4) in the case of a Branch, its registered office or head office address;

(5) its legal structure; or

(6) in the case of an Authorised Person, an Approved Person's name or any material matters relating to his fitness and propriety.

8.10.3 A Domestic Firm must provide the Regulator with reasonable advance notice of the establishment or closure of a branch office anywhere outside the jurisdiction of the ADGM from which it carries on Regulated Activities.

8.10.4 When giving notice under Rule 8.10.3 in relation to the establishment of a branch, a Domestic Firm must at the same time submit to the Regulator a detailed business plan in relation to the activities of the proposed branch.

8.10.5 (1) The Regulator may object to the establishment by a Domestic Firm of a branch office elsewhere outside the jurisdiction of the ADGM.

(2) If the Regulator objects to the Domestic Firm establishing a branch anywhere outside the jurisdiction of the ADGM, the Domestic Firm may not proceed with establishment of such a branch.

(3) The procedures in Part 21 of the FSMR apply to a decision of the Regulator under (1).

(4) If the Regulator decides to exercise its power under (1), the Domestic Firm may refer the matter to the Regulatory Committee for review.

Regulatory impact

8.10.6 Each Authorised Person and Recognised Body must advise the Regulator immediately if it becomes aware, or has reasonable grounds to believe, that any of the following matters may have occurred or may be about to occur:

(1) the Authorised Person or Recognised Body's failure to satisfy the fit and proper requirements;

(2) any matter which could have a significant adverse effect on the Authorised Person or Recognised Body's reputation;

(3) any matter in relation to the Authorised Person or Recognised Body which could result in serious adverse financial consequences to the ADGM Financial System or to other Authorised Persons or Recognised Bodies;

(4) a significant breach of a Rule by the Authorised Person, Recognised Body or any of their Employees;

(5) a breach by the Authorised Person, Recognised Body or any of their Employees of any requirement imposed by any applicable law;

(6) any proposed restructuring, merger, acquisition, reorganisation or business expansion which could have a significant impact on the Authorised Person or Recognised Body's risk profile or resources;

(7) any significant failure in the Authorised Person or Recognised Body's systems or controls, including a failure reported to the Authorised Person or Recognised Body by its auditor;

(8) any action that would result in a material change in the capital adequacy or solvency of the Authorised Person; or

(9) non-compliance with Rules due to an emergency outside the Authorised Person or Recognised Body's control and the steps being taken by the Authorised Person or Recognised Body.

Fraud and errors

8.10.7 Each Authorised Person and Recognised Body must notify the Regulator immediately if one of the following events arises in relation to its activities in or from the ADGM:

(a) it becomes aware that an Employee may have committed a fraud against one of its Customers;

(b) a serious fraud has been committed against it;

(c) it has reason to believe that a Person is acting with intent to commit a serious fraud against it;

(d) it identifies significant irregularities in its accounting or other records, whether or not there is evidence of fraud; or

(e) it suspects that one of its Employees who is Connected with the Authorised Person or Recognised Body's Regulated Activities may be guilty of serious misconduct concerning his honesty or integrity.

Other Regulators

8.10.8 Each Authorised Person and Recognised Body must advise the Regulator immediately of:

(a) the granting or refusal of any application for or revocation of authorisation to carry on financial services in any jurisdiction outside the ADGM;

(b) the granting, withdrawal or refusal of an application for, or revocation of, membership of the Authorised Person or Recognised Body of any regulated exchange or clearing house;

(c) the Authorised Person or Recognised Body becoming aware that a Non-ADGM Financial Services Regulator has started an investigation into the affairs of the Authorised Person or Recognised Body;

(d) the appointment of inspectors, howsoever named, by a Non-ADGM Financial Services Regulator to investigate the affairs of the Authorised Person or Recognised Body; or

(e) the imposition of disciplinary measures or disciplinary sanctions on the Authorised Person or Recognised Body in relation to its financial services by any regulator or any regulated exchange or clearing house.

Guidance

The notification requirement in Rule 8.10.8(c) extends to investigations relating to any Employee or agent of an Authorised Person, Recognised Body or a member of its Group, provided the conduct investigated relates to or impacts on the affairs of the Authorised Person or Recognised Body.

Action against an Authorised Person

8.10.9 Each Authorised Person must notify the Regulator immediately if:

(1) civil proceedings are brought against the Authorised Person and the amount of the claim is significant in relation to the Authorised Person's financial resources or its reputation; or

(2) the Authorised Person is prosecuted for, or convicted of, any offence involving fraud or dishonesty, or any penalties are imposed on it for tax evasion.

Winding-Up, bankruptcy and insolvency

8.10.10 Each Authorised Person must notify the Regulator immediately on:

(1) the calling of a meeting to consider a resolution for Winding-Up the Authorised Person;

(2) an application to dissolve the Authorised Person or to strike it from the register maintained by the Registration Bureau, or a comparable register in another jurisdiction;

(3) the presentation of a petition for the Winding-Up of the Authorised Person;

(4) the making of, or any proposals for the making of, a composition or arrangement with creditors of the Authorised Person; or

(5) the application of any person against the Authorised Person for the commencement of any insolvency proceedings, appointment of any receiver, administrator or provisional liquidator under the law of any country, territory or jurisdiction outside the ADGM.

Accuracy of information

8.10.11 Each Authorised Person and Recognised Body must take reasonable steps to ensure that all information that it provides to the Regulator in accordance with any Regulations and Rules is:

(1) factually accurate or, in the case of estimates and judgements, fairly and properly based; and

(2) complete, in that it should include anything of which the Regulator would reasonably expect to be notified.

8.10.12 (1) Each Authorised Person and Recognised Body must notify the Regulator immediately when it becomes aware, or has information that reasonably suggests, that it:

(a) has or may have provided the Regulator with information which was or may have been false, misleading, incomplete or inaccurate; or

(b) has or may have changed in a material particular.

(2) Subject to (3), the notification in (1) must include details of the information which is or may be false or misleading, incomplete or inaccurate, or has or may have changed and an explanation why such information was or may have been provided and the correct information.

(3) If the correct information in (2) cannot be submitted with the notification, it must be submitted as soon as reasonably possible.

8.10.13 In the case of an Insurer which is a Protected Cell Company or an Incorporated Cell Company, an Insurer must advise the Regulator immediately when it becomes aware of any actual or prospective significant change in the type or scale of the business conducted through a Cell, or the ownership of the Cell Shares.

Information relating to corporate governance and Remuneration

8.10.14 (1) Subject to (2), an Authorised Person must provide to the Regulator notice of any significant changes to its corporate governance framework or the Remuneration structure or strategy as soon as practicable.

(2) An Authorised Person which is a Branch must provide notice of any significant changes to its corporate governance framework or the Remuneration structure or strategy only if the changes are relevant to the activities and operations of the Branch.

Guidance

1. The purpose of these notifications is to ensure that the Regulator is informed of any significant changes to the Authorised Person's corporate governance framework and Remuneration structure and strategies.

2. Significant changes that the Regulator expects Authorised Persons to notify to the Regulator pursuant to Rule 8.10.14 generally include:

   a. any major changes to the composition of the Governing Body;

   b. any changes relating to Persons Undertaking Key Control Functions, such as their removal or new appointments or changes in their reporting lines; and

   c. significant changes to the Remuneration structure that apply to the members of the Governing Body, senior management, Persons Undertaking Key Control Functions and Major Risk-Taking Employees.

3. The Regulator expects Branches to provide to the Regulator notification of significant changes that are relevant to the Branch operations.

8.11 Provision of notifications and reports

8.11.1 (1) Unless a Rule states otherwise, each Authorised Person must ensure that each notification or report it provides to the Regulator is:

   (a) in writing and contains the Authorised Person's name and Financial Services Permission number; and

   (b) addressed for the attention of the department relevant to Authorised Persons and delivered to the Regulator by:

      (i) post to the current address of the Regulator;

      (ii) hand delivery to the current address of the Regulator;

      (iii) electronic mail to an address provided by the Regulator; or

      (iv) fax to a fax number provided by the Regulator.

(2) In (1)(b) confirmation of receipt must be obtained.

8.12 Requirement to provide a report

8.12.1 This Rule applies to every Authorised Person and Recognised Body other than a Representative Office.

Guidance

1. Under section 203 of the FSMR, the Regulator may require an Authorised Person or Recognised Body to provide it with a report on any matter. The Person appointed to make a report must be a Person nominated or approved by the

Regulator. This Person will be referred to throughout the Rulebook as a "Skilled Person".

2. When requesting a report under section 203 of the FSMR, the Regulator may take into consideration the matters set out in the GPM.

Skilled person

8.12.2 (1) The Regulator may, by sending a notice in writing, require an Authorised Person or Recognised Body to provide a report by a Skilled Person. The Regulator may require the report to be in whatever form it specifies in the notice.

(2) The Regulator will give written notification to the Authorised Person or Recognised Body of the purpose of its report, its scope, the timetable for completion and any other relevant matters.

(3) The Skilled Person must be appointed by the Authorised Person or Recognised Body and be nominated or approved by the Regulator.

(4) The Authorised Person or Recognised Body must pay for the services of the Skilled Person.

Guidance

1. If the Regulator decides to nominate the Skilled Person, it will notify the Authorised Person or Recognised Body accordingly. Alternatively, if the Regulator is content to approve the Skilled Person selected by the Authorised Person or Recognised Body it will notify it of that fact.

2. The Regulator will only approve a Skilled Person that in the Regulator's opinion has the necessary skills to make a report on the matter concerned.

8.12.3 When an Authorised Person or Recognised Body appoints a Skilled Person, the Authorised Person or Recognised Body must ensure that:

(1) the Skilled Person co-operates with the Regulator; and

(2) the Authorised Person or Recognised Body provides all assistance that the Skilled Person may reasonably require.

8.12.4 When an Authorised Person or Recognised Body appoints a Skilled Person, the Authorised Person or Recognised Body must, in the contract with the Skilled Person:

(1) require and permit the Skilled Person to co-operate with the Regulator in relation to the Authorised Person or Recognised Body and to communicate to the Regulator information on, or his opinion on, matters of which he has, or had,

become aware in his capacity as a Skilled Person reporting on the Authorised Person or Recognised Body in the following circumstances:

(i) the Skilled Person reasonably believes that, as regards the Authorised Person or Recognised Body concerned:

(A) there is or has been, or may be or may have been, a Contravention of any relevant requirement that applies to the Authorised Person or Recognised Body concerned; and

(B) that the Contravention may be of material significance to the Regulator in determining whether to exercise, in relation to the Authorised Person or Recognised Body concerned, any powers conferred on the Regulator under any provision of the FSMR;

(ii) the Skilled Person reasonably believes that the information on, or his opinion on, those matters may be of material significance to the Regulator in determining whether the Authorised Person or Recognised Body concerned satisfies and will continue to satisfy the fit and proper requirements; or

(iii) the Skilled Person reasonably believes that the Authorised Person is not, may not be, or may cease to be, a going concern;

(2) require the Skilled Person to prepare a report within the time specified by the Regulator; and

(3) waive any duty of confidentiality owed by the Skilled Person to the Authorised Person or Recognised Body which might limit the provision of information or opinion by that Skilled Person to the Regulator in accordance with (1) or (2).

8.12.5 An Authorised Person and Recognised Body must ensure that the contract required under Rule 8.12.4:

(1) is governed by the Regulations and Rules of the ADGM;

(2) expressly provides that the Regulator has a right to enforce the provisions included in the contract under Rule 8.12.4;

(3) expressly provides that, in proceedings brought by the Regulator for the enforcement of those provisions, the skilled person is not to have available by way of defence, set-off or counter claim any matter that is not relevant to those provisions;

(4) if the contract includes an arbitration agreement, expressly provides that the Regulator is not, in exercising the right in (2) to be treated as a party to, or bound by, the arbitration agreement; and

(5) provides that the provisions included in the contract under Rule 8.12.4 are irrevocable and may not be varied or rescinded without the Regulator's consent.

8.13 Imposing Restrictions on an Authorised Person or Recognised Body's business or on an Authorised Person or Recognised Body's dealing with property

8.13.1 The Regulator has the power to impose a prohibition or requirement on an Authorised Person or Recognised Body in relation to its business or in relation to its dealing with property in circumstances where:

(1) there is a reasonable likelihood that it will Contravene a requirement of any Regulations or Rules;

(2) it has contravened a relevant requirement and there is a reasonable likelihood that the Contravention will continue or be repeated;

(3) there is loss, risk of loss, or other adverse effect on its Customers;

(4) an investigation is being carried out in relation to an act or omission by it that constitutes or may constitute a Contravention of any applicable Regulation or Rule;

(5) an enforcement action has commenced against it for a Contravention of any applicable Regulation or Rule;

(6) civil proceedings have commenced against it;

(7) it or any of its Employees may be or has been engaged in Market Abuse;

(8) it is subject to a merger;

(9) a meeting has been called to consider a resolution for its Winding-Up;

(10) an application has been made for the commencement of any insolvency proceedings or the appointment of any receiver, administrator or provisional liquidator under the law of any country, territory or jurisdiction outside the ADGM for it;

(11) there is a notification to dissolve it or strike it from the register maintained by the Registration Bureau, or a comparable register in another jurisdiction;

(12) there is information to suggest that it is involved in Financial Crime; or

(13) the Regulator considers that this prohibition or requirement is necessary to ensure Customers, Authorised Persons, Recognised Bodies, or the ADGM Financial System, are not adversely affected.

9. REPRESENTATIVES OFFICES

9.1 Application

9.1.1 (1) This Chapter applies to every Person who carries on, or intends to carry on, the Regulated Activity of Operating a Representative Office in or from the ADGM.

(2) Unless otherwise stated, the Rules apply to a Representative Office only with respect to activities carried on from an establishment maintained by it in the ADGM.

Guidance

1. Because of the limited nature of the Regulated Activity of Operating a Representative Office, much of the ADGM Rulebook has been disapplied for Representative Offices. While most of the key provisions applying to a Representative Office are contained in these Rules, a Representative Office should ensure that it complies with and has regard to other relevant provisions in other applicable ADGM Rulebooks including AML. The application section of each Rulebook sets out which chapters, if any, apply to a Representative Office.

2. A Representative Office should also ensure that it complies with and has regard to relevant provisions of the FSMR and MKT. FSMR gives the Regulator a number of important powers in relation to Authorised Persons including powers of supervision and enforcement.

3. The Regulated Activity of Operating a Representative Office is defined in Schedule 1 of the FSMR. By virtue of this Schedule, the Regulated Activity of Operating a Representative Office is a stand-alone Regulated Activity.

4. Whilst much Representative Office activity will not involve a continuing relationship with the Persons to whom marketing is directed, where such a relationship is necessary, the Representative Office will need to be careful to ensure that it does not carry on any activities other than the activity of Operating a Representative Office.

5. A Representative Office which undertakes a Regulated Activity which is outside the scope of its Financial Services Permission will be in breach of Part 4 of the FSMR. If the Regulator believes that a Representative Office is in breach of Part 4 of the FSMR, it may take steps which may include withdrawal of authorisation and formal enforcement action under the FSMR.

9.2 Financial Services Permission application

9.2.1 A Person, referred to in this chapter as an applicant, who intends to carry on the Regulated Activity of Operating a Representative Office must apply to the Regulator for a Financial Services Permission in such form as the Regulator shall prescribe.

9.2.2 (1) An application to Operate a Representative Office may only be made by a Person who is:

(a) incorporated; and

(b) regulated by a Non-ADGM Financial Services Regulator

in a jurisdiction other than the ADGM.

(2) The Regulator will not consider an application for the activity of Operating a Representative Office from an applicant who intends to operate in the ADGM as a Domestic Firm.

9.3 Consideration and assessment of applications

9.3.1 An applicant will only be authorised to carry on the Regulated Activity of Operating a Representative Office if the Regulator is satisfied that the applicant is fit and proper to hold a Financial Services Permission. In making this assessment the Regulator may consider:

(1) whether the applicant is subject to supervision by a Non-ADGM Financial Services Regulator;

(2) whether the applicant's Non-ADGM Financial Services Regulator in its home state has been made aware of the proposed application and has expressed itself as having no objection to the establishment by the applicant of a Representative Office in the ADGM; and

(3) any other relevant matters.

Guidance

The GPM sets out matters which the Regulator takes into consideration when making an assessment of the kind under Rule 9.3.1.

9.3.2 In relation to the assessment under Rule 9.3.1:

(1) the applicant must demonstrate to the Regulator's satisfaction that it is fit and proper;

(2) the applicant must demonstrate to the Regulator's satisfaction that its Principal Representative is fit and proper;

(3) the Regulator will consider any matter which may harm or may have harmed the integrity or the reputation of the Regulator or the ADGM;

(4) the Regulator will consider the activities of the applicant and the associated risks, and accumulation of risks, that those activities pose to the Regulator's objectives described under section 1(3) of the FSMR; and

(5) the Regulator will consider the cumulative effect of factors which, if taken individually, may be regarded as insufficient to give reasonable cause to doubt the fitness and propriety of an applicant.

9.3.3 A Representative Office applying to change the scope of its Financial Services Permission, or to have a condition or restriction varied or withdrawn, must provide the Regulator with written details of the proposed changes.

Guidance

A Representative Office applying to change the scope of its Financial Services Permission should bear in mind that it may have to change its legal structure. The process will involve a fundamental review of the Representative Office by the Regulator to ascertain whether the Representative Office meets all the relevant criteria to enable the proposed change in scope of its Financial Services Permission.

9.3.4 For the purposes of IFR and Schedule 1 of the FSMR, a Representative Office will not be taken to be holding itself out as conducting Islamic Financial Business in or from the ADGM in circumstances where it:

(1) does not represent that it provides, in or from the ADGM, any services that are in accordance with Shari'a; and

(2) acts within the scope of its Financial Services Permission, that is, it does not carry on in or from the ADGM a Regulated Activity other than Operating a Representative Office.

Guidance

IFR and Schedule 1 of the FSMR contain a prohibition against an Authorised Person holding itself out as conducting Islamic Financial Business without first obtaining a Financial Services Permission. An Islamic Financial Institution may operate a Representative Office in the ADGM but it is deemed not to be conducting Islamic Financial Business through its Representative Office. This is because of the limited nature of the financial services activity it is permitted to carry on and because it does not enter into

client relationships in the ADGM. Accordingly, there is no requirement to obtain an appropriate Financial Services Permission and IFR does not apply.

9.4 Withdrawal of a Financial Services Permission

9.4.1 A Representative Office seeking to have its Financial Services Permission withdrawn must submit a request in writing stating:

(1) the reasons for the request;

(2) that it has ceased or will cease to carry on the Regulated Activity of Operating a Representative Office in or from the ADGM; and

(3) the date on which it ceased or will cease to carry on the Regulated Activity of Operating a Representative Office in or from the ADGM.

Guidance

The Regulator may act on its own initiative to withdraw a Representative Office's Financial Services Permission.

9.5 Application of core principles

9.5.1 (1) The four Principles for Representative Offices set out in 9.6 apply to every Representative Office in accordance with Rule 9.1.1.

Guidance

1. Under Rule 9.1.1(2), the principles apply, unless otherwise stated, only to the Representative Office in the ADGM and not to the institution as a whole.

2. The Principles for Representative Offices have the status of Rules and are a general statement of fundamental regulatory requirements which apply alongside the other Rules including in relation to new or unforeseen situations which may not be covered elsewhere by a specific Rule. Rules in other areas of this Rulebook build upon these fundamental principles. Consequently the Rules and Guidance elsewhere should not be seen as exhausting the implications of the Principles.

3. Breaching a Principle for Representative Offices makes a Representative Office liable to disciplinary action, and may indicate that it is no longer fit and proper to carry on a Regulated Activity or to hold a Financial Services Permission. The Regulator may consider withdrawing the Financial Services Permission on that basis.

4. The onus will be on the Regulator to show that the Representative Office has been at fault in some way, taking into account the standard of conduct required under the Principle in question.

9.6 Principles for Representative Offices

Principle 1 - Integrity

9.6.1 A Representative Office must observe high standards of integrity and fair dealing.

Principle 2 – Due skill, care and diligence

9.6.2 In conducting its business activities a Representative Office must act with due skill, care and diligence.

Principle 3 – Resources

9.6.3 A Representative Office must maintain and be able to demonstrate the existence of adequate resources to conduct and manage its affairs.

Principle 4 – Relations with Regulators

9.6.4 A Representative Office must deal with Regulators in an open and cooperative manner and keep the Regulator promptly informed of significant events or anything else relating to the Representative Office of which the Regulator would reasonably expect to be notified.

9.7 General provisions

9.7.1 A Representative Office must have a place of business within the geographical boundaries of the ADGM.

9.7.2 A Representative Office must not:

(1) share an office with another Authorised Person;

(2) represent anyone other than itself or a member of its Group; or

(3) permit any staff member to be an Employee of another Authorised Person or Recognised Body.

Guidance

The Regulator would generally not consider a Representative Office to be sharing an office with an Authorised Person if that Representative Office were located in serviced offices which were also the place of business of an Authorised Person.

9.8 Fitness and Propriety

9.8.1 A Representative Office must at all times be fit and proper to hold a Financial Services Permission.

9.8.2 (1) A Representative Office must at all times have a Principal Representative who is resident in the U.A.E. and who has satisfied the Regulator as to fitness and propriety.

(2) If the Principal Representative leaves the employment of a Representative Office, the Representative Office must designate a successor as soon as possible, and in any event within 28 days.

(3) If the Regulator considers that a Principal Representative designated under (1) or (2) is not fit and proper to fulfil the role for which he has been designated, it will give the Representative Office written notice to this effect.

(4) On receipt of a notice under (3), a Representative Office must within 28 days designate a new Principal Representative and notify the Regulator accordingly.

9.8.3 A Representative Office must ensure, as far as reasonably practical, that its Employees are fit proper.

Guidance

1. The GPM sets out matters which the Regulator takes into consideration when making an assessment of the kind under Rule 9.8.3.

2. Where a Representative Office is no longer fit and proper or where its Principal Representative is no longer fit and proper, it will be in breach of these Rules and the Regulator may take steps to withdraw its Financial Services Permission. The GPM sets out matters which the Regulator takes into consideration when assessing the fitness and propriety of a Principal Representative.

9.9 Dealing with property

9.9.1 A Representative Office must not hold or control money or other property belonging to another Person except to the extent that this is necessary to deal with its ordinary business operating expenses.

9.10 Solvency

9.10.1 A Representative Office must notify the Regulator immediately upon becoming aware that it is unlikely to remain solvent in the near future or that it is insolvent.

Guidance

The requirement to notify is in respect of the institution of which the Representative Office forms a part.

9.11 Disclosure of regulatory status

9.11.1 A Representative Office must not:

(1) hold itself out as able to carry on a Regulated Activity other than Operating a Representative Office; or

(2) otherwise misrepresent its status expressly or by implication.

9.11.2 (1) A Representative Office must take reasonable care to ensure that every key business Document which is in connection with the Representative Office carrying on the Regulated Activity of Operating a Representative Office includes one of the disclosures under this Rule.

(2) A key business Document includes letterhead whether issued by post, fax or electronic means, written promotional materials, business cards, and websites but does not include compliment slips, or text messages.

(3) The disclosure required under (1) is that the Representative Office is regulated by the Regulator as a Representative Office.

9.11.3 The Regulator's logo must not be reproduced by a Representative Office without express written permission from the Regulator, and can only be used in accordance with any conditions for use.

9.12 Clear, fair and not misleading

General

9.12.1 When communicating information to a Person in relation to a financial product or financial service, a Representative Office must take reasonable steps to ensure that the communication is clear, fair and not misleading.

9.12.2 A Representative Office must not, in any form of communication with a Person, attempt to limit or avoid any duty or liability it may have to that Person or any other Person under the FSMR, MKT or any other relevant legislation.

Marketing Material

9.12.3 In this Rule, "Marketing Material" means any material communicated to a Person in the course of marketing financial services or financial products or effecting introductions.

9.12.4 (1) A Representative Office must ensure that any Marketing Material communicated to a Person contains the following information:

(a) the name of the Representative Office communicating the Marketing Material and on whose behalf the Marketing Material is being communicated;

(b) the Representative Office's regulatory status as required under Rule 9.11.1; and

(c) if the Marketing Material is directed at a specific class or category of investor, a clear statement to that effect and that no other Person should act upon it.

(2) If the Marketing Material is in the form of an insurance proposal, banking services proposal, Prospectus or other offering Document, which is capable of acceptance in due course, it must contain in a prominent position, or have attached to it, a statement that clearly:

(a) describes the foreign jurisdiction and the legislation in that jurisdiction that applies to the financial product;

(b) states the name of the relevant Non-ADGM Financial Services Regulator in that jurisdiction;

(c) describes the regulatory status accorded to the financial product by that regulator; and

(d) includes the following warning:

"This document relates to a financial product which is not subject to any form of regulation or approval by the Regulator.

The Regulator has no responsibility for reviewing or verifying any Prospectus or other Documents in connection with this financial product. Accordingly, the Regulator has not approved this document or any other associated Documents nor taken any steps to verify the information set out in this document, and has no responsibility for it.

The financial product to which this document relates may be illiquid and/or subject to restrictions on its resale. Prospective purchasers should conduct their own due diligence on the financial product.

If you do not understand the contents of this document you should consult an authorised financial adviser".

(3) A Representative Office must not distribute such marketing material if it becomes aware that the Person offering the financial product or financial service to which the Marketing Material relates is in breach of a regulatory or legal requirement that applies to that Person in relation to that product or service.

9.12.5 A Representative Office must take reasonable steps to ensure that no Person communicates or otherwise uses the Marketing Material on behalf of the Representative Office in a manner that amounts to a breach of the requirements in this Rule.

Past performance and forecasts

9.12.6 A Representative Office must ensure that any Marketing Material containing information or representations relating to past performance, or any future forecast based on past performance or other assumptions, which is provided to a Person is clear, fair and not misleading and contains a prominent warning that past performance is not necessarily a reliable indicator of future results.

9.13 Record keeping

9.13.1 A Representative Office must, for a minimum of six years, maintain sufficient records in relation to each activity and function of the Representative Office. These must include, where applicable any Marketing Material (as defined under Rule 9.12.3) issued, distributed or otherwise communicated by, or on behalf of, the Representative Office.

9.14 Communication with the Regulator

9.14.1 A Representative Office must ensure that any communication with the Regulator is conducted in the English language.

9.15 Regulatory Processes

Notifications

9.15.1 A Representative Office must notify the Regulator as soon as reasonably practical of any change in its:

(1) name;

(2) legal status;

(3) Controller(s); or

(4) address.

9.15.2 A Representative Office must notify the Regulator as soon as reasonably practical of:

(1) any breach of a Rule or of a provision of Regulations or Rules by the Representative Office; and

(2) any materially adverse information which would on reasonable grounds be considered likely to affect the fitness and propriety of the Representative Office or Principal Representative.

Lead regulation

9.15.3 If requested by the Regulator, a Representative Office must provide the Regulator with information that it or another member of its Group has provided to a Non-ADGM Financial Services Regulator.

Guidance

Under sections 215 to 217 of the FSMR the Regulator may exercise its powers for the purpose of assisting other Regulators or agencies.

APP1 BEST PRACTICE RELATING TO CORPORATE GOVERNANCE AND REMUNERATION

A1.1 Best practice relating to corporate governance

Guidance

Roles of the Governing Body and the senior management

1. The Governing Body should adopt a rigorous process for setting and approving and overseeing the implementation of, the Authorised Person or Recognised Body's overall business objectives and risk strategies, taking into account the long term financial safety and soundness of the Authorised Person or Recognised Body as a whole, and the protection of its Customers and stakeholders. These objectives and strategies should be adequately documented and properly communicated to the Authorised Person or Recognised Body's senior management, Persons Undertaking Key Control Functions (such as the heads of risk management and compliance) and all the other relevant Employees. Senior management should ensure the effective implementation of such strategies in carrying out the day-to-day management of the Authorised Person or Recognised Body's business.

2. The Governing Body, with the support of the senior management, should take a lead in setting the "tone at the top", including by setting the fundamental corporate values that should be pursued by the Authorised Person or Recognised Body. These should, to the extent possible, be supported by professional standards and codes of ethics that set out acceptable and unacceptable conduct. Such professional standards and codes of ethics should be clearly communicated to those individuals involved in the conduct of business of the Authorised Person or Recognised Body.

3. The Governing Body should review the overall business objectives and strategies at appropriate intervals and in any event, at least annually to ensure that they remain suitable in light of any changes in the internal or external business and operating conditions. The Governing Body should also approve the approach and oversee the implementation of key policies pertaining to risk identification and management, capital and liquidity plans, compliance policies and obligations, and the internal control systems.

4. The Governing Body should also ensure that the senior management is effectively discharging the day-to-day management of the Authorised Person or Recognised Body's business in accordance with the business objectives and strategies that have been set or approved by the Governing Body. For this purpose, the Governing Body should ensure that there are clear and objective performance goals and measures (and an objective assessment against such criteria at

reasonable intervals), for the Authorised Person, Recognised Body and the members of their Governing Bodies and the senior management to ascertain whether the Authorised Person or Recognised Body's business objectives and risk strategies are implemented effectively and as intended.

Internal governance of the Governing Body

5. The Governing Body should also ensure that the senior management is responsible for carrying out regular stress testing on credit, operational, market, and liquidity risks. The Governing Body should annually review the stress scenarios and take action to address any perceived issues arising from those reviews.

6. The Governing Body should have appropriate practices and procedures for its own internal governance, and ensure that these are followed, and periodically reviewed to ensure their effectiveness and adequacy. These policies and procedures should cover a formal and transparent process for nomination, selection, and removal of the members of the Governing Body (see the GPM), and a specified term of office as appropriate to the roles and responsibilities of the member, particularly to ensure the objectivity of his decision making and judgment. Appropriate succession planning should also form part of the Governing Body's internal governance practices.

7. The Governing Body should meet sufficiently regularly to discharge its duties effectively. There should be a formal schedule of matters specifically reserved for its decision. The working procedures of the Governing Body should be well defined.

8. The Governing Body should also ensure that when assessing the performance of the members of the Governing Body and its Senior Managers and Persons Undertaking Key Control Functions, the independence and objectivity of that process is achieved through appropriate mechanisms, such as the assignment of the performance assessment to an independent member of the Governing Body or a committee of the Governing Body comprising a majority of independent members. See the GPM for the independence criteria for Authorised Persons and the GPM for the independence criteria for Recognised Bodies.

Committees of the Governing Body

9. To support the effective discharge of its responsibilities, the Governing Body should establish its committees as appropriate. The committees that a Governing Body may commonly establish, depending on the nature, scale and complexity of its business and operations, include the audit, Remuneration, ethics/compliance, nominations and risk management committees. Where committees are appointed, they should have clearly defined mandates, authority to carry out their respective functions, and the degree of independence and objectivity as

appropriate to the role of the committee. If the functions of any committees are combined, the Governing Body should ensure such a combination does not compromise the integrity or effectiveness of the functions so combined. In all cases, the Governing Body remains ultimately responsible for the matters delegated to any such committees.

Independence and objectivity

10. The Governing Body should establish clear and objective independence criteria which should be met by a sufficient number of members of the Governing Body to promote objectivity and independence in decision making by the Governing Body. See the GPM for independence criteria.

Powers of the Governing Body

11. To be able to discharge its role and responsibilities properly, the Governing Body should have adequate and well-defined powers, which are clearly set out either in the legislation or as part of the constituent Documents of the Authorised Person or Recognised Body (such as the constitution, articles of incorporation and organisational rules). These should, at a minimum, include the power to obtain timely and comprehensive information relating to the management of the Authorised Person or Recognised Body, including direct access to relevant persons within the organisation for obtaining information such as its senior management and Persons Undertaking Key Control Functions (such as the head of compliance, risk management or internal audit).

Role of user committees

12. A Recognised Body should consider all relevant stakeholders' interests, including those of its Members and other participants, and Issuers, in making major decisions, such as those relating to its system's design, overall business strategy and rules and procedures. A Recognised Body which has cross-border operations should ensure that full range of views across jurisdictions in which it operates is appropriately considered in its decision-making process.

13. In some instances, a Recognised Body may be required under the applicable Rules to undertake public consultation in relation to certain matters, such as any proposed amendments to its Business Rules under MIR Rule 2.11.

14. Effective mechanisms for obtaining stakeholder input to the Recognised Body's decision-making process, including where such input is mandatory, include the establishment of, and consultation with, user committees. As opinions among interested parties are likely to differ, a Recognised Body should have clear processes for identifying and appropriately managing the diversity of stakeholder

views and any conflicts of interest between stakeholders and the Recognised Body.

15. Where a Recognised Body establishes user committees to obtain stakeholder input to its decision making, to enable such committees to be effective, a Recognised Body should structure such committees to:

    a. have adequate representation of the Recognised Body's Members and other participants, and stakeholders including Issuers. The other stakeholders of a Recognised Body may include Clients of its Members or participants, custodians and other service providers;

    b. have direct access to the members of the Recognised Body's Governing Body and members of the senior management as appropriate;

    c. not be subject to any direct or indirect influence by the senior management of the Recognised Body in carrying out their functions;

    d. have clear terms of reference (mandates) which include matters on which the advice of user committees will be sought. For example, the criteria for selecting Members, setting service levels and pricing structures and for assessing the impact on Members and other stakeholders of any proposed material changes to the Recognised Body's existing arrangements (MIR Rule 2.11) and any amendments to its Business Rules (MIR Rule 2.11); and

    e. have adequate internal governance arrangements (such as the regularity of committee meetings and the quorum and other operational procedures).

A1.2 Best practice relating to Remuneration

Guidance

Development and monitoring of the Remuneration structure

1. To ensure that the Remuneration structure and strategies of the Authorised Person or Recognised Body are appropriate to the nature, scale and complexity of the Authorised Person or Recognised Body's business, the Governing Body should take account of the risks to which the Authorised Person or Recognised Body could be exposed as a result of the conduct or behaviour of its Employees. The Governing Body should play an active role in developing the Remuneration strategy and policies of the Authorised Person or Recognised Body. A Remuneration committee of the Governing Body could play an important role in the development of the Authorised Person or Recognised Body's Remuneration structure and strategy.

2. For this purpose, particularly where Remuneration structure and strategies contain performance based Remuneration (see also Guidance points 7 and 8 below), consideration should be given to various elements of the Remuneration structure such as:

   a. the ratio and balance between the fixed and variable components of Remuneration and any other benefits;

   b. the nature of the duties and functions performed by the relevant Employees and their seniority within the Authorised Person or Recognised Body;

   c. the assessment criteria against which performance based components of Remuneration are to be awarded; and

   d. the integrity and objectivity of the process of performance assessment against the set criteria.

3. Generally, not only the senior management but also the Persons Undertaking Key Control Functions should be involved in the Remuneration policy-setting and monitoring process to ensure the integrity and objectivity of the process.

Who should be covered by Remuneration policy

4. An Authorised Person or Recognised Body's Remuneration policy should, at a minimum, cover those specified in Rule 3.3.42(1)(c). Accordingly, the members of the Governing Body, the senior management, the Persons Undertaking Key Control Functions and any Major Risk-Taking Employees should be included in the Authorised Person or Recognised Body's Remuneration policy. With the exception of the 'senior management', all the other three categories attract their own definitions. Although the expression "senior management" carries its natural meaning, Rule 3.3.41(3) describes the senior management's role as the "day-to-day management of the Authorised Person or Recognised Body's business…". Guidance point 3 under Rule 3.3.3 gives further clarification as to who may perform senior management functions.

Remuneration of Persons Undertaking Key Control Functions

5. Any performance based component of Remuneration of Persons Undertaking Key Control Functions as well as other Employees undertaking activities under the direction and supervision of those Persons should not be linked to the performance of any business units which are subject to their control or oversight. For example, where risk and compliance functions are embedded in a business unit, a clear distinction should be drawn between the Remuneration structure applicable to those Persons Undertaking Key Control Functions and the Employees

undertaking activities under their direction and supervision on the one hand and the other Employees in the business unit on the other hand. This may be achieved by separating the pools from which Remuneration is paid to the two groups of Employees, particularly where such Remuneration comprises performance based variable Remuneration.

Use of variable Remuneration

6. Where an Authorised Person or Recognised Body includes in its Remuneration structure performance based variable components (such as bonuses, equity participation rights such as share based awards or other benefits), especially if they form a significant portion of the overall Remuneration structure, or Remuneration of any particular Employees or class of Employees, the Governing Body should ensure that there are appropriate checks and balances relating to their award. This is because, while such performance based Remuneration is an effective tool in aligning the interests of the Employees with the interests of the Authorised Person or Recognised Body, if used without necessary checks and balances, it could lead to inappropriate risk taking by Employees.

7. Therefore, the Governing Body should, when using any performance based variable component in the Authorised Person or Recognised Body's Remuneration structure, ensure that:

    a. the overall Remuneration structure contains an appropriate mix of fixed and variable components. For example, if the fixed component of Remuneration of an Employee is very small relative to the variable (e.g. bonus) component, it may become difficult for the Authorised Person or Recognised Body to reduce or eliminate bonuses even in a poor performing financial year;

    b. there are clear and objective criteria for allocating performance based Remuneration (see below in Guidance point 8);

    c. there are appropriate adjustments for the material 'current' and 'future' risks associated with the performance of the relevant Employee, as the time horizon in which risks could manifest themselves may vary. For example, where practicable, the measurement of performance should be set in a multi-year framework. If this is not practicable, there should be deferral of vesting of the benefits or retention or claw-back arrangements applicable to such components as appropriate;

    d. there are appropriate prudential limits, consistent with the Authorised Person or Recognised Body's capital management strategy and its ability to maintain a sound capital base taking account of the internal capital targets or regulatory capital requirements;

e. in the case of Employees involved in the distribution of financial products whose Remuneration is Commission based, there are adequate controls and monitoring to mitigate marketing which is solely Commission driven; and

f. the use of guaranteed bonuses is generally avoided as such payments are not consistent with sound risk management and performance based rewards. However, there may be circumstances where such guaranteed bonuses may be paid to attract new Employees (for example to compensate bonuses forfeited from the previous employer).

Performance assessment

8. The performance criteria applicable, particularly relating to the variable components of Remuneration, as well as the performance assessment against such criteria, contribute to the effectiveness of the use of performance based Remuneration. Therefore, the Governing Body should ensure that such criteria:

   a. are clearly defined and objectively measurable;

   b. include not only financial but also non-financial elements as appropriate (such as compliance with regulation and internal rules, achievement of risk management goals as well as compliance with market conduct standards and fair treatment of Customers);

   c. take account of not only the individual's performance, but also the performance of the business unit concerned and the overall results of the Authorised Person or Recognised Body and, if applicable, the Group; and

   d. do not treat growth or volume as an element in isolation from other performance measurements included in the criteria.

Severance payments

9. Where an Authorised Person or Recognised Body provides discretionary payouts on termination of employment ("severance payments", also called "golden parachutes"), such payment should generally be subject to appropriate limits or shareholder approval. In any case, such payouts should be aligned with the Authorised Person or Recognised Body's overall financial condition and performance over an appropriate time horizon and should not be payable in the case of failure or threatened failure of the Authorised Person or Recognised Body, particularly to an individual whose actions may have contributed to the failure or potential failure of the Authorised Person or Recognised Body.

APP2 TRADE REPOSITORY

A2.1 Requirements applicable to Trade Repositories

Disclosure of market data by Trade Repositories

A2.1.1 A Trade Repository must provide data in line with regulatory and industry expectations to relevant regulatory authorities and the public. Such information must be comprehensive and at a level of detail sufficient to enhance market transparency and support other public policy objectives.

Guidance

1. At a minimum, a Trade Repository should provide aggregate data on open positions and transaction volumes and values and categorised data (for example, aggregated breakdowns of trading counterparties, Reference Entities, or currency breakdowns of products), as available and appropriate, to the public.

2. Relevant regulatory authorities should be given access to additional data recorded in a Trade Repository, including participant-level data, as relevant to the respective mandates and legal responsibilities of the relevant regulatory authority (such as market regulation and surveillance, oversight of exchanges, and prudential supervision or prevention of market misconduct).

Processes and procedures

A2.1.2 A Trade Repository must have effective processes and procedures to provide data to relevant authorities in a timely and appropriate manner to enable them to meet their respective regulatory mandates and legal responsibilities.

Guidance

A Trade Repository should have procedures to facilitate enhanced monitoring, special actions, or official proceedings taken by relevant authorities in relation to data on troubled or failed participants by making relevant information in the Trade Repository available in a timely and effective manner. The provision of data from a Trade Repository to relevant authorities should be supported from a legal, procedural, operational, and technological perspective.

Information systems

A2.1.3 A Trade Repository must have robust information systems that enable it to provide accurate current and historical data. Such data should be provided in a timely manner and in a format that permits it to be easily analysed.

Guidance

A Trade Repository should collect, store, and provide data to participants, regulatory authorities, and the public in a timely manner and in a format that can facilitate prompt analysis. Data should be made available that permits both comparative and historical analysis of the relevant markets.

FINANCIAL SERVICES REGULATORY AUTHORITY
سلطة تنظيم الخدمات المالية

Market Rules (MKT)

*In this Appendix, underlining indicates new text and strikethrough indicates deleted text, unless otherwise indicated.

ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

TABLE OF CONTENTS

The contents of this ~~module~~Rulebook are divided into the following chapters, sections and appendices:

1. INTRODUCTION

1.1 Application

1.1.1 (1) The Rules in this Rulebook~~module~~ ("**MKT**") are made for the purposes of the Financial Services and Markets Regulations 2015 ("**FSMR**") and apply to every Person to whom that legislation applies. For the purposes of these Rules the Regulator may refer to itself as the Listing Authority.

(1) Without limiting the generality of (1), this Rulebook~~module~~ applies to:

(a) a Person making an Offer of Securities to the Public except in relation to Units of a Fund;

(b) a Person applying to have Securities admitted to the Official List of Securities;

(c) a Person applying to have Securities admitted to trading on a RecognisedInvestment Exchange~~Body~~;

(d) a Person specified in Rule 4.10.1 as liable for the content of aProspectus;

(e) a Reporting Entity;

(f) a Person who is a Related Party;

(g) a Person who is a Restricted Person;

(h) a Person who is a Connected Person; and

(i) a Person appointed as a Sponsor, compliance adviser or other expert adviser of a Reporting Entity.

(j) a Person appointed under Chapter 6 as a Stabilisation Manager or Stabilisation Agent.

1.1.2 Where a Ruleprescribes a requirement on a Reporting Entity or an Undertaking, each Director, Partner or other Person charged with the management of that Reporting Entity or Undertaking must take all reasonable steps within its control to secure compliance with the requirement by the Reporting Entity or Undertaking.

1.1.3 Where a Ruleprescribes a requirement relating to a Director, Partner or Employee of a Reporting Entity or an Undertaking:

(1) the Director, Partner or Employee, as the case may be, must take all reasonable steps within his control to secure compliance with the requirement; and

(2) the Reporting Entity or Undertaking must take all reasonable steps to ensure compliance with the requirement by the Director, Partner or Employee.

Guidance

Application to Listed Funds

1. Where Units of a Fund are admitted to the Official List ~~trading on a RecognisedBody~~, such a Fund is a Listed Fund. A reference to a Reporting Entity in relation to a Listed Fund is a reference to the Fund Manager of that Fund, unless another person has been declared by the Regulator as the Reporting Entity of the Fund.

2. Accordingly, any obligations of a Reporting Entityof a Listed Fund are, unless the context requires otherwise, obligations imposed on the Reporting Entity in respect of the Listed Fund. Therefore, the obligations imposed by the FSMR and these Rules apply to the Governing Body of the Reporting Entity and to every member of the Governing Body in the manner specified in Rules 1.1.2 and 1.1.3.

Waivers and modifications

3. The Regulator may, pursuant to section 58(2)~~9~~ of ~~the~~FSMR, waive or modify the application of the provisions in ~~the~~FSMR concerning the admission of Securities to trading on a Recognised Investment Exchange where it considers appropriate or desirable in the interests of the ADGM to do so and, in accordance with the procedures set out in Guidance 4 below.

4. Generally, the Regulator will exercise the section 58(2)~~9~~ FSMR power sparingly and only in circumstances where there is a clearly demonstrated case for granting a waiver or modification of the FSMR, such as:

    a. to alleviate any undue regulatory burden on a Person in complying with the requirements in the FSMR in circumstances where investor protection intended by the relevant provisions is not reduced; or

    b. to apply to a Person upon request (i.e. on a consent basis) the provisions of the FSMR which, without a modification, will not apply to that Person. For example, an Exempt Offeror (i.e. a Person such as a government or government instrumentality included in the ADGM's Exempt Offeror List in APP 5) who is not subject to the Prospectus disclosure and the liability regime in the FSMR and these Rules may apply to the Regulator for a modification to section 61 of the FSMR so that it can make a Prospectus Offer of its Securities in accordance with the relevant Prospectus disclosure and liability regime in the FSMR and these Rules.

5. The Regulator also has the power, pursuant to section 9 of the FSMR, to waive or modify these Rules. The Guidance and Policies Manual (GPM) gives further information on how to seek a waiver or modification.

1.2 Overview of the ~~module~~Rulebook

Guidance

Listing Rules – chapter 2

1. Chapter 2 sets out the ADGM's Listing Rules.

Listed funds – chapter 3

2. Chapter 3 contains, with the exception of the requirements in chapters 5 (Sponsors) and 8 (Systems and Controls), all the requirements applicable to a Reporting Entity of a Listed Fund. These requirements, while mirroring the requirements applicable to other Reporting Entities, have been tailored to take account of the characteristics of Funds. These include:

    a. general requirements applicable to Listed Funds;

    b. Prospectus requirements for the purposes of having Units of a Fund admitted to trading on a Recognised Investment Exchange~~Body~~;

    c. governance requirements applicable to Listed Funds;

    d. market disclosure of information relating to Listed Funds; and

    e. financial reporting requirements applicable to Listed Funds.

Offer of Securities – chapter 4

3. Chapter 4 contains:

    a. the requirements applicable to a Person who:

        i. makes an Offer of Securities to the Public (other than in respect of Units, which are covered by the Prospectus and other requirements in the Fund Rules); or

        ii. applies to have Securities admitted to trading on a Recognised Investment Exchange~~Body~~ (other than the admission to trading of Units, which is governed by the requirements in chapter 3);

    b. the types of Exempt Offers (i.e. Securities which can be offered to the public without a Prospectus), Exempt Securities (i.e. Securities which can be admitted to trading on a RecognisedInvestment Exchange~~Body~~ without a Prospectus) and Exempt Communications (i.e.

communications relating to Securities which are not treated as a Prospectus);

c. the requirements and procedures relating to the approval of a Prospectus by the Regulator;

d. the requirements and procedures relating to the structure and content of a Prospectus including:

i. when material may be incorporated into a Prospectus by reference; and

ii. liability for the content of a Prospectus including the liability of Experts and other Persons whose reports or opinions are included in a Prospectus with their consent for such inclusion; and

e. the circumstances in which the Regulator may accept an Offer document prepared in accordance with the legislation applicable in a jurisdiction other than the Regulator as sufficient for the purposes of meeting the Prospectus requirements in the FSMR and these Rules.

Sponsors and compliance advisers – chapter 5

4. The Regulator has the discretion to require the appointment of a Sponsor, compliance adviser or other expert adviser by a Reporting Entity, including that of a Listed Fund. Chapter 5 contains the requirements relating to the appointment of such Sponsors, compliance advisers and other expert advisers, and the obligations that apply to such Persons and the Reporting Entity where such Sponsors or compliance advisers are appointed.

Market Abuse, Price Stabilisation and Buy-back Programmes – chapter 6

5. Chapter 6 sets out the ADGM's provisions on Market Abuse, as outlined within the FSMR, and the procedures for Price Stabilisation and Buy-back Programmes.

Market disclosure – chapter 7

6. Every Reporting Entity is required to disclose to the market certain types of information either relating to the Securities of the Reporting Entity or the Reporting Entity itself. Suchdisclosure is designed to ensure that the markets are continually updated with information that is likely to have an impact on the price of the Securities so that investors can make an informed judgement about those Securities. For this purpose, chapter 7 requires disclosure of Inside Information, with carve-outs for non-disclosure of commercially sensitive information for a limited period, as well as disclosures of interests held by Persons in positions of control or influence relating to a Reporting Entity (such as Controllers and their associates, called "Connected Persons"),

and the disclosure of Directors' notifiable interests in the Reporting Entity. The means by which disclosure of the information required to be provided to the markets are also specified in this chapter.

Systems and controls – chapter 8

7. Chapter 8 sets out the systems and controls a Reporting Entity, including a Reporting Entity of a Listed Fund, must have in order to be able to comply with the requirements applicable to that Person.

Governance of Reporting Entities – chapter 9

8. Chapter 9 covers a wide range of Corporate Governance requirements applicable to Reporting Entities including:

    a. seven high-level Corporate Governance Principles, with best practice standards relating to those principles which apply on a "comply or explain" basis and which are set out in APP 4;

    b. Directors' duties, including acting in good faith and applying due diligence and care in the discharge of their duties and functions;

    c. provisions to ensure fair treatment of Shareholders in the conduct of affairs of the Company, such as provisions relating to communication with Shareholders, exercise of pre-emption rights, reduction of Share capital and a list of matters that require approval by a majority of Shareholders in voting; and

    d. provisions to address conflicts of interest. For example individuals involved in the Senior Management of the Reporting Entity (such as executive Directors and other senior executives, called "Restricted Persons"), are prohibited from dealing in the Securities of the Reporting Entity during "close periods", unless prior clearance for those dealings is obtained. Similarly, Persons who qualify as Related Parties of the Reporting Entity are prohibited from entering into commercial transactions with the Reporting Entity unless certain requirements are followed.

Accounting periods, financial reports and auditing – chapter 10

9. Every Reporting Entity is required to prepare and file certain annual, semi-annual and other periodic financial reports relating to the financial position of the Reporting Entity. Such reports are required to be prepared in accordance with the specified internationally accepted accounting standards and, in the case of annual financial reports, required to be audited. Therequirements relating to the preparation and audit of the financial statements and the disclosure of such reports within specified periods are set out in chapter 10.

1.3 General

1.3.1 A reference in this ~~MKTmodule~~Rulebookto:

(1) "this Rulebook~~module~~", is a reference to this MKT Rulebook~~module~~; and

(2) "Rules", ~~or "Rulebook",~~ except where otherwise provided, is a reference to the Rules~~rules~~ in this Rulebook~~module~~.

1.3.2 Where a Reporting Entity is referred to in this~~module~~Rulebookas a Reporting Entity in respect of a specified class of Securities, it is a reference to a Person who has become a Reporting Entity by:

(1) making an Offer of Securities to the Public; ~~or~~

(2) having Securities admitted to the Official List of Securities; or

(3) having Securities admitted to trading on a RecognisedInvestment Exchange,~~Body~~, ~~of that particular specified class of Securities.~~

of that particular specified class of Securities.

1.4 Interpreting the Rulebook

Guidance

Interpretation

1. Every provision in the Rulebook must be interpreted in the light of its purpose. The purpose of any provision is to be gathered first and foremost from the text of the provision in question and its context among other relevant provisions.

2. When this section refers to a provision, this means every type of provision, including Rules and Guidance.

3. Where reference is made in the Rulebook to another provision of the Rulebook or other ADGMlegislation, it is a reference to that provision as amended from time to time.

4. Unless the contrary intention appears:

   a. words in the Rulebook importing the masculine gender include the feminine gender and words importing the feminine gender include the masculine; and

   b. words in the Rulebook in the singular include the plural and words in the plural include the singular.

5. If a provision in the Rulebook refers to a communication, notice, agreement, or other document "in writing" then, unless the contrary intention appears, it means in legible form and capable of being reproduced on paper, irrespective of the medium used. Expressions related to writing must be interpreted accordingly.

6. Any reference to "dollars" or "$" is a reference to United States Dollars unless the contrary intention appears.

7. Unless stated otherwise, a day means a calendar day. If an obligation falls on a calendar day which is either a Friday or Saturday or an official State holiday in the ADGM, the obligation must take place on the next calendar day which is a Business Day.

~~8. Unless stated otherwise, a month means 30 calendar days.~~

Defined terms

8. Defined terms are identified throughout the Rulebook by the capitalisation of the initial letter of a word or of each word in a phrase and are defined in the Glossary ("**GLO**"). Unless the context otherwise requires, where capitalisation of the initial letter is not used, an expression has its natural meaning.

1.5 Complaints against the Regulator

1.5.1 A Person who feels he has been adversely affected by the manner in which the Regulator has carried out its functions may make a complaint to the Regulator~~head of the ADGM~~ about its conduct or the conduct of its Employees.

1.5.2 A complaint must be in writing and should be addressed to the Chief Executive~~head~~ of the Regulator~~ADGM~~.The complaint will be dealt with by the~~head of the~~Regulator~~ADGM~~ in a timely manner.

2. THE LISTING RULES

2.1 Application

2.1.1 (1) This chapter applies to every:

(a) Listed Entity; and

(b) Applicant for admission of Securities to the Official List of Securities.

~~(2) In this chapter:~~

~~(a) a "Listed Entity" means the Reporting Entity of Securities which are admitted to the Official List of Securities;~~

~~(b) "Applicant" means an Applicant for admission of Securities to the Official List of Securities and includes, where the context requires, the Issuer; and~~

~~(c) a reference to Listed Securities is a reference to the Securities of the Issuer or, where the context requires, the Securities for which the Listed Entity is a Reporting Entity but not the Issuer.~~

Guidance

1. Listed Entities should note that some of the Listing Rules are Security-specific and many apply exclusively to Issuers of Shares.

2. The Regulator may waive or modify one or more requirements of this chapter for Issuers of non-debt or equity Securities where appropriate provided such waiver or modification would not unduly prejudice holders of the Issuer's Securities.

3. The Regulator may waive or modify one or more requirements of this chapter for an Issuer of ~~a~~ secondary<u>listed</u>Listed~~ing~~ <u>Securities</u> if:

   a. the Issuer is from a jurisdiction acceptable to the Regulator because the regulatory regime as it applies to listing is broadly equivalent to the ADGM's regulatory regime;

   b. adequate arrangements exist, or will exist, for co-operation between the ~~ADGM Board or the~~ Regulator and <u>the</u> otherPerson responsible for regulating the Regulated Exchange on which the Securities are listed on a primary listing basis or for regulating listed ~~Companies~~<u>entities</u> in the jurisdiction where the Securities are listed on a primary listing basis; and

   c. holders of the Issuer's Shares would not be unduly prejudiced by the waiver or modification.

4. The Regulator may also modify one or more requirements of this chapter for an Exempt Offeror who wishes to voluntarily comply with the Listing Rules in order to include its Securities on the Official List and thereby seek admission to trading on a Recognised<u>Investment Exchange</u>~~Body~~. Without such a modification an Exempt Offeror cannot have its Securities included in the Official List. This is because section 50(3) of the FSMR requires that a Recognised <u>Investment Exchange</u>~~Body~~shall not permit trading of Securities on its facilities unless those Securities are admitted to, and not suspended from, the Official List.

5. The Regulator is aware that the timing of admittance to trading may not always coincide with thelisting application process. However, in practice, the Regulator will generally provide theApplicant with a notice of admittance to the <u>Official</u>List on condition of a successful admittance to trading on a

Recognised Investment Exchange~~Body~~within a specified period. This notice of admittance can be provided to the relevant Recognised Investment Exchange~~Body~~when seeking admission to trading on a Recognised Body. At all relevant times the Regulator expects to be in contact with the relevant Recognised Body on which the Securities are to be admitted to trading.

6. The ADGM will maintain the Official List on the ADGM website.

7. A Person who wishes to make a complaint about a Listed Entity should use the complaints portal on the ADGM website.

2.2 The Listing Principles

Guidance

1. The purpose of the Listing Principles is to ensure that Listed Entities pay due regard to the fundamental role played by them in maintaining market confidence and ensuring a fair and orderly market. The Listing Principles are designed to assist Listed Entities in identifying their obligations and responsibilities under the Listing Rules.

2. The Listing Principles apply in addition to the Corporate Governance Principles in chapter 9 which apply to all Reporting Entities.

Principle 1

2.2.1 A Listed Entity must take reasonable steps to ensure that its Senior Management and any other relevant Employees understand and comply with their responsibilities and obligations under the Listing Rules.

Principle 2

2.2.2 A Listed Entity must take reasonable steps to establish and maintain adequate policies, procedures, systems and controls to enable it to comply with its obligations under the Listing Rules.

Principle 3

2.2.3 A Listed Entity must act with integrity towards holders and potential holders of itsListed Securities.

Principle 4

2.2.4 A Listed Entity must communicate information to holders and potential holders of its Listed Securities in such a way as to avoid the creation or continuation of a false market in such Listed Securities.

Principle 5

2.2.5 A Listed Entity must deal with the Regulator in an open and co-operative manner.

Principle 6

2.2.6 A Listed Entity must ensure that it treats all holders of the same class of its ListedSecurities equally in respect of the rights attaching to such Listed Securities.

2.3 General eligibility requirements

Incorporation

2.3.1 An Applicant must be duly incorporated or otherwise validly established according to the relevant laws of its place of incorporation or establishment and be operating in conformity with its constitution.

Audited financial statements

2.3.2 An Applicant must have published or filed audited accounts which:

(1) cover a prior period of three years or any other shorter period acceptable to the Regulator;

(2) are consolidated for the Applicant and any of its subsidiary~~Subsidiary~~ undertakings;

(3) have been prepared in accordance with IFRS or other standards acceptable to the Regulator; and

(4) have been audited and reported on by auditors in accordance with auditing standards of the International Auditing and Assurance Standards Board (IAASB) or other standards acceptable to the Regulator.

Guidance

1. The Regulator may modify or waive Rule 2.3.2 if it is satisfied that it is desirable in the interests of investors and that investors have the necessary information available to arrive at an informed judgement about the Issuer and the Shares for which an admission to the Official Listing~~listing~~ is sought.

2. The Regulator would accept a shorter period than three years depending on the nature of the Applicant's business and any other material considerations, for example, where the Issuer has been in operation for less than three years.

Working capital

2.3.3 An Applicant seeking admission of Shares to theOfficialList must satisfy the Regulator that it and any Subsidiaries have sufficient working capital available for its present requirements or, if not, how it proposes to provide the additional working capital needed.

Guidance

1. For the purposes of Rule 2.3.3, the Regulator considers "present requirements" to be a minimum period of 12 months fromthedate of admission to the Official List.

2. Rule 1.4 of A1.2.2 requires the Directors of an Issuer in its Prospectus to make a statement that it has sufficient working capital for its present requirements (i.e. a "clean" working capital statement). If an Applicant is unable to make a clean working capital statement, the Applicant would need to make a statement that it does not have sufficient working capital and explain how additional working capital will be provided.

General suitability

2.3.4 (1) An Applicant must demonstrate to the Regulator's satisfaction that it and its business are suitable foradmission to the Official List~~listing~~.

(1) In satisfying itself that an Applicant and its business are suitable for admission to the Official List~~listing~~, theRegulator will consider:

(a) the Applicant's connection with its controlling Shareholders or any other Person;

(b) whether in the Regulator's reasonable opinion the Applicant is ready and able to comply with its obligations under the FSMR and these Rules;

(c) any matter in relation to the Applicant, its business or Securities which may harm the integrity or the reputation of the ADGM Financial System~~capital markets~~ or which may pose a risk to the Regulator's objectives described under section 2 of the FSMR; and

(d) any other matters relevant to the Applicant's suitability.

Guidance

The Regulator would generally not admit to the Official List a cash shell.

Management experience and expertise

2.3.5 An Applicant must demonstrate to the Regulator's satisfaction that its Directors have appropriate experience and expertise in the business operations of the Applicant.

Controlling Shareholder

2.3.6 (1) Subject to (2), to be admitted to the Official List, an Applicant which has one or more controlling Shareholders must be able to demonstrate to the Regulator that it can operate its business independently of such controlling Shareholder and any Associate thereof.

(1) The requirement in (1) does not apply if an Applicant can demonstrate to the Regulator's satisfaction that holders of the Issuer's Shares would have no appreciable risk of prejudice by the involvement in the relevant business of a controlling Shareholder.

(2) For the purposes of this chapter, a controlling Shareholder is any Person, orPersons acting jointly by agreement, whether formal or otherwise, who is:

(a) entitled to exercise, or control the exercise of, 30% or more of the voting rights at a general meeting of the Applicant; or

(b) able to control the appointment of one or more Directors who are able to exercise a majority of the votes at Board meetings of the Applicant.

Guidance

The Regulator considers that for an Applicant to operate its business independently of a controlling Shareholder all transactions and relationships between the Listed Entity and any controlling Shareholder (or Associate) must be at arm's length and on normal commercial terms.

Conflicts of interest

2.3.7 (1) An Applicant must, subject to (2), ensure prior to admission to the Official List~~listing~~that it has adequate systems and controls to eliminate or manage material conflicts of interest in its business prior to admission to the Official List~~listing~~.

(1) The Regulator may accept a proposal from an Applicant to eliminate or manage conflicts of interest within a reasonable period after admission to the Official List~~listing~~if the Applicant can demonstrate to the Regulator's satisfaction that holders of the Issuer's Shares would not be unduly prejudiced by the arrangements.

Guidance

Examples of material conflicts of interest may include Related Party Transactions in Rule 9.5 and situations in which interested Persons:

a. lend to or borrow from the Issuer or its Group;

b. lease property to or from the Issuer or its Group; or

c. have an interest in businesses that are competitors, suppliers or Customers of the Issuer or itsGroup.

Validity and transferability

2.3.8 To be admitted to the Official List, an Applicant's Securities must:

(1) be duly authorised according to the requirements of the Applicant's constitution;

(2) have any necessary statutory or other consents;

(3) be freely transferable; and

(4) in the case of Shares, be fully paid and free from any liens and from any restrictions on the right of transfer.

Guidance

The Regulator may, in exceptional circumstances, waive or modify Rule 2.3.8 where the Applicant has the power to disapprove the transfer of Shares, if the Regulator is satisfied that this power would not disturb the market in those Shares.

Market capitalisation

2.3.9 An Applicant must ensure that the Securities which it seeks to admit to the Official List~~list~~have an expected aggregate market value at the time of listing of at least:

(1) $10 million for Shares; and

(2) $2 million for Debentures.

Shares in public hands

2.3.10 (1) If an application is made for the admission of a class of Shares, a sufficient number of Shares of that class must, no later than the time of admission, be in public hands.

(1) For the purposes of Rule (1), a sufficient number of Shares will be taken to have been distributed to the public according to the following thresholds:

(a) In the case of a market capitalisation of the Issuer of under $500 million, when 20% of the Shares for which application for admission has been made are in public hands;

(b) In the case of a market capitalisation of the Issuer of $500 million or more and under $1 billion, when 15% of the Shares for which application for admission has been made are in public hands; and

(c) In the case of a market capitalisation of the Issuer of $1 billion or more, when 12% of the Shares for which application for admission has been made are in public hands.

(2) For the purposes of Rules (1) and (2), Shares are not held in public hands if they are held, directly or indirectly by:

(a) a Director of the Applicant or of any of its subsidiary undertakings~~Subsidiary Undertakings~~;

(b) a Person connected with a Director of the Applicant or any of itssubsidiary undertakings~~Subsidiary Undertakings~~;

(c) the trustees of an Employee Share scheme or pension fund established for the benefit of any Directors or Employees of the Applicant and its subsidiary undertakings~~Subsidiary Undertakings~~;

(d) any Person who under any agreement has a right to nominate aPerson to the board of Directors of the Applicant; or

(e) any Person or Persons in the same Group or Persons acting in concert who have an interest in 5% or more of the Shares of the relevant class.

Whole class to be listed

2.3.11 An application for a class of Securities to be admitted to theOfficialList must:

(1) if no Securities of that class are already admitted to theOfficialList, relate to allSecurities of that class, issued or proposed to be issued; or

(2) if Securities of that class are already admitted to theOfficialList, relate to all furtherSecurities of that class, issued or proposed to be issued.

Clearing and Settlement

2.3.12 To be admitted to theOfficialList:

(1) an Applicant's Securities must be eligible for electronic settlement; and

(2) the arrangements for the clearing and settlement ~~and Clearing~~ of trading in such Securities must be acceptable to the Regulator.

Warrants

2.3.13 (1) To be admitted to theOfficialList, the total of all issued Warrants to subscribe for Shares must not, subject to (2), exceed 20% of the issued Share capital of the Applicant as at the time of issue of the Warrants.

(1) Any rights under an Employee Share scheme are excluded from the 20% calculation in (1).

Depository receipts

2.3.14 A Listed Entity in respect of Certificates which are depository receipts must ensure that:

(1) at the time of issue of such Certificates the payments received from the issue of the depository receipts are sufficient to meet the payments required for the issuance of the underlying Securities; and

(2) the underlying Securities or any rights, monies or benefits related to the underlying Securities are not treated as assets or liabilities of the Issuer of the Certificates under the law, whether for the purposes of insolvency or otherwise.

2.4 Application for admission to the List

Listing application

2.4.1 An Applicant must apply to the Regulator by:

(1) submitting in final form the relevant documents in such form as the Regulator shall prescribe;

(2) paying the fee set out in FEES 3.9.1 at the time of submission of the completed application form;

(3) submitting all additional documents, explanations and information as may be required by the Regulator, including the documents specified in Rules 2.4.4 and2.4.5; and

(4) submitting verification of any information in such manner as the Regulator may specify.

2.4.2 All the documents in Rule 2.4.1 must be submitted to the Regulator at the Regulator's address.

Guidance

1. Before submitting the documents referred to in Rule 2.4.1, an Applicant should contact the Regulator to agree the date on which the Regulator will consider the application.

2. When considering an application for admission of Securities to theOfficialList, the Regulator may:

   a. carry out any enquiries and request any further information which it considers appropriate, including consulting with other regulators or exchanges;

b. request that an Applicant answer questions and explain any matter the Regulator considers relevant to the application for admission to the Official List~~listing~~;

c. take into account any information which it considers appropriate in relation to the application for admission to the Official List~~listing~~;

d. request that any further information provided by the Applicant be verified in such manner as the Regulator may specify; and

e. impose any additional conditions on the Applicant as the Regulator considers appropriate.

2.4.3 An admission of Securities to theOfficialList becomes effective only when the Regulator has published the admission by adding such Securities to the Official List of Securities on the ADGM website.

Documents to be provided 48 hours in advance

2.4.4 The following documents must be submitted by the Applicant, in final form, to the Regulator by 12:00 noon two Business Days before the Regulator is to consider the application:

(1) a completed application form;

(2) the Approved Prospectus, and if applicable, any Approved SupplementaryProspectus in respect of the Securities;

(3) in respect of Securities which are Shares, written confirmation of the number of Shares to be allotted in the Offer; and

(4) if a Prospectus has not been produced, a copy of the announcement detailing the number and type of Securities that are subject to the application and the circumstances of their issue.

Guidance

There are additional documents required if the Securities are held out as being in accordance withShari'a; these are specified in the IFR Rulebook~~module~~.

Documents to be provided on the day

2.4.5 The following documents must be submitted, in final form, to the Regulator by theApplicant before 9:00amon the day the Regulator is to consider the application:

(1) a completed Shareholder statement; and

(2) a completed pricing statement, in the case of a placing, open Offer or Offer for subscription.

2.4.6 An Applicant must ensure that the documents required by Rule 2.4.5 are signed by, if appointed, its Sponsor or a duly authorised officer of the Applicant.

Documents to be kept

2.4.7 An Applicant must keep copies of the following documents for six years after the admission to the Official List:

(1) any agreement to acquire any assets, business or Securities in consideration for or in relation to which the Listed Entity's Shares are being issued;

(2) any letter, report, valuation, contract or other documents referred to in the Prospectus or other document issued in connection with those Securities;

(3) the Applicant's constitution as at the date of admission;

(4) the annual report and accounts of the Applicant and of any guarantor, for each of the periods which form part of the Applicant's financial record contained in the Prospectus;

(5) any interim financial statements which were made up prior to the date of admission;

(6) any temporary and definitive documents of title;

(7) in the case of an application in respect of Securities issued pursuant to an Employee Share scheme, the scheme document; and

(8) copies of Board resolutions of the Applicant allotting or issuing the Shares.

2.4.8 An Applicant must provide to the Regulator the documents set out in Rule 2.4.7, if requested to do so.

Guidance

Provided that all the documents required by Rules 2.4.4 and 2.4.5 are complete and received on time, the Regulator would generally expect to process an application for admittance to the Official List within two days, and in the case of non-equity Securities, one day.

2.5 Determination of applications and references

Guidance

Determination of applications

1. Under section 50(2) of the FSMR, a Recognised Body or the Regulator may only grant admission of Securities to an Official List of Securities maintained by it, in accordance with the requirements in the FSMR and this Rulebook ~~the Rules made for the purposes of the FSMR~~.

2. Under section 52(1)(b) of the FSMR, the Regulator may impose conditions or restrictions in respect of the admission of Securities to the Official List of Securities, or vary or withdraw such conditions or restrictions.

3. Under section 52(3) of the FSMR, ~~a Recognised Body or~~ the Regulator~~, as is relevant,~~ will notify the Applicant in writing of its decision in relation to the application for admission of Securities to the Official List of Securities.

4. Where the Regulator grants admission of Securities to an Official List of Securities, it will include such Person in its Official List of Securities published on the ADGM website.

2.6 Suspending, delisting and restoring a listing

Guidance

Under section 53 of the FSMR, the Regulator may~~,~~ suspend or delist~~, or require a Recognised Body to suspend or delist,~~ Securities from its~~an~~ Official List of Securities with immediate effect or from such date and time as may be specified where it is satisfied that there are circumstances that warrant such action or it is in the interests of the ADGM Financial System, including the interests of its investors, potential investors or ~~capital~~markets.

Suspending Securities from the Official List of Securities

~~**Guidance**~~

Examples of ~~further~~circumstances that warrant the suspension by the Regulator of Securities from the Official List of Securities include:

1. the Listed Entity has failed to meet its continuing obligations foradmission to the Official List~~listing~~;

2. the Listed Entity has failed to publish financial information in accordance with these Rules;

3. the Listed Entity is unable to assess accurately its financial position and inform the market accordingly;

4. there is insufficient publicly-available information in the market about a proposed transaction which involves the Listed Entity or the Relevant Securities;

5. the Listed Entity's Securities have been suspended elsewhere;

6. the Listed Entity has appointed Administrators or receivers, or is an Investment Trust or Fund and is winding up;

7. the Relevant Securities are a securitised Derivative and any underlying Instrument is suspended; or

8. for a Derivative which carries a right to buy or subscribe for another Security, the Security over which the Derivative carries a right to buy or subscribe has been suspended.

2.6.1 A Listed Entity which has had the admission to the Official List~~listing~~of any of its Securities suspended must continue to comply with all relevant Listing Rules applicable to it.

2.6.2 If the Regulator suspends the admission to the Official List~~listing~~of any Securities, it may impose such requirements on the procedure for lifting the suspension as it considers appropriate.

Suspension or delisting at the Listed Entity's request

2.6.3 (1) If a Listed Entity wishes to have its Listed Securities suspended or delisted from theOfficialList, it must submit a request in writing to the Regulator and include:

(a) the reasons for the request;

(b) the date and time on which the suspension or delisting is to take place; and

(c) any other information regarding the Securities or the circumstances of the suspension or delisting which the Regulator requires.

(2) The Regulator may impose such conditions or requirements as it considers appropriate on the suspension or delisting in (1).

Guidance

1. A Listed Entity requesting delisting should submit such request in reasonable time for the Regulator to consider the request and satisfy the Regulator that a delisting would be appropriate.

2. Examples of other information which the Regulator may require pursuant to Rule 2.6.3(1)(c) include a proof of shareholder resolution, evidence of any announcement, circular or other document which the Listed Entity is relying on as part of its request to suspend or delist its admission to the Official List.

3. A Listed Entity requesting cancellation of its admission to the Official List~~listing~~should provide existing security holders with sufficient notice prior to the cancellation datein order to provide them with an opportunity to sell their Securities.

4. An example of the type of condition the Regulator may impose pursuant to Rule 2.6.3(2) is the imposition of a time limit for the suspension.

Restoration of a listing

2.6.4 The Regulator may restore the admission to the Official List~~listing~~of any Securities which have been suspended if it considers that:

(1) the smooth operation of the market is no longer jeopardised; or

(2) where relevant, the suspension is no longer required to protect investors.

2.6.5 The Regulator may restore the admission to the Official List~~listing~~of any Securities which have been suspended whether the restoration was requested by the relevant Listed Entity or at the Regulator's own initiative.

Delisting Securities from the Official List of Securities

2.6.6 For the purposes of section 53 of the FSMR, the circumstances which may warrant the delisting of Securities by the Regulator include,but are not limited to, where:

(1) the Securities are no longer admitted to trading as required by these Rules and the FSMR;

(2) the Listed Entity no longer satisfies one or more of its continuing obligations foradmission to the Official List~~listing~~;

(3) the Securities have been suspended from the Official List for more than six months;

(4) it is necessary because the Securities have been subject to a merger, Takeover or reverse Takeover;

(5) the admission to the Official List~~listing~~is a secondary listing and the Securities have been cancelled on their primary listing or are no longer admitted to trading for such primary listing;

(6) it is in the interests of the ADGM, including the interests of investors, potential investors or the ADGM ~~capital~~markets; or

(7) the Securities have been redeemed or cease to exist for any other reason.

Guidance

For the purposes of Rule 2.6.6(2)~~In Rule 2.6.2~~an example of a breach of the continuing obligations which may warrant a delisting by the Regulator would be where the percentage of Shares in public hands falls below the applicable thresholds set out in Rule2.3.10(2). The Regulator may, however, allow a reasonable time to restore the percentage unless this is precluded by the need to maintain the smooth operation of the market or to protect investors.

2.7 Continuing obligations

Guidance

A Listed Entity should consider its obligations under other chapters of this Rulebook~~module~~, in addition to the requirements in these Rules.

Information and facilities for Shareholders

2.7.1 (1) The Board of a Listed Entity must ensure that all the necessary information and facilities are available to its Shareholders to enable them to exercise the rights attaching to their Securities on a well-informed basis.

(1) Without limiting the generality of the obligation in (1), the Board of a ListedEntity must ensure that the Shareholders:

(a) are provided with the necessary information relating to the matters to be determined at meetings to enable them to exercise their voting rights, including the proxy forms and notice of meetings; and

(b) have access to any relevant notices or circulars giving information in relation to the rights attaching to the Securities.

Shares in public hands

2.7.2 (1) A Listed Entity must ensure that a sufficient number of its Shares aredistributed to the public at all times.

(1) A Listed Entity which no longer complies with (1) must notify the Regulator as soon as possible after it first becomes aware of its non-compliance.

Guidance

Rules 2.3.10(2) and (3) describe the circumstances which a firm must meet for a sufficient number of itsShares to be distributed to the public.

Admission to trading

Guidance

Pursuant to section 52(5~~7~~) of the FSMR, to be admitted to theOfficialList a Listed Entity's Securities must be admitted to trading on a Recognised Investment Exchange.

2.7.3 A Listed Entity must inform the Regulator in writing as soon as possible if it has:

(1) requested a Recognised Investment~~Regulated~~ Exchange to admit new Securities of the same class to trading;

(2) requested the re-admittance of any of its Listed Securities to trading following a trading suspension;

(3) requested a Recognised Investment~~Regulated~~ Exchange to delist or suspend trading of any of its Listed Securities;or

(4) been informed by a Recognised Investment~~Regulated~~ Exchange that ~~trading of~~ any of its Listed Securities will be delisted or suspended from trading.

Purchase of own Shares

Guidance

The Rules in this section may operate as a safe harbour from the Market Abuse provisions in section 92 of the FSMR and are in addition to Rule 9.3.4(Reduction in Share Capital) and Rule 6.2.3 (Buy-back Programmes).

2.7.4 (1) A Listed Entity must not purchase its own Shares without the prior written approval of the Regulator.

(1) The Regulator may make its approval of a proposal by a Listed Entity to purchase its own Shares subject to conditions or restrictions.

(2) A Listed Entitywhich proposes to purchase up to 15% of and class of its Shares may do so from specific investors by way of a Share Buy-back Programme in MKT Chapter 6.

(4) A Listed Entity which proposes to purchase more than 15% of any class of itsShares must do so only by way of a tender Offer to all Shareholders of thatclass.

(5) The procedures in the FSMR apply to a decision of the Regulator under (1) not to approve a purchase of Shares and under (2) to approve a proposal subject to conditions or restrictions.

Guidance

1. A Listed Entity should provide the Regulator with at least 14 days in which to review a proposal for the purchase of its own Shares. The more complex a proposal, the more time that will be required by the Regulator to review and approve the proposal.

2. A Listed Entity which proposes to purchase up to 15% of any class of its Shares may do so from specific investors or by way of a Share repurchase programme.

3. Conditions and restrictions which the Regulator may impose on a Listed Entity which proposes to purchase its own Shares include:

a. publication of the details of a ShareBuy-back~~repurchase~~P~~p~~rogramme including, where the dates and quantities of Shares to be purchased during the relevant period are fixed, disclosure of such dates and quantities;

b. restrictions on the number of Shares which may be purchased in any given period;

c. in the case of a tender Offer, limiting the top of the price range to be offered to sellers to a volume-weighted average price for a period preceding the commencement of the Share repurchase programme;

d. in the case of a tender Offer, restricting any Director or his Associate from undertaking any Share transactions during the course of the Share Buy-back~~repurchase~~P~~p~~rogramme; and

e. unless a fixed schedule of Share Buy-backs Programmes has been published, restricting Share repurchases during any period when the Listed Entity has unpublished Inside Information.

2.7.5 (1) The decision by the Board of a Listed Entity to obtain prior approval from its Shareholders for the Listed Entity to purchase its own Securities must be announced to the market as soon as possible after such decision is made.

(1) The announcement in (1) must set out whether the proposal relates to:

(a) specific purchases and if so, names of the Persons from whom the purchases are to be made; or

(b) a general authorisation to make the purchases.

(2) A Listed Entity must notify the market as soon as possible of the outcome of the Shareholders' meeting to decide the proposal in (1).

2.7.6 (1) Any purchase of a Listed Entity's own Shares by or on behalf of the Listed Entity or any other member of its Group must be disclosed to the market as soon as possible.

(1) The disclosure in (1) must include:

(a) the date of purchase;

(b) the number of Shares purchased;

(c) where relevant, the highest and lowest purchase prices paid;

(d) the number of Shares purchased for cancellation and the number ofShares purchased to be held as Treasury Shares; and

(e) where the Shares were purchased to be held as Treasury Shares, a statement of:

(i) the total number of Treasury Shares of each class held by the Listed Entity following the purchase and non-cancellation of such Shares; and

(ii) the number of Shares of each class that the Listed Entity has outstanding less the total number of Treasury Shares of eachclass held by the Listed Entity following the purchase and non-cancellation of such Shares.

(2) In (2), "Treasury Shares" means Shares which are:

(a) admitted to the Official List of Securities;

(b) held by the same Company which issued the Shares; and

(c) purchased by the Company in (b) using its distributable profits.

Other on-going requirements

2.7.7 A Listed Entity must ensure that at all times:

(1) its business remains suitable for admission to the Official List~~listing~~;

(2) subject to Rule 2.3.6(2), it can operate its business independently of a controlling Shareholder and any Associate; and

(3) it has adequate systems and controls to eliminate or manage material conflicts of interest in its business on an on-going basis.

Guidance

1. Rule 2.3.4 describes the suitability criteria which the Regulator will consider when assessing whether a Listed Entity's business is suitable for admission to the Official List~~listing~~.

2. Rule 2.3.6(3) defines a controlling Shareholder for the purposes of the Listing Rules.

Security specific disclosures

2.7.8 A Listed Entity must make the required market disclosures in accordance with APP 3 and Rule A6.1 and comply with the other continuous obligations in accordance with Rule A6.2.

Guidance

There are additional disclosure requirements applicable to Islamic Securities specified in the IFR Rulebook~~module~~.

2.8 Provision of information to the Regulator

2.8.1 An Applicant or Listed Entity must provide to the Regulator as soon as possible:

(1) any information and explanations which the Regulator may reasonably require to decide whether to grant an application for admission;

(2) any information which the Regulator considers appropriate to protect investors or ensure the smooth operation of the market; and

(3) any other information or explanation which the Regulator may reasonably require to verify whether the Listing Rules are being and have been complied with.

Disclosure requirements

2.8.2 An Applicant or Listed Entity which is required by these Listing Rules to provide information to the Regulator must provide such information as soon as possible.

2.8.3 A Listed Entity must ensure that information required to be disclosed to the market under these Rules is disseminated to the market through one or more regulatory announcement services.

2.8.4 A Listed Entity must take reasonable care to ensure that information required to be provided to the Regulator or disclosed to the market under these Rules is not false, misleading, or deceptive and does not omit anything likely to affect the import of such information.

Notification of documents sent to Shareholders

2.8.5 If a Listed Entity provides any material document to the Shareholders of its Listed Securities, it must disclose that it has done so as soon as possible by way of market disclosure in accordance with Rule 7.7.1.

Guidance

The Regulator would consider that a document has been made available to the public if, following the public disclosure, the document is available on the Listed Entity's website or on the website of the Recognised Investment~~Regulated~~ Exchange on which its Securities are admitted to trading.

Contact details

2.8.6 A Listed Entity must ensure that the Regulator is provided with up to date contact details of Appropriate Persons nominated by it to act as the first point of contact

with the Regulator in relation to the Listed Entity's compliance with the Rules and the FSMR, as applicable.

Guidance

The Regulator would expect a Listed Entity's contact in Rule 2.8.6 to be of sufficient seniority and influence within the Company given the nature of the information which such Person would be dealing with and the importance of the role in maintaining the Listed Entity's compliance with the Rules and the FSMR.

3. LISTED FUNDS

3.1 Application

3.1.1 This chapter applies to:

(1) every Reporting Entity of a Listed Fund; and

(2) any other Person specified in these Rules.

3.2 General requirements

3.2.1 A Person may have the Units of a Fund admitted to an Official List of Securities only if:

(1) in the case of a Domestic Fund, it is a Public Fund; and

(2) in the case of a Foreign Fund:

(a) it is a regulated~~Designated~~ Fundfrom a Recognised Jurisdiction; or

(b) it is a Fund approved by the Regulator as a Fund subject to equivalent regulation as that applying to a Public Fund; and

(3) it is intended to be~~which meets the criteria of~~ a Property Fund, it is closed ended and 60% or more of the Fund's assets comprise Real Property.

3.2.2 Where an obligation applies to a Reporting Entity of a Fund under a provision of this chapter, except where expressly provided otherwise, the Governing Body of the Reporting Entity must ensure compliance with that obligation.

3.3 Prospectus requirements relating to a Listed Fund

Guidance

1. The Prospectus requirements including content and structure in chapter 4 of this Rulebook~~module~~do not apply to Prospectuses relating to Units of Funds. Prospectus requirements that apply to an Offer of Units of Funds are found in the Fund Rules. S~~ee s~~ection57(1) of FSMR~~92(5)(a) which~~disapplies chapter 4 of this Rulebook~~module~~to Fund Prospectuses.

2. However a Prospectus is required for the purposes of admitting any Financial Instruments, including Units, to trading on a Recognised Investment Exchange~~Body~~, as these fall within the definition of "Securities" for the purposes of Part 6 of the FSMR. The Rules in this Rule 3.3 are designed to enable a Person seeking to have Units of a Fund admitted to trading on a Recognised Investment Exchange~~Body~~to be able to use a Prospectus prepared in accordance with the requirements in the Fund Rules Rulebook~~module~~if it is a Domestic Fund. In the case of Foreign Funds, the Offer documents prepared in accordance with the requirements in a foreign jurisdiction will be acceptable in the circumstances prescribed in this section.

3.3.1 (1) A Person intending to have Units admitted to trading on a Recognised Investment Exchange~~Body~~must, subject to (2), and (3) submit to the Regulator:

(a) a completed application using such form as the Regulator shall prescribe and the relevant fee prescribed in the FEES Rulebook~~module~~;

(b) a Prospectus relating to the Fund ("**Fund Prospectus**") which:

(i) complies with,in the case of a Domestic Fund,the requirements in the Fund Rules that apply to a Public Fund;

(ii) is prepared, in the case of a Foreign Fund, in accordance with the requirements in Rule 3.3.3; and

(iii) a prominent disclaimer in bold, on the front page of theProspectus, as follows:

"The ADGM does not accept responsibility for the content of the information included in the Prospectus, including the accuracy or completeness of such information. The liability for the content of the Prospectus lies with the Issuer of the Prospectus and other Persons, such as Experts, whose opinions are included in the Prospectus with their consent. The ADGM has also not assessed the suitability of the Securities to which the Prospectus relates to any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the Securities to which the Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser."

(c) where subsequent drafts or versions of the Fund Prospectus are submitted, a marked up version showing changes from the previous version submitted to the Regulator;

(d) if information is incorporated in the Fund Prospectus by reference to another document, a copy of that other document;

(e) the identity of the Person who is or intends to be the Reporting Entity;

(f) contact details of two individuals who are sufficiently knowledgeableabout the content of the document referred to in (b) to be able toanswer queries of the Regulator during business hours; and

(g) any other information that the Regulator may require.

(2) The application in (1) must be submitted to the Regulator:

(a) in the case of an Applicant who has not made a previous Prospectus Offer, at least 20 Business Days prior to the intended date on which the Applicant expects the Prospectus to be approved;

(b) in other cases, at least 10 Business Days before the intended date on which the Applicant expects the Prospectus to be approved; and

(c) in the case of a Supplementary Prospectus, as soon as is reasonably possible.

(3) In the case of a Supplementary Prospectus, the application for approval must:

(a) be made using such form as the Regulator shall prescribe;

(b) accompanied by the relevant fee prescribed in ~~the~~ FEES ~~Rulebookmodule~~; and

(c) include:

(i) in the case of a Domestic Fund, a Supplementary Prospectus which meets the requirements in the Fund Rules; and

(ii) in the case of a Foreign Fund, a document which meets the equivalent requirements applicable in the jurisdiction in which the Fund is established or domiciled.

Approval of a Prospectus

3.3.2 (1) The Regulator will approve a Fund Prospectus which has been filed with theRegulator in accordance with Rule 3.3.1 as soon as reasonably practicable whereit is satisfied that the Prospectus complies with all the requirements applicableto that Prospectus.

(1) A Fund Prospectus is not an Approved Prospectus for the purposes of section 61(2) of the FSMR unless the Regulator has issued to the Applicant a notice stating its approval:

(a) of the Prospectus or Supplementary Prospectus, as the case may be; and

(b) in the case of a Prospectus in (a) comprising multiple documents, of all the multiple documents.

Guidance

1. A Person intending to apply to the Regulator for approval of a Fund Prospectus pursuant to Rule 3.3.1should consider submitting a draft Prospectus for preliminary review by the Regulator prior to formally submitting the Prospectus for the Regulator's approval. See the GPM for procedures for applying for the Regulator's approval.

2. The approval of a Fund Prospectus by the Regulator will not prevent the use by the Regulator of its powers, such as the stop order power in section 53 of the FSMR, in circumstances where the need for such action is subsequently identified. For example, if the Regulator becomes aware, after the approval of the Fund Prospectus, that it contains any false, misleading, or deceptive information, or if it breaches the Prospectus provisions in other respects, the Regulator may use its powers or take any other action as appropriate in the circumstances.

3.3.3 (1) For the purposes of Rule 3.3.1(1)(b)(ii), the Offer document relating to theForeign Fund must comply with the requirements:

(a) relating to a regulated~~Designated~~Fund in a Recognised Jurisdiction; or

(b) in a jurisdiction which provides a level of regulation relating to the Offer which is acceptable to the Regulator.

(2) The Regulator may accept an Offer document referred to in (1)(b) subject to such conditions or restrictions imposed by the Regulator as it sees fit.

(3) Where the Offer document referred to in (1) is not in the English language, it must be accompanied by an English translation acceptable to the Regulator.

Publication of a Prospectus

3.3.4 A Fund Prospectus approved by the Regulator pursuant to Rule 3.3.1 must:

(1) be filed with the Recognised Investment Exchange~~Body~~on which the Units are to be admitted to trading as soon as possible after the Regulator has granted its approval; and

(2) be published in accordance with the requirements in Rule 3.9.

Exempt Offers in respect of Units

3.3.5 The prohibition in section 61 of the FSMR does not apply, subject to the requirement in Rules 3.3.6, to the admission to trading on a Recognised Investment Exchange~~Body~~of:

(1) Units representing, over a period of 12 months, less than 10% of the number of Units of the same class already admitted to trading on the same Recognised Investment Exchange~~Body~~;

(2) Units issued in substitution for Units of the same class already admitted to trading on the same Recognised Investment Exchange~~Body~~, if the issue of Units does not involve any increase in the issued capital;

(3) Units offered, allotted or to be allotted to existing Unitholders free of charge, or in respect of dividends paid out in the form of Units of the same class as the Units in respect of which the dividends are paid, if:

(a) the Units are of the same class as the Units already admitted to trading on the same Recognised Investment Exchange~~Body~~; and

(b) a document is made available containing information on the number and nature of the Units and the reasons for and details of the Offer; or

(4) Units already admitted to trading on another Recognised Investment Exchange ~~Body~~or Regulated Exchange (the "Other Market"), where:

(a) the Units of the same class have been admitted to trading and continuously traded on the Other Market for more than 18 months;

(b) the on-going obligations for trading on that Other Market~~other market~~ have been complied with; and

(c) there is a summary document in the English language approved by the Regulator and published:

(i) containing the Key Information required under Rule 4.5.2(1)(b);

(ii) stating where the most recent and current Prospectus, if any, can be obtained; and

(iii) specifying where the financial information published by the Issuer pursuant to its on-going disclosure obligations of the Other Market is available.

3.3.6 All Units in a class of Securities admitted to trading including those specified under Rule 3.3.5 must be traded on a Recognised Investment Exchange~~Body~~.

Financial promotions

3.3.7 The Reporting Entity of a Listed Fund must ensure that any financial promotions relating to the Units of the Fund comply with~~the requirements relating to financial promotions~~:

(a) in the case of a Domestic Fund, the requirements relating to financial promotions~~those~~ in the Fund Rules; and

(b) in the case of a Foreign Fund, the equivalent requirements applicable to theFund in the jurisdiction of its domicile or establishment, and if the Foreign Fund is marketed into the ADGM, the requirements set out in Part 4 of the Fund Rules.

3.4 Governance requirements relating to a Listed Fund

Affected Person transactions

3.4.1 (1) The Reporting Entity of a Listed Fund must ensure that no transaction withrespect to the Fund Property is entered into with an Affected Person except inaccordance with the procedures in (2).

(1) For the purposes of (1), a Reporting Entity of a Listed Fund must:

(a) if the Fund is a Domestic Fund, comply with the requirements in the Fund Rules relating to Affected Person transactions; and

(b) if the Fund is a Foreign Fund, comply with the equivalent requirements applicable to that Fund in the jurisdiction of its domicile or establishment.

3.5 Market disclosure relating to a Listed Fund

Disclosure of Inside Information

3.5.1 (1) A Reporting Entity of a Listed Fund must:

(a) make timely disclosure of Inside Information in accordance with the requirements in this section; and

(b) ensure that the disclosure it makes pursuant to (a) is not false, misleading, or deceptive and does not omit anything likely to affect the import of the information.

(2) For the purposes of complying with the requirement in (a), the Reporting Entity of a Listed Fund must, subject to Rule 3.5.4 and 3.5.5, make disclosure to the market as soon as possible and in the manner specified in Rule 3.10.1.

Guidance

1. A Reporting Entity of a Listed Fund is required to disclose Inside Information relating to theListed Fund to the market as soon as possible in accordance with the requirements in Rule 3.10~~3.9~~. In practice, a short period before announcing Inside Information is permitted where a Reporting Entity is affected by an unexpected event and the Reporting Entity needs to clarify the situation or take legal advice so that any information released is accurate and not false, misleading, or deceptive. Any delay should be limited to a period no longer than is reasonably necessary in the circumstances. Where there is a danger of the information leaking out in the meantime, the Reporting Entity should make a holding announcement giving an outline of the subject matter of the announcement, the reasons why a full announcement cannot yet be made and undertaking to make a full announcement as soon as possible.

2. For the disclosure to be not false, misleading, or deceptive, a Reporting Entity of a Listed Fund should provide information that is accurate, factual and complete. Any incomplete or inaccurate information, such as omission of relevant information, may be false, misleading, and/or deceptive. Information should be provided in an easy to understand manner and not for promotional purposes. The use of imprecise and confusing language such as "double digit" or"in excess of last year" should be avoided as it does not allow investors to properly assess the information for the purpose of making an informed decision relating to the Relevant Securities.

3. A confidentiality agreement cannot prevent a Reporting Entity from complying with its obligations relating to the disclosure of Inside Information.

4. If, for any reason, a Reporting Entity of a Listed Fund is unable, or unwilling to make a holding announcement it may be appropriate for the Reporting Entity to file a report pursuant to Rule 3.5.4(2) and for the trading of Units to be suspended until the Reporting Entity of the Listed Fund is in a position to make an announcement.

Identifying Inside Information relating to a Listed Fund

5. Inside Information is defined in sections 95(2)~~, (3)and (4)~~ of the FSMR as:

   "(2) In relation to Financial Instruments, or Related Instruments, which are not Commodity Derivatives, Inside Information is information of a Precise nature which:

   (a) is not generally available;

   (b) relates, directly or indirectly, to one or more Issuers of the Financial Instruments or to one or more of the Financial Instrument; and

(c) would, if generally available, be likely to have a significant effect on the price of the Financial Instruments or on the price of Related Instruments.

~~*(3) In relation to Financial Instruments or Related Instruments which are Commodity Derivatives, Inside Information is information of a Precise nature which —*~~

~~*(a) is not generally available;*~~

~~*(b) relates, directly or indirectly, to one or more such derivatives; and*~~

~~*(c) users of markets on which the derivatives are traded would expect to receive in accordance with any Accepted Market Practices on those markets.*~~

~~*(4) In relation to a person charged with the execution of orders concerning any Financial Instruments or Related Instruments, Inside Information includes information conveyed by a Client and related to the Client's pending orders which —*~~

~~*(a) is of a Precise nature;*~~

~~*(b) is not generally available;*~~

~~*(c) relates, directly or indirectly, to one or more Issuers of Financial Instruments or to one or more Financial Instruments; and*~~

~~*(d) would, if generally available, be likely to have a significant effect on the price of those Financial Instruments or the price of Related Instruments."*~~

6. For the purposes of section 95(5) of the FSMR, information is considered "Precise" if it:

   a. indicates circumstances that exist or may reasonably be expected to come into existence or an event that has occurred or may reasonably be expected to occur; and

   b. is specific enough to enable a conclusion to be drawn as to the possible effect of those circumstances or that event on the price of Financial Instruments or Related Instruments.

7. Similarly, information would be likely to have a "significant effect on price" if and only if it is information of that kind which a reasonable investor would be likely to use as part of the basis of his investment decisions.

8. The Reporting Entity of a Listed Fund is itself best placed to determine whether information, if made public, is likely to have a significant effect on the price of the relevant Units, as what constitutes Inside Information will vary widely according to circumstances.

Financial forecasts and expectations

9. Where a Reporting Entity of a Listed Fund has made a market announcement such as a profit forecast, such forecasts become, as soon as made, factored into the market pricing of the relevant Units. If the Reporting Entity becomes aware that there is likely to be a material difference between the forecast and the true outcome, the Reporting Entity should make an announcement correcting the forecast as soon as possible to ensure that the market pricing reflects accurate information.

10. In relation to financial forecasts published by a Reporting Entity of a Listed Fund, the Regulator considers that circumstances giving rise to a variation from the previous one should generally be considered Inside Information and should be disclosed by the Reporting Entity as soon as possible. Even where a Reporting Entity has not made a previous forecast, circumstances giving rise to a variation of profit or revenue from the previous corresponding reporting period should be disclosed where such circumstances would have a significant effect on the price of relevant Financial Instruments. Generally, a change of 10% or more is a material change, but in some circumstances, a smaller variation may also be disclosable if it would reasonably be considered to have a significant effect on the price of the relevant Financial Instruments.

11. In making such disclosure, the Reporting Entity of a Listed Fund should provide clear details of the extent of the variation. For example, a Reporting Entity may indicate that, based on management accounts, its expected net profit will be an approximate amount (e.g. approximately $15 million) or alternatively within a stated range (e.g. between $14 million and$16 million). Alternatively, a Reporting Entity may indicate an approximate percentage movement(e.g. up or down by 35%).

Relationship between continuous disclosure and periodic disclosures

12. Periodic disclosures by Reporting Entities of Listed Funds are required in a number of circumstances, and examples can include interim and annual financial reports and accounts and Prospectuses.

13. In the course of preparing these disclosure documents, a Reporting Entity of a Listed Fund may become aware of Inside Information previously unknown to it, or information which was previously insufficiently Precise to warrant disclosure. In such circumstances a Reporting Entity of a Listed Fund should not defer releasing that information until the periodic disclosure or other documents is finalised. In such circumstances, a Reporting Entity should make an announcement containing the Inside Information as soon as possible.

Units of the same class admitted to trading in more than one jurisdiction

14. A Reporting Entity of a Listed Fund with Units of the same class admitted to trading in more than one jurisdiction should ensure that the release of announcements containing InsideInformation is co-ordinated across jurisdictions. If the requirements for disclosure are stricter in another jurisdiction than in the ADGM, the Reporting Entity must ensure that the same information is released in the ADGM as in that other jurisdiction.

15. A Reporting Entity of a Listed Fund should not delay an announcement in the ADGM in order to wait for a market to open in another jurisdiction.

Delaying disclosure

3.5.2 For the purposes of section 75(2)(b) of the FSMR, a Reporting Entity of a Listed Fund may delay market disclosure of Inside Information so as not to prejudice its legitimate interests provided that:

(a) the delay is not likely to mislead the markets; and

(b) if the information is to be selectively disclosed to a Person prior to market disclosure, it is made in accordance with the requirements in Rule 3.5.3.

Selective disclosure

3.5.3 (1) For the purposes of Rule 3.5.2(b), a Reporting Entity of a Listed Fund may selectively disclose Inside Information to a Person prior to making market disclosure of such information only if:

(a) it is for the purposes of the exercise by such a Person of his employment, profession or duties;

(b) that Person owes to the Reporting Entity a duty of confidentiality, whether based on law, contract or otherwise; and

(c) the Reporting Entity has provided to that Person, except where thatPerson is the Regulator, a written notice as specified in (3).

(2) For the purposes of (1)(a), the Persons whose exercise of employment, profession or duties may warrant selective disclosure are as follows:

(a) its advisers, underwriters, Sponsors or compliance advisers;

(b) the Trustee, Eligible Custodian or Persons providing oversight function of the Listed Fund;

(c) an agent employed to release the information;

(d) Persons with whom it is negotiating with a view to effecting a transaction or raising finance;

(e) the Regulator or another regulator where such disclosure is necessary or desirable for the regulator to perform its functions;

(f) a Person to whom the Reporting Entity discloses information in accordance with a lawful requirement;

(g) a major Shareholder of the Reporting Entity; or

(h) any other Person to whom it is necessary to disclose the information in the ordinary course of business of the Reporting Entity.

(3) For the purposes of (1)(c), the Reporting Entity must, before making disclosure to a Person, provide to that Person a written notice that:

(a) the information is provided in confidence and must not be used for a purpose other than the purpose for which it is provided; and

(b) the recipient must take reasonable steps to ensure that the recipient or any Person having access to the information through the recipient does not deal in the relevant Financial Instruments, or any other related investment, or disclose such information without legitimate reason, prior to market disclosure of that information by the Reporting Entity.

(4) Where a Reporting Entity makes selective disclosure of Inside Information pursuant to (1), it must ensure that a full announcement is made to the market as soon as possible, and in any event, when it becomes aware or has reasonable grounds to suspect that such information has or may have come to the knowledge of any Person or Persons other than those to whom the selective disclosure was made.

Guidance

1. It is likely that Inside Information will be made known to certain Employees of the Reporting Entity or the Listed Fund. A Reporting Entity should put in place procedures to ensure that those Employees do not disclose such information, whether or not inadvertently, and that Employees are adequately trained in the identification and handling of Inside Information.

2. Rule 3.5.3 does not excuse a Reporting Entity from its overriding obligation to disclose Inside Information as soon as possible pursuant to Rule 3.5.1. A Reporting Entity which proposes to delay public disclosure of Inside Information should refer to Rule 3.5.4, which sets out the limited disclosure exceptions permitted.

Disclosure exceptions

3.5.4 (1) A Reporting Entity of a Listed Fund need not, subject to (2), make disclosure of information pursuant to Rule 3.5.1, where, in the reasonable opinion of the Reporting Entity, the disclosure required by that Rule would:

(a) be unduly detrimental to the legitimate interests of the Reporting Entity or the Listed Fund as is applicable; or

(b) disclose commercially sensitive material.

(2) Where a Reporting Entity of a Listed Fund intends not to make the disclosure pursuant to (1), it must immediately file with the Regulator a confidential report which:

(a) contains all the information which it seeks not to disclose and the reasons for non-disclosure; and

(b) is in the English language and, where any documents accompanying the report are not in the English language, an English translation of such documents.

(3) The Regulator may:

(a) specify the period during which disclosure of the information included in the confidential report need not be disclosed to the markets; and

(b) extend the period referred to in (a) upon application by the Reporting Entity.

(4) Where a confidential report is filed with the Regulator under (2), the Reporting Entity need not comply with the requirements in Rule 3.5.1 during the period permitted by the Regulator pursuant to (3), unless or until one of the following occurs:

(a) the Regulator directs the Reporting Entity to comply with Rule 3.5.1;

(b) the Reporting Entity becomes aware that there is a material change of circumstances that renders the reason for non-disclosure of the information no longer valid; or

(c) the Reporting Entity becomes aware or has reasonable grounds to suspect that the relevant Inside Information has or may have come to the knowledge of any Person or Persons other than by way of selective disclosure made pursuant to Rule 3.5.3(4).

(5) The procedures in Part 18~~17~~of the FSMR apply to a decision of theRegulator under (3) or (4)(a).Notwithstanding any appeal of a decision of the Regulator under this Rule, the Reporting Entity shall comply with any direction to disclose made by the Regulator.

3.5.5 By filing a report under Rule 3.5.4, the Reporting Entity of a Listed Fund undertakes that the contents of the report and any accompanying documents are true, accurate and not false, misleading, or deceptive and contain all the information which the Regulator would reasonably expect to be made aware of in the circumstances of the case.

Guidance

1. Examples of circumstances under which a Reporting Entity of a Listed Fund might rely on the exception from disclosure in Rule 3.5.4 include where:

    a. it would be a breach of law to disclose such information;

    b. the information is a trade secret;

    c. there are negotiations in course where the outcome or normal pattern of those negotiations would be likely to be affected by public disclosure;

    d. the information is provisional and generated for internal management purposes prior to later public disclosure; or

    e. there are impending developments that could be jeopardised by premature disclosure.

2. Rule 3.5.4 does not permit a Reporting Entity of a Listed Fund to delay public disclosure of the fact that it is in financial difficulty or of its worsening financial condition and is limited to the fact or substance of the negotiations to deal with such a situation. A Reporting Entity is also not permitted to delay disclosure of Inside Information on the basis that its position in subsequent negotiations to deal with the situation will be jeopardised by the disclosure of its financial condition.

3. Where the Regulator considers that the reliance of permitted exceptions under Rule 3.5.4 is not in the interests of actual or potential investors, market integrity or the ADGM, it may direct theReporting Entity of a Listed Fund to make either a holding announcement or full market disclosure. The Regulator may, in addition, require the Recognised Investment Exchange~~Body~~in which the Units are traded to suspend trading of the relevant Units.

Control of Inside Information

3.5.6 A Reporting Entity of a Listed Fund must establish effective arrangements to deny access to Inside Information to Persons other than those who require it for the exercise of their functions within the Reporting Entity or the Listed Fund.

3.5.7 A Reporting Entity of a Listed Fund must establish and maintain adequate systems and controls to enable it to identify at all times any Person working for it under a contract of employment or otherwise, who has or may reasonably be likely to have

access to Inside Information relating to the Reporting Entity or the Listed Fund as is applicable, whether on a regular or occasional basis.

3.5.8 A Reporting Entity of a Listed Fund must take the necessary measures to ensure that its Directors, Members of the Governing Body and Employees who have or may have access to Inside Information acknowledge the legal and regulatory duties entailed, and are aware of the sanctions attaching to the misuse or improper use or circulation of such information.

3.5.9 A Reporting Entity of a Listed Fund must nominate two individuals to be its main points of contact with the Regulator in relation to continuing disclosure and other obligations under this chapter.

3.6 Disclosure of interests by Connected Persons of Listed Funds

Guidance

Section 76 of the FSMR requires certain persons connected to a Reporting Entity to make certain disclosures to the Regulator and the Reporting Entity in accordance with the requirements prescribed in these Rules.

Definitions

3.6.1 (1) For the purposes of section 76 of the FSMR, a Person is hereby prescribed as a Connected Person of a Listed Fund if that Person:

(a) becomes a member of the Governing Body of the Listed Fund or an individual involved in the Senior Management of either the Reporting Entity of the Fund or a Controller of the Reporting Entity of the Fund or the Trustee of the Fund; or

(b) owns or beneficially owns voting rights carrying more than 5% of the voting rights attaching to the Units of the Fund or of the Trustee of the Fund.

(2) In (1), a Person is a Controller of a Reporting Entity if that Person (the first person), either alone or with the Associates of that Person, controls the majority of the voting rights in, or the right to appoint or remove the majority of the Board of, the Reporting Entity or any Person who has similar control over the first person, including an ultimate Controller of the first person.

(3) For the purposes of determining whether a Person has control for the purposes of (1), any Securities held by that Person and his Associates,including those in which that Person or Associate of the Person has a beneficial interest, are deemed as his Securities except where;

(a) any such Securities are held by that Person on behalf of anotherPerson who is not an Associate of that Person; or

(b) the Person does not have control over the voting rights attaching to the Securities because some other Person manages those Securities on a discretionary basis.

Events that trigger a disclosure

3.6.2 A Person who is a Connected Person of a Listed Fund pursuant to Rule 3.6.1 must make the disclosure within five Business Days of:

(1) becoming or ceasing to be a Director or a Person involved in the Senior Management of a Controller of the Reporting Entity of the Fund or of the Trustee of the Fund;

(2) acquiring or ceasing to hold either alone or with an Associate of the Person5% of the voting rights attaching to the Units of the Fund or of the Trustee of the Fund or a Controller of the Reporting Entity of the Fund or the Trustee ofthe Fund; or

(3) an increase or decrease of at least 1% of the level of interest previously reported pursuant to paragraph (2) of this Rule 3.6.2.

Content of the disclosure

3.6.3 A disclosure made by a Connected Person must contain the following information:

(1) the name and address of the Connected Person;

(2) the name and address of the Reporting Entity and its registered address;

(3) the name and registered address of the Listed Fund;

(4) the date on which the event giving rise to the obligation to file a report occurred;

(5) the date on which the filing was made; and

(6) the price, amount and class of Securities or other investments as is relevant in relation to the transaction or other event and the previous and new level of interest held.

Market disclosure

3.6.4 Upon a Connected Person making a disclosure to the Reporting Entity, the Reporting Entity must, as soon as possible, make a disclosure of that information to the market.

3.7 Disclosure of notifiable interests

Guidance

Persons with a notifiable interest in the Reporting Entity or Listed Fund are required to give a notice relating to that interest in accordance with the requirements prescribed in these Rules.

Application

3.7.1 This section applies to every member of the Governing Body of a Listed Fund.

Guidance

In the case of a Listed Fund, the Reporting Entity is the Fund Manager, unless another person has been declared by the Regulator as the Reporting Entity of the Fund. However, as the Governing Body of a Listed Fund may include other persons who exercise powers similar to those that are exercised by Directors of the Fund Manager, the obligations relating to disclosure of notifiable interests extend, in the case of a Listed Fund, to members of its Governing Body.

Definition of a notifiable interest

3.7.2 A member of the Governing Body of a Listed Fund has a notifiable interest in theListed Fund if that person has any interest arising through:

(1) the direct or indirect ownership of, or beneficial ownership of, Units of theListed Fund; or

(2) any involvement in financial or commercial arrangement with or relating to theListed Fund.

Content and procedures relating to the notice

3.7.3 (1) A notice relating to a notifiable interest must, subject only to (2), be given by aPerson referred to in Rule 3.7.2 to the other members of the Governing Bodywithin five Business Days of the notifiable interest arising or changing.

(1) A Person referred to in (1) need not give a notice relating to a notifiable interest if the notifiable interest is required to be included in a report that Person must provide by virtue of being a Connected Person under section 3.6 and the Person has complied with the requirement in that section.

(2) A notice relating to a notifiable interest must contain:

(a) the name and address of the Person giving the notice;

(b) if the notifiable interest relates to a Listed Fund, the name and registered address of the Listed Fund; and

(c) the details relating to the notifiable interest, including the date on which the notifiable interest arose or changed.

3.8 Other matters that require market disclosure

3.8.1 A Reporting Entity of a Listed Fund must disclose to the market the matters specified in APP 3.

3.9 Accounting periods and financial reports of Listed Funds

3.9.1 A Reporting Entity of a Listed Fund must, in order to comply with the requirements in this section, file with the Regulator the annual financial report and interim financial report and other statements in respect of the Listed Fund. Such reports and statements must be prepared, in the case of:

(1) a Domestic Fund, in accordance with the requirements relating to the annual and interim reports under the Fund Rules; and

(2) a Foreign Fund, in accordance with the applicable requirements in the jurisdiction in which the Fund is domiciled or established.

Guidance

Under Rule 3.2.1, a Foreign Fund can be admitted to trading on a Recognised Investment Exchange ~~Body~~if it is ~~either a Designated Fund~~ from a Recognised Jurisdiction's or approved by the Regulator as a Fund subject to equivalent regulation. Accordingly, such Funds would be subject to financial and periodic reporting requirements that are similar to the financial reporting requirements applicable to Domestic Funds.

Market disclosure

3.9.2 (1) A Reporting Entity of a Listed Fund must disclose to the market the following:

(a) its annual financial report;

(b) its interim financial reports; and

(c) its preliminary financial results.

(2) A Reporting Entity must make the market disclosure required in (1) within the following time periods:

(a) in relation to its annual financial report, as soon as possible after the accounts have been approved, but no later than four months after the end of the financial period;

(b) in relation to its semi-annual financial report, as soon as possible and in any event no later than two months after the end of the period to which the report relates; and

(c) in relation to its preliminary financial results, as soon as possible but no later than 30 minutes before the market opens on the day after the approval of the Board.

(3) A Reporting Entity of a Listed Fund must, where there is a change to its accounting reference date, disclose to the market:

(a) the change to its accounting reference date as soon as possible; and

(b) a second interim report within six months of the old accounting reference date if the change of the accounting reference date extends the annual accounting period to more than 14 months.

3.10 Manner of market disclosure

3.10.1 Where a Reporting Entity of a Listed Fund is required to make market disclosure of information pursuant to a provision in this chapter, such information must be disclosed to the market in accordance with the requirements in Rule 7.7.

3.10.2 A Reporting Entity of a Listed Fund must retain on its website all information that has been disclosed to the market for a period of one year following publication.

3.11 The Regulator's power to direct disclosure

Guidance

Section84~~75~~ of the FSMR gives the Regulator the power to direct a Reporting Entity to disclose specified information to the market or take such other steps as the Regulator considers appropriate where it is satisfied that it is in the interest of the ADGM to do so.

3.11.1 (1) The Regulator will, pursuant to its power under section 84~~76~~ of the FSMR, issue a written notice directing a Reporting Entity of a Listed Fund (a "Direction Notice") to disclose specified information to the market and to take any other steps as the Regulator considers appropriate:

(a) where it fails to comply with an obligation to disclose any information under the FSMR and these Rules;

(b) to correct or prevent a false market if the Regulator reasonably considers that there is or is likely to be a false market in the Units of the Listed Fund;

(c) where there is a rumour or media speculation in relation to the Reporting Entity or the Listed Fund that has not been confirmed or clarified by an announcement by the Reporting Entity made in accordance with Rule 3.5.1 and such rumour or media speculation is or is reasonably likely to have an impact upon the price of the Units; or

(d) where it is in the interests of:

(i) actual or potential investors;

(ii) market integrity; or

(iii) the ADGM.

(2) A Reporting Entity which receives a Direction Notice issued pursuant to (1) must comply with the terms of that notice.

4. OFFERS OF SECURITIES

4.1 Application

4.1.1 This chapterapplies to:

(1) a Person who makes or intends to make an Offer of Securities to the Public in or from the ADGM other than in respect of Units;

(2) a Person who makes an application to have any Securities other than Units admitted to trading on a Recognised Investment Exchange~~Body~~; and

(3) any Person specified in section 4.10 as a Person liable for the content of aProspectus.

Guidance

1. A Person making an Offer of Securities to the Public in relation to Units of a Fund is exempt from the requirements in Part 6~~12~~ of the FSMR and the Rules made for the purposes of that Part which deal with Prospectuses.

2. A Person having or intending to have Units of a Fund admitted to trading on a Recognised Investment Exchange~~Body~~is required to comply with Part 6~~12~~ of the FSMR and the Funds Rules made for the purposes of that Partin the manner and circumstances prescribed in these Rules. Chapter 3 contains the requirements that apply to a Person who applies to have, or has or had, Units admitted to trading on a Recognised Investment Exchange~~Body~~.

3. The Regulator has the power, pursuant to section 59(c) of the FSMR, to prescribe certain communications to be Exempt Communications. Such communications are not subject to the prohibition in section 58(1) of the FSMR as they fall outside the definition of an "Offer of Securities to the Public" in section 59 of the FSMR.

4. The Regulator also has the power under section 61(3) of the FSMR to prescribe certain types of:

a. Offers of Securities to the Public as "Exempt Offers"; and

b. Securities to be "Exempt Securities".

Exempt Offers and Exempt Securities are not subject to the prohibition in section 58(1) of the FSMR and hence do not require a Prospectus.

4.2 Exempt communications

Guidance

Exempt Communications are not Offers of Securities to the Public and therefore do not attract theProspectus requirements in the FSMR and Rules.

4.2.1 For the purposes of section 59(c) of the FSMR, in addition to the Exempt Communications specified in the FSMR, a communication is hereby prescribed by the Regulator as an Exempt Communication if it is made:

(a) in connection with the trading of Securities that are listed and traded on aRegulated Exchange; and

(b) in the ordinary course of business of an Authorised Person,~~or~~ Recognised Bodyor Remote Member.

4.3 Exempt Offers

Guidance

This section prescribes the type of Offer that is an Exempt Offer. The prohibition in section 58(1) of the FSMR does not apply to such Offers. Accordingly, a Person may make an Offer of Securities to the Public in the circumstances specified in this Rulewithout a Prospectus.

4.3.1 For the purposes of section 61(3)(a) of the FSMR the Regulator hereby prescribes the circumstances in which an Offer is an Exempt Offer:

(1) an Offer made to or directed at only Professional Clients other than natural Persons;

(2) an Offer in or from the ADGM which is directed at fewer than 50 Persons in any 12 month period, excluding Professional Clients who are not natural persons;

(3) an Offer where the total consideration to be paid by a Person to acquire the Securities is at least $100,000, or an equivalent amount in another currency;

(4) an Offer where the Securities are denominated in amounts of at least $100,000, or an equivalent amount in another currency;

(5) an Offer where the total aggregate consideration for the Securities offered is less than $100,000, or an equivalent amount in another currency, calculated over a period of 12 months;

(6) an Offer where Shares are issued in substitution for Shares of the same class as already issued, where the issue of the new Shares does not involve any increase in the issued Share capital;

(7) an Offer where the Securities are Convertibles issued under a Prospectus to existing members or creditors of the Issuer or a member of its Group and there is no additional consideration to be paid;

(8) an Offer where the Securities are offered in connection with a Takeover and a document is made available containing information which is considered by the Regulator as being equivalent to that of a Prospectus;

(9) an Offer where the Securities are offered, allotted or to be allotted in connection with a merger if a document is available containing information which is regarded by the Regulator as being equivalent to that of a Prospectus;

(10) an Offer where the Securities are offered, allotted or to be allotted in connection with a rights issue where:

(a) the Securities are of a class subject to Reporting Entity disclosure; and

(b) a document is made available containing information on the number and nature of the Securities including rights attaching to those Securities and the reasons for and details of the Offer;

(11) an Offer where the Shares are offered, allotted or to be allotted to existing Shareholders free of charge or dividends paid out in the form of Shares of the same class as the Shares in respect of which the dividends are paid, and a document is made available containing information on the number and nature of the Shares and the reasons for and details of the Offer; or

(12) an Offer where the Securities are offered, allotted or to be allotted to an existing or former Director or Employee, or any Close Relative of such a Director or Employee, of the Issuer or a member of the same Group as the Issuer and:

(a) the Issuer or the member of the Group already has its Securities admitted to trading on a Regulated Exchange; and

(b) a document is made available to the offerees containing information on the number and nature of the Securities and the reasons for and details of the Offer.

4.3.2 Where any Securities, which were previously the subject of an Exempt Offer, are subsequently offered to the public, such a subsequent Offer will be regarded, for the purposes of Part 6 of the FSMR and the Rules made for the purposes of that Part, as a separate and new Offer of Securities to the Public, unless that Offer meets one of the criteria in Rule 4.3.1.

4.3.3 An Offer of Securities remains an Exempt Offer even if the Offer falls in whole or part within more than one of the circumstances specified in Rule 4.3.1, as long as all of the Offer falls within at least one of those circumstances.

4.3.4 A Person making an Exempt Offer must ensure that an exempt offer statement is included in the Exempt Offer Document. An exempt offer statement must contain the following statement displayed prominently on its front page:

'This offer document is an Exempt Offer in accordance with the Market Rules of the ADGM Financial Services Regulatory Authority.

This Exempt Offer document is intended for distribution only to Persons of a type specified in the Market Rules. It must not be delivered to, or relied on by, any other Person.

The ADGM Financial Services Regulatory Authority has no responsibility for reviewing or verifying any documents in connection with Exempt Offers. The ADGM Financial Services Regulatory Authority has not approved this Exempt Offer document nor taken steps to verify the information set out in it, and has no responsibility for it.

The Securities to which this Exempt Offer relates may be illiquid and/or subject to restrictions on their resale. Prospective purchasers of the Securities offered should conduct their own due diligence on the Securities.

If you do not understand the contents of this Exempt Offer document you should consult an authorised financial advisor.'

4.4 Exempt Securities

Guidance

1. Exempt Securities are Securities which a Person can have admitted to trading on a Recognised Investment Exchange~~Body~~without a Prospectus.

2. The prohibition in section 61(1) of the FSMR does not apply, subject to the requirement in Rule 4.4.2, to the admission to trading on a Recognised Investment Exchange~~Body~~of Securities that are Exempt Securities under Rule 4.4.1.

4.4.1 For the purposes of section 61(3)(b) of the FSMR the Regulator hereby prescribes the types of Securities that are Exempt Securities:

(1) Shares representing, over a period of 12 months, less than 10% of the number of Shares of the same class already admitted to trading on the same Recognised Investment Exchange~~Body~~;

(2) Shares issued in substitution for Shares of the same class already admitted to trading on the same Recognised Investment Exchange~~Body~~, if the issue of the Shares does not involve any increase in the issued capital;

(3) Securities offered in connection with a Takeover by means of an exchange Offer, if a document is available containing information which is regarded by the Regulator as being equivalent to that of a Prospectus;

(4) Securities offered, allotted or to be allotted in connection with a merger, if a document is available containing information which is regarded by the Regulator as being equivalent to that of the Prospectus;

(5) Securities offered, allotted or to be allotted in connection with a rights issue if:

(a) the Securities are of the same class as the Securities already admittedto trading on the same Recognised Investment Exchange~~Body~~; and

(b) a document is made available containing information on the number and nature of the Securities and the reasons for and details of the Offer;

(6) Shares offered, allotted or to be allotted to existing Shareholders free of charge, or in respect of dividends paid out in the form of Shares of the same class as the Shares in respect of which the dividends are paid, if:

(a) the Shares are of the same class as the Shares already admitted to trading on the same Recognised Investment Exchange~~Body~~; and

(b) a document is made available containing information on the number and nature of the Shares and the reasons for and details of the Offer;

(7) Securities offered, allotted or to be allotted to an existing or former Director or Employee, or any Close Relative of such a Director or Employee, of the Issuer or a member of the same Group as the Issuer and if:

(a) the Securities are of the same class as the Securities already admitted to trading on the same Recognised Investment Exchange~~Body~~; and

(b) a document is made available containing information on the number and nature of the Securities and the reasons for and detail of the Offer;

(8) Shares resulting from the conversion or exchange of other Securities or from the exercise of the rights conferred by other Securities, if the Shares are of the same class as the Shares already admitted to trading on the same Recognised Investment Exchange~~Body~~; or

(9) Securities already admitted to trading on another Recognised Investment Exchange~~Body~~or Regulated Exchange (the "Other Market"), where:

(a) the Securities, or Securities of the same class, have been admitted to trading and continuously traded on the Other Market for more than 18 months;

(b) the on-going obligations for trading on that Other Market~~other market~~ have been complied with; and

(c) the Person requesting the admission to trading of the Securities under this exemption makes a summary document in the English language which is approved by the Regulator in accordance with the requirements in section 4.6and published:

(i) containing the information set out in Rule 4.5.2(1)(b);

(ii) stating where the most recent and current Prospectus, if any, can be obtained; and

(iii) specifying where the financial information published by the Issuer pursuant to its on-going disclosure obligations of the Other Market is available.

Guidance

In considering whether a document referred to in Rule 4.4.1(3) or (4)contains all the relevant information, the Regulator will take into account the information required under Part 6 of the FSMR and the Rules in this chapter.

4.4.2 All Securities in a class of Securities admitted to listing and trading including pursuant to Rule 4.4.1 must be traded on a Recognised Investment Exchange~~Body~~or a Regulated Exchange.

4.5 Prospectus structure and content

Guidance

Where the term "Prospectus Offer" is used in this section in reference to a Person, such a Person is either making an Offer of Securities to the Public or seeking to have Securities admitted to trading on a Recognised Investment Exchange~~Body~~.

4.5.1 (1) A Person making a Prospectus Offer may, subject to section 4.9, produce aProspectus structured either as:

(a) multiple documents comprising:

(i) a Summary;

(ii) a Registration Statement; and

(iii) a Securities Note; or

(b) a single document containing a Summary and all the information required to be included in the Registration Statement and Securities Note.

(2) For the purposes of section 62 of the FSMR, the Prospectus must:

(a) present information in a form which is comprehensible and easy to analyse;

(b) contain the documents and information specified in(1)(a)or(b)as are applicable; and

(c) in the case of an Offer of Securities to the Public, have an application form that meets the requirement in Rule 4.5.5~~4.5.6~~.

(3) Without prejudice to the general disclosure required under section 62 of the FSMR, the Person producing the Prospectus must ensure that the Prospectus contains:

(a) the statements and information required to be included in theSummary, as prescribed in Rule 4.5.2;

(b) all the information relating to the Issuer, as required to be included in aRegistration Statement as set out in APP 1paragraph A1.1;

(c) all the information relating to the Securities, as required to be included in a Securities Note as set out in APP 1paragraph A1.2; and

(d) a prominent disclaimer in bold, on the front page of the Prospectus, as follows:

"The ADGM does not accept any responsibility for the content of the information included in the Prospectus, including the accuracy or completeness of such information. The liability for the content of the Prospectus lies with the Issuer of the Prospectus and other Persons, such as Experts, whose opinions are included in the Prospectus with their consent. The ADGM has also not assessed the suitability of the Securities to which the Prospectus relates to any particular investor or type of investor. If you do not understand the contents of this Prospectus or are unsure whether the Securities to which the Prospectus relates are suitable for your individual investment objectives and circumstances, you should consult an authorised financial adviser."

4.5.2 (1) The Person producing the Prospectus must, subject to (2), ensure that the Summary is at or near the beginning of the Prospectus and sets out in a clear, concise and easy to understand manner:

(a) statements that:

(i) the Summary should be read as an introduction to the Prospectus and any decision to invest in the Securities should be based on consideration of the Prospectus as a whole; and

(ii) civil liability may arise on the basis of the Summary but only if the Summary is false, misleading, deceptive, inaccurate, or inconsistent, when read in conjunction with the other parts of the Prospectus, or fails to provide the Key Information specified in(b); and

(b) the Key Information relating to:

(i) the risks associated with and essential characteristics of the Issuer, and guarantor if any, of the Securities, including their assets, liabilities and financial position;

(ii) the risks associated with and essential characteristics of the Relevant Securities including rights attaching to those Securities;

(iii) general terms of the Offer, including estimated expenses charged to the investor;

(iv) whether the Securities are to be admitted to trading and if so, the details relating to such admission;

(v) reasons for the Offer and the proposed use of the proceeds; and

(vi) if applicable, matters specified in Rule 4.5.5.

(2) A Prospectus is not required to contain a Summary if it relates to a Debenture or a Warrant or Certificate over a Debenture that has a denomination of at least $100,000 and the Prospectus is for the purposes of such Securities being admitted to trading on a Recognised Investment Exchange~~Body~~.

4.5.3 A Person making a Prospectus Offer may use the same Registration Statement in respect of more than one Prospectus Offer provided that:

(1) the Registration Statement includes the most recent set of audited financial statements available in respect of the Issuer;

(2) those financial statements referred to in(1)relate to a period ending not more than 12 months prior to the relevant Offer; and

(3) since the date of the Registration Statement, the Reporting Entity filing the Prospectus has complied with its market disclosure obligations in Rule 6.2.9 relating to the category of Securities to which the Prospectus relates.

4.5.4 Where a Prospectus contains a Registration Statement produced prior to the date of the Summary and the Securities Note, the Person producing the Prospectus must ensure that both the Summary and the Securities Note:

(1) state the date of preparation of the Registration Statement; and

(2) update any disclosure in the Registration Statement to the extent necessary in order to comply with these Rules by setting out on the front page of the Securities Note:

(a) if relevant, the website at which any subsequent disclosure is available; and

(b) an address at which the full text of any such disclosures is made available free of charge.

Guidance

1. The above provisions are designed to provide flexibility so that Persons making Prospectus Offers can make multiple Offers using the same Registration Statement. However, care should be taken to ensure that the Registrations Statement and the Securities Note together provide all the information required to be contained in a Prospectus pursuant to section 62 of the FSMR and these Rules.

2. There are additional disclosure requirements applicable to Islamic Securities contained in theIFR Rulebook~~module~~.

3. Where the term "Prospectus Offer" is used in this section reference to a Person, such a Person is either making an Offer of Securities to the Public or seeking to have Securities admitted to trading on a Recognised Investment Exchange~~Body~~.

Application forms

4.5.5 A Person making an Offer of Securities to the Public must ensure that:

(1~~a~~) an application form for the issue or sale of the Securities which are the subject of the Prospectus Offer is not provided to any Person unless it is included in or accompanied by the relevant Prospectus; and

(2~~b~~) only applications in the form included or attached to the Prospectus are accepted.

Requirements relating to Offers of Securities from the ADGM

4.5.6 A Person who makes an Offer of Securities to the Public from the ADGM must:

(1) notify the Regulator in writing at the timing of filing the Prospectus of any non-ADGM jurisdiction into which the Offer is to be made; and

(2) comply with any initial and on-going obligations that are applicable in the jurisdiction in(1)in relation to the Offer.

4.6 Approval and publication of a Prospectus

Application for approval

4.6.1 (1) For the purposes of section 61(1) of the FSMR, a Person intending to make a Prospectus Offer ("**theApplicant**") must, subject to (2), (3)and (4), submit to the Regulator:

(a) a completed application using such form as the Regulator shall prescribe and the relevant fee prescribed in the FEES Rulebook~~module~~;

(b) a Prospectus that meets the requirements in Rule 4.5;

(c) a statement identifying where in the Prospectus the information required in the relevant paragraphs of APP 1 has been included and, where subsequent drafts or versions of the Prospectus are submitted, a marked-up version showing the changes from the previous version submitted to the Regulator;

(d) if information is incorporated in the Prospectus by reference to another document, a copy of the information;

(e) the identity of the Person who is or intends to be the Reporting Entity;

(f) contact details of two individuals who are sufficiently knowledgeableabout the content of the Prospectus to be able to answer queries ofthe Regulator during business hours; and

(g) any other information that the Regulator may require.

(2) The application in (1)must be submitted to the Regulator:

(a) in the case of an Applicant who has not made a previous Prospectus Offer, at least 20 Business Days prior to the intended date on which the Applicant expects the Prospectus to be approved;

(b) in other cases, at least 10 Business Days prior to the date on which the Applicant expects the Prospectus to be approved; and

(c) in the case of a Supplementary Prospectus, as soon as reasonably possible.

(3) If the Prospectus comprises multiple documents, the application for approval must be made using such form as the Regulator shall prescribe in relation to one or more of those separate documents.

(4) In the case of a Supplementary Prospectus, the application for approval must:

(a) be made using such form as the Regulator shall prescribe;

(b) be accompanied by the relevant fee prescribed in the FEES Rulebook~~module~~; and

(c) comply with the requirements in Rule 4.9.1.

Approval of a Prospectus

4.6.2 (1) The Regulator will only approve a Prospectus which has been filed with the Regulator in accordance with Rule 4.6.1 as soon as reasonably practicable where:

(a) it is satisfied that:

(i) the Prospectus meets all the applicable requirements in the FSMR and these Rules; and

(ii) the Board of the Undertaking whose Securities are to be offered complies with, and has adequate systems and controls in place to ensure on-going compliance with, the applicable requirements; and

(b) it has received all the necessary consents as required under the requirements in this chapter.

(2) A Prospectus filed with the Regulator is not an Approved Prospectus for the purposes of section 61(2)(a) of the FSMR unless the Regulator has issued to the Applicant a notice stating its approval:

(a) of the Prospectus or the Supplementary Prospectus as the case may be; and

(b) in the case of a Prospectus in (a)comprising multiple documents, of all the multiple documents.

(3) The procedures in Part 6 of the FSMR apply to a decision of the Regulator not to approve a Prospectus under this Rule.

Guidance

A Person intending to apply to the Regulator for approval of a Prospectus pursuant to Rule 4.6.1(1)should consider submitting a draft Prospectus for preliminary review by the Regulator prior to formally submitting the Prospectus for theRegulator's approval. See the GPM for procedures for applying for the Regulator's approval.

Publication of a Prospectus

4.6.3 (1) After a Prospectus has been approved by the Regulator, it must be made available to the public as soon as is reasonably practicable, and in any case, at a reasonable time in advance of, and at the latest at the beginning of, the making of the Prospectus Offer.

(1) An Approved Prospectus is deemed to be made available to the public for the purposes of (1)when such a Prospectus is published:

(a) in printed form, to be made available free of charge to the public at the registered office of any one or more of the following:

(i) the Person making the Prospectus Offer;

(ii) any Authorised Personappointed by the Person in (a)to act as the placement or selling agent in respect of the Offer; or

(iii) if applicable, the relevant Recognised Body on which the Securities are to be traded; or

(b) in an electronic form on the website of any one or more Personsreferred to in (a).

(2) The content and format of the Prospectus made available to the public in accordance with (2)must at all times be identical to the version approved by the Regulator.

Duration of the validity of a Prospectus

4.6.4 (1) Except where an exemption under Rule 4.3.1 or 4.4.1 applies, the Securities to which a Prospectus relates must not be offered for subscription or sale under an Approved Prospectus unless that Prospectus is a current Prospectus.

(1) For the purposes of(1), an Approved Prospectus is current only for a period of 12 months from the date on which that Prospectus has been approved by the Regulator in accordance with Rule 4.6.2.

4.6.5 (1) A Financial Intermediary may make an Offer of Securities to the Public in reliance on an Approved Prospectus which has been produced by the Issuer in accordance with Rules 4.6.1 and 4.6.2 only in circumstances where:

(a) the Prospectus is a current Prospectus and meets all the relevant requirements relating to a Prospectus as specified in Part 6 of the FSMR and the Rules in this chapter;

(b) the Financial Intermediary has undertaken such due diligence and care as is reasonable for such a Person to undertake for the purposes of ensuring that the Prospectus meets the requirements in (a); and

(c) the Issuer has given its prior written consent for the use of the Prospectus by the Financial Intermediary and that consent has been filed with the Regulator and has not been withdrawn.

(2) Both the Financial Intermediary and the Issuer of the Securities incur civilliability pursuant to section 70 of the FSMR for a Prospectus referred to in(1).

(3) For the purposes of this Rule, a "Financial Intermediary" is an Authorised Person or a Person with a Financial Services Permission and supervised by the Regulator.

Guidance

1. In order to meet the obligation in Rule 4.6.5(1)(b), a Financial Intermediary should undertake a review of the Prospectus to ensure that it does not contain any false, misleading, or deceptive information or omissions that would be reasonably apparent to a Financial Intermediary assessing and analysing the Prospectus.

2. The Financial Intermediary and the Issuer of the Securities may be able to rely on the defences and other incidents applying to actions for breach of statutory duty against any action brought against that Person for a breach of the requirements relating to the applicable Prospectus requirements.

4.7 Offer documents from other jurisdictions

4.7.1 (1) The Regulator may, subject to (2), approve an Offer document produced under legislation in a jurisdiction other than the ADGM for the purposes of meeting the Prospectus requirements in this chapterwhere:

(a) it is satisfied that:

(i) the Offer document contains information equivalent to that which is required for a Prospectus in this chapter; and

(ii) the Offeror meets all the other requirements relating to aProspectus Offer as prescribed in these Rules; or

(b) the other jurisdiction provides a level of regulation relating to the Offer which is acceptable to the Regulator.

(2) The Regulator may, subject to (3), approve an Offer document referred to in (1)in accordance with the requirements and procedures set out in Rule 4.6 and, subject to such conditions or restrictions imposed by the Regulator as it sees fit.

(3) An application for approval of an Offer document produced in accordance with the legislation in a jurisdiction other than the ADGM must:

(a) be made using such form as the Regulator shall prescribe;

(b) be accompanied by the relevant fee prescribed in FEES; and

(c) include:

(i) where the Offer document referred to in (1)is not in the English language, an English translation acceptable to the Regulator; and

(ii) a clear statement that it is an Offer document prepared in accordance with the requirements applicable in the relevant jurisdiction and not in the ADGM.

(4) An Offer document referred to in (1)is an Approved Prospectus for the purposes of section 61(2)(a) of the FSMR where it has been approved by the Regulator in accordance with the requirements in this Ruleand Rule 4.6.

(5) The procedures in Part 6 of the FSMR apply to a decision of the Regulator under this Rulenot to approve an Offer document or to impose conditions or restrictions on an approval.

Guidance

A Person considering filing an Offer document pursuant to Rule 4.7.1 should approach the Regulator at the earliest possible time to discuss how to proceed. This is because the Regulator will undertake the assessment required under Rule 4.7.1 on a case-by-case basis. See Guidanceunder Rule 4.6.2 for details relating to the Regulator Prospectus approval process.

4.8 Incorporation by reference

4.8.1 (1) Subject to Rule 4.8.1(3), where a requirement in this chapterrequires disclosure of information in a Prospectus, the Person making the Prospectus Offer may incorporate that information by reference to another source of information, provided that:

(a) the source of information is publicly available on a continuing basis;

(b) the information is clearly set out and easily accessible in that source;

(c) the information is in the English language; and

(d) the information can be accessed without charge.

(2) A reference must also contain sufficient information to enable an investor to decide whether to obtain the information or any part of it.

(3) A Summary must not incorporate information by reference.

(4) Documents may only be incorporated by reference where the documents are either approved or filed with:

(a) the Regulator; or

(b) a Non-ADGM Financial Services Regulator~~foreign securities regulator~~ having jurisdiction over the Person making the Prospectus Offer.

Guidance

Information that may generally be incorporated by reference includes instruments or statute of incorporation of a Company, annual reports, periodic financial reports and listing particulars.

4.8.2 A Person who makes a Prospectus Offer must provide a copy of any information incorporated by reference under this section free of charge to any Person who requests it during the Offer Period.

4.9 Notification of material changes during the currency of the Prospectus

4.9.1 (1) If, during the currency of the Prospectus:

(a) there is a significant change in, or a material mistake or inaccuracy affecting, any matter contained in the Prospectus; or

(b) a significant new matter arises,

the Person making the Prospectus Offer must produce a SupplementaryProspectus in accordance with the requirements in this Rule.

(2) For the purpose of(1), "significant" or "material" means information which an investor would reasonably require for the purpose of making an informed assessment relating to the Securities to which the Prospectus relates.

(3) In the case of a Prospectus Offer, the Person required to produce theSupplementary Prospectus under (1)must:

(a) make a clear statement that it is a Supplementary Prospectus;

(b) comply with the requirements in Rule 4.6 relating to the approval of a Supplementary Prospectus;

(c) ensure that the Supplementary Prospectus is available until the end of the Offer Period:

(i) in the same media and through the same channels as the original Prospectus; and

(ii) to each offeree free of charge; and

(d) provide the Supplementary Prospectus without undue delay to each Person who has subscribed for or offered to purchase the Securities in reliance on the initial Prospectus.

(4) For the purposes of complying with (3), if the Prospectus comprises a Registration Statement and a Securities Note, the Supplementary Prospectus must consist of an updated Registration Statement and Securities Note.

Guidance

Particular care should be taken so that the financial information in a Prospectus is not outdated. For example, in respect of the last year of audited financial information included in a Prospectus, such information is required, under Rule A1.1.1 (item 7.1) of APP 1, not to be older than 18 months from the date of the Registration Statement where the Issuer includes audited interim financial statements in the Registration Statement and, not to be older than 15 months, if such interim financial statements are unaudited.

4.9.2 Where Rule 4.9.1 applies, any reference in these Rules to a Prospectus must be read as a reference to a Prospectus as amended by a Supplementary Prospectus unless the context requires otherwise.

4.9.3 When a Supplementary Prospectus has been filed for the purposes of the requirement in Rule 4.9.1(1), the Person responsible for producing the Supplementary Prospectus must:

(1) inform offerees of their right to confirm or withdraw any subscription or Offer made on the basis of the original Prospectus and the manner in which to do so; and

(2) allow the offeree a period of at least seven Business Days from the date of receipt of the Supplementary Prospectus in which to confirm or withdraw its subscription or Offer.

4.10 Prospectus liability

4.10.1 (1) For the purposes of section 70(1) of the FSMR, the following Persons are, subject to 4.10.1(2), prescribed as liable for a Prospectus and its content:

(a) the Issuer;

(b) the Person making a Prospectus Offer, if it is not the Issuer;

(c) where the Person in (a)or (b)is a Body Corporate:

(i) each Person who is a Director of that Body Corporate at the time when the Prospectus Offer is being made; and

(ii) each Person who has consented to be named, and is named, in the Prospectus as a Director or as having agreed to become a Director of that body either immediately or at a future time,

unless the Prospectus Offer is in relation to the issue of Debentures;

(d) each Person who accepts, and is stated in the Prospectus as havingaccepted responsibility for the Prospectus or for any part thereof;

(e) each Person who is deemed to accept responsibility for any part of aProspectus under these Rules;

(f) if there is a guarantor or obligor in relation to the issue of Securities:

(i) the guarantor in relation to the information in the Prospectus that relates to the guarantor or its guarantee; or

(ii) the obligor in relation to the information in the Prospectus that relates to the obligor or its obligations; and

(g) each Person not falling within any of the foregoing paragraphs who has authorised the contents of the Prospectus or any part thereof.

(2) If the Prospectus Offer is in relation to the issue of Debentures the Person described in (1)(c)is not, under this Rule, liable for the relevant Prospectus and its contents, unless such Person has accepted responsibility for the Prospectus in accordance with (1)(d).

(3) A Person who has accepted liability for or authorised only part of the content of any Prospectus under (1)(c)or (1)(d)is liable only for that part and only if it is included substantially in the same form and context as the Person agreed to for inclusion in the Prospectus.

(4) Nothing in (1)makes a Person liable for any part of a Prospectus by reason only of giving advice as to its content in a professional capacity to a Person specified in (1)(a)to (e).

4.10.2 (1) For the purposes of liability under section 70(1) of the FSMR, an Expert is a Person accepting responsibility for any statement or report included in whole or in part in a Prospectus if he has given written consent to such inclusion.

(1) An Expert in (1)is a Person, in relation to a matter, whose profession or reputation gives authority to a statement or report made by him in relation to that matter.

4.10.3 A Person responsible for making a Prospectus Offer must:

(1) keep a record of any consent received under Rule 4.10.2(1); and

(2) include a statement in the Prospectus that the Expert has consented to the inclusion of his statement or report.

4.11 Exceptions from liability

4.11.1 (1) Pursuant to section 70(1) of the FSMR, a Person is hereby prescribed as not incurring civil liability for any loss arising from any false, misleading, or deceptive statement or omission in a Prospectus if any of the circumstances specified in (2) to (6)apply.

(1) A Person does not incur civil liability under section 70(1) of the FSMR if that Person can show that:

(a) the statement was true and not false, misleading, or deceptive or that the matter the omission of which caused the loss was properly omitted;

(b) he made all enquiries that were reasonable in the circumstances and believed that there was no false, misleading, or deceptive statement or omission in the Prospectus; or

(c) before the Securities were acquired by any Person in reliance on the Prospectus, he had taken all such steps as were reasonable for him to have taken to secure that a correction was promptly made and brought to the attention of the Persons likely to acquire the Securities in question.

(2) A Person does not incur any liability under section 70(1) of the FSMR for any loss in respect of Securities caused by anyfalse, misleading, or deceptive statement or omission purporting to be made by or on the authority of an Expert which is, and is stated to be, included in the Prospectus with the Expert's consent at the time when the Prospectus was approved by the Regulator and published if:

(a) he believed on reasonable grounds that the Person was an Expert and had consented to the inclusion in the Prospectus of a statement or report made by that Expert in the form and context in which such a statement or report was included in the Prospectus;

(b) he believed on reasonable grounds that the statement or report was true and not false, misleading, or deceptive or that the matter, the omission of which caused the loss, was properly omitted;

(c) he made all enquiries that were reasonable in the circumstances and believed that there was no false, misleading, or deceptivestatement or omission in the Expert's statement included in the Prospectus; or

(d) before the Securities were acquired by any Person in reliance of the Prospectus, he had taken all such steps as it was reasonable for him to

have taken to secure that a correction was promptly brought to the attention of Persons likely to acquire the Securities in question.

(3) Without prejudice to (2)and (3), a Person does not incur any liability under section 70(1) of the FSMR for any loss in respect of any Securities caused by any statement or omission as is mentioned in that section~~Article~~ if:

(a) before the Securities were acquired by any Person, a correction or, where the statement was such as is mentioned in (2)(c), the fact that the Expert was not competent or had not consented to the inclusion of the statement attributed to that Expert in the Prospectus had been published in a manner designed to bring to the attention of Persons likely to acquire the Securities in question; or

(b) he took all such steps as it was reasonable for him to take to secure such publication and believed on reasonable grounds that such a publication had taken place before the Securities were acquired.

(4) A Person does not incur any liability under section 70(1) of the FSMR for any loss resulting from a statement made by a public official or contained in an official public document which is included in the Prospectus if the statement is accurately and fairly reproduced.

(5) A Person does not incur any liability under section 70(1) of the FSMR if thePerson incurring the loss acquired the Securities in question with knowledge:

(a) that the statement was false, misleading, or deceptive;

(b) of the omitted matter or of the change; or

(c) of the new matter or inaccuracy.

4.12 Advertisements

4.12.1 (1) A Person who makes a Prospectus Offer must not, and must ensure that any agent of that Person or a member of its Group or other Persons associated or connected with the Prospectus Offer do not, during the Offer Period, make anadvertisement relating to a Prospectus Offer unless the advertisement:

(a) states that a Prospectus has been approved by the Regulator and published or is to be published; and

(b) gives an address from which a Prospectus is or will be made available in the ADGM or provides a link to a website from which the Prospectus can be accessed.

(2) Where a Person making a Prospectus Offer uses a Prospectus that comprises multiple documents as provided in Rule 4.5.1(1), the obligation togive or

provide access to a Prospectus in (b)means giving or providing access to all the documents comprising the Prospectus.

Guidance

The requirements relating to advertisements in Rule 4.12.1 do not apply, due to the definitional exclusion provided in section 59 of the FSMR, to any communication:

a. made in connection with the trading of Securities on a Recognised Investment Exchange~~Body~~orRegulated Exchanges;

b. made for the purposes of complying with the on-going reporting requirements of a Recognised Investment Exchange~~Body~~or the Regulator; or

c. which is an Exempt Communication as defined in Rule 4.2.1.

4.13 Miscellaneous

4.13.1 The Regulator may require a Prospectus Offer to be underwritten by an underwriter acceptable to the Regulator.

4.13.2 If one or more Directors of an Issuer are offering Shares they hold in the Issuer as part of a Prospectus Offer, an Issuer must ensure that the Prospectus contains a prominent statement of:

(1~~a~~) the identity of each Director offering his Shares; and

(2~~b~~) the number of Shares such a Director is offering, and the proportion of theIssuers Share capital represented by the holding of that Director.

4.13.3 (1) The Regulator may, during the Offer Period or such other longer period as specified, impose a requirement that the monies held by a Person making a Prospectus Offer or his agent pursuant to the Prospectus Offer or issuance are held in an escrow account for a specified period and on specified terms.

(1) The Regulator may also require the appointment of a paying agent during the Offer period.

Guidance

See also Rule 9.4 which contains additional restrictions relating to dealings by Restricted Persons which may apply to executive Directors.

5. SPONSORS AND COMPLIANCE ADVISERS

5.1 Sponsors

Application

5.1.1 This section applies to:

(1~~a~~) a Sponsor appointed pursuant to Rule 5.1.2; and

(2~~b~~) any Reporting Entity that is required by the Regulator to appoint a Sponsor.

Appointment of Sponsors

5.1.2 (1) Pursuant to section 83 of the FSMR, the Regulator may, where it considers it appropriate to do so, require a Person who makes or intends to make a Prospectus Offer to:

(a) appoint a Sponsor in respect of the Prospectus Offer; or

(b) provide third party certification in respect of any specific matters relating to the Prospectus Offer.

(2) Where the Regulator requires a Sponsor to be appointed pursuant to (1)(a), theRegulator must:

(a) do so in sufficient time to enable the Sponsor to comply with the requirements in this Chapter and

(b) require such appointment to be effective for the Offer Period or such other period as the Regulator determines as appropriate.

Guidance

1. The Regulator may require the appointment of a Sponsor ~~or a compliance adviser~~as appropriate to the circumstances of an issuance as assessed by the Regulator in its sole discretion. Circumstances which are likely to require the appointment of a Sponsor include an issuance where there is a large retail element~~. Conversely, a compliance adviser is likely to be required to be appointed where there is a large wholesale element to an issuance~~.

2. The Regulator may require the appointment of a Sponsor, or third party certification in respect of any matters relating to an Issuer, in appropriate cases. An example of circumstances in which the Regulator may require the appointment of a Sponsor, or third party signoff, would be where an Issuer does not have a proven track record, such as a start-up.

3. Generally, the matters in relation to which the Regulator may require third party sign-off pursuant to Rule 5.1.2(1)(b) include matters relating to the adequacy of working capital and systems and controls in place for financial reporting by the Issuer. Such certification should be provided by a third party acceptable to the Regulator. To be acceptable to the Regulator, the third-party should be independent of the Issuer and have relevant expertise relating to the matters on which certification of compliance is to be provided.

4. In most cases the Person making a Prospectus Offer will be the Issuer of the Securities to which the Prospectus relates. However there may be situations

where the Person making a Prospectus Offer, that is the Offeror, is not the Issuer of the Relevant Securities.

5. In any event, the Sponsor must make certain inquiries and assume certain obligations under these Rules. A Sponsor should therefore be a Person familiar with the requirements of the FSMR and Rules and who has the necessary knowledge,experience, qualifications and resources to assist the Person making the ProspectusOffer to comply with the various requirements.

Procedures relating to appointment of Sponsors

5.1.3 (1) A Person required to appoint a Sponsor must, prior to appointing a Sponsor:

(a) take reasonable steps to ensure that the proposed Sponsor has the required knowledge, experience, qualifications and resources to carry out its obligations under these Rules; and

(b) notify the Regulator of the proposed Sponsor's name, its business address and an address in the ADGM~~Regulator~~ for the service of documents.

(2) If requested by the Regulator, a Person appointing a Sponsor must provide the Regulator with information about the knowledge, experience, qualifications and resources of the appointed or proposed Sponsor.

5.1.4 (1) A Person must take reasonable steps to ensure that the relevant Sponsor and Employees of the Sponsor are independent of the Person and have appropriately managed any conflict of interest that may arise.

(1) A Person must notify the Regulator if it becomes aware, or has reason to believe, that the Sponsor or relevant Employees of the Sponsor are no longer independent of the Person or have a conflict of interest which has not been appropriately managed.

5.1.5 (1) Where, in the opinion of the Regulator, a Sponsor appointed by a Person is not suitable, or where a Sponsor has not been appointed or has resigned, the Regulator may direct the Person to replace or appoint a Sponsor.

(1) The Regulator must give both the Person and, if in the Regulator's opinion a Sponsor is not suitable, the Sponsor an opportunity to make representations under the procedures in that Schedule.

Obligations of a Sponsor

5.1.6 A Sponsor appointed pursuant to Rule 5.1.2 must:

(1) satisfy itself to the best of its knowledge and belief, having made due and careful enquiry that the Person who makes or intends to make a

ProspectusOffer has satisfied all applicable conditions for offering Securities and other relevant requirements under the FSMR and these Rules;

(2) provide to the Regulator any information or explanation known to it in such form and within such time limit as the Regulator may reasonably require for the purpose of verifying whether the Person making the Prospectus Offer complies or has complied, with the applicable requirements in the FSMR and these Rules; and

(3) take other steps required in writing by the Regulator.

5.1.7 Where a Sponsor becomes aware of a failure by the Person making the Prospectus Offer to comply with its obligations under the FSMR and these Rules, the Sponsor must without undue delay:

(1) notify the Person making the Prospectus Offer of the failure and take reasonable steps to ensure it rectifies the failure within a reasonable time; and

(2) if the Person making the Prospectus Offer does not or is unable to rectify the failure as soon as practicable notify the Regulator of that fact.

Duty of care of Sponsors

5.1.8 A Sponsor has a duty of care to the Person which has made its appointment.

Co-operation with Sponsors

5.1.9 A Person who is required to appoint a Sponsor in respect of a Prospectus Offer must take reasonable steps to ensure that it and its Employees:

(1) provide such assistance as the Sponsor reasonably requires to discharge its duties;

(2) give the Sponsor right of access at all reasonable times to relevant records and information;

(3) do not interfere with the Sponsor's ability to discharge its duties;

(4) do not provide false, misleading, or deceptive information to the Sponsor; and

(5) report to the Sponsor any matter which may significantly affect the financial position of the Person issuing the Securities or the price or value of the Securities.

5.1.10 A Sponsor must notify the Regulator of any non-cooperation by the Person making theProspectus Offer or the Employees of that Person.

Termination of appointment

5.1.11 Where a Person who is required to appoint a Sponsor dismisses the Sponsor, the Person must advise the Regulator in writing without delay of the dismissal, giving details of any relevant facts and circumstances.

5.1.12 Where a Sponsor resigns, it must advise the Regulator in writing without delay of the resignation, giving details of any relevant facts and circumstances.

5.2 Compliance advisers

Application

5.2.1 This section applies to a Reporting Entity that is required by the ADGM to appoint a compliance adviser.

Guidance

The requirement for the appointment of a compliance adviser is designed to ensure that a Reporting Entity is aware of and complies with its continuing obligations under the FSMR and this Rulebook~~module~~. A compliance adviser should therefore be a person familiar with the requirements of the FSMR and this Rulebook~~module~~and should have the necessary knowledge, experience, qualifications and resources to assist a Reporting Entity to comply with its regulatory obligations.

Appointment of a compliance adviser

5.2.2 The Regulator may require a Reporting Entity to:

(1) appoint a compliance adviser; or

(2) replace a compliance adviser already appointed.

5.2.3 (1) A Reporting Entity required to appoint a compliance adviser must, prior to making the appointment:

(a) take reasonable steps to ensure that the proposed compliance adviser has the required knowledge, experience, qualifications and resources to carry out its obligations under these Rules;

(b) notify the Regulator of the proposed compliance adviser's name and business address; and

(c) take reasonable steps to ensure that the proposed compliance adviser and its relevant Employees are independent and that any conflicts of interest are appropriately managed.

(2) If requested by the Regulator, a Reporting Entity appointing a compliance adviser must provide the Regulator with such information as it may require

including information regarding knowledge, experience, qualifications and resources of the compliance adviser.

(3) A Reporting Entity must notify the Regulator if it becomes aware, or has reason to believe, that the compliance adviser or its relevant Employees have a conflict of interest which has not been appropriately managed.

5.2.4 (1) The Regulator may, by written notice, require a Reporting Entity to appoint acompliance adviser for a specified period to assist the Reporting Entity inmeeting its continuing obligations under the FSMR~~Markets Regulations~~ and these Rules.

(1) A Reporting Entity that is required to appoint a compliance adviser in accordance with the requirements in this section must ensure that acompliance adviser continues to fulfil the role of compliance adviser until suchtime as the Regulator advises the Reporting Entity in writing that a compliance adviser is no longer required.

Obligations of a Reporting Entity in relation to its compliance adviser

5.2.5 Where a Reporting Entity is advised by its compliance adviser that it is failing or has failed to comply with its obligations under the FSMR and these Rules, the Reporting Entity must without undue delay:

(1) take reasonable steps to rectify the failure as soon as practicable; and

(2) if the Reporting Entity does not or is unable to rectify the failure as soon as practicable notify the Regulator of that fact.

5.2.6 A Reporting Entity must provide to the Regulator any information in such form and within such time as the Regulator may reasonably require regarding its compliance adviser or any advice the compliance adviser is providing, or has provided, to the Reporting Entity regarding its continuing obligations under the FSMR and these Rules.

5.2.7 A Reporting Entity must take reasonable steps to ensure its compliance adviser cooperates in any investigation conducted by the Regulator including answering promptly and openly any questions addressed to the compliance adviser, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which the compliance adviser is requested to appear.

Co-operation with compliance advisers

5.2.8 A Reporting Entity must take reasonable steps to ensure that it and its Employees:

(1) provide such assistance as the compliance adviser reasonably requires to discharge its duties;

(2) give the compliance adviser right of access at all reasonable times to relevant records and information;

(3) do not hinder or interfere with the compliance adviser's ability to discharge its duties;

(4) do not withhold information that would assist the compliance adviser advising the Reporting Entity of its duties;

(5) do not provide false, misleading, or deceptiveinformation to the compliance adviser; and

(6) report to the compliance adviser any matter which may significantly affect the financial position of the Reporting Entity or the price or value of the Securities.

Termination of compliance adviser

5.2.9 Where a Reporting Entity dismisses its compliance adviser, the Reporting Entity must advise the Regulator in writing without delay of the dismissal, giving details of all relevant facts and circumstances.

5.2.10 Where a compliance adviser resigns, the Reporting Entity must without delay advise the Regulator in writing of the resignation, giving details of all relevant facts and circumstances.

6. MARKET ABUSE, PRICE STABILISATION AND BUY-BACK PROGRAMMES

6.1 Market Abuse

Application of the Rules of Market Conduct

6.1.1 (1) The Rules of Market Conduct ("**RMC**") is issued as Guidance to the Market Abuse provisions in Part 8 of the FSMR.

(1) The RMC applies to Persons in respect of conduct that occurs in the ADGM or elsewhere, however it only applies to conduct that occurs outside the ADGM if the conduct affects~~in relation to investments admitted to trading on a Prescribed Market situated or operating in the~~ADGMmarkets or users of ADGM markets.

Guidance

1. The RMC is intended to prevent Market Abuse by providing further clarity about what activities the Regulator might regard as constituting Market Abuse under the FSMR.

2. The RMC applies to persons to whom Part 8 of the FSMR applies, that is, it applies to persons generally whether individuals or bodies corporate and whether or not regulated.

3. Examples in the RMC are not intended to be exhaustive. There may be other circumstances in which conduct may contravene the Market Abuse provisions.

6.2 Price Stabilisation and Buy-back Programmes

6.2.1 Subject matter

The remainder of this chapter sets out the conditions to be met by Buy-back Programmes and the PriceStabilisation of Relevant Securities~~Financial Instruments~~ in order to benefit from the exemption to Market Abuse provided for in sections 93(3)(a) and (b)~~Part 8~~of the FSMR, respectively.

6.2.2 Definitions

Deleted.~~For the purposes of this chapter, the following definitions shall apply:~~

~~(a) "Adequate Public Diclosure" means disclosure by advertisement in a newspaper having an appropriate circulation in ADGM;~~

~~(b) "Allotment" means the process or processes by which the number of Relevant Securities to be received by investors who have previously subscribed or applied for them is determined;~~

~~(c) "Ancillary Stabilisation" means the exercise of an Overallotment Facility or of a Greenshoe Option by Reporting Entities, in the context of a Significant Distribution of Relevant Securities, exclusively for facilitation Stabilisation activity;~~

~~(d) "Associated Instruments" means the following Financial Instruments (including those which are not admitted to trading on a Recognised Investment Exchange, or for which a request for admission to trading on such a Recognised Investment Exchange has not been made, provided that the Regulator has agreed to standards of transparency for transactions in such Financial Instruments):~~

~~(i) contracts or rights to subscribe for, acquire or dispose of Relevant Securities;~~

~~(ii) financial derivatives ofRelevant Securities;~~

~~(iii) where the Relevant Securities are convertible or exchangeable debt Instruments, the Securities into which such convertible or exchangeable debt Instruments may be converted or exchanged;~~

~~(iv) Instruments which are issued or guaranteed by the Issuer or guarantor of the Relevant Securities and whose market price is likely to materially influence the price of the Relevant Securities, or vice versa; and~~

(v) where the Relevant Securities are Securities equivalent to Shares, the Shares represented by those Securities (and any other Securities equivalent to those Shares);

(e) "Buy-back Programmes" means trading in own Shares in accordance with the Companies Regulations 2015, or other comparable legislation relevant to non-ADGM incorporated Listed Entities;"

(f) Greenshoe Option" means an option granted by the Offeror in favour of the Reporting Entity involved in the Offer for the purpose of covering overallotments, under the terms of which such firm(s) or institution(s) may purchase up to a certain amount of Relevant Securities at the Offer price for a certain period of time after the Offer of the Relevant Securities;

(g) "Offeror" means the prior holders of, or the entity issuing, the Relevant Securities;

(h) "Overallotment Facility" means a clause in the underwriting agreement or lead management agreement which permits acceptance of subscriptions or Offers to purchase a greater number of Relevant Securities than originally offered;

(i) "Relevant Securities" means:

(i) Shares in Companies and other Securities equivalent to Shares in Companies;

(ii) bonds and other forms of securitised debt, which are negotiable on the capital market; and

(iii) any other Securities normally dealt in giving the right to acquire any such Securities by subscription or exchange or giving rise to a cash settlement,

excluding Instruments of payment, provided that such Instruments in (i), (ii), or (iii) are admitted to trading on a Recognised Investment Exchange or for which a request for admission to trading on such a Recognised Investment Exchange has been made, and which are the subject of a Significant Distribution;

(j) "Significant Distribution" means an initial or secondary Offer of Relevant Securities, publicly announced and distinct from ordinary trading both in terms of the amount in value of the Securities offered and the selling methods employed;

(k) "Stabilisation" means any purchase or Offer to purchase Relevant Securities, or any transaction in Associated Instruments equivalent thereto, by Reporting Entities, which is undertaken in the context of a Significant Distribution of such Relevant Securities exclusively for supporting the market price of these

~~Relevant Securities for a predetermined period of time, due to a selling pressure in such Securities; and~~

~~(l) "Time scheduled Buy-back Programme" means a Buy-back Programme where the dates and quantities of Securities to be traded during the time period of the programme are set out at the time of the public disclosure of the Buy-back Programme~~.

6.2.3 Objectives of Buy-back Programmes

In order to benefit from the exemption provided for in the Regulations, a Buy-back Programme must comply with Rules 6.2.4, 6.2.5 and 6.2.6 of this chapter and the sole purpose of that Buy-back programme must be to reduce the capital of an Issuer (in value or in number of Shares) or to meet obligations arising from either of the following:

(1) Debt Financial Instruments exchangeable into equity Instruments; and

(2) Employee Share option programmes or other allocations of Shares to Employees of the Issuer or of an associate Company.

6.2.4 Conditions for Buy-back Programmes and disclosure

(1) The Buy-back Programme must comply with the following conditions:

(a) authorisation shall be given by the general meeting, which shall determine the terms and conditions of such acquisitions, and in particular the maximum number of Shares to be acquired, the duration of the period for which the authorisation is given and which may not exceed 18 months, and, in the case of an acquisition for value, the maximum and minimum consideration. Members of the administrative or management body shall be required to satisfy themselves that at the time when each authorised acquisition is effected the conditions referred to in subparagraphs (a), (b) and (c) are respected;

(b) the nominal value or, in the absence thereof, the accountable par of the acquired Shares, including Shares previously acquired by the Company and held by it, and Shares acquired by a person acting in his own name but on the Company's behalf, may not exceed 10% of the subscribed capital;

(c) the acquisitions may not have the effect of reducing the net assets below an amount when on the closing date of the last financial year the net assets as set out in the Company's annual accounts are, or following such a distribution would become, lower than the amount of the subscribed capital plus those reserves which may not be distributed under applicable enactments or the statutes of the Company; and

(d) only fully paid-up Shares may be included in the transaction.

(2) Prior to the start of trading, full details of the programme must be adequately disclosed to the public. Those details must include the objective of the programme, the maximum consideration, the maximum number of Shares to be acquired and the duration of the period for which authorisation for the programme has been given. Subsequent changes to the programme must be subject to Adequate Public Disclosure.

(3) The Issuer must have in place the mechanisms ensuring that it fulfils trade reporting obligations to the Regulator. These mechanisms must record each transaction related to Buy-back Programmes.

(4) The Issuer must publicly disclose details of all transactions as referred to in paragraph (3) no later than the end of the seventh Business Day following the date of execution of such transactions.

6.2.5 Conditions for trading

(1) In so far as prices are concerned, the Issuer must not, when executing trades under a Buy-back Programme, purchase Shares at a price higher than the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out.

(2) If the trading venue is not a Recognised Investment Exchange, the price of the last independent trade or the highest current independent bid taken in reference shall be the one of the Recognised Investment Exchange.

(3) Where the Issuer carries out the purchase of own Shares through derivative Financial Instruments, the exercise price of those derivative Financial Instruments shall not be above the higher of the price of the last independent trade and the highest current independent bid.

(4) In so far as volume is concerned, the Issuer must not purchase more than 25% of the average daily volume of the Shares in any one day on the Recognised Investment Exchange on which the purchase is carried out.

(5) The average daily volume figure must be based on the average daily volume traded in the month preceding the month of public disclosure of that programme and fixed on that basis for the authorised period of the programme.

(6) Where the programme makes no reference to that volume, the average daily volume figure must be based on the average daily volume traded in the 20 trading days preceding the date of purchase.

(7) For the purposes of paragraph (3), in cases of extreme low liquidity on the relevant Recognised Investment Exchange, the Issuer may exceed the 25% limit, provided that the following conditions are met:

(a) the Issuer informs the Regulator, in advance, of its intention to deviate from the 25% limit;

(b) the Issuer discloses adequately to the public the fact that it may deviate from the 25% limit; and

(c) the Issuer does not exceed 50% of the average daily volume.

6.2.6 Restrictions

(1) In order to benefit from the exemption provided by the Regulations, the Issuer shall not, during its participation in a Buy-back Programme, engage in the following trading:

(a) selling of own Shares during the life of the programme;

(b) trading during a closed period; or

(c) trading where the Issuer has decided to delay the public disclosure of Inside Information in accordance with the Regulations.

(2) Paragraph (1)(a) shall not apply if the Issuer is a Reporting Entity and has established effective information barriers (Chinese Walls) subject to supervision by the Regulator, between those responsible for the handling of Inside Information related directly or indirectly to the Issuer and those responsible for any decision relating to the trading of own Shares (including the trading of own Shares on behalf of Clients), when trading in own Shares on the basis of such any decision.

(3) Paragraphs (1)(b) and (c) shall not apply if the Issuer is a Reporting Entity and has established effective information barriers (Chinese Walls) subject to supervision by the Regulator, between those responsible for the handling of Inside Information related directly or indirectly to the Issuer (including trading decisions under the Buy-back Programme) and those responsible for the trading of own Shares on behalf of Clients, when trading in own Shares on behalf of those Clients.

(4) Paragraph (1) shall not apply if:

(a) the Issuer has in place a Time-scheduled Buy-back Programme; or

(b) the Buy-back Programme is lead-managed by a Reporting Entity which makes its trading decisions in relation to the Issuer's Shares independently of, and without influence by, the Issuer with regard to the timing of the purchases.

6.2.7 Conditions for Price Stabilisation

(1) In order to benefit from the exemption provided for in sections 93(3) and 97(1) of the FSMR and RMC 8(4), Price Stabilisation of a Relevant

Security~~Financial Instrument~~ must be carried out in accordance with Rules 6.2.8, 6.2.9 and 6.2.10.

(2) The Person conducting the Price Stabilisation must be the Stabilisation Manager or any of his Stabilisation Agents.

(3) The Recognised Investment Exchange or other exchange on which the Relevant Securities are admitted to trading must be informed that Price Stabilisation in those Relevant Securities may take place during the Stabilisation Window.

(4) Price Stabilisation may be carried out either on or off the central order book of the relevant Recognised Investment Exchange.

Guidance

Rules 6.2.7 to 6.2.10 constitute the prescribed Price Stabilising Rules for the purposes of Section 7(4) of the FSMR.

6.2.8 Time-related conditions for Price Stabilisation

~~(1)~~ The period covered by the Stabilisation Window is the period beginning on the date of admission to trading of Relevant Securities on a Recognised Investment Exchange and ending no later than thirty (30) days thereafter~~Stabilisation shall be carried out only for a limited time period~~.

~~(2) In respect of Shares and other Securities equivalent to Shares, the time period referred to in paragraph (1) shall, in the case of an initial Offer publicly announced, start on the date of Adequate Public Disclosure of the final price of the Relevant Securities and end no later than 30 days thereafter, provided that any such trading is carried out in compliance with the rules, if any, of the Recognised Investment Exchange on which the Relevant Securities are to be admitted to trading, including any rules concerning public disclosure and trade reporting.~~

~~(3) In respect of Shares and other Securities equivalent to Shares, the time period referred to in paragraph (1) shall, in the case of a secondary Offer, start on the date of Adequate Public Disclosure of the final price of the Relevant Securities and end no later than 30 days after the date of Allotment.~~

~~(4) In respect of bonds and other forms of securitised debt (which are not convertible or exchangeable into Shares or into other Securities equivalent to Shares), the time period referred to in paragraph (1) shall start on the date of Adequate Public Disclosure of the terms of the Offer of the Relevant Securities (i.e. including the spread to the benchmark, if any, once it has been fixed) and end, whatever is earlier, either no later than 30 days after the date on which the Issuer of the Instruments received the proceeds of the issue, or no later than two months after the date of Allotment of the Relevant Securities.~~

~~(5) In respect of securitised debt convertible or exchangeable into Shares or into other Securities equivalent to Shares, the time period referred to in paragraph (1) shall start on the date of Adequate Public Disclosure of the final terms of the Offer of the Relevant Securities and end, whatever is earlier, either no later than 30 days after the date on which the Issuer of the Instruments received the proceeds of the issue, or no later than two months after the date of Allotment of the Relevant Securities.~~

6.2.9 Disclosure and reporting conditions for Price Stabilisation

(1) The following information shall be adequately publicly disclosed by Issuers, Offerors, or Stabilisation Managers~~entities undertaking the Stabilisation acting, or not, on behalf of such persons~~, before the opening of the Offer period of the Relevant Securities:

(a) the fact that Price Stabilisation may be undertaken, that there is no assurance that it will be undertaken and that it may be stopped at any time;

(b) the fact that Price Stabilisation transactions are aimed to support the market price of the Relevant Securities;

(c) the beginning and end of the period during which Price Stabilisation may occur;

(d) the identity of the Stabilisation Manager~~manager~~, unless this is not known at the time of publication in which case it must be publicly disclosed before any Price Stabilisation activity begins; and

(e) the existence and maximum size of any Overallotment Facility or Greenshoe Option, the exercise period of the Greenshoe Option and any conditions for the use of the Overallotment Facility or exercise of the Greenshoe Option.

(2) The details of all Price Stabilisation transactions must be notified by the Stabilisation Manager~~Issuers, Offerors, or entities undertaking the Stabilisation acting, or not, on behalf of such persons,~~ to the Regulator no later than the end of the seventh daily market session following the date of execution of such transactions.

Guidance

To be adequately disclosed in a Prospectus, the information should appear under its own separate heading in the first few pages of the Prospectus.

Post-price Stabilisation Disclosure

(3) If a Stabilisation Manager has conducted Price Stabilisation during the Stabilisation Window, then he must, within 2 business days following a Price Stabilisation transaction, disclose to the Regulator the following details:

(a) the total number of Relevant Securities transacted by the Stabilisation Manager and any Stabilisation Agents;

(b) the average price of Relevant Securities transacted during the Price Stabilisation;

(c) whether a Price Stabilisation transaction was undertaken otherwise than through the central order book of the relevant Recognised Investment Exchange;

(d) if the Stabilisation Manager has an outstanding short position, the number of Relevant Securities in that short position;

(e) any additional information the Regulator requires the Stabilisation Manager to disclose.

Guidance

Rule 6.2.9(3) requires a Stabilisation Manager to disclose to the Regulator details of each Price Stabilisation transaction conducted during the Stabilisation Window. The purpose of this Rule is to provide the Regulator with an understanding of the price support afforded the Relevant Securities during the Stabilisation Window and the manner in which Price Stabilisation occurred.

(4) Within one week of the end of the Price Stabilisation period, the following information must be adequately disclosed to the public by the Stabilisation Manager~~Issuers, Offerors, or entities undertaking the Stabilisation acting, or not, on behalf of such persons~~:

(a) whether or not Price Stabilisation was undertaken;

(b) the date at which Price Stabilisation started;

(c) the date at which Price Stabilisation last occurred;~~and~~

(d) the total number of Relevant Securities bought by the Stabilisation Manager and Stabilisation Agents during the Stabilisation Window;

(e) whether a Price Stabilisation transaction was undertaken otherwise than through the central order book of the relevant Recognised Investment Exchange;

(f) if the Stabilisation Manager has an outstanding short position, the number of Relevant Securities in that short position;

(gd) the price range within which Price Stabilisation was carried out, for each of the dates during which Price Stabilisation transactions were carried out; and.

(he) any additional information which the Regulator requires the Stabilisation Manager to disclose.

~~(5) Issuers, Offerors, or entities undertaking the Stabilisation, acting or not, on behalf of such persons, must record each Stabilisation order or transaction with, as a minimum, the following information:~~

~~(a) details of the names numbers of the Instruments bought or sold;~~

~~(b) the dates and times of the transactions;~~

~~(c) the transaction prices; and~~

~~(d) means of identifying the investment firms concerned.~~

(5) The Stabilisation Manager~~Where several Reporting Entities undertake the Stabilisation acting, or not, on behalf of the Issuer or Offeror, one of those persons~~ shall act as central point of inquiry for any request from the Regulator.

6.2.10 Specific price conditions

(1) In the case of an Offer of Shares or other Securities equivalent to Shares, PriceStabilisation of the Relevant Securities shall not in any circumstances be executed above the offering price.

(2) In the case of an Offer of securitised debt convertible or exchangeable into Instruments as referred to in paragraph (1), Price Stabilisation of those Instruments shall not in any circumstances be executed above the market price of those Instruments at the time of the public disclosure of the final terms of the new Offer.

6.2.11 Permitted Price Stabilisation

(1) A Stabilisation Manager and, if applicable, his Stabilisation Agents may in respect of Relevant Securities:

(a) purchase, or agree to purchase, such Relevant Securities; or

(b) offer or attempt to do anything in (i) with a view to stabilising the market price of such Relevant Securities.

(2) A Stabilisation Manager and his Stabilisation Agents may, in respect of Relevant Securities:

(a) make allotments of a greater number of the Relevant Securities than were offered ('over-allotment');

(b) sell or agree to sell the Relevant Securities in order to establish a short position in them;

(c) buy or agree to buy the Relevant Securities in order to close out or liquidate any position that has been established by Price Stabilisation under (a) or (b);

(d) sell or agree to sell the Relevant Securities in order to close out or liquidate any position that has been established by Price Stabilisation under (a) or (b); or

(e) offer or attempt to do anything permitted by (a), (b), (c) or (d).

(3) The Stabilisation Manager must not conduct, nor allow his Stabilisation Agent to conduct, Price Stabilisation in any case where:

(a) the market price of the Relevant Securities is falsely higher than the price which would otherwise prevail; and

(b) the Stabilisation Manage knows or ought reasonably to have known that the falsity in the market price was attributable in whole or in part to any conduct by a Person who was in breach of the Market Abuse provisions; or

(c) any requirements of a Recognised Investment Exchange or any other exchange have not been complied with.

6.2.12 Conditions for Ancillary Stabilisation

~~In order to benefit from the exemption provided for in the FSMR,~~AncillaryStabilisation must be undertaken in accordance with Rule6.2.8~~of this Regulation~~and with the following:

(1) Relevant Securities may be over allotted only during the subscription period and at the Offer price;

(2) a position resulting from the exercise of an Overallotment Facility by a Reporting Entity which is not covered by the Greenshoe Option may not exceed 5% of the original Offer;

(3) the Greenshoe Option may be exercised by the beneficiaries of such an option only where Relevant Securities have been over allotted;

(4) the Greenshoe Option may not amount to more than 15% of the original Offer;

(5) the exercise period of the Greenshoe Option must be the same as theStabilisation Windowperiod required under Rule 6.2.8; and

(6) the exercise of the Greenshoe Option must be disclosed to the public promptly, together with all appropriate details, including in particular the date of exercise and the number and nature of Relevant Securities involved.

Guidance

The Stabilisation Manager may often be the lead manager in respect of an Offer, and can therefore over-allot Relevant Securities in the initial allocation and then facilitate the stabilisation by purchasing Relevant Securities during the Stabilisation Window. A Stabilisation Manager and his Stabilisation Agents may also sell short on the market to facilitate Price Stabilisation or in order to close out or liquidate positions established by Price Stabilisation.

6.2.13 Appointment of Stabilisation Manager and Stabilisation Agents

(1) An Issuer/Reporting Entity who intends to carry out Price Stabilisation of its Relevant Securities/ must:

(a) appoint in writing a Stabilisation Manager;

(b) notify the FSRA of the appointment, including the name and business address of the Stabilisation Manager, the date of commencement of the appointment and an address for service in the ADGM of the Stabilisation Manager; and

(c) prior to the appointment of the Stabilisation Manager, take reasonable steps to ensure that the Stabilisation Manager has the required skills, resources and experience to conduct the functions of a Stabilisation Manager.

(2) An Issuer/Reporting Entity must notify the FSRA immediately if the appointment of the Stabilisation Manager is to be terminated, or on the resignation of its Stabilisation Manager, giving the reasons for the cessation of the appointment.

(3) An Issuer/Reporting Entity must appoint a Stabilisation Manager to fill any vacancy in relation to the occurrence of an event specified in (2) and ensure that the replacement Stabilisation Manager can serve as such at the time the vacancy arises or as soon as reasonably practicable.

(4) Where a Stabilisation Manager appointed by an Issuer/Reporting Entity is not suitable in the opinion of the FSRA, or where a Stabilisation Manager has not been appointed, the FSRA may direct the Issuer/Reporting Entity to replace or appoint a Stabilisation Manager in accordance with the requirements in MKT 6.2.

6.2.14 Terms of Appointment for a Stabilisation Manager and Stabilisation Agents

(1) The terms of appointment of a Stabilisation Manager must include at least the following information:

(a) the period of the Stabilisation Window;

(b) the Offer Price;

(c) whether the Stabilisation Manager has discretion to commence Price Stabilisation at the Offer Price;

(d) whether the Stabilisation Manager is permitted to appoint Stabilisation Agents;

(e) a term whereby the Stabilisation Manager agrees unconditionally to submit to the jurisdiction of the FSRA and the ADGM Courts in relation to the activities of the Stabilisation Manager and his Stabilisation Agents in carrying out Price Stabilisation; and

(f) any other information that the Stabilisation Manager believes it will reasonably need to conduct Price Stabilisation effectively.

(2) The Stabilisation Manager may appoint in writing one or more Stabilisation Agents to assist him in conducting Price Stabilisation.

(3) The terms of appointment of a Stabilisation Agent must not create a legal relationship other than that of principal and agent whereby the Stabilisation Manager as principal is responsible and liable for any acts carried out by his Stabilisation Agent.

(4) The Stabilisation Manager must establish a Price Stabilisation register and take reasonable steps to satisfy himself that the mechanisms required to update the register are in place.

6.2.15 Restrictions on transactions with Stabilisation Agents

(1) A Stabilisation Manager must not during the Stabilisation Window enter into a transaction as principal with any of his Stabilisation Agents in the Relevant Securities which are the subject of Price Stabilisation.

(2) The requirement in (1) does not apply:

(a) if at the time of the transaction, neither the Stabilisation Manager nor his Stabilisation Agent knew or could reasonably have known the identity of his counterparty; or

(b) where the transaction between the Stabilisation Manager and his Stabilisation Agent is undertaken solely for the purpose of reallocating the risk of positions that were taken by the Stabilisation Manager and

his Stabilisation Agent in the course of Price Stabilisation and the transaction is priced accordingly.

Guidance

Some participants in the Price Stabilisation may have accrued positions during stabilisation and Rule 6.2.15 permits transactions to 'square-off' the positions between participants. The terms on which these transactions may be carried may often be agreed in the terms of engagement between the Stabilisation Manager and his Stabilisation Agents. The FSRA may when inspecting records kept relating to stabilisation seek the rationale for any of these transactions and the price at which they were conducted.

6.2.16 Price Stabilisation Register

(1) The Stabilisation Manager must, before carrying out any Price Stabilisation:

(a) create a register to record the details relating to the Price Stabilisation as required by Rule 6.2.7 to 6.2.16; and

(b) establish and implement systems and controls to keep the register updated.

(2) The Stabilisation Manager must ensure that the register contains either on a real-time or daily updated basis the following information:

(a) the names and contact details of all Stabilisation Agents appointed by him;

(b) details of the appointment of each Stabilisation Agent, including the date of the appointment;

(c) the general terms and instructions (including details of the price floor and Stabilisation Window) determined by the Stabilisation Manager for his Stabilisation Agents and the date and time of the communication, variation or revocation of that information and instructions;

(d) details of all correspondence passing between the Stabilisation Manager and his Stabilisation Agents relating to the Price Stabilisation, including all instructions and variations or revocations of appointments;

(e) each and every transaction undertaken by the Stabilisation Manager and Stabilisation Agents in the course of the Price Stabilisation, including but not limited to the following transaction details:

(i) the type of Relevant Securities;

(ii) the price;

(iii) the size;

(iv) whether the transactions were undertaken on or off the central order book of the relevant Recognised Investment Exchange;

(v) the date and time;

(vi) details of the counterparty (if known); and

(vii) details of the allotment of the Relevant Securities.

Guidance

Rule 6.2.16(e)(vi) recognises that some market infrastructures, for example, anonymous order books or anonymous indications of interest, allow for the identity of counterparties to sometimes be unknown prior to the effecting of transactions.

Rule 6.2.16 also accepts that some participants in the Price Stabilisation may have accrued uneconomic positions during Price Stabilisation and therefore permits a single transaction, probably at the end-of-day, to 'square-off' the positions between participants. The terms on which these transactions can be carried may often be agreed in the terms of engagement between the Stabilisation Manager and the Stabilisation Agents. The Regulator may when inspecting records kept relating to Price Stabilisation seek the rationale for any of these transactions and the price at which they were conducted.

(3) The Stabilisation Manager must keep the register in the English language and keep it in a location that would allow for it, or a certified copy, to be available within three business days to any person permitted by Rules 6.2.16(4) and 6.2.16(5) to inspect it.

(4) The following persons are permitted to inspect the register upon written request:

(a) the Regulator;

(b) the Recognised Investment Exchange upon which the Relevant Securities are admitted to trading; and

(c) any other person the Regulator considers appropriate.

(5) During the Stabilisation Window and within three months from the end of the Stabilisation Window, the Stabilisation Manager must, on any business day, permit the Issuer of the Relevant Securities to which the Price Stabilisation Rules apply to inspect the part of the register kept in accordance with Rule 6.2.16(2)(e).

(6) The Stabilisation Manager must keep the register for a period of six years from the end of the Stabilisation Window.

6.2.17 Price Stabilisation and Dual-listings

(1) Rule 6.2.17 applies to a Person who carries out Price Stabilisation of dual-listed Relevant Securities.

(2) For the purposes of (1), 'dual-listed Relevant Securities' are Relevant Securities which are listed concurrently on a Recognised Investment Exchange (not being a Remote Investment Exchange) and on either a Remote Investment Exchange or an exchange in a jurisdiction other than the ADGM.

Guidance

'Dual-listed Relevant Securities' in (2) would, in relation to one Listed Security, include Certificates (e.g., global depository receipts) and Warrants over the other listed security.

Price Stabilisation in the ADGM

(3) Subject to (4), a Person who conducts Price Stabilisation of dual-listed Relevant Securities in the ADGM must comply with Rules 6.2.9 to 6.2.16.

(4) A Person who conducts Price Stabilisation in the ADGM of dual-listed Relevant Securities may, where the non-ADGM jurisdiction is a Zone 1 jurisdiction and where the prior consent of the Regulator has been obtained, conduct such Price Stabilisation in accordance with the law of that Zone 1 jurisdiction.

(5) The Regulator may give its consent to the conduct of Price Stabilisation referred to in (2) if it is satisfied that the jurisdiction is a Zone 1 jurisdiction and that the Price Stabilisation will be carried out in accordance with the law of that Zone 1 jurisdiction.

(6) The Regulator may refuse to give its consent if it is not satisfied as to the matters referred to in (5).

(7) The Regulator may attach conditions to the consent given under this Rule.

Guidance

Rule 6.2.17 allows a Person who is acting as a Stabilisation Manager in respect of a dual-listing of Relevant Securities to rely on the Price Stabilisation Rules or on the laws of a Zone 1 jurisdiction to conduct those activities. The Rule is intended to provide Stabilisation Managers with some limited flexibility in respect of their activities in the ADGM, so long as those activities are appropriately regulated.

6.2.18 Price Stabilisation from the ADGM

(1) A Person who conducts, from the ADGM, Price Stabilisation of dual-listed Relevant Securities on a Remote Investment Exchange or an exchange outside the ADGM must:

(a) ensure that such Price Stabilisation is conducted in accordance with the law of than non-ADGM jurisdiction; and

(b) provide the ADGM adequate prior notification of such Price Stabilisation.

Guidance

Rule 6.2.18 allows a Person who is acting as a Stabilisation Manager in respect of a dual-listing of Relevant Securities to rely on the laws of another jurisdiction to conduct those activities outside the ADGM. The Rule is intended to provide Stabilisation Managers with some limited flexibility in respect of their activities outside the ADGM.

7. MARKET DISCLOSURE

7.1 Application

7.1.1 (1) This chapter applies, subject to (2), to every Reporting Entity other than that of a Listed Fund.

(1) The requirements in this section do not apply to a Reporting Entity if the relevant market disclosure has already been made in relation to the Financial Instruments either by another Person or in relation to other Financial Instruments.

Guidance

1. The market disclosure requirements applicable to Listed Funds are in chapter 3.

2. This chapter sets out the obligations of Reporting Entities to disclose and control information in order to protect actual and potential investors and to maintain a fair, informed and orderly market in Financial Instruments. This chapter also sets out the limited circumstances under which a Reporting Entity may selectively disclose Inside Information, delay public disclosure and control access to such information in order to limit the potential Market Abuse.

3. The Regulator recognises the importance to the market of accurate, up-to-date information about Reporting Entities. Reporting Entities are therefore required to disseminate Inside Information as soon as possible. Where these obligations are not met and the Regulator considers it appropriate, the Regulator may seek one or more sanctions as specified in section 84~~Part 11~~ of the FSMR.

7.2 Disclosure of Inside Information

Timely disclosure

7.2.1 (1) A Reporting Entity must make timely disclosure of Inside Information in accordance with the requirements in this section.

(1) A Reporting Entity must ensure that the disclosure it makes pursuant to (1) is not false, misleading, or deceptive and does not omit anything likely to affect the import of the information. ~~Any false, misleading, or deceptive representations would lead to the imposition of civil liability in accordance with section 70 of the FSMR~~.

(2) For the purposes of complying with the requirement in (1), the Reporting Entity must, subject to Rule 7.2.3 and 7.2.4, make disclosure as soon as possible and in the manner specified in Rule 7.7.1.

Guidance

1. A Reporting Entity is required to disclose Inside Information as soon as possible. In practice, a short period before announcing Inside Information is permitted where a Reporting Entity is affected by an unexpected event and the Reporting Entity needs to clarify the situation or take legal advice so that any information released is accurate and not false, misleading, or deceptive. Any delay should be limited to a period no longer than is reasonably necessary in the circumstances. Where there is a danger of the information leaking out in the meantime, the Reporting Entity should make a holding announcement giving an outline of the subject matter of the announcement, the reasons why a full announcement cannot yet be made and undertaking to make a full announcement as soon as possible.

2. For the disclosure to be not false, misleading, or deceptive, a Reporting Entity should provide information that is accurate, factual and complete. Any incomplete or inaccurate information, such as omission of relevant information, would be false, misleading, or deceptive. Information should be provided in an easy to understand manner and not for promotional purposes. The use of imprecise and confusing language such as "double digit" or "in excess of last year" should be avoided as it does not allow investors to properly assess the information for the purpose of making an informed decision relating to the relevant Financial Instruments.

3. Where a Reporting Entity realises that it has or may have breached its continuous disclosure obligations, it should contact the Regulator to discuss the matter and seek guidance on remedying the situation and on taking steps to ensure that similar breaches are prevented from recurring.

4. A confidentiality agreement cannot prevent an entity from complying with its obligations relating to the disclosure of Inside Information.

5. If, for any reason, a Reporting Entity is unable, or unwilling to make a holding announcement it may be appropriate for the Reporting Entity to file a report pursuant to Rule 7.2.5 and for the trading of its Financial Instruments to be suspended until the Issuer is in a position to make an announcement.

Identifying Inside Information

6. Inside Information is defined in sections 95(2)~~, (3) and (4)~~ of the FSMR as:

(2) "In relation to Financial Instruments, or Related Instruments, which are not Commodity Derivatives, Inside Information is information of a Precise nature which:

(a) is not generally available;

(b) relates, directly or indirectly, to one or more Issuers of the Financial Instruments or to one or more of the Financial Instruments; and

(c) would, if generally available, be likely to have a significant effect on the price of the Financial Instruments or on the price of Related Instruments.

~~*(3) In relation to Financial Instruments or Related Instruments which are Commodity Derivatives, Inside Information is information of a Precise nature which—*~~

~~*(a) is not generally available;*~~

~~*(b) relates, directly or indirectly, to one or more such derivatives; and*~~

~~*(c) users of markets on which the derivatives are traded would expect to receive in accordance with any Accepted Market Practices on those markets.*~~

~~*(4) In relation to a person charged with the execution of orders concerning any Financial Instruments or Related Instruments, Inside Information includes information conveyed by a Client and related to the Client's pending orders which—*~~

~~*(a) is of a Precise nature;*~~

~~*(b) is not generally available;*~~

~~*(c) relates, directly or indirectly, to one or more Issuers of Financial Instruments or to one or more Financial Instruments; and*~~

(5) would, if generally available, be likely to have a significant effect on the price of those Financial Instruments or the price of Related Instruments."

7. In accordance with section 95(5) of the FSMR, information is considered "Precise" if it:

   a. "indicates circumstances that exist or may reasonably be expected to come into existence or an event that has occurred or may reasonably be expected to occur; and

   b. is specific enough to enable a conclusion to be drawn as to the possible effect of those circumstances or that event on the price of Financial Instruments or Related Instruments."

8. Similarly, information would be likely to have a "significant effect on price" if and only if it is information of that kind which a reasonable investor would be likely to use as part of the basis of his investment decisions.

9. The Reporting Entity is itself best placed to determine whether information, if made public, is likely to have a significant effect on the price of the relevant Financial Instruments, as what constitutes Inside Information will vary widely according to circumstances.

Financial forecasts and expectations

10. Where a Reporting Entity makes a market announcement which includes a profit or revenue forecast, such forecasts become, as soon as made, factored into the market pricing of the relevant Financial Instruments. If the Reporting Entity becomes aware that there is likely to be a material difference between the forecast and the true outcome, the Reporting Entity should make an announcement correcting the forecast as soon as possible so that the market pricing reflects the accurate position.

11. In relation to financial forecasts published by a Reporting Entity, the Regulator considers that circumstances giving rise to a variation from the previous one should generally be considered Inside Information and should be disclosed by the Reporting Entity as soon as possible. Evenwhere a Reporting Entity has not made a previous forecast, circumstances giving rise to a variation of profit or revenue from the previous corresponding reporting period should be disclosed where such circumstances would have a significant effect on the price of relevant Financial Instruments. Generally, a variation of 10% or more should be disclosed, but in some circumstances, a smaller variation may also be disclosable if it would reasonably be considered to have a significant effect on the price of the relevant Financial Instruments.

12. In making such disclosure, the Reporting Entity should provide clear details of the extent of the variation. For example, a Reporting Entity may indicate that, based on management accounts, its expected net profit will be an

approximate amount (e.g. approximately $15 million) or alternatively within a stated range (e.g. between $14m and $16m). Alternatively, a Reporting Entity may indicate an approximate percentage movement (e.g. up or down by35%).

Relationship between continuous disclosure and periodic disclosures

13. Periodic disclosures by Reporting Entities are required in a number of circumstances, and examples can include interim and annual financial reports and accounts, prospectuses, bidder's statements and target's statements.

14. In the course of preparing these disclosure documents, Reporting Entities may become aware of Inside Information which was previously insufficiently Precise to warrant disclosure. In such circumstances, a Reporting Entity should not defer releasing that information until the periodic disclosure or other document is finalised. In such circumstances, a Reporting Entity is expected to make an announcement containing the Inside Information as soon as possible.

Financial Instruments of the same class admitted to trading in more than one jurisdiction

15. Reporting Entities with Financial Instruments of the same class admitted to trading in more than one jurisdiction should ensure that the release of announcements containing Inside Information is co-ordinated across jurisdictions. If the requirements for disclosure are stricter in another jurisdiction than in the ADGM, the Reporting Entity must ensure that the same information is released in the ADGM as in that other jurisdiction.

16. Reporting Entities should not delay an announcement in the ADGM in order to wait for a market to open in another jurisdiction.

Delaying disclosure

7.2.2 A Reporting Entity may delay market disclosure of Inside Information so as not to prejudice its legitimate interests provided that:

(1) the delay is not likely to mislead the markets; and

(2) if the information is to be selectively disclosed to a Person prior to market disclosure, it is made in accordance with the requirements in Rule 7.2.3.

Selective disclosure

7.2.3 (1) For the purposes of Rule 7.2.2(2), a Reporting Entity may selectively disclose Inside Information to a Person prior to making market disclosure of such information only if:

(a) it is for the purposes of the exercise by such a Person of his employment, profession or duties;

(b) that Person owes to the Reporting Entity a duty of confidentiality, whether based on law, contract or otherwise; and

(c) the Reporting Entity has provided to that Person, except where thatPerson is the Regulator, a written notice as specified in (3).

(2) For the purposes of (1)(a), the Persons whose exercise of employment, profession or duties may warrant selective disclosure are as follows:

(a) any adviser, underwriter, Sponsor or compliance adviser;

(b) an agent employed by the Reporting Entity to release the information;

(c) Persons with whom the Reporting Entity is negotiating with a view toeffecting a transaction or raising finance, including prospective underwriters or Sponsors of an issue of Financial Instruments, providers of financeor loans or the placement of the balance of a rights issue not taken upby Shareholders;

(d) the Regulator or another regulator where such disclosure is necessary or desirable for the regulator to perform its functions;

(e) a Person to whom the Reporting Entity discloses information in accordance with a lawful requirement;

(f) a major Shareholder of the Reporting Entity; or

(g) any other Person to whom it is necessary to disclose the information in the ordinary course of business of the Reporting Entity.

(3) For the purposes of (1)(c), the Reporting Entity must, before making disclosure to a Person, provide to that Person a written notice that:

(a) the information is provided in confidence and must not be used or be allowed to be used for a purpose other than the purpose for which it is provided; and

(b) the recipient must take reasonable steps to ensure that the recipient or any Person having access to the information through the recipient does not deal in the relevant Financial Instruments, or any other related investment, or disclose such information without legitimate reason, prior to market disclosure of that information by the Reporting Entity.

(4) Where a Reporting Entity makes selective disclosure of Inside Information pursuant to (1), it must ensure that a full announcement is made to the market as soon as possible, and in any event, when it becomes aware or has

reasonable grounds to suspect that such information has or may have come to the knowledge of any Person or Persons other than those to whom the selective disclosure was made.

Guidance

1. It is likely that Inside Information will be made known to certain Employees of the Reporting Entity. A Reporting Entity should put in place procedures to ensure that Employees do not disclose such information, whether or not inadvertently, and that Employees are adequately trained in the identification and handling of Inside Information (see Rules 7.2.6 – 7.2.7 and associated Guidance).

2. Rule 7.2.3 does not excuse a Reporting Entity from its overriding obligation to disclose InsideInformation as soon as possible pursuant to Rule 7.2.1. A Reporting Entity which proposes todelay public disclosure of Inside Information should refer to Rule 7.2.4, which sets out the limited disclosure exceptions permitted.

Disclosure exceptions

7.2.4 (1) A Reporting Entity need not, subject to (2), make disclosure of information pursuant to Rule 7.2.1, where, in the reasonable opinion of the Reporting Entity, the disclosure required by that Rule would:

(a) be unduly detrimental to the legitimate interests of the Reporting Entity; or

(b) disclose commercially sensitive material; or

(c) result in a breach of any law or any Contravention ~~of any rule of ADGM~~.

(2) Where a Reporting Entity intends not to make the disclosure pursuant to (1), it must immediately file with the Regulator a confidential report which:

(a) contains all the information which it seeks not to disclose and the reasons for non-disclosure; and

(b) is in the English language and, where any documents accompanying the report are not in the English language, an English translation of such documents.

(3) The Regulator may:

(a) specify the period during which disclosure of the information included in the confidential report need not be disclosed to the markets; and

(b) extend the period referred to in (a) upon application by the Reporting Entity.

(4) Where a confidential report is filed with the Regulator under (2), the Reporting Entity need not comply with the requirements in Rule 7.2.1 during the period permitted by the Regulator pursuant to (3), unless or until one of the following occurs:

(a) the Regulator directs the Reporting Entity to comply with Rule 7.2.1;

(b) the Reporting Entity becomes aware that there is a material change of circumstances that renders the reason for non-disclosure of the information no longer valid; or

(c) the Reporting Entity becomes aware or has reasonable grounds to suspect that the relevant Inside Information has or may have come to the knowledge of any Person or Persons other than by way of selective disclosure in accordance with Rule 7.2.3.

(5) The procedures in Part 17 of the FSMR apply to a decision of the Regulator under (3) or (4)(a).

7.2.5 By filing a report under Rule 7.2.4, the Reporting Entity undertakes that the contents of the report and any accompanying documents are true, accurate and notfalse, misleading, or deceptive and contain all the information which the Regulator would reasonably expect to be made aware of in the circumstances of the case.

Guidance

1. Examples of circumstances under which a Reporting Entity might rely on the exception from disclosure in Rule 7.2.4 include where:

a. it would be a breach of law to disclose such information;

b. the information is a trade secret;

c. there are negotiations in course where the outcome or normal pattern of those negotiations would be likely to be affected by public disclosure;

d. the information is provisional and generated for internal management purposes prior to later public disclosure; or

e. there are impending developments that could be jeopardised by premature disclosure.

2. Rule 7.2.4 does not permit a Reporting Entity to delay public disclosure of the fact that it is in financial difficulty or of its worsening financial condition and is limited to the fact or substance of the negotiations to deal with such a situation. A Reporting Entity is also not permitted to delay disclosure of Inside Information on the basis that its position in subsequent negotiations to deal

with the situation will be jeopardised by the disclosure of its financial condition.

3. Where the Regulator considers that the reliance on permitted exceptions under Rule 7.2.4 is not in the interests of actual or potential investors, market integrity or the ADGM, it may direct the Reporting Entity to make either a holding announcement or full market disclosure (see Rule 7.5.1). The Regulator may, in addition, require the Recognised Investment Exchange~~Body~~in which theFinancial Instruments are traded to suspend trading of the relevant Financial Instruments.

Control of Inside Information

7.2.6 A Reporting Entity must establish effective arrangements to deny access to Inside Information to Persons other than those who require it for the exercise of their functions within the Reporting Entity.

7.2.7 A Reporting Entity must establish and maintain adequate systems and controls to enable it to identify at all times any Person working for it under a contract of employment or otherwise, who has or may reasonably be likely to have access to Inside Information relating to the Reporting Entity, whether on a regular or occasional basis.

7.2.8 A Reporting Entity must take the necessary measures to ensure that its Directors and Employees who have or may have access to Inside Information acknowledge the legal and regulatory duties entailed, including dealing restrictions in relation to the Reporting Entity's Financial Instruments or any related investments, and are aware of the sanctions attaching to the misuse or improper use or circulation of such information.

7.2.9 A Reporting Entity must nominate two individuals to be its main points of contact with the Regulator in relation to continuing disclosure and other obligations under this chapter.

Guidance

Framework for handling Inside Information

1. The responsibility for ensuring that a Reporting Entity has an adequate overall policy on the handling of Inside Information lies with the Board of the Reporting Entity. Whilst responsibility for compliance with the continuing obligations set out in these Rules lies with the Reporting Entity, Directors should be aware that they may be held personally liable for breaching these Rules.

2. Reporting Entities should have a consistent procedure for assessing whether information is Inside Information and should clearly identify those within the Reporting Entity who are responsible for the communication of this information to the market.

3. Reporting Entities should put in place arrangements for maintaining the confidentiality of Inside Information before announcement. These should include adequate training for Employees in the handling, distribution and announcement of Inside Information as appropriate. Reporting Entities should, for example, guard against the risk of Inside Information being leaked to the market through selective disclosure of internal briefings or via trade journals. Where the Reporting Entity considers that this may have occurred, an announcement should be made immediately.

Inadvertent disclosure

4. In situations where the Reporting Entity will be open to questioning that may be designed to elicit or may have the effect of eliciting Inside Information (such as during Shareholders' meetings or dealing with analysts or journalists), the Reporting Entity should plan in advance how it will respond to such questions. If the Reporting Entity intends to disclose Inside Information at such a meeting, an announcement must be made before or at the same time as the meeting.

7.3 Disclosure of interests by Connected Persons

Guidance

Section 76 of the FSMR requires certain persons connected to a Reporting Entity to make certain disclosures to the Regulator and the Reporting Entity in accordance with the requirements prescribed in these Rules.

Application

7.3.1 This Rule applies to a Connected Person of a Reporting Entity other than that of aListed Fund.

Guidance

Chapter 3 contains Connected Person disclosure requirements relevant to Listed Funds.

Definitions

7.3.2 (1) For the purposes of section 76 of the FSMR, a Person is hereby prescribed as a Connected Person of a Reporting Entity if that Person:

(a) is a Director or an individual involved in the Senior Management of either:

(i) the Reporting Entity; or

(ii) a Controller of the Reporting Entity; or

(b) owns, whether legally or beneficially, or controls, whether directly or indirectly, voting Securities carrying more than 5% of the voting rights attaching to all the voting Securities of either:

(i) the Reporting Entity; or

(ii) a Controller of the Reporting Entity.

(2) In (1), a Person is a Controller of a Reporting Entity if that Person (the first person), either alone or with his Associates, controls the majority of the voting rights in, or the right to appoint or remove the majority of the Board of, the Reporting Entity or any Person who has similar control over the first person, including an ultimate Controller of the first person.

(3) For the purposes of determining whether a Person:

(a) owns or controls voting Securities in (1)(b); or

(b) controls the voting rights in or the right to appoint or remove the majority of the Board of a Reporting Entity or a Controller of a Reporting Entity in (2),

any Securities held by that Person and his Associates, including those in which that Person or an Associate of that Person has a beneficial interest, are deemed as his Securities except as specified in (3).

(4) For the purposes of (3), Securities are not deemed as his Securities where:

(a) any such Securities are held by that Person on behalf of anotherPerson who is not an Associate of that Person; and

(b) the Person does not have control over the voting rights attaching to the Securities because some other Person exercises those rights or manages those Securities on a discretionary basis.

(5) A Person is not a Connected Person of a Reporting Entity merely by reason that:

(a) its Structured Products are admitted to trading on a Recognised Investment Exchange~~Body~~; or

(b) such Person:

(i) owns or holds voting Securities solely in its capacity as trustee, nominee or custodian under an agreement to hold such Securities; and

(ii) does not exercise any voting or other rights associated with the Securities except in accordance with the express

instructions of the owner of the Securities or in accordance with the agreement in (i).

Events that trigger a disclosure

7.3.3 (1) A Connected Person must make the disclosures required under section 76 of the FSMR (the "Disclosure") to~~with~~ the Regulator and the Reporting Entity within five Business Days of the occurrence of any of the events prescribed in (2) and (3).

(1) In the case of a Person who is a Connected Person under Rule 7.3.2(1)(a), that Person must make the Disclosure upon:

(a) ~~upon~~ becoming or ceasing to be a Director of a Controller of theReporting Entity;

(b) ~~upon~~ acquiring or ceasing to hold either alone or with an Associate of the Person any Securities or other investments in or relating to the Reporting Entity or a Controller of the Reporting Entity; and

(c) ~~upon~~ an increase or decrease of ~~at least 1% of~~ the level of interest referred to in~~previously reported pursuant to~~(b).

(2) In the case of a Person who is a Connected Person under Rule 7.3.2(1)(b), that Person must make the Disclosure upon:

(a) ~~upon~~ acquiring or ceasing to hold voting Securities carrying more than5% of the voting rights attaching to all voting Securities of either theReporting Entity or a Controller of the Reporting Entity; and

(b) ~~upon~~ an increase or decrease of at least 1% of the level of interest previously reported pursuant to (a).

7.3.4 For the purposes of Rules 7.3.2 and 7.3.3, a Person is taken to hold Financial Instruments in or relating to a Reporting Entity, if the Person holds a Financial Instrument that on its maturity will confer on him:

(1) an unconditional right to acquire the Financial Instrument; or

(2) the discretion as to his right to acquire the Financial Instrument.

Content of the disclosure

7.3.54 A disclosure made by a Connected Person must contain the following information:

(1) the name and address of the Connected Person;

(2) the date on which the event giving rise to the obligation to make the Disclosure occurred;

(3) the date on which the filing was made; and

(4) the price, amount and class of Securities or other investments as is relevant in relation to the transaction or other event and the previous and new level of interest held.

Market disclosure

7.3.6~~5~~ Upon a Connected Person making a disclosure to the Reporting Entity, the Reporting Entity must, as soon as possible, make market disclosure of that information in accordance with Rule 7.7.1.

7.4 Disclosure of Directors' notifiable interests

Guidance

Persons with a notifiable interest in the Reporting Entity are required to give a notice relating to that interest in accordance with the requirements prescribed in these Rules.

Application

7.4.1 This section applies to every Reporting Entity other than that of a Listed Fund.

Guidance

Chapter 3 contains the disclosure of notifiable interest applicable to a Listed Fund.

Definition of a notifiable interest

7.4.2 A Director of a Reporting Entity has a notifiable interest in the Reporting Entity if that Person~~person~~ has any interest arising through:

(1) the direct or indirect ownership of, or beneficial ownership of, Investments~~investments~~ in the Reporting Entity; or

(2) any involvement in financial or commercial arrangement with or relating to theReporting Entity.

Content and procedures relating to the notice

7.4.3 (1) Subject to (2), a notice relating to a notifiable interest must be given by a Person referred to in Rule 7.4.2, to the other Directors of the Reporting Entity within five Business Days of the notifiable interest arising or changing.

(1) A Person referred to in (1) need not give a notice relating to a notifiable interest if the notifiable interest is required to be included in a report which that Person must provide by virtue of being a Connected Person under Rule 7.3 and the Person has complied with the requirement mentioned in that Rule.

(2) A notice relating to a notifiable interest must contain:

(a) the name and address of the Person giving the notice; and

(b) the details relating to the notifiable interest, including the date on which the notifiable interest arose or changed.

Market disclosure

7.4.4 Upon receiving a notice relating to a notifiable interest, the Reporting Entity must, as soon as possible, make market disclosure of that report in accordance with Rule 7.7.1.

7.5 Power to direct disclosure

Guidance

Section 84~~199~~ of the FSMR gives the Regulator the power to direct a Reporting Entity to disclose specified information to the market or take such other steps as the Regulator considers appropriate where it is satisfied that it is in the interest of the ADGM to do so.

7.5.1 (1) The Regulator may, pursuant to its power under section 84~~199(1)~~ of the FSMR, issue a written notice directing a Reporting Entity (a "**Direction Notice**") to disclose specified information to the market and to take any other steps as the Regulator considers appropriate in the following circumstances:

(a) where a Reporting Entity fails to comply with an obligation to disclose any information under the FSMR and these Rules;

(b) to correct or prevent a false market if the Regulator reasonably considers that there is or is likely to be a false market in a Reporting Entity's Securities;

(c) where there is a rumour or media speculation in relation to the Reporting Entity or the Relevant Securities that has not been confirmed or clarified by an announcement by the Reporting Entity made in accordance with Rule 7.2.1 and such rumour or media speculation is or is reasonably likely to have an impact upon the price of the Reporting Entity or the Relevant Securities; or

(d) where it is in the interests of:

(i) actual or potential investors;

(ii) market integrity; or

(iii) the ADGM.

(2) A Reporting Entity which receives a Direction Notice issued pursuant to (1) must comply with the terms of that notice.

7.6 Other matters that require market disclosure

7.6.1 A Reporting Entity must disclose to the market in accordance with Rule 7.7.1 the matters specified in APP 2.

7.7 Manner of market disclosure

7.7.1 (1) When a Reporting Entity is required to make market disclosure of any information, such information must be released to the market by way of an announcement made:

(a) to the Recognised Investment Exchange~~Body~~on which the Securities are admitted to trading;

(b) on the website of the Reporting Entity; and

(c) to any approved regulatory announcement service.

(2) The disclosure in (1) must also be concurrently provided to the Regulator.

(3) Without prejudice to its obligations relating to market disclosure, a Reporting Entity must take reasonable care to ensure that any information it is required to disclose is clear, fair, and not false, misleading, or deceptive.

7.7.2 The Regulator may, upon application by a Person or on its own initiative, approve aregulatory announcement service for the purposes of making the Disclosure in7.7.1.

7.7.3 A Reporting Entity must retain on its website all information that has been disclosed to markets for a period of one year following publication.

8. SYSTEMS AND CONTROLS

8.1 Application

8.1.1 This chapter applies to:

(1) every Reporting Entity; and

(2) the Board or the Governing Body of a Reporting Entity.

Adequacy of systems and controls

8.1.2 (1) A Reporting Entity must have appropriate systems and controls to be able to demonstrate compliance with the requirements applicable to it including those set out in the FSMR and these Rules.

(1) The Board of the Reporting Entity, and in the case of a Reporting Entity of a Listed Fund, its Governing Body, must ensure that that there are adequate

systems and controls established and maintained on an on-going basis to meet the requirement in (1).

(2) Without limiting the generality of the requirement in (1), the systems and controls of a Reporting Entity must include:

(a) mechanisms to monitor compliance with the requirements relating to Corporate Governance, Connected Persons, Restricted Persons, or Related Parties as is relevant, and control of Inside Information; and

(b) where any records are required to be maintained, maintenance of such records at least for a period of six years, unless a shorter period is prescribed.

(3) The Regulator may, where it considers appropriate to do so, require a Reporting Entity to produce third party confirmation on the adequacy of systems and controls established and maintained by a Reporting Entity.

9. GOVERNANCE OF REPORTING ENTITIES

Guidance

Governance requirements set out under this chapter are designed for the purposes of section 73 of the FSMR.

9.1 Application

9.1.1 (1) This chapterapplies to every Reporting Entity except where a narrower application is provided in respect of any particular class of Securities.

(1) This chapterdoes not apply to a Reporting Entity of a Listed Fund.

Guidance

See chapter 3 for the governance requirements applicable to Reporting Entities of Listed Funds.

9.2 Corporate Governance Principles

Application

9.2.1 This section applies to a Reporting Entity in respect of Shares, and the Board of Directors ("the Board") of such a Reporting Entity.

Corporate Governance Principles

9.2.2 Pursuant to section 73 of the FSMR, the principles in Rules 9.2.3 to 9.2.9 are hereby prescribed as "the **Corporate Governance Principles**".

Guidance

1. The Corporate Governance Principles in this sectionapply to Reporting Entities as mandatory high level requirements. APP 4 sets out best practice standards that may be adopted by a Reporting Entity to achieve compliance with these principles.

2. The best practice standards in APP 4are designed to provide a degree of flexibility so that a Reporting Entity can achieve outcomes intended by the Corporate Governance Principles whilst taking into account the nature, scale and complexity of its business.

3. Generally, if a Reporting Entity does not adopt the best practice standards set out in APP 4, or adopts them only partially, the Regulator would expect the reasons for doing so and any alternative measures adopted to achieve the outcomes intended by the Corporate Governance Principles to be disclosed in the Prospectus and thereafter pursuant to the disclosure required under Rule 9.2.10. Any inaccurate or false representations would lead to the imposition of civil liability in accordance with section 70 of the FSMR.

Principle 1 – Board of Directors

9.2.3 Every Reporting Entity must have an effective Board which is collectively accountable for ensuring that the Reporting Entity's business is managed prudently and soundly.

Principle 2 – Division of responsibilities

9.2.4 The Board must ensure that there is a clear division between the Board's responsibility for setting the strategic aims and undertaking the oversight of the Reporting Entity and the Senior Management's responsibility for managing the Reporting Entity's business in accordance with the strategic aims and risk parameters set by the Board.

Principle 3 – Board composition and resources

9.2.5 The Board, and its committees, must have an appropriate balance of skills, experience, independence and knowledge of the Reporting Entity's business, and adequate resources, including access to expertise as required and timely and comprehensive information relating to the affairs of the Reporting Entity.

Principle 4 – Risk management and internal control systems

9.2.6 The Board must ensure that the Reporting Entity has an adequate, effective, well-defined and well-integrated risk management, internal control and compliance framework.

Principle 5 – Shareholder rights and effective dialogue

9.2.7 The Board must ensure that the rights of Shareholders are properly safeguarded through appropriate measures that enable the Shareholders to exercise their rights effectively, promote effective dialogue with Shareholders and other key stakeholders as appropriate, and prevent any abuse or oppression of minority Shareholders.

Principle 6 – Position and prospects

9.2.8 The Board must ensure that the Reporting Entity's financial and other reports present an accurate, balanced and understandable assessment of the Reporting Entity's financial position and prospects by ensuring that there are effective internal risk control and reporting requirements.

Principle 7 – Remuneration

9.2.9 The Board must ensure that the Reporting Entity has remuneration structures and strategies that are well aligned with the long-term interests of the entity.

Annual reporting on compliance

9.2.10 The annual financial report of a Reporting Entity to which this section applies must:

(1) state whether the best practice standards specified in APP 4(the "**Corporate Governance Principles**") have been adopted by the Reporting Entity;

(2) if the best practice standards in APP 4 have not been fully adopted or have been only partially adopted explain:

(a) why the best practice standards were not adopted fully or adopted only partially, as is relevant; and

(b) what actions, if any, have been taken by the Reporting Entity to achieve compliance with the Corporate Governance Principles to theextent the relevant best practice standards were not adopted, or were only partially adopted; and

(3) include a statement by Directors whether or not, in their opinion, the Corporate Governance framework of the Reporting Entity is effective in promoting compliance with the Corporate Governance Principles, with supporting information and assumptions, and qualifications if necessary.

Guidance

1. Rule 9.2.10 reflects the "comply or explain" approach adopted by the Regulator in respect of theCorporate Governance Principles.

2. With regard to the opinion required under Rule 9.2.10(3), adequate information relating to the Corporate Governance framework of the Reporting Entity should be included to support the opinion, such as the

identity of its chair, any committees of the Board and their role and membership, the chief executive~~Chief Executive~~ and persons undertaking key control functions such as the head of compliance, risk control and internal audit and how their independence is achieved. See also the disclosure of information required under APP 2.

3. ~~Note that~~Reporting Entities are ~~also~~required to produce an annual financialreport in accordance with Rule 10.1.4.

9.3 Directors' duties and fair treatment of Shareholders

Application

9.3.1 (1) This section applies, subject to (2), to:

(a) the Board of a Reporting Entity in respect of Shares; and

(b) each individual Director who is a member of such a Board.

(2) The requirement in Rule 9.3.3 applies to every Reporting Entity.

Guidance

1. Where a Person referred to in Rule 9.3.1(1)is required under any legislation applicable to such a Person to comply with a similar or more stringent requirement than the requirements in this section, compliance with those other requirements would be sufficient ~~compliance~~for the purposes of the relevant requirement in this section.

2. For example, in the case of a reduction of Share capital, more stringent procedures such as a special resolution (i.e. a vote of at least 75% of the Shareholders in voting) may be required under the company~~Company~~ law or other legislation applicable to a Reporting Entity in its jurisdiction of incorporation. Where this is the case, compliance with the more stringent requirements applicable to the Reporting Entity suffices for the purposes of compliance with the requirements in this section dealing with a Shareholder approval by simple majority in Rule 9.3.8.

Directors' duties

9.3.2 A Director of a Reporting Entity must act:

(1) on a fully informed basis;

(2) in good faith;

(3) honestly;

(4) with due diligence and care; and

(5) in the best interests of the Reporting Entity and its Shareholders.

Guidance

In order to meet the obligation to act with due diligence and care, a Director should (amongst other things) ensure that he has enough time and capacity available to devote to the job. See also the best practice standards in APP 4 which apply to Directors of Reporting Entities who are subject to the Corporate Governance Principles.

Equality of treatment

9.3.3 The Board of a Reporting Entity must ensure equality of treatment of all holders of Securities of a particular class or type in respect of all rights attaching to the Securities of that class or type of Securities.

Reduction of Share capital

9.3.4 The Board of a Reporting Entity must ensure that a Reporting Entity does not purchase its own Shares unless:

(1) the purchase does not materially prejudice the Reporting Entity's ability to pay its creditors as they fall due;

(2) it has obtained prior approval of Shareholders in meeting by a majority vote; and

(3) prior to the meeting seeking the consent referred to in (2), the notice of the meeting and any accompanying documents relating to the purchase is filed with the Regulator.

Pre-emption rights

9.3.5 The Board of a Reporting Entity must, except where otherwise provided in the constituent documents of the Reporting Entity, ensure that a Reporting Entityprovides pre-emption rights under which, on an issue of Shares by the Reporting Entity for cash, the Shareholders of the Reporting Entity are offered any Shares to be issued in proportion to their existing holdings prior to the Shares being offered to third parties, unless there is prior approval of the issue of Shares without pre-emption rights by Shareholders in meeting, by a majority vote.

Communications with Shareholders

9.3.6 (1) The Board of a Reporting Entity must ensure that all the necessary information and facilities are available to its Shareholders to enable them to exercise the rights attaching to their Shares on a well-informed basis.

(1) Without limiting the generality of the obligation in(1), the Board must ensure that the Shareholders:

(a) are provided with the necessary information relating to the matters to be determined at meetings to enable them to exercise their right to vote, including the proxy forms and notice of meetings; and

(b) have access to any relevant notices or circulars giving information in relation to the rights attaching to the Securities.

Guidance

In adhering to its obligations in (2)(b), the Board must comply with the time periods for giving such notices outlined in section 324 of the Companies Regulations 2015.

Proxy solicitation

9.3.7 The Board of a Reporting Entity must ensure that for each meeting at which Shareholders are eligible to exercise voting rights attaching to their Securities, each Shareholder is given the right and means to vote by proxy.

Other matters requiring Shareholder approval

9.3.8 (1) The Board of a Reporting Entity must, subject to (2), ensure that a majority of Shareholders in voting approves:

(a) any alteration of the constitutional documents of the Reporting Entity including any alteration to the memorandum of association, articles of association, bylaws or any other instrument constituting the Reporting Entity;

(b) an alteration of the issued Share capital, for example Share reductions or Share consolidations, of the Reporting Entity which is more than 20% of the existing issued Share capital;

(c) any acquisition or disposal of an asset of the Reporting Entity where the value of the asset involved is 25% or more of the value of the net assets of the Reporting Entity as at its last published financial reports;

(d) the appointment or removal of a Director of the Reporting Entity and the terms of such appointment;

(e) the appointment or removal of the auditor of the Reporting Entity;

(f) the placing of the Reporting Entity into voluntary liquidation;

(g) the reduction of the Share capital of the Reporting Entity, in accordance with Rule 9.3.4(2);

(h) the issuance of Shares without pre-emption rights, in accordance with Rule 9.3.5;

(i) a Related Party Transaction that falls within Rule 9.5.3(1) or (3);

(j) any creation or issuance of new securities;

(k) the appointment of the chief executive~~Chief Executive~~ as the chairman of the Board; and

(l) any purchase by a Listed Entity of its own Securities, where requested to provide such approval in accordance with Rule 2.7.5(1).

(2) The requirement in (1)does not apply, subject to any requirements in the constitutional documents of the Reporting Entity,in relation to the appointment or removal of a Director or auditor of a Reporting Entity in circumstances where the immediate appointment or removal is necessary in the interests of the Reporting Entity.

Guidance

1. Under Rule 9.3.8(1)(b), an increase in the issued Share capital of a Reporting Entity which results in an increase of more than 20% of its current Share capital requires Shareholder approval regardless of whether or not such an increase is within the authorised capital of the relevant Reporting Entity.

2. The circumstances in which the immediate removal of a Director or auditor may become necessary include matters affecting that Person's fitness and propriety, such as professional misconduct of such a Person.

9.4 Dealings by restricted persons

Application

9.4.1 (1) This section applies to:

(a) the Board of every Reporting Entity; and

(b) a Restricted Person in relation to such a Reporting Entity.

(2) For the purposes of (b), a Person is a Restricted Person in relation to a Reporting Entity if he is involved in the Senior Management of the Reporting Entity.

Guidance

1. Persons are considered as involved in the Senior Management if they are in a position of authority and influence in making management or executive decisions with regard to the day-to-day management of the business of the Reporting Entity.~~Some members of the Board, such as executive Directors, will be subject to the requirements in this section because they undertake managerial functions and responsibilities relating to the day-to-day management of the Reporting Entity~~.

2. Chapter 3 contains the requirements applicable to Reporting Entities of Listed Funds.

Prohibition on dealing

9.4.2 (1) A Restricted Person must not engage in Dealing in the Securities of theReporting Entity during a Close Period except in the circumstances specified in Rule 9.4.4.

(1) For the purposes of this Rule a "Close Period" is:

~~(a) a "Close Period" is~~

(a~~i~~) the period from the relevant financial year end up to and including the time of the announcement or publication of the annual financial reports; and

(b~~ii~~) if the Reporting Entity reports on a semi-annual basis, the period from the end of the relevant semi-annual financial period up to and including the time of the announcement or publication; or

(c~~iii~~) if the Reporting Entity reports on a quarterly basis, the period from the end of the relevant quarter up to and including the time of the announcement.

~~(a) "Dealing in Securities" means:~~

~~(i) any acquisition or disposal of, or agreement to acquire or dispose of, Securities of the Reporting Entity;~~

~~(ii) entering into a contract (such as a contract for difference) the purpose of which is to secure a profit or avoid a loss by reference to fluctuations in the price of the Securities of the Reporting Entity;~~

~~(iii) the grant,acceptance,acquisition,disposal, exercise or discharge of any option to acquire or dispose of any Securities of the Reporting Entity;~~

~~(iv) entering into, or terminating, assigning or novating any stock lending agreement in respect of the Securities of the Reporting Entity;~~

~~(v) using as security, or otherwise granting a Charge, lien or other encumbrance over the Securities of the Reporting Entity; or~~

~~(vi) any other transaction including a transfer for no consideration, or the exercise of any power or discretion effecting a change of ownership of a beneficial interest in, the Securities of the Reporting Entity.~~

(2) The prohibition in (1)applies to any dealing by Restricted Persons whether or not such dealings are with another Restricted Person or any other Person.

Exempt dealings

9.4.3 The prohibition in Rule 9.4.2(1)does not apply in relation to any dealing in Securities in the Reporting Entity if such dealing by the Restricted Person relates to:

(1) undertakings or elections to take up, or the taking up of, an entitlement under a rights issue or dividend reinvestment Offer, or allowing such an entitlement or Offer to lapse;

(2) undertakings to accept, or the acceptance of, a Takeover Offer underTakeover Rules;

(3) dealings where the beneficial interest in the relevant Security does not change;

(4) transactions between the Restricted Person and an Associate ofthe Restricted Person~~Associate~~; or

(5) transactions relating to dealings in an employee share~~Employee Share~~ scheme in accordance with the terms of such a scheme.

Clearance to deal

9.4.4 (1) The prohibition in Rule 9.4.2(1) does not apply in relation to any dealing in Securities where the Restricted Person has obtained prior clearance to deal as provided in (2) and (3).

(1) For the purposes of (1), prior written clearance to deal in the Securities of a Reporting Entity must be obtained:

(a) from a Director designated by the Board for the purposes of providing clearances to deal; and

(b) in the case of dealings by the Director designated for the purpose of providing clearances to deal, from the full Board or another Director designated by the Board for the purposes of providing such clearance.

(2) For the purposes of (1) and (2), a Director of the Reporting Entity must not be given written clearance to deal in any Securities of the Reporting Entity during any period when there exists any matter which constitutes Inside Information unless the Person responsible for granting clearance has no reason to believe that the proposed dealing is or may be in breach of the FSMR or the Rules.

9.5 Related Party Transactions

Application

9.5.1 This section applies, subject to Rule 9.5.4, to:

(1) A Reporting Entity; and

(2) a Related Party of such a Reporting Entity.

Definitions

9.5.2 In this section, unless otherwise provided:

(1) a Person is a Related Party of a Reporting Entity if that Person:

(a) is, or was within the 12 months before the date of the Related PartyTransaction:

(i) a Director of the Reporting Entity or a member of its Group;

(ii) a Related Party Associate of a Person referred to in (1)(a)(i); or

(b) owns, or has owned within 12 months before the date of the Related Party Transaction, voting Securities carrying more than 10% of the voting rights attaching to all the voting Securities of either the Reporting Entity or a member of its Group; or

(c) is a Person exercising or having the ability to exercise significant influence over the Reporting Entity or a Related Party Associate of such a Person.

(2) A transaction is a Related Party Transaction if it is a transaction:

(a) between a Reporting Entity and a Related Party;

(b) entered into pursuant to an arrangement between the Reporting Entity and the Related Party under which the Reporting Entityand the Related Party each invests in another Undertaking or asset, or provides financial assistance to another Undertaking;

(c) between the Reporting Entity and any other Person, the purpose or effect of which is to benefit a Related Party; or

(d) of the kind referred to in (a) to (c) and is between a subsidiary~~Subsidiary~~ of a Reporting Entity and a Related Party of the Reporting Entity.

Guidance

1. A Person is regarded as exercising significant influence over a Reporting Entity, for example, if that Person is a consultant or adviser or a shadow director of the Reporting Entity. For the purposes of this rule, "shadow director" means a person in accordance with whose directions or instructions the Directors of the Reporting Entity are accustomed to act.

2. Any transactions between a subsidiary~~Subsidiary~~ of a Reporting Entity and a Related Party are included within the definition of a Related Party Transaction. This is because a Related Party may, through the Reporting Entity, be able to influence terms which are more favourable to theRelated Party when transacting with the subsidiary~~Subsidiary~~. Such transactions could be detrimental to the interests of the Reporting Entity.

Related Party Transaction procedures

9.5.3 A Reporting Entity must ensure that:

(1) if the value of a Related Party Transaction is equal to or greater than 5% of value of the net assets of the Reporting Entity as stated in its most recent financial reports, it does not enter into such a transaction unless the transaction has been put to Shareholder approval and has received prior approval by a majority of the Shareholders in voting of the Reporting Entity;

(2) if the value of the Related Party Transaction is less than the 5% threshold referred to in (1), the Reporting Entity must as soon as possible after entering the transaction:

(a) ~~it~~ notifies the Regulator of the relevant terms and the basis on which such~~obtains a written confirmation from its Sponsor before entering into the transaction or, where a Sponsor has not been appointed its compliance adviser, that the~~ terms ~~of the transaction~~ are considered

fair and reasonable, supported by written confirmation by an independent third party; and

(b) ~~as soon as possible after entering into the transaction, it~~ discloses the Related Party Transaction to the market in accordance with Rule 7.7.1;

(3) if the cumulative value of a series of Related Party Transactions with the same Related Party which have not received Shareholder approval reaches the 5% threshold referred to in (1) in any 12 month period, it does not enter into the last of the series of the transactions unless such proposed action has been put to Shareholder approval and received approval by a majority of the Shareholders in voting of the Reporting Entity;

(4) if, after obtaining Shareholder approval pursuant to Rule 9.5.3(1) but before the completion of the Related Party Transaction, there is a material change to the terms of the transaction, the Reporting Entity must comply again separately with Rule 9.5.3(1) in relation to the Related Party Transaction; or

(5) the Related Party does not vote on the Shareholder resolution referred to inRule 9.5.3(1) and takes all reasonable steps to ensure thatanyRelated Party Associatesof the relevant Related Party also do not vote on the Shareholder resolution.

Exemptions

9.5.4 The requirements in this section do not apply to a transaction referred to in Rule 9.5.2(2):

(1) where the transaction is made in the ordinary course of business;

(2) where it, or any series of transactions with the same Related Party in any 12 month period, does not exceed 0.25% of the value of the net assets of the Reporting Entity as stated in its most recent financial reports;

(3) where it is made in accordance with the terms of an employee share~~Employee Share~~ scheme or other Employee incentive scheme approved by the Board of the Reporting Entity;

(4) where it involves the issue of new Securities for cash or pursuant to the exercise of conversion or subscription rights attaching to Securities issued to existing Shareholders where the Securities are traded on a Recognised Investment Exchange~~Body~~or a Regulated Exchange;

(5) where its terms were agreed before any Person became a Related Party;

(6) where it involves a grant of credit (including the lending of money or the guaranteeing of a loan) to:

(a) the Related Party on normal commercial terms;

(b) a Director of the Reporting Entity or a member of its Group for an amount and on terms no more favourable than those offered to employees of the Group generally; or

(c) by the Related Party on normal commercial terms and on an unsecured basis;

(7) where it involves granting an indemnity to or maintaining a Contract of Insurance for a Director of the Reporting Entity or a member of its Group;

(8) where it involves underwriting by a Related Party of Securities issued by the Reporting Entity or a member of its Group if the consideration to be paid for the underwriting is no more than the usual commercial underwriting consideration and is the same as that to be paid to the other underwriters (if any), except that this exception will not apply if the Related Party is underwriting Securities it is entitled to take up as part of the issuance; or

(9) where it involves a joint investment arrangement between the Reporting Entity (or a member of its Group) and a Related Party for each to invest in, or provide finance to, another undertaking or asset if:

(a) the amount contributed by the Related Party is not more than 25% of the amount contributed by the Reporting Entity (or a member of its Group); and

(b) ~~a Sponsor or, if one has not been appointed,~~ an independent third party has provided a prior written opinion that the terms and circumstances of the contributionof finance by the Reporting Entity (or a member of its Group) are no less favourable than those applying to the contributionof finance by the Related Party.

Guidance

In assessing whether a transaction is in the ordinary course of business, the Reporting Entity shall have regard to the size and incidence of the transaction and also whether the terms and conditions of the transaction are unusual.

10. ACCOUNTING PERIODS, FINANCIAL REPORTS AND AUDITING

Guidance

1. Section 78 of the FSMR provides that a Reporting Entity shall prepare and file with the Regulator an annual financial report in accordance with the requirements prescribed in these Rules.

2. Section 79 of the FSMR provides that a Reporting Entity shall prepare and file with the Regulator:

a. a semi-annual financial report; and

b. any other financial statements as are required by the Regulator,in the circumstances prescribed by Rules.

10.1 Application

10.1.1 This section applies to every Reporting Entity other than that of a Listed Fund except where a narrower application is provided in respect of any particular class of Security.

Guidance

Chapter 3 contains the requirements relating to accounting periods and financial reporting in respect ofListed Funds.

Financial reporting standards

10.1.2 (1) A Reporting Entity must prepare financial statements for each financial year of the Reporting Entity.

(1) A Reporting Entity must prepare and maintain all financial statements in accordance with the International Financial Reporting Standards (IFRS) or other financial reporting standards acceptable to the Regulator.

Accounting periods

10.1.3 (1) A Reporting Entity must not change its accounting reference date as specified in its most recent Prospectus unless it has obtained the prior approval of the Regulator in accordance with the requirements in (2).

(1) A Reporting Entity that proposes to change its accounting reference date must:

(a) notify the Regulator of its proposal at least 28 Business Days prior to making such a change; and

(b) obtain the Regulator's prior approval for the proposed change.

Annual financial report

10.1.4 (1) The annual financial report which is required to be produced by a Reporting Entity pursuant to section 78 of the FSMR must include the information specified in (2).

(1) In respect of the financial year to which the annual financial report relates, it must contain:

(a) financial statements audited in accordance with Rule 10.1.5;

(b) a review of the operations during the year and the results of those operations;

(c) details of any significant changes in the Reporting Entity's state of affairs during the financial year;

(d) details relating to the Reporting Entity's principal activities during the year and any significant changes in the nature of those activities during the year;

(e) details of any matter or circumstance that has arisen since the end of the year that has significantly affected or may significantly affect:

(i) the Reporting Entity's operations in future financial years and the results of those operations; or

(ii) the Reporting Entity's state of affairs in future financial years; and

(f~~iii~~) likely developments in the Reporting Entity's operations in future financial years and the expected results of those operations;

(g~~f~~) a statement by Directors stating whether or not, in their opinion, the business of the Reporting Entity is a going concern,with supporting assumptions or qualifications as necessary;~~and~~

(h~~g~~) details relating to the identity and holdings of any Connected Person of the Reporting Entity; and

(i) a statement of auditors required under section 80 of the FSMR.

Guidance

1. With regard to the opinion required under the obligation in Rule 10.1.4(2)(g~~f~~), the Regulator recognises that while the financial statements will be prepared by Persons other than the Directors, the Board has overall responsibilities to ensure the integrity and independence of the financial reporting process.

2. Note that Reporting Entities are also required to comply with Rule 9.2.10 on annual reporting of their compliance with Corporate Governance Principles.

10.1.5 The annual financial report of a Reporting Entity that is not a Public Listed Company must be audited by an independent, competent and qualified auditor in accordance with the International Standards on Auditing as issued by the International Auditing and Assurance Standards Board ("**IAASB**") or other standards acceptable to the Regulator.

Guidance

1. A Public Listed Company is required under section 82 of the FSMR to appoint an auditor. Under Rule 10.2.7 a Public Listed Company must require its auditor to conduct an audit of its financial statements in accordance with the

requirements of the relevant standards published by the International Auditing and Assurance Standards Board (IAASB) in respect of its financial business or other standards acceptable to the Regulator and produce audit reports as specified in GEN.

10.1.6 The annual financial report must be signed by at least two Directors of the Reporting Entity.

Semi-annual financial report

10.1.7 (1) Pursuant to section 79 of the FSMR, a Reporting Entity in respect of Shares, or Warrants or Certificates over Shares must, in addition to the annual financial report, prepare and file a semi-annual financial report which meets the requirements in (2)and (3).

(1) A Reporting Entity must:

(a) prepare such report:

(i) for the first six months of each financial year or period, and if there is a change to the accounting reference date, prepare such report in respect of the period up to the old accounting reference date; and

(ii) in accordance with the applicable IFRS standards or other standards acceptable to the Regulator;

(b) ensure~~if~~ the financial statements have either been audited or reviewed by auditors, and the audit orreview by the auditor is included ~~in~~ within the report ~~statements to that effect~~; and

(c) ensure that the report includes:

(i) an indication of important events that have occurred during the first six months of the financial year, and their impact on the financial statements;

(ii) a description of the principal risks and uncertainties for the remaining six months of the financial year; and

(iii) a condensed set of financial statements, an interim management report and associated responsibility statements.

(2) A semi-annual financial report must be signed by at least two Directors of theReporting Entity.

Market disclosure

10.1.8 (1) A Reporting Entity where it is required by the FSMR and these Rules to prepare the following financial reports must disclose to the market, in accordance with Rule 7.7.1:

(a) its annual financial report;

(b) its semi-annual financial report; and

(c) its preliminary financial results.

(2) A Reporting Entity must make the market disclosure required in (1)within the following time periods:

(a) in relation to its annual financial report, as soon as possible after the financial statements have been approved, but no later than four months after the end of the financial period;

(b) in relation to its semi-annual financial report, as soon as possible and in any event no later than two months after the end of the period to which the report relates; and

(c) in relation to its preliminary financial results, as soon as possible but no later than 30 minutes before the market opens on the day after the approval of the Board.

(3) A Reporting Entity must, where there is a change to its accounting reference date, disclose to the market in accordance with Rule 7.7.1:

(a) the change to its accounting reference date as soon as possible; and

(b) if it is a Reporting Entity in relation to Shares,a second interim report within six months of the old accounting reference date if the change of the accounting reference date extends the annual accounting period to more than 14 months.

10.2 Application in respect of a Public Listed Company

10.2.1 This section applies to every Public Listed Company.

Guidance

1. A Public Listed Company is defined in GLO to mean a person incorporated or formed in the ADGM and who is admitted to an Official List of Securities in the ADGM or to an equivalent list of Securities in another jurisdiction.

2. A Public Listed Company is required under section 82 of the FSMR to appoint an auditor.

Appointment and termination of auditors

10.2.2 A Public Listed Company must:

(1) notify the Regulator of the appointment of an auditor by completing and submitting such form as the Regulator shall prescribe;

(2) prior to the appointment of the auditor, take reasonable steps to ensure that the auditor has the required skills, resources and experience to audit the business of the Public Listed Company for which the auditor has been appointed.~~; and~~

~~(3) ensure that the auditor, at the time of appointment and for the duration of the engagement is registered with the Regulator as an auditor.~~

10.2.3 A Public Listed Company must notify the Regulator immediately if the appointment of its auditor is or is about to be terminated, or on the resignation of its auditor, by completing and submitting such form as the Regulator shall prescribe.

10.2.4 A Public Listed Company must appoint an auditor to fill any vacancy in the office of auditor and ensure that the replacement auditor can take up office at the time the vacancy arises or as soon as reasonably practicable.

10.2.5 (1) A Public Listed Company must take reasonable steps to ensure that the auditor and the relevant audit staff of the auditor are independent of and not subject to any conflict of interest with respect to the Public Listed Company.

(1) A Public Listed Company must notify the Regulator if it becomes aware, or has reason to believe, that the auditor or the relevant audit staff of the auditor are no longer independent of the Public Listed Company, or have a conflict of interest which may affect their judgement in respect of the Public Listed Company.

Guidance

A Public Listed Company should consider whether there is any financial or personal relationship between it or any of its relevant Employees and the auditor or any of the relevant Employees of the auditor that may affect the judgement of the auditor when conducting an audit of the Public Listed Company or complying with all its legal obligations, including the FSMR, GEN, AML and other relevant Rulebook~~module~~of the ADGM Rulebook.

Co-operation with auditors

10.2.6 A Public Listed Company must take reasonable steps to ensure that it and itsEmployees:

(1) provide any information to its auditor that its auditor reasonably requires, or is entitled to receive as auditor;

(2) give the auditor right of access at all reasonable times to relevant records and information within its possession;

(3) allow the auditor to make copies of any records or information referred to in paragraph (2);

(4) do not interfere with the auditor's ability to discharge its duties;

(5) report to the auditor any matter which may significantly affect the financial position of the Public Listed Company; and

(6) provide such other assistance as the auditor may reasonably request it to provide.

Function of the auditor

10.2.7 A Public Listed Company, must in writing require its auditor to:

(1) conduct an audit of the Public Listed Company's financial statements in accordance with the International Standards on Auditing as issued by the International Auditing and Assurance Standards Board (IAASB) in respect of its financial business or other standards acceptable to the Regulator; and

(2) produce a Public Listed Company auditor's Report on the audited financial statements in accordance with the FSMR and GEN.

10.2.8 A Public Listed Company must submit any auditor's reports and financial statements required by this chapterto the Regulator within four monthsof the Public Listed Company's financial year end.

APP 1 CONTENT OF A PROSPECTUS

A1.1 Registration statement

A1.1.1 This table forms part of Rule 4.5.1(3)(b).

A1.1.2 (1) The reference to an "Issuer" in this APP 1 is a reference to the Person offering Securities under the Prospectus as specified in Rule 1.1.1(2)(a)and (b).

(1) An Issuer must include the specified information in relation to the Securities identified with a "✓" in this table which are the subject of the relevant Prospectus.

(3) If an asterix is used when identifying a Security, the requirement to provide the item of information for that Security is qualified as specified in the relevant item.

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
1.	**INFORMATION ABOUT THE ISSUER**							
1.1	**General information** General information about the Issuer including: (a) the full legal name of the Issuer; (b) if different to the legal name, the full commercial name of the Issuer; (c) the legal form of the Issuer;	✓	✓	✓	✓	✓	✓	✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(d) the country of incorporation of the Issuer and its incorporation number; (e) if domiciled in a jurisdiction outside the country of incorporation, the legislation under which the Issuer operates; (f) if registered in a place other than the country of incorporation, the place of registration of the Issuer and its registration number; (g) the date of incorporation and registration and the length of time the Issuer has remained incorporated or registered (or both) as is relevant. Where the Issuer has a fixed life, this must be stated together with the end date; (h) the address and telephone number of its registered office (and its principal place of business if different from its registered office); and (i) if the Securities are asset backed Securities, a statement whether the Issuer has been established as a special purpose vehicle or entity for the purpose of issuing asset backed Securities.							
1.2	**Investments** Information about the : (a) ~~the~~ Issuer's principal investments, including the amount, for each financial year off~~or~~ the period covered by the historical financial information up to the date of the Registration	✓	✓			✓		✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	Statement;and ~~(b) description, (including the amount) of the Issuer's principal investments for the period referred to in (a); and~~ (b) ~~a description of the~~Issuer's principal investments that are in progress, including the geographic distribution of these investments (home and abroad) and the method of financing (internal~~) and the~~ or external).							
2.	**OPERATIONAL FINANCIAL OVERVIEW**							
2.1	**Actual and proposed business activities** A detailed description of the actual and proposed principal operations of the Issuer including: (a) the history of the Issuer;	✓	✓	✓	✓	✓	✓	✓
	(b) ~~a description of~~ the principal activities and business of the Issuer;	✓	✓	✓	✓	✓	✓	✓
	(c) ~~a description of~~ the important events in the development of the Issuer's business;	✓	✓			✓		✓
	(d) ~~a description of, and key factors relating to,~~ the nature, and key factors relating to, ~~of~~ the Issuer's operations and its principal activities, specifying the main categories of products sold and/or services performed for each financial year of~~for~~ the period covered by the historical financial information;	✓	✓	✓	✓	✓	✓	✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(e) an indication of any significant new products and/or services that have been introduced by the Issuer and, to the extent the development of new products or services has been publicly disclosed, the status of the development;	✓	✓	✓	✓	✓	✓	✓
	(f) ~~a description of~~ the principal markets in which the Issuer operates, including a breakdown of total revenues by category of activity and geographic market for each financial year of~~for~~ the period covered by the historical financial information; * *The information in 2.1(f) is not required to be included for Debentures that have a denomination of US$100,000 or more per Security*	✓	✓	*✓		✓		✓
	(g) details of any major Customers, suppliers or other material dependencies of the Issuer;	✓	✓	✓	✓	✓	✓	✓
	(h) if material to the Issuer's business or profitability, a summary of the extent to which the Issuer is dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes;	✓	✓	✓	✓	✓	✓	✓
	(i) the basis for any statement made by the Issuer regarding its competitive position;	✓	✓	✓	✓	✓	✓	✓
	(j) where the information given under this item has been influenced by exceptional factors, a statement about that fact; and	✓	✓			✓		✓
	(k) where the Issuer belongs to a Group, relevant material information as specified above in relation to the Group's activities.	✓	✓			✓		✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
2.2	**Significant factors affecting income/operations** (a) Information regarding significant factors, including unusualor infrequent events or new developments, which are materially affecting or may likely to so affect the Issuer's income from operations, indicating the extent to which income was so affected. (b) Where the financial statements disclose material changes in net sales or revenues, a narrative discussion of the reasons for such monetary or political policies changes. (c) Information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directlyor indirectly, the Issuer's operations.	✓	✓			✓		✓
2.3	**Risk factors** Prominent disclosure of risk factors that are specific to the Issuer and if relevant, its industry in a section headed"Risk Factors" containing information including: (a) the material risks associated with investing in the Issuer, and where applicable, any risks associated with the assets to be acquired using the proceeds of the Offer; (b) the effect that the material risks may have on the Issuer together with a discussion of how the risk could affect the business, operating results and financial condition of the Issuer;	✓	✓	✓	✓	✓	✓	✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(c) any steps proposed by the Issuer to mitigate or manage the risks; and (d) general and specific risks relating to the industry and the jurisdiction in which the Issuer operates.							
2.4	**Production and sales trends.** (a) Information aboutthe most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the Registration Statement.	✓	✓	✓	✓	✓	✓	✓
	(b) If: (i) there has been no material adverse change relating to the information referred to in (a)since the date of its last published financial statements, a statement to that effect; or~~and~~ (ii) the Issuer is not in a position to make such a statement, details of the material adverse change.			✓	✓		✓	✓
	(c) Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for ~~at least~~the next~~past~~ 12months. * *The information in 2.4(c) is not required to be included for Debentures that have a denomination*	✓	✓	*✓		✓		✓

								A1.1.1
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	of US$100,000 or more per Security							
3.	**CONSTITUTION AND ORGANISATIONAL STRUCTURE**							
3.1	**Constitution** A summary of the provisions of the constitution of the Issuer including: (a) a description of the Issuer's objectives and purpose and where they can be found in the constitution; (b) a summary of any provisions of the constitution with respect to its Directors and any Person involved in the Senior Management of the Issuer including the members of the administrative, management and supervisory bodies; (c) a description of the rights, preferences and restrictions attaching to each class of the existing Securities; (d) a description of what action is necessary to change the rights of holders of the Securities, indicating where the conditions are more significant than is required by any law applicable to the Issuer;[1] (e) a description of the conditions governing the manner in which annual general meetings and extraordinary general meetings of holders of Securities are called including the	✓	✓			✓		✓

[1] Applicable laws include any laws applicable to the Issuer in the jurisdiction of its domicile or incorporation.

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	conditions of admission to the meeting; (f) a brief description of any provision of the constitution that would have an effect of delaying, deferring or preventing a change in control of the Issuer; (g) an indication whether there are any provisions in the constitution, governing the ownership threshold above which Shareholder ownership must be disclosed; (h) a description of the conditions imposed by the constitution governing changes in the capital, where such conditions are more stringent than is required by law applicable to the Issuer;[2] (i) any arrangements by which a single investor or group of investors may exercise significant influence over the Issuer; and (j) any other aspects of the constitution of the Issuer which may be relevant to investors.							
3.2	**Directors'[3]powers under the constitution** A summary of the provisions of the constitution of the Issuer under which: (a) a Director has the power to vote on a proposal, arrangement, or contract in which he is	✓	✓			✓		✓

[2] Applicable laws include any laws applicable to the Issuer in the jurisdiction of its domicile or incorporation.
[3] In the case of a Limited Partnership, a reference to a Director should be read as a reference to a General Partner of the Partnership.

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	materially interested; (b) a Director has the power, in the absence of an independent quorum, to vote on remuneration (including pension or other benefits) to themselves or any members of the Board; (c) a Director can exercise borrowing powers and how such borrowing powers may be varied; and (d) the retirement or non-retirement of Directors is provided, including any age limit in respectof retirement.							
3.3	**Group Structure** If the Issuer is a member of a Group, information about the Issuer's Group including: (a) the identity of all the members of the Group;	✓	✓	✓	✓	✓	✓	✓
	(b) a brief description of the Group explaining the Issuer's position within the Group;	✓	✓	✓	✓	✓	✓	✓
	(c) the identity of the ultimate Holding Company of the Issuer and where it is domiciled; and	✓	✓			✓		✓
	(d) a list of significant Subsidiaries of the Issuer, including name, country of incorporation or domicile, proportion of ownership interest and, if different, proportion of voting power or other form of control held.	✓	✓			✓		✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
4.	**ASSETS**							
4.1	**Property, plant and equipment** Information about: (a) existingmaterial fixedassets, includingany leasedproperties, andany major encumbrances in respect of such assets; (b) planned acquisitions of material fixed assets, including leased properties, and any major encumbrances in respect to those assets; and (c) a description of any environmental issues that may affect the Issuer's utilisation of the assets referred to in (a) and (b).	✓	✓			✓		✓
4.2	**Material contracts** Information about material contracts ofthe Issuer including: (a) a summary of each material contract (to the extent not otherwise disclosed under 4.5.1), other than contracts entered into in the ordinary course of business, to whichthe Issuer or any member of the Group is a party, for the two years immediately preceding publication of the Registration Statement; and	✓	✓	✓	✓	✓	✓	✓
	(b) a summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the Group which contains any provision underwhich any member of the Group has any obligation or entitlement which	✓	✓			✓		✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	is material to theGroup as at the date of the Registration Statement.							
5.	**CAPITAL**							
5.1	**Capital resources** (a) Information about the capital resources of the Issuer including: (i) the short and long term capital resources; (ii) an explanation of, the sources and amounts of, and a narrative description of, the cash flows; (iii) the borrowing requirements and funding structure; and (iv) any restrictions on the use of capital resources that have materiallyaffected, or could materially affect, directly or indirectly, its operations.	✓	✓			✓		✓
	(b) Information regarding the anticipated sources of funds needed to fulfil commitmentsrelating to: (i) any existing or planned material tangible fixed assets, including leased properties, and any major encumbrances thereon; and (ii) any principal future investments to which the Board or the Senior Management of the Issuer have already made firm commitments.							

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(c) Information relating to any undertakings in which the Issuer holds a portion of its capital where such holding is likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.							
5.2	**Certificates** In the case of an Issuer of Certificates, a summary of the Issuer's responsibilities and obligations in respect of the Certificates including the obligations and responsibilities in making certain payments as and when payments on the underlying Securities are received and any material information about the Issuer of the underlying Securities that may affect the Issuer's ability to meet its obligations.					✓	✓	
5.3	**Share capital** The following information as of the date of the most recent balance sheet included in the historical financial information of the Issuer: (a) The amount of issued Share capital, and for each class of Share capital: (i) the number of Shares authorised; (ii) the number of Shares, issued and fully paid, and issued but not fully paid; (iii) the par value per Share, or that the Shares have no par value; and (iv) a reconciliation of the number of Shares outstanding at the beginning and end of	✓	✓			✓		✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	the year. If more than 10% of capital has been paid for with assets other than cash within the period covered by the historical financial information, a statement to that effect. (b) If there are Shares not representing capital, the number and main characteristics of such Shares. (c) The number, book value and face value of Shares in the Issuer held by or on behalf of the Issuer itself or by Subsidiaries of the Issuer. (d) The amount of any convertible Securities, exchangeable Securities or Securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription. (e) Information about, and the terms of, any acquisition rights and/or obligations over authorised but unissued capital or an undertaking to increase the capital. (f) Historical information about the Share capital highlighting any changes for the period covered by the historical financial information.							
5.4	**Options** If any options or other rights granted in respect of Shares in the Issuer to any Person, asummary of the total of any such options, along with an estimate of the number of Shares whichwould be created, if such rights were to be exercised.	✓	✓			✓		✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
6.	**MANAGEMENT OF THE ISSUER**							
6.1	**Details relating to Directors and Senior Management~~Managers~~ ("Key Persons")** (a) Names, business addresses, ~~professional qualifications,~~ functions and principal activities carried out by the following Persons ("Key Persons"), including outside that of the Issuer where such functionsare significant with respect to the activities of the Issuer: (i) the Directors[4] of the Issuer; (ii) the Directors of the ultimate HoldingCompany of the Issuer, if any; (iii) the members of the Senior Management~~(Senior Managers)~~ of theIssuer and, if they are also Directors of the Issuer, their respective responsibilities as Directors and as a memberof the Senior Management of the Issuer; (iv) founding members, if the Issuer has been established for fewer than five years; and (v) ~~any~~Senior Management~~Manager who is~~ relevant to establishing that the Issuerthat has the appropriate expertise and experience for the management of the Issuer's business.	✓	✓	✓	✓	✓	✓	✓
	(b) The nature of any family or business relationship between any of the Key Persons.	✓	✓			✓		✓

[4] A reference to a Director in the case of a Limited Partnership should be read as a reference to a General Partner of the Partnership.

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(c) Except for the category of Person in item (a)(iv) above, details of each of the Key Person's relevant management expertise and experience and the following information: (i) the names of all Companies and Partnerships in which such Person has been a member of a Board or involved in the Senior Management of in the previous five years, indicating whether or not the Person still holds such position. It is notnecessary to list all the Subsidiaries of an Issuer of which the Person is also a member of the Board or involved in the Senior Management; (ii) any convictions relating to fraud or other financial crimes for at least the previous five years; (iii) details of any bankruptcies, receiverships or liquidations of another entity with which a Person described in (a)(iii) and (v) was associated with for at least the previous five years when acting in a similar capacity; (iv) details of any official public incrimination and/or sanctions of such a Person by statutory or regulatory authorities (including designated professional bodies) and whether such a Person has ever been disqualified by a court from acting as a Director or from acting in a Senior Management or conduct of the affairs of any Issuer for at least the previous five years; and (v) if there is no such information to be disclosed pursuant to (i) –(iv), a statement to that effect.	✓	✓			✓		✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(d) If there is a potential conflict of interests between the personal interests of any Key Personand that of the duties such Persons owe to the Issuer or interests of the Issuer, details of such conflict of interests and, if there are no such conflicts, a clear statement to that effect.	✓	✓	✓	✓	✓	✓	✓
	(e) Information about any arrangement or understanding with major Shareholders, Customers, suppliers or others, pursuant to which any Key Person was selected as a Director or Senior Management~~Manager~~ of the Issuer.	✓	✓			✓		✓
	(f) Details relating to any restrictions agreed by a Key Person on the disposal within a certain period of time of his holdings in the Issuer's Securities.	✓	✓			✓		✓
6.2	**Other information relating to key persons** (a) For the last completed financial year of the Issuer, information relating to each Key Person about: (i) the amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to such Persons by the Issuer and its Subsidiaries for services in all capacities to the Issuer and its Subsidiaries; and (ii) the total amounts set aside or accrued by the Issuer or its Subsidiaries to provide pension, retirement or similar benefits. (b) For the last completed financial year of the Issuer:	✓	✓			✓		✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(i) the date of expiration of the current term of office, if applicable, and the period during which the Person has served in that office of each Key Person specified in (a)(i)-(ii); (ii) information about any service contracts with a Key Person and the Issuer or any of its Subsidiaries providing for benefits upon termination of employment, and if there are no such contracts, a statement to that effect; (iii) information about the Issuer's audit committee, nomination committee and remuneration committee, if any, including the names of committee members and a summary of the terms of reference under which the committee operates; and (iv) statements as to whether or not the Issuer is complying with any Corporate Governance regime in its country of incorporation or domicile and if so whether or not such a regime is compatible with the Corporate Governance regime under the FSMR and these Rules.[5] In the event an Issuer does not comply with a regime of Corporate Governance applicable in the country of its incorporation or domicile, a statement to that effect, together with an explanation regarding why the Issuer does not comply with such a regime.							
6.3	**Information about Employees** Information relating to the following:	✓	✓			✓		✓

[5] Reporting Entities in respect of Shares are subject to the Corporate Governance Principles in these Rules.

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(a) either: (i) the number of Employees at the end of each period covered by the historical financial information; or (ii) the average for each financial year for the period covered by the historical financial information up to the date of the Registration Statement (and changes in such numbers, if material);[6] and (b) if the Issuer employs a significant number of temporary Employees, the number of temporary Employees on average during the most recent financial year.							
7.	**FINANCIAL INFORMATION ABOUT THE ISSUER**							
7.1	**Historical financial information about the Issuer** (a) Historical financial information covering the latest three financial years (or such shorter period that the Issuer has been in operation) where such information in respect of each year is: (i) prepared in accordance with the International Financial Reporting Standards (IFRS) or any other standards acceptable to the Regulator; (ii) audited in accordance with the standards of the International Auditing and AssuranceStandards Board (IAASB) or other standards acceptable to the	✓	✓			✓		✓

[6] A breakdown of the Employees by main category of activity and geographic location to the extent practicable and material.

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	Regulator;[7] and (iii) independently audited or reported on as to whether or not, for the purposes of the Registration Statement, it gives a true and fair view, in accordance with the applicable auditing standards referred to in (ii) above.							
	(b) Historical financial information covering the latest two financial years (or such shorter period that the Issuer has been in operation) where such information in respect of each year is: (i) prepared in accordance with the International Financial Reporting Standards (IFRS) or any other standards acceptable to the Regulator; (ii) audited in accordance with the standards of the International Auditing and Assurance Standards Board (IAASB) or other standards acceptable to the Regulator;[8] and (iii) independently audited or reported on as to whether or not, for the purposes of the Registration Statement, it gives a true and fair view, in accordance with the applicable auditing standards referred to in (ii) above.			✓	✓		✓	

[7] With the last two years audited historical financial information being presented and prepared in a form consistent with that which will be adopted in the Issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements.

[8] With the last two years audited historical financial information being presented and prepared in a form consistent with that which will be adopted in the Issuer's next published annual financial statements having regard to accounting standards and policies and legislation applicable to such annual financial statements.

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(c) In respect of the last year of audited financial information included, such information not being older than one of the following: (i) 18 months from the date of the Registration Statement if the Issuer includes audited interim financial statements in the Registration Statement; or (ii) 15 months from the date of the Registration Statement if the Issuer includes unaudited interim financial statements in the Registration Statement. (d) A statement that the historical financial information has been audited. (e) If the audit reports on the historical financial information have been refused by the auditors or if they contain qualifications or disclaimers, reproduction of such refusal, qualifications or disclaimers in full and the reasons given. (f) If any other information in the Registration Statement has been audited by the auditors, a statement to that effect. (g) If any financial data in the Registration Statement is not extracted from the Issuer's audited financial statements, statements as to the source of the data and that the data is unaudited. (h) If since the date of the Issuer's last audited financial statements quarterly or half yearly financial information has been published, such statements including: (i) if the quarterly or half yearly financial information has been reviewed or audited,	✓	✓	✓	✓	✓	✓	✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	the audit or review report; or (ii) if the quarterly or half yearly financial information is unaudited or has not been reviewed, a statement to that effect. (i) If the Registration Statement is dated more than nine months after the end of the last audited financial year, interim financial information: (i) covering at least the first six months of the financial year; (ii) including comparative statements for the same period in the prior financial year (except that the requirement for comparative balance sheet information may be satisfied by presenting the year's end balance sheet); and (iii) if unaudited, a statement to that effect. (j) If the Issuer prepares both own and consolidated annual financial statements, at least the consolidated annual financial statements. (k) A description of any significant change in the financial or trading position of the Group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or an appropriate negative statement.							
	(l) Any recent events particular to the Issuer and which are to a material extent relevant to			✓	✓		✓	

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	the evaluation of the Issuer's solvency.							
7.2	**Profit forecasts** If an Issuer chooses to include a profit forecast or a profit estimate in the Registration Statement: (a) information about the principal assumptions upon which the Issuer has based its forecast orestimate: (i) in a manner readily understandable by investors and prepared on a basis comparable with the historical financial information; and (ii) showing a clear distinction between assumptions about factorswhich the Board or Senior Management of the Issuer can influence and assumptions about factors which are exclusively outside the influence of such Persons; (b) a report prepared by independent accountants or auditors stating that in the opinion of the independent accountants or auditors, the forecastor estimate has been properly compiled on the basis stated and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the Issuer; and (c) if a profit forecast in a Prospectus has been previously published, a statement setting out whether or not that forecast is still correct asat the time of the Registration Statement or if the forecast is no longer valid, an explanation of why that is the case.	✓	✓	✓	✓	✓	✓	✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
8.	**OTHER INFORMATION RELATING TO THE ISSUER**							
8.1	**Information about auditors** (a) Information about the auditor including: (i) the names, addresses and professional qualifications (including details ofmembership in any professional body) of the Issuer's auditor for the period covered by the historical financial information; and (ii) if the auditor has resigned, been removed or not been re-appointed during the period covered by the historical financial information, any details if material.	✓	✓	✓	✓	✓	✓	✓
8.2	**Connected Persons** (a) Information about Connected Persons including: (i) the name and address of any Connected Person as defined in Rule 7.3.2; (ii) how the Person falls into the definition of a Connected Person; and (iii) whether any Connected Person has different voting rights to the Issuer's major Shareholders, or an appropriate negative statement.	✓	✓			✓		✓
	(b) If there are no Connected Persons, a statement to that effect.	✓	✓			✓		✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(c) If a Connected Person is a Controller,[9] information about that Person including: (i) where relevant, the amount of the Controller's interest; and (ii) whether the Issuer is directly or indirectly owned or controlled by such a Person and the measures in place to ensure that such control is not abused.	✓	✓	~~✓~~	~~✓~~	✓	~~✓~~	✓
	(d) A description of any arrangements, known to the Issuer, the operation of which may at asubsequent date result in a change in control of the Issuer.	✓	✓	~~✓~~	~~✓~~	✓	~~✓~~	✓
8.3	**Related Party Transactions** Disclosureof any Related Party Transactions[10]during the period covered by the historical financial information and up to the date of the Registration Statement including: (a) the name and address of the Related Party; (b) how the Person falls within the definition of a Related Party; and (c) details of the Related Party Transaction, including: (i) the parties to the transaction;	✓	✓			✓		

[9] See Rule 7.3.2(2) for the definition of a Controller.
[10] See Rule 9.5.2(2).

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(ii) the date of the transaction; (iii) the value of the transaction; (iv) whether prior Shareholder approval was obtained from a majority ofShareholders; (v) if the transaction was not concluded in the ordinarycourse of business and on normal commercial terms no less favourable than that of an arm's length transaction with an unrelated party, an explanation of why the transaction was not concluded on such terms; and (vi) any future transactions involving the same or new Related Parties.							
8.4	**Research and development** Where material, a description of the Issuer's research and development policies for each financial year for the period covered by the historical financial information, including the amount spent on Issuer-sponsored research and development activities.	✓	✓			✓		✓
8.5	**Legal and otherproceedings against the Issuer** Information on any current or prior governmental, legal or arbitration proceedings or disputes (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have, or have had, covering at least the previous12 months significantimpact on the Issuer and/or its Group's financial position or profitability, or if there were no such actions, a	✓	✓	✓	✓	✓	✓	✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	statement to that effect.							
8.6	**Other significant matters** (a) An explanation of any significant matter that investors would reasonably require in relation to the Issuer and the Issuer's jurisdiction, provided ina manner which gives appropriate prominence depending on the nature of the matter concerned and its significance. (b) If the Security is a Certificate, any information of the kind referred to in (a)relating to the Issuer of the underlying Securities.	✓	✓	✓	✓	✓	✓	✓
8.7	**Concurrent Offers by Directors of the Issuer** (a) If one or more members of theBoard of Directors of the Issuer are offering their Shares under the same Prospectus: (i) the identity of each member making such Offers; (ii) the number of Shares each such Person is offering; and (iii) the proportion of the holding of the member that those Shares represent. (b) If no member of the Board is offering his Shares, a statement to that effect.	✓	✓	✓	✓	✓	✓	✓

								A1.1.1
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
9.	**RESPONSIBILITY FOR THE CONTENT OF PROSPECTUS**							
9.1	**Responsibility Statement** A Responsibility Statement that: (a) the Prospectus complies with the requirements in Part 6 of the FSMR and chapter 4 of these Rules; (b) sets outthe details of the Persons responsible for the Prospectus pursuant to Rule 4.10, and in particular: (i) where a Person responsible is a natural person, indicates the nameand function of that Person; and (ii) where a Person responsible is a Body Corporate or other legal person, indicates the name and registered office of that Person; and (c) includes a declaration, from each Person responsible for the Prospectus, or for certain parts of it, pursuant to Rule 4.10, that having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.	✓	✓	✓	✓	✓	✓	✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
9.2	**Signing of the Prospectus by Directors of the Issuer** The date on which the Prospectus was signed by the Directors of the Issuer.	✓	✓	✓	✓	✓	✓	✓
9.3	**Expert opinions included in a Prospectus** (a) If any Expert's opinion, statement or report ("Report") is included in the Prospectus:	✓	✓	✓	✓	✓	✓	✓
	(i) the name, business address and professional qualifications of the Expert responsible for the Report and the date on which the Expert Report was made orproduced;	✓	✓	✓	✓	✓	✓	✓
	(ii) information relating to any material interests of the Expert in the Issuer such as any benefit or fees paid to the Expert by the Issuer or a related Company, positions heldor to be held by the Expert in the Issuer or a related Company, investments held or to be held by the Expert in the Issuer or a related Company, fees and commissions paid or to be paid to the Expert or Persons associated with the Expert; and	✓	✓			✓		✓
	(iii) if the Report has been produced at the Issuer's request, a statement to that effectand that the Report is included, in the form and context in which it is included, with the consent of the Expert.	✓	✓	✓	✓	✓	✓	✓
	(b) Where information has been sourced from an Expert or other third party, the source ofsuch information and confirmation by the Issuer that the information has been	✓	✓	✓	✓	✓	✓	✓

		A1.1.1						
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	accurately produced and that as far as the Issuer is aware and is able to ascertain from the information published by that Expert or third party, that no facts have been omitted which would render the reproduced information inaccurate or false, misleading, or deceptive.							
9.4	**Special categories of Companies** If the Issuer is a special category of Company, such as a property, mineral, or scientific research Company, or a start-up Company (a Company with less than a three year track record), a report by an Expert on the assets or rights owned by the Issuer prepared at a date which shall be no later than 90 days before the date of the Prospectus.	✓	✓			✓		✓
10.	**DOCUMENTS ON DISPLAY**							
10.1	**Documents for inspection** A statement that the following documents, in original or copy form, where applicable, may be inspected: (a) the constitution of the Issuer; (b) the historical financial information of the Issuer; and (c) any information produced by an Expert at the Issuer's request, any part of which is included or referred to in the Registration Statement.	✓	✓	✓	✓	✓	✓	✓

								A1.1.1
	CONTENTS OF PROSPECTUS – REGISTRATION STATEMENT	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
10.2	**Details** The details of how the documents referred to in 10.1 may be inspected.	✓	✓	✓	✓	✓	✓	✓

A1.2 Securities note

A1.2.1 This table forms part of Rule 4.5.1(3)(c).

A1.2.2 (1) The reference to an "Issuer" in this APP 1is a reference to the Person offering Securities under the Prospectus as specified in Rule 1.1.1(2)(a) and (b).

(1) An Issuer must include the specified information in relation to the Securities identified with a "✓" in this table which are the subject of the relevant Prospectus.

(3) If an asterix is used when identifying a Security, the requirement to provide the item of information for that Security is qualified as specified in the relevant item.

A1.2.1

	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
1.	**KEY INFORMATION**							
1.1	**Risk factors** Prominent disclosure of risk factors material to the Securities being offered and/or admitted to trading in order for investors to assess the risks associated with investing in the Securities, which must be disclosed prominently in a separate section headed "Risk Factors" and include the following information: (a) the nature of the risks involved in investing in the Securities; (b) any material risks associated with investing in the Issuer;	✓	✓	✓	✓	✓	✓	✓

								A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(c) any risks associated with the assets to be acquired using the proceeds of the Offer; (d) the effect that the material risks may have on the Issuer including how the risk could affect the business, operating results and financial condition of the Issuer; (e) any steps proposed by the Issuer to mitigate or manage the risks; (f) general and specific risks relating to the industry or jurisdiction in which the Issuer operates; and (g) any other material risks that are not included in the above.							
1.2	**Reasons for the Offer** Reasons for the Offer and, where applicable: (a) the estimated net amount of the proceeds broken into each principal intended use and presented by order of priority of such uses; (b) if the Issuer is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, a statement about the amount and sources of other funds needed; and (c) details with regard to the use of the proceeds, in particular when they are being used to acquire assets, other than in the ordinary course of business, to finance announced acquisitions of other businesses, or to discharge, reduce or retire indebtedness of the	✓	✓			✓		✓

								A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	Issuer.							
1.3	**Financial condition** To the extent not included in the Registration Statement, a description of the Issuer'sfinancial condition, changes in financial condition and results of operationsfor each year and interim period, for which historical information is required, including causes of any material changes from year to yearin the financial information to the extent necessary for an understanding of the Issuer's business as a whole.	✓	✓			✓		✓
1.4	**Working capital statement** A statement by the Directors ofthe Issuer that in their opinion the working capital is sufficient for the Issuer's present requirements or, if not, how it proposes to provide the additional working capital needed.	✓	✓			✓		✓
1.5	**Creditworthiness of the Issuer** (a) Sufficient information to enable an investor to form an opinion concerning the creditworthiness of the Issuer such as: (i) earnings coverage ratio; (ii) any relevant credit ratings; and (iii) any other risk factors that may affectthe Issuer's ability to fulfil its obligations			✓	✓		✓	✓

	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	under the Securities to investors.							
	(b) A statement of capitalisation and indebtedness (distinguishing between guaranteed andunguaranteed, secured and unsecured indebtedness), including indirect and contingent indebtedness, as of a date no earlier than 90 days prior to the date of the Securities Note.	✓	✓			✓		✓
1.6	**Guarantees** (a) Information about any bank or other guarantees attaching to the Securities and intended to underwrite the Issuer's obligations including the details relating to: (i) any conditionality on the application of the guarantee in the event of any default under the terms of the Security; and (ii) any power of the guarantor to veto changes to the Security holders' rights. (b) Disclosure by the guarantor of the information about itself as if it were the Issuer of the same type of Security that is the subject of the guarantee.	✓	✓	✓	✓	✓	✓	✓
2.	**INFORMATION RELATING TO THE SECURITIES OFFERED/ADMITTED TO TRADING**							
2.1	**General information relating to the Securities**							
	(a) A description of the type and class of the Securities being offered and/or admitted to	✓	✓	✓	✓	✓	✓	✓

								A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	trading, including any identification number (ISIN) or code applicable to the Securities.							
	(b) An indication whether the Securities are in certificated form or book-entry form and if it is the latter, the name and address of the entity maintaining the records.	✓	✓	✓	✓	✓	✓	✓
	(c) A summary of any restrictions relating to transferability of the Securities, the arrangements for settlement of transfers and any limitations of those rights and procedures for the exercise of such rights, including those specified in 2.2 and 2.3.	✓	✓	✓	✓	✓	✓	✓
	(d) Any legislation under which the Securities have been created.	✓	✓	✓	✓	✓	✓	✓
	(e) The currency of the Securities issue.	✓	✓	✓	✓	✓	✓	✓
	(f) The ranking of the Securities being admitted to trading, including summaries of any clauses that are intended to affect ranking or subordinate the Security to any present or future liabilities of the Issuer.			✓	✓		✓	
	(g) The maturity date and arrangements for the amortisation of the Debenture, including the repayment procedures. Where advance amortisation is contemplated, on the initiative of the Issuer or of the holder, it must be described, stipulating amortisation terms and conditions.			✓	✓		✓	
	(h) Information regarding representation of Debenture holders including an identification of the organisation representing the investors and provisions applying to such representation, and an indication of where investors may have access to the contracts			✓	✓		✓	

								A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	relating to these forms of representation.							
2.2	**Dividends** Information relating to dividend rights including: (a) a description of the Issuer's policy on dividend distributions and any restrictions thereon; (b) the amount of the dividend per Security, or underlying Security if applicable, for each financial year for the period covered by the historical financial information, adjusted where the number of Securities, or underlying Securities if applicable, in the Issuer has changed, to make it comparable; (c) fixed date(s) on which the dividend entitlement arises; (d) if relevant, the time limit after which entitlement to dividend lapses and an indication of the Person in whose favour the lapse operates; (e) any dividend restrictions; and (f) the rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments.	✓	✓			✓		✓
2.3	**Interest Rate and Yield** (a) Where there is a nominal rate of interest or rate of return and provisions relating to rate			✓	✓		✓	

								A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	of interest or rate of return payable, information including: (i) the date from which rate of interest or rate of return becomes payable and the due dates for rate of interest or rate of return; and (ii) the time limit on the validity of claims to rate of interest or rate of return and repayment of principal. (b) Where the rate is not fixed, information including: (i) a description of the underlying on which it is based and of the method used to relate the two; (ii) a description of any market disruption or settlement disruption events that affect the underlying; (iii) adjustment rules with relation to events concerning the underlying; and (iv) the name of the calculation agent. (c) An indication of yield.							
2.4	**Other rights** Information relating to other rights including:							

									A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(a) voting rights;	✓	✓			✓		✓
	(b) pre-emption rights in relation to Offers for subscription of Securities of the same class;	✓	✓			✓		✓
	(c) rights to share in the Issuer's profits;	✓	✓			✓		✓
	(d) rights to share in any surplus in the event of liquidation of the Issuer;	✓	✓			✓		✓
	(e) redemption rights, if any; and	✓	✓	✓	✓	✓	✓	✓
	(f) conversion rights, if any.	✓	✓			✓		✓
3.	**TERMS AND CONDITIONS OF THE OFFER**							
3.1	**Terms and conditions of the Offer** The terms and conditions of the Offer including:							
	(a) the number of Securities offered;	✓	✓	✓	✓	✓	✓	✓
	(b) the price or price range of the Securities;	✓	✓	*✓		✓		✓
	(c) the identity of the seller of the Securities where the Person making the Prospectus Offer is not the Issuer;	✓	✓			✓		✓
	(d) the various categories of potential investors to which the Securities are offered. If the Offer is being made simultaneously in two or more markets, and if a tranche has been or	✓	✓	*✓		✓		✓

									A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	is being reserved for certain of these, indicate any such tranche and the category of investors for whom it is offered;							
	(e) a description of any notifiable interests and conflict of interests relating the affairs of the Issuer, detailing the Persons involved and the nature of such interests;	✓	✓	✓	✓	✓	✓	✓
	(f) the Offer Period, including the opening and closing dates;	✓	✓	*✓		✓		✓
	(g) the manner of allocation of Securities to Applicants including the manner in which Securities are allotted in the event of over subscription;	✓	✓			✓		✓
	(h) the proposed date for Allotment of Securities;	✓	✓	✓	✓	✓	✓	✓
	(i) where the Securities to be offered confer the right to subscribe for new Securities by existing holders of Securities in the Issuer, details of such rights, including a statement of the maximum number of Securities which would be created if the rights were exercised in full;	✓	✓			✓		✓
	(j) the effect the issuance of the Securities will have on the capital structure of the Issuer;	✓	✓			✓		✓
	(k) particulars of any commissions or other fees to be paid by the Issuer in relation to the Offer;	✓	✓			✓		✓
	(l) all relevant details of the appointment of an underwriter on a firm commitment basis, including the nature of the obligations of the underwriter, quotas, plan of distribution,	✓	✓	*✓		✓		✓

									A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE		Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
		commission and, if a portion of the Offer is not covered, a statement of the portion not covered;							
	(m)	all relevant details of the appointment of placing agents appointed on a without a "firm commitment" basis or under a "best efforts" arrangement, including quotas and placing commission;	✓	✓	*✓		✓		✓
	(n)	details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and Offer rates and a description of the main terms of their commitment;	✓	✓	*✓		✓		✓
	(o)	methods of payment for the Securities, particularly as regards the paying up of Securities which are not fully paid or are payable by instalments;	✓	✓	*✓		✓		✓
	(p)	in the event of the Offer not proceeding, the details of the procedure and means under which the money obtained from Applicants will be returned;	✓	✓			✓		✓
	(q)	the process for notification to Applicants of the amount of Securities allotted and indication whether dealing may begin before notification is made;	✓	✓	*✓		✓		✓
	(r)	provided Applicants are allowed to withdraw their subscription, an indication of the period during which an application may be withdrawn;	✓	✓			✓		✓
	(s)	in the case of new Securities, a statement of the resolutions, authorisations and approvals by virtue of which the Securities have been or will be created and/or issued;	✓	✓	✓	✓	✓	✓	✓

	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(t) the details of any Convertible, including an indication of the conditions governing the procedures for conversion, exchange or subscription;	✓	✓			✓		✓
	(u) the procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised;	✓	✓	*✓		✓		✓
	(v) if advisers to the Issuer are connected with the Offer, a statement of the professional or other capacity in which such advisers have acted; and	✓	✓	✓	✓	✓	✓	✓
	(w) the name and address of any paying agents and depository agents in each country. * *The information in 3.1(b), (d), (f), (l), (m), (n), (o), (q) and (u) is not required to be included for Debentures that have a denomination of US$100,000 or more per Security*	✓	✓	✓	✓	✓	✓	✓
3.2	**Plan of distribution and Allotment** (a) Pre-Allotment disclosure relating to: (i) the division into tranches of the Offer including institutional, retail and Issuer'sEmployee tranches and any other tranches; (ii) the conditions under which a claw-back right may be used, the maximum size of such claw-back and any applicable minimum percentages for individual tranches; (iii) the Allotment method or methods to be used for the retail and Issuer's Employee	✓	✓			✓		✓

								A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	tranche in the event of an over subscription of these tranches; (iv) a description of any pre-determined preferential treatment to be accorded to certain classes of investors or certain affinity groups (including friends and family programmes) in the Allotment, the percentage of the Offer reserved for such preferential treatment and the criteria for inclusion in such classes or groups; (v) whether the treatment of subscriptions or bids to subscribe in the Allotment may be determined on the basis of which intermediary firm they are made through or by a target minimum individual Allotment if any within the retail tranche; (vi) the conditions for the closing of the Offer before the end of the Offer Period as well as the date on which the Offer may be closed at the earliest; and (vii) whether or not multiple subscriptions are admitted, and where they are not, how any multiple subscriptions will be handled. (b) The details of any over-allotment option, including existence and size of the over-allotment option, the period in which the over-allotment option may be exercised and any conditionson exercising such option.							
3.3	**Price Stabilisation** The information required to be disclosed to the market pursuant to MKT 6.2.91(1)~~the FSMR~~.	✓	✓	✓	✓	✓	✓	

	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
4.	**OTHER INFORMATION**							
4.1	**Audit and source of information including use of Expert reports** (a) Where information has been included in the Securities Note which has been audited or reviewed by auditors and where auditors have produced a report, reproduction of the report or, with permission of the Regulator, a summary of the report. (b) Where information has been sourced from a third party, details of the identity of the source of the information along with a confirmation that the information has been accurately reproduced and that as far as the Issuer is aware and is able to ascertain from information published by that third party, no facts havebeen omitted which would render the reproduced information inaccurate or false, misleading, or deceptive. (c) Where a statement or report attributed to a Person as an Expert is included in theSecurities Note: (i) the name, business address, qualifications and any material interest such aPerson has in the Issuer; and (ii) if the report has been produced at the Issuer's request, a statement to the effect that such statement or report is included, in the form and context inwhich it is included, with the consent of the Expert who has authorised the contents of that part of the Securities Note.	✓	✓	✓	✓	✓	✓	
4.2	**Dilution**	✓	✓			✓		✓

								A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	Information relating to dilution including: (a) the amount and percentage of immediate dilution resulting from the Offer; and (b) in the case of an Offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new Offer.							
4.3	**Takeovers** Information relating to any Takeovers including: (a) the existence of any mandatory Takeover bids and/or squeeze-out, sellout, or poison pill requirements in relation to the Securities; and (b) any public Takeover bids by third parties in respect of the Issuer's equity, which have occurred during the last financial year and the current financial year, including the price or exchange terms attaching to such Offers and the outcome thereof.	✓	✓			✓		✓

	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
4.4	**Investments by Controllers and any lock-up arrangements** (a) Information, if available to the Issuer, whether: (i) Directors, Controllers or the Senior Management of the Issuer intends to subscribe to the Offer; and (ii) any other Person intends to subscribe for more than 5% of the Offer. (b) The details of any lock-up arrangements relating to Persons exercising Senior Management functions of the Issuer, including the Persons subject to such lock-up and the procedures involved and the period of the lock up. (c) Information about whether there is or could be a material disparity between the price of the Securities offered pursuant to the Offer and the effective cash cost to Directors and the Senior Management of the Issuer (Related Persons) of the Securities acquired by such Persons in transactions during the past year or which such Persons have the right to acquire, and if so, a comparison of the cost to the public and Related Persons in their acquisition of Securities.	✓	✓			✓		✓
5.	**ADMISSION TO TRADING**							
5.1	**Details of admission to trading** (a) The proposed dates for:	✓	✓	✓	✓	✓	✓	✓

								A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(i) admission to the~~an~~ Official List of Securities; (ii) admission to trading on a Recognised Investment Exchange~~Body~~; and ~~(iii) admission to listing or trading by a Regulator or RegulatedExchange; and~~ (iv) any other such comparable event in respect of the Securities.							
	(b) The actual dates on which: (i) the Securities were admitted to the~~an~~ Official List of Securities; (ii) the Securities were admitted to trading on a Recognised Investment Exchange~~Body~~; and ~~(iii) the Securities were listed or admitted to trading by a Regulator orRegulated Exchange; and~~ (iv) any other such comparable event took place in respect of the Securities.	✓	✓	✓	✓	✓	✓	✓
	(c) An estimate of the total expenses related to the admission to trading.			✓	✓		✓	
6.	**INFORMATION RELATING TO CERTAIN CLASSES OF SECURITIES**							
6.1	**Certificates and structured products**					✓	✓	✓

								A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	Information about: (a) the legislation under which the Certificates or Structured Products and the underlying Securities or assets have been created and of the courts of competent jurisdiction in the event of litigation including details of the consequences in event of default occurring in respect of the underlying Securities; (b) in the case of Structured Products, a statement setting out the type of the underlying factors to which the Structured Product is referenced and details of where information on the underlying factor can be obtained; (c) whether it is possible to obtain a conversion of the Certificates or Structured Products into the underlying Securities or assets, and if so, the procedure for such conversion, andcommission and costs involved with such a conversion; (d) the provisions relating to the rights attaching and benefits attaching to the underlyingSecurities, including: (i) any voting rights and the conditions on which the Issuer of the Certificates or Structured Products may exercise the voting rights and measures envisaged to obtain the instructions of the Certificate or Structured Product holders; and (ii) any right to participate in profits and any liquidation surplus; (e) the names and addresses of the paying agents and trustees and fiscal agents in relation							

								A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	to the creation of the Certificate or Structured Product; (f) the amount of the commissions and costs to be borne by the Certificate or Structured Product holders in connection with the payment of coupons or other income and the creation of additional certificates; (g) the name and credit rating of the ultimate underwriter or obligor(s) against whom theSecurity holder faces Credit Risk in relation to the Certificate or Structured Product; (h) a description of the tax arrangements with regard to any taxes and charges to be borne by the Certificate or Structured Product holders and levied in the jurisdictions where the Certificates or Structured Products are issued; (i) a statement confirming that under the laws governing the Issuer's activities the underlyingSecurities or assets would not form part of the Issuer's assets in the event of bankruptcy or insolvency of the Issuer and that there is no Credit Risk to the Issuer attaching to theCertificates or Structured Products; and (j) the names of banks with which the main accounts relating to the underlying Securities or assets are held.							
7.	**ASSET BACKED SECURITIES**							
7.1	If the Securities or the underlying Securities are asset backed, describe all the material attributesof the asset backed Securities, including:	✓		✓		✓	✓	

								A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(a) information about the assets backing the Securities including: (i) where the assets are equity Securities that are admitted to trading on an exchange, a description of the Securities, a description of the market in which the Securities are traded and the frequency with which prices of the Relevant Securities are published; (ii) where the assets contain a material proportion of equity Securities that are not traded on an exchange, a description of the equity Securities including the type of information required to be disclosed in a Prospectus if the equity Securities were Shares; (iii) where the assets comprise obligations that are not traded on an exchange, a description of the principal terms and conditions of the obligations; (iv) where a material proportion of the assets are secured on or backed by Real Property, a valuation report relating to the property setting out both the valuation of the property and cash flow/income stream; (v) where the assets backing the Security are part of an actively managed pool of assets, the parameters within which investments can be made, details of the entityresponsible for such management, terms of such entity's appointment, termination of appointment, and a description of its relationship with any other parties to the issue of the Securities; and							

								A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(vi) any rights to substitute the assets and a description of the manner in which and the type of assets which may be so substituted and, if there is any capacity to substitute assets with a different class or quality of assets, a statement to that effect together with a description of the impact of such substitution;							
	(b) information about the structure of the transaction and the rate of return including:							
	(i) a description of the structure of the transaction;							
	(ii) details of the entities participating in the issue and a description of the functions to be performed by them;							
	(iii) a description of the method and date of the sale, transfer, novation or assignment of the assets or of any rights and/or obligations in the assets to the Issuer or, where applicable, the manner and time period in which the proceeds from the issue will be fully invested by the Issuer;							
	(iv) the rate of interest or stipulated yield and any premium;							
	(v) the date of repayment of the principal capital and return on that capital;							
	(vi) how the cash flow from the assets will meet the Issuer's obligations to holders of theSecurities and how payments are collected in respect of the assets; and							
	(vii) where the return on, and/or repayment of the Security is linked to the performance or Credit of other assets which are not assets of the Issuer,							

								A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	information as set out in (a) regarding the assets backing the Security, if necessary;							
	(c) information about the obligors including:							
	(i) where there is a large number of obligors, a general description of the obligors; and							
	(ii) where there are only a small number of obligors, a description of each obligor;							
	(d) information about:							
	(i) the terms and conditions for the issuance of any additional Securities or any restrictions on the issuance of additional Securities; and							
	(ii) where the Issuer proposes to issue further Securities backed by the same assets, a prominent statement to that effect, and unless those further Securities are fungible with, or are subordinated to, those classes of existing debt, a description of how the holders of that class Securities will be informed;							
	(e) the nature, order and priority of the entitlements of holders of the Securities;							
	(f) details of arrangements or other matters that may impact repayment of the principal capital or return on that capital to the holders of the Securities, including:							
	(i) a description of any relevant insurance policies relating to the assets backing							

								A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	theSecurities; (ii) a global overview of the parties to the arrangement in the securitisation programme including information on the direct or indirect ownership of control between thoseparties; (iii) if a relationship exists that is material to the issue of the Securities between theIssuer, guarantor and the obligor, details of the principal terms of that relationship; (iv) if the assets backing the Securities include loans and Credit Agreements, the principal lending criteria and an indication of any loans which do not meet these criteria and any rights or obligations to make further advances; (v) an indication of significant representations and collaterals given to the Issuer relating to the assets; (vi) information on any Credit enhancements, an indication of where material potential liquidity shortfalls may occur and the availability of any liquidity supports and an indication of provisions designed to cover interest/principal shortfalls; (vii) name and addresses and a brief description of any swap counterparties and other providers of other material forms of Credit/liquidity enhancement;							

								A1.2.1
	CONTENTS OF PROSPECTUS – SECURITIES NOTE	Shares	Warrants over Shares	Debentures	Warrants overDebentures	Certificates overShares	Certificates overDebentures	StructuredProducts
	(viii) details of any subordinated debt finance; and (ix) an indication of any investment parameters for the investment of temporary liquidity surpluses and a description of the parties responsible for such investment; (g) statements by the Issuer confirming that the assets backing the Security have characteristics that demonstrate capacity to produce funds to service any payments due and payable of the Securities; and (h) a statement whether or not post issuance transaction information regarding the Securities to be admitted and the performance of the underlying assets will be reported. If it is to be reported, disclosure of where such information will be reported, where such information can be obtained, and the frequency with which such information will be reported.							

APP 2 MARKET DISCLOSURE

A2.1 This table forms part of Rule 7.6.1.

A2.1.1 A Reporting Entity other than a Listed Fund must, on the occurrence of an event specified in column 1, make the required disclosure detailed in column 2, within the time specified in column 3, in respect of the Securities identified with a "✓" in column 4, of this Table.

See APP 3 for disclosures<u>related to</u>~~required for~~ Listed Funds.

				A2.1.1						
	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Shares	Warrants / Options over Shares	Debentures	Warrants / Options over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
1.	**INSIDE INFORMATION**									
1.1	Inside Information as set out in Rule 7.2.	Market disclosure of the Inside Information, unless the disclosure exception under Rule 7.2.4 applies.	As soon as possible.	✓	✓	✓	✓	✓	✓	✓
2.	**GOVERNANCE OF THE REPORTING ENTITY**									
2.1	Compliance with the Corporate Governance Principles.	Market disclosure in the annual report of the matters set out in Rule 9.2.10.	In accordance with Rule 10.1.8(2)(a).	✓						
2.2	Any change to the Board of the Reporting Entity including: (a) the appointment of a new Director; (b) the resignation,	Market disclosure of: (a) the effective date of the change (if it has been decided); (b) whether the position is	As soon as possible.	✓	✓			✓		

											A2.1.1
	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Shares	Warrants / Options over Shares	Debentures	Warrants / Options over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
	retirement or removal of an existing Director; and (c) changes to any important functions or executive responsibilities of a Director.	executive or non-executive; (c) whether the position is considered to be independent; and (d) the nature of any functions or responsibility of the position.								
2.3	In the case of an appointment of a new Director.	Market disclosure of: (a) all directorships past or present held by the Director in any other Body Corporate in the previous five years; (b) the ~~professional qualifications and~~ experience of the Director; (c) details of the process by which the Director was selected; (d) any unspent convictions	Within seven days of the appointment.	✓	✓			✓		

											A2.1.1
	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Shares	Warrants / Options over Shares	Debentures	Warrants / Options over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
		relating to serious criminal offences; (e) any bankruptcies or individual voluntary arrangements of the Director; (f) any compulsory liquidations, creditors voluntary liquidations, Company voluntary arrangements, receivership or any composition or arrangement with creditors generally or any class of creditors of any Body Corporate where such an individual was the Director at the time of or within the 12 months preceding the occurrence of such events; and (g) any public criticism or disqualification of the								

											A2.1.1
	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Shares	Warrants / Options over Shares	Debentures	Warrants / Options over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
		individual by a governmental or regulatory authority and whether the individual has ever been disqualified by a court from acting as a Director of a Body Corporate or from acting in the management or conduct of the affairs of any Body Corporate or, if there are no such details to be disclosed, that fact.								
2.4	Any event that requires Shareholder approval as set out in Rule 9.3.8.	Market disclosure of: (a) the nature, details, contents and effect of the relevant event; and (b) any material change affecting any matter contained in an earlier disclosure.	As soon as possible.	✓	✓		✓			
2.5	Any resolution passed by the Directors of the Reporting Entity	Market disclosure of the resolution.	As soon as	✓	✓			✓		✓

											A2.1.1
	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Shares	Warrants / Options over Shares	Debentures	Warrants / Options over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
	other than a resolution concerning ordinary business of the Reporting Entity.		possible.							
3.	**BUSINESS OF THE REPORTING ENTITY**									
3.1	Transactions undertaken which could result in: (a) any significant investment (i.e. any investments equal to or greater than 5% of the value of the net assets of the Reporting Entity as per its most recent financial reports) or material change to such a significant investment outside the ordinary course of business of the Reporting Entity; or (b) the incurring of any significant debt (being a debt with an amount	Market disclosure relating to: (a) any decision to enter into such a transaction; (b) any material change or new matter affecting any matter contained in an earlier disclosure; and (c) a full description of the event, activity or transaction proposed or effected, as the case may be.	As soon as possible.	✓	✓			✓		✓

											A2.1.1
	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Shares	Warrants / Options over Shares	Debentures	Warrants / Options over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
	equal to or greater than 5% of the value of the net assets of the Reporting Entity as per its most recent financial reports) outside the usual and ordinary course of business of the Reporting Entity.									
4.	**DISCLOSURES RELATING TO SECURITIES OF THE ISSUER**									
4.1	Any decision: (a) to declare, recommend or pay any dividend or to make any other distribution on the Securities; or (b) not to declare, recommend or pay any dividend which would otherwise have been expected to have been declared, recommended	Market disclosure of the decision, including the rate and amount of and record date for the dividend or other distribution or the grounds for the decision in relation to non-payment.	As soon as possible and in any event within five days prior to the record date or the date of expected distribution.	✓	✓	✓	✓	✓	✓	✓

											A2.1.1
	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Shares	Warrants / Options over Shares	Debentures	Warrants / Options over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
	or paid in the normal course of events.									
4.2	Admission to listing or trading of the same class of Securities on a Regulated Exchange.	Market disclosure of all the relevant details relating to the admission to listing or trading.	As soon as possible.	✓	✓	✓	✓	✓	✓	✓
4.3	Any other disclosure required to be made pursuant to the requirements in the Regulated Exchange arising from the listing or trading of the same class of Securities on that exchange where such disclosure is not made in the ADGM.	Market disclosure of the information required to be disclosed to the Regulated Exchange.	As soon as such disclosure is made on the Regulated Exchange.	✓	✓	✓	✓	✓	✓	✓
4.4	Any change of custodian or depositary in relation to Certificates representing Shares and debentures.	Market disclosure of the new custodian or depository and any implication/effect of this change.	As soon as possible.					✓	✓	
5.	**DISCLOSURE OF INTERESTS**									
5.1	The requirement to make a disclosure of interests held by a Connected Person pursuant to	Market disclosure of the information set out in Rule 7.3.4.	As soon as possible.	✓	✓	✓	✓	✓	✓	

											A2.1.1
	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Shares	Warrants / Options over Shares	Debentures	Warrants / Options over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
	section 76 of the FSMR.									
5.2	The requirement to give a notice of a Director's notifiable interests.	Market disclosure of the information set out in Rule 7.4.3(3).	As soon as possible.	✓	✓	✓	✓	✓	✓	
6.	**FINANCIAL INFORMATION ABOUT THE REPORTING ENTITY**									
6.1	The requirement to file an annual financial report pursuant to section 78of the FSMR.	Market disclosure of the report prepared in accordance with the requirements in Rule 10.1.4, 10.1.5 and 10.1.6.	In accordance with Rule 10.1.8(2)(a).	✓	✓	✓	✓	✓	✓	
6.2	The requirement to file a semi-annual financial report pursuant to section 79 of the FSMR.	Market disclosure of the report prepared in accordance with the relevant requirements set out in Rule 10.1.6.	In accordance with Rule 10.1.8(2)(b).	✓	✓			✓		
6.3	The requirement to file preliminary financial results pursuant to Rule 10.1.8.	Market disclosure of the preliminary financial results.	In accordance with Rule 10.1.8(2)(c).	✓	✓			✓		
6.4	Any change to the accounting reference date.	Market disclosure of the previous and new accounting reference date, and reasons for the change.	As soon possible.	✓	✓	✓	✓	✓	✓	

												A2.1.1
	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Shares	Warrants / Options over Shares	Debentures	Warrants / Options over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
6.5	Change of accounting date extending the annual accounting period to more than 14 months.	Market disclosure of a second semi-annual financial report.	Within six months of the old accounting reference date.	✓	✓	✓	✓	✓	✓	
7.	**MATTERS RELATING TO THE CAPITAL OF THE REPORTING ENTITY**									
7.1	Any proposed new issue of Securities.	Market disclosure of the class, number and proposed date of issue and details of the changes to the Share capital resulting from the new issue proposed.	As soon as possible after the decision is made.	✓	✓	✓	✓	✓	✓	
7.2	Results of the new issue.	Market disclosure of the results of the issue including: (a) the class, number and the actual date of the issue; (b) consideration received; and (c) details of changes in the Share capital.	As soon as possible.	✓	✓	✓	✓	✓	✓	

											A2.1.1
	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Shares	Warrants / Options over Shares	Debentures	Warrants / Options over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
8.	**INSOLVENCY/WINDING UP OF THE REPORTING ENTITY**									
8.1	In the case of an insolvency/winding up: (a) the presentation of any winding-up petition, the making of any winding-up order or the appointment of an Administrator, liquidator or the commencement of any proceedings under any applicable insolvency laws in respect of the Reporting Entity or any member of its Group; or (b) the passing of any resolution by the Reporting Entity or any member of its Group that it be wound up by way of members' or creditors' voluntary winding-up, or the occurrence of any	Market disclosure of the: (a) time and date of the presentation, details of the order, appointment, resolution or other event; (b) identity of the petitioner or other Person at whose instigation the event occurs; (c) court or tribunal responsible for making any order; or (d) Administrator or liquidator appointed, as is relevant.	As soon as possible.	✓	✓	✓	✓	✓	✓	✓

												A2.1.1
	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Shares	Warrants / Options over Shares	Debentures	Warrants / Options over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
	event or termination of any period of time which would cause a winding-up.									

APP 3 MARKET DISCLOSURE RELATING TO LISTED FUNDS

A3.1.1 This table forms part of Rule 3.8.1 and Rule 2.7.8.

A3.1.2 A Reporting Entity of a Listed Fund must, on the occurrence of an event specified in column 1, make the required disclosure detailed in column 2, within the time specified in column 3.

Note: Unless otherwise indicated, the disclosure required relates to the operation and matters relating to the Listed Fund. The Reporting Entity of a Listed Fund must construe the items specified in the event column in an appropriate manner to achieve the fundamental purpose of making the required disclosure of information relating to the Listed Fund.

			APP3
	EVENT GIVING RISE TO DISCLOSURE	**DISCLOSURE REQUIREMENT**	**TIME OF DISCLOSURE**
1.	**INSIDE INFORMATION**		
1.1	Inside Information as set out in Rule 3.5.1 relating to the Listed Fund.	Market disclosure of the Inside Information, unless the disclosure exception under Rule 3.5.4 applies.	As soon as possible.
2.	**GOVERNANCE OF THE LISTED FUND AND THE REPORTING ENTITY**		
2.1	Any change to the Governing Body of the Listed Fund including: (a) the appointment of a new Director, Partner or other member of the Governing Body; (b) the resignation, retirement or removal of any Person referred to in (a); and (c) changes to any important functions or executive responsibilities of a Person	Market disclosure of: (a) the effective date of the change (if it has been decided); (b) whether the position is executive or non-executive; (c) whether the position is considered to be independent; and (d) the nature of any functions or responsibilities of	As soon as possible.

	referred to in (a).	the position.	
2.2	Information in respect of a new Director, Partner or other member of the Governing Body.	Market disclosure of: (a) all directorships or Partnerships past or present held by the Director, Partner or other member of the Governing Body in any other Body Corporate or Partnership in the previous five years; (b) the ~~professional qualifications and~~experience of the Persons referred to in (a); (c) details of the process by which the Person referred to in (a) was selected; (d) any unspent convictions relating to serious financial crimes; (e) any bankruptcies or individual voluntary arrangements; (f) any compulsory liquidations, creditors voluntary liquidations, Company voluntary arrangements, receivership or any composition or arrangement with its creditors generally or any class of its creditors of any Issuer where such an individual was a Director or Partner at the time of appointment or within the 12 months preceding such events; and (g) any public criticisms or disqualifications of the individual by governmental or regulatory	Within seven days.

		authorities and whether the individual has ever been disqualified by a court from acting as a Director of a Body Corporate, General Partner of a Partnership or from acting in the management or conduct of the affairs of any Body Corporate or Listed Fund and, if there are no such details to be disclosed, a statement to that effect.	
2.3	Any event that requires Unitholder approval under the Fund Rules.	Market disclosure of: (a) the nature, details, contents and effect of the relevant event; and (b) any material change affecting any matter contained in an earlier disclosure.	As soon as possible.
2.4	Any resolution adopted by the Listed Fund other than a resolution concerning ordinary business of the Listed Fund.	Market disclosure of the resolution.	As soon as possible.
3.	**BUSINESS OF THE LISTED FUND**		
3.1	Transactions undertaken which could result in: (a) any significant investment (being any investments equal to or greater than 5% of the net asset value of the fund) or material change to a significant investment outside the stated investment strategy of the Listed Fund; or (b) the incurring of any significant debt outside	Market disclosure relating to: (a) any decision to enter into such a transaction; (b) any material change or new matter affecting any matter contained in an earlier disclosure; and (c) a full description of the event, activity or transaction proposed or effected as the case may	Without delay.

	the usual and ordinary course of business of the Listed Fund (being debt with an amount equal to or greater than 5% of the net asset value of the fund) taking into account the stated investment strategy.	be.	
4.	**DISCLOSURE RELATING TO UNITS OF THE LISTED FUND**		
4.1	Any decision: (a) to declare, recommend or pay any dividend not previously disclosed; (b) to make any other distribution on the Units; or (c) not to declare, recommend or pay any dividend which would otherwise have been expected to have been declared, recommended or paid in the normal course of events.	Market disclosure of the decision, including the rate and amount of and record date for the dividend or other distribution or the grounds for the decision in relation to non-payment.	As soon as possible and in any event no later than five days prior to the record date or the date of expected distribution.
4.2	Any decision made in regard to: (a) any change in the general character or nature of the Listed Fund; (b) any change in the redemption of all or any of the Units of the Listed Fund; (c) any change to its published investment policies or objectives, investment	Market disclosure of the decision and all relevant details relating to the decision.	As soon as possible.

	restrictions or borrowing restrictions; (d) any change in the way in which net asset value or issue and redemption prices are calculated, or in the frequency of calculation of the net asset value; (e) any change in the manner in which the management fees payable by the Listed Fund are calculated; (f) any changes in the trustee, custodian or prime broker(s), Investment Manager, Adviser, Fund Administrator or auditor; (g) any changes in the control of the trustee, custodian or prime broker(s), Investment Manager or Adviser; (h) any change in the tax status of the Listed Fund; (i) any suspension in the calculation of net asset value or of redemptions; or (j) details of any repurchase, drawing or redemption by the Listed Fund or any of its subsidiaries of the Listed Fund's Listed Securities, unless the purchases are made pursuant to the requirements in the Listing Rules on purchase of own Shares.		

4.3	Admission to listing or trading of the same class of Units on a Regulated Exchange.	Market disclosure of all the relevant details relating to the admission to listing or trading.	As soon as possible.
4.4	Any other disclosure required to be made pursuant to the requirements in the Regulated Exchange arising from the listing or trading of the same class of Units on that exchange where such disclosure is not made in the ADGM.	Market disclosure of the information required to be disclosed to the Regulated Exchange.	As soon as such disclosure is made on the Regulated Exchange.
4.5	Any change of the Trustee, custodian or depositary in relation to the Listed Fund.	Market disclosure of the details relating to the new Trustee, custodian or depository and any implication/effect of this change.	As soon as possible.
4.6	Proposed and new issues of Units.	Market disclosure of the class, number, date of issue, and consideration received for the issue of the Units and details of changes in the capital.	As soon as possible.
5. DISCLOSURE OF INTERESTS			
5.1	The requirement to disclose interests held by a Connected Person pursuant to section 76 of the FSMR.	Market disclosure of the information set out in Rule 3.6.3.	As soon as possible.
5.2	The requirement to give a notice of a Director's notifiable interests.	Market disclosure of the information set out in Rule 3.7.3(3).	As soon as possible.
6. FINANCIAL INFORMATION RELATING TO THE LISTED FUND			
6.1	The preparation and approval of annual and interim financial reports~~requirement to file a report of interests held by a Connected Person pursuant to~~	Market disclosure of the annual and interim financial report prepared in accordance with the requirement in Rule 3.9.1.~~10.1.2 (which requires the preparation of such~~	In the case of a Domestic Fund in accordance with the

	~~section 76of the FSMR~~.	~~financial reports relating to Listed Funds in accordance with the requirements in the Fund Rules in the case of a Listed Fund which is a Domestic Fund and in the case of a Foreign Fund, in accordance with the applicable financial reporting requirements in the jurisdiction of incorporation or domicile of the Foreign Fund).~~	Fund Rules and in the case of a Foreign Fund the earlier of the period allowed under theFund Rules or the period for filing under the home jurisdiction requirements.
6.2	Any change to the accounting reference date.	Market disclosure of the previous and new accounting reference date, and reasons for the change.	As soon possible.
7.	**MATTERS RELATING TO THE CAPITAL OF THE LISTED FUND**		
7.1	Any proposed new issue of Units.	Market disclosure of the class, number and proposed date of the proposed issue.	As soon as possible after the decision is made.
7.2	Results of the new issue.	Market disclosure of the results of the issue including total consideration received.	As soon as possible.
8.	**TRANSFER SCHEME/WINDING UP OF THE LISTED FUND**		
8.1	In the case of a transfer scheme or winding up of a Listed Fund: (a) the passing of any resolution by the Listed Fund or any members of the Listed Fund that it be wound up by way of members' or creditors' voluntary winding-up, or the	Market disclosure of the: (a) time and date of the presentation, details of the order, appointment, resolution or other event; (b) identity of the petitioner or other person at whose instigation the event occurs;	As soon as possible.

	occurrence of any event or termination of any period of time which would cause termination or winding-up of the Fund; and (b) either: (i) the presentation of the relevant applications made pursuant to the requirements in the Fund Rules in the case of a Domestic Fund; or (ii) the applications made pursuant to the relevant legislation applicable in the home jurisdiction of the Listed Fund in the case of a Foreign Fund.	(c) the court or tribunal responsible for making any order; or (d) any Administrator or liquidator appointed.	
9.	**OTHER DISCLOSURES RELATING TO THE LISTED FUND**		
9.1	A change to the legal structure of the Listed Fund (unless it is required to be disclosed under 2.3 or 2.4).	Market disclosure of any proposed change.	As soon as possible.
9.2	A change in fees (including management fees by whatever named called) or charges imposed on holders of Units.	Market disclosure of any change in the fee structure of a Listed Fund.	As soon as possible.
9.3	A change in the investment management of the Listed Fund.	Market disclosure of any proposed change in the investment management of the Listed Fund.	As soon as possible.
9.4	Any closure of the Listed Fund's register of Unitholders.	Market disclosure of the closure.	At least 14 days before the closure.

9.5	Any meeting of Unitholders.	Market disclosure of notice.	At the same time as such notice is sent to Unitholders.
9.6	The final timetable for any proposed action affecting the rights of existing holders of its Units.	Market disclosure.	As soon as possible after finalisation of the timetable with the Regulator.
9.7	Changes to rights attaching to Units or other Securities into which they convert.	Market disclosure of: (a) the class of Securities to which the changes apply; (b) the date on which the changes become effective; (c) confirmation that consent of the holders of the Securities (and any other holders of Relevant Securities) has been obtained and the date that such consent was obtained; and (d) a summary of the changes.	As soon as possible.

APP 4 CORPORATE GOVERNANCE BEST PRACTICE STANDARDS

General

1. This Appendix sets out, by way of Guidance, best practice standards relevant to each of the Corporate Governance Principles (the "**Principles**") set out in Rule 9.2. While the Principles have the status of Rules that apply to a Reporting Entity, the standards in this document are best practice standards that may be adopted by a Reporting Entity to achieve compliance with the Principles.

2. A Reporting Entity to which the Principles apply is required under Rule 9.2.10 to state in its annual report whether the best practice standards have been adopted. In circumstances where a Reporting Entity has not fully adopted or only partially adopted the best practice standards, it needs to explain in its annual report why the standards were not fully adopted or adopted only partially and what actions, if any, it has taken to achieve compliance with the Principles.

3. Section 73(2) of the FSMR provides that the Regulator is entitled to enact rules requiring a Reporting Entity to have a Corporate Governance framework which is adequate to promote prudent and sound management of the Reporting Entity in the long-term interest of the Reporting Entity and its Shareholders. Accordingly, in providing its explanation in the annual report as noted in 2, a Reporting Entity should aim to illustrate how its actual practices achieve compliance with the outcomes intended by section 73of the FSMR and the Principles, and thereby contribute to prudent and sound management of the Reporting Entity.

4. The annual report required under Rule 9.2.10 must include a statement by the Board of Directors (the "**Board**"), stating whether or not, in its opinion, the Corporate Governance framework of the Reporting Entity is effective in achieving the outcome required by section 73 of the FSMR and promoting compliance with the Principles, with supporting information and assumptions, and qualifications if necessary. As the Principles are the core of the Corporate Governance framework, the way in which they are applied should be the central question for the Board as it determines how the Reporting Entity conducts its affairs under its directorship in accordance with the letter and spirit of the applicable requirements including the Principles and the standards.

5. The "comply or explain" approach reflected in the standards recognises that there is more than one way to comply with the Principles to achieve sound and prudent governance of the Reporting Entity. It also gives the Reporting Entity the flexibility to tailor its governance practices to achieve effective outcomes taking into account the nature, size and complexity of its business. For example, a Reporting Entity may have a small Board to reflect the small and less complex nature of its business, as opposed to a larger and more

complex business which requires a larger Board. It may not be possible to have a large number of committees of the small Board to undertake the functions of committees discussed in this Appendix. In such cases, the Board as a whole may undertake all these functions, or alternatively, combine the roles of committees as appropriate.

6. Where the standards set out in this Appendix are not adopted due to particular circumstances of the Reporting Entity, the reasons for deviating from the standards should be explained clearly and carefully in the Reporting Entity's annual report, thereby providing Shareholders with the opportunity to make well informed decisions with regard to their voting and the exercise of their rights.

7. The standards in this Appendix are not exhaustive and hence a Reporting Entity may implement any additional measures as required in order for it to comply with the Principles and contribute to sound and prudent governance of the entity.

~~8. For the purposes of this Appendix "Senior Management" includes any individual who either alone or jointly has ultimate responsibility for the day-to-day management, supervision and control of one or more (or all) parts of a Reporting Entity's business. Consistently with this, the Board should adopt a definition of "Senior Management" that includes the first layer of management below the Board.~~

Principle 1 – Board of Directors

Rule 9.2.3

"Every Reporting Entity must have an effective Board of Directors ("the **Board**") which is collectively accountable for ensuring that the Reporting Entity's business is managed prudently and soundly."

8. The role of the Board is to provide leadership of the Reporting Entity within a framework of prudent and effective controls which enable risks to which the Reporting Entity is exposed to be identified, assessed and effectively managed.

9. The Board should set the Reporting Entity's business and strategic objectives and risk parameters, ensure that the necessary financial and human resources are in place for the Reporting Entity to meet those objectives, and review management performance in achieving those objectives and outcomes. For this purpose, the Board should:

   a. determine the nature and extent of the significant risks it is willing to take in achieving the relevant strategic objectives; and

   b. set the Reporting Entity's values and standards and ensure that its obligations to its stakeholders are clearly understood and met.

10. The Board should meet sufficiently regularly to discharge its duties effectively. There should be a formal schedule of matters specifically reserved for its decision.

11. The mandate, composition and working procedures of the Board should be well defined.

12. The annual report of the Reporting Entity should include a statement of how the Board operates and it should also set out the number of meetings of the Board.

Principle 2 – Division of responsibilities

Rule 9.2.4

"The Board must ensure that there is a clear division between the Board's responsibility for setting the strategic aims and overseeing the Reporting Entity and the Senior Management's responsibility for managing the Reporting Entity's business in accordance with the strategic aims and risk parameters set by the Board."

Board and Senior Management

13. The division of responsibilities between the Board and the Senior Management of the Reporting Entity should be clearly established, set out in writing, and agreed to by the Board. In assigning duties, the Board should ensure that no one individual has unfettered powers in making decisions. It should also ensure that there is a clear segregation of the functions of:

    a. the oversight of the management by the Board; and

    b. the management of the Reporting Entity's business by the Senior Management in accordance with the strategic aims and risk parameters set by the Board.

14. Board members may include individuals undertaking Senior Management functions. For example, the chief executive~~Chief Executive~~ of a Reporting Entity may also be a Board member. Where this is the case, the Board should ensure that when assessing the performance of the Senior Management, the independence and objectivity of that process is achieved through appropriate mechanisms, such as the assignment of such a task to a non-executive Director of the Board or a committee comprising a majority of non-executive Directors.

Chairman and Chief Executive

15. In order to ensure that the Board's function of providing effective oversight of the management of the Reporting Entity is not compromised, it is important that the role of the chairman of the Board and the role of the chief

executive~~Chief Executive~~of the Reporting Entity should not be held by the same individual.

16. However, if the Board decides that the chief executive~~Chief Executive~~ should also hold the position of the chairman of the Board, there should be effective measures to ensure that the Board is able to properly discharge its function of providing effective oversight of the management of the business of the Reporting Entity by its Senior Management. For example, the performance assessment of the chief executive~~Chief Executive~~ and other members of the Senior Management should be undertaken by a non-executive Director of the Board or a committee comprising a majority of non-executive Directors who report to the Board directly on their assessment, and also, prior approval by Shareholders of the appointment of the chief executive~~Chief Executive~~ as chairman of the Board.

17. Except where the positions of the chairman of the board and the chief executive~~Chief Executive~~ are held by the same person, the division of responsibilities between the chairman and chief executive~~Chief Executive~~ should be clearly established, set out in writing and agreed to by the Board.

18. The chairman should be responsible for providing leadership of the Board, ensuring its effectiveness in all aspects of the Board's role and setting its agenda.

19. Except where the positions of the chairman of the Board and the chief executive~~Chief Executive~~ are held by the same individual, the chairman of the Board should meet the independence criteria set out in paragraph 31.

20. The annual report of the Reporting Entity should:

    a. identify the chairman, the deputy chairman (where there is one), the Directors and the chief executive~~Chief Executive~~; and

    b. include a high level statement of which types of decisions are to be taken by the Board and which are to be delegated to the Senior Management.

Principle 3 – Board composition and resources

Rule 9.2.5

"The Board and its committees must have an appropriate balance of skills, experience, independence and knowledge of the Reporting Entity's business, and adequate resources, including access to expertise as required and timely and comprehensive information relating to the affairs of the Reporting Entity."

Balance of skills and independence

21. A major consideration that underpins the effectiveness of the Board is the availability at the Board level of the relevant skills, expertise and resources as are necessary to discharge the Board functions, taking due account of the nature, scale, diversity and complexity of the business of the Reporting Entity.

22. It may well be that no single Director has all the knowledge, skills and expertise needed by a Board to discharge its functions. The Board should have an appropriate number and mix of individuals to ensure that there is an overall adequate level of knowledge, skills and expertise commensurate with the nature, scale and complexity of the business of the Reporting Entity.

23. In order to ensure that the Board is equipped with the necessary skills, expertise and resources appropriate to the business of the Reporting Entity, there should be a formal, rigorous and transparent procedure for the appointment of Directors to the Board. Appointments to the Board should be made on merit and against objective criteria, with due regard to the benefits of diversity on the Board. Care should be taken to ensure that appointees have enough time available to devote to the job. This is particularly important in the case of chairmanships.

24. All Directors should be submitted for re-appointment at regular intervals, subject to continued satisfactory performance. The Board should ensure planned and progressive refreshing of the Board to ensure the on-going effectiveness of the Board, particularly the objectivity of the decision making by the Board and maintaining the skills and expertise as relevant to the Reporting Entity's business.

25. All Directors should be subject to election by Shareholders at the first annual general meeting after their appointment, and to re-election thereafter at intervals of no more than three years. The Board should satisfy itself that there is adequate succession planning in respect of Board membership and the Senior Management, so as to ensure an orderly and smooth change-over of positions whilst maintaining an appropriate balance of skills and experience within the Reporting Entity and on the Board.

Chairman

26. For the appointment of a chairman, there should be a job specification, and an objective assessment against the relevant criteria including an assessment of the time commitment expected, recognising the need for availability in the event of crises. Generally, the nomination committee should undertake this function. A chairman's other significant commitments should be disclosed to the Board before appointment and included in the annual report. Changes to such commitments should be reported to the Board as they arise, and their impact explained in the next annual report.

27. The chairman should ensure that new Directors receive an appropriate induction on joining the Board. The chairman should ensure that the Directors continually update their skills and their knowledge and familiarity with the Reporting Entity required in fulfilling their role both on the Board and its committees. All Directors should have appropriate knowledge of the Reporting Entity and should be provided with adequate access to its operations and staff to carry out their respective responsibilities.

28. The Reporting Entity should provide the necessary resources for developing and updating its Directors' knowledge and capabilities. The chairman should regularly review and agree with each Director their training and development needs.

Executive and non-executive Directors

29. The Board should include a balance of executive and non-executive Directors (including independent non-executive Directors). No individual or small group of individuals should be able to dominate the Board's decision making. At least one third of the Board should comprise non-executive Directors, of which at least two non-executive Directors should be independent.

30. The Board should consider a non-executive Director to be "independent" if that Director meets, upon an assessment, objective criteria of independence set by the Board. Such independence criteria should encompass independence in character and judgement of the individual by having no commercial or other relationships or circumstances which are likely to affect or could appear to impair his judgement in a manner other than in the best interests of the Reporting Entity. In making the assessment of independence against such criteria, the Board should consider matters such as whether the person:

    a. has already served as a member of the Board for a significant period;

    b. has been an Employee of the Reporting Entity or a member of the Group within the last five years;

    c. has or has had, within the last three years, a material business relationship with the Reporting Entity, either directly or as a Partner, Shareholder, Director or senior Employee of another body that has such a relationship with the Reporting Entity;

    d. receives or has received, in the last three years, additional remuneration or payments from the Reporting Entity apart from a Director's fee, or participates in the Reporting Entity's Share option, or a performance-related pay scheme, or is a member of the Reporting Entity's pension scheme;

    e. is or has been a Director, Partner or Employee of a firm which is the Reporting Entity's external auditor;

f. has close family ties with any of the Reporting Entity's advisers, Directors or senior Employees;

g. holds cross Directorships or has significant links with other Directors through involvement in other Companies or bodies; or

h. represents a significant Shareholder.

31. The terms and conditions of appointment of non-executive Directors should be made available for inspection by any person at the Reporting Entity's registered office during normal business hours. The letter of appointment should set out the expected time commitment. Non-executive Directors should undertake that they will have sufficient time to meet what is expected of them. Their other significant commitments should be disclosed to the Board before appointment, with a broad indication of the time involved. The Board should be informed of subsequent changes.

32. The annual report of the Reporting Entity should identify each non-executive Director it considers to be independent, and the chairman and members of each of the Board committees. It should also state the relevant skills and expertise which each Director brings to the Board and set out the number of meetings of each of the committees and individual attendance by Directors.

33. As part of their role as members of the Board, non-executive Directors should constructively challenge and help develop proposals on business objectives and strategies for achieving those objectives. Non-executive Directors should scrutinise the performance of Senior Management against agreed goals and objectives and monitor the reporting of their performance.

Nomination committee

34. The Board should establish and maintain a nomination committee to lead the process for appointments and make recommendations to the Board relating to the appointment of Board members and the Senior Management. A majority of members of the nomination committee should be independent non-executive Directors. The chairman of the nomination committee should be an independent non-executive Director.

35. The mandate, composition and working procedures of the nomination committee should be well defined. The nomination committee should make available on the website of the Reporting Entity its written terms of reference explaining its role and the authority delegated to it by the Board.

36. The nomination committee should evaluate the balance of skills, knowledge, independence and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment.

37. A separate section of the annual report of the Reporting Entity should describe the work of the nomination committee, including the process it has used in relation to Board appointments. An explanation should be given if neither an external consultancy nor an open advertising process has been used in the appointment of the chairman or a non-executive Director of the Board.

Secretary of the Reporting Entity

38. The responsibilities of the Reporting Entity's secretary should clearly include, under the direction of the chairman, ensuring good information flows within the Board and its committees and between Senior Management and non-executive Directors, as well as facilitating induction and assisting with professional development of Board members as required. The secretary should also be responsible for ensuring that Board procedures are fully complied with, and advising the Board through the chairman on all governance matters.

39. Both the appointment and removal of the secretary of the Reporting Entity should be a matter for the Board as a whole.

Information and support

40. All Directors should have access to accurate, timely and clear information relating to the business and affairs of the Reporting Entity to enable them to discharge their duties, taking due account of the roles undertaken by such members. The chairman is responsible for ensuring that the Directors receive such information. Senior Management has an obligation to provide such information, but Directors should seek clarification or amplification where necessary. All Directors should also have access to the advice and services of the secretary of the Reporting Entity, as he is responsible to the Board for ensuring compliance with the Board procedures.

41. The Board should ensure that Directors, especially non-executive Directors, have access to independent professional advice at the Reporting Entity's expense where necessary to enable them to discharge their respective roles and responsibilities. Committees of the Board should also be provided with sufficient resources including information to carry out their role and responsibilities effectively.

Performance evaluation

42. The Board should undertake a formal and rigorous evaluation of its own performance and that of its committees and individual Directors at least annually.

43. The chairman of the Board should act on the results of the performance evaluation by recognising the strengths and addressing the weaknesses of

the Board and making any changes to the composition of the Board as required.

44. The Board should state in the annual report how performance evaluation of the Board, its committees and its individual Directors has been conducted.

Principle 4 – Risk management and internal control systems

Rule 9.2.6

"The Board must ensure that the Reporting Entity has an adequate, effective, well-defined and well-integrated risk management, internal control and compliance framework."

45. The Board should, at least annually, conduct a review of the effectiveness of the Reporting Entity's risk management, internal control and compliance framework and should report to the Shareholders that it has done so. The review should cover all aspects of material controls, including management, financial, operational and compliance controls and risk management systems. The Board may satisfy this requirement by instructing an external auditor to undertake the review and report to it on its outcome. They should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and effective.

46. The Board should establish formal and transparent arrangements for considering how it should apply the financial reporting and internal control systems, and for maintaining an appropriate relationship with its auditors.

47. The Board should establish policies and procedures for the identification and oversight and management of material business risks and disclose a summary of those policies and procedures in its annual report. The Board should also ensure that Senior Management implements the requisite risk management and internal control systems to manage material risks.

Audit committee

48. The Board should establish and maintain an audit committee to monitor and review the Reporting Entity's internal audit function and other internal controls. The main roles and responsibilities of the audit committee should be set out in written terms of reference, be available on the website of the Reporting Entity and include at least the following:

    a. monitoring the integrity of the financial statements of the Reporting Entity and any formal announcements relating to the Reporting Entity 's financial performance and reviewing significant financial reporting judgements contained in them;

b. reviewing the Reporting Entity's internal financial controls and, unless expressly addressed by a separate risk committee of the Board or the Board itself, internal controls and risk management systems;

c. monitoring and reviewing the effectiveness of the Reporting Entity's internal audit function;

d. making recommendations to the Board in respect of the appointment, re-appointment, removal and terms of engagement, including remuneration, of the external auditor;

e. reviewing and monitoring the external auditor's independence and objectivity and the effectiveness of the audit process;

f. developing and implementing policy on the engagement of the external auditor to supply non-audit services; and

g. reviewing the adequacy of arrangements by which staff of the Reporting Entity may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action.

49. The Board should appoint at least two independent non-executive Directors to the audit committee. At least one of the independent non-executive Directors appointed to the audit committee should have recent and relevant financial expertise. The chair of the audit committee should be an independent non-executive Director.

50. A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The annual report should also explain to Shareholders how, if the auditor provides non-audit services, auditor objectivity and independence is safeguarded.

Principle 5 – Shareholder rights and effective dialogue

Rule 9.2.7

"The Board must ensure that the rights of Shareholders are properly safeguarded through appropriate measures that enable the Shareholders to exercise their rights effectively, promote effective dialogue with Shareholders and other key stakeholders as appropriate, and prevent any abuse or oppression of minority Shareholders."

51. The Board as a whole has responsibility for ensuring that a satisfactory dialogue with Shareholders takes place. Such dialogue should be based on the mutual understanding of objectives and provision of adequate

information relating to the Reporting Entity including financial information, and how the business and affairs of the Reporting Entity are carried out.

52. The Board should hold a general meeting of Shareholders at least annually.

53. The Board should use the annual general meeting to communicate with Shareholders on important aspects of the Reporting Entity's business and affairs and encourage their participation. Shareholders should have the opportunity to ask questions of the Board, to place items on the agenda of general meetings and to propose resolutions.

54. At any general meeting, the Reporting Entity should propose a separate resolution on each substantial separate issue, and should in particular propose a resolution at the annual general meeting relating to the report and accounts. For each resolution, proxy appointment forms should provide Shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote.

55. The chairman should arrange for the chairs of the audit, remuneration, and nomination committees to be available to answer questions at the annual general meeting and for all Directors to attend either in person or by electronic means.

56. Whilst recognising that most Shareholder contact is with the chief executive~~Chief Executive~~ and finance Director, the chairman and other Directors, including non-executive Directors as appropriate, should maintain sufficient contact with major Shareholders to understand their issues and concerns. The Board should keep in touch with Shareholder opinion using means which are most practical and efficient taking into account the nature, scale and complexity of its operations and the nature of its Shareholder base. The Board should use its website as a forum for the posting of information such as new strategies and a calendar for important meetings and other events.

57. The chairman should ensure that the views of Shareholders are communicated to the Board as a whole. In addition, the chairman should discuss the governance and strategy of the Reporting Entity, at least with its major Shareholders. Non-executive Directors should be offered the opportunity to attend meetings with major Shareholders and should expect to attend such meetings, especially if requested by major Shareholders.

58. The Board should ensure that no steps are taken which may prevent Shareholders consulting with other Shareholders on issues concerning their basic Shareholder rights, subject to exceptions to prevent abuse. Similarly, the Board should also protect minority Shareholders from any oppressive or abusive action by controlling or major Shareholders.

Other stakeholders

59. While Shareholders of the Reporting Entity form the major stakeholder group of the Reporting Entity, the Board should also ensure that there are adequate channels of communication with its other key stakeholders as appropriate to the nature, scale and complexity of its business operations, and the environment in which it operates. Such stakeholders may include Employees, creditors and business Customers of the Reporting Entity. The Board should make an assessment of the level of information that should generally be made available to the public, or to any particular group of stakeholders, relating to the affairs of the Company, and how best to make use of its website or any other channels of communication as appropriate to disseminate relevant information.

Principle 6 –Position and prospects

Rule 9.2.8

"The Board must ensure that the Reporting Entity's financial and other reports present an accurate, balanced and understandable assessment of the Reporting Entity's financial position and prospects by ensuring that there are effective internal risk control and reporting requirements."

60. The Board's responsibility to present a true, balanced and understandable assessment of its financial position and prospects should extend to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by law.

61. The Directors should explain in the annual financial report their responsibility for preparing that report and accounts, and there should be a statement by the auditor about their reporting responsibilities.

62. The Directors should include in the annual report an explanation of the basis on which the Reporting Entity generates or preserves value over the longer term (the business model) and the strategy for delivering the objectives of the Reporting Entity.

63. The Directors should report in annual and half yearly financial statements that the business is a going concern, with supporting assumptions or qualifications as necessary.

Principle 7 – Remuneration

Rule 9.2.9

"The Board must ensure that the Reporting Entity has remuneration structures and strategies that are well aligned with the long-term interests of the entity."

Directors' remuneration

64. Levels of remuneration of Directors should be sufficient to attract and retain Directors of appropriate quality, taking into account the nature, scale and complexity of the business of the Reporting Entity, and to provide effective direction and leadership to the Reporting Entity in managing its business and affairs successfully. In doing so, the Reporting Entity should avoid paying more than is necessary for this purpose.

65. The performance-related elements of remuneration should form an appropriate proportion of the total remuneration package of executive Directors and should be designed to promote the long term interests and viability of the Reporting Entity, to align their interests with those of Shareholders and other key stakeholders and to give these Directors appropriate incentives to perform at the highest levels.

66. Levels of remuneration for non-executive Directors should reflect the time commitment and responsibilities of their respective roles and the objectivity of judgement in the decision making required by them. In considering whether to grant Share options to non-executive Directors, a Reporting Entity should consider whether the granting of the Share options will impair the objectivity or independence of the non-executive Directors' decision making.

67. Generally, where non-executive Directors' remuneration includesShare options, rights resulting from the exercise of Share options should be subject to appropriate retention and vesting periods, generally until at least one year after the non-executive Director leaves the Board.

68. There should be a formal and transparent procedure for developing policies on executive remuneration and for fixing remuneration packages of individual Directors. No Director should decide his own remuneration, and ideally, all Directors' remuneration should be subject to recommendations of any internal remuneration committee, and otherwise upon the advice of an external consultant.

Remuneration committee

69. The Board should establish and maintain a remuneration committee to assess the remuneration of Directors (including the chairman). The remuneration committee should comprise at least three members, with a majority of those members being independent non-executive Directors. The chair of the committee should be an independent non-executive Director. In addition, the chairman of the Board may also be a member but not the chair of the committee.

70. The remuneration committee should have delegated responsibility for setting remuneration for all executive Directors and the chairman. The committee should also recommend and monitor the level and structure of remuneration for the Senior Management and other key control functionaries such as the

risk or compliance officers and auditors, to ensure that the independence and objectivity of the decision making by such control functionaries is not compromised or impaired by their remuneration structure. An important consideration that should be taken into account in setting remuneration of key control functionaries of the Reporting Entity is that their remuneration is not substantially linked to the profits generated by business or trading units whose activities are subject to monitoring and oversight by those functionaries.

71. The mandate, composition and working procedures of the remuneration committee should be well defined. The remuneration committee should make available on the website of the Reporting Entity its written terms of reference explaining its role and the authority delegated to it by the Board.

72. The remuneration committee should also be responsible for appointing any external consultants in respect of executive Directors' remuneration. Where external consultants are appointed, a statement should be made available of whether they have any other connection with the Reporting Entity.

73. The Board itself, or where required by the articles of association or other constitutional documents, the Shareholders, should determine the remuneration of the non-executive Directors.

74. The annual report of the Reporting Entity should contain sufficient information relating to the overall remuneration policy and strategy of the Reporting Entity to demonstrate that the remuneration, particularly of the executive Directors and Senior Management, properly links rewards to corporate and individual performance and outcomes, and to ensure that any performance-based remuneration granted is structured in such a way so as to not induce inappropriate risk taking by such individuals.

APP 5 LIST OF EXEMPT OFFERORS

A5.1 List of Exempt Offerors

A5.1.1 The following entities are Exempt Offerors:

(a) Properly constituted governments, government agencies, central banks or other national monetary authorities of the following countries or jurisdictions:

(i) Organisation for Economic Co-operation and Development (OECD) member countries;

(ii) member countries of the Gulf Co-operation Council (GCC); or

(iii) the Emirate of Abu Dhabi.

(b) The International Monetary Fund~~,and~~ the World Bank, the International Finance Corporation and the Islamic Development Bank.

(c) A Special Purpose Vehicle used by an entity referred to in (a) or (b) to issue Securities.

(d) Any other country, jurisdiction or supranational organisation, or any Special Purpose Vehicle use by a country, jurisdiction or supranational organisation to issue Securities that may be approved as an Exempt Offeror by the Regulator for the purpose of that Offer.

A5.1.2 For the purposes of A5.1.1(c) and (d), the Special Purpose Vehicle may be a vehicle controlled directly by the entity or indirectly through one or more Subsidiaries.

APP 6 CONTINUING OBLIGATIONS – SECURITY SPECIFIC DISCLOSURES

A6.1 Continuing obligations – Market disclosures for Listed Entities~~listed entities~~

A6.1.1 This table forms part of Rule 2.7.8.

A6.1.2 A Listed Entity must, on the occurrence of an event specified in column 1, make the required disclosure detailed in column 2, within the time specified in column 3, in respect of the Securities identified with a "✓" in column 4, of this Table.

A6.1.1

	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates	
									Shares	Debentures
GENERAL										
1.	Any closure of the Listed Entity's register of security holders.	Market disclosure of the closure.	At least 14 days before the closure.	✓	✓	✓	✓		✓	✓
2.	Any meeting of holders of Securities.	Market disclosure of notice.	At the same time as such notice is sent to the holders of Securities.	✓	✓	✓	✓		✓	✓
3.	The final timetable for any proposed action affecting the rights of existing	Market disclosure.	As soon as possible after finalisation of the timetable with	✓	✓	✓	✓	✓	✓	✓[11]

[11] To the extent applicable to Debentures or, in the case of Certificates, the underlying Debentures.

	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	DISCLOSURE REQUIRED	TIME OF DISCLOSURE	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates	
									Shares	Debentures
	holders of its Listed Securities.		the Regulator.							
4.	All proposed drawings to effect partial redemptions, and, in the case of registered Debentures or Structured Products, the date on which it is proposed to close the books for the purpose of making a drawing.									
5.	Changes to rights attaching to Listed Securities or other Securities into which they convert.	Market disclosure of: (a) the class of Securities to which the changes apply; (b) the date on which the changes become effective; (c) confirmation that consent of the holders of the Securities (and any other holders of Relevant	As soon as possible.	✓	✓	✓	✓	✓	✓	✓

										A6.1.1
	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates	
									Shares	Debentures
		Securities) has been obtained and the date that such consent was obtained); and (d) a summary of the changes.								
6.	Any decision made in regard to: (a) any change in the structure of the Listed Securities;	Market disclosure.	As soon as possible.	✓						
	(b) any change in the index to which any Listed Securitiesare linked (including any changes in the constituent elements of the index or basket of Securities or the way in which the index is calculated or in the frequency of calculation of the index or the entity that is responsible for calculating			✓						

										A6.1.1
	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates	
									Shares	Debentures
	and disseminating information with respect to the index);									
	(c) any changes in the trustee or custodian(where relevant);			✓			✓	✓	✓	✓
	(d) any change in the status of the product for taxation purposes;			✓						
	(e) any suspension in the calculation of the index to which any Listed Securities are linked;			✓						
	(f) any change in the trust deed or other document constituting the Listed Securities;			✓			✓	✓		✓
	(g) any change in the paying			✓			✓	✓		✓

										A6.1.1
	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates	
									Shares	Debentures
	agent;									
	(h) all proposed creations, or draw down issuances to effect partial redemptions including the outstanding amount of the Listed Securities which are admitted to the Official List~~listing~~after any such creation, redemption or drawdown has been made;			✓			✓	✓		✓
	(i) the date on which it is proposed to close the books for the purposes of making drawdown, in the case of registered Structured Products; and			✓						
	(j) any purchase, redemption (including predetermined and			✓			✓	✓		✓

										A6.1.1
	EVENT GIVING RISE TO DISCLOSURE OBLIGATION	**DISCLOSURE REQUIRED**	**TIME OF DISCLOSURE**	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates	
									Shares	Debentures
	scheduled redemptions) or cancellation by the Listed Entity, or any member of the Listed Entity's Group of its Listed~~listed~~ Structured Products after such purchase, redemption or cancellation.									

A6.2 Other continuing obligations for Listed Entities~~listed entities~~

A6.2.1 This table forms part of Rule 2.7.8.

A6.2.2 A Listed Entity must, on the occurrence of an event or matter specified in column 1, undertake the requirements detailed in column 2, within the time specified in column 3, in respect of the Securities identified with a "✓" in column 4, of this Table.

A6.2.1											
	EVENT / MATTER	**REQUIREMENTS**	**TIME**	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates		Units
									Shares	Debentures	
GENERAL											
1.	Issue of further Debentures backed by the same asset, unless those further Debentures rank pari passu with or are subordinated to any class of Debentures which are already admitted to~~listed on~~ the Official List.	Prior approval of the existing holders of the existing class of Debentures must be obtained.	At all times.				✓	✓		✓	
2.	Proxy forms in the case of equity Securities.	The proxy form sent out must make provision for two-way voting on all resolutions intended to be proposed at the meeting.	At the same time as the sending of the notice convening the meeting.		✓	✓	✓		✓		✓

A6.2.1											
	EVENT / MATTER	**REQUIREMENTS**	**TIME**	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates		Units
									Shares	Debentures	
3.	Paying agency for Debentures and Structured Products.	The Listed Entity's paying agent must provide facilities for obtaining new Securities, to replace those Securities which have been damaged, lost or stolen or destroyed and for all other purposes provided for in the terms and conditions of the Securities.	At all times until the date on which no such Securities are outstanding.	✓			✓	✓		✓ ~~12~~	
REGISTRATION											
4.	Maintenance of the register.	If the Listed Entity does not maintain its own register, the Listed Entity must make appropriate arrangements with its registrar to ensure compliance with any relevant continuing	At all times.	✓	✓	✓	✓	✓	✓	✓	✓

[12]To the extent applicable to Debentures or, in the case of Certificates, the underlying Debentures.

A6.2.1											
	EVENT / MATTER	**REQUIREMENTS**	**TIME**	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates		Units
									Shares	Debentures	
		obligations in this Appendix.									
5.	Receipt of properly executed transfer documents or a request to split documents evidencing Securities.	The Listed Entity shall ensure that transfers are registered within seven Business Days of receipt of the documents evidencing the Securities by the registrar. Unless the Securities have been issued in dematerialised form, the Listed Entity or its registrar shall issue definitive documents arising out of a registration of transfers or the splitting of documents evidencing the Securities within seven Business Days of receiving properly executed transfer documents or the date of	At all times.	✓	✓	✓	✓	✓	✓	✓	✓

A6.2.1											
	EVENT / MATTER	**REQUIREMENTS**	**TIME**	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates		Units
									Shares	Debentures	
		expiration of any right of renunciation (as appropriate).									
6.	Issue of documents evidencing Securities.	Unless the Securities have been issued in dematerialised form, the Listed Entity shall ensure that every Person whose name is entered as a holder in the register shall be entitled without charge to receive one document evidencing the Securities for all his holdings and the Listed Entity shall permit a holder to have his holdings evidenced by as many documents as the holder requires (and in the sizes requested), subject to a maximum	At all times.	✓	✓	✓	✓	✓	✓	✓	✓

A6.2.1											
	EVENT / MATTER	**REQUIREMENTS**	**TIME**	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates		Units
									Shares	Debentures	
		charge of $10 per document issued after the first.									
7.	Registration of transfers or other documents relating to or affecting the title to any Securities, splitting documents evidencing Securities, issuing documents evidencing Securities or marking or noting such documents.	Subject to 6 above, the Listed Entity and its registrar shall not charge investors any fee for the registration.	At all times.	✓	✓	✓	✓	✓	✓	✓	✓
8.	Any announcement of the timetable for any proposed action affecting the rights of existing holders of its Listed Securities. The Regulator may request amendments to the timetable, if considered necessary for the purpose of maintaining an orderly market.	Notify the Regulator.	At least 24 hours in advance of proposed publication.	✓	✓	✓	✓	✓	✓	✓	✓

A6.2.1												
	EVENT / MATTER	**REQUIREMENTS**	**TIME**	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates		Units
									Shares	Debentures	
9.	Any proposed amendments to a timetable, including amendment to the publication details of an announcement.	Notify the Regulator.	Immediate.	✓	✓	✓	✓	✓	✓	✓	✓
10.	All proposed drawings to effect partial redemptions and, in the case of registered Debentures or Structured Products, the date on which it is proposed to close the books for the purpose of making a drawing.	The Regulator must be informed of the outstanding amount of the Securities which are<u>admitted to</u>~~listed on~~ the Official List after any such drawing has been made, for publication by the Regulator.	In advance. As soon as possible.	✓				✓		✓	
11.	Any proposed decision with regard to: (a) any alteration of the Listed Entity's constitution and, in the case of Debentures and Structured Products, any change in the trust deed	Notify the Regulator.	In advance.	✓	✓	✓	✓	✓	✓	✓	✓

A6.2.1											
	EVENT / MATTER	**REQUIREMENTS**	**TIME**	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates		Units
									Shares	Debentures	
	or other document securing or constituting the Securities; (b) any change in the domicile of incorporation or other establishment of the Listed Entity; (c) any change in the rights attaching to any class of Securities which are Listed (including, in the case of Debentures, any change in the rate of interest carried and, in the case of Structured Products, any change in the way the value of the Securities is calculated) and any change in the rights attaching to any Securities into which any Securities which are										

A6.2.1											
	EVENT / MATTER	**REQUIREMENTS**	**TIME**	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates		Units
									Shares	Debentures	
	Listed are convertible or exchangeable (including, in the case of Structured Products, any changes in any index to which the Securities are linked); (d) any change in the Listed Entity's ongoing contact; (e) any change in the Listed Entity's secretary, auditors, registered address, transfer agent or registrar; (f) in the case of Debentures or Structured Products, any change in the trustee or custodian; (g) in the case of convertible Securities, any change in										

A6.2.1											
	EVENT / MATTER	**REQUIREMENTS**	**TIME**	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates		Units
									Shares	Debentures	
	the Listed Entity of the convertible; (h) in the case of Structured Products, any change in the paying agent; and (i) in the case of depositary receipts, any change in the depositary.										
12.	In respect of Securities which carry rights of conversion or exchange into or subscription for the Securities of another Company, or are guaranteed by another Company.	The Listed Entity must ensure that adequate information is at all times available about the other Company and about any changes in the rights attaching to the Securities to which such rights of conversion, exchange or subscription relate. This must include the availability of the audited annual accounts of the	As soon as possible.		✓	✓	✓	✓	✓	✓	

A6.2.1											
	EVENT / MATTER	**REQUIREMENTS**	**TIME**	Structured Products	Shares	Warrants over Shares	Warrants over Debentures	Debentures	Certificates		Units
									Shares	Debentures	
		other Company together with any interim financial statements and any other information necessary for a realistic valuation of such Securities to be made.									

FINANCIAL SERVICES REGULATORY AUTHORITY
سلطة تنظيم الخدمات المالية

Rules of Market Conduct (RMC)

ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

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1 INTRODUCTION

Purpose

(1) The purpose of the Rules of Market Conduct ("**RMC**") is to supplement the Market Abuse provisions in Parts 8 and 9 of the Financial Services and Markets Regulations 2015 ("**FSMR**").

(2) The RMC is intended to:

(a) assist persons in determining whether or not conduct amounts to Market Abuse;

(b) assist persons such as Authorised Persons and Recognised Bodies who may be subject to obligations to monitor for, prevent, or report Market Abuse to comply with their obligations; and

(c) clarify that certain market practices do not, in the Regulator's view, ordinarily amount to Market Abuse.

(3) The RMC is relevant to any person to whom Parts 8 or 9 of the FSMR apply. Parts 8 and 9 apply to persons generally, that is:

(a) whether an individual, Body Corporate or body unincorporated; and

(b) whether regulated by the Regulator (such as an Authorised Person or a Recognised Body) or unregulated.

Structure

(4) The chapters in the RMC generally set out for each type of Market Abuse:

(a) the text of the prohibition and relevant definitions;

(b) the Regulator's interpretation of elements of the prohibition (including factors it may take into account in determining whether or not there has been a Contravention);

(c) general or specific examples of conduct that in the Regulator's view may contravene the prohibition; and

(d) where relevant, defences in the FSMR.

Where the RMC sets out the text of a prohibition, definition or defence, it sometimes does so in abbreviated form to assist the reader. For the precise terms, readers should refer to the FSMR itself.

Terminology

(5) Defined terms are identified throughout the RMC by the capitalisation of the initial letter of a word or each word of a phrase and are defined in the Glossary ("**GLO**"). Unless the context otherwise requires, where capitalisation of the initial letter is not used, an expression has its natural meaning.

(6) Unless the context otherwise requires, where the RMC refers to:

(a) Parts 8 and 9, the reference is to Parts 8 and 9 of the FSMR;

(b) a section, the reference is to a section in the FSMR;

(c) a prohibition, the reference is to a section in Parts 8 and 9 of the FSMR that prohibits specified conduct;

(d) Market Abuse, the reference is to conduct which contravenes a provision in Parts 8 and 9 of the FSMR; and

(e) Trading Information, the reference is to information referred to in Rule 5-2(9) of the RMC.

RMC not exhaustive

(7) The RMC does not try to exhaustively describe or list:

(a) all examples of Market Abuse, setting out only a few of the many possible examples; or

(b) all factors that the Regulator may take into account in deciding whether or not conduct amounts to Market Abuse.

Application to Financial Instruments and Related Instruments

(8) The Market Abuse provisions apply to certain activities or conduct related to Financial Instruments. A "Financial Instrument" means any instrument which is admitted to trading on ADGM or for which a request for admission to trading on ADGM has been made.

(9) Section 92(2) (Insider Dealing) also applies to a "Related Instrument", which is defined as meaning:

"…in relation to a Financial Instrument, an investment whose price or value depends on the price or value of the Financial Instrument."

For example, if an Insider has Inside Information relating to an Issuer, A, of Financial Instruments, then a "Related Instrument" could include a Derivative relating to the Financial Instruments of A or another Financial Instrument in a

member of A's Group, if the price or value of that other Financial Instrument depends, in whole or in part, on the price or value of Financial Instruments of A.

(10) Refraining from action may be considered conduct amounting to Market Abuse where a person has failed to discharge a legal or regulatory obligation or has failed to inform those persons to whom he has made certain representations that such representations have ceased to be correct.

(11) The Market Abuse provisions apply to Financial Instruments whether or not the Financial Instruments are admitted to an Official List or admitted to trading on a market in the ADGM. As a result the Market Abuse provisions have a potentially broad application to Financial Instruments in the ADGM or affecting ADGM markets.

Application to conduct within the ADGM

(12) The Market Abuse prohibitions at section 93(1) are expressed to apply to Behaviour in the ADGM, or in relation to Financial Instruments admitted to trading on a Prescribed Market situated or operating in the ADGM.

(13) In addition, the Market Abuse provisions apply to Financial Instruments for which a request for an admission to trading on a Prescribed Market has been made in accordance with section 93(1)(b)(ii).

(14) The following are examples of conduct which occurs outside the ADGM that, in the Regulator's view may, depending on other factors such as the state of knowledge of the person concerned, fall within the scope of the Market Abuse provisions:

(a) a person outside the ADGM places an order to trade that creates, or is likely to create, an artificial price for a Financial Instrument traded on an Exchange in the ADGM;

(b) a person engages in conduct outside the ADGM that manipulates the price of a benchmark or Financial Instrument and affects the price of a Derivative admitted to trading in the ADGM that is referenced to that benchmark or Financial Instrument;

(c) a person who has Inside Information relating to an Issuer that has Financial Instruments traded on an Exchange in the ADGM discloses that information outside the ADGM to another person (other than in the necessary course of business of the person making the disclosure); and

(d) a person outside the ADGM contacts potential investors in the ADGM and makes statements that are misleading, false or deceptive in order to induce those investors to buy a Financial Instrument.

Intention to commit Market Abuse

(15) The Market Abuse prohibitions generally do not require that the person engaging in the relevant conduct intended to commit Market Abuse. However, a number of Articles require that the person knew or reasonably ought to have known of a certain matter e.g. that conduct would have a certain effect or that information is false or misleading (see, for example, section 102(1) (misleading statements)).

Systems and controls to prevent market misconduct

(16) An Authorised Person and Recognised Body is required under GEN Rule 3.3.20(a) to establish and maintain appropriate systems and controls that ensure, as far as reasonably practical, that the Authorised Person or Recognised Body and their Employees do not engage in conduct, or facilitate others to engage in conduct, which may constitute market misconduct.

Other provisions that apply to Prospectuses and Authorised Persons

(17) If a misleading or deceptive statement or a material omission occurs in a Prospectus, then separate and specific prohibitions and defences are likely to apply. These are set out in sections 67 and 68 of the FSMR.

(18) If a Reporting Entity fails to make a timely disclosure of information to the market then section 201 is likely to apply. However, if an Authorised Person discloses information to the market which is false or misleading (and knows or could reasonably be expected to know that it is false or misleading) then the Market Abuse provisions may apply.

2 MARKET MANIPULATION

2-1 Introduction

(1) Section 92(4) of the FSMR provides that market manipulation amounts to:

Behaviour [consisting] of effecting transactions or orders to trade (otherwise than for legitimate reasons and in conformity with Accepted Market Practices on the relevant market) which -

(a) give, or are likely to give, a false or misleading impression as to the supply of, or demand for, or as to the price of, one or more Financial Instruments; or

(b) secure the price of one or more such Instruments at an abnormal or artificial level.

(2) The following Rules of this chapter set out the Regulator's views on conduct that contravenes paragraphs (a) and (b) of section 92(4).

2-2 Market Manipulation

(1) This Rule sets out examples of conduct that, in the Regulator's view, may contravene sections 92(4)(a) and (b) and factors that the Regulator may take into account in considering whether conduct contravenes those Articles.

Examples of market manipulation

(2) The following are general examples of conduct that, in the Regulator's view, may result in or contribute to a false or misleading impression under section 92(4)(a):

(a) buying or selling Financial Instruments at the close of the market with the effect of misleading investors who act on the basis of closing prices;

(b) entering orders with a view to creating a false perception of demand or supply;

(c) wash trades – that is, a sale or purchase of a Financial Instrument where there is no change in beneficial interest or market risk, or where the transfer of beneficial interest or market risk is only between parties acting in collusion, resulting in a false appearance of trading activity;

(d) painting the tape – that is, entering into a transaction or series of transactions in relation to a Financial Instrument which are shown on a public display to give the impression of activity or price movement in the Financial Instrument;

(e) layering – that is, submitting multiple orders in relation to a Financial Instrument away from one side of the order book with the intention of executing a trade on the other side of the order book, where once that trade has taken place, the initial manipulative orders will be removed;

(f) momentum ignition – that is, entering orders or a series of orders in relation to a Financial Instrument that are intended to start or exacerbate a trend, and to encourage other participants to accelerate or extend the trend in order to create an opportunity to unwind/open a position at a favourable price; and

(g) quote stuffing – that is, entering large numbers of orders and/or cancellations/updates to orders in relation to a Financial Instrument to

create uncertainty for other market participants, slow down their trading processes, camouflage the person's own strategy, disrupt or delay the functioning of the trading process and/or make it more difficult to identify genuine orders on the trading system.

While some of the above examples are more commonly associated with algorithmic trading, such as high frequency trading, in the Regulator's view, the conduct could amount to Market Abuse whether it occurs using automated systems or manually.

(3) The following are general examples of conduct that, in the Regulator's view, may create or may be likely to create an artificial price for a Financial Instrument under section 92(4)(b):

(a) marking the open/marking the close – that is, buying or selling a Financial Instrument near the reference time of the trading session (e.g. at opening or closing time) or at the end of a particular period (e.g. at the end of the quarter or a financial year) in order to increase, decrease, maintain or mislead investors as to the reference price (e.g. opening price or closing price);

(b) transactions where both buy and sell orders for a Financial Instrument are entered at, or nearly at, the same time, with the same price and quantity by the same party, or by parties acting in collusion, in order to position the price of the Financial Instrument at a particular level;

(c) transactions or orders to trade by a person, or persons acting in collusion, that secure a dominant position over the supply of or demand for a Financial Instrument or the underlying Financial Instrument or commodity and which have the effect of fixing, directly or indirectly, purchase or sale prices or creating other unfair trading conditions;

(d) an abusive squeeze – that is, when a person:

(i) who has a significant influence over the supply of, or demand for, or delivery mechanisms for a Financial Instrument or the underlying product of a Derivative; and

(ii) has a position (directly or indirectly) in a Financial Instrument under which quantities of the Financial Instrument, or product in question are deliverable,

engages in Behaviour with the purpose of positioning at a distorted level the price at which others have to deliver, take delivery or defer delivery to satisfy their obligations in relation to a Financial Instrument,

where this purpose is an actuating purpose and not necessarily the sole purpose of entering into the transaction or transactions;

(e) colluding in the after-market of an initial public Offer - that is, parties, who have been allocated Financial Instruments in a primary Offering, collude to purchase further tranches of those Financial Instruments when trading begins, in order to force the price of the Financial Instrument to an artificial level and generate interest from other investors, and then sell the Financial Instruments;

(f) creating a floor (or ceiling) in the price pattern - that is, transactions or orders to trade carried out in such a way as to create obstacles to the price of a Financial Instrument falling below or rising above a certain level; for example, to avoid negative consequences for an Issuer, such as the downgrading of the Issuer's credit rating or to ensure that a Derivative settlement price is above a certain strike price; and

(g) entering into transactions or placing orders in relation to a Financial Instrument on one exchange in order to influence improperly the price of a Related Instrument on that exchange or the price of the same Financial Instrument or a Related Instrument on another exchange.

(4) The following are some more specific examples of conduct that, in the Regulator's view, may contravene sections 92(4)(a) or (b):

(a) A, a trader, accumulates a large position in Commodity Derivatives (whose price will be relevant to the calculation of the settlement value of another Derivative position he holds) just before the close of trading. A's purpose is to position the price of the Commodity Derivatives at an artificial level so as to make a profit from his Derivative position;

(b) B, a trader, holds a short position that will show a profit if a particular Financial Instrument, which is currently a component of an index, falls out of that index. Whether the Financial Instrument will fall out of the index depends on the closing price of the Financial Instrument on a particular day. B places a large sell order in this Financial Instrument just before the close of trading on that day. His purpose is to position the price of the Financial Instrument at an artificial level so that the Financial Instrument will drop out of the index resulting in his making a profit;

(c) a fund manager, whose quarterly performance will improve if the valuation of his portfolio at the end of the quarter in question is higher rather than lower, places a large order to buy relatively illiquid Shares, which are also components of his portfolio. The order is to be executed near the close of the last trading day of the quarter. His purpose is to position the price of those Shares at an artificial level; and

(d) an entity, A, purchases a large number of Shares of an Issuer on its initial public listing. In the period between that listing and the end of A's financial year, the price of the Issuer's Shares declines significantly. Near the close of market on the date of A's financial year end, a broker acting for A enters several bids to buy Shares in the Issuer. The bid prices are well above those at which the Shares had been trading and have the effect of significantly increasing the closing price of the Shares. The purpose of A making the bids is to increase the price of the Shares, marking up the book value of A's proprietary holdings in the Issuer, thus boosting its own financial position at year end.

General factors

(5) In considering whether conduct may contravene sections 92(4)(a) or (b), the Regulator may take into account factors such as:

(a) the experience and knowledge of the users of the market in question;

(b) the structure of the market, including its reporting, notification and transparency requirements;

(c) the level of liquidity in the market;

(d) the legal and regulatory requirements of the market concerned;

(e) the identity and position of the person responsible for the conduct which has been observed; or

(f) the extent and nature of the visibility or disclosure of the person's activity.

(6) The following factors may, in the Regulator's view, indicate that conduct contravenes sections 92(4)(a) or (b):

(a) if the transaction was executed in a particular way to create a false or misleading impression;

(b) if the order or transaction does not appear to have a legitimate economic rationale;

(c) if the person has another, illegitimate, reason for undertaking the transaction, bid or order to trade; or

(d) if the motivating purpose for the transaction is to induce others to trade in, bid for or to position or move the price of, a Financial Instrument.

(7) The following factors are, in the Regulator's view, likely to indicate that conduct does not contravene sections 92(4)(a) or (b):

(a) if the conduct is pursuant to a prior legal or regulatory obligation owed to a third party; or

(b) if the transaction was carried out in a particular way to comply with the rules of the relevant Exchange about how such transactions are to be executed.

Factors relating to giving a false or misleading impression

(8) In considering whether conduct may result in, or contribute to, a false or misleading impression as to the supply of, demand for, or price of a Financial Instrument, the Regulator may take into account factors such as:

(a) the extent to which orders to trade given, or transactions undertaken, represent a significant proportion of the daily volume of transactions in the relevant Financial Instrument on the market concerned, in particular when these activities lead to a significant change in the price of the Financial Instrument;

(b) the extent to which orders to trade given, or transactions undertaken, by persons with a significant buying or selling position in a Financial Instrument lead to significant changes in the price of the Financial Instrument;

(c) whether transactions undertaken lead to no change in beneficial ownership of a Financial Instrument;

(d) the extent to which orders to trade given, or transactions undertaken, include position reversals in a short period;

(e) the extent to which orders to trade given, or transactions undertaken, are concentrated within a short time span in the trading session and lead to a price change which is subsequently reversed;

(f) the extent to which orders to trade given change the representation of the best bid or Offer prices in a Financial Instrument on a market, or more generally the representation of the order book available to market participants, and are removed before they are executed;

(g) the extent to which orders to trade are given, or transactions are undertaken, at or around a specific time when reference prices, settlement prices and valuations are calculated and lead to price changes which have an effect on such prices and valuations; or

(h) the extent to which orders to trade given or transactions undertaken by persons are preceded or followed by a dissemination of false or misleading information by such persons.

Factors relating to creating an artificial price

(9) In considering whether or not conduct creates, or is likely to create, an artificial price under section 92(4)(b), the Regulator is likely to take into account factors such as:

(a) the extent to which the person had a direct or indirect interest in the price or value of the Financial Instrument;

(b) the extent to which price, rate or option volatility movements, and the volatility of these factors for the Financial Instrument in question, are outside their normal intra-day, daily, weekly or monthly range; or

(c) whether a person has successively and consistently increased or decreased his bid, Offer or the price he has paid for a Financial Instrument.

Maximising profit and trading outside normal range

(10) It is unlikely that the conduct of market participants in dealing at times and in sizes most beneficial to them (whether for the purpose of long term investment objectives, risk management or short term speculation) and seeking the maximum profit from their dealings will of itself amount to creating an artificial price.

(11) The fact that prices in the market are trading outside their normal range does not necessarily indicate that someone has engaged in conduct for the purpose of positioning prices at an artificial level. High or low prices relative to a trading range can be the result of the proper interplay of supply and demand.

Abusive squeezes

(12) Squeezes occur relatively frequently when the proper interaction of supply and demand leads to market tightness, but this does not of itself indicate that there has been Market Abuse. Having the power significantly to influence the supply of, or demand for, or delivery mechanisms for a Financial Instrument (e.g. through ownership, borrowing or reserving the Financial Instrument in question) does not of itself amount to Market Abuse.

(13) The following are specific examples of an abusive squeeze that, in the Regulator's view, may contravene section 92 (4)(b):

(a) during the course of a trading day on a Commodity Derivative Exchange, a trader rapidly builds up a position of more than 90% of the physical inventory underlying a crude oil contract. The trader fails to Offer to lend the crude oil back to other market participants at a reasonable commercial rate. The trader then unwinds his position in the Exchange's final settlement window[1] at rapidly increasing prices, thereby cornering/squeezing the crude oil market. His conduct causes an abnormal movement in the price of crude oil contracts for forward month delivery; and

(b) a trader with a long position in bond futures, buys or borrows a large amount of the bonds and either refuses to re-lend these bonds or will only lend them to parties he believes will not re-lend to the market. His purpose is to position the price at which persons with short positions have to deliver to satisfy their obligations at a materially higher level, making him a profit on his position.

(14) In considering whether a person has engaged in an abusive squeeze that contravenes section 92(4)(b), the Regulator may take into account factors such as:

(a) the extent to which a person is willing to relax his control or other influence in order to help maintain an orderly market, and the price at which he is willing to do so; for example, conduct is less likely to amount to an abusive squeeze if a person is willing to lend the Financial Instrument or the underlying Financial Instrument or commodity in question;

(b) the extent to which the person's activity causes, or risks causing, settlement default by other market participants. The more widespread the risk of settlement default, the more likely that an abusive squeeze has occurred;

(c) the extent to which prices under the delivery mechanisms of the market diverge from the prices for delivery of the Financial Instrument or underlying Financial Instrument or commodity outside those mechanisms. The greater the divergence beyond that to be reasonably expected, the more likely that an abusive squeeze has occurred; and

(d) the extent to which the spot or immediate market compared to the forward market is unusually expensive or inexpensive or the extent to

[1] The period which occurs during the last trading day of the month for the relevant contract when the Exchange calculates the final settlement price.

which lending or borrowing rates are unusually expensive or inexpensive.

2-3 Defences

(1) A number of defences to section 92(4) are set out in within section 92(4) itself.

Market Practice

(2) If a person establishes that they carried out the conduct or practice for legitimate reasons and in conformance with an Accepted Market Practice (see section 92(4)).

Price Stabilisation

(3) Section 93(3)(b) provides that:

Behaviour does not amount to Market Abuse for the purposes of these Regulations if … it conforms with the Price Stabilising Rules…

(4) The effect of section 93(3)(b) is that if a Person establishes that they carried out Price Stabilisation in accordance with MKT 6.2, this conduct will not contravene section 92. MKT 6.2 sets out the relevant Rules relating to carrying on Price Stabilisation that must be complied with.

Buy-back Programmes

(5) The effect of section 93(3)(a) is that if a Person establishes that they carried out a Buy-back Programme in accordance with MKT 6.2, this conduct will not contravene section 92. MKT 6.2 sets out the relevant Rules relating to carrying on a Buy-back Programme that must be complied with.

3 DISSEMINATION OF FALSE OR MISLEADING INFORMATION

Section 92(6) of the FSMR

(1) Section 92(6) of the FSMR provides that Behaviour will amount to Market Abuse where it:

"…consists of the dissemination of information by any means which gives, or is likely to give, a false or misleading impression as to a Financial Instrument by a person who knew or could reasonably be expected to have known that the information was false or misleading".

Means of dissemination

(2) The dissemination of information under section 92(6) could, in the Regulator's view, be by a variety of means, including, for example:

(a) through a Regulatory Announcement Service;

(b) through media such as the radio, a newspaper or television;

(c) through the internet, including any form of social media;

(d) through any market information service such as a trading terminal; or

(e) by conveying information verbally to another person.

No transaction required

(3) It should be noted that this type of Market Abuse does not require any transaction to be entered into in connection with the dissemination of information.

Knowledge that the information is false or misleading

(4) Section 92(6) requires that the person who disseminates the information either knows or could reasonably be expected to know that the information is false or misleading. That is, it sets out either a subjective or objective test relating to knowledge that must be met.

(5) In assessing whether a person could reasonably be expected to know that the information is false or misleading (i.e. the objective test), the Regulator will consider if a reasonable person in that position would know or should have known in all the circumstances that the information was false or misleading.

(6) If a person disseminates information about a Financial Instrument that is false or misleading and the person is reckless as to whether the information is true or false (e.g. if the person gave no thought as to whether it is true or false), the Regulator will consider that the person could reasonably be expected to know that the information is false or misleading.

(7) The Regulator would ordinarily consider that a person did not know and could not reasonably be expected to have known that the information is false or misleading if:

(a) an organisation has in place effective Chinese Walls to prevent the exchange of information between different areas within the organisation;

(b) an individual in the organisation did not have access to other information that was being held behind the Chinese Wall; and

(c) the individual disseminates information that is false or misleading due to his not being aware of that other information (i.e. which makes his information false or misleading) as it is held behind the Chinese Wall.

Examples of dissemination of false or misleading information

(8) The following are examples of conduct that, in the Regulator's view, may contravene section 92(6):

(a) spreading false or misleading rumours where the person making the dissemination knew or ought to have known that such rumours were false or misleading;

(b) spreading false or misleading information through the media – for example, a person posts information on an internet forum or via social media which contains false or misleading statements about the Takeover of a Company when the person knows that the information is not true;

(c) disclosure of false or misleading information by an Issuer – an Issuer discloses information to the market under its continuous disclosure obligations which gives a false or misleading impression about the true impact of a matter on its Financial Instruments (when it knew or could reasonably be expected to know that the information was false or misleading);

(d) reckless submission of false or misleading information regarding a Financial Instrument by a person responsible for such submission through a Regulatory Announcement Service; and

(e) undertaking a course of conduct in order to give a false or misleading impression about a Financial Instrument.

4 USE OF FICTITIOUS DEVICES AND OTHER FORMS OF DECEPTION

Section 92(5) of the FSMR

(1) Section 92(5) of the FSMR provides that Market Abuse constitutes Behaviour which:

"…consists of effecting transactions or orders to trade which employ fictitious devices or any other form of deception or contrivance."

(2) Under section 92(5) it is necessary for there to be a transaction or order to trade. The transaction or order to trade must either itself or in conjunction with other factors create an effect that is fictitious, deceptive or a contrivance. The FSMR does not define what is meant by a "fictitious device" or "any other form of deception or contrivance". In the Regulator's view, these terms have a potentially broad meaning. This section would, for example, in the Regulator's view, cover situations where the transaction or order to trade when viewed in the context of other related conduct (such as dissemination

of information) has an overall effect that is fictitious or deceptive. Factors which may indicate that a fictitious device or other form of deception or contrivance has been used include:

(a) where orders to trade given or transactions undertaken in Financial Instruments by persons are preceded or followed by the dissemination of false or misleading information by such persons; and

(b) where orders to trade are given, or transactions are undertaken in Financial Instruments, by persons before or after the production or dissemination of research or investment recommendations which are erroneous, biased or influenced by material interest.

Examples of fictitious devices etc

(3) The following are examples of conduct that, in the Regulator's view, may contravene section 92(5):

(a) voicing misleading opinions through the media - a person with access to the media (such as a newspaper columnist) enters into a transaction to buy a Financial Instrument and then voices an opinion in the media about the Financial Instrument (or its Issuer) which results or is likely to result in the moving of the price of the Financial Instrument in a direction favourable to the position held by the person. The person does not disclose his conflict of interest when voicing the opinion;

(b) concealing ownership – a person enters into a transaction or series of transactions that are designed to conceal the ownership of a Financial Instrument, by holding the Financial Instrument in the name of a colluding party, with the result that disclosures are misleading in respect of the true identity or value of the underlying holding;

(c) trash and cash schemes – for example, a trader takes a short position in Financial Instruments in a Company and then begins spreading false rumours that the Company is facing funding difficulties and is in serious financial difficulty in order to drive down the price of the Financial Instrument; and

(d) pump and dump schemes – this is the opposite of 'trash and cash': for example, a person takes a long position in a Financial Instrument and then disseminates misleading positive information about the Financial Instrument with a view to increasing its price. As a result of his conduct the person is able to sell his Financial Instruments at an inflated price.

The Regulator notes that some of the above examples may also breach other sections such as section 102 (misleading statements).

5 INSIDER DEALING

5-1 Section 92(2) of the FSMR

(1) Section 92(2) of the FSMR provides that Insider Dealing occurs when:

"…an Insider deals, or attempts to deal, in a Financial Instrument or Related Instrument on the basis of Inside Information relating to the Financial Instruments or Related Instrument in question."

5-2 What is "Inside Information"?

Definition

(1) "Inside Information" is defined in section 95(2) as meaning information of a Precise nature which, in relation to Financial Instruments or Related Instruments which are not Commodity Derivatives:

(a) is not generally available;

(b) relates, directly or indirectly, to one or more Issuers of the Financial Instruments or to one or more of the Financial Instruments; and

(c) would, if generally available, be likely to have a significant effect on the price of the Financial Instruments or on the price of Related Instruments.

(2) "Inside Information" is defined in section 95(3) as information of a Precise nature which, in relation to Financial Instruments or Related Instruments which are Commodity Derivatives:

(a) is not generally available;

(b) relates, directly or indirectly, to one or more such derivatives; and

(c) users of markets on which the derivatives are traded would expect to receive in accordance with any Accepted Market Practices on those markets.

When is information "Precise"?

(3) To be "Inside Information", information must be of a Precise nature. Section 95(5) states that information is "Precise" if it:

(a) indicates circumstances that exist or may reasonably be expected to come into existence or an event that has occurred or may reasonably be expected to occur; and

(b) is specific enough to enable a conclusion to be drawn as to the possible effect of those circumstances or that event on the price of Financial Instruments or Related Instruments.

(4) The Regulator may also consider that where a protracted process intends to bring about or result in particular circumstances, those circumstances and the intermediate steps of the process which are connected with bringing about such circumstances can also be deemed to be "Precise" information.

When is information "generally available"?

(5) Information is only "Inside Information" under the definition in section 95(2) if it is not generally available and has not been made available to the public. The FSMRs do not define what is meant by "generally available", although section 95(8) states that information which can be obtained by research or analysis conducted by, or on behalf of, users of a market is to be regarded as being "generally available" to them.

(6) The following factors are, in the Regulator's view, likely to indicate that information is "generally available" (and therefore is not Inside Information):

(a) if the information has been the subject of a disclosure to the market through a Regulatory Announcement Service or otherwise in accordance with the rules of the relevant market or a requirement in a law;

(b) if the information is contained in records which are open to inspection by the public;

(c) if the information is otherwise generally available, including through the Internet, or some other publication (including if it is only available on payment of a fee), or is derived from information which has been made public;

(d) if the information can be obtained by observation by members of the public without infringing rights or obligations of privacy, property or confidentiality; or

(e) if the information can be obtained by analysing or developing other information which is generally available.

For example, if a passenger in a vehicle passing a burning factory calls his broker and tells him to sell Shares in the Company that owns the factory, the passenger will be acting on information which is generally available, since it is information which has been obtained by legitimate means through observation of a public event.

(7) It is not relevant, in the Regulator's view, in relation to information referred to in paragraph 4 that:

(a) the information is only generally available outside the ADGM; or

(b) the observation, research or analysis is only achievable by a person with above average financial resources, expertise or competence.

When will information have a "significant effect on price"?

(8) Information is only "Inside Information" under the definition in section 95(2) if it would be likely to have a significant effect on the price of the Financial Instrument or a Related Instrument. Information would be likely to have a "significant effect on price" if and only if it is information of the kind which a reasonable investor would be likely to use as part of the basis of his investment decisions (see section 95(6)). In the Regulator's view, if information is of a kind which a reasonable investor would be likely to use as part of the basis of his investment decisions, then the "significant effect on price" test will be satisfied.

Trading Information

(9) Section 95(4) provides that information about a person's pending orders in relation to a Financial Instrument or Related Instrument is also Inside Information. The Regulator considers that information of the following kinds (referred to in this RMC as "Trading Information") relating to pending orders may be Inside Information:

(a) that Financial Instruments of a particular kind have been or are to be acquired or disposed of, or that their acquisition or disposal is under consideration or the subject of negotiation;

(b) that Financial Instruments of a particular kind have not been or are not to be acquired or disposed of;

(c) the quantity of Financial Instruments acquired or disposed of or whose acquisition or disposal is under consideration or the subject of negotiation;

(d) the price (or range of prices) at which Financial Instruments have been or are to be acquired or disposed of or the price (or range of prices) at which Financial Instruments whose acquisition or disposal is under consideration or the subject of negotiation may be acquired or disposed of; or

(e) the identity of the persons involved or likely to be involved in any capacity in an acquisition or disposal.

(10) A person who executes a Client order does not contravene section 92(2) (Insider Dealing) provided he complies with certain conditions (see Rules 5-7(8) and 5-7(9) of the RMC).

Carrying out of own trading intention

(11) A person will form an intention to deal in a Financial Instrument before doing so. His carrying out of his own intention will not of itself contravene section 92(2) (Insider Dealing).

5-3 Definition Of "Insider"

(1) The term "Insider" is defined in section 94 as meaning:

"…any person who has Inside Information:

(a) as a result of his membership of an administrative, management or supervisory body of an Issuer of Financial Instruments;

(b) as a result of his holding in the capital of an Issuer of Financial Instruments;

(c) as a result of having access to the information through the exercise of his employment, profession or duties;

(d) as a result of his criminal activities; or

(e) which he has obtained by other means and which he knows, or could reasonably be expected to know, is Inside Information."

(2) If a person has Inside Information in any of the circumstances set out in sections 94(a) to (d) then, in the Regulator's view, it is not necessary to show that the person knew that the information concerned was Inside Information. However, if the person has information in the circumstances set out in section 94(e), then that sub- paragraph requires that the person knew, or could reasonably be expected to know, that the information is Inside Information. For that purpose, a person could reasonably be expected to know, if:

(a) a normal and reasonable person in the position of the person holding the Inside Information would know or should have known that the person from whom he received such information was an Insider; and

(b) a normal and reasonable person in his position who has Inside Information would have known it is Inside Information.

5-4 Dealing "On The Basis Of" Inside Information

Factors to be taken into account "on the basis of"

(1) To contravene section 92(2), it is necessary that the Insider deals or attempts to deal "on the basis" of Inside Information. In the Regulator's view, if the Inside Information is the reason for, or a material influence on, the decision to deal or attempt to deal then this indicates that the dealing or attempt to deal is "on the basis" of the Inside Information.

(2) The following factors are, in the Regulator's view, likely to indicate that the dealing is not "on the basis of" Inside Information:

(a) if the decision to deal or attempt to deal was made before the person possessed the relevant Inside Information;

(b) if the person concerned is dealing to satisfy a legal or regulatory obligation which came into being before he possessed the relevant Inside Information; or

(c) if a person is an organisation, if none of the individuals in possession of the Inside Information:

(i) had any involvement in the decision to deal; or

(ii) behaved in such a way as to influence, directly or indirectly, the decision to engage in the dealing; or

(iii) had any contact with those who were involved in the decision to engage in the dealing whereby the information could have been transmitted.

5-5 Attempting To Deal And Dealing In Related Instruments

Attempting to deal

(1) Section 92(2) provides that an Insider shall not directly or indirectly "deal or attempt to deal in a Financial Instrument or Related Instrument" on the basis of Inside Information.

(2) In the Regulator's view, an "attempt to deal" covers circumstances where an Insider takes steps to enter into a transaction but the transaction is not executed. For example, if an Insider places an order with a broker or instructs another person (such as his investment adviser) to place an order with a broker, even though the order is not subsequently executed.

Related Instruments

(3) Section 92(2) prohibits an Insider from dealing or attempting to deal in relation to either the Financial Instrument (i.e. to which the Inside Information relates) or a Related Instrument. The definition of a "Related Instrument" is set out at Rule 1(9) of the RMC.

(4) For example, if an Insider has Inside Information relating to an Issuer, A, of a Financial Instrument, then a "Related Instrument" could include a Derivative relating to Financial Instruments of A or a Financial Instrument of another member of A's Group, if the price or value of that other Financial Instrument depends, in whole or in part, on the price or value of Financial Instruments of A.

5-6 Examples Of Insider Dealing

(1) The following are general examples of conduct that, in the Regulator's view, may contravene section 92(2) (Insider Dealing):

(a) a person who deals on the basis of Inside Information which does not amount to Trading Information;

(b) a person who possesses Inside Information and uses such information to acquire or dispose of, for their own account or for the account of a third party, directly or indirectly, Financial Instruments to which that information relates;

(c) a person who enters an order and consequent to the order becomes privy to Inside Information, and then amends or cancels the order based on that Inside Information;

(d) an Officer or Employee of an Issuer becomes aware of Inside Information relating to the Issuer, the Officer or Employee then deals in Financial Instruments of the Issuer on the basis of that information;

(e) a person who generally obtains an unfair advantage from Inside Information to the detriment of third parties who are unaware of such information, by entering into Financial Instruments in accordance with that information;

(f) front running - that is, a transaction for a person's own benefit, on the basis of and ahead of an order which he or another person is to carry out with or for another person (where the information concerning the order is Inside Information), which takes advantage of the anticipated impact of the order on the market;

(g) using Inside Information obtained as a result of a market sounding (i.e. a discussion with a potential investor to gauge his interest in a potential Offering of a Financial Instrument or the price of the potential Offering) to deal in a Financial Instrument;

(h) in the context of a Takeover, an Offer or potential Offer or entering into a transaction in a Financial Instrument, or in a Related Instrument, on the basis of Inside Information concerning the proposed bid, that provides merely an economic exposure to movements in the price of the target Company's Shares (for example, a Derivative related to the target Company's share price); or

(i) in the context of a Takeover, a person who acts as an adviser to the Offer or potential Offeror dealing for his own benefit in a Financial Instrument or in a Related Instrument on the basis of information concerning the bid which is Inside Information.

(2) The following are some more specific examples of conduct that, in the Regulator's view, may contravene section 92(2) (Insider Dealing):

(a) A is the CEO of a Company (an Authorised Person) that is about to release its semi-annual financial report. The report will disclose an outstanding claim that will have a significant impact on the Company's financial results. A passes this information on to family members who instruct their broker to sell their Shares in the Company. The family members would have contravened sections 92(2) (Insider Dealing) and A would have contravened section 92(3) (providing Inside Information) (see Rule 6 of the RMC);

(b) B, an Employee of an oil and gas Company (an Authorised Person) becomes aware through his employment that the Company is about to enter into a new joint venture agreement with another Company that will potentially be very lucrative for the Company. Before the new joint venture is disclosed to the market, B buys Shares in his employer Company based on his expectation that the price of the Shares will rise significantly once the new joint venture is announced;

(c) C, an Employee of a firm that is providing advisory services to a Company, D (an Authorised Person), becomes aware of negotiations for a Takeover of D that is likely to be announced to the market imminently. C buys Shares in D based on his expectation that the Takeover will soon be announced;

(d) D, a dealer on the trading desk of an Authorised Person dealing in Derivatives, accepts a large order from a Client to acquire a long position in futures. Before executing the order, D trades for the firm and on his personal account by taking a long position in those futures,

based on his expectation that he will be able to sell them at profit due to the significant price increase that will result from the execution of his Client's order. Both trades would contravene section 92(2) (Insider Dealing); and

(e) Investment bank E has been in discussions with an Issuer about a potential issue of new Financial Instruments by the Issuer. In order to gauge potential investor interest and the terms of the issue, E raises the issue with a potential investor, F, to see if F would be prepared to commit to purchasing some of the Financial Instruments. F uses this Inside Information to deal in other Related Instruments.

5-7 Defences

(1) Some general examples of conduct that may be considered by the Regulator as a defence to Market Abuse include:

(a) the person is participating in a liquidity scheme which is operated by a Recognised Investment Exchange;

(b) despite possessing the Inside Information, the person has established, implemented and maintained adequate and effective internal arrangements and procedures that effectively ensure that the person engaging in Market Abuse was not in possession of the Inside Information;

(c) the person establishes that he reasonably believed that the Inside Information had been disclosed to the market in accordance with the FSMR or the Markets Rules;

(d) the dealing occurred in the legitimate performance of an underwriting agreement for the Financial Instruments or Related Instruments in question;

(e) the dealing occurred in the legitimate performance of his functions as a liquidator or receiver;

(f) the dealing is undertaken solely in the course of the legitimate performance of his functions as a market maker;

(g) the person executes an unsolicited Client order in Financial Instruments or Related Instruments while in possession of Inside Information without contravening section 92(3) (providing Inside Information) or otherwise advising or encouraging the Client in relation to the transaction;

(h) the dealing is undertaken legitimately and solely in the context of that person's public Takeover bid for the purpose of gaining control of that Authorised Person or a proposed merger with that Authorised Person; or

(i) the sole purpose of the Authorised Person acquiring its own Shares was to satisfy a legitimate reduction of share capital or to redeem Shares in accordance with the Rules.

Further guidance setting out the Regulator's views on some, but not all, of these defences is set out below.

Market making

(2) Dealing undertaken by a person solely in the course of the legitimate performance of his functions as a market maker on his own account will not contravene section 92(2) (Insider Dealing).

(3) In the Regulator's view, the following factors are likely to indicate that a person's dealing in a Financial Instrument is in the course of the legitimate performance of his functions as a market maker:

(a) if the person holds himself out as willing and able to enter into transactions for the sale and purchase of Financial Instruments of that description at prices determined by him generally and continuously rather than in respect of a particular transaction;

(b) if the dealing is in the course of the provision of the services referred to in (a) or is in order to hedge a risk arising from such a dealing; and

(c) if Inside Information held by the person or persons who make the decision to deal is limited to Trading Information.

(4) In the Regulator's view, if the person acted in Contravention of a regulatory requirement or a requirement of the relevant market, that is a factor that indicates that the person's dealing is not in the legitimate performance of his functions as a market maker.

Other general examples of conduct that may amount to defences to section 92(2) (Insider Dealing) in the Regulator's view include the following:

Underwriting

(5) A dealing by a person that occurs in the legitimate performance of an underwriting agreement for the Financial Instruments or Related Instruments in question.

(6) In the Regulator's view, an underwriting agreement is an agreement under which a party agrees to buy, before issue, a specific quantity of Financial Instruments in an issue of Financial Instruments on a given date at a given price, if no other party has purchased or acquired them.

(7) In the Regulator's view, if the person acted in Contravention of a relevant regulatory requirement or a requirement of the relevant market, that is a factor that indicates that the person's dealing is not in the legitimate performance of his functions under an underwriting agreement.

Execution of Client orders

(8) The execution of an unsolicited Client order in Financial Instruments or Related Instruments while in possession of Inside Information if the person executing the order has not:

(a) contravened section 92(3) i.e. disclosed Inside Information to the Client or procured the Client to deal in the Financial Instruments or Related Instruments for which the person executing the order has Inside Information (see Rule 6 of the RMC); or

(b) otherwise advised or encouraged the Client in relation to the transaction.

(9) In the Regulator's view, the following factors are likely to indicate that the person's dealing is the execution of an unsolicited Client order:

(a) if the dealing is initiated by the Client;

(b) if the person has agreed with their Client that it will act in a particular way when carrying out or arranging the carrying out of the order;

(c) if the person's Behaviour was with a view to facilitating or ensuring the effective carrying out of the order;

(d) if the person's Behaviour was reasonable by the proper standards of conduct of the market, and proportional to any risk undertaken by that person;

(e) if the relevant trading by that person on behalf of the Client order either has no impact on the price, or there has been adequate disclosure to the Client that trading will take place without objection from the Client; and

(f) if the person has complied with any applicable conduct of business obligations relating to the execution of the order for the Client.

(10) In the Regulator's view, if the Inside Information is not limited to Trading Information, that is a factor which indicates that the person's dealing does not amount to a dutiful execution of an unsolicited Client order.

Takeovers and mergers

(11) A dealing undertaken legitimately and solely in the context of a person's public Takeover bid for the purpose of gaining control of the Authorised Person or a proposed merger with the Authorised Person.

(12) There are two categories of Inside Information potentially relevant to a Takeover or merger:

(a) information that an Offeror or potential Offeror is going to make, or is considering making, an Offer for the target; and

(b) information that an Offeror or potential Offeror may obtain through due diligence.

(13) In determining whether or not the dealing is undertaken legitimately and solely in the context of a Takeover bid or merger, the Regulator is likely to take into account factors such as:

(a) whether the transactions concerned are in the target Company's Shares;

(b) whether the transactions concerned are for the sole purpose of gaining control or effecting the merger; and

(c) whether the person has complied with applicable regulatory requirements relating to the Takeover or merger.

Chinese walls

(14) A person may also be regarding as not contravening the Market Abuse provisions by dealing in Financial Instruments if:

(a) it had in operation at that time an effective information barrier which could reasonably be expected to ensure that the Inside Information was not communicated to the person or persons who made the decision to deal and that no advice with respect to the transaction or agreement was given to that person or any of those persons by an Insider; and

(b) the information was not communicated and no such advice was given.

For example, if Inside Information is held behind an effective information barrier, from the individuals who make the decision to deal, the dealing by the person may not contravene section 92(2).

(15) In the Regulator's view, to rely on this defence, the person must not only have in place information barriers which could reasonably be expected to prevent the communication of the Inside Information, but must also be able to show that the information was not in fact communicated to the person who made the decision to deal.

6 PROVIDING INSIDE INFORMATION

6-1 Section 92(3) of the FSMR

(1) Section 92(3) prohibits conduct where an Insider discloses Inside Information to another person otherwise than in the proper course of the exercise of his employment, profession or duties.

(2) The relevant definitions of:

(a) "Inside Information" and "Insider" are set out at Rules 5-2 and 5-3 of the RMC; and

(b) "Financial Instrument" and "Related Instrument" are set out at Rules 1(8) and 1(9) of the RMC.

6-2 Disclosure Of Inside Information

(1) Section 92(3) of the FSMR provides that Market Abuse will constitute instances where:

"…an Insider discloses Inside Information to another person otherwise than in the proper course of the exercise of his employment, profession or duties."

Disclosure "in the necessary course of business"

(2) Section 92(3) does not prohibit the disclosure of Inside Information by an Insider to another person if the disclosure is made in accordance with the Insider's employment, office, profession or duties.

(3) The Regulator would ordinarily consider the following disclosures of Inside Information made for regulatory purposes to be made in accordance with the Insider's employment, office, profession or duties:

(a) disclosure of Inside Information which is required or permitted under the FSMR;

(b) disclosure of Inside Information to the Regulator for the purpose of fulfilling a legal or regulatory obligation or otherwise to assist the Regulator to perform its functions; or

(c) disclosure of Inside Information to another regulatory authority for the purpose of fulfilling a legal or regulatory obligation or otherwise for the purpose of assisting that regulatory authority to perform its functions.

(4) In other cases, the Regulator is likely to take into account the following factors in determining whether or not the disclosure was made in the necessary course of business:

(a) whether the disclosure is permitted by the ADGM Rulebook, the rules of the relevant market or regulatory requirements relating to a Takeover;

(b) whether the disclosure is accompanied by the imposition of confidentiality requirements upon the person to whom the disclosure is made and is:

(i) reasonable and is to enable a person to perform the proper functions of his employment, profession or duties;

(ii) reasonable and is (for example, to a professional adviser) to facilitate, or seek advice about, a transaction or Takeover bid;

(iii) reasonable and is for the purpose of facilitating any commercial, financial or investment transaction (including prospective underwriters or places of Financial Instruments);

(iv) reasonable and is for the purpose of obtaining a commitment or expression of support in relation to a Takeover Offer; or

(v) in fulfilment of a legal obligation; or

(c) whether:

(i) the information disclosed is Trading Information;

(ii) the disclosure is by a person, A, only to the extent necessary, and solely in order, to Offer to dispose of the Financial Instrument to, or acquire the Financial Instrument from, the person receiving the information; and

(iii) it is reasonable for A to make the disclosure to enable him to perform the proper functions of his employment, profession or duties.

Dealing not required

(5) A person may contravene section 92(3) by disclosing Inside Information to another person even though the recipient does not deal on the basis of that information. That is, it is sufficient that the Inside Information is disclosed to another person, other than in accordance with the Insider's employment, office, profession or duties, without the need to show that any harm was caused.

Examples of improper disclosure of Inside Information

(6) The following are general examples of Behaviours that, in the Regulator's view, may amount to improper disclosure:

(a) disclosure of Inside Information by the Director of an Issuer to another in a social context; and

(b) selective briefing of analysts by Directors of Issuers or others who are persons discharging managerial responsibilities.

(7) The following are specific examples of conduct that, in the Regulator's view, may contravene section 92(3):

(a) A, a Director of a Company (an Authorised Person) has lunch with a friend, B, who has no connection with the Company or its advisers. A tells B that his Company has received a Takeover Offer that is at a premium to the current share price at which it is trading;

(b) B is the CEO of a Company (an Authorised Person) that is about to release its annual financial report. The report will disclose an outstanding claim that will have a significant impact on the Company's financial results. B passes the information on to family members (who have no role in the Company);

(c) an Officer or Employee of an Issuer selectively briefs analysts about developments relating to the Issuer that have not yet been disclosed to the market; and

(d) the chairman of an Authorised Person announces his resignation to a journalist before this information has been disclosed to the market as a whole.

7 INDUCING ANOTHER PERSON TO DEAL

Section 102(2) of the FSMR

(1) Section 102(2) of the FSMR provides that a person ("**P**"):

"…commits an offence if P makes the statement or conceals the facts with the intention of inducing, or is reckless as to whether making it or concealing them may induce, another person (whether or not the person to whom the statement is made)-

(a) to enter into or Offer to enter into, or to refrain from entering or Offering to enter into, a Relevant Agreement, or

(b) to exercise, or refrain from exercising, any rights conferred by a Designated Investment."

(2) Section 102(2) sets out a number of tests relating to knowledge of the person concerned. It requires that the person making or publishing a statement referred to in sections 102(1)(a) and (b) either knows or is reckless as to whether that statement is false or misleading in a material respect. In addition, the relevant person may contravene section 102(2) above where they dishonestly conceal any material facts either in connection with a statement made by that person or otherwise (see section 102(1)(c)).

Examples of inducing another person to deal

(3) The following are specific examples of conduct that, in the Regulator's view, may contravene section 102(2):

(a) a person involved in a boiler room operation cold calls investors and as part of his high pressure sales techniques makes exaggerated claims about the prospects of Shares in a Company. The Shares are in fact of little value, are relatively illiquid and are being sold at an inflated price;

(b) a person, A, circulates marketing information about a Financial Instrument to a small group of potential investors; the marketing information includes exaggerated claims about the potential future performance of the investment when A knows or ought to know that there is no reasonable basis for making the claims;

(c) a person, B, Offers to sell Shares he owns in a Company to a number of other private investors. B discloses a range of positive information about the Company's prospects but fails to disclose other information about financial difficulties the Company has recently experienced; and

(d) C, a financial adviser who is managing Financial Instruments for a Client, records false or misleading information about the value of investments in the Client's portfolio. His purpose is to ensure that portfolio account statements sent to the Client show the value of the portfolio to be higher than its actual value, in order to induce the Client to provide funds to purchase further Financial Instruments.

The Regulator notes that some of the above examples may also contravene other sections such as section 102 (misleading statements).

8 SPECIFIC MARKET PRACTICES

(1) In this Rule, the Regulator sets out some guidance about the application of the Market Abuse provisions to some specific market practices.

Stock lending and collateral

(2) A stock lending or borrowing transaction or a repo or reverse repo transaction, or a transaction involving the provision of collateral, will, in the Regulator's view, not usually of itself constitute Market Abuse.

Short Selling

(3) Short Selling is ordinarily a legitimate market practice that, in the Regulator's view, will not usually of itself constitute Market Abuse. In certain circumstances however, Short Selling when combined with other additional factors may amount to Market Abuse, for example:

(a) if a person takes a short position in the Shares of a Company and then spreads false rumours about the Company in order to drive down the share price;

(b) if an Insider enters into a Short Sale of a Financial Instrument on the basis of Inside Information; or

(c) if a person enters into a Short Sale of a Financial Instrument without any reasonable possibility of being able to settle the short position.

Market Making

(4) The legitimate performance of market making will not usually constitute Market Abuse – see Rules 5-7(2) to 5-7(4) of the RMC.

Other general conduct which may amount to defences to Market Abuse include:

Execution of Client Orders

(5) The execution of an unsolicited Client order if certain conditions are satisfied (see Rules 5-7(8) to 5-7(10) of the RMC).

Underwriting

(6) The legitimate performance of underwriting functions may also not amount to Market Abuse (see Rules 5-7(5) to 5-7(7) of the RMC).

9 ENFORCEMENT POWERS

(1) If the Regulator considers that a person has engaged in Market Abuse it may impose a range of different sanctions under Part 19 of the FSMR, such as:

(a) issuing the person with a private warning;

(b) censuring the person;

(c) fining the person such amount as it considers appropriate;

(d) suspending any Financial Services Permission which the person has to carry on a Regulated Activity;

(e) imposing such limitations or other restrictions in relation to the carrying on of a Regulated Activity by the person; and

(f) issuing a Prohibition Order.

(2) The Regulator may also decide to take other types of action under against a person whom it considers has engaged in Market Abuse such as:

(a) taking action in respect of a Financial Services Permission held by the person;

(b) restricting the person from performing any functions connected with Regulated Activities in or from the ADGM; or

(c) applying to the Court for an order against the person.

(3) In exercising its powers, the Regulator may also take into account all relevant circumstances, including, where appropriate:

(a) the gravity and duration of the breach;

(b) the degree of responsibility of the person responsible for the breach;

(c) the financial strength of the person responsible for the breach;

(d) the importance of the profits gained or losses avoided by the person responsible for the breach, insofar as such values can be determined;

(e) the level of cooperation of the person responsible for the breach with the Regulator;

(f) any previous breaches by the person responsible for the breach; and

(g) measures taken by the person responsible for the breach to prevent its reoccurrence.

(4) For the purposes of identifying Market Abuse, investors are free to report orders and transactions relating to Financial Instruments, including any cancellation or modification thereof, that could constitute Insider Dealing, market manipulation or attempted Insider Dealing or market manipulation, to the Regulator.

(5) Further information about the Regulator's enforcement powers and decision-making procedures can be found in Part 19 of the FSMR.

FINANCIAL SERVICES REGULATORY AUTHORITY
سلطة تنظيم الخدمات المالية

Guidance & Policies Manual (GPM)

GPM VER01.062016

ABU DHABI GLOBAL MARKET
سوق أبوظبي العالمي

TABLE OF CONTENTS

1. INTRODUCTION

1.1 General

1.1.1 This document is called the Guidance and Policies Manual ("GPM"). The GPM is for information purposes only and explains how we may regulate and supervise financial services firms and markets that operate in ADGM. The GPM has purposely been written in plain English. The GPM contains guidance on:

(a) our regulatory policies;

(b) our risk-based approach to authorisation, supervision and enforcement; and

(c) what we consider and take into account when exercising our powers.

1.1.2 The GPM is meant to assist persons operating or intending to operate financial services or a market in the ADGM and should be read in conjunction with the Financial Services and Markets Regulations ("FSMR") and the ADGM Rulebooks.

1.1.3 The GPM is not meant to be all of our guidance and policies on how we will operate and exercise our powers and we are not bound to follow it on all occasions. It is merely an informative document, which sets how we may act when exercising our powers.

1.2 Defined terms

1.2.1 Where we have used a defined term in the GPM, these are identified by the capitalisation of the word or a phrase capitalised. You can find meanings of these defined terms in the Glossary module ("GLO") of the ADGM Rulebook. There are also defined terms in the FSMR. If there is no capitalisation of the initial letter, the word or phrase has its normal common day meaning.

1.3 Updating the GPM

1.3.1 We will make amendments to the GPM when we make changes in our policies or processes to ensure it remains current.

1.4 Our mandate

1.4.1 We are committed to foster, promote and maintain a fair, efficient and responsive regulatory environment for our market participants and stakeholders.

1.4.2 We have adopted and apply international standards, such as those set out by the Basel Committee on Banking Supervision, the International Association of Insurance Supervisors, the International Organisation of Securities Commissions, the Financial Stability Board and the Financial Action Task Force.

2. BECOMING REGULATED

2.1 Our approach to authorisation

Introduction

2.1.1 This chapter outlines our approach when assessing if an applicant or registrant can become:

(a) an Authorised Firm;

(b) a Recognised Body;

(c) a Representative Office;

(d) an Approved Person; or

(e) a Principal Representative.

2.1.2 Before submitting an application, an applicant or registrant should contact our Authorisation Team at authorisation@adgm.com.

Prohibition and by way of business

2.1.3 The FSMR impose a prohibition on all persons who carry on an activity regulated by us in the ADGM "by way of business" unless the person is an Authorised Firm, Recognised Body or an Exempt Person.

2.1.4 Whether or not an activity is carried on by way of business is a question of fact that takes account several factors, including:

(a) how often the activity is conducted;

(b) whether there is a commercial element involved;

(c) the size and proportion of non-regulated activities carried on by the same person; and

(d) the nature, context and circumstances of the activity that is carried on.

Whether someone is carrying on his or her own business

2.1.5 Another aspect of the prohibition is that an employee will not breach the prohibition by carrying on an activity on behalf of his employer, as in such cases it is the employer who is carrying on that activity. The employee is simply carrying on the employer's business. This principle potentially also applies to agents and others who assist another to carry on that other's business.

General Prohibition and by way of business

2.1.6 The regulations impose a general prohibition on all persons who carry on a Regulated Activity in the ADGM "by way of business" unless the person is a firm, Recognised Body or an exempt person.

2.1.7 Whether or not an activity is carried on by way of business is a question of fact that takes account of several factors. These include:

(a) the degree to which the activity is conducted with continuity, regularity and systemically;

(b) the existence of a commercial element;

(c) the scale proportion and impact which the activity bears to other activities carried on by the same Person but which are not regulated; and

(d) the nature, context and circumstances of the particular activity that is carried on.

Regulated Activities and the need for a Financial Service Permission

2.1.8 Schedule 1 to the Financial Services and Markets Regulations contains a complete list of Regulated Activities. When determining whether an applicant will require a Financial Services Permission to engage in a specific Regulated Activity, the applicant should first, determine that such Regulated Activity will be carried on in or from the ADGM 'by way of business' as described in 2.1.6 and 2.1.7. If they are then the applicant will need to consider whether any of the applicable exclusions apply either (i) specified following the description of the relevant Regulated Activity or (ii) amongst the general exclusions contained in Chapter 18 of Schedule 1.

Combinations of Regulated Activities

2.1.9 Generally, we will rely upon the applicant's written application and discussions when considering which Regulated Activities should be included in any Financial Service Permission granted to the applicant. The Regulator will only include a Regulated Activity within a Financial Service Permission when it reasonably believes such Regulated Activity is required for the applicant to conduct its business. Applicants should consider each Regulated Activity as a distinct activity with a distinct Financial Service Permission.

2.1.10 While no Regulated Activity will require the Regulator to include a second Regulated Activity within the Financial Service Permission to enable the applicant to engage in the original Regulated Activity, certain Regulated Activities may be combined with other Regulated Activities. For example, where an applicant may be arranging transactions which arise from advice given to a client. This would be acceptable, provided (i) the applicant has requested both Regulated Activities to be included in its

Financial Service Permission, (ii) the applicant satisfies the relevant criteria necessary to engage in both Regulated Activities and (iii) no conflicts arise as a consequence of the conduct of both Regulated Activities by a single person (see 2.1.10).

Conflicts between Regulated Activities

2.1.11 By their nature, certain combinations of Regulated Activities may be difficult for a single applicant to undertake without risk of a material conflict of interest. In such circumstances the Regulator will not grant a Financial Service Permission to engage in both Regulated Activities without being satisfied that both activities may be undertaken independently in a manner which addresses potential conflicting duties between clients or conflicts between the interests of the applicant and its clients.

2.1.12 The Regulator does not provide an exhaustive list of potential conflicting duties and interests and expects that each applicant will have reviewed the scope of those Regulated Activities it wishes to engage in, in order to identify and take steps to mitigate potential conflicts.

2.2 Assessing the fitness and propriety of applicants

2.2.1 We expect applicants seeking authorisation/recognition to be fit and proper. This provides us with the assurance that applicants are willing and able to fulfil their obligations under the law. The onus is on each applicant to establish that they are fit and proper.

Reputation and standing

2.2.2 In assessing the reputation and standing of an applicant, we can take into consideration any relevant matters including:

(a) any matter affecting the propriety of the applicant's conduct, whether or not such conduct may have resulted in the commission of a criminal offence, the contravention of the law, or the institution of legal or disciplinary proceedings of whatever nature;

(b) whether an applicant has ever been the subject of disciplinary procedures by a government body or agency or any self-regulatory organisation or other professional body;

(c) a contravention of any provision of financial services legislation or of rules, regulations, statements of principle or codes of practice made under it or made by a recognised self-regulatory organisation, non-ADGM financial services regulator or regulated exchange or clearing house;

(d) whether an applicant has been refused, or had a restriction placed on, the right to carry on a trade, business or profession requiring a licence, registration or other permission;

(e) an adverse finding or an agreed settlement in a civil action by any court or tribunal of competent jurisdiction resulting in an award against or payment by an applicant;

(f) whether an applicant has been censured, disciplined, publicly criticised or the subject of a court order at the instigation of any regulatory authority, or any officially appointed inquiry, or any other non-ADGM financial services regulator;

(g) whether an applicant has been open and truthful in all its dealings with us; and

(h) any other matter that we consider relevant.

Locations of offices

2.2.3 An applicant should be able to satisfy us that it will establish an office and maintain a presence in the ADGM based on the activities it will carry on.

Close Links

2.2.4 We need to be satisfied, as to who are the applicant's Close Links or where the applicants is closely related to another person (for example a parent or subsidiary company or someone who owns and controls 20% or more of the applicant). This is to make sure we are not prevented from effectively supervising the applicant.

Legal status of Firms and Recognised Bodies

2.2.5 We will only consider an application for authorisation or recognition where the legal status of the proposed ADGM entity is a Body Corporate or a Partnership. Individuals cannot make an application. In respect of the regulated activities of Effecting Contracts of Insurance or Carrying Out Contracts of Insurance as Principal, a firm can only be a Body Corporate.

2.2.6 In the case of non-ADGM persons other than companies limited by shares, we will consider whether the legal form is appropriate for the activities proposed.

2.2.7 If the applicant is seeking to branch in to the ADGM, we will take into account where the applicant's head office is located.

Ownership and Group

2.2.8 In relation to the ownership and Group structure of an applicant, we may have regard to:

(a) the applicant's position within its group, including any other relationships that may exist between the applicant, controllers, associates and other persons that may be considered a close link;

(b) the financial strength of the Group and its implications for the applicant;

(c) whether the Group has a structure which makes it possible to:

(i) exercise effective supervision;

(ii) exchange information among regulators who supervise group members; and

(iii) determine the allocation of responsibility among the relevant regulators;

(d) any information provided by other regulators or third parties in relation to the applicant or any entity within its Group; and

(e) whether the applicant or its group is subject to any adverse effect or considerations arising from a country or countries of incorporation, establishment and operations of any member of its group. In considering these matters, we may also have regard to the type and level of regulatory oversight in the relevant country or countries of the group members and the regulatory infrastructure and adherence to internationally held conventions.

Controllers

2.2.9 In relation to the controllers of an applicant, we may, taking into account the nature, scale and complexity of the firm's business and organisation, have regard to:

(a) the background, history and principal activities of the applicant's controllers, including that of the controller's directors, partners or other officers associated with the applicant, and the degree of influence that they are, or may be, able to exert over the applicant and/or its activities;

(b) where the Controller will exert significant management influence over the applicant, the reputation and experience of the controller or any individual within the controller;

(c) the financial strength of a controller and its implications for the applicant's ability to ensure the sound and prudent management of its affairs, in particular where a controller agrees to contribute any funds or other financial support such as a guarantee or a debt subordination agreement in favour of the Firm or Recognised Body; and

(d) whether the applicant is subject to any adverse effect or considerations arising from the country or countries of incorporation, establishment or operations of a controller. In considering such matters, we may have regard to, among other things, the type and level of regulatory oversight, which the controller is subject to in the relevant country or countries and the regulatory

infrastructure and adherence to internationally held conventions and standards.

2.2.10 Where we have any concerns relating to the fitness and propriety of an applicant for a Financial Services Permission stemming from a Controller of such a Person, we may consider imposing conditions on the Financial Services Permission designed to address such concerns. For example, we may impose, in the case of a start-up, a condition that there should be a shareholder agreement that implements an effective shareholder dispute resolution mechanism.

Resources, systems and controls

2.2.11 We will have regard to whether the applicant has sufficient resources, including the appropriate systems and controls, such as:

(a) the applicant's financial resources and whether it complies, or will comply, with any applicable financial rules, and whether the applicant appears to be in a position to be able to comply with such rules;

(b) the extent to which the applicant is or may be able to secure additional capital in a form acceptable to us where this appears likely to be necessary at any stage in the future;

(c) the availability of sufficient competent human resources to conduct and manage the applicant's affairs, in addition to the availability of sufficient Approved Persons to conduct and manage the applicant's activities;

(d) whether the applicant has sufficient and appropriate systems and procedures in order to support, monitor and manage its affairs, resources and regulatory obligations in a sound and prudent manner;

(e) whether the applicant has appropriate anti-money laundering procedures and systems designed to ensure full compliance with applicable money laundering and counter terrorism legislation, and relevant UN Security Council and applicable sanctions and resolutions, including arrangements to ensure that all relevant staff are aware of their obligations;

(f) the impact of other members of the applicant's group on the adequacy of the applicant's resources and, in particular, though not exclusively, the extent to which the applicant is or may be subject to consolidated prudential supervision by us or another non-ADGM financial services regulator;

(g) whether the applicant is able to provide sufficient evidence about the source of funds available to it, to our satisfaction. This is particularly relevant in the case of a start-up entity; and

(h) the matters specified in paragraph 2.2.88(c).

Firms and Recognised Persons: Collective suitability of individuals or other Persons connected to the firm

2.2.12 Although individuals performing Controlled and Recognised Functions are required to be Approved Persons and/or Recognised Persons and that a firm is required to appoint certain Approved and Recognised Persons to certain functions, we will also consider:

(a) the collective suitability of all of the firm's staff taken together, and whether there is a sufficient range of individuals with appropriate knowledge, skills and experience to understand, operate and manage the firm's affairs in a sound and prudent manner;

(b) the composition of the Governing Body of the firm. The factors that would be taken into account by us in this context include, depending on the nature, scale and complexity of the firm's business and its organisational structure, whether:

(i) the governing body has a sufficient number of members with relevant knowledge, skills and expertise among them to provide effective leadership, direction and oversight of the firm's business. For this purpose, the members of the governing body should be able to demonstrate that they have, and would continue to maintain, including through training, the necessary skills, knowledge and understanding of the firm's business to be able to fulfil their roles;

(ii) the individual members of the governing body have the commitment necessary to fulfil their roles, demonstrated, for example, by a sufficient allocation of time to the affairs of the firm and reasonable limits on the number of memberships held by them in other boards of directors or similar positions. In particular, we will consider whether the membership in other boards of directors or similar positions held by individual members of the governing body has the potential to conflict with the interests of the firm and its customers and stakeholders; and

(iii) there is a sufficient number of independent members on the governing body. We will consider a member of the governing body to be "independent" if he is found, on reasonable grounds by the governing body, to be independent in character and judgement and able to make decisions in a manner that is consistent with the best interests of the Firm;

(c) the position of the Firm in any Group to which it belongs;

(d) the individual or collective suitability of any person or persons connected with the firm;

(e) the extent to which the firm has robust human resources policies designed to ensure high standards of conduct and integrity in the conduct of its activities;

(f) whether the firm has appointed Auditors, actuaries and advisers with sufficient experience and understanding in relation to the nature of the firm's activities; and

(g) whether the remuneration structure and strategy adopted by the firm is consistent with the requirements in GEN 3.3.42(1).

Recognised Bodies: other considerations

2.2.13 In determining whether a Recognised Body has satisfied its recognition requirements set out in MIR Chapter 2 and GEN Chapter 3, we will consider:

(a) its arrangements, policies and resources for fulfilling its obligations under the recognition requirements as set out in MIR 4.2.1;

(b) its arrangements for managing conflicts and potential conflicts between its commercial interest and applicable regulatory requirements;

(c) the extent to which its constitution and organisation provide for effective governance;

(d) the arrangements made to ensure that the Governing Body has effective oversight of its regulatory functions;

(e) the fitness and propriety of its Approved Persons and the access the approved persons have to the Governing Body;

(f) the size and composition of the Governing Body including:

(i) the number of independent members on the Governing Body;

(ii) the number of members of the Governing Body who represent members of the Recognised Body or other persons and the types of persons whom they represent; and

(iii) the number and responsibilities of any members of the governing body with executive roles within the Recognised Body;

(g) the structure and organisation of its Governing Body, including any distribution of responsibilities among its members and committees;

(h) the integrity, relevant knowledge, skills and expertise of the members of the governing body to provide effective leadership, direction and oversight of the Recognised Body's business. For this purpose, such individuals should be able to demonstrate that they have, and would continue to maintain, including through training, necessary skills, knowledge and understanding of the Recognised Body's business to be able to fulfil their roles;

(i) the commitment necessary by the members of the governing body to fulfil their roles effectively, demonstrated, for example, by a sufficient allocation of time to the affairs of the Recognised Body and reasonable limits on the number of memberships held by them in other boards of directors or similar positions. In particular, the Regulator will consider whether the membership in other boards of directors or similar positions held by individual members of the governing body has the potential to conflict with the interests of the Recognised Body and its stakeholders;

(j) the integrity, qualifications and competence of its approved persons;

(k) its arrangements for ensuring that it employs individuals who are honest and demonstrate integrity;

(l) the independence of its regulatory departments from its commercial departments; and

(m) whether the remuneration structure and strategy adopted by the Recognised Body is consistent with the requirements in GEN 3.3.42(1).

2.2.14 We will consider a Director to be "independent" if the Director is found, on the reasonable determination of the Governing Body, to:

(a) be independent in character and judgement; and

(b) have no relationships or circumstances which are likely to affect or could appear to affect the director's judgement in a manner other than in the best interests of the Recognised Body.

2.2.15 In forming a determination the Governing Body should consider the length of time the director has served as a member of the Governing Body and whether the relevant director:

(a) has been an employee of the Recognised Body or group within the last five years;

(b) has or has had, within the last three years, a material business relationship with the Recognised Body, either directly or as a partner, shareholder, director or senior employee of a body that has such a relationship with the Recognised Body;

(c) receives or has received, in the last three years, additional remuneration or payments from the Recognised Body apart from a director's fee, participates in the Recognised Body's share option, or a performance- related pay scheme, or is a member of the Recognised Body's pension scheme;

(d) is or has been a director, partner or employee of a firm which is the Recognised Body's auditor;

(e) has close family ties with any of the Recognised Body's advisors, directors or senior employees;

(f) holds cross directorships or has significant links with other directors through involvement in other bodies; or

(g) represents a significant shareholder.

2.3 Assessing the fitness and propriety of Approved Persons, Recognised Persons and Principal Representatives

Introduction

2.3.1 This section sets out the matters which we take into consideration, and expect the firm or Recognised Body to take into consideration, when assessing the fitness and propriety of:

(a) In the case of a firm, an Approved Person, Recognised Person under GEN 5.3 and GEN 5.4 and Principal Representative under 9.8;

(b) In the case of a Recognised Body, an Approved Person under MIR 7.2.

2.3.2 Applications for approved person status in respect of the controlled functions of Senior Executive Officer, Licensed Director and Licensed Partner shall be made by the firm and approved by us. We may reject an application for an Approved Person status or grant an Approved Person status with or without conditions and restrictions.

2.3.3 In relation to applications for Recognised Persons status the firm or Recognised Body will approve the Recognised Functions of Finance Officer, Compliance Officer, Senior Manager, Money Laundering Reporting Officer and Responsible Officer, and notify us of such appointments. The onus is on the firm or Recognised Body to carry out proper due diligence to ensure that the person is fit and proper to carry out the function, and to maintain the necessary supporting documentation for its due diligence.

2.3.4 We expect a firm and Recognised Body to continually ensure that all Approved and Recognised Persons are fit and proper for the controlled and or recognised Functions that they have been appointed to.

2.3.5 When assessing whether an individual meets the fitness and propriety criteria to be able to perform the role of an Approved Person or Recognised Person, we take the following considerations into account, as set out in paragraphs 2.3.6 to 2.3.8 below.

Integrity

2.3.6 In determining whether an individual has met the fitness and propriety criteria with respect to his/her integrity, the following matters may be taken into account:

(a) the propriety of an individual's conduct whether or not such conduct may have resulted in the commission of a criminal offence, the contravention of a law or the institution of legal or disciplinary proceedings of whatever nature;

(b) a conviction or finding of guilt in respect of any offence, other than a minor road traffic offence, by any court of competent jurisdiction;

(c) whether the individual has ever been the subject of disciplinary proceedings by a government body or agency or any recognised self-regulatory organisation or other professional body;

(d) a contravention of any provision of financial services legislation or of rules, regulations, statements of principle or codes of practice made under or by a recognised self-regulatory organisation, Recognised Body, regulated exchange or regulated clearing house or non-ADGM Financial Services Regulator;

(e) a refusal or restriction of the right to carry on a trade, business or profession requiring a licence, registration or other authority;

(f) a dismissal or a request to resign from any office or employment;

(g) whether an individual has been or is currently the subject of or has been concerned with the management of a Body Corporate which has been or is currently the subject of an investigation into an allegation of misconduct or malpractice;

(h) an adverse finding in a civil proceeding by any court of competent jurisdiction of fraud, misfeasance or other misconduct, whether in connection with the formation or management of a corporation or otherwise;

(i) an adverse finding or an agreed settlement in a civil action by any court or tribunal of competent jurisdiction resulting in an award against the individual;

(j) an order of disqualification as a director or to act in the management or conduct of the affairs of a corporation by a court of competent jurisdiction or regulator;

(k) whether the individual has been a director, or concerned in the management of, a body corporate which has gone into liquidation or administration whilst that individual was connected with that body corporate or within one year of such a connection;

(l) whether the individual has been a partner or concerned in the management of a partnership where one or more partners have been made bankrupt whilst that individual was connected with that partnership or within a year of such a connection;

(m) whether the individual has been the subject of a complaint in connection with a financial service, which relates to his integrity, competence or financial soundness;

(n) whether the individual has been censured, disciplined, publicly criticised by, or has been the subject of a court order at the instigation of, us or any officially appointed inquiry, or Non-ADGM Financial Services Regulator; and

(o) whether the individual has been candid and truthful in all his dealings with us.

Competence and capability

2.3.7 We will take into account the individual's qualifications and experience, in determining the fitness and propriety criteria of competence and capability of an individual to perform a role as an Approved Person or Principal Representative.

Financial soundness

2.3.8 With respect to the financial soundness of an individual, we will take into account :

(a) whether an individual is able to meet his debts as and when they fall due; and

(b) whether an individual has been declared bankrupt, had a receiver or an administrator appointed, had a bankruptcy petition served on him, had his estate sequestrated, entered into a deed of arrangement (or any contract in relation to a failure to pay due debts) in favour of his creditors, or within the last 10 years, has failed to satisfy a judgement debt under a court order.

2.4 Waivers during authorisation

2.4.1 An applicant for authorisation may request a waiver or modification when the application is made and being processed. In some circumstances, the applicant may need to work with us in developing the waiver or modification and may not be required to use the formal application process. However, the written consent to the waiver or modification will be required if the applicant is authorised.

2.5 Start-up entities in the ADGM

What are "Start-up" entities?

2.5.1 This paragraph serves as a guide to assist Start-up entities that are interested in applying for a Financial Services Permission to conduct Regulated Activities in the ADGM. It sets out the information required to support an application and what criteria

that we may consider in the authorisation process. Start-ups, as with any applicants, will be required to satisfy all of our requirements prior to being granted a Financial Services Permission.

2.5.2 A Start-up entity is:

(a) any newly set up business entity which is not part of a group that is subject to financial services regulation; or

(b) part of an existing business entity which it, or whose group is not subject to financial services regulation.

2.5.3 As a general position, we will not usually accept applications for start-up banks or insurers however each application will be considered on its merits. We will take into account such factors as the applicant's financial position, systems and controls and whether the Start-up entity is managed by persons who have the necessary expertise and knowledge to conduct such activities.

Our risk-based approach to Start-ups

2.5.4 Any consideration of an application for the granting of a Financial Services Permission to carry on a regulated activity is likely to involve an assessment of the risks posed to our objectives by the proposed regulated activity. Whilst the broad categories of risks for all applicants will be the same, the nature of those risks within start-ups can be amplified, as a start-up does not have a regulatory track record to deal with risks and upon which we may place reliance. In the case of a new business, even where senior management has substantial experience and relevant competence in the business sector, this does not necessarily imply an ability to create and sustain an adequate management control environment and compliance culture, particularly when faced with all the other issues of establishing a new business.

2.5.5 The broad categories of risk and some of the unique elements of those risk categories that apply to start-ups include financial risk, governance risk, business/operational risk and compliance risk.

Financial risk

2.5.6 All applicants are required to demonstrate they have a sound initial capital base and funding and must be able to meet the relevant prudential requirements of the ADGM laws, on an on-going basis. This includes holding enough capital resources to cover expenses even if expected revenue takes time to materialise. Start-ups can encounter greater financial risks as they seek to establish and grow a new business.

2.5.7 In addition to the risks associated with the financial viability of the start-up, particular attention may be given to the clarity and the verifiable source of the initial capital funding.

Governance risk

2.5.8 All applicants are required to demonstrate robust governance arrangements together with the fitness and integrity of all controllers, directors and senior management. We are aware that management control, in smaller start-ups especially, may lie with one or two dominant individuals who may also be amongst the owners of the firm. In such circumstances, we would expect the key business and control functions (i.e. risk management, compliance and internal audit) to be subject to appropriate oversight arrangements which reflect the size and complexity of the business. Applicants can assist us by describing in detail the ownership structure, high level controls and clear reporting lines which demonstrate an adequate segregation of duties.

2.5.9 We may request details of the background, history and ownership of the start-up and, where applicable, its Group. Similar details relating to the background, history and other interests of the directors of the start-up may also be required. Where it considers it necessary to do so, we may undertake independent background checks on such material. A higher degree of due diligence will apply to individuals involved in a start-up and there would be an expectation that the start-up itself will have conducted detailed background checks, which may then be verified by us.

Business/operational risk

2.5.10 All applicants are required to establish appropriate systems and controls to demonstrate that the affairs of the firm are managed and controlled effectively. The nature of the systems and controls may depend on the nature, size and complexity of the business. A start-up may wish to consider which additional systems and controls may be appropriate in the initial period of operation following launch, such as increased risk or compliance monitoring. Due to the unproven track record of a start-up, we may, for example, impose restrictions on the business activities of the entity or a greater degree and intensity of supervision until such a track record is established.

Compliance risk

2.5.11 The Senior Executive Officer of a firm is expected to take full responsibility for ensuring compliance with the ADGM laws by establishing a strong compliance culture which is fully embedded within the organisation. A start-up will be required to appoint a U.A.E. resident as the senior executive officer as well as the compliance officer and money laundering reporting officer (MLRO) with the requisite skills and relevant experience in compliance and anti-money laundering duties. The individuals fulfilling the compliance and MLRO roles will be expected to demonstrate to us their competence to perform the proposed roles and adequate knowledge of the relevant sections of the ADGM laws and, in the case of the MLRO, the wider anti-money laundering laws.

Main information requirements

2.5.12 The main information requirements are the same for all applicants, including start-ups, and each application will be assessed on its own merits.

2.5.13 A key document will be the regulatory business plan submitted in support of the application. It will facilitate the application process if applicants cover the following areas within this submission:

(a) an introduction and background;

(b) strategy and rationale for establishing in the ADGM;

(c) organisational structure;

(d) management structure;

(e) proposed resources;

(f) high level controls;

(g) risk management;

(h) operational controls;

(i) systems overview;

(j) how the proposed activities are mapped against the Regulated Activities and why particular Regulated Activities are applied for; and

(k) financial projections.

2.5.14 Start-up applicants may find it useful to include diagrams illustrating corporate structures, and, where applicable, group relationships, governance arrangements, organisational design, clear reporting lines, business process flows and systems environments.

2.5.15 Comprehensively addressing these areas and detailing how the key risks will be identified, monitored and controlled may significantly assist us in determining applications from a start-up.

2.6 Application for carrying out a Regulated Activity with or for a Retail Client

2.6.1 GEN 5.2.3 outlines the requirements to be met by an applicant intending to carry on a Regulated Activity where the client is a Retail Client.

2.6.2 When assessing an application of this type we may consider the following:

(a) the adequacy of an applicant's systems and controls for carrying on Regulated Activities with a Retail Client;

(b) whether the applicant is able to demonstrate that its systems and controls (including policies and procedures) adequately provide for, among other

things, compliance with the requirements specifically dealing with Retail Clients under the Conduct of Business Rulebook (COBS), in particular:

(i) marketing materials;

(ii) the content requirements for Client Agreements;

(iii) the suitability assessment for recommending a financial product;

(iv) the disclosure of fees and commissions, and any inducements; and

(v) the segregation of Client Money and/or Client Investments, where relevant;

(c) whether the applicant has adequate systems and controls to ensure, on an on-going basis, that its Employees remain competent and capable to perform the functions which are assigned to them, including any additional factors that may be relevant if their functions involve interfacing with Retail Clients; and

(d) the adequacy of the applicant's Complaints handling policies and procedures. An applicant's policies and procedures must provide for fair, consistent and prompt handling of Complaints. In addition to the matters set out in GEN Chapter 7, the policies and procedures should explicitly deal with how the applicant ensures that:

(i) Employees dealing with Complaints have adequate training and competencies to handle complaints, as well as impartiality and sufficient authority (see GEN 3.3.19, 7.2.7 and 7.2.8);

(ii) a Retail Client is made aware of the firm's Complaints handling policies and procedures before obtaining its services (see COB 12.1.2(a)(viii)); and

(iii) the applicant's Complaints handling policies and procedures are freely available to any Retail Client upon request (see GEN 7.2.11).

2.7 Application to conduct Islamic Financial Business

2.7.1 A firm wishing to carry on Islamic Financial Business must have a Financial Services Permission authorising it to Conduct Islamic Financial Business either as an Islamic Financial Institution or by operating an Islamic Window.

2.7.2 A Firm that is granted a Financial Services Permission to operate an Islamic Window may conduct some of its Regulated Activities in a conventional manner while conducting its Islamic Financial Business through the Islamic Window.

2.7.3 We may grant a Financial Services Permission only if we are satisfied that the applicant has demonstrated that it has the systems and controls in place to undertake Islamic

Financial Business. In determining whether to grant such a Financial Services Permission, we may consider, among other things, those matters set out in the IFR module of the ADGM Rulebook.

2.8 Application to be a Representative Office

2.8.1 An applicant seeking to become a Representative Office will need to comply with requirements including those set out in GEN Chapter 9.

2.8.2 In assessing an application for a Representative Office, we will need to be satisfied that:

(a) the proposed activities are that of marketing, which means providing information on investments or financial services; engaging in promotions of investments or financial services; or making introductions or referrals of investments or financial services. It does not include advising on investments or the receiving or transmitting of orders(see paragraph 67 of Schedule 1 of the FSMR); and

(b) the applicant is incorporated and regulated by a Non-ADGM Financial Services Regulator and setting up in the ADGM as a branch.

2.9 Application for a withdrawal of Financial Services Permission

2.9.1 In considering requests for the withdrawal of a Financial Services Permission, a firm will need to satisfy us that it has made appropriate arrangements with respect to its existing customers, including the receipt of any customers' consent where required and, in particular:

(a) whether there may be a long period in which the business will be run-off or transferred;

(b) whether deposits must be returned to customers;

(c) whether money and other assets belonging to customers must be returned to them; and

(d) whether there is any other matter which we would reasonably expect to be resolved before granting a request for the withdrawal of a Financial Services Permission.

2.9.2 In determining a request for the withdrawal of a Financial Services Permission, we may require additional procedures or information as appropriate, including evidence that the firm has ceased to carry on Regulated Activities.

2.9.3 A firm should submit detailed plans where there may be an extensive period of wind-down. It may not be appropriate for a firm to immediately request a withdrawal of its

Financial Services Permission in all circumstances, although it may wish to consider reducing the scope of its Financial Services Permission during this period. Firms should discuss these arrangements with us.

2.9.4 We may also refuse a request for the withdrawal of a Financial Services Permission where:

(a) the firm has failed to settle its debts owed to us; or

(b) it is in the interests of a current or pending investigation by us, or by another regulatory body or a Non-ADGM Financial Services Regulator.

2.9.5 Some other matters which a firm should be mindful of in relation to the withdrawal of its Financial Services Permission include:

(a) Where a firm's FSP is withdrawn, the approved status of its Approved Persons will also be withdrawn on the same date. However, this does not remove the obligation on a firm to provide a statement where an approved person has been dismissed or requested to resign (under GEN 8.7.3); and

(b) Where a Fund Manager or the Trustee makes a request for withdrawal (under GEN 8.4.1), the Fund Manager or the Trustee will need to satisfy us that it has made appropriate arrangements in accordance with the requirements under the FUNDS Rules with respect to the continuing management of the Fund for which it is the Fund Manager or the Trustee, as the case may be.

Application for variation of a Financial Services Permission

2.9.6 Where a firm applies to change the scope of its Financial Services Permission, it should provide the following information:

(a) a revised business plan as appropriate, describing the basis of, and rationale for, the proposed change;

(b) details of the extent to which existing documentation, procedures, systems and controls will be amended to take into account any additional activities, and how the firm will be able to comply with any additional regulatory requirements; and

(c) descriptions of the firm's senior management responsibilities (see GEN Chapter 5) where these have changed from those previously disclosed, including any updated staff organisation charts and internal and external reporting lines;

(d) details of any transitional arrangements where the firm is reducing its activities and where it has existing customers who may be affected by the cessation of a Regulated Activity;

(e) the appropriate financial reporting statement where the variation may result in a change to the firm's prudential category or the application of additional or different financial rules. If a capital increase is required in order to demonstrate compliance with additional financial rules but such capital is not paid up or available at the time of application, proposed or forecast figures may be used;

(f) details of the effect of the proposed variation on the approved persons including, where applicable, submitting any written applications for individuals to perform additional or new controlled functions, or to remove existing controlled functions; and

(g) revised pro forma financial statements.

2.9.7 In considering whether a Firm or Recognised Body is fit and proper with respect to a change in the scope of its Financial Services Permission, we may take into account the matters set out in Chapter 2 of this document, which provides guidance on assessing fitness and propriety for firms and Recognised Bodies.

3. SUPERVISION: BEING REGULATED

3.1 Our approach to supervision

Supervision philosophy

3.1.1 We adopt a risk-based approach to the regulation and supervision of all regulated firms in order to concentrate our resources on the mitigation of risks to our objectives. We will work with a regulated entity to identify, assess, mitigate and control these risks where appropriate.

3.1.2 Our supervisory risk-based approach involves:

(a) establishing the supervisory intensity of a given firm based on the combination of its size and complexity (impact rating) and its risk profile (risk rating), see paragraphs 3.1.8 – 3.1.11 below). The higher the impact and/or risk profile of the firm, the higher the supervisory intensity and the resources deployed by us;

(b) continuous risk management cycle, utilising sectoral and firm-specific data, notifications by the firm, risk assessments and the risk and impact ratings;

(c) using appropriate supervisory tools; and

(d) where applicable, considering any lead or consolidated supervision which a firm or its Group may be subject to in other jurisdictions, taking into account our relationship with other regulators and the extent to which it or they meet appropriate regulatory criteria and standards.

3.1.3 We believe a firm's culture and behaviour affects both its overall financial condition and its interaction with individual customers and market counterparties. Our aim is to reduce the risk and impact of a failure or inappropriate conduct by requiring our regulated firms to have sound risk management systems and adequate internal controls.

Risk management cycle

3.1.4 We adopt a structured risk management cycle. This comprises the identification, assessment, prioritisation, mitigation and monitoring of risks. It ensures appropriate action is taken upon the identification and/or materialisation of risks.

3.1.5 We will identify and collate a comprehensive set of indicators on a regular basis which provides insights into the financial position and business activities of all our regulated entities. This data set allows us to assess the specific risk profile of regulated entities, sectoral risks by types of entities, and systemic risks posed by the firms to other market counterparties and the wider financial system.

3.1.6 Based on the analysis of this data set, we will prioritise and step up our supervision with respect to certain firms as appropriate, or use thematic reviews to target certain products, services or practices across a set of firms, to mitigate any emerging, specific or systemic risks.

3.1.7 We will monitor and use this data, amongst other factors, to review the effectiveness of our mitigation plans, and set organisational risk tolerances to allocate our supervisory resources.

Impact and risk ratings

3.1.8 The impact and risk rating is an assessment of the potential adverse consequences that could follow from the failure of, or significant misconduct by, a firm. The potential adverse consequences include not only the direct financial impact on such firm's customers, counterparties and stakeholders, but also the potential for damage to our reputation and objectives.

3.1.9 In assessing the impact rating, we will consider a variety of factors such as:

(a) the complexity of the firm's activities and structure, which is dependent on the nature and type of Regulated Activities it conducts. For instance, a firm that holds customers' deposits and assets will be operationally more complex and more difficult to resolve any issues or to supervise into compliance, as opposed to a Regulated Activity that does not involve accepting / holding customers' assets;

(b) the scale of the firm's activities and its linkages with other financial institutions and the wider financial system.

3.1.10 The risk rating is an assessment of the firm's level of risk exposure or probability of failure across a wide range of risk factors. It takes into consideration a number of broad risk groups, including:

(a) Financial Strength

(b) Liquidity

(c) Credit Risk

(d) Market Risk

(e) AML/CFT and Financial Crime

(f) Conduct Risk

(g) Operational Risk

(h) Corporate Governance

(i) Internal Control System

(j) Business Model Risk

3.1.11 The combination of the risk and the impact will determine the level and intensity of supervision. Firms with higher ratings will be subject to higher supervisory intensity. Our supervisory oversight of these firms will entail more frequent and routine engagements and on-site visits to oversee the activities and developments in the firm. These engagements would typically involve discussions with the board and senior management, business and compliance heads, auditors and risk managers of the firm and, in the case of overseas financial Groups, its head office staff and home country regulators.

Risk mitigation

3.1.12 Whenever appropriate, we may inform the firm of the steps it needs to take in relation to specific risks. We then expect the firm to demonstrate that it has taken appropriate steps to mitigate these risks.

3.1.13 Where necessary, risk mitigation programmes may be developed for a firm in order to mitigate or remove identified areas of risk.

Our relationship with firms

3.1.14 In order to meet our objectives, we require an open, transparent and co-operative relationship with our regulated firms. We expect to establish and maintain an on-going dialogue with the firm's senior management in order to develop and sustain a thorough understanding of the firm's business, systems and controls and, through this relationship, to be aware of all areas of risk to our objectives.

3.1.15 We seek to reinforce the responsibilities of senior management for the risk oversight and governance of the firm’s activities, to ensure financial soundness, fair dealing and compliance with regulatory standards.

3.1.16 We seek to maintain an up-to-date knowledge of a firm's business. However, a firm is also required to keep us informed of significant events, or anything related to the firm of which we would reasonably expect to be notified (as set out below).

Notifications to us

3.1.17 GEN 8.10 sets out the requirements on a firm to notify us of specified events, changes or circumstances a firm (other than a Representative Office) may encounter. The list of notifications outlined in GEN 8.10 is not exhaustive and there are other areas of the Rulebooks that also specify additional notification requirements. (See appendix A)

Co-operation with other regulators

3.1.18 We view co-operation with other regulators as an important component of our supervisory activities. Effective co-operation arrangements with other regulators will provide for prompt exchange of information in relation to supervision, investigation and enforcement matters. The information exchange may enhance, for example, our understanding of the operations of a firm's Group and the effect on our firm.

3.1.19 We may also exercise our powers for the purposes of assisting other regulators or agencies, see sections 215 – 217 of the FSMR.

3.2 Supervision of Firms

Group supervision

3.2.1 When we authorise a firm, we take into consideration the relationship the firm has within its Group, with related parties or other parties closely linked to it. We may also take into account lead or consolidated supervision to which a firm or its Group may be subject to in another jurisdiction.

3.2.2 A firm is expected to provide information as required or reasonably requested relating to the Authorised Person and, where applicable, its consolidated or lead regulatory arrangements. This information may include:

(a) prudential information;

(b) reports on systems and controls relating to a firm's Group;

(c) internal and external audit reports;

(d) details of disciplinary proceedings or any matters which may have financial consequences, reputational impact or pose any significant risk to the ADGM or to the firm; and

(e) the group-wide corporate governance practices and policies, and the remuneration structure and strategies adopted.

3.2.3 This information may be taken into account as part of our fit and proper test as set out in Chapter 2.2 0 above and the supervision of the firm. Further Rules and Guidance with regard to obtaining information from a Representative office's lead regulator are set out in GEN 9.15.3.

3.2.4 We have an interest in the relationship of a firm with other regulators, particularly in order to determine the level of reliance we may place on a regulator in another jurisdiction concerning any lead supervision arrangements. Depending on the legal structure of a firm and our relationship with the regulator in question, we may place appropriate reliance on the supervision undertaken by this regulator.

Domestic Firm's Group with ADGM head office

3.2.5 We will usually be the lead and consolidated regulator of any Group headquartered as a Domestic Firm in the ADGM. Members of the Group, that is, any of the firm's Subsidiaries or Branches, will be either subject to our exclusive supervision or, where members of the Group are located in a jurisdiction outside the ADGM, generally subject to lead or consolidated supervision by us in co-operation with another regulator, provided we are satisfied that it meets appropriate regulatory criteria and standards.

Subsidiary of a non-ADGM firm

3.2.6 We will be the host regulator for the purpose of prudential supervision of a firm which is an ADGM incorporated Subsidiary of a non-ADGM firm.

3.2.7 Where a firm is a Subsidiary of a regulated non-ADGM parent company, we take into account any consolidated prudential supervision arrangements to which the firm is subject and will liaise with other regulators as necessary to ensure that these are adequately carried out, taking into account the firm's activities. We may place appropriate reliance on the firm's consolidated regulator in another jurisdiction if we are satisfied that it meets appropriate regulatory criteria and standards.

3.2.8 A firm carrying on Regulated Activities as a Subsidiary of an unregulated non-ADGM parent company may be subject to our consolidated prudential supervision, taking into account the parent's activities.

Branch of a non-ADGM firm

3.2.9 A firm carrying on Regulated Activities through a Branch will be subject to supervision by both us and the regulator in its head office jurisdiction.

3.2.10 We will have regard to any lead or consolidated prudential supervision arrangements to which a firm is subject. We may place appropriate reliance on a firm's lead regulator in another jurisdiction and, where appropriate, it’s consolidated prudential regulator if we are satisfied that it meets appropriate regulatory criteria and standards. Where a firm is subject to lead regulation arrangements with a foreign regulator, we will usually not seek to impose consolidated prudential supervision on the firm's Group.

3.2.11 In determining the level of regulatory and supervisory oversight required for a specific firm, we will consider:

(a) the degree of home country regulation and supervision by the home regulator;

(b) the fitness and propriety of the head office and its Controllers;

(c) the strength of support, both financial and managerial, which the head office is capable of providing to the branch, taking into account the branch's activities

and the adequacy of, among other things, the corporate governance framework and practices at the head office; and

(d) the risk and control mechanisms within the Branch itself.

3.2.12 Based on this assessment, we may consider granting a waiver or modification notice in respect of specific prudential or other regulatory requirements relating to a Branch.

Periodic returns for Firms

3.2.13 A firm is required to submit periodic returns. In addition, a firm may be required to submit copies of its Group's annual interim and audited accounts. We may also require a firm to provide copies of Group returns which are sent to any other regulator.

3.2.14 Collecting this data in a timely and accurate manner is imperative to our risk management cycle.

Review of risk management systems

3.2.15 Under GEN 3.3.4, a firm must ensure that its risk management systems provide the firm with the means to identify, assess, mitigate, monitor and control its risks. In addition to undertaking our own assessment of the firm, we may review the firm's internal risk self-assessment and determine the extent to which each of the firm's risks impacts on our objectives, the likelihood of the risk occurring, and the controls and mitigation programmes the firm has in place.

Desktop reviews

3.2.16 We may undertake desktop analyses to review a firm’s business activities and compliance with our laws. A desktop review may involve analysing information provided by the firm through periodic returns, internal management information, ad-hoc questionnaires, published financial information or specially requested information. Through monitoring key indicators and the development of the firm’s business, we seek to detect emerging issues for further in-depth reviews through meetings with the firm’s management, onsite examinations, or otherwise. Apart from reports such as regular prudential returns, we may from time to time also request from a firm additional supplementary information and documents, including non-financial information such as a firm's internal policies on particular areas of risk and compliance.

On-site visits

3.2.17 On-site visits provide us with an overview of the firm's operations and enable us to form a first-hand view of the personnel, systems and controls and compliance culture within the firm as well as identifying and evaluating the risks to our objectives, taking into account any mitigation by the firm. They enable us to test the soundness of the firm's systems and controls and the extent to which we can continue to rely on them and the firm's senior management to prevent or mitigate risks to our objectives. On-site visits will also assist us to assess the extent of supervision and the use of other supervisory tools required to address certain key risk areas.

Periodic communications

3.2.18 We are committed to open and transparent communication with firms. From time to time, we may issue letters to Senior Executive Officers or equivalent persons across the ADGM. Frequently, these letters will be issued as a means of communicating findings arising from thematic visits, emerging trends and risks in the financial sector, or in response to any major events or developments.

3.2.19 From time to time, we may consider a particular item of communication to a firm to be of key regulatory importance. For this reason, it may be necessary to issue such communications directly to a senior member of staff at the board level of the ADGM entity copied (where appropriate) to the group's home regulator. For entities established as a Branch in the ADGM, these communications will likely be delivered to the Chairman of the Board at the ADGM Branch entity's head or Parent office. For ADGM incorporated entities, these communications will likely be delivered directly to the Chairman of the firm's board or head office. These communications may include, for example, the findings of our risk assessment visits where a risk mitigation plan has been sent that contains significant matters of concern to our objectives.

External Auditor reports, statements and meetings

3.2.20 An Auditor of a firm is required to provide reports to us addressing the matters outlined in section 191 of the FSMR. As part of an audit, we would expect an Auditor to review any relevant correspondence between us and the firm (e.g. on matters of regulatory concern) and ensure that appropriate follow-up actions have been taken by the firm. We may also require the firm to commission the auditor to conduct a special purpose audit to certify and ensure that any risk mitigation plan has been appropriately implemented. Further, we may from time to time, request tripartite meetings between the firm's senior management, the Auditor, and ourselves.

Controllers - Our approval

3.2.21 A person who proposes to become a Controller of a Domestic Firm or an existing Controller who proposes to increase the level of control which that person has in a domestic firm beyond the threshold of 20%, 30% or 50% is required to obtain our prior approval before doing so. Our assessment of a proposed acquisition or increase in

control of a domestic firm is a review of such a firm's continued fitness and propriety and ability to conduct business soundly and prudently, and takes into account considerations set out in para 2.2.8.

3.2.22 Under GEN Rule 8.8.5(1), a person who proposes either to acquire or increase the level of control in a Domestic Firm must provide written notice to us in such form as we shall set. We may approve of, object to or impose conditions relating to the proposed acquisition or the proposed increase in the level of control of the firm. If the information in the written application lodged with us is incomplete or unclear, we may in writing request further clarification or information. We may do so at any time during the processing of such an application. The period of 90 days within which we will make a decision will not commence until such clarification or additional information is provided to our satisfaction. We may, in our absolute discretion, agree to a shorter period for processing an application where an applicant requests for such a period, provided all the information required is available to us.

3.2.23 Where we propose to object to or impose conditions relating to a proposed acquisition of or increase in the level of control in a domestic firm, we will first notify the applicant in writing of its proposal to do so and its reasons. We will take into account any representations made by an applicant before making our final decision.

3.2.24 We may consider whether a person has become an unacceptable Controller as a result of any notification given by a firm, including under GEN Rule 8.8.11(2) or as a result of our own supervisory work. The considerations which we will take into account in assessing whether a person is an acceptable Controller are those set out in paragraphs 3.2.21 above.

3.2.25 We may request, in writing, any further information required to enable us to complete our assessment of the application no later than the 50th Business Day of the assessment period.

3.3 Supervision of Representative Offices

3.3.1 As part of our risk-based approach to supervising firms we may undertake periodic visits to Representative Offices and may also include Representative Offices in our thematic visits.

3.3.2 Onsite visits to Representative Offices are likely to focus on issues including:

(a) confirming that activities undertaken by the Representative Office are allowed under its Financial Services Permission;

(b) reviewing the adequacy of its systems and controls to comply with its responsibilities;

(c) reviewing the material distributed by the Representative Office to ensure it is clear, fair and not misleading;

(d) any solvency concerns with the head office or Group; and

(e) the firm's disclosure of its regulated status.

3.3.3 The onsite visit is likely to include interviews with the Principal Representative and a review of relevant records.

3.4 Supervision of Recognised Bodies

Introduction

3.4.1 The FSMR and the Rules establishes a principles-based framework for the recognition and supervision of Recognised Bodies and for taking regulatory action against those recognised institutions. This framework is supplemented by supervisory powers and other requirements in MIR and MKT rulebooks.

Group supervision

3.4.2 When we recognise a Recognised Body, we take into consideration the relationship with any wider group to which the Recognised Body may belong or with other Persons closely linked to it. We will also take into account lead or consolidated supervision to which a Recognised Body or its Group may be subject in another jurisdiction to the extent it is satisfied that it meets appropriate regulatory criteria and standards. This may lead to us placing some reliance on the supervisory arrangements in another jurisdiction or creating and participating in special arrangements for the supervision of the Recognised Body and its Group. The Recognised Body is expected to provide information required or reasonably requested in relation to these consolidated or lead supervisory arrangements before final supervisory arrangements are established.

3.4.3 Each relationship will be considered on a case by case basis and according to the risks posed by the Recognised Body's activities identified during supervisory arrangements. Such supervisory arrangements may include a process to be agreed by us, the Recognised Body itself and other relevant regulators.

3.4.4 Effective co-operation with regulators will provide for prompt exchange of information and co-operation in relation to supervision and enforcement between jurisdictions. This may include exchanges of information and co-operation in respect of activities conducted by a Recognised Body. Usually co-operation arrangements will be in the form of memoranda of understanding. The information exchange will enhance our understanding of the operations of the Group and the impact (if any) on the Recognised Body.

Application for a change in control

3.4.5 GEN 8.8 sets out the requirements relating to a change in control. See also paragraphs 3.2.21 to 3.2.25 above.

Directions power

3.4.6 MIR Chapter 6 empowers us to give a Recognised Body certain directions in relation to the Recognised Body's duties under the laws. It also gives us the power to direct a Recognised Body to do specified things, including closing the market, suspending transactions and prohibiting trading in Investments. MIR Chapter 6 also empowers us to exercise the powers contained in the Recognised Body's rules for participants as though it was the Recognised Body where we consider that the Recognised Body has not exercised the powers under those rules.

3.4.7 In considering whether to exercise such powers, we may take into account the following factors:

(a) what steps the Recognised Body has taken or is taking in respect of the issue being addressed in the planned direction;

(b) the impact on our objectives if a direction were not issued; or

(c) whether it is in the interests of the ADGM.

3.4.8 The written notice given by us will specify what a Recognised Body is required to do under the exercise of such directions. Though we are not required to do so under MIR, in most cases we will endeavour to contact the Recognised Body prior to issuing such a direction.

3.4.9 Part 14 of the FSMR and MIR 6.1 allow us to direct a Recognised Body to suspend or delist Securities from its Official List. Such directions may take effect immediately or from a date and time as may be specified in the direction. MKT Chapter 2 contains details in this regard.

4. SUPERVISORY AND ENFORCEMENT POWERS

4.1 Introduction

4.1.1 This chapter sets out how we may exercise our supervisory and enforcement powers. We can exercise these powers in respect of any person who has been approved or recognised by us, including persons in senior positions.

4.1.2 Chapter 5 of this document describes how we will exercise additional powers when conducting enforcement activities.

4.1.3 The range of powers available to us includes the power to:

(a) require information or documents (FSMR section 201 and 206);

(b) require a firm to provide a report from a skilled person (FSMR section 203);

(c) impose requirements on a firm (FSMR section 35);

(d) issue a direction to a firm or an Affiliate for prudential purposes (FSMR section 202);

(e) impose conditions on an Approved Person on our own initiative (FSMR section 48); and

(f) suspend the Financial Services Permission of a firm (FSMR section33).

4.1.4 In exercising a power specified in this Chapter (except when requesting information and/or documents; or a skilled person report), we will generally follow the decision making procedures set out in Chapter 7 of this document.

4.2 Power to request information and documents

4.2.1 In order to supervise the conduct and activities of a firm, a Recognised Body, any director, officer, employee or agent of such firm or Recognised Body, we require access to a broad range of information relating to a Person's business. In particular, firms, Recognised Bodies, Approved Persons or Recognised Persons are expected to deal with us in an open and co-operative manner and disclose to us any information of which we would reasonably expect to be notified.

4.2.2 We may require a person referred to in paragraph 4.2.1 above to give information and produce documents about its business (including reports prepared by external parties such as consultants appointed by the firm or Recognised Body), transactions or employees to us. When we require the giving of information or production of documents, it will give the person a written notice specifying what is required to be given or produced.

4.2.3 We may exercise this power either within, or outside, the ADGM.

4.3 Power to require a report

4.3.1 We may require a firm or Recognised Body to provide it with a report from a skilled person on specified matters, in circumstances where:

(a) we have concerns about the adequacy of systems and controls (such as compliance, internal audit, anti-money laundering, risk management and record keeping);

(b) we seek verification of information submitted by it; or

(c) we require remedial action to ensure the firm or Recognised Body complies with the laws.

4.3.2 GEN 8.12 sets out various requirements relating to the appointment of a skilled person, including:

(a) give written notification to the firm or Recognised Body, by us, concerning the purpose of the proposed report, the scope, the timetable for completion and any other relevant matters;

(b) specify the nature of the concerns, by us, that led to the decision to appoint a skilled person and the uses we may have for the results of any skilled person's report;

(c) the skilled person must be appointed by the firm or Recognised Body and be nominated or approved by us;

(d) a firm or Recognised Body is required to ensure it provides all assistance that the skilled person may reasonably require and ensure that the skilled person co-operates with us; and

(e) a firm or Recognised Body is required to pay for the services of the skilled person.

4.4 Power to impose requirements on a firm or Recognised Body

4.4.1 We may impose a requirement on a firm or Recognised Body under FSMR section 35, so as to:

(a) require a firm or Recognised Body to take action specified by us; or

(b) require a firm or Recognised Body to refrain from taking action specified by us.

4.4.2 Examples of requirements that we may consider imposing include, among other things, a requirement:

(a) not to take on new business;

(b) not to hold or control Client Money;

(c) not to trade in certain categories of Specified Investment;

(d) prohibiting or restricting the disposal of, or other dealing with, any of the firm's or Recognised Body's assets (whether in the ADGM or elsewhere); and

(e) that all or any of the firm's assets (or all or any assets belonging to investors but held by the firm or Recognised Body) must be transferred to a trustee approved by us.

4.4.3 We may exercise our power under paragraph 4.4.1 above in certain circumstances, as set out in FSMR section 35(2) and GEN 8.13.1, including where:

(a) the firm or Recognised Body is failing, or is likely to fail, to satisfy the Threshold Conditions when it was first granted a Financial Services Permission including:

(i) having adequate and appropriate resources;

(ii) being fit and proper to carry on a activity regulated by us for which it has an authorisation or recognition;

(iii) capability of being effectively supervised; and

(iv) having adequate compliance arrangements to enable it to comply with all applicable legal requirements.

(b) the firm or Recognised Body has committed a contravention of the FSMR, Rules or other enactments or subordinate legislation administered by us;

(c) the firm or Recognised Body has failed, during the period of at least 12 months, to carry on an activity regulated by us to which the Financial Services Permission relates; or

(d) we consider that the exercise of the power is necessary or desirable in the pursuit of one or more of our objectives.

4.4.4 In determining whether to exercise our power under section 35 of the FSMR, we may take into account relevant facts and circumstances including, the following:

(a) whether we have concerns about the fitness and propriety of the firm or Recognised Body;

(b) whether the firm's or Recognised Body's resources are adequate for the scale or type of activity which the firm is authorised to undertake;

(c) whether the firm or Recognised Body has conducted its business in compliance with the FSMR and the Rules;

(d) whether the firm or Recognised Body has ensured full compliance with applicable money laundering or counter terrorism legislation; and

(e) whether the firm's or Recognised Body's management is able to address the Regulator's concerns about the firm or Recognised Body, or the way the business is being or has been run.

4.4.5 When exercising this power, we will have regard to the principle that any restriction imposed on a firm or a Recognised Body should be proportionate to the objectives which we are seeking to achieve.

4.5 Power to cancel a Financial Services Permission or revoke recognition

At the request of a firm

4.5.1 On application of the firm or Recognised Body (in such firm as we shall prescribe), we may exercise our powers to vary or cancel a firm's Financial Services Permission or a Recognised Body's recognition (See FSMR section 32(2)).

4.5.2 Depending on the circumstances, we may need to consider whether we should first use our powers to impose requirements on a firm or Recognised Body or to vary a firm's Financial Services Permission or Recognised Body's recognition, before going on to cancel or revoke the Financial Services Permission.

On our own initiative

4.5.3 We may exercise our powers to cancel a Financial Services Permission to carry on one or more Regulated Activities, or to revoke recognition in respect of a Recognised Body (see FSMR sections 33 and 134(2)), respectively where:

(a) firm or Recognised Body is failing, or is likely to fail, to satisfy the threshold conditions;

(b) firm or Recognised Body has committed a contravention of the laws administered by us;

(c) firm or Recognised Body has failed, during the period of at least 12 months, to carry on a Regulated Activity to which the Financial Services Permission or recognition relates; or

(d) we consider that the exercise of the power is necessary or desirable in the pursuit of one or more of our objectives.

4.5.4 Circumstances when we may exercise our powers to cancel a Financial Services Permission or revoke a recognition include, among other things, where:

(a) we have serious concerns about the manner in which the business of the firm or Recognised Body has been or is being conducted;

(b) we consider it necessary to protect regulated entities and customers in the ADGM;

(c) the firm or Recognised Body has failed to have or maintain adequate financial resources or a failure to comply with regulatory capital requirements;

(d) the firm or Recognised Body has not submitted regulatory returns in a timely fashion or has provided false information in regulatory returns;

(e) as a result of withdrawal of authorisation in relation to one or more Regulated Activities, the firm or Recognised Body is no longer authorised to carry on a Regulated Activity;

(f) whether the firm or Recognised Body no longer satisfies the relevant criteria in respect of the fitness and propriety to carry on a Regulated Activity or hold a Financial Services Permission or recognition order (set out in GEN, Chapter 5 and MIR Chapters 2 and 4);

(g) the firm or Recognised Body has repeatedly contravened the FSMR or the Rules.

4.6 Power to impose conditions on the status of an Approved Person

4.6.1 We may at any time by a written notice to an Approved Person and the relevant firm:

(a) impose conditions on the grant of Approved Person status (FSMR section 48); and

(b) vary or withdraw conditions imposed on the grant of such status (FSMR section 46).

4.6.2 We may exercise this power in circumstances where:

(a) the Approved Person has not exercised the expected level of skill, care and diligence in carrying out the Controlled Function;

(b) the conduct of the Approved Person is inconsistent with the requirements and standards expected; or

(c) we have concerns about the fitness and propriety of the Approved Person (but not such as to warrant the suspension or withdrawal of an Approved Person's status pursuant to section 46 of FSMR).

4.7 Power to withdraw the status of an Approved Person

4.7.1 Under section 46 of the FSMR, we may withdraw an individual's Approved Person status given under section 45 of FSMR, if we consider that the Approved Person is no

longer fit and proper to perform the Controlled Function in question, including for example, where:

(a) the individual is in breach of an obligation applicable as a result of their Approved Person status;

(b) the Financial Services Permission of the relevant firm is withdrawn;

(c) the individual becomes bankrupt;

(d) the individual is convicted of an offence that would be considered relevant to his integrity and honesty, or his ability to perform his functions;

(e) the individual becomes incapable, through mental or physical incapacity, of managing his affairs; or

(f) the individual or the relevant firm asks us to withdraw the relevant status.

4.7.2 In determining whether to exercise its power under section 46 of FSMR, we will have regard to all relevant matters including, but not limited to:

(a) the criteria for assessing the fitness and propriety of an Approved Person as set out in GEN Chapter 5 (GEN 5.2.9) and paragraph 2.3 of this document;

(b) the commission of any offences involving dishonesty, fraud or a Financial Crime by the Approved Person;

(c) whether other enforcement action should be taken, or has already been taken, against the Approved Person by us or by other enforcement agencies;

(d) the particular Controlled Function the Approved Person is or was performing;

(e) the nature and activities of the firm concerned;

(f) the markets in which the firm operates; and

(g) the severity of the risk which the individual poses to consumers and to confidence in the ADGM financial system.

Disqualification of Auditors and actuaries under section 233 of the FSMR

4.7.3 We recognise that the use of our powers to disqualify Auditors and actuaries from being an Auditor of, or acting as an actuary for, a firm will have serious consequences for the Auditors or actuaries concerned and their clients.

4.7.4 In deciding whether to exercise our power to disqualify an Auditor or actuary under section 233(3) of FSMR, and what the scope of any disqualification will be, we will take into account all the circumstances of the case, including:

(a) the nature and seriousness of any contravention of the FSMR or Rules and the effect of that contravention;

(b) whether any contravention of the FSMR or Rules, or any failure to disclose information to us, has resulted in, or is likely to result in:

(i) loss to customers;

(ii) damage to the reputation of the ADGM; or

(iii) an increased risk that an firm, Recognised Body or Reporting Entity may be used for the purposes of Financial Crime;

(c) any action taken by the Auditor or actuary to remedy the contravention;

(d) any disciplinary action taken (or to be taken) against the Auditor or actuary by a relevant professional body, and whether that action adequately addresses the particular contravention; and

(e) the previous compliance record of the Auditor or actuary concerned, and whether the relevant regulatory body or professional body has imposed any previous disciplinary sanctions on the firm, Recognised Body, Reporting Entity or individual concerned.

5. ENFORCEMENT

5.1 Our approach to enforcement

Introduction

5.1.1 This Chapter sets out our approach to enforcement including how we may commence and conduct investigations and exercise our powers to address any misconduct or contravention of the FSMR or Rules. Our approach to imposing a penalty can be found in Chapter 6 of this document.

5.1.2 The fair and proportionate use of our enforcement powers plays a critical role in fulfilling our objectives as set out in section 1(3) of FSMR.

5.1.3 There are a number of principles underlying our approach to the exercise of our enforcement powers, including:

(a) the effectiveness of the regulatory regime depends on the maintenance of an open and co-operative relationship between us and those we regulate;

(b) we adopt a risk-based approach to regulation, focusing our efforts on those activities that we perceive as posing the greatest risk to the furtherance of our objectives;

(c) we will act fairly, openly, accountably and proportionally in the exercise of our enforcement powers;

(d) we will act swiftly and decisively to stop conduct which threatens the integrity of the ADGM or the stability of the financial services industry in the ADGM, minimise its effects, and prevent such conduct re-occurring;

(e) we aim to:

(i) deter or reduce the likelihood of future non-compliance;

(ii) reduce or eliminate any financial gain or benefit from non-compliance; and

(iii) where appropriate, remedy the harm caused by the non-compliance.

5.2 Enforcement framework

Introduction

5.2.1 Enforcement is one of a number of regulatory tools available to us. We will take enforcement action in line with our objectives and approach to enforcement and may conduct investigations where there is a suspected contravention.

5.2.2 As a risk-based regulator, priority will be given to those areas which pose the biggest risk to achieving our objectives.

5.2.3 The proactive supervision and monitoring of Authorised Persons and an open and co-operative relationship between such Authorised Persons and their supervisors may, in some cases where a contravention of the FSMR or Rules has taken place, lead us to decide against taking formal disciplinary action. In those cases, we would expect the firm or person to act promptly in taking the necessary remedial action agreed with its supervisors to deal with our concerns. If the firm or person does not take such action, we may then proceed to take formal enforcement action.

General contravention provisions

5.2.4 Pursuant to section 218 of FSMR, a person commits a contravention if he:

(a) does an act or thing that the person is prohibited from doing by or under the FSMR or Rules;

(b) does not do an act or thing that the person is required or directed to do by or under the FSMR or Rules;

(c) fails to comply with a requirement or condition imposed by or under the FSMR or the Rules; or

(d) otherwise contravenes a provision of the FSMR or Rules.

Involvement in contravention

5.2.5 If a person is Knowingly Concerned in a contravention of the FSMR or Rules committed by another person then, under section 220 of FSMR, both persons may be held liable for committing a contravention.

5.2.6 A person is "Knowingly Concerned" in a contravention if the person:

(a) has aided, abetted, counselled or procured the contravention;

(b) has induced, whether by threats or promises or otherwise, the contravention;

(c) has in any way, by act or omission, directly or indirectly, been knowingly involved in or been party to, the contravention; or

(d) has conspired with another or others to commit the contravention.

Enforcement assessment: Threshold Conditions cases

5.2.7 We may take enforcement action against an Authorised Person who no longer meets the Threshold Conditions. . We view the Threshold Conditions as being fundamental requirements for a firm operating within the ADGM under a Financial Services Permission.

Decision to take action

5.2.8 We will make an assessment on a case by case basis whether to carry out a formal investigation, having considered all the available information, including:

(a) elements of suspected contravention of the FSMR or Rules;

(b) the Authorised Person's willingness to co-operate with us;

(c) whether confidentiality obligations prevent individuals from providing information unless we compel them to do so by using our formal powers; and

(d) whether the Authorised Person concerned has undertaken, or offered to undertake, remedial action.

Enforcement process

5.2.9 When taking enforcement action, we will generally adopt the following process:

(a) Step 1 - Assessment of complaints and referrals (paragraph 5.3);

(b) Step 2 - Commencement of an investigation (paragraph 5.4);

(c) Step 3 - Information gathering (paragraph 5.5);

(d) Step 4 – Analysis of information provided (paragraph 5.7);

(e) Step 5 - Assessment of remedies (paragraph 5.8); and

(f) Step 6 - Conclusion of the investigation (paragraph 5.19).

5.3 Step 1 - Assessment of complaints and referrals

5.3.1 Assessment of complaints and referrals concerning suspected misconduct or suspected contraventions is a key function of our regulatory remit and enforcement framework. Every complaint and referral, regardless of source, is assessed to determine whether an investigation or other action ought to take place.

Sources of complaints and referrals

5.3.2 We may become aware of suspected misconduct or suspected contraventions from a variety of sources, including:

(a) members of the public;

(b) our supervisory activities; and

(c) other external regulatory authorities or law enforcement agencies.

Complaints

5.3.3 Complaints received by us from members of the public which relate to:

(a) any conduct of, or dissatisfaction with, any person regulated by us;

(b) a potential contravention of the FSMR or Rules; or

(c) any conduct that causes, or may cause, damage to the reputation of the ADGM or the financial services industry in the ADGM;

are classified as regulatory complaints and are assessed through our complaints management function.

5.3.4 A person wishing to lodge a regulatory complaint with us should, where possible, do so in writing. A complaint can be lodged:

(a) by email to: supervision@adgm.com;

(b) by sending the complaint to Financial Services Regulatory Authority, Abu Dhabi Global Market PO Box 111999, Abu Dhabi, United Arab Emirates; or

(c) delivering the complaint to us at Financial Services Regulatory Authority, Abu Dhabi Global Market Square, Al Maryah Island Abu Dhabi, United Arab Emirates.

5.3.5 When a complaint is received, we will send an acknowledgement letter to the complainant which will include the contact details of our complaints management function.

5.3.6 If, during the assessment of a regulatory complaint, we identify suspected misconduct or a suspected contravention, we will refer the complaint to the relevant staff member. After that, the relevant department assumes responsibility for the complaint and undertakes further consideration of the complaint.

5.3.7 All complaints lodged with us are held in confidence in accordance with the FSMR. However, in order to assess a complaint properly, we may need to speak to third parties including any person who is the subject of the complaint.

Referrals

5.3.8 There are two types of referrals - internal and external.

(a) Internal referrals

Internal referrals originate from our supervisory activities. Our supervisory framework is designed to detect and mitigate risks to the ADGM and the financial services industry in the ADGM.

An internal referral occurs when our supervision division refers a matter to our enforcement department, when the supervisory department has identified possible contraventions.

When the enforcement division receives an internal referral, the referring division may continue to be responsible for the on-going supervision of the firm who may be the subject of the referral.

(b) External referrals

We may also receive allegations of misconduct through an external referral from other regulatory authorities and law enforcement agencies or any other person.

Such allegations may be received pursuant to the IOSCO or IAIS Multilateral Memoranda of Understanding (MMoU), or bilateral arrangements for the exchange of information between us and other regulatory and enforcement agencies.

5.4 Step 2 - Commencement of investigations

Introduction

5.4.1 On receipt of an internal or external referral, the allegation will be assessed to determine if there is a suspicion of a contravention. If a suspicion arises and it is appropriate and expedient, we may start an investigation.

Section 205 of FSMR empowers us to conduct investigations if we consider there is good reason to do so, including investigations into reasonable suspicions of contraventions of FSMR and Rules.

5.4.2 In determining whether to commence an investigation, we will consider a number of factors including:

(a) the nature and seriousness of the suspected contravention;

(b) whether the suspected contravention is on-going;

(c) whether the suspected contravention affects, or has the potential to affect, our objectives;

(d) whether those involved in the suspected contravention are likely to co-operate;

(e) the disciplinary record and compliance history of the person(s) involved in the suspected contravention;

(f) whether, if proven, a suitable remedy is available;

(g) the extent to which another law enforcement agency or Non-ADGM Financial Services Regulator can adequately address the matter;

(h) the nature of any request for assistance made by another regulator or body under sections 216 or 217of FSMR; and

(i) whether any party who may have suffered a detriment as a result of the suspected contravention is able to take his own remedial action.

5.4.3 Whether we "reasonably suspect" a contravention is a question which we will determine on the facts and circumstances available at the time of the determination to commence investigation.

5.4.4 While we are not bound to disclose to any party that an investigation has commenced or is on-going, or the basis on which an investigation is commenced, we may where necessary or desirable to do so, notify a person who is the subject of an investigation that an investigation has commenced, and the nature of our investigation.

5.4.5 We will not normally make public the fact that we are investigating a matter. We also expect that the person who is the subject of an investigation will treat the matter as confidential. However, subject to the restrictions on disclosure of confidential information in sections 197 and 198 of the FSMR, this does not stop the person under investigation from seeking professional advice or making their own enquiries into the matter, giving their Auditors appropriate details of the matter or making notifications required by law.

5.5 Step 3 - Information gathering

Introduction

5.5.1 Once an investigation has commenced, we may exercise our powers to gather information to advance our objectives.

5.5.2 Our information-gathering powers may only be exercised by the Chief Executive or his delegate(s). The delegation need not be limited to our employees and can extend to other, non FSRA staff who are able to assist the investigation.

Power to require documents or information

5.5.3 During an investigation, the investigator may obtain relevant information and/or documents either: on a compulsory basis, principally through the exercise of its powers under section 206(1)(b) and (c) of FSMR, and/or on a voluntary basis.

5.5.4 Our compulsory information gathering powers are divided into two broad categories – supervisory and investigative. When we require the giving of information or production of documents, we will generally give the Person a written notice specifying what is required to be given or produced.

5.5.5 Under our supervisory powers, we may require a Person to give us information and produce documents about its business under section 201 of the FSMR. The power of section 201 of FSMR permits us to request information and documents from an Authorised Person, Recognised Body, Issuer of Securities admitted to the Official List and any director, officer, employees or agent of such Authorised Person, Recognised Body or Issuer, which we consider is necessary or desirable to meet our objectives.

5.5.6 Under our investigative powers, we also have the power to require documents or information under section 206(1)(b) and (c) of the FSMR. Unlike the supervisory power under s201, the powers under section 206 may only be used:

(a) for the purposes of an investigation; and

(b) in circumstances where the investigator considers that a person is or may be able to give information or produce a document which is or may be relevant to an investigation.

Power to Inspect and copy documents

5.5.7 The section 206(1)(e) of FSMR permits the investigator to enter the business premises of the person under investigation for the purpose of inspecting and copying documents.

5.5.8 The investigator will generally not provide prior notice of an inspection in circumstances where the provision of prior notice may prejudice the investigation.

5.5.9 When exercising this power, the investigator may:

(a) require any appropriate person to:

(i) make available any relevant information stored at the business premises for inspection or copying; or

(ii) convert any relevant information into a physical form capable of being copied; and

(b) use the facilities of the occupier of the business premises where appropriate and necessary, free of charge, to make copies.

Power to require production of information

5.5.10 Section 206(1)(c) of FSMR empowers the investigator to require a person to give, or procure the giving of, information. The term "information" should be interpreted broadly, in accordance with its ordinary meaning, and may include

(a) knowledge communicated or received concerning a particular matter, fact or circumstance;

(b) knowledge gained through work, commerce, study, communication, research or instruction;

(c) data obtained as output from a computer by means of processing input data with a program or any data at any stage of processing including input, output, storage or transmission data;

(d) an explanation or statement about a matter;

(e) the identification of a person, matter or thing; or

(f) the provision of a response to a question.

Power to require production of documents

5.5.11 Section 206(1)(b) of FSMR empowers the investigator to require a person to produce, or procure the production of, specified documents or documents of a specified description. Specified documents may include, for example, any record of information, including:

(a) anything on which there is writing;

(b) anything on which there are marks, figures, symbols or perforations having a meaning for persons qualified to interpret them;

(c) anything from which sounds, images or writings can be reproduced with or without the aid of anything else; or

(d) a map, plan, drawing or photograph.

5.5.12 Section 206(1)(b) of FSMR empowers the investigator to require production of original documents or copies.

5.5.13 When exercising his powers under section 206(1)(b) of FSMR, the investigator may retain possession of any original document for as long as is necessary for the investigation to which the notice relates. When a person is unable to produce documents in compliance with a requirement made by the investigator, the investigator may require the person to state, to the best of that person's knowledge or belief, where the documents may be found and who last had possession, custody or control of those documents.

Time for responding to information and document requirements

5.5.14 As delays in the provision of information and/or documents can have an adverse impact on the efficient and effective progression of an investigation, we expect persons to respond to information and document requests within the timeframe required by us, in particular where a deadline for submission has been imposed.

Power to require a Person to attend an interview

5.5.15 Section 206(1)(a) of FSMR empowers the investigator has the power to require a person (the interviewee) to attend before us (the interviewer) for an interview to provide oral evidence relevant to an investigation we are conducting.

5.5.16 A person attending an interview will first be served with a written notice requiring his attendance. Pursuant to section 206(5) of FSMR, an interviewee is not entitled to refuse or fail to answer a question on the basis that his answers may incriminate him, make him liable for a penalty or reveal communications made in confidence (subject to section 209(6) of the FSMR).

5.5.17 An interview will be conducted in private and the interviewer may give directions to the interviewee regarding:

(a) who may be present during the interview;

(b) swearing an oath, or giving an affirmation, that the answers provided will be true;

(c) what, if any, information may be disclosed by the interviewee or any other person present at the interview to any third party;

(d) the conduct of any person and the manner in which they will participate during the interview; and

(e) answering any question which is relevant to the investigation.

5.5.18 An interviewee is entitled to legal representation during the course of an interview.

Power to require a Person to provide assistance

5.5.19 Section 206(1)(d) of FSMR empowers the investigator to require a person to provide assistance in relation to an investigation, which may include requiring a person to do a physical act or provide information to advance an investigation. For example, it may require a person to assist in the location of specific documents.

5.5.20 This power can be used independently, or in conjunction with, the exercise of other investigative powers. For example, the investigator can exercise its powers under section 206(1)(a) of FSMR to require a person to attend an interview and under section 206(1)(d) of FSMR, to require the interviewee to provide reasonable assistance during or after the interview. For example, the interviewee may be required, during the interview, to explain the context of a document shown to him, or, after the interview, to locate and later produce a document referred to during the interview.

5.6 Power to enter the premises for the purposes of an investigation

5.6.1 For the purposes of an investigation conducted under section 205 of FSMR, we may require any Authorised Person or Recognised Body to allow entry on to the premises (during normal business hours or at any other time as may be agreed) for the purpose of inspecting and copying information or documents (at the relevant person's expense).

5.6.2 We will provide reasonable notice to an Authorised Person, Recognised Body, or other person when we seek information, documents or access to premises. In exceptional circumstances, such as where any delay may be prejudicial to the interests of the ADGM, we may seek access to premises without the giving of prior notice.

Confidentiality

5.6.3 When carrying out our regulatory functions, we must maintain confidentiality of information, unless disclosure is permitted by section 199 of FSMR. We have issued a separate policy statement on Confidentiality and it is available on our website.

5.6.4 We may also impose obligations of confidentiality in respect of information and documents provided during the exercise of an investigator's powers under section 206(1) of FSMR.

5.6.5 The investigator can make directions to protect the confidentiality of information and documents which are part of an interview, in accordance with section 206(4)(b) of FSMR.

5.6.6 We or our investigator conducting an interview pursuant to section 206(1)(a) of FSMR may direct any person present during the interview from disclosing any information provided to the interviewee or questions asked by the interviewer during the interview.

5.6.7 Directions under section 206(4) of FSMR are made to ensure that an investigation is not prejudiced by the disclosure of the nature of the information sought or the questions asked during an investigation. In each case, we need to consider whether or not such directions are appropriate in the circumstances of that matter.

Protections

5.6.8 Parties who are required to comply with a requirement made by us during the course of an investigation, and persons who are the subject of an investigation, may benefit from certain protections in the FSMR, including:

(a) section 198, which provides that confidential information provided to us must not be disclosed except in certain limited circumstances;

(b) section 207(2), which provides that where a person takes part in an interview, any statements made during the interview cannot be disclosed by

the investigator to a law enforcement agency for the purpose of criminal proceedings unless the person consents to the disclosure or the investigator is required by law or court order to disclose the statement; and

(c) claims of legal professional privilege and other protections (see paragraph 5.6.9 – 5.6.10 below)

Claims of privilege and other protections

5.6.9 As set out in sections 210 and 211 of FSMR, there are a number of limitations on our powers to require documents and information.

5.6.10 we will recognise a valid claim for Legal Professional Privilege (LPP), made by:

(a) the privilege holder, or

(b) a third party seeking to assert the LPP claim on behalf of the privilege holder.

Non-compliance with requirements

5.6.11 Pursuant to section 214 of FSMR, a person must not, without reasonable excuse, engage in conduct that is intended to obstruct us in the exercise of our investigative powers by any means, including:

(a) the failure to attend at a specified time and place to answer questions;

(b) the falsification, concealment or destruction of documents;

(c) the failure to give or produce information or documents specified by us

(d) the failure to provide assistance in relation to an investigation which the person is able to give.

5.6.12 We will regard any breach of a requirement under Part 17 of FSMR as serious and take appropriate action where necessary.

Return of information and documents

5.6.13 Where, during the course of an investigation, we have obtained original documents, we will usually return these to the person from whom the documents were received, as soon as practicable after the conclusion of the investigation or related proceedings.

5.6.14 Where information or documents have been produced to us in the course of an investigation to assist another regulator or agency, we may release the information or documents to that other regulator or agency. The information and documents will usually be returned to the person from whom the information and documents were received, as soon as practicable after receiving them back from the other regulator or agency.

5.7 Step 4 – Analysis of information provided

5.7.1 On completion of the information gathering step, we will carefully consider all the relevant facts and circumstances of the matter to determine:-

(a) whether there has been a contravention of the FSMR or the Rules; and

(b) if so, if there is a regulatory benefit of pursuing the contravention in question.

5.7.2 The effective and proportionate use of our powers to enforce the requirements of the FSMR and the Rules will play an important role in our pursuit of our objectives as set out in section 1(3) of the FSMR. Imposing financial penalties, public censures and other disciplinary measures shows that we are upholding regulatory standards and helps to maintain market confidence and deter financial crime.

5.7.3 However, they are not the only tools available to us, and there will be instances of non-compliance which we consider appropriate to address without the use of such tools. For example, consistent with our risk-based approach to regulation, activities that are not seen as posing a significant risk to the furtherance of our objectives may not attract the same remedies as activities which we are seeking to prioritise.

5.7.4 At the conclusion of an investigation, we may:

(a) take no further action;

(b) commence a settlement negotiation;

(c) accept a settlement;

(d) accept an enforceable undertaking;

(e) refer a matter for determination to a delegated decision-maker, e.g. for the

(i) imposition of a financial penalty;

(ii) imposition of a public censure;

(iii) variation or cancellation of a Financial Services Permission;

(iv) imposition of conditions on an Approved Person;

(v) suspension or withdrawal of an Approved Person's Approval; or

(vi) revocation of recognition of a Recognised Body;

(f) commence Court proceedings; or

(g) exercise a power on behalf of another regulator.

5.8 Step 5 - Assessment of Remedies

5.8.1 There is a range of remedies which we may pursue to achieve our objectives, including:

(a) financial penalties;

(b) public censure;

(c) private warning; and

(d) injunctions and other court orders.

5.8.2 We may, in any matter, pursue more than one remedy.

5.8.3 We do not have criminal jurisdiction. Should criminal conduct be identified, it will be referred to the appropriate law enforcement agency.

5.9 Financial penalties

5.9.1 We may seek to impose a financial penalty under section 232 of FSMR on a person whom we consider has contravened a provision of the FSMR or the Rules. We may impose a financial penalty in any amount considered appropriate, provided such amount is not less than 5,000 UAE Dirhams and not exceeding the higher of 50 million UAE Dirhams or 10% of the value of the relevant transaction.

5.9.2 In determining whether to impose a financial penalty, and the quantum of the financial penalty, we will take into consideration the circumstances of the conduct and will be guided by the penalty guidance set out in Chapter 6 of this document.

5.9.3 Prior to making a decision, we will follow the procedures set out in Part 21 of the FSMR (see also Chapter 7 of this document for guidance).

5.10 Public censure

5.10.1 We may, under section 231 of FSMR, seek to publicly censure a person whom we consider has contravened a provision of the FSMR and Rules.

5.10.2 In determining whether to publicly censure a person, we will take into consideration the circumstances of the conduct and will be guided by the penalty guidance set out in paragraph 6.3 of this document.

5.11 Private warnings

5.11.1 In certain cases, despite concerns about a person's behaviour or evidence of a breach of the FSMR or the Rules, we may decide that it is not appropriate, having regard to all the circumstances of the case, to bring formal action for a financial penalty or public censure, or that an alternative regulatory outcome is preferable in light of the

circumstances of the case. This is consistent with our risk-based approach to enforcement.

5.11.2 Private warnings is a non-statutory tool, primarily used by us as an enforcement tool, but they may also be used in other departments. Whilst a private warning is not intended to be a determination by us as to whether the recipient has breached a provision of the FSMR or the Rules, private warnings, together with any comments received in response, will form part of the person's compliance history.

Instances where we may issue a private warning

5.11.3 We may give a private warning rather than take formal action where the matter giving cause for concern is minor, or where the person has taken full and immediate remedial action. In any event, we will take into account all the circumstances of the case before deciding whether a private warning is appropriate.

Generally, we would expect to use private warnings in the context of Authorised Person, Recognised Bodies and Approved Persons. However, we may also issue private warnings in circumstances where the persons involved may not necessarily be authorised or approved, including, for example, in potential cases of Market Abuse.

5.12 Injunctions and orders

5.12.1 We have a broad power to make an application to the ADGM Court for injunctive relief and other orders (see FSMR, sections 236 - 238). The ADGM Court may make one or more of the following orders:

(a) an order restraining a person that is engaging in conduct that would constitute a contravention;

(b) an order requiring a person to do an act or thing to remedy a contravention or to minimise loss or damage; or

(c) any other order as the Court sees fit, including an order restraining the transfer of assets or the departure of individuals from the jurisdiction of the court.

5.12.2 In deciding whether an application for an injunction is appropriate, we will consider all relevant circumstances including:

(a) the nature and seriousness of the contravention;

(b) whether the contravention is on-going;

(c) whether the contravention affects, or has the potential to affect, our objectives;

(d) where we consider it necessary to protect regulated entities and clients in the ADGM;

(e) whether there is a danger of assets being dissipated or removed from the jurisdiction of the Court;

(f) whether there is a danger that a person or persons may leave the jurisdiction and, if so, the effect that his or their absence may have on the effectiveness of the court's orders;

(g) costs we would incur in applying for and enforcing an injunction and the likely effectiveness of such an injunction or other order;

(h) the disciplinary record and compliance history of the person;

(i) whether the losses suffered are substantial;

(j) whether the assets at risk are substantial;

(k) whether the number of clients at risk is significant;

(l) whether the conduct in question can be adequately addressed by other disciplinary measures;

(m) the extent to which another law enforcement agency or Non-ADGM Financial Services Regulator can adequately address the matter in question; and

(n) whether there is a reason to believe that the person who is the subject of the possible application is or has been involved in money laundering, terrorist financing or other form of financial crime or criminal conduct.

5.13 Actions for damages

5.13.1 Section 242 of FSMR provides that where a person:

(a) intentionally, recklessly or negligently commits a breach of duty, requirement, prohibition, obligation or responsibility imposed under the FSMR; or

(b) commits fraud or other dishonest conduct in connection with the matter arising under the FSMR;

the person is liable to compensate any other person for any loss or damage caused to that other person as a result of such conduct.

5.13.2 Section 242 of FSMR gives us, and any aggrieved persons, broad powers to make application for recovery of damages where there has been an identified contravention of the FSMR or Rules administered by us. An aggrieved person may exercise rights provided under section 242 of FSMR independently of, or contemporaneously with, us.

5.13.3 In determining whether to commence proceedings, we will take into account all relevant circumstances, including:

(a) the nature and seriousness of the suspected contravention;

(b) whether the suspected contravention is on-going;

(c) whether the contravention affects, or has the potential to affect, our objectives;

(d) whether a party who may have suffered detriment as a result of the alleged contravention is able to take his own remedial action;

(e) in circumstances where more than one person has suffered loss or damage:

(i) the number of those that have suffered loss or damage and the amount of loss or damage involved; and

(ii) whether it is convenient or possible for a class of aggrieved persons to commence a proceeding;

(f) the cost we would incur in applying for or enforcing any order that it is successful in obtaining;

(g) whether the conduct in question can be adequately addressed by the use of other regulatory powers;

(h) whether redress is available elsewhere or through another Non-ADGM Financial Services Regulator;

(i) whether there is a reason to believe that the person is or has been, involved in money laundering, terrorist financing or other form of financial crime or criminal conduct;

(j) whether the profits are quantifiable;

(k) whether the person is solvent; and

(l) whether we have a reasonable prospect of success in the relevant proceedings.

Determining the amount of restitution

5.13.4 In determining the amount of compensation payable in accordance with section 241 of FSMR, we may obtain information relating to the amount of profits made and/or losses or any other adverse effects resulting from the conduct of Authorised Person, Recognised Bodies or unauthorised persons.

5.13.5 As well as obtaining information through the use of our information gathering powers, we may consider using our powers under section 203 of FSMR to require an Authorised Person or Recognised Body to provide a report prepared by a Skilled Person, or appoint a Skilled Person ourselves to prepare a report. A Skilled Person's report may be requested to assist us to determine:

(a) the amount of profits which have been made by the Authorised Person or Recognised Body;

(b) whether the conduct of the Authorised Person or Recognised Body has caused any losses or other adverse effects to persons and/or the extent of such losses; or

(c) how any amounts to be paid by the Authorised Person or Recognised Body are to be distributed between persons.

5.14 The compulsory winding-up of a regulated entity

5.14.1 We may apply to the ADGM Court for the winding up of a company which is, or has been, an Authorised Person or Recognised Body, or operating in breach of the General Prohibition, where we consider it is just and equitable and in the interests of the ADGM, in accordance with section 244 of FSMR.

5.14.2 In deciding whether such an application is just and equitable and is in the interests of the ADGM, we will consider all relevant circumstances, including:

(a) whether the company has operated in accordance with the FSMR and Rules;

(b) where the company has contravened the FSMR or Rules:

(i) the nature, scale and seriousness of the contravention;

(ii) whether the contravention is on-going;

(iii) whether the contravention affects, or has the potential to affect, our objectives;

(iv) what other steps the person could take or other orders a court could make to remedy the contravention;

(c) the need to protect a firm's clients, particularly in cases where an Authorised Person holds or controls Client Assets;

(d) whether the needs of those operating in the ADGM and the interests of the ADGM are best served by the company ceasing to operate;

(e) in the case of an Authorised Person, where we consider that our Financial Services Permission should be withdrawn or, where it has been withdrawn, the

extent to which there is other business that the firm carries on without authorisation;

(f) whether there is reason to believe that the firm or person is or has been involved in money laundering, terrorist financing or other form of financial crime or other criminal conduct;

(g) where there is a significant cross-border or international element to the business being carried on by the company, the impact on the business in other jurisdictions and whether another law enforcement agency or Non-ADGM Financial Services Regulator can adequately address the matter; or

(h) the extent to which the firm or person company has co-operated with us.

5.15 Injunctions and restitution orders in cases of market abuse

5.15.1 Sections 238 and 240 of FSMR provide that the ADGM Court, on application by us, may make one of a range of orders in relation to a person, irrespective of whether a contravention has occurred, if it is satisfied that it is in the interests of the ADGM for such an order to be made.

5.15.2 We may seek a range of orders from the ADGM Court, including:

(a) an order requiring that trading in any Investments cease, either permanently or for such period as is specified in the order;

(b) an order requiring that a disclosure be made to the market;

(c) an order prohibiting a person from making offers of Securities in or from the ADGM; or

(d) an order prohibiting a person from being involved in Reporting Entities, Listed Funds or Securities within the ADGM.

5.15.3 Before we make an application for an order (whether interim, ex parte or final), we must be satisfied that such an order would be in the interests of the ADGM and will take into account all relevant circumstances, including:

(a) the nature and extent of the conduct or any other matters in question;

(b) the effect of the conduct on the market and our objectives;

(c) whether the market is informed of all material information;

(d) what steps the relevant person has taken in respect of the conduct or any other matters being considered;

(e) what other form of relief (if any) is available to us; and

(f) whether the conduct in question could have a significant impact on the integrity of, or confidence in, the ADGM.

5.16 Intervention power

5.16.1 We may intervene as a party in any proceeding in the ADGM Court where we consider such intervention appropriate to meet our objectives (section 243 of FSMR). Where we intervene, it shall be subject to any other law, and have all the rights, duties and liabilities of such a party.

5.16.2 This provision does not affect our ability to seek leave to appear in proceedings as Amicus Curiae (i.e. someone not a party to the case, who volunteers to offer information to assist a court in deciding a matter before it, to make submissions on an issue of significance to the ADGM, or to place material before the Court that may otherwise not be available).

5.16.3 We will generally only exercise this right of intervention where we form the view that we will not be able to meet our objectives by simply appearing as Amicus Curiae and that, to serve the interests of the ADGM fully, it is necessary to join the proceeding as a party and stay involved in the matter throughout.

5.17 Settlement guidance

5.17.1 A settlement is a resolution, between us and a person who is subject to potential enforcement action, to agree an outcome resulting from an investigation. A person who is or may be the subject of any form of enforcement action arising out of, or during the course of, an investigation may enter into settlement discussions with us. The possibility of a settlement does not, however, change the fact that enforcement action is, and continues to be, one of the tools available to us to secure our objectives under section 1(3) of the FSMR.

5.17.2 We generally consider that early settlement of an investigation advances our objectives in that it may result in, for example, consumers obtaining compensation sooner, the saving of our and industry resources and the promotion of good business and regulatory practices.

5.17.3 However, we will only consider settlement when we are confident we have sufficient understanding of the nature and gravity of the suspected misconduct to make a reasonable assessment of the appropriate outcome.

5.17.4 We will conduct all settlement discussions on a "without prejudice" basis; namely, that no party to the discussions may subsequently rely upon any admissions or statements made during the course of the settlement discussion or on any document recording those discussions.

5.17.5 We will only settle when the agreed terms result in what we consider to be an appropriate and proportionate regulatory outcome.

5.17.6 In the interests of efficiency and effectiveness, we will set clear and reasonable timetables for settlement discussions to ensure they do not unreasonably delay settlement or a regulatory or enforcement outcome. Where we have concerns that a party to settlement discussions is using negotiations as a means to delay or frustrate us with no genuine intention to settle, we, having made our concerns known to the other party, may bring the settlement discussions to an end and pursue other appropriate enforcement action.

5.17.7 Settlement in particular circumstances should not be regarded as binding precedent for future settlement discussions. Whilst we recognise the importance of consistency in its decision-making, we recognise that the facts of two enforcement cases are seldom identical. For this reason, and to ensure that we are able to respond to the demands of a changing and principles-based regulatory environment, it is important for us to be able to take a different view to that taken in an earlier case. However, any decision to depart from the earlier approach will only be made after careful consideration of the reasons for doing so.

Factors we will consider when contemplating settlement

5.17.8 In deciding whether a proposed settlement is acceptable, and in accordance with meeting our objectives, we will consider a number of factors, including:

(a) the nature and seriousness of the conduct or suspected contravention the subject of the proposed settlement;

(b) whether the suspected contravention is continuing;

(c) whether the person is prepared to publicly acknowledge our concerns about the conduct or suspected contravention that is the subject of the proposed settlement;

(d) the necessity for protective or corrective action;

(e) the prospects for a swift resolution of the matter;

(f) whether the suspected contravention that is the subject of the proposed settlement was:

(i) inadvertent; or

(ii) the result of the conduct of one or more individual officers or employees of the Authorised Person (and their level of seniority);

(g) whether the person has co-operated with us (e.g. by providing complete information about the conduct or suspected contravention, taking any remedial action);

(h) whether the settlement will achieve an effective outcome for those who have been adversely affected by the suspected contravention;

(i) whether the person is likely to comply with the terms of the settlement;

(j) the person's disciplinary record and compliance history; and

(k) whether the settlement promotes general deterrence.

Form of settlement

5.17.9 We will generally only settle an enforcement matter on the basis of either:

(a) a Final Notice setting out the action taken (see paragraph 5.17.10); and/or

(b) an Enforceable Undertaking (see paragraph 5.17.11).

A settlement which results in a notice of decision will be documented in the form of a legally enforceable agreement executed by all parties to the settlement.

Final Notice

5.17.10 The outcome of a settlement with us may result in a Final Notice (in accordance with section 251 of FSMR), which promotes consistency of regulatory outcomes and transparency of approach to enforcement decision-making.

Enforceable Undertakings

5.17.11 An Enforceable Undertaking ("EU") is a form of settlement that we may accept, under section 235 of FSMR as an alternative to other remedies available to us to influence behaviour and encourage a culture of compliance.

5.17.12 An EU involves a written undertaking from a person against whom action could be taken under the FSMR or any Rules made under the FSMR, to do or refrain from doing a specified act or acts. It may, amongst other things, include remedial actions that are not otherwise available under a notice of decision.

5.17.13 An EU may be offered by a person and accepted by us at any time, either before, during or after an investigation, the making of a decision or the commencement of proceedings in the court. Entry into an EU is voluntary. We do not have the power to require a person to enter into an EU, nor can a person compel us to accept an EU.

5.17.14 We will generally only consider accepting an EU that we consider to be necessary or desirable in pursuit of our objectives and where the EU contains:

(a) an admission or acknowledgement of any contraventions or our concerns;

(b) undertakings addressing our concerns; and

(c) an agreement to make the EU public, and

(d) an agreement not to make public statements conflicting with the spirit of the EU.

5.17.15 A person offering us an EU may also undertake in the EU to pay a pecuniary penalty and/or our costs, including any costs associated with compliance with the EU.

Variation or withdrawal

5.17.16 Once accepted by us, an EU can only be withdrawn or varied with our consent in writing. We will only consider a request to vary an undertaking if:

(a) the variation will not alter the spirit of the original undertaking;

(b) compliance with any one or more terms of the undertaking is subsequently found to be impractical or impossible; or

(c) there has been a material change in the circumstances which led to the undertaking being given.

Compliance with an EU or decision

5.17.17 If we consider that a person has not complied with a term of the EU or a decision, we may:

(a) apply to the ADGM Court for appropriate orders;

(b) publish the fact of the application to the ADGM Court and any subsequent orders of the court; and

(c) seek the costs of the application.

5.18 Costs

Litigation Costs

5.18.1 We will generally seek litigation costs orders from the ADGM Court where we have commenced a proceeding and been successful in achieving all or part of the outcome sought.

Costs in proceedings before the ADGM Appeals Panel

5.18.2 The ADGM Appeals Panel, on conclusion of any proceedings before it, may make an order (under section 229(2)€ of the FSMR) requiring a party to the appeal to pay a specified amount, being all or part of the costs of the proceedings, including those of any party to the proceedings.

Investigation Costs

5.18.3 Where a person is found by the Court to have contravened the FSMR or Rules, the ADGM Court may order that person to pay or reimburse us in respect of the whole or a specified part of the costs and expenses of the investigation, including the remuneration of a Person involved in the investigation.

5.19 Step 5 - Conclusion of an investigation

5.19.1 We will conclude an investigation when:

(a) we have decided to take no further action in response to the suspected contraventions which are the subject of the investigation (due to, for example, insufficiency of evidence); or

(b) all remedies and obligations resulting from an investigation are concluded and fulfilled.

5.20 Publicity

Publicity of enforcement actions

5.20.1 We will generally publish, in a manner we consider appropriate and proportionate, information and statements relating to enforcement actions, including public censures and any other relevant matters. The publication of enforcement outcomes is consistent with our commitment to open and transparent processes and our objectives.

5.20.2 In all cases we retain the discretion to take a different course of action, where it furthers our ability to achieve our objectives or is otherwise in the public interest to do so. For example, if we issue a private warning, rather than taking formal action, we may decide not to publish this if it furthers our ability to achieve our objectives. Please refer to paragraph 5.11 for further details about how we use private warnings.

Commencement and conclusion of investigations

5.20.3 We will generally not publish information about the commencement, conduct or conclusion of the investigative phase of our enforcement actions.

5.20.4 Where we do publish the fact that we are conducting an investigation and no enforcement action results, we may issue a press release confirming the conclusion of the investigation and that no action is to be taken.

Commencement of proceedings

5.20.5 We expect to publish information about the commencement or hearing of enforcement proceedings, unless otherwise required not to by the relevant body or it is not in the public interest to do so and would not achieve our objectives.

Disclosure of decisions

5.21 Executive Decisions

5.21.1 We will generally make public any enforcement administrative decision made by our Executive and will do so in a timely manner after any relevant period to institute a referral of the decision to the ADGM Regulatory Committee has expired or appeal process has come to an end, unless it is not in the public interest to do so and would not achieve our objectives.

The Regulatory Committee's Decisions

5.21.2 We will generally make public any decision made by the ADGM Regulatory Committee and will do so in a timely manner after any relevant period to institute a referral of the decision to the ADGM Appeals Panel has expired or appeal process has come to an end, unless otherwise required not to by the ADGM Regulatory Committee, or it is not in the public interest to do so and would not achieve our objectives.

Appeals Panel or Court Decisions

5.21.3 FSMR requires all ADGM Appeals Panel hearings to be heard in public unless the Appeals Panel orders otherwise or its rules of procedure provide otherwise. The Appeals Panel may exercise its discretion not to make public any decisions it may make. Where it does determine to publish a decision or interim decision, the Appeals Panel will publish these on its website.

5.21.4 Following hearings and decisions by the ADGM Appeals Panel, we expect to make timely public disclosure of the Appeals Panel's decisions, including any interim decisions, unless otherwise ordered.

5.21.5 Decisions made by the ADGM Courts will be publicised by us in a timely manner, unless ordered otherwise.

5.21.6 This approach is adopted on the basis that any delay in disclosure may hinder and unfairly prejudice us in achieving some of our primary objectives. For example, non-disclosure may potentially prejudice users and prospective users of financial services in the ADGM if they are acting unaware of facts known in the enforcement action.

Disclosure of settled enforcement actions

5.21.7 We expect to disclose publicly the outcome of any settlement of an enforcement action, including the notice of decision or EU, to ensure all stakeholders and the general public are clearly informed of the outcome.

5.21.8 Settlement agreements which result in a Final Notice or an EU will result in the publication of the relevant notice of decision or EU on our website as well as an associated press release.

5.21.9 We may be ordered, or required by law, not to publish information regarding a settlement. For example, disclosure may not occur if a third party has commenced proceedings in the courts in respect of the same conduct and the publication of the undertaking or settlement may prejudice that party's case in the courts. However, simply because a third party has commenced proceedings does not preclude us from publishing our settlements, including the notice of decision or EU.

Content and mode of publication

5.21.10 Where appropriate, we may comment publicly on investigations, enforcement actions and other formal regulatory decisions publishing final notices of regulatory decision, EUs or other enforcement actions. In doing so, we will take into account:

(a) any privileged or sensitive information when considering the content of our publications; and

(b) the possibility that any publication may potentially affect the rights of a third party and, if so, will endeavour to give that third party notification of the publication and an opportunity to make representations on the publication.

5.21.11 Publication may take any one or more forms including a media release, a statement on our website or any other forums as determined suitable by us.

6. PENALTY GUIDANCE

6.1 Approach to imposing a penalty

6.1.1 This chapter sets out the matters that will be taken into account by us when determining a "penalty", which includes a financial penalty, public censure or any other enforcement action.

6.1.2 We may also refer to matters described in this chapter when determining an appropriate penalty in settlement agreements, including an EU.

6.2 Deciding to take action

6.2.1 When determining a penalty, we will consider all relevant facts and circumstances, including the factors listed below that may be relevant for this purpose:

(a) our objectives;

(b) the deterrent effect of the penalty on:

(i) persons that have committed or may commit the contraventions; and

(ii) other persons that have committed or may commit similar contraventions;

(c) the nature, seriousness, duration and impact of the contravention, including:

(i) whether the contravention was deliberate or reckless;

(ii) the duration and frequency of the contravention;

(iii) whether the contravention reveals serious or systemic weaknesses of the management systems or internal controls relating to all or part of a person’s business;

(iv) the impact (actual or potential) of the contravention on the orderliness of markets, including whether confidence in those markets has been damaged or put at risk;

(d) if the contravention involved a number of persons, the degree of involvement and specific role of each Person;

(e) the benefit gained (whether direct or indirect, pecuniary or non-pecuniary) or loss avoided as a result of the contravention;

(f) the conduct of the person after the contravention, including:

(i) how quickly, effectively and completely the person brought the contravention to our attention;

(ii) the degree of cooperation the person showed during the investigation of the contravention;

(iii) any remedial steps the person has taken in respect of the contravention;

(iv) the likelihood that the same type of contravention (whether on the part of the person or others) will recur if no action is taken;

(v) the nature and extent of any false or inaccurate information given by the person and whether the information appears to have been given in an attempt to knowingly mislead us;

(g) the difficulty in detecting and investigating the contravention that is the subject of the penalty;

(h) whether the person committed the contravention in such a way as to avoid or reduce the risk that the contravention would be discovered;

(i) the disciplinary record and compliance history of the person on whom the penalty is imposed, including whether we have taken any previous disciplinary action against the person;

(j) where the person reasonably believed that their behaviour did not amount to a contravention and whether they undertook reasonable precautions and diligence to avoid committing such a contravention;

(k) whether the person acted in accordance with our guidance and other published materials;

(l) action taken by us in previous similar cases; and

(m) action taken by other domestic or international regulatory authorities. Where other regulatory authorities propose to take action in respect of the contravention which is under consideration by us, or one similar to it, we will consider whether the other authority's action would be adequate to address our concerns, or whether it would be appropriate for us to take our own action.

Actions against Approved Persons and Recognised Persons

6.2.2 In addition to the general factors listed in paragraph 6.2.1, there are some additional considerations that may be relevant when we decide whether to take action against an Approved or Recognised Person. The list is not exhaustive; not all of these factors may be applicable in a particular case, and there may be other factors, not listed that are relevant. The factors include:

(a) the approved or recognised person's position and responsibilities. We may take into account the responsibility of those exercising important functions in the firm. The more senior the person responsible for the misconduct, the more seriously we are likely to view the misconduct, and the more likely it is to take action against the Approved or Recognised Person;

(b) whether disciplinary action against the firm rather than the person would be a more appropriate regulatory response; and

(c) whether disciplinary action would be a proportionate response to the nature and seriousness of the contravention by the person.

6.3 Financial penalty, public censure or other enforcement action

6.3.1 We will consider all the relevant circumstances of the case when deciding whether to impose a financial penalty, or other enforcement action. As such, the factors set out in paragraph 6.2 are not exhaustive. Not all of the factors may be relevant in a particular case and there may be other factors, not listed, that are relevant.

6.3.2 The criteria for determining whether it is appropriate to issue a public censure or other enforcement action (rather than impose a financial penalty) include those factors that we will consider in determining the amount of a financial penalty, as set out in paragraphs 6.5 to 6.7. In particular, considerations that may be relevant when we determine the penalty are:

(a) whether deterrence may be effectively achieved by issuing a public censure;

(b) whether the person has brought the contravention to our attention;

(c) whether the person has admitted the contravention and provides full and immediate co-operation to us, and takes steps to ensure that those who have suffered loss due to the contravention are fully compensated for those losses; and

(d) our approach to previous similar cases - we will aim for a consistent approach.

6.3.3 Some particular considerations that may be relevant when we determine whether to issue a financial penalty rather than impose a public censure or other enforcement action are:

(a) if the person has made a profit or avoided a loss as a result of the contravention, on the basis that a person should not be permitted to benefit from its contravention;

(b) if the contravention is more serious in nature or degree, on the basis that the sanction should reflect the seriousness of the contravention; other things

being equal, the more serious the contravention, the more likely we are to impose a financial penalty; and

(c) if the person has a poor disciplinary record or compliance history, on the basis that it may be particularly important to deter future cases.

6.4 Determining the appropriate level of financial penalty

6.4.1 Our penalty-setting regime is based on three principles:

(a) disgorgement: a firm or individual should not benefit from any contravention;

(b) sanction: a firm or individual should be penalised for wrongdoing; and

(c) deterrence: any penalty imposed should deter the firm or individual who committed the contravention, and others, from committing further or similar contraventions.

6.4.2 The total amount payable by a person subject to enforcement action may be made up of two elements:

(a) disgorgement of the benefit received as a result of the contravention; and

(b) a financial penalty reflecting the seriousness of the contravention.

6.4.3 These elements are incorporated in a five-step framework, which can be summarised as follows:

(a) Step 1: the removal of any economic benefit derived from a contravention;

(b) Step 2: the determination of a figure which reflects the seriousness of the contravention;

(c) Step 3: an adjustment made to the step 2 figure to take account of any aggravating and mitigating circumstances;

(d) Step 4: an adjustment made to the step 3 figure, where appropriate, to ensure that the penalty has an appropriate deterrent effect; and

(e) Step 5: if applicable, an adjustment for cooperation/early settlement may be made.

6.4.4 These steps will apply in all cases, although the details of Steps 1 to 4 will differ for cases against firms (paragraph 6.5), and cases against individuals (paragraph 6.6).

6.4.5 The lists of factors and circumstances in paragraphs 6.5 and 6.6 are not exhaustive. Not all of the factors or circumstances listed will necessarily be relevant in a particular case and there may be other factors or circumstances not listed which are relevant.

6.4.6 We will not, in determining our policy with respect to the amount of penalties, take account of expenses which we incur, or expect to incur, in discharging its functions.

6.5 Financial penalties imposed on a firm

Step 1: Disgorgement

6.5.1 We will seek to deprive a firm of the economic benefits derived from a contravention (which may include the profit made or loss avoided) where it is practicable to quantify this.

Step 2: The seriousness of the contravention

6.5.2 We will determine a financial penalty figure that reflects the seriousness of the contravention, taking into the following factors:

(a) factors relating to the impact of a contravention;

(b) factors relating to the nature of a contravention;

(c) factors tending to show whether a contravention was deliberate; and

(d) factors tending to show whether a contravention was reckless.

6.5.3 Factors relating to the impact of a contravention committed by a firm include:

(a) the level of benefit gained or loss avoided, or intended to be gained or avoided, by the firm from the contravention;

(b) the loss or risk of loss, as a whole, caused to clients, investors or other market users in general;

(c) the loss or risk of loss caused to individual clients, investors or other market users;

(d) whether the contravention had an effect on particularly vulnerable people, whether intentionally or otherwise;

(e) the distress or inconvenience caused to clients; and

(f) whether the contravention had an adverse effect on the orderliness of, or confidence in, markets and, if so, how serious that effect was.

6.5.4 Factors relating to the nature of a contravention by a firm include:

(a) the nature of the FSMR or Rules contravened;

(b) the frequency of the contravention;

(c) whether the contravention revealed serious or systemic weaknesses in the firm's procedures or in the management systems or internal controls relating to all or part of the firm's business;

(d) whether the firm's senior management were aware of the contravention;

(e) the nature and extent of any financial crime facilitated, occasioned or otherwise attributable to the contravention;

(f) the scope for any potential financial crime to be facilitated, occasioned or otherwise occur as a result of the contravention;

(g) whether the firm failed to conduct its business with integrity; and

(h) whether the firm, in committing the contravention, took any steps to comply with the FSMR and Rules, and the adequacy of those steps.

6.5.5 Factors tending to show the contravention was deliberate include:

(a) the contravention was intentional, in that the firm's senior management, or a responsible individual, intended, could reasonably have foreseen, or foresaw that the likely or actual consequences of their actions or inaction would result in a contravention;

(b) the firm's senior management, or a responsible individual, knew that their actions were not in accordance with the firm's internal procedures;

(c) the firm's senior management, or a responsible individual, sought to conceal their misconduct;

(d) the firm's senior management, or a responsible individual, committed the contravention in such a way as to avoid or reduce the risk that the contravention would be discovered;

(e) the firm's senior management, or a responsible individual, were influenced to commit the contravention by the belief that it would be difficult to detect; and

(f) the contravention was repeated.

6.5.6 Factors tending to show the contravention was reckless include:

(a) the firm's senior management, or a responsible individual, appreciated that there was a risk that their actions or inaction could result in a contravention and failed to adequately mitigate that risk; and

(b) the firm's senior management, or a responsible individual, were aware that there was a risk that their actions or inaction could result in a contravention

but failed to check if they were acting in accordance with the firm's internal procedures.

Step 3: Mitigating and aggravating factors

6.5.7 We may increase or decrease the amount of the financial penalty arrived at after Step 2 (excluding any amount to be disgorged as set out in Step 1), to take into account factors which aggravate or mitigate the contravention. Any such adjustments will be made by way of a percentage adjustment to the figure determined at Step 2.

6.5.8 The following list of factors may have the effect of aggravating or mitigating the contravention:

(a) the conduct of the firm in bringing (or failing to bring) quickly, effectively and completely the contravention to our attention (or the attention of other regulatory authorities, where relevant);

(b) the degree of cooperation the firm showed during the investigation of the contravention to us, or any other regulatory authority allowed to share information with us;

(c) where the firm's senior management were aware of the contravention or of the potential for a contravention, whether they took any steps to stop the contravention, and when these steps were taken;

(d) the nature, timeliness and adequacy of the firm's responses to any supervisory interventions by us and any remedial actions proposed or required by us;

(e) whether the firm has arranged its resources in such a way as to allow or avoid disgorgement and/or payment of a financial penalty;

(f) whether the firm had previously been told about our concerns in relation to the issue, either by means of a private warning or in supervisory correspondence;

(g) whether the firm had previously undertaken not to perform a particular act or engage in particular behaviour;

(h) whether the firm concerned has complied with any requirements or rulings of another regulatory authority relating to the contravention;

(i) the previous disciplinary record and general compliance history of the firm;

(j) action taken against the firm by other domestic or international regulatory authorities that is relevant to the contravention in question;

(k) whether our guidance or other published materials had already raised relevant concerns, and the nature and accessibility of such materials; and

(l) whether we publicly called for an improvement in standards in relation to the behaviour constituting the contravention or similar behaviour before or during the occurrence of the contravention.

Step 4: Adjustment for deterrence

6.5.9 If we consider the figure arrived at after Step 3 is insufficient to deter the firm or person who committed the contravention, or others, from committing further or similar contraventions then we may increase the financial penalty. Circumstances where we may do this include:

(a) where we consider the absolute value of the financial penalty too low in relation to the contravention to meet our objective of credible deterrence;

(b) where our previous action in respect of similar contravention has failed to improve industry standards;

(c) where we consider it is likely that similar contraventions will be committed by the firm or by others in the future in the absence of such an increase to the financial penalty; and

(d) where we considers that the likelihood of the detection of such a contravention is low.

Step 5: Adjustment for cooperation/early settlement

6.5.10 We and the firm upon whom a financial penalty is to be imposed may seek to agree the amount of any financial penalty and other terms. In recognition of the benefits of such agreements, and of the firm's cooperation with us, paragraph 6.8 provides that the amount of the financial penalty which might otherwise have been payable may be reduced to reflect the stage at which we and the firm concerned reached an agreement. Any adjustment for early settlement does not apply to the disgorgement of any benefit calculated at Step 1.

6.6 Financial penalties imposed on an individual

Step 1: Disgorgement

6.6.1 We will seek to deprive an individual of the economic benefits derived from the contravention (which may include the profit made or loss avoided) where it is possible to quantify this. We will ordinarily also charge interest on the benefit.

Step 2: The seriousness of the contravention

6.6.2 We will determine a financial penalty figure that reflects the seriousness of the contravention. In determining such a figure, we will take into account the following factors relating to:

(a) the impact of the contravention;

(b) the nature of the contravention;

(c) whether the contravention was deliberate; and

(d) whether the contravention was reckless.

6.6.3 Factors relating to the impact of a contravention committed by an individual include:

(a) the level of benefit gained or loss avoided, or intended to be gained or avoided, by the individual from the contravention;

(b) the loss or risk of loss, as a whole, caused to clients, investors or other market users in general;

(c) the loss or risk of loss caused to individual clients, investors or other market users;

(d) whether the contravention had an effect on particularly vulnerable people, whether intentionally or otherwise;

(e) the distress or inconvenience caused to clients; and

(f) whether the contravention had an adverse effect on orderliness of, or confidence in, markets and, if so, how serious that effect was.

6.6.4 Factors relating to the nature of a contravention by an individual include:

(a) the nature of the FSMR or Rules contravened;

(b) the frequency of the contravention;

(c) the nature and extent of any financial crime facilitated, occasioned or otherwise attributable to the contravention;

(d) the scope for any potential financial crime to be facilitated, occasioned or otherwise occur as a result of the contravention;

(e) whether the individual failed to act with integrity or abused a position of trust;

(f) whether the individual committed a contravention of any professional code of conduct;

(g) whether the individual caused or encouraged other individuals to commit contraventions;

(h) whether the individual held a prominent position within the industry;

(i) whether the individual is an experienced industry professional;

(j) whether the individual held a senior position with the firm;

(k) the extent of the responsibility of the individual for the product or business areas affected by the contravention, and for the particular matter that was the subject of the contravention;

(l) whether the individual acted under duress; and

(m) whether the individual took any steps to comply with Regulatory rules, and the adequacy of those steps.

6.6.5 Factors tending to show the contravention was deliberate include:

(a) the contravention was intentional, in that the individual intended, could reasonably have foreseen or foresaw that the likely or actual consequences of his actions or inaction would result in a contravention;

(b) the individual intended to benefit financially from the contravention, either directly or indirectly;

(c) the individual knew that his actions were not in accordance with his firm's internal procedures;

(d) the individual sought to conceal his misconduct;

(e) the individual committed the contravention in such a way as to avoid or reduce the risk that the contravention would be discovered;

(f) the individual was influenced to commit the contravention by the belief that it would be difficult to detect;

(g) the individual knowingly took decisions relating to the contravention beyond his field of competence; and

(h) the individual's actions were repeated.

6.6.6 Factors tending to show the contravention was reckless include:

(a) the individual appreciated there was a risk that his actions or inaction could result in a contravention and failed to adequately mitigate that risk; and

(b) the individual was aware there was a risk that his actions or inaction could result in a contravention but failed to check if he was acting in accordance with the firm’s internal procedures.

Step 3: Mitigating and aggravating factors

6.6.7 We may increase or decrease the amount of the financial penalty arrived at after Step 2 (excluding any amount to be disgorged as set out in Step 1), to take into account factors which aggravate or mitigate the contravention. Any such adjustments will be made by way of a percentage adjustment to the figure determined at Step 2.

6.6.8 The following list of factors may have the effect of aggravating or mitigating the contravention:

(a) the conduct of the individual in bringing (or failing to bring) quickly, effectively and completely the contravention to our attention (or the attention of other regulatory authorities, where relevant);

(b) the degree of co-operation the individual showed during the investigation of the contravention by us, or any other regulatory authority allowed to share information with us;

(c) whether the individual took any steps to stop the contravention, and when these steps were taken;

(d) any remedial steps taken since the contravention was identified, including whether these were taken on the individual's own initiative or that by us or another regulatory authority;

(e) whether the individual has arranged his resources in such a way as to allow or avoid disgorgement and/or payment of a financial penalty;

(f) whether the individual had previously been told about our concerns in relation to the issue, either by means of a private warning or in supervisory correspondence;

(g) whether the individual had previously undertaken not to perform a particular act or engage in particular behaviour;

(h) whether the individual has complied with any requirements or rulings of another regulatory authority relating to the contravention;

(i) the previous disciplinary record and general compliance history of the individual;

(j) action taken against the individual by other domestic or international regulatory authorities that is relevant to the contravention in question;

(k) whether our guidance or other published materials had already raised relevant concerns, and the nature and accessibility of such materials;

(l) whether we publicly called for an improvement in standards in relation to the behaviour constituting the contravention or similar behaviour before or during the occurrence of the contravention; and

(m) whether the individual agreed to undertake training subsequent to the contravention.

Step 4: Adjustment for deterrence

6.6.9 If we consider the figure arrived at after Step 3 is insufficient to deter the individual who committed the contravention, or others, from committing further or similar contraventions then we may increase the financial penalty. Circumstances where we may do this include:

(a) where we considers the absolute value of the penalty too small in relation to the contravention to meet our objective of credible deterrence;

(b) where our previous action in respect of similar contraventions has failed to improve industry standards. This may include similar contraventions relating to different products;

(c) where we consider it is likely that similar contraventions will be committed by the individual or by other individuals in the future; and

(d) where we consider that the likelihood of the detection of such a contravention is low.

Step 5: Adjustment for cooperation/ early settlement

6.6.10 We and the individual on whom a penalty is to be imposed may seek to agree on the amount of any financial penalty and other terms. In recognition of the benefits of such agreements, and of the individual's cooperation with us, paragraph 6.8 provides that the amount of the financial penalty which might otherwise have been payable may be reduced to reflect the stage at which we and the individual concerned reached an agreement. Any adjustment for early settlement does not apply to the disgorgement of any benefit calculated at Step 1.

6.7 Serious financial hardship

6.7.1 Our approach to determining financial penalties described in paragraphs 6.5 and 6.6 is intended to ensure that financial penalties are proportionate to the contravention. We recognise that financial penalties may affect Persons differently, and that we should consider whether a reduction in the proposed financial penalty is appropriate, including if such penalty would cause the subject of enforcement action serious financial hardship.

6.7.2 Where an individual or firm claims that payment of the financial penalty proposed by us will cause them serious financial hardship, we will consider whether to reduce the proposed financial penalty only if:

(a) the individual or firm provides verifiable evidence that payment of the financial penalty will cause them serious financial hardship;

(b) the individual or firm provides full, frank and timely disclosure of the verifiable evidence, and co-operates fully in answering any questions asked by us about their financial position; and

(c) the onus is on the individual or firm to satisfy us that payment of the financial penalty will cause them serious financial hardship.

Individuals

6.7.3 In assessing whether a financial penalty would cause an individual serious financial hardship, we will consider the individual's ability to pay the financial penalty over a reasonable period, including agreeing to payment of the financial penalty by instalments where the individual requires time to realise his assets, for example, by waiting for payment of a salary or by selling property.

Firms

6.7.4 We will consider reducing the amount of a financial penalty if a firm will suffer serious financial hardship as a result of having to pay the entire financial penalty. In deciding whether it is appropriate to reduce the financial penalty, we will take into consideration the firm's financial circumstances, including whether the financial penalty would render the firm insolvent or threaten the firm's solvency. We will also take into account our statutory objectives, for example, in situations where clients would be harmed or market confidence would suffer. We may also consider if it is appropriate to reduce a financial penalty in order to allow a firm to continue in business and/or pay redress.

6.7.5 There may be cases where, even though the individual or firm has satisfied us that payment of the financial penalty would cause serious financial hardship, we consider the contravention to be so serious that it is not appropriate to reduce the financial penalty. We will consider all the circumstances of the case in determining whether this course of action is appropriate, including whether:

(a) the individual or firm directly or indirectly derived an economic benefit from the contravention and, if so, the extent of that economic benefit;

(b) the individual or firm acted fraudulently or dishonestly with a view to personal gain;

(c) previous action by us in respect of similar contraventions has failed to improve industry standards; or

(d) the individual or firm has spent money or dissipated assets in anticipation of enforcement action with a view to frustrating or limiting the impact of action taken by us or other authorities.

Withdrawal of authorisation or registration

6.7.6 We may withdraw a firm's Financial Services Permission, or the status of an Approved or Recognised Person or Principal Representative, as well as impose a financial penalty. Such action by us does not affect our assessment of the appropriate financial penalty in relation to a contravention.

6.7.7 However, the fact that we have withdrawn such Financial Services Permission or registration, as a result of which the firm or individual may have less earning potential, may be relevant in assessing whether the financial penalty will cause the firm or individual serious financial hardship.

6.8 Adjustment for cooperation/early settlement

6.8.1 It is our policy to encourage and recognise cooperation. A cooperative approach to dealing with us will be taken into consideration when assessing what type of enforcement action to pursue and/or what remedy we will seek. Cooperation can take many forms, including but not limited to:

(a) self-reporting any misconduct to us and disclosing all the relevant information;

(b) assisting us voluntarily during the investigation;

(c) admitting any misconduct that the person or firm had committed or was involved in committing.

6.8.2 For the avoidance of doubt, merely fulfilling the person's or firms legal obligations will not be considered as cooperation for the purpose of assessing any adjustment to the financial penalties imposed on a firm or an individual.

6.8.3 Subject to enforcement action, we may be prepared to agree on the amount of any financial penalty, and other conditions which we seek to impose by way of such action, for example, the amount or mechanism for the payment of compensation to consumers. We recognise the benefits of such agreements, in that they offer the potential for securing earlier redress or protection for clients and the saving of cost to the Person concerned, and us, in contesting the financial penalty. The financial penalty that might otherwise be payable, in respect of a contravention by the person concerned, may, therefore, be reduced to reflect the timing of any settlement agreement.

6.8.4 In appropriate cases our approach may be to negotiate with the person concerned to agree in principle on the amount of a financial penalty having regard to our policy as set out in Chapter 5 of this document. Where part of a proposed financial penalty specifically equates to the disgorgement of profit accrued or loss avoided, then the percentage reduction will not apply to that part of the financial penalty.

7. DECISION MAKING

7.1 Introduction

7.1.1 This chapter sets out our general approach to making decisions when exercising our discretionary powers.

7.2 Who can exercise our powers?

7.2.1 Our powers can be exercised by the Chief Executive or any delegate of the Chief Executive, including:

(a) to any employee to whom the Chief Executive has delegated his powers ("Regulatory officer"); and

(b) to any panel or committee established by the Chief Executive for the purpose of making decisions; or

(c) to any other delegated person.

7.3 Our general approach to decision-making

Natural Justice and Procedural fairness principles

7.3.1 Our approach to decision-making is based on observance of natural justice and the procedural fairness principles, by:

(a) acting without bias or conflict of interest;

(b) giving the Person an opportunity to present his case; and

(c) taking into account only those considerations which are relevant to the matter to be decided upon.

Acting without bias or conflict of interest

7.3.2 A decision maker called upon to make a decision is expected to act impartially in doing so. If the decision maker has a vested financial or personal interest in the matter, a conflict of interest may arise that prevents an impartial or unbiased decision being made. A decision maker who does have a financial or other personal interest in the matter is required to disclose this interest and, if the interest is material, would not be the decision maker in relation to that matter.

7.3.3 We may refer an executive decision to the ADGM Regulatory Committee for determination under section 225(5) of the FSMR in order to avoid the risk of bias or conflict of interest affecting any such decision.

Relevant considerations

7.3.4 The decision maker is expected to take into account all and only those considerations which are relevant to the matter to be decided upon. This requires the decision maker to:

(a) ensure that it has all the material information that is necessary to be able to make the relevant decision (and, if necessary, obtain further information, including from any third party sources);

(b) disregard any irrelevant information; and

(c) have the relevant power to make the decision.

7.3.5 To meet its procedural fairness obligations, the key elements to our approach to decision-making include:

(a) having adequate systems and controls to ensure that those making decisions on our behalf are impartial and not affected by conflicts of interests that may affect their decisions;

(b) giving a person in respect of whom we propose to make a decision (in this Chapter, the "affected person") advance notice about our proposed action (with the exception of cases when we may take immediate action because any delay resulting from advance notice would be prejudicial to the interests of direct or indirect users of financial services in the ADGM or otherwise prejudicial to the interests of the ADGM);

(c) giving the affected person clear reasons why we propose to take the relevant action;

(d) giving the affected person a suitable opportunity to make representations (in person and in writing) with regard to the our proposed action;

(e) taking into account any representations made by, or on behalf of, the affected person before making a final decision, i.e. making any consequential changes to the proposed action given the representations made or other additional material available to us, as appropriate;

(f) taking into account only those considerations which are relevant to the matter to be decided upon;

(g) giving, without undue delay, the affected person a clear statement in writing of our final decision, the reasons for that decision and the effective date;

(h) informing the affected person what rights of review that person has in respect of our decision, and within what period those rights of review must be exercised; and

(i) having in place adequate mechanisms to enable the affected person to have our decision properly and impartially reviewed.

7.3.6 In certain circumstances, including:

(a) the issuing of a stop order under section 71 of FSMR; and

(b) suspension of a Listed Entity's Securities from the Official List under section 180 of FSMR,

We do not have to give an affected person advance notice of our proposed action and a right for that person to make prior representations before we make our final decision.

In such circumstances, we are still obliged to give the affected person a right of representation within 14 days (or other longer period as may be agreed) from the date on which the decision is made and communicated to the affected person. We are obliged to consider any representations made by, or on behalf of, the affected person during that period.

7.3.7 Where a right to make representations is exercised by an affected person, we will communicate to the affected person whether we confirm our original decision, or otherwise we vary or withdraw that decision, given the representations made.

7.3.8 Where no representations are made by, or on behalf of, the affected person during the relevant period, our original decision will remain in effect and will be confirmed.

Categories of decisions

7.3.9 The decisions which are made by us fall into three broad categories:

(a) decisions which are subject to the procedures in Part 21 of the FSMR ("Part 21 Decisions") e.g. a decision to cancel the Financial Services Permission of an Authorised Person or to revoke the recognition of a Recognised Body;

(b) decisions which are not subject to the procedures set out in Part 21 of the FSMR ("Non Part 21 Decisions") e.g. the rejection of a new Controller of an Authorised Person; and

(c) routine operational decisions that do not affect the rights, interests and liabilities of a person ("Operational Decisions") e.g. a decision to commence an investigation against a person.

7.4 Part 21 Decisions

7.4.1 Where, on our own initiative, we propose to:

(a) impose a public censure or financial penalty;

(b) cancel the Financial Services Permission of an Authorised Person firm;

(c) revoke the recognition of a Recognised Body; or

(d) withdraw the approval of an Approved Person,

the procedures must be exercised according to what is set out in Part 21 of the FSMR.

7.4.2 To facilitate a consistent approach to decision-making, Part 21 of the FSMR sets out the steps we are required to follow in relation to Part 21 Decisions.

7.4.3 The procedures set out in Part 21 are designed to ensure procedural fairness by giving:

(a) advance notice of our proposed decision (the Warning Notice), except in the cases referred to in paragraph 7.5 and 7.6 and the reasons for proposing to make such a decision;

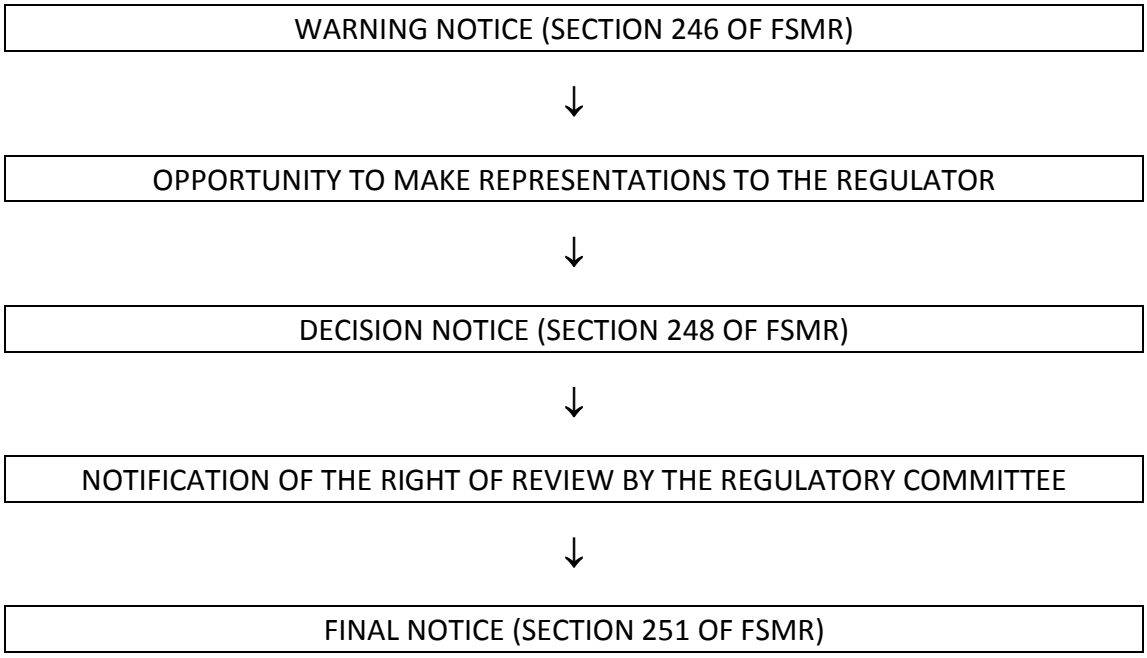
(b) an opportunity to make representations relating to the proposed decision;

(c) our final decision (the Decision Notice) and the reasons for that decision, including any changes made to the preliminary decision, taking into account any representations made for, or on behalf of, the affected person; and

(d) notice of the affected person's right to have our decision reviewed by the Regulatory Committee, including the period within which that right can be exercised.

7.4.4 Prior to any issue of a Warning Notice, we will notify the person concerned and provide an opportunity to present enquiries and make representations, provided this would not result in a tip-off, prejudice the exercise of our powers or otherwise jeopardise our objectives.

Figure 1: the Regulator's Decision Making Process for Part 21 Decisions



7.5 Non Part 21 Decisions

7.5.1 Certain decisions are not subject to the procedures set out in Part 21 of the FSMR - for example our powers relating to Controllers of regulated firms and the power to approve or reject the Business Rules of a Recognised Body.

7.6 Operational decisions

7.6.1 The remaining decisions, such as decisions made as part of our day-to-day supervision of regulated firms, do not invoke the procedures in Part 21 of the FSMR. Examples of these operational decisions include decisions to:

(a) obtain additional information from an Authorised Person;

(b) disclose information about an Authorised Person to a Non-ADGM Financial Services Regulator;

(c) issue a risk mitigation plan stemming from any supervisory concerns identified in the course of firm visit; or

(d) commence an investigation.

7.6.2 Operational decisions are generally not reviewable by the ADGM Regulatory Committee. In making these decisions, we are still subject to overarching administrative law principles of acting in good faith and acting in a proportionate and reasonable manner.

7.7 The Regulatory Committee

7.7.1 Section 225(1) of FSMR provides that all of our decisions that may affect the rights or liabilities of a person or otherwise adversely affect the interests of a person (except operational decisions) may be referred to the ADGM Regulatory Committee for review. Upon a referral, the Regulatory Committee (which is independent of us) is required to conduct a full merits review of our decision.

7.7.2 To enable an affected person to exercise properly and effectively his right to have our original decision referred to the Regulatory Committee, we will provide to such a person a Decision Notice specifying:

(a) our decision and the reasons for making that decision;

(b) the date on which the decision is to take effect; and

(c) the person's right to seek a review of the decision by the Regulatory Committee; and

(d) by when the right referred to in paragraph (c) has to be exercised.

7.8 The Appeals Panel

7.8.1 Any decision, order or direction made by the Regulatory Committee may in turn be referred to the Appeals Panel for review by the person in respect of whom the decision was made or by us, in accordance with section 228(1) of FSMR. A second full merits review may then be conducted by the Appeals Panel.

7.8.2 Decisions of the Appeals Panel may only be reviewed on judicial review basis. An application for judicial review of a decision of the Appeals Panel may be made to the ADGM Court on the grounds that the decision is wrong in law or is in excess of the Appeal Panel's jurisdiction.

8. WAIVERS AND MODIFICATIONS

8.1 Introduction

8.1.1 Part 2 chapter 2 of FSMR provides for the modification or waiver of Rules by us.

8.1.2 This chapter outlines our approach to evaluating applications to grant relief from the requirements imposed by the Rules, by either waiving or modifying the application of one or more Rules. Our powers to waive or modify the requirements imposed by ADGM legislation do not extend to regulations such as the FSMR.

8.1.3 To waive the application of a Rule is to give relief to a Person from the entire obligation contained in that Rule. A modification can either modify the way in which a Person can comply with an obligation in a Rule or can give relief from part of the obligation in a Rule. A detailed description of the process to seek a waiver or modification of the Rules may be found in Rule 8.2 of the GEN Rules.

8.2 Power to issue relief

8.2.1 We may, on the application or with the consent of a Authorised Person or Recognised Body, direct that a Rule:

(a) does not apply to a person; or

(b) does apply to a person but with such modifications as are set out in a notice issued by us for this purpose.

8.2.2 Waivers and modifications may only be sought by an Authorised Person or Recognised Body, or an applicant seeking such status.

8.2.3 If an application is successful, we will issue its decision by means of written Direction provided to the applicant.

8.3 Making an application

8.3.1 Prior to submitting an application to us, the applicant should contact their assigned supervisory contact to discuss the application.

8.3.2 If the applicant is not regulated by us at the time of application, contact should be made through our Supervision Division.

8.3.3 Before making an application, we expect that the applicant will carry out appropriate research on:

(a) the intention behind the Rule in question and the regulatory outcomes that the Rule aims to achieve;

(b) whether there are any precedents where we have previously granted relief, or not granted relief, from the Rule in question, including any conditions which may have been imposed; and

(c) if relief has been granted in the past, the similarities and differences between the cases where relief has previously been granted and the applicant's case.

8.3.4 All applications for waivers or modifications should be made in such form as we shall prescribe.

8.3.5 The applicant will need to in its application form address the following:

(a) set out the reasons for requesting the granting of a waiver or a modification;

(b) explain the impact of the application of the provisions as it stands on the applicant;

(c) attach any precedent relief supporting the application which may have been issued;

(d) identify any risks associated with the relief being sought and how the applicant plans to mitigate such risks; and

(e) in the case of an application to modify a Rule, propose wording for the modified Rule.

8.3.6 It is for the applicant to demonstrate a compelling case for granting relief, we do not make decisions lightly. The granting of a waiver or modification, including the specific wording of any modification and any conditions attached to the relief granted, is at our discretion and it will generally only grant relief where there is shown to be an appropriate and necessary reason for doing so.

8.3.7 On occasion, we may believe that the relief being sought by an applicant may be relevant to, and should be applied to, a number of persons (or a class of persons) similarly affected by the Rule in question. In these circumstances, instead of requiring the affected persons to individually apply for the same relief, we will publish a notice on its website and invite the relevant Persons to "consent" to the waiver or modification. This is simply done by notifying us that they wish the waiver or modification apply in relation to their activities.

8.4 Considering an application

8.4.1 We will acknowledge receipt of an application for relief and may request further information, potentially including meeting with the applicant to discuss the need for the relief sought. The time taken by us to determine the application will depend upon the complexity of the issues it raises.

8.4.2 When considering each application, we assess the net regulatory benefit or detriment which would result from granting the relief sought on the conditions proposed and any risks posed by such relief. We will generally grant relief where:

(a) it has formed the opinion that there is a net regulatory benefit; or

(b) the regulatory detriment is minimal as the relief sought does not conflict with the policy intent of the Rule and the applicant has demonstrated that the associated risks would be adequately mitigated if relief was granted.

8.4.3 Relief will be given to overcome the disproportionate effects of Rules in exceptional cases, the anomalous effects of Rules in unique cases for which they were not created, and the unforeseen side effects of Rules.

For example, changes in international standards may result in unforeseen differences between the Rules and the new standards. While the Rules would ordinarily adapt over time to reflect such changes, an Authorised Person or Recognised Body may seek a waiver or modification of a specific Rule to accommodate the evolution of the international standard. This may also represent a scenario where we may publish a notice to be made available to other affected persons within the ADGM upon their consent. Similarly, where material changes to a Rule may make it impractical for Authorised Persons or a Recognised Body to comply immediately, a request for a temporary waiver or modification may be granted.

8.4.4 We may impose such conditions on relief as it may see fit, and a notice may specify that the relevant waiver or modification may be available for only a specified period of time, after which time it will cease to apply.

8.4.5 If we decide not to grant relief, it will give reasons for the decision. An applicant may withdraw its application for relief at any time up until notification of our decision has been given to the applicant. In doing so, the applicant should give reasons for the withdrawal of the application.

8.5 Publication of waivers and modifications

8.5.1 We will publish all Directions concerning waivers and modifications unless we are satisfied that it is inappropriate or unnecessary to do so.

8.5.2 We will publish all Directions concerning waivers and modifications in such a way that we consider appropriate for bringing the notice to the attention of:

(a) those likely to be affected by it, such as clients of the applicant; and

(b) others who may be likely to be affected by the same Rule and may seek a similar waiver or modification.

8.5.3 The principal method of publication of waivers and modifications Directions is by publication on our webpage. The fundamental principle behind publication is transparency. This allows any person dealing with the applicant, for example, its clients and competitors, to know to what extent the relevant provisions apply to the applicant.

8.5.4 If an applicant believes that it is inappropriate or unnecessary for us to publish the relief, or to publish it after a delay, or without disclosing the identity of the applicant, it should make this clear in its application. Decisions not to grant relief will not be published by us.

8.6 Withdrawal or variation of waivers and modifications

8.6.1 Under section 9(5) of the FSMR, we may:

(a) revoke a Direction; or

(b) on the application of, or with the consent of, the Person to whom it applies, vary a Direction.

8.7 Enforcement of waivers and modifications

8.7.1 If a Direction under section 9 of the FSMR states that a Rule is to apply to the applicant with modifications, then a contravention of the modified provision could lead to us taking enforcement action.

8.7.2 If relief is given subject to a condition, the relief will not apply to activities conducted in breach of the condition. Further, those activities, if in breach of the original provision, could lead to enforcement action.

8.8 Expiry and extension of current waivers and modifications

8.8.1 Where relief has been granted for a limited period of time (see paragraph 9.4.4) it is the responsibility of the Person to whom the notice applies to monitor any expiry date.

8.8.2 There is no automatic renewal process for any relief granted by us for a limited period of time.

8.8.3 It is the responsibility of the person to whom a time-limited Direction applies to notify us within a reasonable period in advance of the expiry of the Direction of their intention to apply for an extension of the relief or explain how they intend to comply with the original Rule.

8.8.4 Notification should be made through the same contact point as described above, namely either the assigned supervisory contact, the dedicated contact portal or the Supervisory Division.

8.8.5 We will consider every application for extension of the term of the Direction in the same manner as an initial application and will not necessarily grant extensions as a matter of course.

ICE Futures Abu Dhabi
Rules

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SECTION A – GENERAL

A.1 DEFINITIONS

A.1.1 In these Rules, the following terms shall, unless the context otherwise requires, have the meanings set out opposite each:

TERM	DEFINITION
"Abu Dhabi Global Market" or "ADGM"	means the financial free zone established by Federal Decree No. 15 of 2013 issued by the President of the United Arab Emirates, as delimited by Resolution No. 4 of 2013 of the Cabinet of the United Arab Emirates and as governed by the ADGM Founding Law (as defined in the Interpretation Regulations 2015);
"Affiliate"	means, with respect to any specified Person, any other Person that Controls, is Controlled by, or is under common Control with, such specified Person;
"Algorithmic Trading"	means trading in Products where a computer algorithm automatically determines individual parameters of orders such as whether to initiate the order, the timing, price or quantity of the order or how to manage the order after its submission, with limited or no human intervention, and does not include any system that is only used for the purpose of routing orders to the Exchange or for the processing of orders involving no determination of any trading parameters or for the confirmation of orders or the post-trade processing of executed transactions;
"Anti-Money Laundering Legislation"	has the meaning given to the term in section 258 of the ADGM's Financial Services and Markets Regulations 2015;
"API"	means the open application program interface and transport software;
"Appeal Panel"	means an appeal panel appointed from time to time pursuant to Rule E.6;
"Applicable Law"	means any applicable national, federal, supranational, state, regional, provincial, local or other statute, law, enactment, by-law, decree, resolution, ordinance, regulation, rule, code, guidance, order, direction, notification, published practice or concession, regulatory requirement, judgment or decision of a Governmental Authority and any memorandum of understanding (or equivalent) between the Exchange and one or more Governmental Authorities or between Governmental Authorities and, for the avoidance of doubt, includes ADGM's Financial Services and Markets Regulations 2015, ADGM's Data Protection Regulations 2015 and the FSRA Requirements and any rules, regulations, guidance and approach document of any other Regulatory ;
"ARC Delivery Panel"	means an ARC Panel appointed from time to time pursuant to Rule I.18.2;
"ARC Hearing"	means a Summary Hearing or Full Hearing as detailed in Rule C.11.1;
"ARC Panel"	has the meaning given to the term in Rule C.11.1;
"Asset Allocation"	has the meaning given to the term in Trading Procedure 16C.1;
"Asset Allocation Facility"	has the meaning given to the term in Trading Procedure 16C.1;
"Authorisation"	(a) with respect to a Member, means any authorisation, registration, licence, permission, non-objection, consent or approval required under Applicable Law by any Governmental Authority in any jurisdiction in order for such Member to conduct business in connection with the Exchange (including, without limitation, a Financial Services Permission in relation to Futures, Options and any other investments or financial instruments traded on the Exchange for which the Member requires a Financial Services Permission for in relation to their business in connection with the Exchange and a Remote Member Recognition Order (as

defined in the ADGM Financial Services and Markets Regulations 2015) under section 138A of the ADGM Financial Services and Markets Regulations 2015, where applicable), and shall include any exemption(s) and/or exclusion(s) from the requirement to obtain any of the same under Applicable Law (including, without limitation, pursuant to the ADGM Financial Services and ADGM Markets Regulations 2015 and FSRA Requirements); and

(b) with respect to a Member's Representative, means any authorisation, registration, licence, permission, non-objection, consent or approval required under Applicable Law by any Governmental Authority in any jurisdiction in order to act as a representative for the relevant Member's business in connection with the Exchange, and shall include any exemption(s) and/or exclusion(s) from the requirement to obtain any of the same under Applicable Law (including, without limitation, pursuant to the ADGM Financial Services and Markets Regulations 2015 and FSRA Requirements);

"Authorisation, Rules and Conduct Committee" or "ARC Committee"	means the committee for the time being constituted pursuant to Rule C.10.1;
"Basis Trades"	has the meaning given to the term in Trading Procedure 16A.1;
"Basis Trading Facility"	has the meaning given to that term in Trading Procedure 16A.1;
"Block Trade"	means a proposed transaction between submitting parties (or the Members through whom they have access) that is submitted for registration as a Block Trade Contract pursuant to the Rules;
"Block Trade Contracts"	means those contracts designated by the Exchange as contracts that may be registered as a Block Trade pursuant to the Rules (but excluding, for the avoidance of doubt, EFPs, EFSs, Basis Trades, Asset Allocations and EFRPs, notwithstanding that EFPs, EFSs, Basis Trades, Asset Allocations and EFRPs may be entered using ICE Block);
"Block Trade Facility"	means the facility established by the Exchange which permits Members to submit transactions or proposed transactions that have been agreed off-exchange (the cleared part of which being subject to a Contingent Agreement to Trade) with a view to registration for clearing of the leg or legs representing a Contract in relation to Block Trade Contracts, EFPs, EFSs, Basis Trades, Asset Allocations and EFRPs pursuant to the Rules;
"Business Day"	means a Trading Day which is not a Public Holiday;
"Buyer"	in respect of a Contract, means the Person, determined in accordance with Rule F.1 and I.24, who is a party to such Contract as buyer; in respect of an Option Contract, the "Buyer" means the Person or Persons entitled to exercise the option;
"CFTC"	means the Commodity Futures Trading Commission of the United States of America, or any successor thereto;
"Circular"	means a publication issued by the Exchange for the attention of all Members and posted on the Exchange's website in accordance with Rule A.1.17;
"Clearing Agreement"	means an agreement under which a Clearing Member undertakes on the terms of the Rules to clear and accept liability for any Contract made on the Market pursuant to Rule B.10 by another Member;

"Clearing House"	means ICE Clear Europe Limited as the clearing house which is for the time being appointed by the Exchange as clearing house to the Exchange;
"Clearing House Rules"	means the rules of the Clearing House, together with the procedures made thereunder, as interpreted in accordance with guidance and circulars of the Clearing House and as the same are amended in accordance with the Clearing House Rules from time to time;
"Clearing Member"	means a Member that has been authorised as a clearing member by the Clearing House under the Clearing House Rules;
"Clearing Membership Agreement"	means an agreement between the Clearing House and a Clearing Member under which, *inter alia*, the Clearing House agrees to provide Clearing (as defined in the Clearing House Rules) in respect of Contracts to that Clearing Member and that Clearing Member agrees to be bound by and subject to the Clearing House Rules;
"Clearing Organisation"	means any clearing house duly authorised, regulated, recognised or licensed under Applicable Laws in any jurisdiction, including any recognised clearing house, remote clearing house, recognised overseas clearing house, derivatives clearing organisation, securities clearing agency or similar entity;
"Complaint Resolution Procedures"	means the procedure issued by the Exchange from time to time setting out the procedures for the making of a complaint against the Exchange or its personnel by a complainant, and the investigation of such complaint;
"Compliance Officer"	means the person or (if more than one) any of the persons for the time being holding office as compliance officer of the Exchange and given the responsibility of monitoring compliance with and investigating alleged breaches of the Rules;
"Conformance Criteria"	means the criteria determined by the Exchange from time to time to which a Front End Application must conform;
"Contingent Agreement to Trade"	means an agreement between two parties to submit details to the Exchange of a proposed transaction with a view to registration for clearing of one or more ICE Futures Abu Dhabi Block Contracts pursuant to Section F;
"Contract"	means a contract relating to a Product containing the terms set out in the Contract Terms, Contract Procedures and the Clearing House Rules and, for the avoidance of doubt, a contract shall not be regarded as falling outside this definition solely by virtue of the fact that it contains additional terms which apply on the default of a party to such contract provided that such terms do not conflict with any applicable Rules in Section D or any applicable Clearing House Rules, or contains terms which modify the terms of the Contract Terms and Contract Procedures to take account of the fact that the Clearing House is not a party to such contract;
"Contract Date"	has the meaning given to the term in Rule I.3;
"Contract Month"	has the meaning given to the term in Rule I.3;
"Contract Procedures"	means, with regard to a Product, the contract procedures for the time being adopted by the Exchange under Rule I.1 in respect of Contracts for that Product (including Option Contracts on such Product), as set out in the ICE Futures Abu Dhabi Contract Terms and Procedures;
"Contract Terms"	means, with regard to a Product, the contract terms for the time being applicable under the Rules to Contracts for that Product (including Option Contracts on such Product), as set out in the Rules and the ICE Futures Abu Dhabi Contract Terms and Procedures;

"Control"	means the rights and powers exercised over a Person by a Controller and its cognate terms shall be construed accordingly;
"Controller"	has the meaning given to the term in Rule 8.8.2 of the General Rulebook of the FSRA Requirements;
"Corresponding Contract"	means a contract arising between parties other than the Clearing House as set out in Rules F.1.4, F.1.7, F.1.10 and F.1.12, subject to Rules C.6 and F.2;
"Cross Trade"	has the meaning given to the term in Rule G.6A.1;
"Crossing Order Method"	has the meaning given to the term in Rule G.6A.2A(b) and a "Crossing Order" shall mean an order made pursuant to the Crossing Order Method;
"Customer-CM F&O Transaction Standard Terms"	means the "F&O Standard Terms" as defined in the Clearing House Rules;
"Data Protection Regulations 2015"	means ADGM's Data Protection Regulations 2015, as may be amended from time to time;
"Data Provider"	means an approved publication arrangement, a consolidated tape provider or an approved reporting mechanism used by the Exchange, a Member or a non-Member Sponsored Principal for the disclosure or reporting of trades in Contracts to the extent required under Applicable Law;
"DEA Provider"	means a Member providing Direct Electronic Access;
"Default Notice"	means a notice issued by the Exchange under Rule D.4.1;
"Default Proceedings"	means proceedings taken by the Exchange under Section D;
"Defaulter"	means a Member or non-Sponsored Principal in respect of whom an Event of Default has occurred;
"Designated Products"	means, in relation to a Liquidity Provider Program, a Contract notified to the Liquidity Provider, by the publication of a Circular or otherwise, from time to time, as being subject to the Liquidity Provider Program;
"Direct Electronic Access" or "DEA"	means any arrangement, such as the use of the Member's trading code, through which a Member or the clients of that Member are able to transmit orders relating to Products directly to the ICE Platform;
"Direct Market Access"	means any DEA arrangement that involves the use by a Person of the infrastructure of the Member, or any connecting system provided by the Member to transmit orders;
"Director"	means a director of the Exchange;
"EFP"	has the meaning given to the term in Trading Procedure 16B.1(a);
"EFRP"	has the meaning given to the term in Trading Procedure 16B.1;
"EFRP Facility"	has the meaning given to the term in Trading Procedure 16B.1;
"EFS"	has the meaning given to the term in Trading Procedure 16B.1(b);
"EOO"	has the meaning given to the term in Trading Procedure 16B.1(c);
"Exchange", "ICE" or "ICE Futures"	means ICE Futures Abu Dhabi Limited;
"Exchange Body"	means any exchange or similar body duly authorised, regulated, recognised or licensed (to the extent necessary) under Applicable Laws in any jurisdiction, including, but not limited to, any recognised investment exchange, remote investment exchange, recognised overseas

	investment exchange, designated investment exchange, designated contract market, national securities exchange, swap execution facility, security-based swap execution facility, exempt commercial market, regulated market, alternative trading system, multilateral trading facility, organised trading facility, systematic internaliser, trade affirmation or confirmation platform or similar entity;
"Exchange Delivery Settlement Price"	means the prices determined by the Exchange in accordance with Trading Procedure 2.4 or the relevant Contract Terms or Contract Procedures;
"Event of Default"	has the meaning given to the term in Rule D.3.1;
"Fair Market Value"	means in relation to any Block Trade price quoted by a Member to another Member or to a client or in respect of a Block Trade entered into by a Member, a price which is considered by the Member, to be the best available for a trade of that kind and size;
"FCM/BD"	means a Person registered as a futures commission merchant with the CFTC and/or as a broker-dealer with the SEC, as applicable;
"FCM/BD Clearing Member"	means a Clearing Member that is an FCM/BD;
"Financial Services and Markets Regulations 2015"	means ADGM's Financial Services and Markets Regulations 2015, as may be amended from time to time;
"Financial Services Permission"	has the meaning given to the term in section 258 of the ADGM Financial Services and Markets Regulations 2015;
"Force Majeure Event"	means occurrence outside the control of the Exchange or the relevant Member or non-Member Sponsored Principal, as applicable, which prevents, hinders or delays the performance in whole or in part of any of its obligations hereunder (excluding an obligation to make a payment) (and, in relation only to any obligation of the Exchange or a Member or non-Member Sponsored Principal under a Contract, which obligation has not yet fallen due, such an occurrence which would prevent, hinder or delay the performance in whole or in part of any of its obligations thereunder were the occurrence or effects of the occurrence to continue until the date of performance of the relevant obligation), including, but not limited to, fire, flood, storm, earthquake, explosion, war, hostilities, accidents howsoever caused, strike, labour dispute, lockout, work to rule or other industrial dispute, lack of energy supply, disruption or blackout of gas or electricity transmission systems, criminal action, terrorist action, civil unrest, embargoes, acts of God, acts of a public enemy, unavailability or impairment of computer or data processing facilities, the actions or omissions of third Persons (including, without limitation, repositories, Delivery Facilities (as defined in the Clearing House Rules), bank or electronic transfer systems, exchange bodies, Clearing Organisations and Governmental Authorities; and Illegality; or, in relation to delivery pursuant to any Contract, any event that is an event of force majeure (or similar event, howsoever defined) for that Contract under the ICE Futures Abu Dhabi Contract Terms and Procedures;
"Front End Application"	means a Graphical User Interface developed by a Member, or provided by an ISV to a Member, or the Graphical User Interface provided to a Member by the Exchange as part of the ICE Platform; and a Front End Application must at all times meet the Conformance Criteria;
"FSRA"	means the Financial Services Regulatory Authority of the Abu Dhabi Global Market or any successor thereto;
"FSRA Requirements"	means all requirements, regulations, rules, notices, directions, guidelines, codes, practice notes, circulars, policies, policy statements, guidance, examples, modifications, waivers and other similar materials published

	or otherwise made by the FSRA from time to time, including but not limited to the Financial Services and Markets Regulation 2015;
"Full-ARC Panel"	means a type of ARC Panel as set out in Rule C.11.1;
"Full Hearing"	means the hearing convened by a Full-ARC Panel in accordance with Rule C.11.1;
"Future"	means a contract whereby one Member purchases or sells any product for delivery in the future to another Member: (i) at a price that is determined at the initiation of the contract; (ii) that obligates each party to the contract to fulfil the contract at the specified price; (iii) that is used to assume or shift price risk; and (iv) that may be satisfied by delivery, cash settlement or offset, including for the avoidance of doubt, any "future" under article 95 of the ADGM Financial Services and Markets Regulations 2015 or any similar contract of a shorter duration or for commercial purposes;
"General Participant"	means a Member of the category mentioned in Rule B.2.1(a);
"Governmental Authority"	means any Regulatory Authority and any national, federal, supranational, state, regional, provincial, local or other government, government department, ministry, governmental or administrative authority, regulator, committee, council, agency, board, bureau, unit, commission, secretary of state, minister, court, tribunal, judicial body or arbitral body or any other Person exercising judicial, executive, interpretative, enforcement, regulatory, investigative, fiscal, taxing or legislative powers or authority anywhere in the world with competent jurisdiction;
"Graphical User Interface"	means the software which interfaces with the ICE Platform API and both determines the requirement for sending, and sends, order handling messages to the Trading Server without necessarily requiring the intervention of an individual;
"ICE Block Facility" or "ICE Block"	means the facility for the entry of Block Trades, EFPs, EFSs, Basis Trades, Asset Allocations and/or EFRPs by Members, and shall include the facilities used by Members connected to the Trade Registration API;
"ICE Block Member"	means an entity or individual which has been admitted to a category of membership for the purpose of (i) accessing the ICE Block Facility to enter Block Trades and EFPs, EFSs, Basis Trades, Asset Allocations and/or EFRPs (as the case may be), and/or (ii) accessing the ICE Platform for the purpose of entering Cross Trades, for Own Business purposes or on behalf of Members;
"ICE Clearing Systems"	means the post-trade registration and clearing processing hardware and software used by the Exchange, Clearing House and Members from time to time, as further described in these Rules, and as applicable from time to time;
"ICE Futures Abu Dhabi Block Contracts"	means Contracts arising as a result of submission of a Block Trade, EFP, EFS, EFRP, Basis Trade or Asset Allocation;
"ICE Futures Abu Dhabi Contract Terms and Procedures"	means the terms and procedures published by the Exchange from time to time setting out all Contract Terms and Contract Procedures;
"ICE Platform"	means the electronic trading system for the trading of such Products as determined by the Exchange from time to time and administered by the Exchange and, in the case of an ICE Block Member, the term "the ICE Platform" shall, where applicable, mean the ICE Block Facility and any other implied or explicit terms relating to the ICE Platform shall be construed accordingly;

"Illegality"	means where, after giving effect to any applicable provision, disruption fallback or remedy specified in, or pursuant to, the Rules, due to an event or circumstance (other than any action taken by a Member or non-Member Sponsored Principal) occurring after a Contract arises, it becomes unlawful under any Applicable Law on any day, or it would be unlawful if the relevant payment, delivery or compliance were required on that day (in each case, other than as a result of a breach by the Member or non-Member Sponsored Principal of the Rules), to perform any absolute or contingent obligation to make a payment or delivery in respect of such Contract, to receive a payment or delivery in respect of such Contract or to comply with any other material provision of the Rules;
"in writing"	means written, printed or lithographed or partly one and partly another and any other mode of representing or reproducing words in a visible form;
"Independent Complaints Commissioner"	has the meaning given to the term "Commissioner" in the Complaint Resolution Procedures;
"Indirect Clearing Arrangements"	means the set of contractual relationships between providers and recipients of indirect clearing services provided by a Client (as defined in Rule F.11.1), an Indirect Client or a Second Indirect Client and so on;
"Indirect Clearing Corresponding Contract"	means a contract arising at the same time as a Contract arises pursuant to Rules F.1.4 or F.1.7 and an Indirect Clearing Arrangement and to which neither the Clearing House nor any Clearing Member is a party;
"Indirect Clearing Provider"	means a Member that: (i) is a Client as defined in Rule F.11.1; and (ii) provides indirect clearing services;
"Indirect Client"	means a Client of a Client as defined in Rule F.11.1;
"Individually Segregated Sponsored Account"	means an Individually Segregated Sponsored Account as defined in the Clearing House Rules;
"Insolvency"	means, in relation to any Person: a bankruptcy or winding-up application being presented; a bankruptcy order being made; a suspension of payments or moratorium being granted; a voluntary arrangement being approved; an Insolvency Practitioner being appointed or application or order being made for such an appointment; a composition or scheme of arrangement being approved by a court or other Governmental Authority; an assignment, compromise or composition being made or approved for the benefit of any creditors or significant creditor; an order being made or resolution being passed for winding up; dissolution; the striking off of that Person's name from a register of companies or other corporate bodies; a distress or execution process being levied or enforced or served upon or against property of that Person; a Governmental Authority making an order, instrument or other measure pursuant to which any of that Person's securities, property, rights or liabilities are transferred; a Governmental Authority exercising one or more of the powers prescribed under any Applicable Law, including, but not limited to, the powers prescribed under ADGM's Insolvency Regulations 2015, in respect of that Person and any circumstance where a Governmental Authority or port authority attaches or arrests a vessel owned by the Person in light of any bankruptcy or insolvency pursuant to Federal Law by Decree No. 9 of 2016 on Bankruptcy or any other legal proceedings pursuant to Article 252 of the UAE Civil Procedures Law and UAE Maritime Code; or any event analogous to any of the foregoing in any jurisdiction (always excluding any frivolous or vexatious petition or solvent reorganisation, change of Control or merger notified to the Exchange);

"Insolvency Practitioner"	means a receiver, judicial manager, administrator, bank administrator, manager or administrative receiver, liquidator, conservator, examiner, trustee in bankruptcy, Relevant Office-Holder or any other Person appointed or with powers in relation to an Insolvency in any jurisdiction;
"ISV" or "Independent Software Vendor"	means the provider of Graphical User Interface software which interfaces with the ICE Platform API and both determines the requirement for sending, and sends, order handling messages to the Trading Server without necessarily requiring the intervention of an individual; such ISV shall meet such conformance criteria as determined by the Exchange from time to time;
"ITM"	means a unique individual trader mnemonic assigned by the Exchange to a Responsible Individual;
"Limit Order"	means an order to buy or sell a specified Product at a specific price or a price higher or lower than the specific price, as appropriate; a buy Limit Order can only be executed at the limit price or lower, and a sell Limit Order can only be executed at the limit price or higher; a Limit Order is not guaranteed to execute and can only be filled if the market price of the specified Product reaches the limit price;
"Liquidity Provider"	means a Person who meets the criteria under Rule B.6B.2 and, in relation to a Liquidity Provider Program, is authorised to act as such by the Exchange from time to time;
"Liquidity Provider Benefits"	has the meaning given to the term in Rule B.6B.8.
"Liquidity Provider Commitments"	means the commitments of any Liquidity Provider in relation to a Liquidity Provider Program, as notified to the Liquidity Provider by the Exchange;
"Liquidity Provider Program"	means a liquidity provider program (including liquidity provision schemes, rebates, fee discounts and similar incentive scheme arrangements designed to benefit the market) in relation to Designated Products, as published by the Exchange, from time to time, in a Circular or otherwise;
"Lot"	in respect of a Contract, has the meaning given to the term in the relevant Contract Terms and Contract Procedures;
"Market"	means the ICE Platform or any other means of trading determined by the Exchange from time to time;
"Matched Transaction"	means a Platform Trade, a Block Trade or an EFP, EFS, Basis Trade, Asset Allocation or EFRP;
"Member"	means an entity or Person who has been admitted to a category of membership referred to under Section B;
"Member's Representative"	means any director, employee, executive, officer, staff, partner, agent or representative of a Member (whether a natural person or corporation, including any employee, director, officer, partner, agent or representative of such a corporation), including, for the avoidance of doubt, a Responsible Individual;
"Membership Agreement"	means an agreement between a Member and the Exchange in a form prescribed by the Exchange from time to time for the use of the ICE Platform by the Member;
"Minimum Volume Thresholds"	means the thresholds, as determined by the Exchange and published from time to time, being the minimum number of Lots in respect of each Block Trade Contract that can be registered as a Block Trade;

"non-Clearing Member"	means a Member that is not a Clearing Member;
"non-Member Sponsored Principal"	means a Sponsored Principal, for the purpose of clearing Own Business in accordance with Rule B.10.1(d), that is a client of a General Participant but is not a General Participant or a Trade Participant;
"Oil Contract"	means any Contract Terms and Contract Procedures where the Underlying is oil of any grade, as determined by the Exchange from time to time;
"Oil Trading Privilege"	means the status for which a Member or applicant for membership may apply in accordance with Section B, which is a condition to the availability of the permissions described in Rule B.6 in relation to an Oil Contract;
"Option"	means a Contract whereby one Member grants to another the right, but not the obligation, to buy, sell or enter into a Contract**;**
"Order Book Method"	has the meaning given to the term in Rule G.6A.2A(a);
"Own Business"	in relation to a Member or non-Member Sponsored Principal, means business for such Member's or non-Member Sponsored Principal's own account or for the account of a subsidiary, wholly-owned subsidiary or holding company (as each such term is defined in section 1015 of the ADGM Companies Regulations 2015) of the relevant Member or non-Member Sponsored Principal and excludes transactions concluded for the benefit of a client of a third party;
"Permitted Cover"	means cash in such eligible currencies and other assets determined by the Clearing House as permissible for Margin or Guaranty Fund Contributions (such terms as are defined in the Clearing House Rules) and includes, where the context so requires, any such cash or assets transferred to the Clearing House and any proceeds of realisation of the same; or such other meaning as may be given to the term in the Clearing House Rules from time to time.
"Person"	means any individual, partnership, firm, body corporate, association, trust, unincorporated organisation or other entity, including: (a) an investment fund (*Sondervermögen*) within the meaning of the German Investment Act (*Investmentgesetz* – "**InvG**") or the German Investment Capital Act (*Kapitalanlagegesetzbuch* – "**KAGB**"), including a sub-fund (*Teilfonds*) within the meaning of section 34 para. (2) InvG or a sub-fund (*Teilsondervermögen*) within the meaning of section 96 para (2) KAGB; or (b) a fund segment of such investment fund; (in each case under (a) and (b)) managed by a German investment company (*Kapitalanlagegesellschaft*) within the meaning of the InvG or by a German management company (*Kapitalverwaltungsgesellschaft*) within the meaning of the KAGB; or (c) any similar structures in any other jurisdiction;
"Person Subject to the Rules"	means each and all of the following Persons: (a) a Member; (b) a Responsible Individual (including individuals who should have been registered with the Exchange as a Responsible Individual); (c) other staff of the Member registered with the Exchange as a Member's Representative (or who should have been so

	registered with the Exchange), who have access to the Trading Facilities of the Exchange; (d) a Liquidity Provider; (e) Persons participating in a Liquidity Provider Program; and (f) a non-Member Sponsored Principal;
"Platform Trade"	means a trade arising from an order in relation to a Product, which is not in relation to a Block Trade, EFP, EFS, Basis Trade, Asset Allocation or EFRP made by one Member being matched with an order of the same Member or another Member on the ICE Platform in respect of a Product;
"Product"	means a Future or Option listed by the Exchange and offered for trading from time to time which references an Underlying and contains the applicable terms set out in the Contract Terms and Contract Procedures; and, for the avoidance of doubt, such Products include Oil Contracts;
"Public Holiday"	means any day which is: (i) a public holiday or (ii) which is a Friday, each as may be determined by the Exchange to be a public holiday from time to time by way of Circular or by such other public notice as the Exchange may consider in its discretion, in either case pursuant to Rule A.8 and for purposes of these Rules;
"Regulatory Authority"	means any Governmental Authority which exercises a regulatory or supervisory function under the laws of any jurisdiction in relation to financial services, the financial markets, exchange bodies or Clearing Organisations, including, for the avoidance of doubt, the FSRA;
"Relevant Office-Holder"	has the meaning given to the term in section 258 of the ADGM Financial Services and Markets Regulations 2015;
"Responsible Individual"	means an individual registered by a Member with the Exchange to conduct Exchange business on the ICE Platform for that Member;
"RFQ"	means request for quote;
"Rules"	means these Rules, the Trading Procedures, the Complaint Resolution Procedures and Contract Terms and Contract Procedures as interpreted in accordance with Circulars and as the same are amended in accordance with these Rules from time to time, or any arrangements, directions and provisions made thereunder as the context may require;
"SEC"	means the Securities and Exchange Commission of the United States of America, or any successor thereto;
"Second Indirect Client"	means a client of an Indirect Client;
"Seller"	means, in respect of a Contract, the Person, determined in accordance with Rule F.1, who is a party to such Contract as seller; in respect of an Option Contract, the "Seller" means the Person or Persons against whom the option is exercised;
"Sponsor"	means a Clearing Member that has been authorised to act as such by the Clearing House under the Clearing House Rules;
"Sponsored Access"	means any DEA arrangement which does not involve the use by a Person of the infrastructure of the Member, or any connecting system provided by the Member to transmit orders;
"Sponsored Principal"	means a Person that has been authorised to act as such by the Clearing House under the Clearing House Rules;
"Sub-ARC Panel"	means a type of ARC Panel as set out in Rule C.11.1;

"Summary Enforcement Proceedings"	has the meaning given to that term in Rule E.2.1;
"Summary Hearing"	means the hearing convened by a Sub-ARC Panel in accordance with Rule C.11.1;
"Termination Fee Amount"	means, in the event that a Liquidity Provider ceases to participate in a Liquidity Provider Program under Rule B.6B.7, a percentage of the Transaction Fees in respect of Transactions executed on those Trading Days in the relevant calendar month prior to the date on which such termination is effective;
"Third Indirect Client"	means a client of a Second Indirect Client;
"Trade Participant"	means a Member of the category mentioned in Rule B.2.1(b);
"Trade Registration API"	means the open application program interface and transport software available allowing details of certain designated trades in eligible Products (the cleared part of which being subject to a Contingent Agreement to Trade) to be electronically submitted to the Exchange with a view to registration for clearing;
"Trading Day"	means a day on which the Market is open to trade, as determined by the Exchange from time to time in accordance with Rule A.8, or, in relation to deliveries of an Underlying in respect of a particular Product, has the meaning given to the term in the Contract Terms and Contract Procedures;
"Trading Facilities"	means the ICE Platform or such other facilities for the trading of Products as the Exchange may determine from time to time;
"Trading Hours"	means the hours during which Responsible Individuals may conduct Exchange business on the ICE Platform, such hours to be determined by the Exchange in accordance with Rule A.5;
"Trading Privilege"	means the Oil Trading Privilege and any other trading privilege as may be prescribed by the Exchange from time to time;
"Trading Procedures"	means the trading procedures published by the Exchange from time to time pursuant to Rule G.2;
"Trading Server"	means the ICE Platform central processing system, being that part of the ICE Platform operated by or on behalf of the Exchange which facilitates the performance of the functions set out in the Trading Procedures including controlling, monitoring and recording trading by Members and concluding transactions between Members;
"Transaction"	means the electronic execution of a buy or sell order in a Designated Product on the ICE Platform by a Liquidity Provider (excluding EFPs, EFSs, Block Trades, Basis Trades, Asset Allocations, EFRPs, Contracts or Transactions undertaken by the Liquidity Provider with itself);
"Transaction Fee Amount"	means a percentage of the Transaction Fees;
"Transaction Fees"	means the fees payable to the Exchange in respect of the execution of Transactions (excluding, for the avoidance of doubt, fees and charges payable to entities other than the Exchange) in respect of a particular Liquidity Provider Program, as notified to the Liquidity Provider (as applicable) by a Circular or otherwise;
"Underlying"	means the underlying commodity referenced in a Product; and
"value added tax"	means any value added tax, goods and services tax, consumption tax or any tax of a similar nature.

A.1.2 Any words importing the singular number only shall include the plural number and *vice versa*. The masculine shall include the feminine and the neuter and the singular shall include the plural and *vice versa* as the context shall admit or require.

A.1.3 All references to timings or times of day are to the "standard time" as defined in section 39(2) of the ADGM Interpretation Regulations 2015, unless indicated otherwise. Business hours shall occur only on Trading Days and shall be construed accordingly.

A.1.4 Any reference to a statute, statutory provision or rule shall include any notice, order, guidance, regulation or subsidiary legislation made from time to time under that statute, statutory provision or rule which is in force from time to time. Any reference to a statute or statutory provision shall include such statute or provision as from time to time amended, modified, re-enacted or consolidated from time to time and (so far as liability thereunder may exist or can arise) shall include also any past statute or statutory provision (as from time to time modified, re-enacted or consolidated) which was applicable at the time of any relevant action or omission.

A.1.5 References to any rules or any agreement are references to such rules or agreement as amended or restated from time to time, provided that such amendments or restatements are made in accordance with these Rules.

A.1.6 References in these Rules to any enactment or subordinate legislation (each as defined in the ADGM Interpretation Regulations 2015) of the Abu Dhabi Global Market shall be interpreted as references to such enactments or subordinate legislation as enacted, adopted or implemented in the Abu Dhabi Global Market, including by the relevant Governmental Authorities of the Abu Dhabi Global Market. The ADGM Interpretation Regulations 2015 shall apply to these Rules in the same way as it applies to an enactment or subordinate legislation enacted, adopted or implemented in the Abu Dhabi Global Market.

A.1.7 When a reference is made in these Rules to a rule, section, part, paragraph or procedure, such reference is to a Rule, section, part, paragraph or procedure of, or made under, these Rules, unless otherwise indicated.

A.1.8 The headings in these Rules are for reference purposes only and do not affect in any way the meaning or interpretation of these Rules.

A.1.9 If any provision of these Rules (or part of any provision) is found by any court or other Governmental Authority to be invalid, illegal or unenforceable, that provision or part provision shall, to the extent required, be deemed not to form part of the Rules, and the validity, legality or enforceability of the other provisions of these Rules shall not be affected.

A.1.10 Unless otherwise expressly provided in the Rules, to the extent there is any conflict between any of the provisions of these Rules, the Contract Terms and Contract Procedures, any Circular or Clearing House Rules the provision of the first document specified in the paragraphs below shall, as between the Exchange and a Member, prevail, control, govern and be binding upon the parties:

(a) these Rules (excluding the Trading Procedures and Complaint Resolution Procedures);

(b) the Trading Procedures;

(c) the Clearing House Rules;

(d) the Contract Terms and Contract Procedures;

(e) the Complaint Resolution Procedures;

(f) the Membership Agreement; and

(g) any Circular (except for a Circular communicating an amendment to any of the above documents in accordance with these Rules, in which case the amendments communicated in such Circular shall be binding on the effective date specified in the Circular as if such amendments were one of those documents),

provided that this Rule A.1.10 is without prejudice to any other order of construction or interpretation as between the Clearing House and Clearing Members set out in the Clearing House Rules.

A.1.11 All references to "**tax**" shall include, without limitation, any present or future tax, levy, impost, duty, or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying the same).

A.1.12 Any capitalised term used in these Rules that is not defined in Rule A.1.1 or elsewhere herein shall have the meaning given to it in the Clearing House Rules.

A.1.13 The Rules, together with the applicable Membership Agreement and other documents listed in Rule A.1.10 that are given contractual force pursuant to these Rules, form a contract between Exchange and each Member and between each Member and every other Member. All obligations of the Exchange hereunder are solely to Members. Subject to Applicable Laws in respect of which the relevant Members shall have the right to enforce the relevant provisions of these Rules or the ICE Futures Abu Dhabi Contract Terms and Procedures against one another, no Person shall have any right pursuant to the UK Contracts (Rights of Third Parties Act) 1999 as applied in the Abu Dhabi Global Market by virtue of ADGM's Application of English Law Regulations 2015 to enforce any provision of these Rules or the ICE Futures Abu Dhabi Contract Terms and Procedures.

A.1.14 Subject to Rule I.8, these Rules, and all non-contractual obligations between the Exchange and its Members or such other Persons arising out of or in connection with these Rules, shall be governed by and construed in accordance with the laws of the Abu Dhabi Global Market.

A.1.15 These Rules may be supplemented by processes established pursuant to documents governing the internal governance of the Clearing House and the Exchange, and their respective committees.

A.1.16 Notwithstanding Rule A.1.13, nothing in these Rules shall preclude a client or any other Person from agreeing to the application of these Rules or any provision of these Rules in their agreements with any Member, Clearing Member or third party, in which case the Exchange shall, in accordance with the Contracts (Rights of Third Parties Act) 1999 as applied in the Abu Dhabi Global Market by virtue of ADGM's Application of English Law Regulations 2015, be entitled to enforce any provision of these Rules as a third party to the extent any rights arise under such legislation.

A.1.17 The Exchange may issue Circulars or amend or revoke the contents of any Circular in connection with the Market, the Rules or any action taken by it under the Rules at any time at its discretion and without prior consultation. Any such publication of a Circular on the Exchange website shall constitute good and sufficient delivery thereof to each Member.

A.1.18 All references to a "**client**" or "**customer**" shall refer to a client of a Member (which, in connection with a Clearing Member, may itself be a Member) who may, subject to Applicable Law, be acting for one or more other clients or customers in respect of its business on the Exchange.

A.1.19 The delivery by hand, electronic transmission, facsimile or telephone of any notice, order or other communication to a Member at the email address, facsimile number or telephone number last designated by it to the Exchange or any of the addresses specified in A.1.21 shall be good and sufficient delivery thereof to such Person (unless another method of delivery is specified in the Rules). The publication of a Circular shall amount to good and sufficient delivery of the contents of the Circular to all Members.

A.1.20 These Rules provide for a number of different forums for the resolution of disputes, claims, complaints, disciplinary matters and other related issues as follows:

(a) disciplinary proceedings pursuant to Rule E;

(b) delivery disputes pursuant to Rule I.17, I.18 and I.19;

(c) complaints resolution procedures pursuant to Rule C.9 and the Complaint Resolution Procedures; and

(d) arbitration pursuant to Rule H.

The Exchange shall be entitled to defer any disciplinary proceedings, delivery dispute or complaint or referral of a matter to any other body where in its view another forum is seized of the relevant matter and such deferral would be appropriate, advisable or efficient. Any question as to whether an arbitration proceeding should be deferred pending the outcome of a disciplinary proceeding, delivery dispute or complaint shall be a matter for the relevant arbitral tribunal.

A.1.21 Each Member and Person Subject to the Rules agrees with the Exchange to submit to and consent to the jurisdiction and be bound by any decision, determination, direction, sanction, requirement or award of the directors or the ARC Committee, including any panels of the ARC Committee (including, but not limited to, the ARC Delivery Panel), Appeal Panel, Trade Emergency Panel, arbitral tribunal, Investigator, Independent Complaints Commissioner, Compliance Officer, court, individual or other body appointed or formed pursuant to the Rules or that has jurisdiction over any matter in accordance with the Rules and hereby consents to service by the Exchange or any such body of process or any notice at its registered address or any other address at which it maintains a place of business and further hereby waives any right to claim or assert that any such body is a *forum non conveniens*.

A.1.22 References to "**declared a Defaulter**" shall mean, in relation to a Member or non-Member Sponsored Principal, being declared by the Exchange under Rule D.3.1 that the Member or non-Member Sponsored Principal is subject to an Event of Default.

A.2 SPIRIT OF THE RULES

A.2.1 The Rules shall at all times be observed, interpreted and given effect in the manner most conducive to the promotion and maintenance of:

(a) the status of the Exchange as a recognised investment exchange under the ADGM Financial Services and Markets Regulation 2015 and any other legal and regulatory status it has from time to time under any other Applicable Law;

(b) the good reputation of the Exchange (and Members);

(c) an orderly market, free of undesirable situations or practices;

(d) high standards of integrity and fair dealing in accordance with FSRA Requirements;

(e) suitable protection for all Persons interested in the performance of transactions entered into under the auspices of the Exchange; and

(f) the safe and efficient functioning of the Market and the protection of the interests of Members.

A.2.2 Each of the Rules shall, unless the context otherwise requires, be construed as an independent provision and shall be in addition and without prejudice to any other provision of the Rules.

A.2.3 Any matter or right stated to be in, of or at the Exchange's discretion shall be subject to the Exchange's sole, unfettered and absolute discretion and such discretion may be exercised at any time. Where there is a provision that the Exchange (or its Directors, officers, employees, committees or panels or any individual committee or panel member) may make further directions upon or in relation to the operation of a Rule or may make or authorise any arrangement, direction or procedure thereunder, the Exchange may make such direction or make or authorise such arrangement or procedure in relation to or under the whole or any part of the Rule and may make or authorise different directions, arrangements or procedures in relation to different Persons and may make or authorise such directions, arrangements or procedures generally or in relation to a particular Person or particular occasion and in all cases subject to such conditions as it may think fit.

A.2.4 [Not used.]

A.2.5 Where there is no express provision made in the Rules, the Exchange may from time to time implement such procedures as they consider in relation to any aspect of the management of the Exchange and the conduct of business on the Exchange.

A.2.6 The Exchange may agree with a Member or a concerned Person to waive or vary particular requirements of these Rules in such circumstances and subject to such conditions as the Exchange considers, provided that the Exchange is satisfied that compliance with the relevant requirements would be unduly burdensome to the Member or Person concerned or that compliance with the relevant requirement would not be in the interests of the Exchange, and waiver or variation of the requirements does not disadvantage other Members or create unacceptable risks for the Exchange. Waivers or variations of requirements will be publicised at the discretion of the Exchange.

A.2.7 The Rules shall, unless the context otherwise requires, be construed in such a way as to impose responsibility on Members for all acts, omissions, conduct or behaviour of the Member's Representatives in accordance with Rule A.9.

A.2.8 Where a provision in the Rules purports to apply only to a particular category of Members or Persons, a failure by a Member or Person falling outside that category to comply with the requirements of such provision may nevertheless be considered a breach of other general requirements imposed on that Member or Person under the Rules.

A.2.9 To the extent that the Exchange or any Member has any right under these Rules which may on its face be performed in a manner that goes beyond that which is permitted by Applicable Law, that right may only be exercised to the extent permitted under Applicable Laws. For the avoidance of doubt, no reference in these Rules to Applicable Laws (including the expressions "without prejudice to Applicable Laws", "subject to Applicable Laws" or similar) shall be construed as restricting or negating the applicability of any provision of the ADGM Financial Services and Markets Regulations 2015 or any FSRA Requirements thereunder or any obligation or liability of the Exchange, a Member, a client or a Governmental Authority under the ADGM Financial Services and Markets Regulations 2015 or any FSRA Requirements.

A.3 RELATIONS WITH OTHER REGULATORY AUTHORITIES

A.3.1 With a view to maintaining its status as a recognised investment exchange under the ADGM Financial Services and Markets Regulations 2015 and any other legal and regulatory status it has from time to time under any other Applicable Law or complying with any other Applicable Law, the Exchange may:

(a) make arrangements with any Person for monitoring compliance with and investigating alleged breaches of the Rules (and arrangements, procedures and directions made, authorised or given thereunder); and

(b) co-operate generally with any other Governmental Authority having responsibility for the regulation of investment exchanges, Clearing Organisations or any other financial business or the enforcement of law and take any action required by such Governmental Authority.

Without prejudice to the generality of this Rule A.3.1 and subject to Rule A.4:

(x) this may include making arrangements for the sharing of information with Governmental Authorities; and

(y) the Exchange may, where appropriate, at any time refer a complaint or any other matter coming to its attention to one or more exchange bodies, Clearing Organisations or other Regulatory Authorities or Persons for its or their comment or investigation and may, pending the result of such reference, either suspend or continue with (in whole or in part) its own investigations, proceedings or other actions.

A.3.2 Subject to Applicable Law, the Exchange may at any time make additional Rules, or amend or revoke the Rules or part of them, to the extent they consider necessary or desirable for the continued status of the Exchange as a recognised investment exchange under the ADGM Financial Services and Markets Regulation 2015 or any other legal and regulatory status it has from time to time under any other Applicable Law. Any Rule so made, and any such amendment or revocation, shall be announced by Circular to Members and shall take effect at such time and in such manner as the Exchange may determine. The Exchange shall consult Members in such manner as it sees fit on any proposed amendments to the Rules, but it is not obliged to consult Members where the Exchange determines that the proposed Rule amendments would have a limited impact on Members.

A.4 CONFIDENTIALITY

A.4.1 The Exchange shall be entitled to keep records in an electronic or durable medium of all data or information available to it under these Rules or otherwise concerning Members (including financial statements filed with the Exchange), Matched Transactions, Contracts, positions, accounts, customers and clients, deliveries and settlement and all other information concerning a Member's affairs (including information concerning its clients and Member's Representatives) acquired by it in the course of its operations or investigations, including information provided by a Member to the Exchange at the Exchange's request, or pursuant to the Rules or Applicable Laws.

A.4.2 All information received or held by the Exchange pursuant to Rule A.4.1 above shall be held in confidence by the Exchange and shall not be made known to any other Person, subject to Rule A.4.3.

A.4.3 Members and clients are given notice that the Exchange is subject to section 198 (*Restrictions on disclosure of Confidential Information by the Regulator*) and section 200 (*Rule-making powers of the Regulator concerning disclosure of Confidential Information*) of the ADGM Financial Services and Markets Regulations 2015. Subject, at all times, to such Applicable Laws, the Exchange may, notwithstanding Rule A.4.2, make the following disclosures of confidential information subject to such terms and conditions as the Exchange may from time to time deem appropriate:

(a) to a Governmental Authority where a request is formally made to the Exchange by or on behalf of the same or pursuant to Applicable Laws, where disclosure is required under Applicable Laws or is necessary for the making of a complaint or report under Applicable Laws for an offence alleged or suspected to have been committed under Applicable Laws;

(b) to a Governmental Authority, Data Provider, repository, or the public, where disclosure is required under the ADGM Financial Services and Markets Regulations 2015 or otherwise under Applicable Laws or is made in lieu of disclosure required of a Member under Applicable Laws;

(c) in the case of a breach by a Member of: (i) any membership criteria established by the Exchange, whether as a breach of Rule B.3 or otherwise; or (ii) such Member's obligation to publicly disclose prices and fees associated with the services it provides and/or its obligation to provide clients with separate access to each specific service it provides to the public;

(d) pursuant to an order of a competent court or other Governmental Authority or otherwise to such other Persons, at such times and in such manner as may be required by Applicable Law;

(e) to any member of the ICE group, any other Exchange Body or Clearing Organisation and any of their representatives, committees, experts, delivery facilities, auditors, advisers or lawyers, including (without limitation) for audit, compliance, making or taking delivery, market surveillance or disciplinary purposes, for the purposes of an arbitration pursuant to Section H or the Clearing House Rules or any proceedings in support of such an arbitration, or in relation to any possible or actual Event of Default under and within the meaning of Rule D.3, in accordance with Rule D.10 or under the Clearing House Rules, or the termination or suspension of any membership;

(f) to any Person in the business of providing data processing or similar services for the purposes of performing computations or analysis, or of preparing reports or records, for the Exchange;

(g) to any Person who has provided or is considering entering into a loan, insurance policy, guarantee or other financial arrangement with the Exchange or any of its Affiliates, provided that information identifying the positions or name of a Member or any of its accounts or the name of any of a Member's clients will not be so disclosed;

(h) to any Insolvency Practitioner and any other Governmental Authority having responsibility for any matter arising out of or connected with an Event of Default under and within the meaning of Rule D.3 or under the Clearing House Rules;

(i) in the case of information relating to any Matched Transaction or Contract (including details of the parties thereto and related margin), to a repository or Governmental Authority for purposes of transaction reporting;

(j) to any Person or to the public as a result of its Complaint Resolution Procedures or disciplinary proceedings, including pursuant to Rule E.4.13;

(k) to any Person if the information comes into the public domain, other than as a result of a breach of this Rule A.4.3 by the Exchange or its representatives;

(l) in the case of information concerning any client of a Member, to such Member with a relationship with such client in respect of trades entered into for such client, including, without limitation, information concerning the user ID and contact details of the Member's clients granted access to the ICE Platform by such Member through the Front End Application provided by the Exchange; and in the event that the Exchange discloses client details to a Member, the Exchange may simultaneously notify relevant clients of such disclosure;

(m) otherwise with the specific written consent of the Person or Persons to whom the confidential information relates; or

(n) otherwise pursuant to any obligation on the Exchange, either existent or which may arise in the future.

A.4.4 The Exchange is a Data Controller registered with the Registrar in relation to Personal Data provided to it by Members and their Member's Representatives and clients (for the purpose of this Rule A.4.4 only, "**Data Providers**") and may Process such Personal Data for the purposes of fulfilling the contractual obligations it owes to its Members, operating a recognised investment exchange and maintaining any other legal and regulatory status the Exchange has from time to time under any other Applicable Law in accordance with these Rules. Each Member shall ensure that in respect of any Personal Data that it provides to the Exchange it has a lawful basis for Processing the relevant Personal Data in this manner.

A.4.5 For the purposes of Rule A.4.4 only, the terms "**Processing**" (and derivations thereof), "**Personal Data**" and "**Data Controller**" and "**Registrar**" each have the meaning given to such terms in ADGM's Data Protection Regulations 2015 and the ADGM Interpretation Regulations 2015.

A.4.6 The provisions of this Rule A.4.6 apply in respect of the Processing of Personal Data of Data Providers incorporated in any member state of the European Economic Area. The Exchange is a Controller in relation to Personal Data provided to it by Data Providers and may Process such Personal Data for the purposes of fulfilling the contractual obligations it owes to its Members, operating a recognised investment exchange and maintaining any other legal and regulatory status it has from time to time under any other Applicable Law in accordance with these Rules. Each Member shall ensure that in respect of any Personal Data that it provides to the Exchange it has a lawful basis for Processing the relevant Personal Data in this manner.

A.4.7 For the purposes of Rule A.4.6 only:

(a) the terms "**Processing**" (and derivations thereof), "**Controller**" and "**Personal Data**" each have the meaning given to such terms in the ADGM General Data Protection Regulation; and

(b) the term "**General Data Protection Regulation**" means Regulation (EU) 2016/679 (including any relevant implementing measure or successor legislation thereto).

A.4.8 Each Member and the Exchange:

(a) acknowledges that the recording of telephone conversations between the trading, clearing and other relevant personnel of the Member and its Affiliates and the Exchange and its Affiliates in connection with the Rules and any Contract, potential Contract, or Matched Transaction will take place to the extent permitted or required under Applicable Laws;

(b) acknowledges, to the extent permitted by Applicable Law, that recordings may be submitted as evidence in any dispute;

(c) acknowledges that the other provisions of this Rule A.4 shall apply to any such recordings made by the Exchange; and

(d) acknowledges such disclosures being made as are required under Applicable Laws including, without limitation, the ADGM Financial Services and Markets Regulations 2015.

A.5 GENERAL POWERS OF THE EXCHANGE

A.5.1 The Exchange shall have the power to declare any day a non-Trading Day and to specify Trading Hours on giving notice thereof to Members by Circular.

A.5.2 [Not used.]

A.5.3 [Not used.]

A.5.4 If any Member defaults in the performance of any Contract, it shall be liable to be suspended from membership or expelled under Rule B.7.1, regardless of whether it complies with any requirement as to the settlement of such default.

A.5.5 The Rules and all additions and amendments thereto may from time to time be printed and circulated amongst Members or others interested therein in such manner as the Exchange shall think fit.

A.5.6 [Not used.]

A.5.7 In respect of any automated trading system administered by the Exchange, the Exchange may from time to time determine the rights and obligations to be conferred on any Member entitled to use and access such automated trading system, including without limitation, the ICE Platform.

A.6 FINANCIAL POWERS

A.6.1 The Exchange may impose contract levies of such amounts, and payable to the Exchange in such manner and on such occasions, as it shall from time to time determine. Unless otherwise provided, such levies shall be payable on all Contracts registered with the Clearing House. Different rates of levy may be imposed in respect of different Products and different categories of Member.

A.7 EXCLUSION OF LIABILITY

A.7.1 The Exchange wishes to draw to the attention of Members and clients that business on any facility provided by the Exchange (including, without limitation, the Market) may from time to time be suspended or restricted or such facilities may from time to time be closed for a temporary or longer period. Without limitation, this may occur as a result of the occurrence of one or more events which require action to be taken by the Exchange under the Rules in the interests of, *inter alia*, maintaining a fair and orderly market. Any such action may result in the inability of one or more Members and through such Member one or more clients to enter into Contracts or Corresponding Contracts on the Market in accordance with the Rules. Furthermore, a Member and through the Member one or more clients may from time to time be prevented from or hindered in entering into Contracts or Corresponding Contracts on the Market as a result of failure or malfunction of communications equipment or Trading Facilities, including, but not limited to, the ICE Platform, or the Front End Application supplied to the Member by the Exchange or any other Person. Unless otherwise expressly provided in the Rules or in any other agreement to which the Exchange is party, neither the Exchange nor its Directors, officers, employees, committees, panels, any individual committee or panel member, agents or representatives shall be liable to any Member or client for any loss, damage, injury or delay (including any indirect or consequential loss, including without limitation, any loss of profit) arising from or in connection with the Trading Facilities, including, but not limited to, the ICE Platform or the occurrence of a temporary

or longer suspension, restriction or closure of business on the Market or the Trading Facilities, including, but not limited to, the ICE Platform or any act or omission of the Exchange, its Directors, officers, employees, committees, panels, any individual committee or panel member, agents or representatives under the Rules or pursuant to the Exchange's obligations under statute or from any breach of contract by or any negligence howsoever arising of the Exchange, its Directors, officers, employees, committees, panels, any individual committee or panel member, agents or representatives which may prevent or hinder a Member or, through a Member, a client from entering into or closing out a Contract or Corresponding Contract or otherwise affect a Member or client. The Exchange is not liable for any action or omission of the Clearing House.

A.7.2 Rule A.7.1 shall be without prejudice to the provisions of the Membership Agreement regarding liability of the Exchange. Nothing in Rule A.7.1 shall operate to exclude the Exchange's liability for death or personal injury resulting from negligence or for fraud.

A.8 TRADING HOURS, DAYS AND PRODUCTS

A.8.1 The Market shall be open from Monday to Friday of each week on Trading Days and between the Trading Hours each day and for such Products as decided by the Exchange and published by Circular from time to time, except on Public Holidays and otherwise as set forth in Rule A.8.2 and Rule A.8.3 below. The Trading Hours for each Product, subject to the closures required below, shall be determined by the Exchange from time to time. The Exchange shall issue by Circular from time to time a list of the Public Holidays on which the Market shall not be open.

A.8.2 The Market shall be closed on:

(a) Saturdays, Sundays and Public Holidays, subject to Rule A.8.3 below;

(b) any day on which trading is suspended under Applicable Laws of the Abu Dhabi Global Market; and

(c) a temporary basis on any other day for such hours that the Exchange shall from time to time decide is necessary or appropriate in the circumstances, as published by Circular.

A.8.3 Notwithstanding Rule A.8.2, if the Exchange so determines from time to time and issues a Circular specifying this, the Market shall be open on such Saturdays, Sundays and Public Holidays in the Abu Dhabi Global Market for the trading of such Products on those Saturdays, Sundays and Public Holidays as the Exchange determines from time to time.

A.8.4 The Exchange may, from time to time and subject to Applicable Laws, de-list or make dormant certain Products available for trading. If there are no open positions in the relevant Contract Month or Contract Date for a Product the Exchange wishes to de-list or make dormant, the de-listing or dormancy shall be effective from the date and time the Exchange notifies. If there are open positions in the relevant Contract Month or Contract Date for the relevant Product being de-listed or made dormant, the Exchange shall notify the procedures for immediate settlement either as cash settlement or any other method for closing out open positions. Where reasonably practicable or possible, the Exchange shall give reasonable prior notice of its intention to de-list or make dormant a Product.

A.9 MEMBER RESPONSIBILITY

A.9.1 In this Rule A.9, "**Conduct**" means any act, omission, conduct or behaviour in relation to the Rules.

A.9.2 For the purposes of determining a Member's liability to be sanctioned for any Conduct (referred to in this Rule A.9 as a "**Disciplinary Matter**"), and to the extent permitted by Applicable Laws, a Member shall be responsible and fully liable for:

(a) all Conduct of that Member's Representatives;

(b) Conduct by a Member's client when placing orders under the ITM of a Responsible Individual registered to that Member; and

(c) the performance or non-performance in respect of any obligations outsourced to an Affiliate or other Person, notwithstanding the outsourcing or procurement arrangements that the Member may have in place with such Affiliates or other parties,

as if that Conduct, performance or non-performance were of the Member itself. For the avoidance of doubt, all Conduct referred to in (a) to (c) shall, for the purposes of this Rule A.9, be attributed to that Member and be treated as the Conduct of that Member. However, it is understood that, notwithstanding the attribution of such Conduct to the Member, the identified Responsible Individual or Member's Representative responsible for such Conduct might also be liable to be sanctioned for such Conduct. Until a Contract is recorded in an

Individually Segregated Sponsored Account, a non-Member Sponsored Principal will be deemed to be acting both for Own Business and as a Member's Representative.

A.9.3 Notwithstanding Rule A.9.2, no sanction may be imposed on a Member in respect of:

(a) Conduct by a Responsible Individual registered to that Member;

(b) Conduct by Member's Representative placing orders under the ITM of a Responsible Individual registered to that Member;

(c) Conduct by a Member's client placing orders under the ITM of a Responsible Individual registered to that Member; or

(d) the performance or non-performance of its obligations which have been outsourced to an Affiliate or a third party,

where it is established to the satisfaction of an ARC Panel at an ARC Hearing or other Person or body determining the Disciplinary Matter that the Member had taken all reasonable steps to prevent any Conduct of the kind in question.

A.9.4 The provisions of this Rule A.9 shall apply:

(a) without prejudice to the liability of any other Person Subject to the Rules for the same Conduct;

(b) in the case of inconsistency with any other provision of the Rules, in priority to that other provision;

(c) whether or not the Member's Representative, Affiliates, personnel, end client or third party carrying out any outsourced or procured functions is a Person Subject to the Rules;

(d) whether or not the Member and/or Member's Representative is/are exercising rights to use the Exchange's facilities; and

(e) whether or not the individual Member's Representative can be conclusively identified (provided that it is established that the relevant Conduct was in fact carried out by a Member's Representative, albeit one that cannot be conclusively identified).

A.9.5 If a Person with obligations under these Rules is a partnership, the liability of each partner in the partnership under or in connection with these Rules shall be joint and several. In the event of any circumstances which would by operation of Applicable Law give rise to the dissolution of the partnership, or entitle a partner to seek an order to dissolve the partnership, the obligations of the partners shall remain in full force and effect.

A.10 RESPONSIBLE INDIVIDUAL RESPONSIBILITY

A.10.1 A Responsible Individual shall be responsible for trading activity conducted under his ITM(s).

A.10.2 Where trading is also conducted pursuant to Trading Procedure 1.2.2 by other individuals within the Member under the ITM(s) of a Responsible Individual registered to the Member, such trading shall be under the supervision of the relevant Responsible Individual, who shall ensure the fitness and propriety of such individuals and register their names with the Exchange.

A.10.3 Where access is granted by the Member to clients (order routing) and, pursuant to Trading Procedure 1.2.3, the client orders are submitted under an ITM assigned to a Responsible Individual, the submission shall be under the supervision of the relevant Responsible Individual, who shall ensure the fitness and propriety of such individuals and register their names with the Exchange.

A.10.4 Notwithstanding Rule A.9.2 or Rule A.10.1, no sanction shall be imposed on a Responsible Individual in respect of:

(a) conduct of, or trading activity conducted under his ITM(s), by an individual of the Member with whom that Responsible Individual is registered;

(b) conduct by a Member's Representative placing orders under the ITM of that Responsible Individual; and

(c) conduct by a Member's client placing orders under the ITM of that Responsible Individual,

where it is established to the satisfaction of an ARC Panel at an ARC Hearing or other Person or body determining the Disciplinary Matter (as defined in Rule A.9) that the Responsible Individual had taken all reasonable steps to prevent any conduct of the kind in question.

A.11 SYSTEMS AND CONTROLS

A.11.1 Without prejudice and in addition to any other specific requirement in these Rules regarding systems and controls, each Member and non-Member Sponsored Principal shall be responsible for making adequate arrangements, systems, controls, policies and procedures for ensuring that:

(a) its internal affairs are organised and controlled in a responsible and effective manner with adequate risk management systems;

(b) its internal record-keeping is complete, adequate and consistent and compliant with Applicable Laws;

(c) all of its Responsible Individuals and Member's Representatives and substantial shareholders are fit and proper, suitable, adequately trained and properly supervised;

(d) all business conducted on the Market, including individual transactions, complies with the Member's and Responsible Individual's obligations under the Rules;

(e) any business conducted by it, or by or through any of its Member's Representatives, shall not cause the Member, any Member's Representative or the Exchange to be in breach of any Applicable Laws;

(f) a Responsible Individual does not enter orders into or make trades on the ICE Platform in or from a jurisdiction where the Exchange does not have the relevant regulatory status (if such regulatory status is required) if to do so would bring the Exchange into disrepute with the relevant Regulatory Authority within such jurisdiction or put the Exchange in breach of any regulatory obligations to which it might be subject within that jurisdiction;

(g) any hardware, information technology or any online services provided to it, or any of its Member's Representatives, or made available to it, or any of its Member's Representatives, pursuant to its membership of the Exchange shall only be used for the purposes of conducting its business and activities as a Member of the Exchange in accordance with these Rules;

(h) it carries out appropriate testing of algorithms to ensure that Algorithmic Trading cannot create or contribute to disorderly trading conditions on the market;

(i) it undertakes technical and functional conformance testing, through the Exchange's conformance testing facilities, prior to the deployment or a substantial update of the access to the Exchange's system or the Member's trading system, trading algorithm or trading strategy, in order to:

(i) verify whether the basic functioning of the Member's trading system, algorithm and strategy complies with the conditions set by the Exchange from time to time; and

(ii) verify:

(aa) the ability of the Member's system or algorithm to interact as expected with the Exchange's matching logic and the adequate processing of the data flows to and from the Exchange;

(bb) the basic functionality such as the submission, modification or cancellation of an order or an indication of interest, static and market data downloads and all business data flows; and

(cc) the connectivity, including the cancel on demand command, market data feed loss and throttles, and the recovery of trading and the handling of suspended instruments or non-updated market data; and

(j) any Person order-routing through it is fit and proper for access through the ICE Platform, has appropriate systems and controls in relation to trading on the same, is properly supervised and is registered with the Member.

A.11.2 Each Member shall certify that the algorithms they deploy have been tested to avoid contributing to or creating disorderly trading conditions prior to the deployment or substantial update of a trading algorithm or trading strategy and explain the means used for that testing. Each Member will provide the Exchange with such information and documents as are necessary for such purposes.

A.11.3 The Exchange may set additional conditions or standards and publish guidance from time to time on what arrangements, systems and controls it considers appropriate in the context of this Rule A.11.

A.11.4 Each Member will be subject to risk-based assessments by the Exchange, taking into account the scale and potential impact of trading undertaken by each Member as well as the time elapsed since the Member's last

risk based assessment, of its compliance with the Exchange's conditions for using the ICE Platform, including those conditions set out in Rule A.11.1 and, where applicable, Rules A.11A.1 and A.11A.2. Such assessment will take place on an annual basis and at any other time as deemed necessary by the Exchange pursuant to the annual risk-based assessment.

A.11A SYSTEMS AND CONTROLS FOR MEMBERS ENGAGING IN ALGORITHMIC TRADING

A.11A.1 Without prejudice and in addition to any other specific requirement in these Rules regarding systems and controls, each Member engaging in Algorithmic Trading shall:

(a) have in place effective systems and risk controls suitable to the business it operates to ensure that its trading systems:

(i) are resilient and have sufficient capacity;

(ii) are subject to appropriate trading thresholds and limits; and

(iii) prevent the sending of erroneous orders or the systems otherwise functioning in a way that may create or contribute to a disorderly market;

(b) have in place effective systems and risk controls to ensure the trading systems cannot be used for any purpose that is contrary to Applicable Laws relating to market abuse, including but not limited to Part 8 of the ADGM Financial Services and Markets Regulations 2015 and any relevant FSRA Requirements, or to these Rules;

(c) have in place effective business continuity arrangements to deal with any failure of its trading systems; and

(d) ensure its systems are fully tested and properly monitored to ensure that they meet the requirements of (a) to (c) above.

A.11A.2 For the purposes of Rule A.11A.1 above, each Member shall:

(a) as part of its overall governance and decision making framework, establish and monitor its trading systems and trading algorithms through a clear and formalised governance arrangement, having regard to the nature, scale and complexity of its business;

(b) have sufficient knowledge and the necessary documentation to ensure compliance with Rule A.9.3 in relation to any procured or outsourced hardware or software used in Algorithmic Trading;

(c) in relation to an Algorithmic Trading system, trading algorithm or Algorithmic Trading strategy:

(i) establish clearly delineated methodologies to develop and test such systems, algorithms or strategies prior to their deployment or substantial update; and

(ii) with regards to trading algorithms leading to order execution, adapt its testing methodologies appropriately for usage on the Exchange and undertake further testing if there are substantial changes to the Algorithmic Trading system or to the access to the Exchange in which such systems, algorithms or strategies are to be used;

(d) before deployment of a trading algorithm, set predefined limits on:

(i) the number of financial instruments being traded;

(ii) the price, value and numbers of orders;

(iii) the strategy positions; and

(iv) the number of trading venues to which orders are sent;

(e) ensure that it is able to cancel immediately, as an emergency measure, any or all of its unexecuted orders submitted to the Exchange, including those originating from individual traders, trading desks or clients ("kill functionality"); and for this purpose, the Member must be able to identify which trading algorithm and which trader, trading desk, or, where applicable, client was responsible for each order sent to the Exchange;

(f) monitor all trading activity that takes place through its trading systems, including that of its clients, for signs of potential market manipulation as referred to in Applicable Laws relating to market abuse, including but not limited to section 92(4) to (6) of the ADGM Financial Services and Markets Regulations 2015 and the relevant FSRA Requirements; and for this purpose, each Member shall

establish, review and maintain an automated surveillance system which effectively monitors orders and transactions, generates alerts and reports and, where appropriate, employs visualisation tools;

(g) have business continuity arrangements in place for its Algorithmic Trading systems which are appropriate to the nature, scale and complexity of its business, which allow for the shutting down of its trading algorithm or trading system without creating disorderly trading conditions;

(h) carry out pre-trade controls on order entry for all financial instruments;

(i) have in place repeated automated execution throttles which control the number of times an Algorithmic Trading strategy has been applied;

(j) automatically block or cancel orders from a trader if it becomes aware that that trader does not have permission to trade a particular financial instrument or which risk compromising the Member's risk thresholds, including price collars, maximum order volumes and maximum message links;

(k) during the hours it is sending orders to the Exchange, monitor in real time all Algorithmic Trading activity that takes place under its trading code, including that of its clients, for signs of disorderly trading, including trading across markets, asset classes, or products, in cases where the Member or its clients engage in such activities;

(l) ensure that the Exchange at all times has access to staff members in charge of real-time monitoring; and for that purpose, the Member shall identify and periodically test its communication channels, including its contact procedures for out of Trading Hours, to ensure that in an emergency the staff members with the adequate level of authority may reach each other in time;

(m) ensure that the systems for real-time monitoring have real-time alerts to assist staff in identifying unanticipated trading activities undertaken by means of an algorithm, and have a process in place to take remedial action as soon as possible after an alert has been generated, including, where necessary, an orderly withdrawal from the market;

(n) establish and continuously operate post-trade controls, and when triggered, undertake appropriate action, which may include adjusting or shutting down the relevant trading algorithm or trading system or an orderly withdrawal from the market; and

(o) implement an IT strategy with defined objectives and measures and set up and maintain appropriate arrangements for physical and electronic security that minimise the risks of attacks against its information systems and that includes effective identity and access management.

A.11A.3 The Exchange may set additional conditions or standards and publish guidance from time to time on what arrangements, systems and controls it considers appropriate in the context of this Rule A.11A.

A.12 TAX

A.12.1 In the event that the Exchange determines that it will suffer or has suffered (directly or indirectly) any loss, liability or cost for or on account of any tax in connection with any Matched Transaction, Contract or otherwise pursuant to the Exchange's business as a recognised investment exchange (or in connection with any other legal or regulatory status it has from time to time under any other Applicable Law), any amount payable to the Exchange or in respect of any future obligation, or these Rules, the Members with orders matched under such Matched Transaction, the Member counterparty to such Contract or the Member by which such amount is payable shall be liable to pay to the Exchange an amount equal to such loss, liability, or cost.

A.12.2 All amounts set out in or expressed to be payable to the Exchange in connection with any Matched Transaction, Contract, these Rules or otherwise pursuant to the Exchange's business as a recognised investment exchange (or in connection with any other legal or regulatory status it has from time to time under any other Applicable Law) and which constitute the consideration for a supply made by the Exchange for the purposes of value added tax, and the value of any supply made by the Exchange for value added tax purposes, shall be deemed to be exclusive of any value added tax which is chargeable on that supply and accordingly if value added tax is chargeable on any supply made by the Exchange the relevant Member shall pay to the Exchange (in addition to and at the same time as the consideration is paid or provided, or if no consideration is due, at the time the supply is made or an appropriate value added tax invoice is issued, whichever is earlier) an amount equal to the amount of the value added tax and the Exchange shall issue an appropriate value added tax invoice.

A.12.3 All amounts payable to the Exchange or by the Exchange in connection with any Matched Transaction, Contract, these Rules or otherwise pursuant to the Exchange's business as a recognised investment exchange

(or in connection with any other legal or regulatory status it has from time to time under any other Applicable Law) shall be paid without any deduction or withholding for or on account of tax unless such deduction or withholding is required by Applicable Law. If a deduction or withholding for or on account of tax is required to be made under Applicable Law in relation to an amount payable to the Exchange, the amount of the payment due shall be increased to an amount which (after making the deduction or withholding) leaves an amount equal to the payment which would have been due if no such deduction or withholding had been required.

SECTION B – MEMBERSHIP

B.1 GENERAL PROVISIONS

B.1.1 A Person may be a Member by virtue of being admitted to membership under a category referred to in this Section B. Section B will govern a Member's permissions in relation to the ICE Platform. A separate application will be necessary if a Person seeks to acquire a new category of membership.

B.1.2 Every Member shall pay such annual subscription as the Exchange may from time to time determine in respect of its category of membership and any trading/clearing permission(s). The subscription shall be due each year on such date as the Exchange may from time to time determine. A failure to pay the subscription by the due date may be punished by the Exchange by any sanction listed in Rule E.5.3 subject to the rights of reconsideration and appeal set out in Rule B.8.

B.1.3 [Not used.]

B.1.4 (a) A Member shall at all times satisfy the criteria from time to time set out in or under the Rules for admission to a category of membership, save as may otherwise be provided in or under the Rules. A Member and any Person Subject to the Rules shall be bound by the Rules and any arrangement, provision or direction made, authorised or given thereunder and shall comply with all Applicable Laws at all times.

(b) Any failure by a Member or any Person Subject to the Rules to observe or comply with the Rules or any such arrangement, provision or direction may lead to steps, including, without limitation, disciplinary proceedings, being taken by the Exchange in respect of the Member or Person Subject to the Rules under the Rules.

(c) References in the Rules to a Member being prohibited from engaging in a course of action shall, in the case of activities in respect of the ICE Platform, infer a like prohibition upon any Person accessing the ICE Platform by or on behalf of the Member (including any Member's Representative acting through the Member).

B.1.5 Every Person admitted to membership of the Exchange shall sign a member statement as part of its application to a category of membership under Rule B.4, for the time being prescribed by the Exchange, agreeing to be bound by the Rules insofar as they relate to its category of membership and to accept as binding any decision made by the Exchange under the Rules, subject to such rights of review or appeal as may be contained in the Rules.

B.1.6 A dispute concerning the status, rights or obligations of a Member or any other Person under the Rules or any question in such connection which is not provided for therein which is not governed by any other process set forth in the Rules shall be referred to arbitration in accordance with Section H.

B.1.7 The Exchange shall be entitled to terminate the membership of such Member upon written notice to the Member taking effect no less than 30 days after the date of service of the notice. The Exchange may publish details of any termination or a copy of any termination notice in or together with a Circular, at its discretion. The Member shall be obliged to close out all its positions prior to the end of the notice period.

B.1.8 [Not used.]

B.1.9 A Member may terminate its membership of the Exchange by 30 days' prior notice in writing to the Exchange, provided that:

(a) the termination of membership shall only take effect on the date the Member has satisfied all outstanding obligations to the Exchange and, in the event the Member is also a Clearing Member, such Clearing Member's obligations to the Clearing House; and

(b) if the Member has been declared a Defaulter under Rule D.4 before the expiry of its notice of termination (whether the declaration is made before or after its giving of such notice), its membership shall continue until the completion of Default Proceedings.

The Exchange may publish details of any termination or a copy of any termination notice in or together with a Circular, at its discretion.

B.1.10 Notwithstanding the effectiveness of any termination of membership pursuant to Rule B.1.7, a former Member and its Responsible Individuals shall remain subject to the jurisdiction of the Exchange for one year after such expiry, or such other period as is required for the determination of any proceedings including any appeal, as if continuing to be a Member, in respect of:

(a) things done or omitted by the Member or its Responsible Individuals before the expiry of its notice of termination, and

(b) steps taken by the Exchange or other Person or body under Sections D, E or H or Rules I.18 or I.19 in relation to the ARC Committee in respect of things so done or omitted.

B.2 CATEGORIES OF MEMBERSHIP

B.2.1 Subject to Rule B.2.1A below, any Person seeking access to trading on the ICE Platform as a Member must elect and apply for one of the following categories of membership:

(a) General Participant – to transact Own Business and business for clients (whether such clients are other Members or non-Members) including, for the avoidance of doubt, on ICE Block;

(b) Trade Participant – to transact Own Business only, including, for the avoidance of doubt, on ICE Block;

(c) General Participant ICE Block (which, for the avoidance of doubt, is not a subset of the General Participant category set out in paragraph (a) above) – to report business for clients (whether such clients are other Members or non-Members) through ICE Block; and

(d) Trade Participant ICE Block – (which, for the avoidance of doubt, is not a subset of the Trade Participant category set out in paragraph (b) above) to transact Own Business only and report through ICE Block.

B.2.1A Any Person seeking access to ICE Block as an ICE Block Member must make an appropriate election confirming its intention to act as an ICE Block Member in its application for Exchange membership.

B.2.2 Each category of Exchange membership confers the permissions set out in Rule B.6. Only certain categories of membership are eligible to be Clearing Members for the purposes of the Rules, on the basis set out in Rule B.10 below.

B.3 MEMBERSHIP CRITERIA

B.3.1 An applicant for access to trading on the ICE Platform as a Member must, at the time of its application and at all times thereafter:

(a) be able to demonstrate, to the satisfaction of the Exchange, that the applicant, its Member's Representatives and substantial shareholders are each fit and proper in order for it to be a Member;

(b) be able to demonstrate, to the satisfaction of the Exchange, that the applicant has sufficient systems and controls in place to ensure that all the Member's Representatives who may act on its behalf or in its name in the conduct of business on the ICE Platform are fit and proper, suitable, adequately trained and properly supervised to perform such functions, including ensuring compliance with Rule A.11;

(c) maintain a properly established office (in a location which is acceptable to the Exchange as it may determine in its discretion) for the conduct of its business on the ICE Platform;

(d) satisfy the minimum financial standing requirements for the time being stipulated by the Exchange in relation to the relevant category of membership, supporting its claim to do so by copies of its last three years of audited accounts (or in the case of an ICE Block Member, a copy of its last audited accounts) and by a copy of its latest audited accounts from time to time as they become available, or such other evidence as the Exchange may require;

(e) be party to a Membership Agreement, and any other such agreements as the Exchange may require from time to time, which is in full force and effect, in the form prescribed by the Exchange from time to time for use by the Member of the ICE Platform at the address(es) notified to the Exchange;

(f) be able to access the Trading Server via a Front End Application which meets the Exchange's Conformance Criteria;

(g) if it is to transact business: (i) in respect of Own Business, be a Clearing Member; (ii) in respect of the account of a client which is not a Sponsored Principal, be a Clearing Member; (iii) in respect of the account of a client which is a Sponsored Principal, be a Sponsor or ensure appropriate arrangements are in place between it and the relevant Sponsor; or (iv) if it is not a Clearing Member in the case of (i) or (ii), be a party to or satisfy the Exchange that it will become a party to a Clearing Agreement with a Clearing Member or an indirect clearing agreement with a client of a Clearing Member, in either case in respect of all types of Product covered by its trading and/or clearing permissions under Rule B.6 from time to time, in each case as permitted by the Rules; any such clearing agreement must

comply with the requirements of the Clearing House Rules, including Rule 202(b), and any such indirect clearing agreement must comply with the Clearing House Rules, including Rule 202(b), which as a result of this Rule B.3.1(g) will apply to the client for these purposes in the same way as it applies to Clearing Members under the Clearing House Rules;

(h) hold all necessary Authorisations so as to allow it to carry on business as a Member on the ICE Platform, including ICE Block, in accordance with all Applicable Laws;

(i) in relation to a Person located in a jurisdiction other than the ADGM, have been granted a Remote Member Recognition Order under section 138A of the ADGM Financial Services and Markets Regulations 2015 declaring that Person to be a "Remote Member" (as defined in the ADGM Financial Services and Markets Regulations 2015);

(j) be able to demonstrate, to the satisfaction of the Exchange, that the applicant is permitted under Applicable Law, these Rules and any applicable Circulars to engage in transactions in relevant Contracts, in particular, in respect of restrictions or requirements imposed by the Exchange in respect of activities in specific jurisdictions; and

(k) have arrangements, systems, controls, policies and procedures in place in accordance with Rule A.11 and be able to demonstrate the same to the Exchange's satisfaction in accordance with Rule A.11.3.

B.3.2 In addition to meeting the general criteria above:

(a) an applicant to be a General Participant or Trade Participant must, at the time of its application and at all times thereafter, be a body corporate;

(b) an applicant to be a General Participant or Trade Participant must satisfy any other specific criteria or other requirements stipulated by the Exchange from time to time in relation to the particular category of membership applicable to it, supplying such documents in support thereof as they may require;

(c) an applicant for any category of membership, or an existing Member, which seeks a permission to trade Oil Contracts must obtain an Oil Trading Privilege prior to carrying on such activities;

(d) where access is granted by a Member to clients and the client orders are placed and/or trades are executed under an ITM assigned to a Responsible Individual registered to a Member, the Exchange will, and will be entitled to, rely on representations and warranties, deemed automatically to arise pursuant to these Rules from a Member, that the Member acknowledges its obligation in Rules B.1.4(a) and/or B.1.4(b) and that compliance with Applicable Laws includes, without limitation, compliance with Applicable Laws relating to customer due diligence to the standards set out under the Anti-Money Laundering Legislation and related FSRA Requirements in respect of its customer; and

(e) each Member that provides any trading services to third parties or which acts for any third party hereby consents to the Exchange, the Clearing House and the operator of any transaction reporting facility (to which the Exchange transfers data related to the Member's trades) each relying upon the Member's customer due diligence in relation to its clients and all other "beneficial owners" (as defined under Anti-Money Laundering Legislation) in respect of any client orders, trades, and/or Contracts. Relevant supporting documentation demonstrating such customer due diligence shall be provided by any Member to the Exchange upon request.

B.3A ADDITIONAL MEMBERSHIP CRITERIA FOR DIRECT ELECTRONIC ACCESS PROVIDERS

B.3A.1 The Exchange may permit Members to provide Direct Electronic Access subject to these Rules. For the avoidance of doubt, clients to whom a Member provides Direct Electronic Access will not be considered in any way to be a Member of the Exchange by virtue of such access.

B.3A.2 [Not used.]

B.3A.3 DEA Providers must have in place effective systems and controls before they provide their clients with access to the Exchange. Such systems and controls must ensure that:

(a) the suitability of the DEA clients using the service can be properly reviewed and assessed;

(b) DEA clients using the service are prevented from exceeding appropriate pre-set trading and credit thresholds;

(c) trading by DEA clients is properly monitored; and

(d) appropriate risk controls prevent trading by DEA clients which:

(i) may create risks to the DEA Provider itself;

(ii) may create, or contribute to, a disorderly market; or

(iii) may breach Applicable Laws relating to market abuse, including but not limited to Part 8 of the ADGM Financial Services and Markets Regulations 2015, or these Rules.

B.3A.4 DEA Providers must, at the time of receiving the Exchange's approval to act as such and at all times thereafter:

(a) be responsible for ensuring that DEA clients comply with Applicable Law and these Rules, including by:

(i) establishing policies and procedures to ensure that the trading of its DEA clients complies with these Rules; and

(ii) monitoring transactions in order to identify any infringements of Applicable Law and these Rules, disorderly trading conditions or conduct that may involve market abuse;

(b) apply pre- and post-trade controls on the order flow of each of their DEA clients and have in place real-time monitoring and market surveillance control to detect market manipulation, which controls and monitoring meet the following criteria:

(i) the controls shall be separate and distinct from the controls and monitoring applied by DEA clients;

(ii) the orders of DEA clients shall always pass through such controls and monitoring;

(iii) notwithstanding the fact that the DEA Provider may use its own pre-trade and post-trade controls, controls provided by a third party or controls offered by the Exchange and real time monitoring, the DEA Provider shall remain responsible for the effectiveness of such controls and monitoring in all circumstances and be solely entitled to set or modify the parameters or limits of such controls and monitoring;

(iv) the performance of the controls shall be monitored by the DEA Provider on an ongoing basis; and

(v) the limits of the pre-trade controls on order submission shall be based on the credit and risk limits which the DEA Provider applies to the trading activity of its DEA clients, and the risk limits shall be based on the initial due diligence and periodic review of the DEA client by the DEA Provider; and

(c) in relation to providing Sponsored Access, ensure that the parameters and limits of the controls applied to DEA clients using Sponsored Access are as stringent as those imposed on DEA clients using Direct Market Access, and that DEA Providers providing Sponsored Access are at all times exclusively entitled to set or modify the parameters that apply to the controls over the order flow of their Sponsored Access clients.

B.3A.5 DEA Providers must perform due diligence on prospective DEA clients to ensure that they meet the requirements under these Rules or otherwise set by the Exchange or under any Applicable Law, before giving such clients access to the Exchange. This due diligence must cover relevant matters including, but not limited to, the following:

(a) the governance and ownership structure of the prospective DEA client;

(b) the types of strategies to be undertaken by the prospective DEA client;

(c) the operational set-up, systems, pre-trade and post-trade controls and real-time monitoring of the prospective DEA client, provided that where the DEA Provider allows clients to use third-party trading software for accessing the Exchange, it must ensure that the software includes pre-trade controls that are equivalent to the pre-trade controls as required under any Applicable Law and these Rules;

(d) the responsibilities within the prospective DEA client for dealing with actions and errors;

(e) the historical trading pattern and behaviour of the prospective DEA client;

(f) the level of expected trading and order volume of the prospective DEA client;

(g) the ability of the prospective DEA client to meet its financial obligations to the DEA Provider; and

(h) the disciplinary history of the prospective DEA client, where available.

B.3A.6 Where a DEA Provider allows a DEA client to sub-delegate the access it receives to its own clients, the DEA Provider must ensure that, before granting that DEA client access, the DEA client has a due diligence framework in place that is at least equivalent to the due diligence framework set out in Rule B.3A.5.

B.3A.7 DEA Providers must perform a risk-based reassessment of the adequacy of their DEA clients' systems and controls on an annual basis, in particular taking into account changes to the scale, nature or complexity of their trading activities or strategies, changes to their staffing, ownership structure, trading or bank account, regulatory status, financial position and whether a DEA client has expressed an intention to sub-delegate the access it receives from the DEA Provider.

B.3A.8 DEA Providers must have in place a binding written agreement between themselves and their DEA clients which:

(a) details the rights and obligations of both parties arising from the provision of their services;

(b) states that the DEA Provider is responsible for ensuring the client complies with Applicable Law and these Rules; and

(c) when the DEA client is itself providing access to its clients, requires its DEA client to agree to all the terms set forth in Rules B.3A.3 to B.3A.13 with respect to all of such DEA client's clients.

B.3A.9 A DEA Provider must ensure that its trading systems enable it to:

(a) monitor any orders submitted by a DEA client using the trading code of the DEA Provider;

(b) automatically block or cancel orders from:

(i) individuals which operate trading systems that submit orders related to Algorithmic Trading and which lack authorisation to send orders through DEA;

(ii) a DEA client for Products that the DEA client does not have permission to trade, using an internal flagging system to identify and block single DEA clients or a group of DEA clients; and

(iii) a DEA client that breaches the DEA Provider's risk management thresholds, applying controls to exposures of individual DEA clients, Products or groups of DEA clients;

(c) stop order flow transmitted by its DEA clients;

(d) suspend or withdraw DEA services to any DEA client where the DEA Provider is not satisfied that continued access would be consistent with its rules and procedures for fair and orderly trading and market integrity; and

(e) carry out, whenever necessary, a review of the internal risk control systems of a DEA client.

B.3A.10 DEA Providers must have in place procedures to evaluate, manage and mitigate market disruption and firm-wide risk, and must be able to identify the Persons to be notified in the event of an error resulting in violations of the risk profile or potential breaches of these Rules.

B.3A.11 DEA Providers must at all times be able to identify its different DEA clients and the trading desks and traders of those DEA clients, who submit orders through the DEA Provider's systems, by assigning unique identification codes to them.

B.3A.12 Where a DEA Provider allows a DEA client to sub-delegate the DEA access it receives to its own clients, the DEA Provider must be able to identify the different order flows from the clients. For these purposes, it will not be necessary for the DEA Provider to know the identity of these clients.

B.3A.13 DEA Providers must record data relating to the orders submitted by their DEA clients, including modifications and cancellations, the alerts generated by their monitoring systems and the modifications made to their filtering process.

B.3A.14 The parameters and limits of the controls applied by DEA Providers to DEA clients using Sponsored Access shall be as stringent as those imposed by them on DEA clients using Direct Market Access.

B.3A.15 In accordance with Rule B.7, the Exchange may:

(a) suspend or withdraw the provision of Direct Electronic Access or Sponsored Access by DEA Providers or their clients who are in breach of these Rules or Applicable Law; and

(b) stop orders or trading by a DEA client separately from other orders or trading by the DEA Provider.

B.3A.16 The Exchange may set additional standards regarding risk controls and thresholds on trading through Direct Electronic Access.

B.3B ADDITIONAL MEMBERSHIP CRITERIA FOR MEMBERS ENGAGING IN ALGORITHMIC TRADING

In addition to meeting the general criteria in Rule B.3, a Member engaging or intending to engage in Algorithmic Trading must demonstrate to the satisfaction of the Exchange that it has sufficient systems and controls in place in accordance with the requirements set out in Rule A.11A.

B.3C ADDITIONAL MEMBERSHIP CRITERIA FOR MEMBERS THAT ARE CLEARING MEMBERS

In addition to meeting the general criteria in Rule B.3, a Member that is a Clearing Member must:

(a) comply with the membership criteria of the Clearing House; and

(b) ensure that any systems used by the Member to support the provision of its clearing services to its clients are subject to appropriate due diligence assessments, controls and monitoring.

B.3D ADDITIONAL MEMBERSHIP CRITERIA FOR MEMBERS THAT ARE CLEARING MEMBERS CLEARING FOR CLIENTS

B.3D.1 In addition to meeting the general criteria in Rule B.3, a Member that is a Clearing Member who is a General Participant with the permissions set out in Rule B.6.1(c) or (e) must:

(a) have in place effective systems and controls to ensure that:

(i) clearing services are only applied to Persons who are suitable and meet clear criteria; and

(ii) appropriate requirements are imposed on those Persons to reduce risks to the Member and to the market;

(b) enter into binding written agreements with such Persons regarding the essential rights and obligations arising from the provision of that service in accordance with Applicable Law and the Clearing House Rules;

(c) set out and communicate to its clearing clients appropriate trading and position limits to mitigate and manage its own counterparty, liquidity, operational and other risks;

(d) monitor its clearing clients' positions against the limits referred to in paragraph (c) as close to real-time as possible and have appropriate pre-trade and post-trade procedures for managing the risk of breaches of the position limits, by way of appropriate margining practice and other appropriate means;

(e) publish the conditions under which it offers its clearing services; and

(f) inform its prospective and existing clearing clients of:

(i) the level of protection and of the costs associated with the different levels of segregation it provides; and

(ii) the main legal effects of the respective levels of segregation offered, including information on the Applicable Law relating to insolvency in the relevant jurisdiction.

B.3D.2 For the purposes of Rule B.3D.1(a), a Member shall, as a minimum:

(a) make initial assessments of prospective clearing clients against the following criteria, taking into account the nature, scale and complexity of the prospective client's business:

(i) credit strength, including any guarantees given;

(ii) internal risk control systems;

(iii) intended trading strategy;

(iv) payment systems and arrangements that enable the prospective clearing client to ensure a timely transfer of assets or cash as margin, as required by the Member in relation to the clearing services it provides;

(v) systems settings and access to information that helps the prospective clearing client to respect any maximum trading limit agreed with the Member;

(vi) any collateral provided to the Member by the prospective clearing client;

(vii) operational resources, including technological interfaces and connectivity; and

(viii) any involvement of the prospective clearing client in a breach of the rules ensuring the integrity of the financial markets, including involvement in market abuse, financial crime or money laundering activities; and

(b) annually review the ongoing performance of its clearing clients against the criteria listed in paragraph (a) above.

B.4 APPLICATION FOR MEMBERSHIP

B.4.1 An applicant for membership under any of the above categories (other than an entity applying to be an ICE Block Member), shall complete such form of application as the Exchange may prescribe, specifying:

(a) which category of membership it is seeking;

(b) whether it wishes to trade and/or clear Oil Contracts by virtue of holding an Oil Trading Privilege and whether it wishes to obtain any other Trading Privileges;

(c) whether it is to be a Clearing Member, non-Clearing Member or a Sponsored Principal, and if a Sponsored Principal or non-Clearing Member, details of its Sponsor or Clearing Member, respectively;

(d) if it is a Clearing Member, details of the Members it will clear for.

In the case of an entity applying to be an ICE Block Member, the applicant shall complete such form of application as the Exchange may prescribe, electing whether it wishes to enter (i) Block Trades on ICE Block; (ii) EFPs and EFSs on ICE Block; (iii) Basis Trades or EFRPs on ICE Block; (iv) Asset Allocations on ICE Block; and/or (v) the ICE Platform for the purpose of entering Cross Trades, and specifying the Products for which it wishes to have access.

B.4.2 Any application must be submitted to the Exchange for determination. An applicant must satisfy the Exchange that it meets the criteria for the time being for the category of membership being sought (further particulars of which may, at any time, be obtained from the Exchange, including particulars of any other criteria or requirements stipulated by the Exchange under Rule B.3.2 and any guidance or requirements as to how certain criteria may be satisfied). Admission to membership of the Exchange shall not confer any right or obligation of membership in or right to attend or vote at meetings of, or any right to any share in, or any liability in respect of, the Exchange or any Affiliate of the Exchange.

B.4.3 Approval of the application shall be at the Exchange's discretion, subject to the applicant's rights in respect of reconsideration and appeal under the Rules. If it refuses the application, the Exchange shall give the applicant a written statement of their reasons.

B.4.4 A successful applicant shall be notified in writing by the Exchange of the approval of its application. The applicant shall be admitted to the category of membership applied for and details of the Products it may trade (or in the case of an ICE Block Member, the Products for which it may have access to ICE Block) will be confirmed, and where appropriate, it will be further confirmed that the applicant has been granted the relevant Trading Privilege. The membership shall become effective at the point in time notified by the Exchange to the applicant. Neither Membership nor Trading Privileges shall be transferable.

B.4.5 A Member may, at any time, apply to vary its category of membership and/or its clearing status. Such an application shall be made in the manner prescribed by the Exchange from time to time and shall be processed by reference to the criteria set out in this Section B.

B.4.6 A Member may, at any time, apply to vary the Products it wishes to trade and/or clear, and in the case of an ICE Block Member, may vary its election to access ICE Block for Block Trades and EFPs, EFSs, Basis Trades, Asset Allocations and/or EFRPs (as applicable), the ICE Platform for the purpose of entering Cross Trades or the Products for which it may have access. Such an application shall be made in the manner prescribed by the Exchange from time to time.

B.5 ONGOING NOTIFICATION REQUIREMENTS

B.5.1 Every Member shall notify the Exchange forthwith in writing of:

(a) any change or anticipated change in circumstances applicable to the Member, of which the Member is aware, which will, or is likely to, result in the Member being unable to continue to satisfy any one or more of the membership criteria applicable to it;

(b) any alteration in other business information which the Member may be required to furnish to the Exchange;

(c) such information as the Exchange may stipulate from time to time with respect to trading on, or access to the ICE Platform, including without limitation, location of screens used, details and location of user interfaces employed and order-routing arrangements put, or to be put, in place by or on behalf of the Member; and

(d) any other information specified by the Exchange from time to time.

B.5.1AA Without prejudice to the generality of Rule B.5.1, Members shall provide the Exchange with any information necessary to enable the Exchange to meet its reporting obligations to any Governmental Authority or for any other regulatory purposes including, but not limited to, withholding tax purposes.

B.5.1A Every Member shall seek the consent of the Exchange in relation to:

(a) (in the case of a firm or a company) any proposed change in the nature of business or legal status of the Member, any proposed change in legal or beneficial ownership of the equity or partnership capital of the Member or any other circumstance that to the directors' or partners' belief would or might have the effect of changing the Control of the Member;

(b) any proposed change in the identity of the Responsible Individuals registered on behalf of the Member and any proposed change in the location from which any such Responsible Individual will access the ICE Platform (where the new location is in a different jurisdiction from that previously notified to the Exchange); and

(c) any other material change in the way in which the Member accesses and uses the ICE Platform.

B.5.2 In the case of a change in a partnership, the continuing and new partners shall sign and deliver to the Exchange a form of undertaking under which they jointly and severally agree to be bound as a Member of the relevant category by the Rules.

B.5.3 If the Exchange declines to approve any change notified under Rule B.5.1A above which requires their consent, the Member shall be informed accordingly, and if the change nonetheless becomes effective, the Member's permission to trade on the Market, to accept allocation of any Contracts made on the Market by another Member and to clear Contracts (as applicable) (or any one or more of such permissions) (or in the case of an ICE Block Member, the Member's permission to enter Block Trades and EFPs, EFSs, Basis Trades, Asset Allocations and/or EFRPs (as applicable) on ICE Block and/or Cross Trades on the ICE Platform), may be suspended by the Exchange until the Exchange is willing, by agreement with the Member on such terms as they think fit, to lift the suspension.

B.5.4 In addition to the requirements of Rule B.5.1, every Member shall promptly (and thereafter upon demand or with such regularity as may be prescribed) notify the Exchange in writing of such information and of any changes thereto in respect of such of the Member's Representatives and other Persons as the Exchange may from time to time prescribe. Without limitation, such information may include details of all types of investment with which such Person deals or has dealt, all previous employers, the reason for changing employment (including details of any allegation, investigation or suspicion prompting the person's resignation), all exchange bodies (whether or not in the Abu Dhabi Global Market) upon which the Person is or has in the past been permitted to trade, whether such permission has at any time been withdrawn and if so the reason therefor, any disciplinary proceedings of any exchange bodies or other Regulatory Authority commenced against the Person and the outcome thereof.

B.5.5 If the Exchange considers that there has been a failure to notify the Exchange fully in accordance with this Rule B.5 or if a Member has failed to obtain the Exchange's consent to the change in its circumstances or arrangements as required by the Rules, the Member's permission to trade on the Market, to accept allocation of any Contracts made on the Market by another Member and to clear Contracts (as applicable), or in the case of an ICE Block Member, the Member's permission to enter Block Trades and EFPs, EFSs, Basis Trades, Asset Allocations and/or EFRPs (as applicable) on ICE Block and/or Cross Trades on the ICE Platform (or any one or more of such permissions) may be suspended for such time as the Exchange sees fit. Suspension under this paragraph shall not prejudice the power of the Exchange, the Compliance Officer or the ARC Committee to commence disciplinary proceedings in respect of the failure.

B.6 SCOPE OF PARTICIPANT ACTIVITIES

B.6.1 A General Participant other than an ICE Block Member shall, in accordance with the elections it has communicated to the Exchange in respect of the Products it wishes to trade and/or clear as required under Rules B.4.1 or B.4.6, be permitted to:

(a) trade Oil Contracts available for trading on the ICE Platform, provided that the General Participant is the holder of an Oil Trading Privilege, for Own Business and in connection with client business in conformity with the Rules;

(b) register at least one Responsible Individual;

(c) in the case of a General Participant who is also a Clearing Member, become counterparty to the Clearing House in accordance with the Clearing House Rules in respect of:

(i) Oil Contracts made by the General Participant on the ICE Platform, provided that the General Participant is the holder of an Oil Trading Privilege; and/or

(ii) by agreement, any Contract made on the ICE Platform by another Member provided that if the Contract is an Oil Contract, the General Participant is a holder of an Oil Trading Privilege;

(d) accept allocations of Contracts made on the ICE Platform by other General Participants provided that if the Contract is an Oil Contract, the General Participant is a holder of an Oil Trading Privilege; and

(e) in the case of a General Participant who is also a Clearing Member, apply to the Clearing House to act as a Sponsor in accordance with the Clearing House Rules in respect of its clients which are Sponsored Principals for the relevant Contracts set out in Rule B.6.1(c).

B.6.2 A Trade Participant, other than an ICE Block Member shall, in accordance with the elections it has communicated to the Exchange in respect of the Products it wishes to trade and/or clear as required under Rules B.4.1 or B.4.6, be permitted to:

(a) trade Oil Contracts available for trading on the ICE Platform, provided that the Trade Participant is the holder of an Oil Trading Privilege, for Own Business only, in conformity with the Rules;

(b) register at least one Responsible Individual;

(c) in the case of a Trade Participant who is also a Clearing Member, become counterparty to (or arrange for another Person to become counterparty to) the Clearing House in accordance with the Clearing House Rules in respect of Oil Contracts made by the Trade Participant on the ICE Platform, provided that the Trade Participant is the holder of an Oil Trading Privilege; and

(d) accept allocations of Contracts made on the ICE Platform by a General Participant provided that such Contracts are Own Business of the Trade Participant and provided that if the Contract is an Oil Contract, the Trade Participant is a holder of an Oil Trading Privilege.

B.6.3 [Not used.]

B.6.4 The Trading Procedures shall apply to all Members who trade on the ICE Platform (and to any Person Subject to the Rules).

B.6.5 An ICE Block Member shall, in accordance with the elections it has communicated to the Exchange in respect of the Contracts it wishes to enter into ICE Block for Own Business or on behalf of Members (trading and/or clearing in accordance with Rule B.4.1 or Rule B.4.6), only be permitted to access ICE Block to enter Block Trades and EFPs, EFSs, Basis Trades, Asset Allocations and/or EFRPs, and/or the ICE Platform for the purpose of entering Cross Trades for such communicated Products, as appropriate.

B.6A OIL TRADING PRIVILEGE

B.6A.1 Pursuant to Rule B.4.1 a General Participant or Trade Participant may, at the time of application of membership or at any time thereafter, apply to hold an Oil Trading Privilege and, once obtained, may at any time cancel it. Such an application/cancellation shall be made in the manner prescribed by the Exchange from time to time.

B.6A.2 The holder of an Oil Trading Privilege is permitted to:

(a) trade the Oil Contracts where the holder is a party to a Membership Agreement;

(b) clear the Oil Contracts where the holder is a Clearing Member; and

(c) where the holder is a member of the Clearing House, clear Oil Contracts for a non-Clearing Member with whom it has a Clearing Agreement provided that non-Clearing Member is also the holder of an Oil Trading Privilege.

B.6A.3 No Person shall engage in the activities set out in Rule B.6A.2 unless it holds an Oil Trading Privilege.

B.6A.4 An Oil Trading Privilege is not transferable and a Member may not hold more than one Oil Trading Privilege.

B.6A.5 An additional application fee and an annual fee may be payable pursuant to Rule B.1.2.

B.6B LIQUIDITY PROVIDER PROGRAMS

Participants in Liquidity Provider Programs and Liquidity Providers

B.6B.1 Participants in Liquidity Provider Programs may be required to meet participation criteria, conditions and/or obligations set by the Exchange as applicable to participants in a particular Liquidity Provider Program, as the same may be amended or added to from time to time, in order to be able to continue to participate in a particular Liquidity Provider Program.

B.6B.2 Any Person applying to be a Liquidity Provider may be required to satisfy specific criteria in relation to liquidity providing arrangements and Liquidity Provider Commitments in relation to the trading of the Designated Products, as notified to the applicant by the Exchange.

B.6B.3 Liquidity Providers shall carry out all of their Liquidity Provider Commitments, except that Liquidity Providers shall not be obliged to carry out a Liquidity Provider Commitment in the event that the Exchange confirms or the Liquidity Provider reasonably determines and promptly notifies in writing to the Exchange, that the conditions which pertain in relation to the trading of a Designated Product for that Liquidity Provider Program on the ICE Platform are abnormal.

B.6B.4 In the event of the circumstances referred to in Rule B.6B.3 arising with regard to the Liquidity Provider, the Liquidity Provider may, acting reasonably, either:

(a) widen the bid/offer spread applicable to the relevant Liquidity Provider Commitment (and promptly notify the Exchange accordingly); or

(b) withdraw from carrying out its Liquidity Provider Commitment with respect to the relevant Liquidity Provider Program so long as the abnormal trading circumstances are verified as such by the Exchange, such verification occurring on the request of the Liquidity Provider.

Liquidity Provider Programs

B.6B.5 The Exchange may make the availability of a Liquidity Provider Program contingent on certain cleared volume levels or other criteria relevant to the benefit of the market.

B.6B.6 Transactions entered into by the Liquidity Provider pursuant to a Liquidity Provider Program will be appropriately identified as such in accordance with arrangements for identifying Transactions agreed upon by the Exchange and the Liquidity Providers. In the event that the Liquidity Provider has not complied with reasonable Liquidity Provider Program criteria or requests to assist Transaction identification for the purposes of the Liquidity Provider Program, the Exchange reserves the right to disqualify resulting unidentified Transactions.

B.6B.7 The Exchange may withdraw any of its Liquidity Provider Programs at any time. The Exchange shall be entitled to terminate any Liquidity Provider's participation in a Liquidity Provider Program on notice at its discretion. A Liquidity Provider may terminate its participation in a Liquidity Provider Program upon one month's written notice.

B.6B.8 The benefits receivable under Liquidity Provider Programs shall comprise rebates of transaction costs payable by the Liquidity Provider to the Exchange and/or the Clearing House as a result of trading in a Designated Product, and/or other benefits as determined by the Exchange (collectively, "**Liquidity Provider Benefits**"). The Liquidity Provider shall not:

(a) cause any detriment to clients of the Liquidity Provider Program participants; or

(b) affect or distort the orderly functioning of the market in a Designated Product.

No Liquidity Provider Program shall affect the margin applicable to any contract cleared by the Clearing House.

Other than for appropriate trading purposes, the Liquidity Provider shall not enter into any transaction on the Exchange or with the Clearing House or another Liquidity Provider Program participant (which may include, but are not limited to, hedging, investment, speculation, price determination, arbitrage and filling client orders from any client for whom the Liquidity Provider acts).

Confidentiality and Publicity

B.6B.9 The Exchange may publish details of any Liquidity Provider Program and name its participants from time to time. The Liquidity Provider shall not disclose the terms of any Liquidity Provider agreement, provided that

the Liquidity Provider may disclose details of the terms of any Liquidity Provider agreement to a Regulatory Authority or in accordance with Applicable Law or Rule B.6B.10. In the case of the Exchange, confidential information held by it in relation to the Liquidity Provider Program shall be treated in accordance with Rule A.4.

B.6B.10 The Liquidity Provider shall, to the extent required by Applicable Law, inform its clients of its participation in each Liquidity Provider Program and such details of the Liquidity Provider Program as are required to be disclosed. The Liquidity Provider (and not the Exchange) shall be responsible for any disclosure required to be made to clients of the Liquidity Provider, in relation to the Liquidity Provider Program and for any other risks or conflicts of interest that may arise from time to time as a result of participation.

Fees

B.6B.11 The Exchange shall, at its discretion, determine Liquidity Provider Benefits, including the Transaction Fee Amount and the Termination Fee Amount payable to Liquidity Providers.

B.6B.12 Subject to Rule B.6B.13, Liquidity Provider Benefits in respect of Transactions in a particular calendar month shall be paid to the Liquidity Provider within 30 days of the end of the calendar month in which the relevant Transaction Fees are received by the Exchange, provided that in the relevant calendar month, the Liquidity Provider complies with the relevant Liquidity Provider Commitments.

B.6B.13 If the Liquidity Provider ceases to participate in a Liquidity Provider Program under Rule B.6B.7, then provided that the Liquidity Provider has complied with the relevant Liquidity Provider Commitments:

(a) a Termination Fee Amount shall be payable to the Liquidity Provider on the Business Days in the relevant calendar month prior to the date on which the termination is effective; and

(b) any Liquidity Provider Benefit which does not comprise a rebate of transaction costs, and which therefore is excluded from the Termination Fee Amount, shall be subject to payment on a *pro rata* basis.

Payment

B.6B.14 Where a Liquidity Provider Program relates to a service for which only Exchange rebates, fee discounts or incentive payments are applicable, the payer of the rebate, fee discount or incentive payment under the Liquidity Provider Program is the Exchange and the payee is the Liquidity Provider, regardless of whether such Person is or is not an Exchange Member. Where a Liquidity Provider Program relates to a service for which both trading and clearing rebates, fee discounts or incentive payments are applicable, the payer under the Liquidity Provider Program is the Clearing House as to the total amount of the trading and clearing rebates, fee discounts or incentive payments multiplied by the percentage that clearing rebates, fee discounts or incentive payments represent of the sum of clearing and trading rebates, fee discounts or incentive payments. The Exchange will be the payer of the remainder of the rebate, fee discount or incentive payment.

B.6B.15 The Exchange may arrange for the Clearing House to make any payment in respect of the Liquidity Provider Program on the payer's behalf. The Liquidity Provider may direct that payments be made directly to its account or to the account of a relevant Member or Clearing Member, as appropriate. Any payment in accordance with such instructions shall constitute due and final payment by the Exchange to the account of the Liquidity Provider. The Liquidity Provider may direct changes to such payment arrangements from time to time by providing written notice to the Exchange.

B.6B.16 In the absence of any payment instructions, the Exchange shall be entitled (but shall not be required) to make payment in respect of any payment under a Liquidity Provider Program by crediting amounts to the proprietary account or customer account of the relevant Member or Clearing Member and in doing so shall have discharged its obligations in relation to the relevant Liquidity Provider Program payment.

General

B.6B.17 Terms, conditions, rebates, fee discounts and incentive payments may be varied, amended, modified, extended or supplemented by the Exchange at its discretion, from time to time, by notice to a Liquidity Provider or by Circular.

B.7 SUSPENSION AND EXPULSION

B.7.1 Without prejudice to Rule B.1.7, the Exchange may, upon the recommendation of an ARC Hearing under Rule E.5.3, in the exercise of any other power conferred on the Exchange by the Rules or at the request of that Member, that Member's Clearing Member, the Clearing House or any Regulatory Authority:

(a) expel a Member from membership of the Exchange (or any part of the Market) or, in the case of other Persons Subject to the Rules, permanently remove their right to access the ICE Platform; or

(b) in the case of a Member, suspend or withdraw any or all of the membership permissions of the Member including its permission to trade on the ICE Platform (or any part of it), to accept allocation of any Contracts made on the ICE Platform by another Member, to clear Contracts made on the ICE Platform and to provide Direct Electronic Access or Sponsored Access (as applicable) (or any one or more of such permissions) for such term as the Exchange may determine.

The Exchange may give the Person Subject to the Rules a brief account of reasons for their action, and shall promptly do so at its request.

B.7.2 If a Member fails to satisfy the requirements of Rule B.3 or fails to comply with the terms of the Membership Agreement, the Exchange may suspend any or all membership permissions of that Member, including its permission to trade on the Market (or any part of it), to accept allocation of any Contracts made on the Market by another Member and to clear Contracts (as applicable) (or any one or more of such permissions) for such term as the Exchange may determine. Without prejudice to the generality of the foregoing, the Exchange may permit a Member to continue to exercise any or all of its permissions to clear Contracts for such period and on such terms (including, but not limited to, any agreement to be bound by the Rules) as the Exchange may in their discretion think fit.

B.7.3 If an Insolvency occurs in respect of a Member then its membership permissions (including trading permissions and its permission to accept allocation of any Contracts made on the Market by another Member and to clear Contracts (as applicable)) shall be suspended or at the discretion of the Exchange shall be terminated from the time of such occurrence, save that where the Member is declared a Defaulter, its membership shall continue until the completion of Default Proceedings. The suspension shall continue until the Member has settled with all its creditors to the satisfaction of the Exchange, or complied with Applicable Law, as the case may be.

B.7.4 A Member whose permissions are suspended shall remain liable in respect of all its obligations of membership including, without limitation, its obligation to pay an annual subscription or any other fees, levies or charges in respect of the relevant category of membership and its obligations in respect of any steps taken with regard to him under Section D. A Member whose trading permissions have been suspended under Rule B.7.3 shall not, during the period of such suspension, be entitled to clear new Contracts, subject to any contrary determination under Section D.

B.7.5 Subject to any applicable provision of Section D, the expulsion of a Member or the suspension of any or all of its permissions shall not affect the right of any party to pursue either a matter or dispute which has been referred to the ARC Committee under Rules I.17 and I.18 or to arbitration under Section H or the Clearing House Rules.

B.7.6 Upon the expulsion of a Member taking effect, it shall cease to have any rights of membership of the Exchange, including any trading permissions.

B.7.7 Where, upon the suspension of a Member's rights of membership (including its permission to trade on the Market, to accept allocation of any Contracts made on the Market by another Member and to clear Contracts (as applicable) (or any one or more of such permissions)) under Rule B.7.3, the Member is not declared a Defaulter, any other Member holding open positions on the Market on its behalf shall be entitled to close the same without prior notice. Where, upon the suspension of a Member's permissions under Rule B.7.3, the Member is declared a Defaulter, any other Member holding on its behalf an open position on the Market which is not discharged under Section D may, upon the completion of Default Proceedings in respect of the suspended Member, close such open position without prior notice.

B.7.8 Upon the expulsion of a Member or the suspension of its trading permissions and/or its permission to accept the allocation of any Contracts made on the Market by another Member and/or (if applicable) its entitlement to clear Contracts taking effect, the Exchange shall give notice of the expulsion or suspension to all Members and to the Clearing House.

B.8 RECONSIDERATION AND APPEAL

B.8.1 If the Exchange refuses an application for membership or refuses to approve a change in business particulars notified to the Exchange under Rule B.5.1A, imposes sanctions on a Member under Rule B.1.2, suspends a Member's permission to trade for more than seven days or expels a Member (other than pursuant to a recommendation made by an ARC Hearing under Rule E.5.3), the applicant or Member may, within fourteen days of receiving notice of such decision, request the board of Directors of the Exchange in writing to

reconsider the matter. The applicant or Member may make such representations and supply such information as it may consider relevant. No request or representation may be made under this Rule in respect of any determination made or step taken under Section D.

B.8.2 The Exchange shall within 28 days of receiving the applicant or Member's written request for reconsideration consider any representations and information placed before them and shall confirm, amend or revoke the decision in respect of which the request has been received. The Exchange shall forthwith notify the applicant or Member of the outcome.

B.8.3 Within fourteen days of receiving such notice from the Exchange, the applicant or Member may serve notice on the Exchange of its intention to appeal against the Exchange's determination.

B.8.4 The appeal will be to an Appeal Panel appointed in accordance with the provisions of Rule E.6 and will be carried out in accordance with the procedure set out in Rule E.6. Subject to Rules B.8.3 and B.8.5, the provisions of Rule E.6 will apply to an appeal pursuant to Rule B.8.3 as if the determination by the Exchange were a sanction imposed on the applicant or Member by an ARC Panel.

B.8.5 The Appeal Panel shall notify its award, with reasons, to the Exchange and to the appellant. The Exchange shall, within 28 days, serve notice on the appellant confirming, amending or revoking their decision accordingly.

B.9 [NOT USED.]

B.10 CLEARING ACTIVITIES

B.10.1 Only certain categories of membership are eligible to be Clearing Members for the purposes of the Rules in relation to the ICE Platform, on the basis set out below:

(a) Trade Participants may elect to be: (i) Clearing Members for the purpose of clearing Own Business (subject to them having the relevant permissions from the Clearing House); (ii) Sponsored Principals for the purpose of clearing Own Business (subject to them having a Clearing Agreement with a General Participant that is a Sponsor and having the relevant permissions from the Clearing House); or (iii) non-Clearing Members, in which case they must have in place a Clearing Agreement with a General Participant acting as a Clearing Member as permitted under Rule B.6.2(a) and Rule B.6.2(d);

(b) General Participants (other than those General Participants who are ICE Block Members) may elect to be (i) Clearing Members for the purpose of clearing Own Business and/or client business (subject to them having the relevant permissions from the Clearing House); (ii) Sponsored Principals for the purpose of clearing Own Business (subject to them having a Clearing Agreement with a General Participant that is a Sponsor and having the relevant permissions from the Clearing House); or (iii) non-Clearing Members, in which case they must have in place a Clearing Agreement with a General Participant that is a Clearing Member as permitted under Rule B.6.1(a) and Rule B.6.1(d);

(c) a client of a General Participant that is not itself a General Participant or Trade Participant may elect to be a non-Member Sponsored Principal for the purpose of clearing Own Business (subject to them having a Clearing Agreement with a General Participant that is a Sponsor and having the relevant permissions from the Clearing House); and

(d) ICE Block Members may not be Clearing Members and must have in place a Clearing Agreement with a General Participant or ensure that their clients have in place a clearing arrangement with a Clearing Member, as appropriate.

B.10.2 [Not used.]

B.10.3 A Member shall forthwith notify the Exchange upon becoming or ceasing to be a Clearing Member or Sponsor, or upon any of its clients becoming or ceasing to be a Sponsored Principal or changing its Clearing Member or Sponsor.

B.10.4 Without prejudice to Rule D.6.2, a Member shall notify the Exchange forthwith upon any change in particulars which it has notified under Rule B.10.3, and shall give brief reasons for the change.

B.10.5 For the avoidance of doubt, a non-Member Sponsored Principal may be the client of one Member that is a General Participant for the purposes of accessing and trading on the ICE Platform, and also be the client of another Member that is a General Participant acting as its Sponsor for the purpose of clearing the resulting Contract.

B.11 RESPONSIBLE INDIVIDUALS

B.11.1 A Member shall not enter orders into or make trades on the ICE Platform except through a Responsible Individual registered with the Exchange pursuant to the Trading Procedures. At least one individual shall be registered by a Member as a Responsible Individual pursuant to Trading Procedure 14.

B.11.2 A Member must ensure it has a sufficient number of Responsible Individuals for the nature and scale of business being conducted.

B.11.3 [Not used.]

B.11.4 [Not used.]

B.11.5 [Not used.]

Exchange jurisdiction following suspension of registration of Responsible Individual

B.11.6 A Responsible Individual whose registration is suspended by the Exchange under the Rules, shall remain subject to the Rules and to the jurisdiction of the Exchange under the Rules in respect of acts and omissions of the individual while it was registered as a Responsible Individual, and in respect of any investigation or disciplinary proceedings relating thereto, whether commenced before or after his suspension (including the payment of any fine or application of any other sanction imposed) as if it were still registered, for the longer of:

(a) the period of 12 months from the date on which the registration was suspended; or

(b) the period during which disciplinary proceedings continue against him, being proceedings started by the Exchange no later than 12 months after the date on which his registration was suspended, subject to any extension of the period under Rule B.11.8 below.

B.11.7 Disciplinary proceedings commenced following suspension of a Responsible Individual's registration may be commenced by giving notice of an investigation to that individual no later than 12 months after the date on which his registration was suspended.

B.11.8 In the event that an ARC Hearing concludes that there are, or may be, additional matters which should be investigated and in respect of which complaint, default or disciplinary proceedings may be taken, the period referred to in Rule B.11.7 shall be extended until such time as such additional disciplinary proceedings are completed (including the payment of any fine or application of any other sanction imposed).

Exchange jurisdiction following de-registration of Responsible Individual

B.11.9 A Member may terminate the registration of a Responsible Individual by giving to the Exchange notice in writing of its intention to de-register the Responsible Individual with effect from the date specified in the notice.

B.11.10 A Responsible Individual who is de-registered shall remain subject to the Rules and to the jurisdiction of the Exchange in respect of acts and omissions of the individual while it was registered as a Responsible Individual, and in respect of any investigation or disciplinary proceedings relating thereto (including the payment of any fine or application of any other sanction imposed) as if it were still registered, for the longer of:

(a) the period of 12 months from the date on which the de-registration became effective; or

(b) the period during which disciplinary proceedings continue against him, being proceedings started by the Exchange no later than 12 months after the date on which his de-registration became effective, subject to any extension of the period under Rule B.11.12 below.

B.11.11 Disciplinary proceedings commenced following a Responsible Individual's de-registration may be commenced by giving notice of an investigation to that individual no later than 12 months after the date on which the de-registration became effective.

B.11.12 In the event that an ARC Hearing concludes that there are, or may be, additional matters which should be investigated and in respect of which disciplinary proceedings may be taken, the period referred to in Rule B.11.11 shall be extended until such time as such additional disciplinary proceedings are completed (including the payment of any fine or application of any other sanction imposed).

B.12 APPLICABLE LAW

B.12.1 Members who undertake transactions in Contracts on behalf of U.S. clients, or permit U.S. clients to order route in accordance with the Trading Procedures, are required to comply with the reporting requirements under section 6045 of the United States Internal Revenue Code and the regulations thereunder as such requirements might be applicable to such Members (for the purposes of this Rule B.12 only, the "**Applicable Requirements**"). Any failure by a Member to comply with the Applicable Requirements with respect to transactions on the Exchange shall result in the suspension of such Member's membership permissions, in accordance with the terms of Rule B.7, until compliance with the relevant Applicable Requirements is complete.

B.12.2 The Applicable Requirements referenced in Rule B.12.1 shall be those applicable as at [1 July 2019] (for the purposes of this Rule B.12 only, the "**Relevant Date**"). In the event that the Applicable Requirements are changed subsequent to the Relevant Date, the Exchange will remake Rule B.12.1 so as to take effect on the date the changes to the Applicable Requirements take effect.

B.13 NON-MEMBER SPONSORED PRINCIPALS

B.13.1 Each non-Member Sponsored Principal shall be subject to these Rules in its capacity as a Sponsored Principal with respect to any pre-trade, delivery, trade, transaction reporting, record keeping, dispute resolution and other applicable obligations set out in these Rules, and the Exchange shall have the right to enforce these Rules against any such Sponsored Principal, in addition to the relevant Member acting as Sponsor or otherwise providing access to the ICE Platform. Non-Member Sponsored Principals submit to the applicability of these Rules pursuant to agreements with the Exchange and the Clearing House.

SECTION C – COMPLIANCE

C.1 REPORTING REQUIREMENTS: AUTHORISATION

C.1.1 All Members who intend to trade on the Market shall obtain and maintain Authorisation to trade in the financial instrument or Product which is traded on the Exchange. All Members who intend to trade on the Market shall obtain and maintain Authorisation for all Member's Representatives to ensure compliance with Applicable Law.

C.1.2 Where a Member's (or any of its Member's Representative's) Authorisation is derived from reliance upon an exemption or exclusion from the requirement for Authorisation which is permitted pursuant to Applicable Law, the Member is fully responsible for ensuring that the relevant exemption/exclusion is available and sufficient for its activities. Such a Member must also have regard to and comply with any guidance issued by the Exchange from time to time regarding the availability of exemptions/exclusions for trading activities through the Exchange.

C.1.3 Every Member shall from time to time give written notice to the Exchange as to:

(a) details of any Authorisations the Member (or any of its Member's Representative's) has or relies upon to conduct their business in connection with the Exchange; and

(b) where such Member's (or any of its Member's Representative's) Authorisation consists of reliance upon an exemption or exclusion set out in Applicable Law, that fact and the nature of such exemption or exclusion.

C.1.4 The notice under Rule C.1.3 shall be given not less than once in every year on or around a date agreed in advance with the Exchange and, in addition, forthwith upon any change in the particulars last notified. Notices shall be in such form as the Exchange may from time to time prescribe and shall, where required, be certified by a firm of auditors, solicitors or some other Person acceptable to the Exchange.

C.2 REPORTING REQUIREMENTS: SUPPLEMENTARY

C.2.1 Every Member shall also furnish to the Exchange such information, documents, records or data concerning its:

(a) relationship or dealings with its main (or any other) Regulatory Authority in the Abu Dhabi Global Market or any other jurisdiction; and

(b) activity on the ICE Platform which shall include any order, transaction and position information,

at such times and in such manner as may from time to time be prescribed by the Exchange.

C.2.2 The Exchange may modify the operation of this Rule and make different directions in relation to different categories of Member and may make such directions generally or in relation to particular Members or particular occasions and in all cases subject to such conditions as they may think fit.

C.3 [NOT USED.]

C.4 ACCURACY OF INFORMATION

All Members shall ensure that to the best of their ability, all information and documents from time to time given to the Exchange or to the Clearing House are complete, fair and accurate.

C.5 ADVERTISEMENTS

C.5.1 All information, including marketing communications and advertising material issued by or on behalf of Members concerning the membership of the Exchange, Products available for trading on the Exchange or on the terms of the Rules or otherwise using the Exchange's name or in relation to matters of concern to the Exchange shall conform to such guidelines as may from time to time be published by the Exchange.

C.5.2 In connection these Rules, any Contracts, its membership of the Exchange or its business and activities as a Member, no Member shall at any time represent or hold out to any Person that membership of the Exchange brings with it any stamp of approval, special status, hallmark, regulatory supervision or approval or confers any rights or protections to customers or any other Person in relation to the Member's business, policies, financial standing or otherwise (although Members may inform their customers, potential customers and other Persons that they are a member of the Exchange and details of their privileges).

C.5A OBLIGATIONS UNDER APPLICABLE LAW IN RELATION TO CLIENTS

Members that execute orders on the ICE Platform on behalf of clients shall comply with all obligations applicable with respect to such clients under Applicable Laws.

C.6 OPENING OF ACCOUNTS

C.6.1 A Member shall not open an account for the trading of Products or entering into a Contract or Corresponding Contract or accept an order to enter into a Contract or Corresponding Contract for the account of a client unless the Member has (subject to such exceptions as may be prescribed) entered into a written agreement with the client containing such terms as may from time to time be prescribed in the Rules or in directions given pursuant to this Rule by the Exchange. Without prejudice to any terms which may from time to time be so prescribed, a Member shall ensure that its written agreement with each client:

(a) imports into every Corresponding Contract made with the client all the terms of the Rules insofar as they are applicable;

(b) with regard to business done with the client, enables the Member to perform all Contracts and Corresponding Contracts to which the Member is party from time to time and to comply with:

(i) all requirements of the Rules; and

(ii) all requirements under Applicable Laws including, without limitation, requirements relating to disclosure, emergencies, conduct of business, client order execution and the provision of information, reports and advice to clients; and

(c) to the extent not already covered in (a) or (b) above, sets out the rights and obligations of the parties, and the terms on which the Member will provide services to the client.

C.6.2 (a) Subject to paragraph (b) below, a Member shall not enter into any Corresponding Contract with a client for a delivery month or delivery day capable of being traded on the Market at the date the Corresponding Contract is entered into and represent (in whatever form) to the client that it has entered into an "ICE Futures Abu Dhabi Contract" (however expressed) for such client unless a Contract is made on the Market by it in respect of and in the terms of the same Contract Terms and Contract Procedures as the Corresponding Contract to be made with the client or the Member has procured the entry into of a Contract on the Market through another Member. The Member shall ensure that if it is the buyer opposite its client under the terms of the Corresponding Contract entered into with its client otherwise than on the Market it (or its Clearing Member, as applicable) or such Member executing the same shall be the Seller under the terms of the relevant Contract and *vice versa*. Subject to paragraph (c) below such Corresponding Contract made with the client shall be at the same price as the price at which the relevant Contract was made. Any different price agreed between the parties to a Corresponding Contract from that of a related Contract shall not be valid as an amendment to the terms of the Corresponding Contract but shall instead give rise to a separate obligation to account between the parties to the Corresponding Contract that does not form part of the terms of the Corresponding Contract. Upon an Event of Default of the Clearing Member, only the Corresponding Contract (and not any other such obligations) will be subjected to the Clearing House Rules provisions on the porting of Corresponding Contracts.

(b) Paragraph (a) above shall not apply to a Contract or Corresponding Contract made under Section D.

(c) Where a Member has executed for a client on the same day one or more orders (either buy or sell but not together) for the same Product and Contract Month (and in the case of Option Contracts the same strike price and either calls or puts, but not both together), the Corresponding Contracts made with the client referred to in paragraph (a) above may be reported to the client at an average price provided that:

(i) there is a written agreement between the client and the Member with whom the client has an account which, where rounding of the average price is used, includes the method of rounding, the number of decimal places to which the reported average price will be rounded, and the method of distribution or collection of the cash residual; the cash residual shall be the difference between the rounded average price and the actual average price multiplied by the number of lots making up the order for the average price;

(ii) the formula used by the Member to calculate the average price before any rounding occurs is the trade weighted average set out in Trading Procedure 2.4.19 (a), (b), (c) and (d);

(iii) upon request by the client or the Exchange, a Member shall provide the prices and volumes of any trades that constitute an average price reported by the Member; and

(iv) such reporting is permitted under Applicable Laws.

C.6.2A All Members that provide trading services for clients shall provide appropriate information in good time to clients or potential clients with regard to their services, the Contracts they provide services in relation to, proposed investment strategies, the Exchange as a venue on which transactions are executed and all costs and related charges. If a Member passes on the cost of Transaction Fees paid to the Exchange and clearing fees paid to the Clearing House to its client(s), it shall provide information in relation to such costs to its client(s). All information provided by Members under this Rule C.6.2A shall be in a comprehensible form such that clients or potential clients are reasonably able to understand the nature and risks of the service provided by the Member and of the specific Contract that is being offered and take investment decisions on an informed basis.

C.6.3 A Member shall give a written confirmation to its client recording the terms of any Contract or Corresponding Contract made with or for that client.

C.7 PARTICULAR KINDS OF CLIENT

C.7.1 In respect of business relating to financial instruments to be done on the Market or otherwise subject to the Rules, no Member may have as a client a Person who is a director, employee, representative or otherwise associated (otherwise than as a client) with another Member, unless that Member consents in writing.

C.7.2 Any Member's Representative shall not trade either directly or through another Member for any account in which it is interested (either directly as the client or indirectly insofar as it is entitled to share in the profits of such account or is connected with the client or otherwise) save in accordance with the following procedure:

(a) all transactions must be separately recorded and identified in the accounting records of the Member;

(b) the individual must have approval to trade for his personal account from his Member firm and must be party to an appropriate written agreement with his Member firm to govern the arrangements (including applicable regulatory and risk obligations) for this activity prior to any such trading commencing;

(c) transactions must be cleared and margined as for any other client transaction; and

(d) transactions must be monitored by senior management of the Member for whom the individual is a Member's Representative, and such senior management shall be independent of the individual concerned and shall maintain procedures to ensure that such trading is not prejudicial to the interests of the Member's other clients.

C.7.3 Within seven Business Days of the date of approval to trade pursuant to Rule C.7.2(b), the Member must provide to the Exchange details of the approved individual and the house or client account number to which trades transacted by that individual will be assigned. Any changes in these account numbers must also be advised to the Exchange within seven Business Days of them becoming effective.

C.8 RECORDS OF COMPLAINTS

C.8.1 All Members shall retain for at least five years all written complaints in relation to their business in connection with the Exchange.

C.8.2 Members shall ensure that all such complaints are promptly, thoroughly and fairly investigated and that the complainant is informed in writing of the outcome. All serious complaints shall be investigated by a suitably senior Member's Representative who has no personal interest in the subject matter.

C.8.3 Members shall also compile and keep a register showing details of the date of receipt of all such complaints, the client, the account executive, the matter complained of and any action taken by the Member.

C.8.4 This register shall be open to inspection by the Exchange upon demand.

C.9 INVESTIGATION OF COMPLAINTS

C.9.1 The Exchange shall consider all complaints made to it in writing save that if it considers that it would be appropriate to do so, it may refer the matter to another regulatory body pursuant to Rule A.3.

C.9.2 In the case of a complaint which, if substantiated, might constitute a breach of the Exchange's Rules, the Exchange may (subject to its power to refer the matter complained of pursuant to Rule A.3.1) authorise an immediate investigation or write to the Member or other Person complained of (and any Member with whom such Person was associated at the time of the matter complained of) requesting its or his comments or explanation or take such other or further steps (if any) as may be thought appropriate including the commencement of an investigation or disciplinary proceedings.

C.9.3 The Exchange may inform the complainant in writing of any steps taken as a result of his complaint and of the result thereof.

C.9.4 In the event of a complaint against the Exchange or any of its Directors, officers, employees, committees or panels (or any individual committee or panel member) (or agents in their capacity as such), such complaint shall be made and investigated in accordance with the Complaint Resolution Procedures issued by the Exchange from time to time.

C.10 AUTHORISATION, RULES AND CONDUCT COMMITTEE

C.10.1 There shall be an Authorisation, Rules and Conduct Committee appointed by the Exchange pursuant to Terms of Reference adopted by the Exchange.

C.10.2 The ARC Committee shall be responsible for promotion of good regulatory practices. Without derogating from this, the ARC Committee shall have such powers as the Rules may from time to time provide including, without limitation, those powers mentioned in Section E and Section I.

C.10.3 For the avoidance of doubt, the ARC Committee is a committee of the Exchange and has no executive powers independent of the Exchange. Accordingly, any reference in these Rules to the ARC Committee shall be construed as being a reference to the Exchange acting by the ARC Committee, and any reference to a power of the ARC Committee shall be construed as being a power of the Exchange.

C.11 ARC PANELS

C.11.1 The ARC Committee may delegate any of its powers, functions and responsibilities to panels of the ARC ("**ARC Panels**"), which shall be constituted pursuant to these Rules and the Terms of Reference. An ARC Panel will either be a Sub-ARC Panel which will constitute three members of the ARC Committee and will hold Summary Hearings, or a Full-ARC Panel which will constitute at least five and up to all members of the ARC Committee (which are not excluded from hearing the matter) and will hold Full Hearings. In the event that the ARC Committee does not consider that it has the relevant expertise to deal with the matter to be heard by the ARC Panel or where a quorum cannot be met due to members of the ARC Committee being conflicted, the ARC Committee may appoint external experts to sit on the ARC Panel.

C.11.2 Members of an ARC Panel will be appointed by the ARC Committee at its discretion. The ARC Committee will appoint one of the members of an ARC Panel to be the chairman of that ARC Panel, and in the event of an equality of votes in relation to any dispute or matter before the ARC Panel, the chairman shall have a second or casting vote. The ARC Panel may obtain legal advice from the Exchange's legal advisors and may obtain expert advice from expert assessors. Expert assessors may be appointed, at the discretion of the ARC Committee or the ARC Panel itself, to sit with and advise the ARC Panel but such persons shall not be entitled to vote.

C.11.3 No member of the ARC Committee shall participate, vote or be appointed to an ARC Panel and no person may be eligible as an expert assessor if it has any direct or indirect personal or financial interest in or involvement with (a) a dispute or matter to be determined by the ARC Committee or ARC Panel, or (b) any party (or any client or underlying client of a party) involved in that dispute or matter. In particular, in relation to any disciplinary proceedings brought under Section E, no ARC Committee representative of the Member concerned shall vote on the proceedings and such Persons shall not be entitled to receive relevant documents or to attend relevant meetings or ARC Hearings. No ARC Committee representative of the Exchange may vote in disciplinary proceedings but, notwithstanding the foregoing, such Persons may receive all relevant documents and attend relevant meetings.

C.11.4 In the event of a member of an ARC Panel:

(a) no longer complying with Rule C.11.3, other than as a result of being a member of that ARC Panel;

(b) dying or in any other way being or becoming, in the opinion of the Exchange, incapacitated or permanently unavailable from acting on the ARC Panel,

the ARC Committee may:

(c) direct that the ARC Panel continue to act with a reduced number;

(d) appoint another member of the ARC Committee that meets the criteria in Rule C.11.3 to take such member's place in the ARC Panel, after which the ARC Panel shall proceed to determine the dispute or matter as if such other member had been originally appointed to the ARC Panel; or

(e) direct that a new ARC Panel be appointed to re-hear the dispute or matter.

C.11.5 The Member and/or the Person Subject to the Rules involved in the dispute or matter shall be notified of the composition of the ARC Panel within seven calendar days of it having been established. The said Member or Person will then have a further ten calendar days to object to any particular appointment to the ARC Panel on the basis that one of requirements of Rule C.11.3 have not been satisfied. Such objection, which must be in writing, must be sent to the ARC Committee and shall be determined by the ARC Committee at its discretion.

C.11.6 In addition to any other powers given to it under these Rules, an ARC Panel may order any Member or other Person Subject to the Rules involved in the dispute or matter before the ARC Panel to pay costs as it considers appropriate, including, but not limited to, administration costs, fees and expenses of the members of the ARC Panel, costs of the parties, costs incurred in the investigation, preparation, and presentation of the case and any fees and expenses incurred by the ARC Panel, Exchange or Clearing House in obtaining legal or expert advice. Any order in relation to payment of costs may also specify the manner of assessment to be used as well as a timetable for payment.

C.11.7 Any finding, determination, decision or sanction imposed by an ARC Panel shall be deemed binding and conclusive upon expiry of the time permitted for appeal or receipt by the Exchange of any earlier written notice that such right of appeal will not be exercised. Members and other Persons Subject to the Rules shall comply with any finding, determination, decision or sanction imposed by the ARC Panel. The contravention by a Member or other Person Subject to the Rules of any direction or sanction imposed or other order made under or pursuant to these Rules by the ARC Panel shall be treated for all purposes as a breach of the Rules. The lack of enforcement by the Exchange of any sanction shall not constitute a breach of the Rules by the Exchange.

C.11.8 An ARC Panel shall give such publicity as they consider appropriate to any finding, determination, decision or sanction imposed or other order made by the ARC Panel, or any ratified settlement, provided that if the ARC Panel shall determine that no publicity shall be given as aforesaid, they shall record in the minutes of their meeting the reasons for the said determination. Any decision of the ARC Committee or ARC Panel may be published by Circular. The provisions of this Rule C.11.8 are without prejudice to the right of the Exchange under Rule A.4.1 or otherwise to disclose confidential information to other Regulatory Authorities or law-enforcement bodies.

C.12 INSPECTIONS AND ENQUIRIES

C.12.1 Routine inspections and enquiries may be authorised by the Exchange who may itself carry out such inspections or make such enquiries, or authorise some other Person or Persons (including another Exchange Body) to do so with it or on its behalf.

C.12.2 In carrying out such inspection or enquiry, the Exchange shall have the same powers as the Exchange would have under Rules E.3.3, E.3.4 and E.3.5 in respect of an investigation. Members (and other Persons Subject to the Rules) shall co-operate fully with all routine inspections and enquiries.

C.12.3 If, in the course of such routine inspection or enquiry, the Exchange forms the provisional conclusion that there has been a breach of the Rules (or any arrangement, procedure or direction made, authorised or given thereunder), it may in an appropriate case deal with the matter itself and/or shall furnish to the Compliance Officer a report in writing of any action taken. Alternatively the Exchange shall report its provisional conclusion to the Compliance Officer, who may himself make further enquiries. Unless otherwise directed, the Exchange shall forthwith inform the Member concerned or other Person the subject of the inspection or enquiry, of its provisional conclusion and of the grounds thereof, and shall invite its comments or observations either orally or in writing.

C.12.4 Subject to any direction as aforesaid, the Exchange shall continue its inspection or enquiry, and on completion thereof, it shall make a report in writing to the Compliance Officer setting out its final conclusion and making such recommendation as it considers appropriate. The Compliance Officer shall consider such report and shall then take one or more of the steps mentioned in Rule E.3.8.

C.12.5 Any failure by the Exchange to comply with the above procedures or any of them shall not invalidate its conclusions or any steps taken in consequence thereof.

C.12.6 The provisions of Rules C.12.2, C.12.3 and C.12.4 shall be without prejudice to the rights of the Exchange under Rule D.7.2. Rules C.12.3 and C.12.4 shall not apply to any enquiry or inspection in respect of a Defaulter made.

C.12.7 The provisions of the Rules in C.12 shall be without prejudice to the provisions of the Membership Agreement.

C.13 [NOT USED.]

C.14 INTERVIEWS

If a Person is formally summoned to an interview with Exchange personnel, that Person must attend the interview or pay a fine for USD 1,300 per day of non-attendance and in addition may be suspended by the Exchange until he takes reasonable steps to make himself available on an alternative date. Every letter from the Exchange advising of the interview shall indicate the penalty that will apply.

C.15 INDEPENDENT COMPLAINTS COMMISSIONER

C.15.1 If it is subject to a complaint, the Exchange shall appoint to the office of Independent Complaints Commissioner a suitably skilled and experienced person who is independent of the Exchange for such term, at such remuneration and on such other conditions as the Exchange considers. No person shall be appointed as Independent Complaints Commissioner if it has any direct or indirect personal or financial interest in or involvement with (a) a dispute or matter to be determined by it, or (b) any party (or any client or underlying client of a party) involved in that dispute or matter.

C.15.2 The Exchange must remove from office any Independent Complaints Commissioner which no longer meets the criteria set out in Rule C.15.1 and shall be entitled to remove from office any Independent Complaints Commissioner it reasonably considers to no longer be suitable for that role.

C.15.3 The Independent Complaints Commissioner shall have such powers as the Complaint Resolution Procedures and Terms of Reference may from time to time provide.

SECTION D – DEFAULT

D.0 DEFINITIONS AND INTERPRETATION

In this Section D, the following terms shall, unless the context otherwise requires, have the meanings set out opposite each:

TERM	DEFINITION
"Closing-out Contract"	means a Market Contract effected under the Rules or under the Clearing House Rules, being a contract on the same terms as an Unsettled Market Contract to which a Defaulter is party save as to the price or premium and save that where the Defaulter is a Seller under the terms of the Unsettled Market Contract, the Defaulter shall be a Buyer under the terms of the Closing-out Contract and *vice versa* and references to "Close-out" shall be construed accordingly;
"Market Contract"	means any Contract, Corresponding Contract or other contract made in accordance with or under the Rules that falls under the definition of "Market Contract" in section 258 of the ADGM Financial Services and Markets Regulations 2015;
"Segregated Customer"	means a Customer of a Non-FCM/BD Clearing Member in circumstances where, whether as a result of any requirement of Applicable Law, agreement or arrangement, a customer asset segregation, client money, client asset, trust or other client asset protection regime (being more than the mere requirement arising under EMIR to distinguish from the Proprietary Account assets and positions of the Clearing Member, such as a requirement on the Clearing Member to segregate client money arising under CASS 7 of the UK FCA rules) applies as between the Customer and the Clearing Member to assets at the time immediately prior to transfer to the Clearing House as Margin for a relevant Customer Margin Account, or such other meaning as may be given to the term in the Clearing House Rules from time to time; and
"Unsettled Market Contract"	means a Market Contract in respect of which the rights and liabilities of the parties thereto have not been discharged whether by performance, compromise or otherwise.

D.1 GENERAL

D.1.1 Subject to Rule D.1.2, this Section D is without prejudice to, but in the case of any conflict takes precedence over, any other provision of the Rules and the terms of any other agreement which apply to a Market Contract.

D.1.2 Following an Event of Default (as defined in the Clearing House Rules) being declared by the Clearing House, all Market Contracts shall be dealt with in accordance with the Clearing House Rules, which shall have priority over this Section D.

D.2 [NOT USED.]

D.3 EVENTS OF DEFAULT

D.3.1 If the Exchange determines that a Member or non-Member Sponsored Principal is or appears to be unable or likely to become unable to meet its obligations under one or more Market Contracts or these Rules, such a circumstance shall, if so determined and declared by the Exchange, constitute an "**Event of Default**". Without prejudice to the generality of the foregoing, in making such determination, the Exchange may take any one or more of the following events or circumstances as sufficient grounds for determining that a Member or non-Member Sponsored Principal is or appears to be unable or likely to become unable to meet its obligations under one or more Market Contracts or these Rules:

(a) any breach by a Member or non-Member Sponsored Principal of these Rules, the Membership Agreement or any other agreement with the Exchange;

(b) failure by a Member or non-Member Sponsored Principal to perform or comply with any obligation to make payment or make or accept delivery under the terms of a Market Contract;

(c) failure by a Member or non-Member Sponsored Principal to comply with any other obligation under a Market Contract or to satisfy any liability to provide margin;

(d) an Insolvency occurring in respect of a Member or non-Member Sponsored Principal;

(e) a Member or non-Member Sponsored Principal taking any corporate action or other step to authorise, institute or commence any of the actions referred to in (c) above;

(f) a Member or non-Member Sponsored Principal being refused an application for authorisation by or registration with a Regulatory Authority or being in breach of any provision of Applicable Law (including any provision of the rules of a Regulatory Authority) or a Regulatory Authority taking or threatening to take any action in relation to the Member or non-Member Sponsored Principal under Applicable Law, including the ADGM Financial Services and Markets Regulations 2015 or FSRA Requirements or taking or threatening to exercise its powers under its rules to restrict or prohibit the Member or non-Member Sponsored Principal from entering into transactions or carrying on its business or dealing with its assets;

(g) any Authorisation or other authorisation at any time necessary to enable a Member or non-Member Sponsored Principal to comply with its obligations to the Exchange or to any other Member or non-Member Sponsored Principal or to carry on the business of the Member or non-Member Sponsored Principal in the normal course being revoked, withheld or materially modified or failing to be granted or perfected or ceasing to remain in full force and effect;

(h) a Member or non-Member Sponsored Principal failing to satisfy the Exchange at any time that it meets any minimum net worth or other financial requirement for membership from time to time stipulated by the Exchange;

(i) a Member or non-Member Sponsored Principal being or being declared in default under the default rules of any Exchange Body or Clearing Organisation or being declared in breach of the rules as to the financial requirements of membership of, or being refused membership of, or suspended or expelled from membership of, any Exchange Body or Clearing Organisation;

(j) in relation to a non-Member Sponsored Principal or a Member that is a Clearing Member, any event or circumstance that has been or could be declared to be an Event of Default (as defined in the Clearing House Rules) by the Clearing House under the Clearing House Rules; or

(k) in relation to a Member that is neither a Clearing Member nor a non-Member Sponsored Principal, any event or circumstance that would or could be declared to be an Event of Default (as defined in the Clearing House Rules) by the Clearing House under the Clearing House Rules were the Clearing House Rules to apply to the Member in the same way as they apply to a Clearing Member.

D.3.2 An event or circumstance referred to in Rule D.3.1 shall, without limitation, be deemed to have occurred in relation to a Member or non-Member Sponsored Principal being an unincorporated association or partnership if it occurs in relation to a Person comprised in such unincorporated association or partnership.

D.4 DECLARATION OF DEFAULT

D.4.1 Subject to Rule D.4.2, upon the declaration by the Exchange of an Event of Default under Rule D.3.1 or at any time thereafter, the Exchange shall issue a Default Notice to the Defaulter. The Exchange shall issue a Circular (which Circular may also include the information required under D.5.3) in respect of any Default Notice specifying the name of the Defaulter and may at its discretion publish a copy of the relevant Default Notice in or together with a Circular.

D.4.2 The Exchange may be directed by the FSRA pursuant to Applicable Law to take action or not to take action (including not to take action under Rule D.4.1) or to take specified steps under this Section D.

D.4.3 Subject to Rule A.4, the Exchange may consult with the Clearing House or any Exchange Body, Clearing Organisation, Governmental Authority or Insolvency Practitioner or any other relevant Person before or at any time after taking action or in relation to any action taken under this Section D in relation to a Defaulter.

D.4.4 A Member or non-Member Sponsored Principal who is declared a Defaulter shall not enter into any Contract or Corresponding Contract (including, for the avoidance of doubt, a Closing-out Contract) with any Person, and a Clearing Member or non-Clearing Member shall not knowingly enter into any such Contract or Corresponding Contract with a Defaulter, after the time that the Defaulter is declared a Defaulter (notwithstanding any order or instruction to do so given by any Person other than the Exchange) save in accordance with the Clearing House Rules.

D.5 DEFAULT PROCEEDINGS

D.5.1 The Exchange may declare a net sum payable by the Defaulter to the Exchange itself. Such net sum, if certified by the Exchange, shall be final, conclusive and binding upon the Defaulter and the Exchange. Such

a net sum may be treated as a proprietary liability of the Defaulter to the Clearing House for purposes of the net sum calculation under the Clearing House Rules.

D.5.2 Without prejudice to any other provision of the Rules, in the event that a Member or non-Member Sponsored Principal has been declared a Defaulter, the Exchange may take any of the following steps in relation to such Member or non-Member Sponsored Principal:

(a) expel a Member from membership of the Exchange, or, in the case of a non-Member Sponsored Principal, permanently remove their right to access the ICE Platform in accordance with Rule B.7.1;

(b) suspend or withdraw any or all membership permissions of the Member, in accordance with Rule B.7.1;

(c) cancel any order for a Product in the ICE Platform which is awaiting execution or cancel any trade in respect of a Product made on the ICE Platform, in accordance with Trading Procedure 3.9.1.

D.5.3 In the event that the Exchange decides to suspend or terminate the Defaulter's membership pursuant to Rule D.5.1(a) or (b), the Exchange will announce such suspension or termination by Circular.

D.5.4 In the event of an Insolvency occurring in respect of the Exchange, the Exchange may declare a net sum payable by or to any Member or non-Member Sponsored Principal to or from the Exchange. Such net sum, if certified by the Exchange, shall be final, conclusive and binding upon the Member or non-Member Sponsored Principal and the Exchange.

D.5.5 In the event of the Clearing House being or appearing to be unable to meet its obligations in respect of one or more Market Contracts, the Exchange may take action to support any steps taken by the Clearing House pursuant to its default rules (including, without limitation, Rules 912, 914 and 916 of the Clearing House Rules) to Close-out, value, write down, terminate, transfer to another Clearing Organisation or otherwise manage such Market Contracts.

D.6 NOTIFICATION

D.6.1 As soon as reasonably practicable after a Member or non-Member Sponsored Principal has been declared a Defaulter, the Exchange may take such steps as it may in its discretion consider appropriate in order that:

(a) the Clearing House or any Exchange Body, Clearing Organisation, Governmental Authority (including, but not limited to, the FSRA) or Insolvency Practitioner is notified; and

(b) any Person with whom the Member has been matched for purposes of a delivery is notified.

D.6.2 A Member or non-Member Sponsored Principal shall forthwith give notice to the Exchange of the occurrence of any event or circumstances referred to in Rule D.3.1(a) to (k) inclusive in relation to the Member or non-Member Sponsored Principal. A Member that is a Sponsor shall promptly give notice to the Exchange of the occurrence of any event or circumstances referred to in Rule D.3.1(a) to (k) in relation to its Sponsored Principals.

D.7 PROCEDURES

D.7.1 The Exchange may from time to time prescribe procedures for the purposes of this Section D and to provide for the manner in which its rights or obligations under the ADGM Financial Services and Markets Regulations 2015 or FSRA Requirements in relation to such Rules or Default Proceedings may be exercised by or on behalf of the Exchange.

D.7.2 For the purposes of exercising its powers or fulfilling its obligations under this Section D or exercising its rights or fulfilling its obligations under the ADGM Financial Services and Markets Regulations 2015 or FSRA Requirements in relation to such Rules, the Exchange shall have the right at all times through its employees or agents, without giving prior notice, to enter into any premises in which a Member or non-Member Sponsored Principal carries on its business or maintains its records to examine and remove or take copies of or extracts from the trading, accounting, computer and other records of the Member or non-Member Sponsored Principal and to operate any accounting or computing systems of the Member or non-Member Sponsored Principal and to reproduce data to which the Exchange has access, for the purpose of obtaining the names and addresses of all counterparties, details of all Unsettled Market Contracts entered into by the Member or non-Member Sponsored Principal, details of money and other property held for the account of Segregated Customers and any other information which the Exchange considers to be necessary or desirable for the purpose of implementing this Section D.

D.7.3 The Defaulter and each Member or non-Member Sponsored Principal shall co-operate, and shall procure that its Member's Representatives or non-Member Sponsored Principal shall co-operate, fully at all times with the Exchange and shall promptly provide such information as the Exchange or its employees or agents may

request in connection with the implementation by the Exchange of this Section D or the exercise by it of its powers or the fulfilment by it of its obligations under the ADGM Financial Services and Markets Regulations 2015 or FSRA Requirements in respect of such Rules including, without prejudice to the generality of the foregoing, information regarding Market Contracts entered into by the Defaulter.

D.8 DELEGATION OF FUNCTIONS

The Exchange may from time to time appoint one or more Persons to perform any of the functions on its behalf, save those referred to in Rules D.4.1 and D.7.1, which it may or may be required to exercise under this Section D and may appoint any professional adviser to advise or assist the Exchange with respect to carrying out its functions hereunder.

D.9 COSTS

The Defaulter shall indemnify the Exchange for costs, charges and expenses which the Exchange may incur or suffer in taking any action under this Section D, including the costs or fees of any Person appointed to perform any function on behalf of the Exchange, or to advise or assist with respect thereto, under Rule D.8. Such costs may be treated as liabilities of the Defaulter to the Exchange for purposes of Rule D.5.1.

D.10 CO-OPERATION WITH OTHER BODIES

Subject to Rule A.4, the Exchange may pass on any details of or other information in its possession relating to a Defaulter or its Market Contracts to the Clearing House, or any Exchange Body, Clearing Organisation, Governmental Authority (including, but not limited to, the FSRA) or to any other of the Persons referred to in Rule D.4.3 or to any Insolvency Practitioner or other body or authority having responsibility for any matter arising out of or in connection with the Event of Default and otherwise co-operate with any such Persons in connection with such Event of Default.

SECTION E – DISCIPLINARY

E.0 INTRODUCTION

This Section E sets out the provisions and processes governing disciplinary measures which may be taken against Members and Persons Subject to the Rules. The following types of disciplinary proceedings may arise:

(a) Summary Enforcement Proceedings taken by the Exchange (including, without limitation, the Compliance Officer) or such other Persons as may be duly authorised by the ARC Committee; and

(b) disciplinary proceedings held by ARC Panels, which will take the form of either a Sub-ARC Panel holding a Summary Hearing or a Full-ARC Panel holding a Full Hearing.

Further details on each proceedings are set out in Rule E.2 for Summary Enforcement Proceedings, and Rule E.4 for disciplinary proceedings held by ARC Panels.

E.1 NOTIFICATION OF BREACH, BREACHES OF RULES AND ACTS OF MISCONDUCT

E.1.0 All Members shall immediately notify the Exchange of any breach of the Rules (including those prescribed under Rule A.9) or of any financial or commercial difficulty on the part of themselves or any Member or Person Subject to the Rules and, as soon as practicable thereafter, give the Exchange full particulars of the breach or difficulty.

Bringing the Exchange into disrepute

E.1.1 (a) No Member and no other Person Subject to the Rules shall (or shall permit any Member's Representatives to) take any action or be guilty of any omission, which in the opinion of the Exchange:

(i) is likely to bring the Exchange or its Members into disrepute;

(ii) is likely to impair the dignity or degrade the good name of the Exchange;

(iii) is likely to create or maintain or exacerbate manipulations (or attempted manipulations) or corners (or attempted corners) or violations of the Rules (or arrangements, provisions or directions made or given thereunder); or

(iv) is likely to otherwise be substantially detrimental to the interests or welfare of the Exchange.

(b) For the purposes of paragraph (a) above, an act which may bring the Exchange into disrepute may include, but are not limited to:

(i) fraud or dishonesty;

(ii) physical or verbal abuse of an Exchange official in the course of his duties;

(iii) abusive and/or disorderly behaviour; and

(iv) any act or conduct which, in the opinion of the Exchange, may reflect adversely upon the Exchange or be prejudicial to the good reputation and best interests of the Exchange.

Conduct in relation to trading

E.1.2 (a) No Member (or other Person Subject to the Rules) shall in relation to Contracts or Corresponding Contracts entered into, or orders placed, on the Market or otherwise in accordance with the Rules:

(i) commit any act of fraud or bad faith;

(ii) act dishonestly;

(iii) engage or attempt to engage in extortion;

(iv) continue (otherwise than to liquidate existing positions) to trade or enter into such Contracts or Corresponding Contracts or provide margin to or accept margin from the Clearing House when not in compliance with the minimum financial requirement currently in force in relation to the category of membership to which it belongs;

(v) knowingly disseminate false, misleading or inaccurate reports concerning any Product or market information or conditions that affect or tend to affect prices on the Market;

(vi) manipulate or attempt to manipulate the Market, nor create or attempt to create a disorderly Market, nor assist its clients, or any other Person to do so;

(vii) make or report a false or fictitious trade;

(viii) enter into any Contract or Corresponding Contract or fail to close out the same either intending to default in performance of the same or having no reasonable grounds for thinking that it would be able to avoid such default (provided that it shall not be sufficient to have intended to comply with any contractual or other provision governing the consequences of default);

(ix) use or reveal any information confidential to the Exchange or another Person obtained by reason of participating in any investigation or disciplinary proceedings;

(x) enter an order or market message or cause an order or market message to be entered which is then cancelled or modified before execution, for the purposes of misleading market participants, for his own benefit, or the benefit of any other Person;

(xi) mislead other market participants;

(xii) overload, delay or disrupt the systems of the Exchange or other market participants;

(xiii) disrupt the orderly conduct of trading or the fair execution of transactions; or

(xiv) enter an order or market message or cause an order or market message to be entered with reckless disregard for the adverse impact of the order or market message.

Market abuse

E.1.2A Members and other Persons Subject to the Rules whose behaviour, in the judgement of the Compliance Officer, is likely to amount to market abuse, as defined in Applicable Law relating to market abuse, including but not limited to section 92(1) of the ADGM Financial Services and Markets Regulations 2015 and any relevant FSRA Requirements, shall be in breach of the Rules.

Other acts of misconduct

E.1.3 No Member or other Person Subject to the Rules shall carry out an act of misconduct, including, but not limited to, the following:

(a) any conduct contrary to Rule A.2.1;

(b) participation in conduct by a third party which would be a violation or attempted violation of these Rules if that third party were subject to these Rules;

(c) a failure to pay a fine or order for costs imposed pursuant to Summary Enforcement Proceedings or by an ARC Hearing that had not been overturned by an Appeal Panel;

(d) any other event or practice which has developed or is developing on the Exchange and is thought to be capable of impairing the orderly conduct of business on the Exchange or affecting the due performance of contracts;

(e) provision to the Exchange of information (including information for the purpose of obtaining membership) which is false, misleading or inaccurate in a material respect;

(f) ceasing to meet eligibility criteria for membership as set out in the Rules without notifying the Exchange; or

(g) any other matter of which the Exchange may, from time to time, notify Members through administrative notices issued to Members.

E.1.4 The making of a Contract or Corresponding Contract by a Member with a client (whether or not a Member) otherwise than on the Market and not falling within Rule F.2.1(a) or (b) or any other breach of Rule F.2, shall constitute an offence. Any contract so made will be deemed not made by the Member subject to the Rules, save that the Member will be subject to disciplinary Rules and proceedings.

E.2 SUMMARY ENFORCEMENT

E.2.1 Without prejudice to the powers of investigation and discipline contained in Rules E.3 and E.4, the Exchange (including, without limitation, the Compliance Officer) or such other Persons as may be duly authorised by the ARC Committee may take summary disciplinary measures ("**Summary Enforcement Proceedings**") in relation to a breach or contravention of or a failure to observe or comply with:

(a) Rule E.1.2(a);

(b) any provision of Section G;

(c) any provision of Section J;

(d) any provision of the Rules and Trading Procedures relating to EFPs, EFSs, EFRPs, Basis Trades, Block Trades and Asset Allocations; or

(e) any provision of the Rules as determined by the Exchange from time to time and notified by Circular or other written notice.

E.2.2 The Exchange, either of itself or under the authority of the ARC Committee, may from time to time by Circular or other written notice to Members prescribe any procedures to govern the Summary Enforcement Proceedings commenced under this Rule, any procedure for appeal and any other matter incidental thereto.

E.3 INVESTIGATIONS

E.3.1 Investigations into breaches or alleged breaches of the Rules may be authorised and conducted by the Compliance Officer or delegated by the Compliance Officer to other Exchange staff. In the event that the Compliance Officer is conflicted from authorising or conducting an investigation, the powers of the Compliance Officer set out in this Rule E.3.1 shall be vested in any such individual as the chairman of the ARC Committee may deem appropriate in the circumstances.

E.3.2 Once determined that a complaint, matter or concern requires investigation, the Compliance Officer shall issue a Notice of Investigation ("**NoI**") notifying the Member or Person concerned that an investigation has been commenced. The NoI shall be sent to the Member or the Person concerned and copied to the Member's compliance officer or other appropriate Member's Representative and shall contain a brief description of the issue under investigation.

E.3.3 In the course of conducting an investigation, the Exchange may obtain the assistance of such professional, legal or accounting advisers, Exchange Bodies, Clearing Organisations, Regulatory Authorities and other advisers or Persons as it considers. Any external adviser appointed by the Exchange shall be required to treat all information obtained as well as any information it has been given access to in the course of the investigation as confidential and to disclose it only to the Exchange, save where compelled to disclose such information to a third party under any Applicable Law.

E.3.4 Members and other Persons Subject to the Rules shall co-operate fully with all such investigations (whether or not such Member or Person is the direct subject of such investigation). Without limitation, each Member and, so far as applicable, each other Person Subject to the Rules shall:

(a) promptly furnish to the Exchange, or provide the Exchange with access to, such information and documentary and other material (including, without limitation, any information in electronic form) as may reasonably be requested (including, without limitation, in the case of Members, details of the Member's own and clients' accounts);

(b) permit those Persons appointed to carry out or assist in carrying out the investigation on reasonable notice, such notice being commensurate with the seriousness of the potential or alleged breach of the Rules and to enter any premises in any part of the world where the Member or other Person Subject to the Rules carries on its business or maintains its records during normal business hours for the purpose of carrying out such investigation; and each Member and other Person Subject to the Rules hereby irrevocably grants the Exchange a licence for this purpose and shall procure a licence to the Exchange from any Affiliate, agent or third party under its control that is necessary for this purpose;

(c) make available for interview itself (if the Member or Person Subject to the Rules is a natural person) and such of its Member's Representatives as may reasonably be requested; and itself answer, and procure that its Member's Representatives answer, truthfully and fully any question put by or on behalf of the Exchange; and if a Member, Member's Representative or Person Subject to the Rules fails to attend any such interview or a scheduled hearing of an ARC Panel or Appeal Panel, the Member and/or Member's Representative or Person Subject to the Rules may be fined USD 1,300 per day of non-attendance and may be suspended or restricted access to the Market by the ARC Committee or the Exchange until they take reasonable steps to make themselves available on an alternative date;

(d) make available for inspection, or provide access to, such documents, records or other material in its possession, power or control as may reasonably be required and, upon request, provide copies of the same; and

(e) use its best endeavours to ensure that so far as possible its agents give similar co-operation.

E.3.5 Each Member and other Person Subject to the Rules authorises the Exchange, either directly or through the ARC Committee, to request any Exchange Body, Clearing Organisation or Regulatory Authority or Person to furnish to the Exchange, or the ARC Committee, such information and documents as the Exchange, or the ARC Committee, may require in connection with an investigation.

E.3.6 [Not used.]

E.3.7 [Not used.]

E.3.8 When, in the opinion of the Compliance Officer, he has sufficient information, he shall, without prejudice to any other of his powers:

(a) decide that no further action should be taken and notify any Member or other Person concerned in writing accordingly;

(b) in the event of a minor breach, issue a written warning (which shall be private save as provided for in paragraph (d) below) to the Member concerned (or, in the case of such a breach by some other Person, that Person with a copy to any Member with whom it was associated at the time of such breach);

(c) commence disciplinary proceedings pursuant to Rule E.4 or Summary Enforcement Proceedings under Rule E.2;

(d) report such findings of the investigation and hand over any documents or communicate any information they have acquired whether during the course of their investigation or otherwise to such Exchange Body, Clearing Organisation or other Regulatory Authority as they think fit;

(e) publish such findings and in such detail as they deem appropriate where the matter under investigation is considered of relevance to the market in general or in the public interest; or

(f) any combination of the foregoing,

and may take more than one of the above actions or different actions in relation to different Members or other Persons concerned in the same investigation. In the event that the Compliance Officer is conflicted from taking action under this Rule in relation to an investigation, the powers of the Compliance Officer set out in this Rule E.3.8 shall be vested in the chairman of the ARC Committee.

E.4 ARC HEARINGS

Commencement

E.4.1 A matter may be referred to the ARC Committee for disciplinary proceedings only when the Compliance Officer is satisfied that there is *prima facie* evidence of a breach of the Rules by a Member or other Person Subject to the Rules.

E.4.2 If the Compliance Officer decides to refer a matter to the ARC Committee for disciplinary proceedings, he shall direct that a formal written notice ("**Notice**") be sent to the Member (or, in the case of proceedings against some other Person Subject to the Rules, that Person and any Member with whom it was associated at the time of the matter in question), which shall set out the alleged breach, including a summary of the facts relied upon.

E.4.2.1 The Member or other Person Subject to the Rules that is subject to a Notice shall have 20 Business Days (or such further time as the Compliance Officer may in his discretion allow) from the date of service of the Notice in which to serve a statement of defence ("**Defence**"). The Defence shall state whether the Member or other Person Subject to the Rules accepts the allegations in the Notice and what admissions of fact, if any, it makes. Where no Defence has been served within 20 Business Days or such extended period as has been agreed and no settlement has been reached, the ARC Committee will deem the Member or other Person subject to a Notice to have agreed to and accepted the facts and matters specified in the Notice.

E.4.2.2 Having seen and considered the Defence, the ARC Committee may, as it sees fit:

(a) convene a Sub-ARC Panel to proceed with the disciplinary proceedings, including by holding a Summary Hearing;

(b) where the proposed sanction exceeds the powers that can be exercised by a Sub-ARC Panel at a Summary Hearing, convene a Full-ARC Panel to proceed with the disciplinary proceedings, including by holding a Full Hearing; or

(c) discontinue its disciplinary proceedings.

E.4.3 Without adjournment or reference back to the Compliance Officer, the ARC Panel may amend a Notice by a change to the breach alleged in the Notice, addition of another breach to that specified in the Notice, or any other deletion, alteration or addition, provided that they are of the opinion that:

(a) the deletion, alteration, addition, change, amendment or variation arises out of or in connection with the conduct which is the subject of the disciplinary proceedings;

(b) the essential character of the nature of the breach has not been changed even though further evidence may have become available; and

(c) the Member or other Person Subject to the Rules that is subject to the Notice would not be substantially prejudiced in any defence it might wish to put forward during the ARC Hearing.

Following any such deletion, alternation, addition, change, amendment or variation of a Notice, the Compliance Officer shall serve an amended Notice on the Member or other Person subject to the Notice.

In any other circumstances, and in particular should an ARC Panel determine that a separate or unrelated course of breach of the Rules may have been revealed at an ARC Hearing, the ARC Panel holding the ARC Hearing may order an adjournment of the ARC Hearing to enable the separate or unrelated breach to be investigated further.

Settlement

E.4.3A The Member and/or the Person Subject to the Rules alleged to have committed the breach may attempt to settle the disciplinary proceedings at any stage (including any appeal) with the ARC Committee. The terms of any settlement shall be agreed between the ARC Committee and the Member or Person Subject to the Rules as the case may be and submitted in writing to the chairman of the ARC Committee, or in his absence a quorum of the ARC Committee for ratification. Upon ratification, the terms of the settlement shall take effect. In the event the settlement is not ratified, the disciplinary proceedings shall continue.

E.4.4 [Not used.]

E.4.5 [Not used.]

E.4.6 [Not used.]

ARC Hearings

E.4.7 The ARC Committee shall be responsible for appointing ARC Panels to convene ARC Hearings. Each ARC Hearing shall either be a Summary Hearing or Full Hearing, as detailed in Rule C.11.

E.4.8 The ARC Hearing shall consider the alleged breach and determine whether there has been an actual breach of the Rules and, if so, the appropriate sanction (if any) to be imposed. In carrying out this function, the ARC Panel may adopt such procedures for the ARC Hearing as it considers. Without limitation:

(a) it may request from the Exchange or the Member (or the Person Subject to the Rules and any associated Member) such further statements, information, documents or other evidence as it may think fit, or either party to the proceedings may adduce further evidence as they consider necessary, within time limits agreed at the ARC Hearing;

(b) the ARC Hearing, or the chairman of the ARC Panel sitting alone, may cover such matters as it considers appropriate in order to deal with disciplinary proceedings, including any pre-hearing review to hear procedural applications, and may issue directions and take such other steps as it considers appropriate for the clarification of the facts and issues and for the just and expeditious determination of the case;

(c) it may, if it considers appropriate, but only with the express written agreement of the Exchange and the Member concerned (or the Person Subject to the Rules concerned and any associated Member), decide to determine the case upon written submissions and evidence placed before it during the ARC Hearing;

(d) in all other cases, the Exchange and the Member (or the Person Subject to the Rules and any associated Member) shall be given the opportunity (and may be required by the ARC Panel upon reasonable notice) to attend and give evidence at the ARC Hearing and be questioned. The Exchange or the Member (or the Person Subject to the Rules and any associated Member, as the case may be) may call witnesses to give evidence and be questioned;

(e) it and the Member (or the Person Subject to the Rules and any associated Member) may be assisted or represented by any Person who may or may not be legally qualified;

(f) it may require any Person who is Subject to the Rules (and request any other Person) to attend and give evidence during an ARC Hearing upon reasonable notice; the Member (or Person Subject to the Rules and any associated Member) shall be given notice of every ARC Hearing at which any Person is to give evidence and both the Member (or the Person Subject to the Rules and any associated Member, as the case may be) and the Exchange shall be allowed the opportunity of examining and cross-examining any person who attends to give evidence;

(g) it may call for any Person to attend an ARC Hearing; save for this, all ARC Hearings shall be in private unless the Member requests otherwise and the ARC Committee and the ARC Panel consent;

(h) it shall not be bound by any rule of law or court procedure concerning admissibility of evidence and may accept as conclusive any finding of fact made by any legally constituted court, tribunal, arbitrator, expert or any Governmental Authority;

(i) it shall apply the civil standard of proof on the balance of probabilities, with the cogency of evidence required being commensurate with the seriousness of the alleged breach;

(j) it may consult with and may appoint its own legal advisers; and

(k) it may receive submissions from the Exchange on the appropriate sanction; such submissions shall be made available to the Member and/or Person Subject to the Rules concerned who shall have the right to make final submissions on penalty.

E.4.9 If the Exchange or Member (or Person Subject to the Rules or any associated Member) fails to meet a time limit imposed during the ARC Hearing or fails to attend, the ARC Panel may, in its discretion, allow an extension of time, or adjourn the ARC Hearing or proceed if necessary in the absence of the Member (or the Person Subject to the Rules and any associated Member, or either of them).

E.4.10 The findings and decisions made at the ARC Hearing shall be notified in writing to the Member (or Person Subject to the Rules and any associated Member). Such notification will include: (i) any act or practice which the Member or Person Subject to the Rules has been found to have carried out or omitted; (ii) a citation of the relevant provisions which are considered to have been breached; and (iii) the proposed sanction to be imposed and the reasons therefor. Such findings and decision shall be deemed conclusive and binding upon expiry of the time permitted for the service of a notice of appeal or receipt by the Exchange of any earlier written notice that such right of appeal will not be exercised.

E.5 SANCTIONS

SUMMARY ENFORCEMENT PROCEEDINGS

E.5.1 The sanctions that may be imposed on a Member or other Persons Subject to the Rules pursuant to Summary Enforcement Proceedings will include, without limitation, the imposition of fixed penalty fines and fixed terms of exclusion from the Market (or any part thereof). The Exchange may from time to time by Circular prescribe further sanctions that may be imposed pursuant to Summary Enforcement Proceedings.

Summary Hearings

E.5.2 The sanctions which may be imposed on a Member or other Persons Subject to the Rules at a Summary Hearing are those set forth in Rule E.5.3 save that:

(a) the sanction of expulsion or permanent removal of access shall not be available for Summary Hearings;

(b) the maximum sanction of suspension which may be imposed by Summary Hearings on an individual is limited to three calendar months; and

(c) the maximum fine which may be imposed by Summary Hearings is limited to USD 32,500 for an individual and USD 325,000 for a Member in respect of each offence.

Full Hearings

E.5.3 The sanctions which may be imposed on a Member or other Person Subject to the Rules at a Full Hearing shall not exceed the following:

(a) the issue of a public or private warning or reprimand;

(b) the issue of a public or private notice of censure;

(c) in the case of an individual, disqualification (either indefinitely or for a fixed term) from being a Director or member of a committee or any panel of the ARC Committee;

(d) in the case of a Member, disqualification (either indefinitely or for a fixed term) of any of its Member's Representatives from being a Director or member of a committee or any panel of the ARC Committee;

(e) a fine of any amount, to be paid on such terms as may be prescribed by the Exchange;

(f) in the case of an individual entitled to enter or access the Market, suspension or curtailment of his right to do so (which may include suspension of his registration as a Responsible Individual) for a fixed term of up to a maximum of 36 months;

(g) a recommendation to the Exchange that they expel a Member from membership of the Exchange, or in the case of other Persons Subject to the Rules, permanently remove their right to access the Trading Facilities of the Exchange under Rule B.7.1(a) and, in the case of a Member, suspend or withdraw any or all of the membership permissions of the Member under Rule B.7.1(b);

(h) an order requiring the Member or Person Subject to the Rules (and any associated Member) found to have committed the breach to take such steps including making an order for compensation, as the ARC Panel may direct to remedy the situation including, without limitation, making an order for restitution to any affected Person when the Member (or Person Subject to the Rules or any associated Member) has profited (or avoided a loss) from a breach at that Person's expense;

(i) refer the matter to the Exchange or the Clearing House for further investigation; or

(j) any combination of the foregoing.

E.5.4 Where a Person Subject to the Rules is expelled pursuant to Rule B.7.1(a) or has any or all of his rights of membership suspended pursuant to Rule B.7.1(b) or Rule B.7.2 (as applicable) following any order made by an ARC Panel at an ARC Hearing, the ARC Committee may make such directions as it considers in respect of the Person's open Contracts or Corresponding Contracts (including, without limitation, directions for the reduction, transfer or liquidation of any of them).

E.5.5 A Person Subject to the Rules that has been expelled may reapply for registration with the Exchange at any time after the date specified in the notice of sanction. Such reapplication will only be considered if all costs and fines associated with the notice of sanction are paid in a timely fashion.

E.6 APPEALS AND APPEAL PANEL

Appeal

E.6.0 A Member or Person Subject to the Rules may appeal against any finding, determination, direction or sanction imposed by an ARC Panel against it by lodging a notice of appeal.

E.6.0A A notice of appeal shall be lodged with the Compliance Officer. In the case of an appeal against the decision of a Summary Hearing, the appeal shall be heard by a further Summary Hearing held by an ARC Panel from members of the ARC Committee who did not attend the previous Summary Hearing, according to the procedure set out in Rule E.6.4 *et seq*. In the case of an appeal against the decision of a Full Hearing, this shall be heard in accordance with the procedure set out in the remainder of this Rule E.6.

Composition of an Appeal Panel

E.6.1 The Exchange shall from time to time appoint individuals who shall not be Directors or serving members of the ARC Committee, to serve on Appeal Panels. An Appeal Panel shall consist of a chairman sitting alone or together with one or two other individuals.

E.6.2 Individuals appointed to an Appeal Panel must be suitably skilled and experienced and be independent of the Exchange. Expert assessors may be appointed, at the discretion of the Appeal Panel (including following any request or recommendation of the Exchange or any party to the appeal), to sit with and advise the Appeal Panel but such persons shall not be entitled to vote. No person shall be appointed to an Appeal Panel and no person may be eligible as an expert assessor if it has any direct or indirect personal or financial interest or involvement in a dispute or matter, or any party (or any client or underlying client of a party) involved in that dispute or matter, to be determined by the Appeal Panel. The Exchange may remove from office any individual who no longer meets the foregoing criteria and shall be entitled to remove from office any individual it reasonably considers to no longer be suitable for that role.

E.6.3 The chairman of the Appeal Panel shall be a lawyer, who shall be a lawyer qualified to practice in the laws of the Abu Dhabi Global Market, and shall be appointed at the discretion of the Exchange. In the event of an equality of votes in relation to any dispute or matter before the ARC Panel, the chairman shall have a second or casting vote.

Appeal Procedure

E.6.4 (a) Within 14 days of receiving notice in writing of a finding or order of an ARC Panel, or such longer period as the ARC Panel may in its discretion direct following such finding or order being made, the Member or Person Subject to the Rules to whom such finding or order relates or, in the case of an appeal against a finding or order of an ARC Panel, the Exchange, may request an Appeal Panel be convened to hear its appeal by lodging with the ARC Panel a notice of appeal in writing and by delivering a copy thereof to any other party. With such notice it shall lodge with the Exchange a filing fee of USD 2,500 unless the Exchange determines in its discretion to reduce or waive the fee. A notice

of appeal shall set out the grounds of the appeal and shall contain a brief statement of all matters relied on by the appellant.

The only grounds of the appeal may be any one or more of the following:

(i) the ARC Panel misdirected itself;

(ii) the ARC Panel's decision was:

(aa) one which no reasonable ARC Panel could have reached;

(bb) unsupported by the evidence or was against the weight of the evidence; or

(cc) based on an error of law, or a misinterpretation of the Rules;

(iii) the finding, determination, direction or sanction imposed by the ARC Panel was excessive, insufficient or inappropriate; or

(iv) new evidence is available and that, had it been made available, the ARC Panel could reasonably have come to a different decision,

but no party may otherwise appeal on any other grounds against the ARC Panel's finding or order;

(b) On receipt of a notice of appeal, the Exchange will constitute an Appeal Panel in accordance with the procedure set out in Rules E.6.1 to E.6.3.

E.6.5 The Appeal Panel shall have the powers given to the original ARC Panel from which the appeal was made (regardless of whether such powers were actually exercised) and may adopt such procedure as it considers just, including, without limitation, all or any of the procedures that the original ARC Panel from which the appeal was made may have adopted pursuant to these Rules (regardless of whether such procedures were actually adopted). The appellant and the respondent may appear, make representations and call witnesses, who may be examined and cross-examined.

E.6.6 The Appeal Panel may:

(a) dismiss or allow the appeal;

(b) confirm or amend the finding, determination, direction or sanction of the original ARC Panel (including in respect of costs);

(c) substitute or make a new finding, determination, direction or sanction; and

(d) order any party to the proceedings to pay costs as it considers appropriate, including, but not limited to, administration costs, fees and expenses of the members of the Appeal Panel, costs of the parties, costs incurred in the investigation, preparation, and presentation of the case and any fees and expenses incurred by the Appeal Panel, Exchange or Clearing House in obtaining legal or expert advice; and any order in relation to payment of costs may also specify the manner of assessment to be used as well as a timetable for payment.

In the case of appeal against a finding, determination, direction or sanction, the Appeal Panel may affirm, vary or revoke the sanction, in all cases, within the limits set out in these Rules on the original ARC Panel that made the finding or order. In the case of an appeal pursuant to Rule E.6.4(a)(i), (ii) or (iv), the Appeal Panel may make such order or give such direction as it considers just, including, if thought fit, in relation to an appeal pursuant to Rule E.6.4(a)(ii), a direction for a rehearing of the case by another ARC Panel at another ARC Hearing.

E.6.7 The Appeal Panel may at any stage approve the settlement of any issue between the parties on such terms as it considers expedient or satisfactory. Any withdrawal of an appeal by the appellant must be in writing and lodged with the Exchange. The chairman of the original ARC Panel may direct such Party to pay to the Exchange any costs set out in Rule E.6.6(d).

E.6.8 The decision of an Appeal Panel shall be final, binding and conclusive and there shall be no further appeal and no recourse to arbitration under Section H or the Clearing House Rules. The decision shall be notified to the appellant, respondent, Exchange, Clearing House and any other party involved in writing as soon as possible.

E.6.9 Members and other Person Subject to the Rules shall comply with any decision of the Appeal Panel. The contravention by a Member or other Person Subject to the Rules of any direction or sanction imposed under or pursuant to these Rules by the Appeal Panel shall be treated for all purposes as a breach of the Rules. The lack of enforcement by the Exchange of any sanction shall not constitute a breach of the Rules by the Exchange.

E.6.10 The Appeal Panel shall give such publicity as they consider appropriate to any finding, determination, decision or sanction imposed or other order made by the Appeal Panel, or any ratified settlement. Any decision of the ARC Committee or ARC Panel may be published by Circular. The provisions of this Rule are without prejudice to the right of the Exchange under Rule A.4.1 or otherwise to disclose confidential information to other Regulatory Authorities or law-enforcement bodies.

E.7 EMERGENCY SUSPENSION

Notwithstanding and without prejudice to any other provision of the Rules (including without limitation this Section E of the Rules) the Exchange may, upon reasonable belief that immediate suspension is necessary to protect the interests of the Exchange and its Members or to ensure an orderly market, suspend for up to seven Business Days the right of any Member's Representative (including clients or customers) to enter the Market to trade. Such decisions shall be reviewed by the Exchange within that period, and may be extended subject to such arrangements as the Exchange considers.

E.8 LOSS OR DAMAGE TO TRADING FACILITIES

E.8.1 Damage or loss to the property of the Exchange or the Trading Facilities will be paid for by the Member causing such damage or loss unless the Member can satisfy the Exchange that the damage or loss to property was caused by a third party named by the Member.

E.8.2 All other forms of damage or loss to property to the Exchange or the Trading Facilities will be charged to the Members when no individual or individuals can be held responsible.

E.9 OTHER OFFENCES

E.9.1 [Not used.]

E.9.2 The Exchange may, by Circular, prescribe fixed penalty fines to be imposed on a Member who has, or appears to have, failed to comply with any obligation under the Rules.

E.10 INTERACTION WITH CLEARING HOUSE RULES AND OTHER PROCESSES

E.10.1 The existence of any disciplinary or other dispute resolution processes under any relevant Clearing House Rules shall not preclude any process under this Section E.

E.10.2 Where there are disciplinary processes, summary enforcement processes or appeal processes under both this Section E and the Clearing House Rules, and both the panels appointed under this Section E and the Clearing House Rules consider that the disciplinary processes involve at least one common Member or Clearing Member and substantially the same subject matter, the disciplinary processes under this Section E may be consolidated with the disciplinary processes under the Clearing House Rules at the election of the panel appointed under this Section E. In such circumstances, the same procedures, documents, notices, evidence and panel members may be used in both sets of disciplinary processes.

SECTION F – CONTRACTS

F.1 CONTRACTS WITH CLEARING HOUSE

F.1.1 Contracts shall arise only at the times and subject to the conditions set out in the Clearing House Rules. In the event of any conflict between this Rule F.1 and the Clearing House Rules, the Clearing House Rules shall prevail.

Platform Trades

F.1.2 The following Rules apply to a Platform Trade that is matched between one Member and another Member which may be the same Person as the first-mentioned Member pursuant to Rules F.1.3 and F.1.4. Pursuant to the Clearing House Rules, two Contracts arise at the time of such matching, which for the purposes of this Rule F.1 shall be called the "**ICE Futures Abu Dhabi Matched Contracts**".

F.1.3 The two ICE Futures Abu Dhabi Matched Contracts arising in accordance with Rule F.1.2 shall be between the following parties:

(i) one Contract between the Clearing House and the following counterparty or counterparties acting as Buyer (the "**First Leg Contract**"):

(*Own Business Platform Trades of the Member*)

(A) if the Member is a Clearing Member and is entering into a Platform Trade for Own Business, the Member;

(B) if the Member is entering into a Platform Trade for Own Business and is not a Clearing Member or Sponsored Principal (or, if it is a Clearing Member or Sponsored Principal, and has, by act or omission, established settings in the ICE Clearing Systems such that it will not clear the relevant Platform Trade in either such capacity), the Clearing Member that has been selected by the Member as Clearing Member for the Platform Trade ("**Clearing Member A**"), provided that Clearing Member A is party to a Clearing Agreement with the Member (such Member, not being Clearing Member A, for the purposes of this Rule F.1, a "**non-clearing Member**");

(C) if the Member is a Sponsored Principal and is entering into a Platform Trade for its own account, the Member, acting as Sponsored Principal ("**Sponsored Principal A**") and its Sponsor ("**Sponsor A**") on a joint basis as provided in the Clearing House Rules, provided that the Member has established settings in the ICE Clearing Systems to clear the relevant Platform Trade in such capacity;

(*Client account Platform Trades of the Member*)

(D) if the Member is a Clearing Member and is entering into a Platform Trade for the account of its client which is not a Sponsored Principal (or the client is a Sponsored Principal but has, by act or omission, established settings in the ICE Clearing Systems such that it is not acting in such capacity for the purpose of the relevant Platform Trade), the Member;

(E) if the Member is not a Clearing Member and is entering into a Platform Trade for the account of a client which is not a Sponsored Principal (or the client is a Sponsored Principal but has, by act or omission, established settings in the ICE Clearing Systems such that it is not acting in such capacity for the purpose of the relevant Platform Trade) the Clearing Member that has been selected by the Member as Clearing Member for the Platform Trade ("**Clearing Member B**"), provided that Clearing Member B is party to a Clearing Agreement with the Member or its client (such Member or its client, not being Clearing Member B, for the purposes of this Rule F.1, a "**non-clearing counterparty**");

(F) if the Member is a Clearing Member and is entering into a Platform Trade for the account of its client which is a Sponsored Principal and which has established settings in the ICE Clearing Systems such that it is acting as a Sponsored Principal for the purposes of the relevant Platform Trade, and the Member is the Sponsor of such Sponsored Principal, the Member, acting as Sponsor ("**Sponsor B**"), and the client, acting as Sponsored Principal ("**Sponsored Principal B**") on a joint basis as provided in the Clearing House Rules; and

(G) if the Member is entering into the Platform Trade for the account of its client which is a Sponsored Principal and which has established settings in the ICE Clearing Systems such that it is acting in its capacity as a Sponsored Principal for the purpose of the

relevant Platform Trade, and the Member is not the Sponsor of such Sponsored Principal (irrespective of whether the Member is a Clearing Member), such other Member, acting as Sponsor ("**Sponsor C**"), and the client (of both the Member and Sponsor C), acting as Sponsored Principal ("**Sponsored Principal C**") on a joint basis as provided in the Clearing House Rules; and

(ii) another Contract between the Clearing House and a counterparty or counterparties acting as Seller in the same way as set out in Rule F.1.3(i) above but with respect to the counterparty (the "**Second Leg Contract**").

F.1.4 Upon two ICE Futures Abu Dhabi Matched Contracts arising in accordance with Rule F.1.3(i)(B), (C), (D), (E), (F), or (G) and Rule F.1.3(ii) (solely as a result of the equivalent of such subsections of Rule F.1.3(i) applying), up to two Corresponding Contracts shall also arise between the following parties:

(i) in the case of Rule F.1.3(i)(B), the non-clearing Member and Clearing Member A;

(ii) in the case of Rule F.1.3(i)(C), Sponsor A and Sponsored Principal A;

(iii) in the case of Rule F.1.3(i)(D), the Member and the client;

(iv) in the case of Rule F.1.3(i)(E), Clearing Member B and the Member or client;

(v) in the case of Rule F.1.3(i)(F), Sponsor B and Sponsored Principal B; and/or

(vi) in the case of Rule F.1.3(i)(G), Sponsor C and Sponsored Principal C,

as applicable, in respect of the First Leg Contract and/or Second Leg Contract (with respect to the counterparty), provided that no such Corresponding Contract shall arise where any Sponsor or Clearing Member is an FCM/BD Clearing Member, except as provided for in Rule F.1.13. A party to a First Leg Contract may also be a party to a Second Leg Contract if it is the Clearing Member or Sponsor in respect of both legs and acts in a different capacity or for a different client or Sponsored Principal in respect of the same Platform Trade. In such circumstances, any Corresponding Contracts arising in accordance with this Rule F.1.4 will arise separately with respect to the First Leg Contract and Second Leg Contract.

The terms of any such Corresponding Contracts shall be as set out in the Customer-CM F&O Transaction Standard Terms, but on economic terms identical to the terms of the relevant ICE Futures Abu Dhabi Matched Contract, except that:

(A) if the party to the ICE Futures Abu Dhabi Matched Contract is the seller under the ICE Futures Abu Dhabi Matched Contract, it shall be the buyer under the Corresponding Contract and *vice versa*;

(B) it is not a cleared Contract (with the result that certain terms applicable only to cleared Contracts will not apply pursuant to the Customer-CM F&O Transaction Standard Terms); and

(C) it shall be subject to such amended or different terms and conditions as are or have been agreed between the parties, to the extent not inconsistent with the Customer-CM F&O Transaction Standard Terms.

Additional Indirect Clearing Corresponding Contracts may arise between an Indirect Clearing Provider, Indirect Client, Second Indirect Client or Third Indirect Client and so on pursuant to an Indirect Clearing Arrangement between any such entities.

The terms of any such Indirect Clearing Corresponding Contract shall be as set out in the Customer-CM F&O Transaction Standard Terms, but on economic terms identical to the terms of the relevant ICE Futures Abu Dhabi Matched Contract, except that:

(A) if the party to the Corresponding Contract is the seller under the Corresponding Contract, it shall be the buyer under the Indirect Clearing Corresponding Contract and *vice versa*;

(B) it is not a cleared Contract (with the result that certain terms applicable only to cleared Contracts will not apply pursuant to the Indirect Clearing Arrangement); and

(C) it shall be subject to such amended or different terms and conditions as are or have been agreed between the parties pursuant to the Indirect Clearing Arrangement.

ICE Block, EFP, EFS, EFRP, Basis Trade and Asset Allocation Contracts

F.1.5 A Block Trade, EFP, EFS, EFRP, Basis Trade or Asset Allocation shall be initiated off-exchange by submitting details of a transaction or proposed transaction under a Contingent Agreement to Trade. The

proposed cleared transaction to which the Contingent Agreement to Trade relates shall be referred to as a "**Non-Crossed Transaction**" for the purposes of this Rule F.1.5. The relevant details of the Non-Crossed Transaction may be reported to the Exchange by one Member ("**Block Member A**") who is party to the Non-Crossed Transaction, through the ICE Block Facility, pursuant to the Rules and in such a manner that may be prescribed by the Exchange from time to time. When submitting the relevant details to the Exchange for registration, the two Members will be deemed to represent to the Exchange that there is a Contingent Agreement to Trade in respect of the Block Trade, EFP, EFS, EFRP, Basis Trade or Asset Allocation being reported for registration with the Exchange. The other Member party to the Non-Crossed Transaction ("**Block Member B**") must subsequently confirm acceptance of the relevant details through the ICE Block Facility. Pursuant to the Clearing House Rules, two ICE Futures Abu Dhabi Block Contracts arise at the time of receipt by the Exchange in the ICE Clearing Systems of such confirmation of acceptance, provided that complete and correct data in respect of the transaction has been received.

F.1.6 The two ICE Futures Abu Dhabi Block Contracts arising in accordance with Rule F.1.5 shall be established in the same way and between such parties as set out in Rule F.1.3(i) and (ii) above but with respect to Block Member A and Block Member B, instead of the "Member" referred to therein.

F.1.7 Upon an ICE Futures Abu Dhabi Block Contract arising under Rule F.1.5 above, up to two Corresponding Contracts shall be established in the same way and between such parties as set out in Rule F.1.4 above, but with respect to Block Member A and Block Member B, as applicable. Additional Indirect Clearing Corresponding Contracts may arise between an Indirect Clearing Provider, Indirect Client, Second Indirect Client or Third Indirect Client and so on pursuant to an Indirect Clearing Arrangement between any such entities. Upon the formation of such ICE Futures Abu Dhabi Block Contracts, Corresponding Contracts or Additional Indirect Clearing Corresponding Contracts:

(i) Rule 402(b) of the Clearing Rules will apply to automatically and immediately release and discharge any Clearing Member or Sponsored Principal from all and any Transaction Rights and Obligations (as defined in the Clearing Rules); and

(ii) any party to an ICE Futures Abu Dhabi Block Contract or an Indirect Clearing Arrangement that has any rights, liabilities or obligations relating to, or arising out of or in connection with the relevant Block Trade, EFP, EFS, EFRP, Basis Trade or Asset Allocation shall be automatically and immediately released and discharged from all and any such rights, liabilities or obligations, other than: (A) any rights, liabilities or obligations that are dissimilar to (and not replaced by) those arising pursuant to an ICE Futures Abu Dhabi Block Contract, Corresponding Contract or Additional Indirect Clearing Corresponding Contract; (B) any rights, liabilities or obligations falling due for performance before the formation of an ICE Futures Abu Dhabi Block Contracts, Corresponding Contract or Additional Indirect Clearing Corresponding Contract; or (C) any rights, liabilities or obligations falling due pursuant to an ICE Futures Abu Dhabi Block Contract, Corresponding Contract, or Additional Indirect Clearing Corresponding Contract.

F.1.8 This Rule F.1.8 and Rules F.1.9 and F.1.10 apply to an ICE Futures Abu Dhabi Block Contract where both the buy and sell sides of the Block Trade, EFP, EFS, EFRP, Basis Trade or Asset Allocation are reported to the Exchange by the same Member (for the purposes of this Rule F.1.8, a "**Crossed Transaction**"). The relevant details may be reported to the Exchange by the Member ("**Block Member A**") through the ICE Block Facility, pursuant to the Rules and in such a manner that may be prescribed by the Exchange from time to time. Pursuant to the Clearing House Rules, two ICE Futures Abu Dhabi Block Contracts arise at the time of receipt by the Exchange in the ICE Clearing Systems of correct and complete details relating to the Crossed Transaction.

F.1.9 The two ICE Futures Abu Dhabi Block Contracts arising in accordance with Rule F.1.8 shall be established in the same way and between such parties as set out in Rule F.1.3(i) and (ii) above but with respect to Block Member A, instead of the "Member" referred to therein.

F.1.10 Upon an ICE Futures Abu Dhabi Block Contract arising under Rule F.1.8 above, up to two Corresponding Contracts shall be established in the same way and between such parties as set out in Rule F.1.4 above, but with respect to Block Member A, as applicable. Additional Indirect Clearing Corresponding Contracts may arise between an Indirect Clearing Provider, Indirect Client, Second Indirect Client or Third Indirect Client and so on pursuant to an Indirect Clearing Arrangement between any such entities.

General Provisions

F.1.11 Subject to any Rules and procedures made pursuant to Rule F.6, an ICE Futures Abu Dhabi Matched Contract or ICE Futures Abu Dhabi Block Contract to which a Clearing Member becomes a party pursuant to Rule F.1 (and which has not been allocated by such Clearing Member to, and accepted by, another Clearing

Member in accordance with Clearing House Rules) shall be recorded with the Clearing House in the name of such Clearing Member in accordance with and subject to the Clearing House Rules.

F.1.12 An ICE Futures Abu Dhabi Matched Contract or ICE Futures Abu Dhabi Block Contract may be allocated from one Clearing Member, being the Person initially party to such contract pursuant to Rule F.1.3, F.1.5 or F.1.9 ("**Clearing Member A**") to another Clearing Member ("**Clearing Member B**") if both such Clearing Members record their agreement to such allocation in the ICE Clearing Systems on the same day that the relevant ICE Futures Abu Dhabi Matched Contract or ICE Futures Abu Dhabi Block Contract arose. Subsequent to such agreement having been recorded, the original ICE Futures Abu Dhabi Matched Contract or ICE Futures Abu Dhabi Block Contract between Clearing Member A and the Clearing House shall be terminated simultaneously with a replacement ICE Futures Abu Dhabi Matched Contract or ICE Futures Abu Dhabi Block Contract, on the same terms as the terminated Contract, arising between Clearing Member B and the Clearing House and being recorded with the Clearing House in the name of Clearing Member B, in accordance with and subject to the Clearing House Rules. Any related Corresponding Contract to which Clearing Member A was party shall also simultaneously terminate and be replaced by a Corresponding Contract to which Clearing Member B is party.

F.1.13 If Clearing Member A is an FCM/BD Clearing Member and a Corresponding Contract would otherwise arise pursuant to Rule F.1.4, F.1.7 or F.1.10 but for the fact that the Clearing Member is an FCM/BD Clearing Member, then:

(i) there shall be no Corresponding Contract, unless the Clearing Agreement between the FCM/BD Clearing Member and the Member or the Clearing Agreement between the FCM/BD Clearing Member, acting as Sponsor, and its Sponsored Principal which is not a Member (the "**non-Member Sponsored Principal**") so provides;

(ii) where the Clearing Agreement does so provide, the relevant Contract arising between the FCM/BD Clearing Member and the Clearing House pursuant to Rule F.1.3, F.1.6 or F.1.9 and the Clearing House Rules will be entered by such FCM/BD Clearing Member for such Member or non-Member Sponsored Principal as its customer under the terms of the Clearing Agreement between such Member or non-Member Sponsored Principal and FCM/BD Clearing Member (an "**Agency Relationship**"); and

(iii) where the Clearing Agreement does so provide, the Contract between the FCM/BD Clearing Member and the Clearing House will be subject to particular provisions of the Clearing House Rules applicable to the Contracts to which FCM/BD Clearing Members are party.

Similar principles shall apply in relation to Indirect Clearing Arrangements where the Indirect Clearing Provider is a futures commission merchant registered with the CFTC or broker dealer registered with the SEC.

F.1.14 Each Corresponding Contract and Indirect Clearing Corresponding Contract will automatically terminate without any obligation or liability of any party to such Corresponding Contract or Indirect Clearing Corresponding Contract in the event that the Contract to which it relates is void or voided pursuant to the Clearing House Rules, at the same time as the relevant Contract terminates and without need for any further action on the part of any Person.

F.1.15 A Clearing Member may have its membership with the Clearing House and/or the Exchange suspended or terminated, or be subject to Default Proceedings by the Clearing House. Members that are not Clearing Members should be aware that such events may have effects upon Corresponding Contracts, Agency Relationships or Indirect Clearing Corresponding Contracts or their ability to enforce their rights under Corresponding Contracts, Agency Relationships or Indirect Clearing Corresponding Contracts. Members should refer to the Clearing House Rules for further details and to other references to "Customers" in the Clearing House Rules and Clearing House Procedures, in addition to the relevant risk disclosures made by the Clearing House and each Clearing Member or Sponsor.

F.1.16 Each Member and non-Member Sponsored Principal is hereby deemed to acknowledge, represent and agree that:

(i) in entering into Contracts, Corresponding Contracts and Indirect Clearing Corresponding Contracts, Members and non-Member Sponsored Principals will act as principal and not as agent, subject to the Clearing House Rules and Rule F.1.13; and

(ii) except as further detailed in the Clearing House Rules, the Clearing House has no obligation or liability to a Member that is not a Clearing Member, Sponsor or Sponsored Principal, whether in tort, contract, restitution, in respect of any Contract, pursuant to the Rules or otherwise (except any liability for fraud, death or personal injury or any other liability which under Applicable Laws may not be excluded); and

(iii) in accordance with the Clearing House Rules, the Clearing House has the right to suspend or terminate the clearing of transactions, either generally or in relation to a particular Member, Clearing Member, Sponsor or Sponsored Principal, without notice.

F.1.17 If the Clearing House takes any action in relation to a Contract, including, without limitation, pursuant to Clearing House Rules 103 (*Delay in performance by the Clearing House*), 104 (*Invoicing Back and Specification of Terms*), 107 (*Conversion to other Eligible Currency*), 109 (*Alteration of Rules, Procedures, Guidance and Circulars*), 110 (*Extension or Waiver of Rules*) or 112 (*Force Majeure and similar events*), each affected Clearing Member may take equivalent action (or, if it cannot take equivalent action, it is not advisable to do so or equivalent action would not deal with the matter in hand, other appropriate action) against the relevant Member under the Corresponding Contract, including, but not limited to, terminating, and/or modifying the non-economic terms of, such Corresponding Contract and/or making adjustments to any determination of amounts paid or payable under the relevant Clearing Agreement. Each affected Client may also take such equivalent action against the relevant Indirect Client under the Indirect Clearing Corresponding Contract.

F.1.18 Each Member agrees and acknowledges that any Clearing Member selected by it for any Matched Transaction, if applicable, does not guarantee the Clearing House's performance of any of the Clearing House's obligations under the Rules, any Contract or any Corresponding Contract. In the event that the Clearing House defaults in or defers or varies the payment or performance of any obligation otherwise owed by it in respect of a Contract corresponding to a Corresponding Contract, the Clearing Member will be entitled to make a corresponding deduction, withholding or other reduction from, or tolling or deferring of any payment or performance otherwise owed by it under such Corresponding Contract and/or to make its performance under such Corresponding Contract conditional on performance by the Clearing House under the related Contract. Where any such deduction or forbearance may be attributable to Corresponding Contracts between the relevant Clearing Member with more than one Member, the Clearing Member shall allocate such deduction among such Members on a *pro rata* basis. If such defaulted or delayed payment is subsequently obtained by the Clearing Member from the Clearing House (in whole or in part), the Clearing Member shall thereupon be liable to make the corresponding payment or performance (or portion thereof) to the Member pursuant to the Corresponding Contract. This Rule F.1.18 shall apply to Clients (in relation to any Indirect Clearing Corresponding Contract with Indirect Clients) in the same way it applies to Clearing Members.

F.2 CONTRACTS IN THE MAKING OF WHICH A MEMBER IS SUBJECT TO THE RULES

F.2.1 A Member is subject to the Rules when entering into Contracts and contracts of the following kinds:

(a) a Corresponding Contract, made with a client on the Market or otherwise;

(b) an Indirect Clearing Corresponding Contract;

(c) a Contract, Corresponding Contract or Indirect Clearing Corresponding Contract arising pursuant to an Agency Relationship; and

(d) any other Contract made or required or permitted to be made under the Rules including, without limitation, Section D.

F.2.2 The provisions of this Rule F.2 shall apply to non-Member Sponsored Principals as if they were Members, and Members shall be responsible for ensuring compliance with this Rule F.2 by their clients who are Sponsored Principals, irrespective of whether such Members are Sponsors for such Sponsored Principals.

F.3 TRANSACTION RECORDS

(a) All Members shall keep appropriate and complete accounting and other records relating to all Contingent Agreements to Trade, details of transactions submitted to become ICE Futures Block Contracts, Contracts, Corresponding Contracts and Indirect Clearing Corresponding Contracts to which they are a party made on the Market or otherwise in accordance with the Rules, whether for a Member's own or a client's account, and containing such details as the Exchange or the ARC Committee may from time to time prescribe. Separate accounts shall be kept in relation to each client and all orders and accounts shall be given a unique and clearly identifiable reference.

(b) All orders registered or executed on the Market or otherwise in accordance with the Rules shall be promptly recorded in writing (or such other permanent form as may from time to time be permitted) by the Member in its own records and reported to the Exchange (or, if the Exchange permits, to the Clearing House on behalf of the Exchange) in such manner and together with such particulars as the Exchange may from time to time require. The Exchange shall (and is hereby authorised to) present

and confirm particulars of all Contracts to the Clearing House on behalf of Members and non-Member Sponsored Principals by means of the ICE Clearing Systems.

(c) Members shall keep daily records of such open positions and shall comply with such reporting requirements as the Exchange or the ARC Committee may from time to time prescribe. The Exchange may request the Clearing House to disclose to the Exchange details of Contracts and open positions of Members.

(d) Such records shall be maintained for a reasonable period of time (which shall be not less than five years) and shall be open to inspection by the Exchange.

(e) The provisions of the Rules in F.3 shall be without prejudice to the provisions of the Membership Agreement regarding record keeping which shall supplement the Rules in F.3.

(f) The provisions of this Rule F.3 shall apply to non-Member Sponsored Principals as if they were Members, and Members shall be responsible for ensuring compliance with this Rule F.3 by their clients who are Sponsored Principals, irrespective of whether such Members are Sponsors for such Sponsored Principals.

F.4 [NOT USED.]

F.5 EXCHANGE FOR PHYSICALS ("EFPS")

EXCHANGE FOR SWAPS ("EFSS")

These Rules shall apply to all EFP transactions and EFS transactions (including, for the avoidance of doubt, EFPs and EFSs entered on ICE Block by an ICE Block Member).

(a) EFP and EFS transactions are available in respect of those Products and Contract Months as determined by the Exchange from time to time. Such Products are not subject to the Trading Procedures unless specifically referred to.

(i) EFP and EFS transactions in all Contracts shall be reported to the Exchange at any time during Trading Hours and for 30 minutes thereafter.

(ii) On an expiry day, for all eligible Contracts, EFP and EFS transactions in respect of the expiring Contract Month must be reported within one hour after such Contract Month has ceased trading on the last Trading Day.

(iii) On expiry day for all ICE Futures Option Contracts, EFS transactions must be reported by the end of the designated settlement period of the underlying Futures Contract.

(b) Details of the EFP or EFS must be reported to the Exchange in accordance with the relevant Contingent Agreement to Trade and Trading Procedure 16, or by any other means determined by the Exchange from time to time. Details of such transactions, with the exception of the price shall be displayed on the ICE Platform and made available during the Trading Day.

(c) Upon demand by the Exchange, Members are required to obtain and provide independent evidence to support the underlying physical or swap transaction.

(d) An EFP or EFS whose price falls within either of the following parameters can be reported, subject to the right of the Clearing House to treat a Contract as void or voided, with the Exchange directly:

(i) between the highest and lowest traded prices for the Contract Month for the day at the time of reporting; or

(ii) within a maximum price movement (as published by the Exchange from time to time) from the previous Trading Day's settlement price for that Contract Month.

(e) Any EFP or EFS whose price is not within one of the parameters set out at (f) above will require the approval of the Exchange prior to being recorded, subject also to the right of the Clearing House to treat a Contract as void or voided. The Exchange may, before granting approval, make such enquiries as necessary to confirm the validity of the transaction.

(f) A decision by the Exchange not to record or accept an EFP or EFS or not to present any EFP or EFS to the Clearing House is final.

(g) All Members and Persons Subject to the Rules must ensure that, on bringing the transactions on-Exchange, they comply with all applicable Rules.

F.5A [NOT USED.]

F.5B [NOT USED.]

F.5C BASIS TRADES

EXCHANGE FOR RELATED POSITIONS ("EFRPs")

These Rules shall apply to all Basis Trades and EFRPs (including, for the avoidance of doubt, Basis Trades and EFRPs entered on ICE Block by an ICE Block Member).

(a) Basis Trades and EFRPs are available in respect of those Products and Contract Months as determined by the Exchange from time to time. Such transactions in such Product are not subject to the Trading Procedures unless specifically referred to.

(b) Details of the Basis Trade or EFRP must be reported to the Exchange in accordance with Trading Procedures 16A and 16B, as applicable, or by any other means determined by the Exchange from time to time. The transaction details specified in Trading Procedures 16A and 16B shall be displayed on the ICE Platform and made available during the Trading Day.

(c) Members submitting Basis Trades for registration for clearing shall be required to provide satisfactory evidence that the Basis Trades have been submitted in accordance with the Rules and Trading Procedures. Such Members must, therefore, be in a position to supply documentary evidence in connection with a Basis Trade, including, but not limited to, evidence confirming the cash leg of Basis Trades. Such Members may also be required from time to time by the Exchange to request, and copy to it, confirmation of the details of the cash leg of a Basis Trade where another party was responsible for the registration of the cash leg. Members submitting EFRPs for registration for clearing shall be required to provide satisfactory evidence that the EFRPs have been submitted in accordance with the Rules and Trading Procedures.

(d) Basis Trades and EFRPs shall only be registered within price parameters as defined by the Exchange from time to time.

(e) A decision by the Exchange not to record or accept a Basis Trade or EFRP or not to present any Basis Trade or EFRP to the Clearing House is final.

(f) All Members and Persons Subject to the Rules must ensure that, on bringing the transactions on-Exchange, they comply with all applicable Rules.

F.5D ASSET ALLOCATIONS

These Rules shall apply to all Asset Allocations (including for the avoidance of doubt, Asset Allocations entered on ICE Block by an ICE Block Member).

(a) Asset Allocations are available in respect of those Products and Contract Months as determined by the Exchange from time to time. Such transactions in such Products are not subject to the Trading Procedures unless specifically referred to.

(b) Members must comply with the applicable Minimum Volume Thresholds as determined by the Exchange from time to time, when entering Asset Allocations on ICE Block.

(c) Details of the Asset Allocation must be reported to the Exchange in accordance with the relevant Contingent Agreement to Trade and Trading Procedures 16C, as applicable, or by any other means determined by the Exchange from time to time. The information specified in Trading Procedures 16C shall be displayed on the ICE Platform and made available during the Trading Day.

(d) Members submitting Asset Allocations for registration for clearing shall be required to provide satisfactory evidence that the Asset Allocations have been submitted in accordance with the Rules and Trading Procedures. Such Members must be in a position to supply documentary evidence that the Asset Allocation has been agreed (the cleared part of which being subject to a Contingent Agreement to Trade) and submitted in accordance with the Rules and the Trading Procedures, including, but not limited to, evidence confirming the hedge ratio of the Asset Allocation.

(e) Asset Allocations shall only be registered within price parameters as defined by the Exchange from time to time.

(f) A decision by the Exchange not to record or accept an Asset Allocation or not to present the Asset Allocation to the Clearing House is final.

(g) All Members and Persons Subject to the Rules must ensure that on registering the Asset Allocation they comply with all applicable Rules.

F.6 TRANSFER OF CONTRACTS

Subject to Applicable Law, the Exchange may from time to time make, add to or amend the Rules and procedures providing for the transfer of Contracts between the Exchange and/or the Clearing House and another Exchange Body or its Clearing Organisation.

F.7 BLOCK TRADES

F.7.1 (a) Block Trades may take place in respect of those Products designated by the Exchange from time to time as contracts that may be registered as Block Trades pursuant to the Rules. Such transactions in such Products are not subject to the Trading Procedures unless specifically referred to.

(b) Block Trades may be submitted only during such Trading Hours of the Block Trade Contract concerned and on such Trading Days as the Exchange may from time to time prescribe.

(c) Any Member is permitted to submit Block Trades subject only:

(i) to the individual submitting the Block Trade on behalf of the Member, having such individual registration as is required by Applicable Laws;

(ii) in the case of a Trade Participant, to the Block Trade being in respect of business for Own Business and the proposed counterparty to the Block Trade pursuant to the Contingent Agreement to Trade being another Member;

(iii) to Members having completed such form of enrolment as may be prescribed by the Exchange from time to time;

(iv) to ICE Block Members having being approved by the Exchange and completed such form of enrolment as may be prescribed by the Exchange from time to time;

(d) Where a General Participant enters into a Block Trade with or on behalf of a client who is not a Member of the Exchange, it must comply with all Applicable Laws, including in relation to suitability and appropriateness.

(e) Members must, prior to entering into a Block Trade with a client(s) who is not a Member of the Exchange for the first time, notify such client(s) in writing of the client's classification under Applicable Laws for the purposes of the Block Trade Facility and must provide the client with details of the facility and its written terms of business and satisfy such other documentary requirements as are required by Applicable Laws.

(f) A Member must not disclose the identity of the party to a Block Trade order to potential counterparties unless the Member has previously received that party's permission to do so. Members may disclose the terms of Block Trade orders in furtherance of bilateral negotiations, which may include indicating that the negotiations have ended.

(g) Members are not permitted to facilitate the registration of Block Trades on a system or facility which is accessible to multiple participants that allows for the electronic matching or the electronic acceptance of anonymous bids and offers.

Minimum Volume Thresholds

F.7.2 (a) The minimum number of lots in respect of each Block Trade Contract that can be registered as a Block Trade (Minimum Volume Thresholds) shall be determined by the Exchange and published from time to time. A Contract may be subject to one Minimum Volume Threshold for Block Trades which are to be published and separate Minimum Volume Thresholds for Block Trades which are not to be published or for which publication is to be deferred.

(b) Members are, subject to F.7.1 above, permitted to enter into Block Trades which involve the trading of two or more different Contracts or Block Trades that involve the trading of two or more different Contract Months and/or strike prices of the same Contract.

(c) An order for a Block Trade for two or more Contract Months and/or strike prices of the same contract may be matched with Block Trade orders for individual Contract Months provided that each such order meets or exceeds the Minimum Volume Threshold for that Contract or combination.

(d) Applicable requirements relating to Block Trades, and the Minimum Volume Thresholds that apply, shall be determined by the Exchange and published from time to time. A breach of any guidance,

policy or procedures published under this Rule F.7.2 relating to Block Trades by a Member or Person subject the Rules may constitute a breach of the Rules by such Member or Person.

Aggregation of lots

F.7.3 In respect of Futures Contracts designated by the Exchange as Block Trade Contracts, Members must not aggregate separate orders in order to meet the minimum volume thresholds. Likewise Members may not, in respect of Futures Contracts, combine separate orders in respect of different contracts to generate an inter-contract spread trade unless each such separate order is for the same client or meets or exceeds the Minimum Volume Threshold for the relevant Contract.

Members may aggregate separate orders provided each such separate order meets or exceeds the Minimum Volume Threshold for the relevant Contract or are received from the same client. Members may also aggregate orders for funds which are operated by the same fund manager and traded by the same fund manager, pursuant to the same strategy.

In respect of Options Contracts designated as Block Trade Contracts, Members must not aggregate separate orders in order to meet the Minimum Volume Thresholds. However, where a Member receives a Block Trade order which meets or exceeds the relevant Minimum Volume Threshold, it may aggregate orders on the matching side only, in order to facilitate registration of the Block Trade.

F.7.4 Members shall ensure, when submitting details of a Block Trade for registration for clearing, and, in particular, when aggregating orders on the matching side to facilitate a Block Trade in accordance with the Rules, (and in particular with Rule F.7.3) that they act with due skill, care and diligence and that the interests of the client(s) are not prejudiced.

Price

F.7.5 Members shall ensure, when submitting details of Block Trades for registration for clearing, that the price of any Block Trade being quoted represents the Fair Market Value for that trade. On each occasion of quoting a Block Trade price, the Member must, at the time, make it clear to the potential counterparty(ies), whether a Member or a client who is not a Member of the Exchange, that the price being quoted is a Block Trade price and not the prevailing Market price.

When determining a Block Trade price, a Member should, in particular, take into account the prevailing price and volume currently available in the Market, the liquidity of the Market and general market conditions, but shall not be obliged to obtain prices from other Members, unless this would be appropriate in the circumstances.

Prices of Block Trades will not be included in the determination or calculation of any Exchange settlement price.

Submission of details of Block Trades

F.7.6 Members must submit the Block Trade details to the Exchange in accordance with the relevant Contingent Agreement to Trade and Trading Procedure 17.

F.7.7 A decision by the Exchange not to record or accept a Block Trade or not to present details of the Block Trade to the Clearing House is final.

F.8 POSITION TRANSFERS

F.8.1 (a) Once a Contract arises under the Clearing House Rules, that Contract may not be transferred to another Member's name without the agreement of the Clearing House and unless in accordance with this Rule F.8. Members (and non-Member Sponsored Principals) may transfer positions in accordance with relevant Clearing House processes and the Clearing House Rules in the following instances:

(i) transfers of open Contracts from one Member or non-Member Sponsored Principal to another Member made at the request of a client (including a non-Member Sponsored Principal) where no change in the underlying position at the client level is involved; or

(ii) transfers of open Contracts from one account to another account on the books of the same Member made at the request of a client where no change in the underlying position at the client level is involved, including a transfer from the account of a non-Member Sponsored Principal on the books of a Member acting as its Sponsor, to another account on the books of the same Member acting in a capacity other than as Sponsor.

(b) Position transfers input in accordance with Rule F.8.1(a)(i) above may be submitted on any Trading Day for the Contract Month up until the close of the ICE Clearing Systems or expiry of the relevant

Contract Month on the last Trading Day of such Contract Month, subject to guidance from the Exchange.

Position transfers where Rule F.8.1(g)(i)-(iv) below applies may be submitted on any Trading Day for the Contract Month up to five Business Days before the expiry of the relevant Contract Month, subject to guidance from the Exchange. Requests for such transfers must be provided at least one Business Day prior to the transfer date.

(c) Position transfers which have the effect of off-setting (closing-out) existing open positions are not permitted in the spot month of a Contract.

(d) Position transfers in Futures Contracts and Options Contracts may be effected at:

(i) the prior day's settlement price; or

(ii) at the original market price.

subject to such approvals from the Clearing House as may be required.

(e) Position transfers in all other Options Contracts may be effected at:

(i) either the original market premium; or

(ii) a premium of zero.

subject to such approvals from the Clearing House as may be required.

(f) For all such position transfers, the Member receiving the positions must record the transferred Contracts on its books at either the original dates or the transfer date, in accordance with the price at which the positions were transferred.

(g) Position transfers shall not be permitted if there is any change in the beneficial ownership of the Contracts involved except for the following, at the discretion of the Exchange and on submission of such details as requested by the Exchange:

(i) position transfers made for the purpose of combining the positions held by two or more funds which are operated by the same fund manager and traded by the same fund manager, pursuant to the same strategy, into a single account so long as the transfers do not result in the liquidation of any open positions, and the *pro rata* allocation of interests in the consolidating account does not result in a significant change in the value of the interest of any fund participant;

(ii) such other position transfer as the Exchange, in its discretion, shall exempt in connection with, or as a result of, a merger, asset purchase, consolidation or similar non-recurring corporate transaction between two or more entities where one or several entities become the successor in interest of one or several other entities;

(iii) with the consent of the Member(s) and the approval of the Exchange, the transfer of existing positions between accounts or between Members when the situation so requires and such transfer is in the best interests of the Exchange or the Market; and

(iv) for purposes of this Rule, a change in beneficial ownership shall not be deemed to have occurred with respect to:

(aa) position transfers between firms which are 100% owned by the same Person; and

(bb) position transfers between any Person and any entity owned 100% by such Person.

(h) The Exchange may review position transfers at any time. When reviewing position transfers, the Exchange may seek further explanations or supporting documentation from Members in order to confirm its understanding of the nature of the transaction. Processing of a position transfer will not preclude the Exchange from instigating disciplinary proceedings in the event that it transpires that the position transfer may have been in contravention of applicable Rules.

(i) If a Member who is a Clearing Member or non-Member Sponsored Principal is in default with regard to the Clearing House, the Clearing House shall have discretion to transfer any or all of the rights, liabilities and obligations of the Defaulter in respect of any Contract to another Clearing Member without reference to the Exchange.

F.9 [NOT USED.]

F.10 TRANSACTION REPORTING

F.10.1 Each Member and non-Member Sponsored Principal acknowledges and agrees that the Exchange shall be authorised to submit the terms of a Contract (and any related Corresponding Contract) to any repository as a delegate for the Clearing House, Clearing Member, Sponsored Principal and any relevant client, as applicable, save where the relevant Clearing Member notifies the Clearing House or the Exchange in writing that it does not require the Exchange to act as such (whether generally or in respect of particular clients, Sponsored Principals or kinds of Contract).

F.10.2 Each Member and non-Member Sponsored Principal, and the Exchange, acknowledges and agrees that the details and terms of any Contract (and any related Corresponding Contract), and any trade in such Contract or Corresponding Contract, may be reported or disclosed to any Data Provider, Governmental Authority or the public, where such reporting or disclosure is required under Applicable Laws.

F.10.3 Members shall comply with all obligations under Applicable Laws to report or disclose the details of trades in Contracts or Corresponding Contracts to a Governmental Authority, Data Provider or the public. Members to which such obligations apply shall make such report or disclosure within the time limits (if any) prescribed by the relevant obligation.

F.11 INDIRECT CLEARING

Provision of indirect clearing services by Clients

F.11.1 In this Rule F.11, "Client" means a Member or other Person with a contractual relationship with a Clearing Member which enables that Member or other Person to clear its transactions with the Clearing House.

F.11.2 A Member that is a Client may only provide indirect clearing services to Indirect Clients provided that all the following conditions are fulfilled:

(a) the Client provides indirect clearing services on reasonable commercial terms and publicly discloses the general terms and conditions under which it provides those services; and

(b) the Clearing Member has agreed to the general terms and conditions referred to in paragraph (a).

Obligations of Indirect Clearing Providers

F.11.3 An Indirect Clearing Provider shall offer its Indirect Clients a choice between at least the following types of accounts:

(a) an omnibus account with the assets and positions held by that Indirect Clearing Provider for the account of its Indirect Clients;

(b) an omnibus account with the assets and positions held by that Indirect Clearing Provider for the account of its Indirect Clients, in which the Clearing Member shall ensure that the positions of an Indirect Client do not offset the positions of another Indirect Client and that the assets of an Indirect Client cannot be used to cover the positions of another Indirect Client.

F.11.4 An Indirect Clearing Provider shall ensure that its Indirect Clients are fully informed about the different levels of segregation and the risks associated with each type of account it offers to its Indirect Clients pursuant to Rule F.11.3.

F.11.5 An Indirect Clearing Provider shall assign one of the types of accounts referred to in Rule F.11.3 to its Indirect Clients that have not chosen one within a reasonable period of time established by the Indirect Clearing Provider, and inform the Indirect Client about the risks associated with the type of account assigned without undue delay. The Indirect Client may choose a different type of account at any time by requesting so in writing to the Indirect Clearing Provider.

F.11.6 An Indirect Clearing Provider shall keep separate records and accounts that enable it to distinguish between its own assets and positions and those held for the account of its Indirect Clients.

F.11.7 Where the assets and positions of several Indirect Clients are held by the Indirect Clearing Provider's Clearing Member in an account as referred to in Rule F.11.3(b), the Indirect Clearing Provider shall provide the Clearing Member with all the necessary information on a daily basis to allow the Clearing Member to identify the positions held for the account of each Indirect Client.

F.11.8 An Indirect Clearing Provider shall, in accordance with the choice of its Indirect Clients, request its Clearing Member to open and maintain in the Clearing House the accounts referred to in Rule F.11.3.

F.11.9 An Indirect Clearing Provider shall provide its Indirect Clients with sufficient information to allow those Indirect Clients to identify the Clearing House and the Clearing Member used to clear their positions.

F.11.10 An Indirect Clearing Provider shall provide the Clearing Member with sufficient information to identify, monitor and manage any material risks arising from the provision of indirect clearing services that could affect the resilience of the Clearing Member.

F.11.11 An Indirect Clearing Provider shall have arrangements in place to ensure that, when it defaults, all information it holds in respect of its Indirect Clients is made immediately available to the Clearing Member, including the identity of the Indirect Clients referred to in Rule F.11.7.

F.11.12 Notwithstanding Rules F.11.3 to F.11.11 above, a Member wishing to offer indirect clearing that is prevented or prohibited under Applicable Laws or Clearing House Rules itself from complying with any of the requirements set out in Rules F.11.3 to F.11.11 must, to the extent possible and practicable under Applicable Laws and Clearing House Rules, procure the offer of the provision of such accounts, information, record keeping, default arrangements or other services to its Indirect Clients by a third party (which may or may not be affiliated with the Member), prior to making available such indirect clearing services as are capable of being provided by it in accordance with Applicable Laws and Clearing House Rules.

SECTION G – TRADING

G.1 GENERALLY

Contracts shall be executed on the Market in accordance with this Section G and such procedures as are for the time being prescribed under Rule G.2.

The Exchange shall from time to time determine those Products that shall be traded.

G.2 EXCHANGE POLICES AND PROCEDURES

G.2.1 The Exchange may from time to time by Circular or other written notice to Members and Persons Subject to the Rules, prescribe policies, guidance documents and procedures governing trading on the ICE Platform, the registration of EFPs, EFSs, Block Trades, Basis Trades, EFRPs, Asset Allocations and Cross Trades on the Market, and other aspects of business conducted on the Market.

G.2.2 A breach of any policy, guidance document or any procedures prescribed under this Rule G.2 by a Person Subject to the Rules will constitute a breach of the Rules by such Person.

G.2A CONTRACTS TRADED BY MEMBERS ON THE ICE PLATFORM

An order executed, matched or registered on the ICE Platform by, for or following any submission by or on behalf of a Member shall give rise to Contract(s) in accordance with Rule F.1 and Clearing House Rules.

G.2B SUSPENSION OF A MEMBER

Notwithstanding any other provision of the Rules, the Exchange may suspend, restrict or prevent trading, registration or execution of Contracts by a particular Member where such suspension, restriction or prevention is required under Applicable Laws or by a Governmental Authority of competent jurisdiction.

G.3 VALIDITY OF CONTRACTS

G.3.1 To be a valid Contract made on the Market, the Contract must have been entered into in accordance with the Rules and must further give rise to a Contract under Clearing House Rules that is not void or voided and must be:

(a) executed or registered on the ICE Platform only by a registered Responsible Individual using his appropriate ITM; and

(b) executed or registered in accordance with either Rule G.5 or Rule G.6A; or

(c) expressly authorised by the Exchange in its discretion pursuant to Trading Procedure 8.5; or

(d) expressly authorised by the Exchange in its discretion.

G.3.2 Once a bid or offer made on the Market has been accepted in whole or in part, there is no right of withdrawal by the Exchange or a Member, subject to each of:

(a) Rule G.15;

(b) any power exercisable by the Exchange pursuant to Section D;

(c) any power exercisable by the Clearing House treating a Contract as void or voided; and

(d) Section D or the default rules set out in the Clearing House Rules.

G.3.3 Acceptance of a bid or offer gives rise to a Contract between the two parties in accordance with the Clearing House Rules and as further described in Rule F.1, subject to each of:

(a) Rule G.15;

(b) any power exercisable by the Exchange; and

(c) the Clearing House treating a Contract as void.

G.4 PRIOR ARRANGEMENT PROHIBITED

It shall be an offence for a Member or Member's Representatives to pre-arrange a Contract made or intended to be made on the Market, except a Contract registered or to be registered under Rule F.5 or Rule F.7. It shall also be an offence for a Member or Member's Representative to engage in pre-execution communications, except in accordance with the following procedures:

(a) for the purposes of this Rule, pre-execution communications shall mean communications for the purpose of discerning interest in the execution of a transaction in a Product prior to the terms of an order being submitted to the ICE Platform; and

(b) a Member or Member's Representative may engage in pre-execution communications subject to it complying with the following conditions:

(i) if a customer order is involved, the customer has previously consented to such communications being made on its behalf;

(ii) the details of such communications shall not be disclosed to any Person who is not a party to the communications;

(iii) no order shall be entered, and no trade shall be executed, to take advantage of information conveyed during such communications, except in accordance with this Rule; and

(iv) each order that results from pre-execution communications shall be registered or executed in accordance with Rule G.6A.

Trading Practices

G.5 ORDERS GIVEN ON A NOT HELD BASIS

A Member given an order to work on a not held basis has discretion to work the order in the best interests of the client. The exact terms of this discretion are not prescribed by the Exchange but will be agreed between each Member and its individual clients.

A Member may only work an order on a not held basis when it has specific instructions to do so. Any arrangements to work all of a particular client's orders on a not held basis should be supported by prior agreement. However, irrespective of whether an order is being worked on a not held basis, Members are required to immediately execute the order on the ICE Platform should the order become capable of execution. It shall be an offence to withhold an order which is capable of immediate and full execution for the purpose of soliciting matching business.

G.6 [NOT USED.]

G.6A MATCHING ORDERS

G.6A.1 Without prejudice to the obligations of a Member under Applicable Laws, a "**Cross Trade**" is defined either as a single Responsible Individual simultaneously executing matching buy and sell orders for different beneficial account owners, or by separate Responsible Individuals registered with the same Member trading together for different beneficial account owners.

G.6A.2 Pursuant to Rule G.4, any matching orders arising from pre-execution communications or pre-arrangement must be entered to the ICE Platform either:

(a) by submission to the ICE Platform as a Cross Trade in accordance with this Rule G.6A; or

(b) by submission as a Block Trade or EFRPs, EFP/EFS transaction, Basis Trade, EFRP or Asset Allocation, where the transaction has been registered in accordance with applicable Rules and procedures.

G.6A.2A Matching orders may be submitted to the ICE Platform as Cross Trades through the following methods:

(a) the "**Order Book Method**" – a method by which matching business is entered into the order book as two separate orders; and

(b) the "**Crossing Order Method**" – a method by which matching business is entered into the order book as a single order containing a matching bid and offer.

The Exchange shall designate which methods may be used for each Product or group of Products by Circular.

G.6A.3 Subject to the provisions of this Rule G.6A, once a Member or a Member's Representative has procured matching business through pre-execution communications, the process for the submission of matching orders must be initiated without delay, using the designated method for the Product concerned.

G.6A.4 In relation to matching orders which are submitted to the ICE Platform using the Order Book Method, where no bid and/or offer exists in the Market for the relevant Product, and where Members have matching orders, one side of the order shall be submitted to the ICE Platform without delay (the "**first submission**") and the matching order may only be submitted to the ICE Platform when a period of at least five seconds has elapsed since the first submission. If the matching order is to be submitted, the applicable buy or sell order must be submitted as soon as practicable and in any event no later than thirty seconds after the first order was submitted. Where a Member wishes to match a client order with an order where that Member is acting in a proprietary capacity, it shall enter the client order first and also comply with the requirements under Applicable Laws in trading against its client. Where matching orders are both client orders, the Member

shall determine which client order to enter first in accordance with Applicable Laws. Such orders may be filled by existing orders.

G.6A.5 A bid and/or offer must not be submitted to the ICE Platform deliberately to circumvent the procedures set out in Rule G.6A.4.

G.6A.6 [Not used.]

G.6A.7 [Not used.]

G.6A.8 [Not used.]

G.6A.9 Where matching orders are to be submitted to the ICE Platform using the Order Book Method, the price of the trade must be representative and must be:

(a) (i) within the prevailing best bid and offer price on the ICE Platform; or

(ii) at the best bid or offer where the differential between such best bid and offer is the minimum price movement for the Product concerned (such trade must also meet any applicable Minimum Volume Thresholds which the Exchange may set by Circular from time to time); or

(b) where a bid but no offer, or an offer but no bid, exists on the ICE Platform, better than such bid or offer as the case may be; and

(c) in any event, at a price which represents a fair value for the trade.

G.6A.9A In relation to matching orders which are submitted to the ICE Platform using the Crossing Order Method, such orders must be submitted without delay once the terms of the Crossing Order have been agreed. Crossing Orders must contain the quantity and price at which execution is sought and the submitting Member or Member's Representative must not enter an RFQ until the Crossing Order has been activated. Upon receipt by the ICE Platform, the Crossing Order will be time-stamped and will automatically initiate an RFQ, which will be exposed to the market for a prescribed time period before the ICE Platform central processing system seeks to execute the Crossing Order. The prescribed time period shall be five seconds, or such other period as the Exchange may specify by Circular. Immediately following such period, the Crossing Order will be activated, at which point it will be evaluated against other orders in the order book. Matching of orders shall occur through application of the trade matching algorithm for the Product concerned, subject to the over-riding condition that the price of a resultant trade must represent a fair value for such trade.

G.6A.10 A Member or a Responsible Individual may deliberately seek to effect a trade involving two wholly or partially matching orders provided the requirements in these Rules are met.

G.6A.11 Members and Responsible Individuals must ensure that, when executing client business by way of a Cross Trade, they comply fully with relevant Exchange Rules and Applicable Laws and, in particular:

(i) they act with due skill, care and diligence and in compliance with any applicable best execution requirements, applicable client order handling rules and the Member's allocation policy;

(ii) the interests of the client or clients, as the case may be, are not prejudiced;

(iii) they are in compliance with the terms and conditions applicable between the relevant Member and client; and

(iv) they are in compliance with Rule C.6.

G.6A.12 The Exchange shall monitor trades made or executed by the Member resulting from the simultaneous entry of bid and offer orders which are not filled by existing orders.

G.7 PRIORITY OF ORDERS

G.7.1 A Member undertaking Own Business or business on account of any of its Member's Representatives or other Persons associated or connected to such Persons, as well as on account of other clients, shall always give priority to the orders of such other clients. However, this Rule does not require Members with house or other proprietary orders already entered in the ICE Platform when a client order is received at the same price, to give precedence to that client order.

G.7.2 The orders of clients must be dealt with fairly and, subject to paragraph (a) above, in their due turn.

G.8 DISCLOSURE, WITHDRAWAL AND WITHHOLDING OF ORDERS

G.8.1 A Person Subject to the Rules must neither withdraw nor withhold a client's order in whole or in part for his own benefit or the benefit of any other Person. Nor shall a Person Subject to the Rules procure another Person Subject to the Rules to act in contravention of this Rule G.8.1.

G.8.2 All client orders must be shown in whole or in part to the Market immediately upon receipt subject to Rule G.8.5 below.

G.8.3 A Member or Person Subject to the Rules must not disclose any order to another client or to any other Person, unless so requested by the Exchange or other Regulatory Authority or organisation, without first showing the order to the Market in accordance with Rule G.8.2 above.

G.8.4 [Not used.]

G.8.5 In the case of orders to be shown on the ICE Platform:

(a) All orders must be entered into the ICE Platform in full (but not necessarily shown in full) upon receipt by the Member and designated as active unless:

(i) the order gives the Member discretion as to the time when the order is to be displayed on the ICE Platform, in which case such order must be entered immediately into the ICE Platform in full but can be designated as inactive until the Member exercises its discretion as to when the order must immediately be shown on the ICE Platform by being designated active;

(ii) the Member has discretion to vary the price of the order, in which case such order must be entered immediately in full and designated active for the base price; when the Member exercises its discretion in relation to the change, the order must be amended immediately;

(iii) the order is subject to a condition which requires the Member to withhold the order in line with the client's requirements, in which case the order must be entered immediately in full but can be designated inactive until the condition is met when it must immediately be shown on the ICE Platform by being made active;

(iv) the client has given the Member instructions to work an order on a not held basis.

(b) Any order designated active in the ICE Platform must be entered to show at least the minimum quantity as determined by the Exchange from time to time.

(c) A Member may only disclose any order to other clients once all or part of the order has been displayed on the ICE Platform in accordance with Rule G.8.2 unless the order is being worked on a not held basis.

G.9 ABUSE OF ORDERS

G.9.1 A Member must not take advantage of a client's order for its own benefit, the benefit of another Member or the benefit of any Member's Representative, whether by trading ahead of the client's order or otherwise.

G.9.2 A Member shall not be taken as having taken advantage of a client's order merely because it executes a Cross Trade in accordance with the provisions of this Section G.

Traders

G.10 QUALIFICATION TO TRADE ON THE MARKET

G.10.1 A person wishing to register as a Responsible Individual with the Exchange for the purpose of conducting Exchange business on the ICE Platform must be a person employed by or representing a Member who has permission to access the ICE Platform pursuant to Rule B.6.

G.10.2 Before the Exchange will register a person as a Responsible Individual, a person intending to be a Responsible Individual must attend and complete such training course in the use of the ICE Platform, and pass such written or practical examination or assessment as is for the time being prescribed under this Rule by the Exchange.

G.10.3 A Member must first obtain approval for or register the person intending to be a Responsible Individual with the relevant Regulatory Authority as is required by Applicable Laws if that person is to submit or arrange Block Trades, EFPs, EFSs, Basis Trades, Asset Allocations or EFRPs, as applicable, or enter into Contingent Agreements to Trade.

G.11 LIMITATION ON MEMBERS' TRADING STAFF

A General Participant or Trade Participant may register any number of Responsible Individuals for the purpose of trading on the ICE Platform without limitation on the number of Responsible Individuals who may have access to the ICE Platform at any one time, subject to the requirements of Rule B.11 and the Rules generally.

G.12 [NOT USED.]

G.13 PRICE LIMITS

G.13.1 [Not used.]

G.13.2 For a Product trading on the ICE Platform:

(a) the Exchange may implement procedures to establish the maximum price fluctuations on the Market in respect of each Product, and to provide for any consequential restriction or suspension of business; and

(b) the absence of such procedures shall not prevent the exercise of any other power under the Rules to curtail or suspend trading on the Market.

G.14 EMERGENCY CLOSURES AND POWER TO RESTRICT, SUSPEND OR CEASE TRADING

G.14.1 Trading on the Market may be temporarily suspended by the Exchange in a Force Majeure Event, including the event of a fire alert, bomb scare or other alarm or in such other event which in the opinion of the Exchange makes suspension of trading necessary in the interests of the Exchange, or its Members, or is needed in order to maintain a fair and orderly market. Trading will be resumed as soon as reasonably practicable following any such interruption.

G.14.2 The Exchange may declare that trading on the ICE Platform has been suspended and will remain so until all the consequences of such an event have been remedied to their satisfaction. If, as a result of action under Rule G.13.2(a) above trading in respect of any Product may not be resumed before the end of the trading session, or at a time which, in the opinion of the Exchange, would leave sufficient time before the end of the trading session as would allow the determination of a representative settlement price, the Exchange will either:

(a) declare the trading session suspended and determine the settlement prices; or

(b) declare that trading continue pursuant to alternative trading arrangements, as appropriate; notification of alternative trading arrangements will be made by way of Circular, notice or such other means of communication as the Exchange sees fit.

G.14.3 The Exchange may remove one or more Contracts from admission to trading in the event that trading in such Contracts is restricted, suspended or has ceased, where such measure is necessary in the interest of the Exchange or its Members or to maintain a fair and orderly market.

G.14.4 The Exchange will suspend or remove one or more Contracts from admission to trading, or restrict, suspend or cease trading on the Market in one or more Contracts, if:

(a) such action is required under Applicable Laws; or

(b) the Exchange is instructed to take such action by a Governmental Authority.

G.14.5 Notwithstanding any other provision of the Rules, the Exchange shall not exercise its powers to suspend or remove from trading any Contract which no longer complies with its Rules where such step would be likely to cause significant damage to the interests of investors or the orderly functioning of the financial markets.

G.15 TRADING DISPUTES

G.15.1 If the price of a Matched Transaction or Contract (for the purposes of this Rule G.15, the "**trade**") made, or alleged to be made, on the ICE Platform is the subject of a dispute on the day of trade, then the market participant (who need not be a Member or party to such trade) who disputes the price of such trade shall notify the Exchange within such period of time as the Exchange may specify.

Once notified, the Exchange may, in its discretion, apply or vary procedures pursuant to Trading Procedure 11 to determine whether the price of such trade is unrepresentative.

G.15.2 The Exchange may investigate any trade which has been cancelled or where the price of such trade is adjusted due to the determination of the Exchange that it was executed at an unrepresentative price.

G.15.3 If a trade made, or alleged to be made on the ICE Platform, is disputed on the day of trade on the basis that it may have been made in breach of the Rules, then the market participant (who need not be a Member or party to such trade) who disputes the validity of the trade shall notify the Exchange within such period of time as the Exchange may specify.

Once notified, the Exchange may, in its discretion, make such enquiries in accordance with Rule C.12 to determine the validity of the trade.

G.16 ORDER RECEIPT AND ORDER ENTRY RECORDS

G.16.1 Where client orders are not submitted to the ICE Platform immediately, at any Member location, into an order routing system or Front End Application, all such orders must be recorded immediately when they reach the Member either on an order slip and time-stamped on a time-stamping machine unique to each Member or entered into an electronic order system which must record the time of such entry.

G.16.2 Additionally in the case of an order for a Block Trade, EFS, EFP, Basis Trade or EFRP and Contingent Agreements to Trade, the time that the verbal agreement of the terms of the relevant transaction is reached off-exchange (the cleared part of which being subject to a Contingent Agreement to Trade) and the Person reaching such agreement on behalf of the Member must also be recorded in such a manner immediately upon such agreement.

All Members are required to have a time-stamping machine or electronic order recorder, or have access to an order routing system or a Front End Application at all locations where orders are received.

G.16.3 If an order is to be transmitted to another location or locations before being shown to the Market, a further order slip must be completed and time-stamped or a further electronic record made for each location.

G.16.4 In the case where orders are submitted through an order routing system or a Front End Application, Members must ensure that there is an adequate audit trail of submission of orders to the Trading Server and that their systems arrangements meet the Exchange requirements for orders and that their Front End Applications meet the Exchange's Front End Application Conformance Criteria.

G.16.5 Members must ensure that all trade and transaction records include such information required by the Exchange which, at a minimum, must include all information under Trading Procedure 3.1.2 and be in accordance with Rule F.3.

G.16.6 The Exchange may from time to time prescribe additional information that may be required to be recorded on order and trade records. Members must ensure that all such required information is recorded and provided in accordance with the relevant provisions in the Rules.

G.17 OPEN INTEREST

G.17.1 A Member's open interest in any Future or series of an Option is the number of Lots, long or short, which the Member holds either for its Own Business or on behalf of clients which will either be:

(a) offset by trading out in the Market;

(b) in the case of Options, exercised, abandoned or held to expiry;

(c) in the case of Futures, offset or added to by the exercise of a relevant Option; or

(d) taken to delivery or cash settlement.

G.17.2 The open interest figures published daily by the Exchange are calculated on the basis of the number of Contracts held by Members which remain open.

G.17.3 Members' positions are maintained in sub-accounts as set out in the Clearing House Rules.

G.17.4 (a) Open interest at the close of business on a Trading Day for each sub-account will be calculated using the method set out above after a cut-off time on the subsequent Trading Day, and will include any settlements and position adjustments carried out before the cut-off time. The cut-off time will be notified by the Exchange to Members from time to time.

(b) In respect of certain Products notified to Members by the Exchange from time to time, the Exchange will calculate an indicative "open interest" figure on the last Trading Day of each Contract Month in respect of the expiring Contract Month. Such indicative open interest figure will be calculated on the basis of the number of contracts held by Members at the close of business on the last Trading Day in such Contract Month.

(c) In respect of such Products notified to Members under Rule G.17.4(b) Members will be permitted to perform settlements and position adjustments in respect of positions in the expiring Contract Month after the cessation of trading in such Contract Month up to the last Trading Day cut-off time, which will be as notified by the Exchange to Members from time to time. Members must ensure that positions in the expiring Contract Month which should not be maintained gross in accordance with Rule G.17.5 are settled on the last Trading Day of the expiring Contract Month prior to the last Trading Day cut-off time.

G.17.5 In cases where clients, including certain in-house departments, hold both long and short positions, Members will need to determine, in accordance with Applicable Law or otherwise, whether these should be maintained gross or whether, or to what extent, they should be netted or otherwise closed out.

G.17.6 Once positions have been netted or otherwise closed out, they may not subsequently be re-opened by Members themselves other than by trading in the Market, except that Members wishing to re-open positions in order to effect deliveries on behalf of clients or otherwise may apply to the Exchange for permission to do so.

G.18 [NOT USED.]

G.19 [NOT USED.]

G.20 DISORDERLY TRADING

It shall be an offence for a Responsible Individual or Member to engage in disorderly trading whether by high or low ticking, aggressive bidding or offering, or otherwise.

G.21 EXCHANGE MARKERS ("MARKERS")

G.21.1 The Exchange shall determine from time to time those Products and Contract Months which may be published as tradable and/or non-tradable Markers.

G.21.2 Members may execute trades in the tradable Markers daily during the Trading Hours as determined by the Exchange from time to time.

G.21.3 Bids and offers in Markers are displayed in the ICE Platform with a price of zero representing the relevant Marker price. For those Products and Contract Months where it is permitted to trade at a premium or discount to the Marker price, the price of such Markers will be prefixed by a plus or minus sign as appropriate. For example, trades in a Marker at +1 cent will be at a premium of 1 cent to the Marker price for that specific Marker while those executed at -1 cent will be at a discount of 1 cent to the Marker price.

G.21.4 Markers will appear in the ICE Platform with the previous Trading Day's Marker price as representing the relevant Marker price for that Trading Day. This price will be replaced with the Marker price as determined by Exchange staff in accordance with Trading Procedures 2.4.12 to 2.4.19, and published daily.

G.21.5 The Exchange may, in its discretion, vary the means of calculation of the Marker prices or exclude trades from the calculation of the Marker price if the Exchange feels it is in the best interests of the Exchange to do so.

SECTION H – ARBITRATION

H.1 SCOPE AND DEFINITIONS

H.1.1 This Section H is subject to Rule I.8.

H.1.2 For purposes of this Section H, the following terms shall have the meanings set out opposite each:

TERM	DEFINITION
"Dispute"	means any dispute, difference, controversy or claim (of any and every kind or type, whether based on contract, tort, statute, regulation, or otherwise) arising out of, in relation to, or in connection with the Rules or any Contract, including any dispute as to the existence, construction, validity, interpretation, enforceability, termination or breach of the Rules or any Contract;
"ICC"	means the International Chamber of Commerce;
"ICC Rules"	means the Rules of Arbitration of the International Chamber of Commerce;
"Permitted Cover"	has the meaning given to the term in the Clearing House Rules; and
"Tribunal"	means an arbitral tribunal established under Rule H.2.

H.2 ARBITRATION OF DISPUTES BETWEEN MEMBERS AND THE EXCHANGE

H.2.1 Any Dispute between the Exchange and a Member may be referred to and finally resolved by arbitration under the ICC Rules, which ICC Rules are deemed to be incorporated into this Section H. In the event of a conflict between any provision of the ICC Rules and this Section H, this Section H shall prevail but only to the extent of the inconsistency.

H.2.2 The seat of arbitration will be in the Abu Dhabi Global Market and the language of the arbitration proceedings shall be English.

H.2.3 The Tribunal will comprise three arbitrators appointed by the ICC. The ICC shall nominate one of the arbitrators to act as the chairman of the Tribunal. The members of the Tribunal will be persons considered by the ICC in its discretion to have experience with respect to the subject matter of the Dispute. Tribunal members shall not be current or former employees or directors of any Member that is a party to the arbitration, current or former employees of the Exchange or Clearing House or any person or persons with a material interest or conflict of interest in the outcome of the Dispute.

H.2.4 The Tribunal shall have the power on the application of any party to an existing arbitration, to require one or more Members to be joined to an existing arbitration. Each Member agrees that it may be joined as an additional party to an arbitration involving the Exchange and another Member.

H.2.5 If more than one arbitration is begun under these Rules and the Exchange or a Member that is a party to an arbitration so concerned serves notice upon the Tribunals concerned that it believes two or more arbitrations are substantially related and that the issues should be heard in one set of proceedings, the Tribunal appointed in the first-filed of such proceedings shall have the power to determine whether, in the interests of justice and efficiency, the proceedings should be consolidated and heard together before that Tribunal.

H.2.6 In the case of such joinder or consolidation, the Tribunal shall make a single, final award determining all Disputes between the relevant parties in those proceedings. Each Member and the Exchange irrevocably waives any right to challenge any award or order of any Tribunal by reason of the fact that it arises from a joined or consolidated arbitration. In addition to the waiver of challenge on the basis of joinder set out in the Membership Agreement, each Member and the Exchange hereby irrevocably waives any right to challenge any award or order of any tribunal appointed under the Membership Agreement by reason of the fact that it arises from a consolidated arbitration.

H.2.7 The award of the arbitral Tribunal will be final and binding on the Exchange and any Member from the day it is made. Judgment upon the award may be entered or the award enforced through any other procedure in any court of competent jurisdiction and the Exchange and each Member hereby submits to the jurisdiction of any such court of competent jurisdiction for the purposes of enforcement of the award.

H.2.8 The provisions of this Section H may not be varied by any Member save where each Member that is a party to the Dispute or arbitration proceedings and the Exchange so agree in express written terms.

H.2.9 Nothing herein shall prevent the Exchange or any Member from seeking urgent interim, provisional or conservatory relief from a court of competent jurisdiction in connection with a Dispute. Any application for such relief from a court of competent jurisdiction shall not be deemed to be an infringement or a waiver of the arbitration agreement in this Rule H.2.

H.2.10 The commencement of any arbitral proceedings shall be without prejudice to and shall not limit in any way the right of the Exchange to instigate any procedure under Section D, Rules C.9, E.2, E.4, I.15, I.18, I.19 or the Complaint Resolution Procedures, including without limitation in relation to any Event of Default, any investigation, delivery dispute, disciplinary proceedings or the imposition of a sanction.

H.2.11 Each Member that now or hereafter has a right to claim sovereign immunity from suit or sovereign immunity from enforcement for itself or any of its assets shall be deemed to have irrevocably waived any such immunity to the fullest extent permitted by Applicable Laws. Such waiver shall apply in respect of any immunity from:

(a) any proceedings commenced pursuant to this Section H;

(b) any judicial, administrative or other proceedings to aid an arbitration commenced pursuant to this Section H; and

(c) any effort to confirm, enforce, or execute any decision, settlement, award, judgment, service of process, execution order or attachment (including pre judgment attachment) that results from any judicial or administrative proceedings commenced pursuant to this Section H.

H.2.12 The rights and obligations of a Member under the Rules and in relation to any Contract are of a commercial and not a governmental nature.

H.2.13 No Member shall raise or in any way whatsoever assert a defence of sovereign immunity in relation to any claim or enforcement proceedings arising from a Dispute under these Rules.

H.2.14 All Permitted Cover standing to the credit of a Member which is a Clearing Member (or the Clearing Member used by the Member) who is party to one or more Contracts subject to a Dispute or difference to which this Section H applies, whether or not such Permitted Cover is held with respect to a disputed Contract, may be retained by the Clearing House until the Dispute in question is finally disposed of.

SECTION I – GENERAL PROVISIONS ON CONTRACTS

I.1 PROCEDURES

All Contracts shall be subject to such Contract Procedures as may from time to time be adopted by the Exchange, provided always that, if any conflict between the Contract Procedures and the Contract Terms shall arise, the provisions of the Contract Terms shall prevail and provided further that no Contract Procedure shall be adopted other than for the regulation of administrative matters affecting Contracts (which shall include, without limitation, all such matters as are regulated by the Contract Procedures first adopted with this Rule). The Exchange may at its discretion at any time revoke, alter or add to the Contract Procedures and any such amendment shall be circulated to the Members and shall have such effect on existing as well as new Contracts as the Exchange may direct.

I.2 [NOT USED.]

I.3 CONTRACT MONTHS OR CONTRACT DATES

Trading shall be permitted in respect of such spot and forward months ("**Contract Months**") or spot and forward dates ("**Contract Dates**") in a particular Product as the Exchange shall determine from time to time, including such groups of contract months and groups of contracts dates as determined by the Exchange from time to time.

I.3A DELIVERY AND SETTLEMENT OBLIGATIONS

The Exchange may perform or provide delivery or settlement management functions in respect of any Contract that becomes subject to delivery or settlement obligations, including to the extent required for the Exchange to comply with its obligations under Applicable Law in respect of effective settlement arrangements. For such purposes, the Exchange may take any action permitted under these Rules or the Clearing House Rules in respect of the delivery or settlement under any Contract and the Exchange may further act as agent or service provider to the Clearing House in the exercise of any right or power of the Clearing House under the Clearing House Rules in respect of the delivery or settlement under any Contract.

I.4 GENERAL

I.4.1 [Not used.]

I.4.2 In the Contract Terms and Contract Procedures, references to the Exchange in the context of delivery rights and obligations shall be read as reference to the Clearing House where the context so dictates, including, without limitation, where there is reference to situations where the Clearing House becomes counterparty to delivery rights and obligations pursuant to the Clearing Membership Agreements or the Clearing House Rules (be this due to a Clearing Member being declared a defaulter, or following the expiry of an open contract on the market or otherwise). For the avoidance of doubt, the Contract Terms and Contract Procedures are not intended to vary the terms of any Clearing Membership Agreement and, in the event of any conflict between the terms of such documents/agreements, the terms of the Clearing Membership Agreement shall prevail over the Contract Terms and Contract Procedures.

I.5 WAR OR GOVERNMENT INTERVENTION

I.5.1 If the Exchange, after consultation and/or agreement with the Clearing House, determines in its discretion that one of the following conditions is satisfied:

(a) a state of war exists or is imminent or threatened and is likely to affect the normal course of business;

(b) a Governmental Authority has proclaimed or given notice of its intention to exercise controls which appear likely to affect the normal course of business; or

(c) the Cooperation Council for the Arab States of the Gulf, the United Arab Emirates, European Union, United States of America, United Kingdom or a similar supranational or multinational institution has introduced, varied, terminated or allowed to lapse any provision, so as to be likely to affect the normal course of business, or has given notice of its intention to do so,

then Contracts for such Contract Months or Contract Dates as the Exchange shall specify shall, upon the Exchange's formal announcement that such condition is satisfied, be invoiced back at the official quotation in respect of each such Contract Month or Contract Date fixed by the Clearing House for the date of the announcement or for such one of the six Business Days (not counting any day on which there was no official quotation) immediately preceding the date of the announcement as the Exchange shall in its discretion specify in the announcement.

I.5.2 In respect thereof, accounts shall be made up by the Clearing House on that basis for each Member contracting with it. Settlement of such accounts shall be due immediately and shall be treated as complete and final notwithstanding any further change of circumstances.

I.5.3 In the case of a Contract Month or Contract Date for which there is no official quotation, Contracts shall, for the purpose of this Rule I.5, be invoiced back at the market value as determined by the Exchange in consultation and agreement with the Clearing House.

I.5.4 Any announcement by the Exchange under this Rule I.5 shall be made by Circular.

I.5.5 The decision of the Exchange under this Rule as to the price at which Contracts are invoiced back shall be binding on both parties and no dispute as to such price may be referred to arbitration, but the completion of invoicing back shall be without prejudice to the right of either party to refer disputes arising out of a Contract to arbitration under the Clearing House Rules.

I.6 NEW LEGISLATION

I.6.1 If the Exchange, after consultation with the Clearing House, in its discretion determines that a change of legislative or regulatory provisions of United Arab Emirates, the Emirate of Abu Dhabi, the Abu Dhabi Global Market, the European Union, the United Kingdom, the United States of America, any other country or any international organisation, or of institutions or market organisations in any country or group of countries (including, without limitation or prejudice to the generality of the foregoing, a change in respect of duties or taxes) has affected, is affecting or is likely to affect the normal course of business of the Exchange or the performance of Contracts, the Exchange shall have the power (without prejudice to their powers under any other provision of the Rules) to vary this Section I (including, without limitation, as regards any existing Contract) in any way it deems necessary or desirable for the restoration or preservation of the orderly course of business.

I.6.2 Such variation may be made notwithstanding that it may affect the performance or value of existing Contracts (or such existing Contracts as may be specified by the Exchange). Without limiting its powers hereunder, the Exchange will use its best endeavours to keep any such variation to the minimum that they consider reasonably necessary to deal with the situation.

I.6.3 Any use of the Exchange's powers under this Rule I.6 shall be notified by Circular. Any variation made under this provision shall take effect at such time and for such period as the Exchange shall prescribe, but (without prejudice to the preceding paragraph) shall not take effect earlier than the publishing of the relevant Circular.

I.6.4 Every Contract affected by a variation under this Rule I.6 shall remain in full force and effect subject to such variation and shall not be treated as frustrated or repudiated except so far as may be allowed in the Exchange's Circular.

I.6.5 Any Circular published by the Exchange under this Rule I.6 may be varied or revoked by a subsequent Circular.

I.7 INVOICING BACK AND CASH SETTLEMENT

I.7.1 In any case where an invoicing back price has been fixed in accordance with this Section I, the fixing of such price shall not limit the jurisdiction of the board of arbitration to make such award as it deems fit in the circumstances.

I.7.2 All cash settlements and invoicing back prices fixed by the Exchange under the Contract Terms and Contract Procedures shall be final and binding on all parties. No dispute arising from or in relation to any cash settlement or invoicing back price fixed by the Exchange under the Contract Terms and Contract Procedures shall be referred to arbitration under the Clearing House Rules but the completion of cash settlement or invoicing back shall be without prejudice to the right of either party to refer any other dispute arising out of the Contract to arbitration or to any other action under the Clearing House Rules.

I.7.3 Nothing in these Rules shall be deemed to be a waiver of the exclusion of the Exchange's liability in damages for anything done or omitted in the discharge of its regulatory functions, pursuant to section 126 of the ADGM Financial Services and Markets Regulations 2015.

I.8 GOVERNING LAW AND JURISDICTION

This Section I, each Contract, Contract Term and Contract Procedures and all non-contractual obligations arising out of or in connection therewith, are governed by and shall be governed by and construed in

accordance with the laws of England and Wales and any matter arising therefrom shall be subject to arbitration under the Clearing House Rules.

I.9 CONTRACT SECURITY

The Clearing House may call for such additional margin at any time and from time to time as may be deemed necessary in accordance with the Clearing House Rules to ensure security for or satisfaction of all obligations relating to a Contract.

I.10 EXCHANGE MONITORING

In order to assist the Exchange in monitoring the performance of Contracts (but without obliging it to do so and without prejudice to any other power which it might have), the Exchange may, at any time and from time to time, require Members and the Clearing House to supply to it such information as it considers. The Exchange may require such information to be supplied to it through the Clearing House.

I.11 EXCHANGE'S POWERS

The provisions of this Section I shall be without prejudice to any powers given to the Exchange by other provisions of the Rules.

I.12 SETTLEMENT TO MARKET

At the request of the Exchange or otherwise, the Clearing House may apply a system of settlement or marking to market or revaluation to Contracts in accordance with the Clearing House Rules. Accordingly, references in this Section I to:

(a) a Contract shall be construed as including settlement obligations arising in accordance with the Clearing House's systems; and

(b) the price at which the Buyer or Seller contracted to buy or sell shall be construed as the price for the time being registered on behalf of the Buyer or Seller by the Clearing House under such systems,

and all terms of a Contract shall be construed to allow the application of such systems.

I.13 APPLICATION OF RULES

I.13.1 Each Contract shall be subject to the Rules. Each Contract shall also be subject to the Clearing House Rules. The Clearing House Rules provide that the Clearing House is a party as principal to each Contract, whether as Buyer or Seller and that its counterparty is the relevant Clearing Member (or Sponsored Principal and Sponsor acting jointly). This Section I shall be construed accordingly and, in particular, references to "Buyer" and "Seller" shall include the Clearing House unless the context otherwise requires.

I.13.2 The provisions of neither the Convention relating to a Uniform Law on the International Sale of Goods of 1964, nor the United Nations Convention on Contracts for the International Sale of Goods of 1980, shall apply to Contracts.

I.14 FURTHER AMENDMENT OF CONTRACT TERMS AND CONTRACT PROCEDURES

I.14.1 In respect of any Contract, the Contract Terms and Contract Procedures may from time to time be amended pursuant to this Rule I.14 without prejudice to any right contained elsewhere in the Rules to amend the Contracts Terms. Such an amendment may, according to its terms, have an effect on existing as well as new Contracts, and in such case, all Contracts declared to be affected shall forthwith (or at such time as the terms of the amendment shall indicate) automatically be modified in conformity to the amendment.

I.14.2 The Exchange shall not propose an amendment under this Rule I.14 on terms affecting existing Contracts if the amendment is in their opinion likely to affect the market price of the Product. The restraint imposed by this paragraph (b) shall not apply in respect of Contract Months which, in the case of Contracts as the Exchange shall specify, are for the time being more distant than the ninth forward Contract Month.

I.14.3 In this Rule I.14, references to the amendment of the Contract Terms and Contract Procedures include additions to and the partial revocation of the Contract Terms and Contract Procedures.

I.14A REGULATORY FUNCTIONS

1.14A.1 Where the Exchange considers that circumstances have arisen, or are reasonably likely to arise, in which it would be desirable for any of the Contract Terms and Contract Procedures to be varied in the interests of ensuring the orderly operation and evolution of the Market or pursuant to any of the Exchange's other regulatory functions, the Exchange shall have the power (without prejudice to its powers under any other

provision of the Rules) to vary any of the Contract Terms and Contract Procedures in any way it deems appropriate to respond to such circumstances in accordance with the Exchange's regulatory functions. Such circumstances may include, without limitation:

(a) where the provisions for the specification, pricing, settlement or other aspects of a Contract are no longer representative of practices in the underlying market to which a Contract relates;

(b) where, without changes to the provisions for the specification, pricing, settlement or other aspects of a Contract, there is a risk of material detriment being caused to the market for that Contract, whether in terms of liquidity, reputation or otherwise;

(c) where a Contract may, without variation, cease to be a viable hedging tool; or

(d) where any aspect of the current business on the Market in respect of any Contract is, in light of any other current or anticipated circumstances, at risk of being conducted otherwise than in an orderly manner and/or so as to afford adequate protection to participants in the Market and such risk may be addressed by changes to the Contract Terms and Contract Procedures.

1.14A.2 Such variation may be made notwithstanding that it may affect the performance or value of existing Contracts (or such existing Contracts as may be specified by the Exchange). Without limiting their powers hereunder, the Exchange will use its reasonable endeavours to keep any such variation to the minimum that they consider reasonably necessary to respond to the circumstances in question.

1.14A.3 The Exchange's powers under this Rule I.14A shall be exercisable by Circular. Any variation made under this provision shall take effect at such time and for such period as the Exchange shall prescribe, but (without prejudice to the preceding paragraph) shall not take effect earlier than the publication of the relevant Circular. The Exchange shall seek to give Members prior notice but, where deemed necessary, changes may take effect immediately upon the posting of such Circular or at such other time as the Exchange prescribes.

1.14A.4 Every Contract affected by a variation under this Rule I.14A shall remain in full force and effect subject to such variation and shall not be treated as terminated or frustrated or repudiated except so far as may be allowed in the relevant Circular.

1.14A.5 Any Circular published by the Exchange under this Rule I.14A may be varied or revoked by a subsequent Circular.

I.15 TRADE EMERGENCY PANEL

I.15.1 In the event of the Exchange identifying or suspecting the development or possible development of a situation or practice referred to below, the Exchange may forthwith refer the matter to a panel (the "**Trade Emergency Panel**"), being a minimum of three people comprising: non-executive Directors or two Clearing House senior executives nominated for this purpose by the Clearing House. The Trade Emergency Panel may take such professional advice as it sees fit in coming to any decision.

I.15.2 If in the opinion of the Trade Emergency Panel an excessive position or unwarranted speculation or any other undesirable situation or practice affecting or capable of affecting the Market is developing, or has developed, it may take any steps whatsoever to provide for, correct or check the further development of such situation or practice and may give directions to any Member or non-Member Sponsored Principal accordingly. Such steps may (without prejudice to the generality of this Rule I.15), if the Trade Emergency Panel considers, extend to trading which occurred before or on the date that such step is instigated.

I.15.3 A Member or non-Member Sponsored Principal contravening a direction of the Trade Emergency Panel under this Rule I.15 shall be liable to the same sanctions (including expulsion or suspension from membership) as if a breach of the Rules were committed.

I.16 DEFINITIONS AND INTERPRETATION

I.16.1 In this Rule I.16 and in Rules I.17 to I.19, unless the context otherwise requires, the term "**Party**" means the Seller or the Buyer under a Contract, which shall not include the Clearing House (except where the context otherwise requires).

I.16.2 Any discretion that may be exercised by a Person or body under Rules I.17 and I.18 will be exercised in the absolute discretion of such Person or body.

I.17 NON-PERFORMANCE OF DELIVERY OBLIGATIONS

I.17.1 If it appears to the Clearing House that a Party has, or may have, failed to perform its delivery obligations under a Contract, the Clearing House may take such steps as it deems appropriate to achieve an amicable

settlement between the Parties to the affected Contracts and may refer the matter to the Exchange. Subject to Rule I.17.2, if a reference is made to the Exchange under this Rule I.17.1, the Exchange will refer such matter to the ARC Committee under Rule I.18.1.

I.17.2 If a reference is made to the Exchange under Rule I.17.1 but an amicable solution is notified to the Exchange by the Parties involved prior to the referral of the matter to the ARC Committee under Rule I.18.1 by the Exchange, the Exchange will either:

(a) refer such matter to the ARC Committee under Rule I.18.1; or

(b) not refer such matter to the ARC Committee under Rule I.18.1 but make such determination as it appears to the Exchange, in its discretion, to be expedient concerning the settlement of such Contract and shall convey its determination to the Parties and to the Clearing House; such determination shall be binding on the Parties and the Clearing House and no dispute as to such determination may be referred to arbitration, but shall be without prejudice to the right of either Party to refer any other failure (or apparent failure) of a Party in the performance of its obligations under a Contract or any related dispute to arbitration under the Clearing House Rules.

I.17.3 If it comes to the attention of the Exchange, other than pursuant to Rule I.17.1, that a Party to a Contract has, or may have, failed to perform its obligations under a Contract, the Exchange may refer such matter to the ARC Committee under Rule I.18.1.

I.18 DELIVERY DISPUTES

I.18.1 The Exchange may, in respect of a delivery under a Contract, refer any dispute to the ARC Committee, but must refer any matter to the ARC Committee:

(a) in the circumstances stated in Rules I.17.1, 1.17.2(a) or I.17.3; or

(b) if a Party claims under the relevant Contract Terms and Contract Procedures that a Force Majeure Event has occurred hindering or preventing due performance of its delivery obligations under a Contract.

The Exchange will not refer a dispute or matter in respect of a delivery under a Contract to the ARC Committee if a Party has been declared a Defaulter under Section D or the default rules of the Clearing House. The Exchange will notify the Clearing House and each of the Parties to the affected Contracts that a dispute or matter has been referred to the ARC Committee.

I.18.2 Following the referral of a dispute or matter to the ARC Committee, the ARC Committee shall convene a panel to determine the dispute or matter ("**ARC Delivery Panel**"). The ARC Delivery Panel may either be a Sub-ARC Panel or a Full-ARC Panel, as detailed in Rule C.11, depending on the seriousness of the dispute or matter, which shall be determined by the ARC Committee at their discretion. The Exchange may, in its discretion, require both Parties, or either of them, to pay to the Exchange a fee of USD 2,500 for convening the ARC Delivery Panel, unless the Exchange determines, in its discretion, to waive or reduce the fee.

I.18.3 The ARC Delivery Panel may, in its discretion, require the Parties to the affected Contracts to present written submissions and evidence in support of their claim, to the ARC Delivery Panel by such time and in such form as the ARC Delivery Panel may direct. An oral hearing will only take place if the ARC Delivery Panel, in its discretion, considers it to be necessary. A Party may be assisted by or represented by any person who may be legally qualified at that oral hearing if the ARC Delivery Panel in its discretion considers it to be necessary.

I.18.4 The ARC Delivery Panel will determine the dispute or matter on such evidence as it thinks is relevant, notwithstanding that such evidence may not be admissible in a court of law, and make one or more of the directions contemplated by Rule I.18.6 below.

I.18.5 Following the determination of any dispute or matter pursuant to Rule I.18.6, the ARC Delivery Panel shall report in writing its findings (which shall include, as may be appropriate, whether a Party has failed to perform its delivery obligations under a Contract or whether a Force Majeure Event has occurred under the relevant Contract Terms and Contract Procedures, hindering or preventing the performance of its delivery obligations under a Contract), to the Exchange, the Clearing House and to each of the Parties to the affected Contracts.

I.18.6 The ARC Delivery Panel may, either at the same time or in advance of its written findings being available, make any one or more of the following directions, except that if it determines that a Force Majeure Event has occurred which has hindered or prevented the performance of a Contract by five Business Days after the due

date for delivery of the product under a Contract, the ARC Delivery Panel shall only be entitled to make the direction referred to in paragraphs (b) and (d) below:

(a) direct a Party as to how delivery under the affected Contracts should proceed;

make a recommendation to the Clearing House to invoice back one or more of the affected Contracts at a price to be set by the ARC Delivery Panel in its discretion, taking into account any information it considers to be relevant for this purpose which may have been supplied by the Exchange; the price for invoicing back may at the ARC Delivery Panel's discretion take account of any compensation that it may consider should be paid to or by a Party; in the event of any delay to the invoicing back process, the ARC Delivery Panel may, at its discretion, in advance of it setting a price for invoicing back, and in agreement with the Clearing House, direct the Clearing House to make an interim payment to a party; the amount of the interim payment will be set by the ARC Delivery Panel at its discretion, and in such an event the price for invoicing back shall take account of the interim payment as appropriate;

(b) direct any of the Parties to pay to the other Party any damages or *ex gratia* payments it considers appropriate; or

(c) direct any of the Parties to pay to the Exchange costs in an amount determined by the ARC Delivery Panel in its discretion; such costs may include, but shall not be limited to, the fees and expenses of members of the ARC Delivery Panel or any expert, any legal costs and expenses which the Exchange or the Clearing House may incur or be subjected to in respect of such dispute or matter.

In the case where the ARC Delivery Panel finds that a Party has failed to perform its delivery obligations under a Contract, the ARC Delivery Panel may additionally impose a fixed fine, to be paid on such terms as may be prescribed by the ARC Committee, on that Party as follows:

(d) In the case of an ARC Delivery Panel that is a Sub-ARC Panel, impose a fine of any amount;

(e) In the case of an ARC Delivery Panel that is a Full-ARC Panel, impose a fine of any amount.

I.18.7 The determination of a matter by the ARC Delivery Panel shall be without prejudice to the powers of the Exchange and the ARC Committee to take such action under Section E as it considers in its discretion appropriate.

I.19 APPEALS PROCEDURE

A Party to an affected Contract or the Exchange may appeal against any finding, determination or direction made by the ARC Delivery Panel under Rule I.18.6(a), (c), (d), (e) or (f) by lodging a notice of appeal. Such notice of appeal shall be lodged in writing with the Compliance Officer in accordance with the procedure set out in Rule E.6.

I.20 [NOT USED.]

I.21 ENVIRONMENTAL COMPLIANCE AND LIABILITY

I.21.1 In this Rule I.21, the following terms shall, unless the context otherwise requires, have the meanings set out opposite each:

(a) The term "**Commodity**" means any kind of property which is capable of being delivered pursuant to a Contract.

(b) The term "**Environment**" means all or any of the following media (whether alone or in combination): air (including the air within buildings or other natural or man-made structures whether above or below ground), water (including surface water, sub-surface water, groundwater, coastal, marine or inland waters or waterways, and water within drains, sewers or other natural or man-made structures), land (including surface land, land under water, soil and sub-soil), any natural resource and any ecological systems and living organisms supported by these media.

(c) The term "**Environmental Law**" means, as in force from time to time, any Applicable Law governing or relating to pollution, the protection of the Environment, noise, nuisance, health, safety or natural resources, or the use, sale, delivery, registration, handling, transportation, treatment, storage, disposal, release or discharge of Hazardous Materials, and includes, without limitation, UAE Federal Law No. 24 of 1999 for the Protection and Development of the Environment, Cabinet Resolution No. 37 of 2001 concerning the Executive Regulations of the Federal Law No. 24 of 1999 concerning the Protection and Development of the Environment, the Abu Dhabi Environment Agency Guidelines for storage of chemicals and hazardous materials, Requirements of the Supreme Petroleum Council with

regard to materials, products and waste related to the petroleum industry and related requirements imposed by ADNOC or the Port of Fujairah Authority.

(d) The term "**Environmental Permit**" means any licence, approval, authorisation, permission, certificate, certification, registration, notification, waiver, order or exemption that is issued, granted or required under Environmental Law.

(e) The term "**Hazardous Material**" means all chemicals, materials, substances, preparations or articles, whether natural or man-made and whether solid, liquid or gaseous, which are defined or regulated as toxic, hazardous, noxious, radioactive, flammable, corrosive or caustic or as a pollutant, contaminant or waste or words of similar import under any Environmental Law or Environmental Permit, or which may otherwise be capable, whether alone or in combination, of causing harm to any human or other living organism or the Environment.

(f) The term "**Transferee**" means a Person nominated by a Buyer to whom a transfer or delivery is to be made under a Contract and includes reference to the Buyer where transfer or delivery is to be made to the Buyer.

(g) The term "**Transferor**" means a Person nominated by a Seller by whom a transfer or delivery is to be made under a Contract and includes reference to the Seller where transfer or delivery is to be made by the Seller.

I.21.2 Without prejudice to Rule A.7 of the Rules, and without prejudice to Clearing House Rule 111 (*Liability*), neither the Exchange, nor the Clearing House is responsible for, and neither shall have any liability whatsoever in respect of, any application, notification, reporting, data or information sharing, registration, certification, authorisation, investigation, remediation or the taking or not taking of any other action or thing that may be required by any Environmental Law or Environmental Permit in respect of any Commodity or Contract. In particular, but without limitation, neither the Exchange, nor the Clearing House, shall be responsible for, or have any liability whatsoever in respect of, the taking or not taking of any of the following actions:

(a) any pre-registration, registration or other action in connection with any Hazardous Material or other substance, preparation, article or material that is the subject of, or part of, any Commodity or Contract;

(b) any preparation, reporting or delivery of any data in connection with any Hazardous Material or other substance, preparation, article or material that is the subject of, or part of, any Commodity or Contract;

(c) any procurement, registration, notification or reporting of serial number in connection with any Hazardous Material or other substance, preparation, article or material that is the subject of, or part of, any Commodity or Contract; or

(d) any classification, re-classification, labelling or packaging, pursuant to Environmental Laws, of any Hazardous Material or other substance, preparation, article or material that is the subject of, or part of, any Commodity or Contract.

I.21.3 Without prejudice to Rule A.7 of the Rules, and without prejudice to Clearing House Rule 111 (*Liability*), neither the Exchange, nor the Clearing House, is responsible for, and neither shall have any liability whatsoever in respect of:

(a) the condition, safety or compliance or non-compliance with any Environmental Law or Environmental Permit;

(b) the presence of any Hazardous Material or occurrence of any contamination related to; or

(c) any other liability or obligation arising under Environmental Law or Environmental Permit related to,

any barge, installation, equipment, vehicle, land, water or other location or area used in connection with the sale, delivery, registration, handling, transportation, treatment, management, storage, disposal, release or discharge of any Commodity. Further, neither the Exchange, nor the Clearing House, shall be responsible for, or have any liability whatsoever in respect of, the condition or safety of any Commodity delivered pursuant to any Contract.

I.21.4 Each Member delivering a Commodity pursuant to a Contract shall comply, and shall be deemed to represent and warrant that it has complied, fully with any application, notification, reporting, data or information sharing, registration, certification, authorisation, investigation, remediation or the taking or not taking of any other action or thing required by any Environmental Law or Environmental Permit and applicable to such Commodity, including, without limitation, as related to the condition or safety of such Commodity. In

particular but without limitation, each such Member shall comply, and shall be deemed to represent and warrant that it has complied, fully with any and all requirements specified in Rule I.21.2 to the extent applicable to such Commodity.

I.21.5 Neither the Buyer nor the Seller, nor their Transferees or Transferors, shall have any claim against the Exchange or the Clearing House, whether in contract, tort or restitution, as a fiduciary or under any other cause of action, for any loss, liability, cost, damage or expense incurred or suffered as a result of any non-compliance with any Environmental Law or Environmental Permit, the condition of or any hazard posed by any Commodity, or the presence of any Hazardous Material or occurrence of any contamination.

I.22 [NOT USED.]

I.23 CURRENCY EVENTS AND ECONOMIC & MONETARY UNION OR SEPARATION

I.23.1 In this Rule I.23, the following terms have the following meanings, unless the context otherwise requires:

(a) the term "**Currency**" means the currency or lawful tender for the time being of a State, group of States or a region within a State, and, where the context admits, the currency of a State, group of States or a region within a State prior to the introduction of a new or successor currency for that State, group of States or a region within a State, or the currency of a region prior to such region becoming a State;

(b) the term "**Market Conventions**" includes, without limit, day count conventions, settlement periods, rate fixing, business day conventions, basis for market quotations and coupon frequency; and

(c) the term "**State**" means a state as that concept is understood in public international law.

I.23.2 Without prejudice to any step which has been or may be taken or to the powers of the Exchange under this Rule I.23, any other Rule or the terms of a Contract, the Exchange may:

(a) make such changes to the terms of a Contract as the Exchange considers to be necessary or desirable:

(i) to facilitate the calculation of, trading of, or the payment of amounts under or in respect of Contracts in a different Currency;

(ii) to redenominate lots into a different Currency;

(iii) to reflect changes arising out of or in connection with Market Conventions as a consequence (direct or indirect) of the introduction of a new or successor Currency or the invalidity or disuse of an existing Currency;

(iv) arising out of or in connection with the trading or quotation in a Currency of securities which have been designated by the Exchange pursuant to the Contract Terms and Contract Procedures;

(v) to require bids, offers or the minimum price fluctuation to be quoted in a different Currency,

and shall publish such changes and any applicable exchange rate for relevant Currencies by Circular. Such changes may, without limitation, include changes to the currency in which amounts under a contract shall be paid, the lot size, the currency of the exercise price, Market Conventions and rounding provisions used to calculate the invoicing amount and shall affect existing as well as new contracts as the Exchange may determine;

(b) require the discharge, by cash settlement or otherwise, of Contracts which are denominated in a Currency of a State, group of States or a region within a State, at a price determined by the Exchange and the making of new Contracts which are denominated in a different Currency of the same State, group of States or a region within a State, in either case in accordance with procedures implemented by the Exchange from time to time under this Rule I.23, in order to achieve the conversion of contracts to contracts denominated in a new or successor Currency; and

(c) in connection with taking steps under the procedures referred to in Rule I.23.2(b), require a Member and, through him, one or more clients to enter into one or more contracts which singly or in aggregate may not give rise to the same economic exposure as the contracts discharged pursuant to Rule I.23.2(b) (without limit, this could occur where, as a result of implementing conversion procedures, part lots are produced which are rounded up or down to produce whole lots), to enter into contracts which, in aggregate, may be less than or more than the number of discharged contracts, or may require cash settlement of whole or part lots produced as a result of implementing the procedures referred to in Rule I.23.2(b).

I.24 "BUYER" AND "SELLER" IN THE CONTRACT TERMS AND CONTRACT PROCEDURES

I.24.1 Subject to Rule I.24.2, the terms "Buyer" and "Seller" in the Contract Terms and Contract Procedures shall be construed as including, in relation to a Contract recorded at the Clearing House in an Individually Segregated Sponsored Account, both or either of the relevant Sponsor and Sponsored Principal.

I.24.2 Notwithstanding any other provision of the Rules, Contract Terms or Contract Procedures:

(a) where an Options Contract or where the Contract Terms and Contract Procedures make reference to a "Buyer" in the context of the Person who is entitled to exercise the option, the term "Buyer" shall be construed as including, in relation to an Individually Segregated Sponsored Account, either the relevant Sponsor or the Sponsored Principal (whichever is authorised to exercise the option or does actually exercise the option); and

(b) where the Contract Terms and Contract Procedures make reference to:

(i) "Buyer" in the context of a Person taking delivery, accepting delivery, accepting transfer, serving or receiving any notice, making payment or nominating a "Transferee" (as defined in the relevant Contract Terms and Contract Procedures), such term shall be construed as including, in relation to an Individually Segregated Sponsored Account, either the relevant Sponsor or the Sponsored Principal (whichever is authorised to take delivery, accept delivery, accept transfer, serve or receive a notice, make payment or nominate a "Transferee" (as defined in the relevant Contract Terms and Contract Procedures) or actually does so); and

(ii) "Seller" in the context of a Person who is making delivery, making a transfer, serving or receiving any notice, taking payment or nominating a "Transferor" (as defined in the relevant Contract Terms and Contract Procedures), such term shall be construed as including, in relation to an Individually Segregated Sponsored Account, either the relevant Sponsor or the Sponsored Principal (whichever is authorised to make delivery, make a transfer, serve or receive a notice, take payment or nominate a "Transferor" (as defined in the relevant Contract Terms and Contract Procedures) or actually does so).

I.24.3 The Clearing House Rules set out the rights and liabilities of Sponsored Principals and Sponsors. In particular, Members and non-Member Sponsored Principals should be aware that, notwithstanding any other provision of the Rules, Contract Terms or Contract Procedures:

(a) the relevant Sponsored Principal and Sponsor are each jointly and severally liable, to one another, in each case as principal and without limitation, to the Clearing House in respect of all obligations and liabilities arising in connection with the Individually Segregated Sponsored Account and all Contracts recorded in it;

(b) whether the Clearing House makes any payment or performs any other obligations in connection with an Individually Segregated Sponsored Account or Contract to the Sponsor or the Sponsored Principal or otherwise to the account or to the order of the Sponsored Principal in accordance with Clearing House Rules 1902(c) and 1902(d): (i) such payment or performance to the extent made will satisfy and discharge the obligations of the Clearing House to the Sponsored Principal and any obligations of the Clearing House to the Sponsor; and (ii) where the Sponsor is a Non-FCM/BD Clearing Member (as defined in the Clearing House Rules) and payment or performance is made to the Sponsored Principal (or to its account or order, other than to the account of the Sponsor), such payment or performance to the extent made will be deemed to be in satisfaction and discharge of any related payment or performance obligation of the Sponsor pursuant to the related Customer-CM Transaction (as defined in the Clearing House Rules);

(c) whether the Sponsor or Sponsored Principal makes any payment or performs any other obligation in connection with an Individually Segregated Sponsored Account or Contract to the Clearing House: (i) such payment or performance to the extent made will satisfy and discharge the obligations of both the Sponsor and the Sponsored Principal to the Clearing House; and (ii) where the Sponsor is a Non-FCM/BD Clearing Member (as defined in the Clearing House Rules), such payment or performance to the extent made will be deemed to be in satisfaction and discharge of any related payment or performance obligation of the Sponsored Principal pursuant to the related Customer-CM Transaction (as defined in the Clearing House Rules);

(d) the Clearing House is entitled to receive and act upon instructions, notifications, notices and forms (whether in electronic or paper format) in respect of an Individually Segregated Sponsored Account from either the Sponsor or the Sponsored Principal without further reference to any other party;

(e) each of the Sponsor and Sponsored Principal is entitled as a joint holder of the Individually Segregated Sponsored Account to give such instructions, notifications, notices and forms and hereby is deemed to authorise the other to give such instructions, notifications, notices and forms in respect of the Individually Segregated Sponsored Account for such purposes, subject to the Clearing House Rules; and

(f) the Disciplinary Proceedings set out in Part 10 of the Clearing House Rules, which apply to Clearing Members (including Sponsors), apply to Sponsored Principals in the same way as they apply to Clearing Members with no Customers (as defined in the Clearing House Rules). In addition, Section E and Rule A.9 apply in respect of disciplinary matters.

I.25 RISK DISCLOSURES

These disclosures are provided for information purposes only. The statements are not exhaustive and do not provide all the information that potential users and Members may need to make any decision in relation to using the Exchange or entering into a Contract.

(a) Potential users of all Contracts should be aware and Members should be mindful when marketing to clients, of the following: The value of investments may go down as well as up; past performance is not necessarily a reliable indicator of future performance; parties to Contracts may not get back their original investment and could make losses greater than their initial investment or collateral; Exchange price movements can have a positive or negative impact on the value of Contracts; there are various risks relating to trading derivatives, such as interest rate risk, credit risk, market risk, leverage risk, tax risk and political risk. If in any doubt, seek professional advice; neither the Exchange nor the Clearing House provides any professional advice; various Contract Terms and Contract Procedures contain particular risk disclaimers for historic reasons, but potential users of all Contracts should be aware, and Members should be mindful when granting permission(s) to clients to access the Exchange or when offering the Exchange's products to clients, that the absence of a risk disclaimer in a Contract Term or Contract Procedure should not be interpreted as indicating that there is no particular risk in relation to the relevant Contract.

(b) Potential users of all Contracts must familiarise themselves with and Members should be mindful, when marketing to clients of, the following:

(i) the relevant Contract Terms and Contract Procedures (including Contract Terms and Contract Procedures of the underlying Futures Contract where they are users or potential users of Options Contracts);

(ii) the Rules, notices posted on the Market, Clearing House Rules, Clearing House circulars, Clearing House procedures, and any other relevant materials in respect of a particular Contract;

(iii) the mechanism by the Exchange or any third party to determine any EDSP (as defined in the relevant Contract Terms and Contract Procedures) or price which is used as the reference price for an EDSP or to settle a Contract; and

(iv) the controls operating in the cash market during the relevant period, where applicable.

(c) Potential users of all Contracts must consider and Members should be mindful when marketing to clients of, the risks of holding positions into the expiry of a Contract. Persons holding open positions during any notice period or at expiry will be subjected to delivery obligations in relation to the relevant underlying asset or Contract, or settlement obligations. In particular, such Persons should consider their exposure to potentially unfavourable price movements in the expiry and whether to take steps to neutralise such exposure; for example, taking into account that there may be relatively limited liquidity provision, or whether to "roll" or close positions prior to expiry.

(d) Potential users of all Contracts must assess for themselves or take professional advice in relation to, and Members should be mindful when marketing to clients of, the risks inherent in any investment, and in particular those having possible impact on a Contract's pricing or value, including:

(i) Possible influences on price formation in the underlying securities, cash or physical markets which might affect market movements, the EDSP (as defined in the relevant Contract Terms and Contract Procedures) or any reference price used for settling the Contract, particularly prior to expiry or any end of day trading. Prices may be affected by information disclosures, news, world events or the trends in other markets.

(ii) Trading activity may be affected by the activity of particular market participants who are seeking to obtain price convergence between the EDSP (as defined in the relevant Contract) and prices in physical markets. Such participants might typically seek to achieve this by unwinding their physical positions during the EDSP period at prices which will, in turn, be used to determine the final EDSP. A consequence of this concentrated activity might be that the final EDSP differs from the price of any underlying immediately prior to the commencement of the EDSP period.

I.26 PRIIPS RESTRICTIONS; IN RELATION TO EUROPEAN ECONOMIC AREA RETAIL CUSTOMERS ONLY

I.26.1 The Exchange understands that certain Members may offer trading and intermediary services related to PRIIPs Contracts traded on the Exchange to EEA Retail Investors where they are permitted to do so and where the Exchange is permitted to provide such access. In such circumstances, EEA Retail Investors may also have direct trading access to PRIIPs Contracts traded on the Exchange. The Exchange has therefore produced Key Information Documents in the English language in relation to its PRIIPs Contracts. Translated versions of English language Key Information Documents may also be published by the Exchange at its discretion from time to time as set forth in Rule I.26.2. These steps are being taken in order to provide a more efficient basis for compliance with the PRIIPs Regulation and the PRIIPs RTS for Members whose clients are EEA Retail Investors. To the extent permitted under the PRIIPs Regulation, the Exchange undertakes no duty of care for the contents of any Key Information Documents and makes no warranty, representation or undertaking as to the accuracy of any Key Information Document. The Exchange has not considered the specific circumstances of any Member or EEA Retail Investor. Persons should only trade in PRIIPs Contracts based on their own assessments of the risks and should take their own financial, tax and legal advice. Members are responsible for verifying whether the Key Information Documents produced by the Exchange are sufficient for their purposes or their clients' purposes, for adding any further disclosures as may be required for their clients and for assessing the suitability and appropriateness for their clients of any PRIIPs Contracts traded on the Exchange. Effective as from 1 January 2018, no Member shall offer, sell, distribute or otherwise make available any PRIIPs Contracts to any EEA Retail Investor, unless:

(a) for PRIIPs Contracts offered to EEA Retail Investors in EEA Member States where the Exchange has produced a Key Information Document in English or a translated Key Information Document in either case only where English or such other language is an official language of that EEA Member State: the Key Information Document has been provided to the EEA Retail Investor by the Member in accordance with Rule I.26.3 to I.26.8 in good time and in accordance with the PRIIPs Regulation and PRIIPs RTS (together with any necessary Member-specific disclosures) before such EEA Retail Investor is bound by any contract or offer relating to a PRIIPs Contract; or

(b) for PRIIPs Contracts offered to EEA Retail Investors in EEA Member States where the Exchange has not produced a translated Key Information Document in an official language of that EEA Member State: a key information document (which may be faithfully and accurately translated from the Key Information Document or otherwise produced in an official language of the EEA Member State in which the EEA Retail Investor is located) has been provided to such EEA Retail Investor by the Member in accordance with Rule I.26.3 to I.26.8 (with the references in Rule I.26.3 to I.26.8 to the Key Information Document being construed as references to the local language key information document produced by the Member, and references to the Exchange's website being construed as a reference to the website used by the Member to publish or make available the local language key information document produced by the Member) in good time and in accordance with the PRIIPs Regulation and PRIIPs RTS (together with any necessary Member-specific disclosures) before the EEA Retail Investor is bound by any contract or offer relating to a PRIIPs Contract.

I.26.2 The Exchange will initially only produce and publish English language Key Information Documents for PRIIPs Contracts but may publish any translated Key Information Documents in other languages at its discretion. As a result:

(a) unless the Exchange chooses to do so, at its discretion, the Exchange will not be responsible for producing, publishing or providing EEA Retail Investors with Key Information Documents in any official language of the EEA Member State in which the EEA Retail Investor is located nor for ensuring that any applicable requirements under the PRIIPs Regulation or PRIIPs RTS have been satisfied for any local language key information document produced by Members;

(b) the Exchange is not a 'manufacturer' of any PRIIPs for purposes of the PRIIPs Regulation with respect to any offer to any EEA Member State other than those in which English is an official language or otherwise where a translated Key Information Document in a non-English language is published on

its website; and accordingly, any Member or other Person offering such products in such EEA Member State will itself be the 'manufacturer' for purposes of the PRIIPs Regulation, since PRIIPs Contracts for which no such translation is provided are not intended by the Exchange for distribution to EEA Retail Investors in such EEA Member States; and

(c) any Member which produces and makes available to EEA Retail Investors any local language key information documents for PRIIP Contracts in any language or format that has not been produced and published by the Exchange agrees to indemnify the Exchange for any losses or liabilities suffered by the Exchange as a result of the Member publishing and making available to such EEA Retail Investors such key information documents which are misleading or inaccurate or are inconsistent with: (A) the English language Key Information Document produced by the Exchange for that PRIIP Contract (or any revised versions of the same); (B) the relevant parts of any legally binding pre-contractual and contractual documents; or (C) the requirements of Article 8 of the PRIIPs Regulation (and as further specified in the relevant PRIIPs RTS).

I.26.3 Subject to Rule I.26.4 to I.26.6, Members must provide relevant Key Information Documents to EEA Retail Investors by:

(a) providing the EEA Retail Investor with a paper copy of the relevant Key Information Document;

(b) providing the EEA Retail Investor with a link to the address on the Exchange's website that contains the relevant Key Information Document; or

(c) providing the EEA Retail Investor with the relevant Key Information Document on a Durable Medium other than paper.

I.26.4 Members must provide a paper copy of the relevant Key Information Document to EEA Retail Investors for any PRIIPs Contracts that are being made available to the EEA Retail Investor if the relevant PRIIPs Contracts are being made available on a face-to-face basis, unless the EEA Retail Investor requests otherwise.

I.26.5 If a Member provides the relevant Key Information Document for any PRIIPs Contract that is being made available to an EEA Retail Investor by providing a link to the Exchange's website pursuant to Rule I.26.3(b):

(a) the Member must retain evidence that the EEA Retail Investor has regular access to the internet (this requirement is satisfied if the EEA Retail Investor has provided an email address for the purposes of the EEA Retail Investor's business with the Member);

(b) the Member must give the EEA Retail Investor a choice between receiving the relevant Key Information Document on paper or by means of a link to the Exchange's website, and the Member must retain evidence of the EEA Retail Investor's choice to receive the relevant Key Information Document via the Exchange's website;

(c) the Member must notify the EEA Retail Investor of his right to request a paper copy of the relevant Key Information Document free of charge;

(d) the Member must provide a paper copy of the relevant Key Information Document to that EEA Retail Investor when requested by the EEA Retail Investor and free of charge;

(e) the Member must provide electronic or written notification to the EEA Retail Investor of the specific address on the Exchange's website for the relevant Key Information Document; and

(f) where revised versions of the relevant Key Information Document are available, the Member must provide previous versions of the relevant Key Information Document if any previous versions are requested by the EEA Retail Investor.

I.26.6 If the Member provides the relevant Key Information Document for any PRIIPs Contract that is being made available to an EEA Retail Investor in a Durable Medium other than paper pursuant to Rule I.26.3(c):

(a) the Member must retain evidence that the EEA Retail Investor has regular access to the internet (this requirement will be satisfied if the EEA Retail Investor has provided an email address for the purposes of the EEA Retail Investor's business with the Member); and

(b) the Member must give the EEA Retail Investor a choice between receiving the relevant Key Information Document on paper or in a Durable Medium other than paper; and the Exchange will, and the Member must, retain evidence of the EEA Retail Investor's choice to receive the Key Information Document in a Durable Medium.

I.26.7 Members must have adequate systems, controls and policies to ensure compliance with the requirements of Rules I.26.1 to I.26.6 and, at the request of the Exchange, be able to show evidence of any such systems, controls, policies and, subject to Applicable Law, evidence that those requirements have been met in relation to any single EEA Retail Investor that is a client of a Member.

I.26.8 Members whose clients offer PRIIPs Contracts to EEA Retail Investors must procure that all such clients agree to terms equivalent to those set forth in this Rule I.26 as regards their dealings with EEA Retail Investors and the position and liability of the Exchange.

I.26.9 In this Rule I.26, the following words and expressions shall, unless the context otherwise requires, have the following meanings:

TERM	DEFINITION
"Durable Medium"	means a durable medium as defined in point (m) of Article 2(1) of Directive 2009/65/EC;
"EEA Retail Investor"	means a retail investor as defined in Article 4(6) of the PRIIPs Regulation who is located in a Member State of the European Economic Area;
"Key Information Document"	means the key information document drawn up by the Exchange (including any non-English language translated key information document produced by the Exchange at its discretion) and published on its website (including any revised versions produced by the Exchange from time to time) for a PRIIPs Contract for purposes of facilitating compliance with the PRIIPs Regulation; the key information documents (and any revised versions) published by the Exchange can be found on the Exchange's website;
"PRIIP"	means a packaged retail and insurance-based investment product as defined in Article 4(3) of the PRIIPs Regulation;
"PRIIPs Contract"	means a Contract that is (or is determined by the Exchange from time to time as likely to be or to have a material risk of being) a PRIIP;
"PRIIPs Regulation"	means Regulation (EU) No 1286/2014 of the European Parliament and of the Council of 26 November 2014 on Key Information Documents for packaged retail and insurance-based investment products (PRIIPs), as amended from time to time, together with any regulatory technical standards adopted by the European Commission pursuant to the PRIIPs Regulation, as amended from time to time; and
"PRIIPs RTS"	means any regulatory technical standards adopted by the uropean Commission pursuant to the PRIIPs Regulation, as amended from time to time.

SECTION J – POSITION REPORTING, ACCOUNTABILITY AND LIMITS

J.0 POWER TO RESTRICT OPEN POSITIONS

J.0.1 The Exchange may promulgate limits and associated arrangements in relation to open positions that may be owned, controlled or carried by a Member or Person for Own Business or for another Person. The limits and associated arrangements in respect of designated Contracts are promulgated in the remainder of this Section J of the Rules.

J.1 DEFINITIONS

For purposes of this Section J, the following terms shall have the meanings set out opposite each:

TERM	DEFINITION
"Accountability Level"	means a threshold for positions held set by the Exchange in a designated Contract which if exceeded may trigger enhanced reporting requirements;
"Delivery Limit"	means the maximum permitted holding upon the expiry of a designated physically-deliverable Contract and net of EFP and EFS positions given up post-expiry;
"Expiry Limit"	means the maximum permitted holding in the expiring Contract Month of a designated Contract which if exceeded may trigger enhanced reporting requirements;
"FTP"	means File Transfer Protocol;
"Futures Equivalent Contract"	means an Options Contract that has been converted to a futures equivalent contract in accordance with the procedures specified in Rule J.9;
"Limit"	unless the context otherwise requires, means a limit, whether a Position Limit, Expiry Limit, Delivery Limit or otherwise, but excludes an Accountability Level;
"Omnibus Account"	means an account containing the positions of more than one Person;
"Position Limit"	means the maximum permitted holding in a designated Contract or Contract Month either by a single account or across multiple accounts controlled by the same entity;
"Reportable Position Account"	means an account held by a Member or Person with reportable positions;
"Reporting Firm"	means each Member or Person that owns, controls, or carries for another Person a Reportable Position Account or reportable volume threshold account in any Contract, as specified by the Exchange;
"Volume Threshold Account"	means a trading account held by a Clearing Member which has reached or exceeded the applicable reportable volume threshold; and
"Web Portal"	means the Exchange's designated portal interface used to receive Reportable Position Account and Volume Threshold Account identification information.

J.2 REPORTING OF POSITIONS

(a) Each Member or Person that owns, controls, or carries for another Person a Reportable Position Account in any Exchange Contract, as specified by the Exchange, in a single Contract Month of a Future or a single Contract Month for a put or call Option (regardless of strike price), shall submit to the Exchange:

(i) an account identification form as specified by the Exchange for each Reportable Position Account in accordance with Rule J.2A; and

(ii) a daily report with respect to such positions, in a form acceptable to the Exchange, containing the account numbers and the number of open contracts in each such Futures Contract Month and each such Option Contract Month that equals or exceeds the applicable reporting level specified in paragraph (c), and such other information as the Exchange may require.

Each Clearing Member that owns, controls, or carries for another Person a Volume Threshold Account in any Future or Option as specified by the Exchange, during a single Trading Day, across all expirations, and for Options, all puts or calls (regardless of strike price) across all expirations, shall submit to the Exchange an account identification form in such manner as specified by the Exchange for each Volume Threshold Account in accordance with Rule J.2A.

(b) In addition, with respect to any Person that owns, controls or carries positions that meet or exceed the All Month Accountability Level or Single Month Accountability Level of any Future or Option, the Member shall report to the Exchange the positions carried by such Person in all Contract Months of that Future and Option, regardless of size. Without limiting any provision of the Rules, Members shall provide such additional information with respect to positions, and the ownership of such positions, as may be requested by the Exchange.

(c) The reportable levels and volume thresholds for all Products will be as notified by the Exchange to Reporting Firms from time to time.

J.2A SUBMISSION OF ACCOUNT INFORMATION

J.2A.1 Reporting Firms which hold, control, or carry for any Person a Reportable Position Account must submit to the Exchange either by electronic submission via secure FTP or by manual entry through the Exchange's designated Web Portal, information identifying the ownership and control of each Reportable Position Account and all trading accounts related to each such Reportable Position Account, in a form and manner as specified by the Exchange, after the account reaches or exceeds the applicable reportable position threshold prescribed by the Exchange. Such submission shall be made in accordance with the timing and other requirements specified in Rule J.2A.3.

J.2A.2 A Clearing Member which holds or carries for itself or any Person a Volume Threshold Account, must submit to the Exchange either by electronic submission via secure FTP or by manual entry through the Exchange's designated Web Portal, information identifying the ownership and control of the Volume Threshold Account using the form and manner as specified by the Exchange, after an account reaches the reportable volume trading level as prescribed by the Exchange. Such submission shall be made in accordance with the timing and other requirements specified in Rule J.2A.3.

J.2A.3 At a minimum, information regarding the names of the owner(s) and controller(s), account number and account type for each Reportable Position Account and each Volume Threshold Account shall be submitted to the Exchange by the close of business on the Business Day following the date on which the Reportable Position Account or Volume Threshold Account, as applicable, reached or exceeded the applicable reportable threshold, and all supplemental information shall be submitted no later than the close of business on the third Business Day following the date on which the account reached or exceeded the applicable reportable level. All information shall be submitted to the Exchange in a format or manner as specified by the Exchange.

J.2A.4 Reporting Firms shall update any information submitted by them via the relevant forms as specified by the Exchange whenever such information changes or becomes inaccurate, by submission of updated, accurate information by electronic submission via secure FTP or by manual entry through the Exchange's designated Web Portal, within the time frames specified in Rule J.2A.3.

J.3 LIMITS AND EXEMPTIONS

J.3.1 Limits on Contracts may be imposed at the discretion of the Exchange from time to time. Such Limits may include, without limitation, Limits imposed to ensure compliance with any position limits established under Applicable Laws. The nature of the Limits and the Contracts affected shall be notified to the Members from time to time.

A Member shall not carry a position that exceeds the Limits on behalf of any Person unless the Member has confirmed that such Person has received an exemption from the Exchange.

All Limits shall be calculated on a net futures-equivalent basis by product and will include Contracts that aggregate into one or more source Products ("**Combined Contracts**"). Such Products and how they aggregate into a Combined Contract shall be published by the Exchange from time to time.

The Exchange may require compliance with Position Limits and Accountability Levels on a futures-only basis to the source Products into which other Products are combined.

J.3.2 A Person seeking an exemption from Limits shall file a written request in the form required by the Exchange, which shall include:

for the purposes of all Limits:

(a) a description of the size and nature of the exemption sought;

(b) an explanation of the nature and extent of the Person's business and such other information as may demonstrate that the granting of the exemption is consistent with the Rules;

(c) a statement indicating whether the Person on whose behalf the request is made:

(i) maintains positions in the contract for which the exemption is sought with any other Member; or

(ii) has made a previous or contemporaneous request pursuant to the Rules through another Member and, if so, the relationship between the information set forth in such requests;

(d) a statement that the Person will comply with any limitations imposed by the Exchange with regard to such positions;

(e) a statement that the Person will immediately supply the Exchange with a supplemental statement whenever there is a material change to the information provided in the Person's most recent application; and

(f) an agreement to comply with all related Rules;

additionally, for the purposes of Position Limits:

(g) a statement that the intended positions will be either:

(i) bona fide hedges that are economically appropriate and necessary or advisable as an integral part of the Person's business and comply with all Exchange requirements relating to hedging;

(ii) risk management positions as described in Rule J.5; or

(iii) arbitrage or spread positions;

additionally, for the purposes of Expiry Limits:

(h) a statement that:

(i) the intended positions are economically appropriate and necessary or an integral part of the Person's business; and

(ii) the Person will either supply the Exchange with all information it may request in relation to the Person's other related positions, including physical cargoes, over the counter and bilateral swaps positions, and positions held on or cleared by other exchange bodies or Clearing Organisations; or will relinquish the Expiry Limit exemption with immediate effect; and

additionally, for the purposes of Delivery Limits:

(i) a statement that the intended position:

(i) is further to a commercial need for a delivery above the Delivery Limit;

(ii) is consistent with the Person's existing business; and

(iii) can be supported through delivery by the applicant's operational capacity.

J.3.3 Within five Business Days of the submission of the written request and any supplemental information requested, the Exchange shall notify the Person seeking a Limits exemption whether the exemption has been granted and any limitations placed thereon (if applicable). The Exchange may impose such limitations on the approval as are commensurate with the Person's business needs, financial ability and personal integrity, as well as the liquidity, depth and volume of the market for which the exemption is sought. An exemption will remain in full force and effect until the Person requests a withdrawal or the Exchange revokes, modifies or places further limitations thereon.

J.3.4 A Person approved to exceed Position Limits must initiate and liquidate such positions in an orderly manner consistent with sound commercial practices, and must not initiate or liquidate such positions in a manner calculated to cause unreasonable or unwarranted price changes or fluctuations, breach or circumvent the Rules or otherwise impair the good name of the Exchange.

J.3.5 A Person approved to exceed Expiry Limits must notify the Members through whom the Person's positions are held of the existence and duration of such an exemption.

J.3.6 A Person approved to exceed Delivery Limits must notify the Clearing Member through whom it is proposed to make delivery of the existence and duration of such an exemption, and must ensure that its position after expiry and following the submission of all outstanding EFPs is at or below the Delivery Limit or the approved exemption level permitted.

J.3.7 In the event a Person exceeds its Position Limit specifically due to sudden unforeseen increases in its *bona fide* hedging or risk management needs, such Person shall not be considered in breach of the Rules provided that the Person requests a hedge exemption to carry such increased position within one Business Day following the day on which the Person's Position Limit was exceeded, unless the Exchange has expressly approved a later request which may not exceed five Business Days, in each case following the day on which the Position Limit was exceeded and provided further that such exemption is granted by the Exchange.

J.3.8 In the event a Person exceeds its Position Limit specifically due to sudden unforeseen increases in its *bona fide* hedging needs, such Person shall not be considered in breach of the Rules provided that the Member on behalf of such Person requests a hedge exemption to carry such increased position within two Business Days following the day on which the Person's Position Limit was exceeded, provided however that no such request shall be granted during the last three days of trading in an expiring Future.

J.3.9 Nothing contained in this Section J shall in any way be construed to limit the powers of the Clearing House to establish position limits under the Clearing House Rules, regardless of whether such position limits are in addition to or differ from any Limits established by the Exchange.

J.4 BONA FIDE HEDGING POSITIONS

The Exchange may grant exemptions from the Position Limits for positions qualifying as *bona fide* hedge positions.

Bona fide hedging transactions and positions shall mean transactions or positions in a Future or Option, where such transactions or positions normally represent a substitute for transactions to be made or positions to be taken at a later time in a physical market, and where they are economically appropriate to the reduction of risk in the conduct and management of a commercial enterprise, and where they arise from:

(a) the potential change in the value of assets which a Person owns, produces, manufactures, processes, or merchandises or anticipates owning, producing, manufacturing, processing, or merchandising;

(b) the potential change in the value of liabilities which a Person owes or anticipates incurring; or

(c) the potential change in the value of services which a Person provides, purchases or anticipates providing or purchasing.

Notwithstanding the foregoing, no transactions or positions shall be classified as *bona fide* hedging for purposes of the Rules unless their purpose is to offset price risks incidental to commercial cash or spot operations and such positions are established and liquidated in an orderly manner in accordance with sound commercial practices.

J.5 RISK MANAGEMENT POSITIONS

For the purposes of the Rules contained in this Section J, risk management positions are defined as Futures and Options positions which are held by or on behalf of a commercial entity or an Affiliate of a commercial entity, which typically buys, sells or holds positions in the Underlying or forward market, a related cash market, or a related over-the-counter market and for which the underlying market has a high degree of demonstrated liquidity relative to the size of the positions and where there exist opportunities for arbitrage which provide a close linkage between the Futures and Options market and the underlying market in question.

J.6 ARBITRAGE AND SPREAD POSITIONS

The Exchange may grant exemptions from the Position Limits for arbitrage, intra-commodity spread, inter-commodity spread, and eligible Options/Options or Options/Futures spread positions.

J.7 AGGREGATION OF POSITIONS

Subject to Rule J.9, in determining whether a position is a reportable position or any Person has exceeded the Limits published by the Exchange or Limits determined pursuant to an exemption granted by the Exchange pursuant to the Rules, the following shall apply:

(i) all positions in accounts for which such Person by power of attorney or otherwise directly or indirectly holds positions or controls trading, shall be included with the positions held by such Person;

(ii) the Limits upon positions shall apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, the same as if all the positions were held, or the trading of the positions was conducted, by a single Person; and

(iii) if a Person can demonstrate to the satisfaction of the Exchange that a position is independently controlled, then that position will not be considered as contributing to any Limit.

J.8 POSITION ACCOUNTABILITY

J.8.1 A Member who holds or controls, or carries for another Person, aggregate positions in excess of those Accountability Levels specified by the Exchange from time to time in respect of those contracts designated in Rule J.3:

(i) shall provide, in a timely manner upon request by the Exchange, information regarding the nature of the Person's related cash, Futures and Options positions, trading strategy, and hedging information, if applicable (including all relevant documentation, from about the size and purpose of a position or exposure entered into, information about beneficial or underlying owners, any concert arrangements and any related assets or liabilities in the underlying market) and any information required of the Exchange by a Regulatory Authority pursuant to Rule A.3; and

(ii) shall not, when so directed by the Exchange, further increase positions which exceed the levels published by the Exchange; all such positions must be reduced by liquidation, termination or offsetting trades in an orderly manner on a temporary or permanent basis as the specific case may require,

and the Exchange will unilaterally take appropriate action to ensure the liquidation, termination, reduction or offsetting trade if the Member does not comply.

For purposes of this Rule J.8, all positions in accounts for which a Person, by power of attorney or otherwise, directly or indirectly controls trading shall be included with the positions held by such Person. The provisions of this Rule J.8 shall apply to positions held by two or more Persons acting pursuant to an expressed or implied agreement or understanding, the same as if the positions were held by a single Person.

J.8.2 The Exchange may require a Member to provide liquidity back into the market at an agreed price and volume on a temporary basis with the express intent of mitigating the effects of a large or dominant position.

J.9 ENFORCEMENT OF LIMITS

J.9.1 No Member may for itself or any other Person maintain a combination of Futures and Futures Equivalent Contracts which is, or which when aggregated in accordance with Rule J.7 is, in excess of the Limits established by the Exchange.

For the purposes of the Rules contained in this Section J:

(a) the Futures Equivalent Contract of each Option is calculated by reference to the delta ratio published daily by the Exchange; and

(b) a long Future, a long call Option and a short put Option are on the same side of the market; similarly, a short Future, a short call Option and a long put Option are on the same side of the market.

Members are responsible for maintaining their position and their customers' positions within the Limits established or specified by the Exchange pursuant to these Rules. If, however, a Member's or customer's position exceeds Position Limits on any Trading Day due to changes in the deltas of the Option Contract, the Member or customer shall have one Trading Day to bring the position within the limits.

J.9.2 In the event the Exchange learns that a Member or customer maintains positions in accounts with more than one Member such that the aggregate position in all such accounts exceeds the Position Limits established by the Exchange, the Exchange may notify all Members maintaining or carrying such accounts that the aggregate position held across all Members is in excess of the Limits. Such notice may also instruct each such Member to reduce the positions in such accounts twenty-four hours after receipt of the notice, proportionately or otherwise so that the aggregate positions of such accounts at all such Members do not exceed the Limits established by the Exchange, unless as provided by Rule J.9.3 below, a request for an exemption is made and granted by the Exchange pursuant to these Rules. Any Member receiving such notice shall immediately take such steps as may be necessary to liquidate such number of Futures and/or Options as shall be determined by the Exchange in order to cause the aggregate positions of such accounts at such Members to comply with the Position Limits established by the Exchange. Notwithstanding the foregoing, the Members may reduce the positions of such accounts by a different number of Futures and Options so long as after all reductions have

been accomplished at all Members carrying such accounts, the aggregate positions at all such Members and across Combined Contracts complies with the Limits established by the Exchange.

J.9.3 Subject to the foregoing provisions of this Rule J.9, in the event that a Member's position (whether for his Own Business or for the account of a customer) exceeds the limits established by, or ordered by the Exchange, such Member shall liquidate such number of Contracts as the Exchange shall direct in order to eliminate the excess within such time as the Exchange may prescribe and shall report to the Exchange when such liquidations have been completed.

If a Member fails to liquidate such Contracts within the time prescribed by the Exchange, then in addition to any other actions the Exchange may take, the Exchange may take such steps as it may deem necessary or appropriate to liquidate such Contracts on behalf and at the expense of such Member to the extent necessary to eliminate such excess.

J.9.4 Notwithstanding Rules J.9.2 and J.9.3 above, and where in the opinion of the Exchange an excessive position, capable of affecting the Market is developing, or has developed, the Exchange may take any steps as it deems necessary to provide for, correct or check the further increase of such position and may give directions to Members accordingly. Such steps may (without prejudice to the generality of this Rule J.9 and without limitation), if the Exchange considers, extend to trading which occurred before or on the date that such step is instigated.

J.9.5 A Member contravening a direction of the Exchange under this Rule J.9 shall be liable to the same sanctions (including expulsion or suspension from membership) as if a breach of the Rules were committed.

J.9.6 The Exchange may report any breach of Position Limits to the Clearing House in order for the Clearing House to impose further margin requirements or Position Limits under the Clearing House Rules.

J.10 EXCHANGE ACCESS TO POSITION INFORMATION

J.10.1 Without limiting any provision of these Rules, the Exchange shall have the authority to obtain from any Member information with respect to any positions owned, controlled or carried for another Person by such Member or any customer of such Member in any Contract. This authority shall include the authority to obtain information concerning positions maintained in Omnibus Accounts and positions held at other firms, and it shall be the obligation of a Member receiving such an inquiry to obtain such information from its customer. In the event a Member fails to provide the requested information the Exchange, in addition to any other remedy provided in these Rules, may order that the Member liquidate the positions which are related to the inquiry.

J.10.2 The information referred to in Rule J.10.1 may include (without limitation):

(a) information or documentation regarding the size and purpose of any position owned, controlled or carried for another Person;

(b) information regarding the beneficial or underlying ownership of any position;

(c) information regarding any arrangements in place which enable the Member, acting in concert with any other Person(s), to maintain aggregate positions in excess of limits established by the Exchange;

(d) information regarding any related assets or liabilities in the underlying market; and

(e) any other information that the Exchange may require from time to time to comply with its obligations under Applicable Law.

J.10.3 Members shall provide information requested by the Exchange pursuant to Rule J.10.1 within the time limits (if any) specified by the Exchange.

J.11 EMERGENCY POWERS NOT LIMITED

Nothing contained in this Section J shall in any way be construed to limit the emergency powers enumerated elsewhere in the Rules, and, unless the Exchange in taking emergency action states otherwise, any such emergency action shall be effective with respect to all Members and all Persons, regardless of whether an exemption from the Limits has previously been granted pursuant to these Rules.

TRADING PROCEDURES

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SECTION 0: DEFINITIONS

These Trading Procedures are "Trading Procedures" as defined in the ICE Futures Abu Dhabi Limited Rules and are subject to the Rules of ICE Futures Abu Dhabi, including, without limitation, Rules A.1 and A.2.3. These Trading Procedures, and all non-contractual obligations arising out of or in connection with them as between the Exchange and the Members, or such other Persons Subject to the Rules, are governed by and shall be construed in accordance with the laws of Abu Dhabi Global Market.

In these Trading Procedures, the definitions in Rule A.1 will apply and, moreover, the words standing in the first column of the following table shall bear the meanings set opposite them in the second column thereof unless the context otherwise requires:

TERM	DEFINITION
"Closing Prices"	means the prices determined in accordance with Trading Procedure 2.5A for designated Futures Contracts;
"Marker Period"	has the meaning given to the term in Trading Procedure 2.4.12;
"Official Settlement Price"	means the prices determined by the Exchange in accordance with Trading Procedure 2.4.11;
"UTC"	means the Coordinated Universal Time issued and maintained by the timing centres listed in the latest International Bureau of Weights and Measures annual report on time activities; and
"Unofficial Settlement Price"	means the prices determined by the Exchange in accordance with Trading Procedures 2.4.4 to 2.4.10.

SECTION 1: TRADING

1 ACCESS TO THE ELECTRONIC TRADING SYSTEM

1.1 Access by a Member to the ICE Platform may only be obtained during the Trading Hours determined by the Exchange from time to time in accordance with the Rules.

1.2 A Member may access the Trading Server by using the Front End Application provided by the Exchange or by using, where available, any other Front End Application developed by the Member or provided by an ISV which meets all the Conformance Criteria determined by the Exchange from time to time.

1.2.1 A Member shall not enter orders into or make trades through the ICE Platform, or perform any supervisory role except through one or more individuals registered with the Exchange as Responsible Individuals pursuant to Trading Procedure 14.

1.2.2 Trading may also be conducted by other individuals within the Member, provided such individuals are suitably and adequately trained, have any required permissions under Applicable Law in accordance with Rules A.11.1(c) and A.11.1(e) and are registered with the Exchange. These individuals may only submit orders under the ITM(s) of a Responsible Individual registered to the Member and under his supervision.

1.2.3 Trading may also be conducted by a Member's clients (order routing) where access to the ICE Platform is granted by the Member to clients, provided the client orders are submitted under an ITM assigned to a Responsible Individual and under the relevant Responsible Individual's supervision.

1.3 In order to gain access to the ICE Platform for the purpose of entering an order, making a trade or performing a supervisory role, a Responsible Individual must:

(a) be registered by a Member with the Exchange as a Responsible Individual;

(b) use the ITM, log on and use the password allocated to him by the Exchange;

(c) be able to obtain the use of his Member's ICE Platform workstation and to enter orders, make trades or perform a supervisory role in accordance with the ICE Platform User Guide or where the Member uses any other Front End Application in accordance with that Front End Application user guide; and

(d) be registered as is required by Applicable Laws with any relevant Regulatory Authority and have any relevant Authorisation, if applicable.

1.4 [Not used.]

1.5 A Member shall:

(a) establish its trading arrangements such that each Responsible Individual is able to meet the requirements set out in Trading Procedure 1A and that all other relevant obligations contained in the Rules are complied with;

(b) implement suitable security measures such that only those individuals explicitly authorised to trade by the Member may gain access to passwords;

(c) keep the Exchange promptly informed of anything concerning the Responsible Individual which might reasonably be expected to be disclosed to the Exchange (it being noted that this duty shall arise as soon as the Member becomes aware, or has reasonable grounds for believing, that a matter requiring disclosure has arisen);

(d) ensure that any trading access granted to individuals (whether staff of the Member or otherwise), for example by way of order routing systems, is adequately controlled and supervised, including the ability to make appropriate checks before any orders are submitted to the Trading Server; and

(e) in respect of business conducted on the ICE Platform, only operate a Front End Application or order routing system, which complies with the Conformance Criteria determined by the Exchange from time to time, unless with the prior written approval of the Exchange.

1.6 A Member may also access the ICE Platform through individuals who are not Responsible Individuals for the purposes of viewing price data only.

1A THE RESPONSIBLE INDIVIDUAL

1A.1 A Responsible Individual may trade himself and/or be a trading supervisor.

1A.1.1 [Not used.]

1A.1.2 [Not used.]

1A.2 Trading may also be conducted by other individuals within the Member, at the discretion of the Member, provided such individuals are fit and proper, suitable and adequately trained in accordance with Rule A.11.1(c). These individuals may only submit orders under the ITM(s) of a Responsible Individual registered to the Member and under his supervision.

1A.3 Where access to the ICE Platform is granted by the Member to clients (order routing) the Member must ensure that client orders are submitted under an ITM assigned to a Responsible Individual and under the relevant Responsible Individual's supervision.

1A.4 A Responsible Individual must:

(a) pursuant to Rule A.11.1(c), be adequately trained and fully conversant with the Rules and the Contract Terms and Contract Procedures;

(b) be assigned at least one ITM, and a valid password for each, by the Exchange; and

(c) pursuant to Trading Procedure 3.1.4, conduct all telephone conversations on audio logged lines.

1A.5 [Not used.]

1A.6 In the normal course of events, the Exchange will direct all queries in relation to business submitted under his ITM(s) to the Responsible Individual concerned, whether or not the business was actually input directly by him. In this respect, the Responsible Individual must:

(a) have the authority to adjust or withdraw any orders submitted under his ITM(s);

(b) satisfy himself of the competence, fitness, properness and suitability of any person conducting business under his ITM(s) (including and without limitation, whether such person has complied with all the requirements under Applicable Laws in order to trade in Futures and Options over the ICE Platform);

(c) ensure, as far as possible, that all business conducted under his ITM(s) is conducted in accordance with the Rules; and

(d) know, and be willing to disclose to the Exchange, the immediate source of all orders.

1A.7 Subject to paragraph (a) below, the Responsible Individual must be contactable by the Exchange while his ITM(s) is/are in use.

(a) When a Responsible Individual is absent, and therefore not contactable, yet his ITM(s) is/are to continue to be used, the Member must nominate another Responsible Individual to fulfil his role in respect of the relevant ITM(s).

2 TRADING

2.1 Pre-Trading Session for Products other than Options

Prior to commencement of a trading session for a Product other than Options for such period as may be specified by the Exchange, a Member may enter new limit orders into, and may vary or cancel such orders, in the order book held on the ICE Platform workstation. Market orders may not be entered during this pre-trading session.

All limit orders which are designated as active are included in the opening match at the end of the pre-trading session.

Throughout the pre-open session for a Product other than an Option, an uncrossing algorithm will run at such periods as determined by the Exchange and will provide volume and indicative opening prices to all workstations of individuals logged on at that time.

Reasonability checks are performed on such Products other than Options as designated by the Exchange during this period.

2.1A Opening Match for Products other than Options

After the termination of the pre-trading session and before the commencement of the trading session, there will be a transitory state known as the opening match. During the opening match, all outright limit orders input and designated as active during the pre-trading session become active and, where appropriate, trades will result.

The price level and quantity of Products other than Options traded during the opening match are determined by an algorithm determined by the Exchange from time to time. No new orders may be input during the opening match.

2.2 **Commencement of a Trading Session**

2.2.1 The commencement of a trading session for a Product will be indicated by the display of the 'open' indicator in accordance with the ICE Platform User Guide or user guide of any Front End Application used by the Member.

2.3 **Termination of a Trading Session**

2.3.1 The termination of a trading session for a Product will be indicated by the display of the 'closed' indicator in accordance with the ICE Platform User Guide or user guide of any Front End Application used by the Member. No further orders can be entered or trades made until the commencement of the next pre-trading or trading session for such Product as the case may be.

2.3A **Reasonability limits for Products**

The Exchange shall set and may vary a reasonability limit within the Trading Server for each Product beyond which the Trading Server will not execute limit or market orders. The reasonability limit is the amount the price may change in one trading sequence from the last traded price of that Contract Month, or from a price determined by an algorithm in the Trading Server.

An order placed that is outside of the reasonability limit shall be rejected by the ICE Platform in full.

2.4 **Determination of Settlement and Marker Prices**

2.4.1 The Exchange shall determine Unofficial Settlement Prices for all Products in accordance with the settlement price procedures in this Trading Procedure 2.4. The Exchange may, in its discretion, exclude trades from the calculation of Unofficial Settlement Prices if it considers it to be in the best interests of the Market to do so.

2.4.2 Marker prices shall be determined by the Exchange from time to time in accordance with the Marker Price Procedures set out in Trading Procedures 2.4.12 to 2.4.19. The Exchange may, in its discretion, exclude trades from the calculation of Marker prices if it considers it to be in the best interests of the Market to do so.

2.4.3 Prices of EFP, EFS, Block Trades, Basis Trades, EFRPs, Asset Allocations and leg prices from spread trades ("S"), crack trades ("C") and volatility trades ("V") will not be used to determine Unofficial Settlement Prices or Marker prices.

Settlement Price Procedures

2.4.4 The Unofficial Settlement Prices for each Product will be determined from trades made during such period of time ("**designated settlement period**") as may be specified by the Exchange from time to time.

In determining whether the Unofficial Settlement Prices for Products are an accurate reflection of prevailing values the Exchange may take into account:

(a) the number of lots and prices traded on the ICE Platform during the designated settlement period;

(b) the price and volume of bids and offers made during the designated settlement period;

(c) the conduct of trading during the designated settlement period;

(d) observed and reported values of calendar spreads; and

(e) any other factor the Exchange, in its discretion, considers relevant,

and may, in its discretion, disregard any trades, bids or offers in setting the Unofficial Settlement Prices.

2.4.5 In determining the Unofficial Settlement Prices for Options, the Exchange may also take into account any one or more of the following:

(a) any trades in the Contract Month during the course of the Trading Day whether outright or strategy trades;

(b) any bids or offers in the Contract Month during the day whether for strategies or otherwise;

(c) any trades, bids, or offers in the designated settlement period;

(d) assessment of the relevant strategies of previous Trading Days;

(e) the implied volatility of any traded series during the day; and

(f) any other factors they may consider relevant,

and may, in its discretion, disregard any trades, bids or offers in setting the Unofficial Settlement Prices.

2.4.5A [Not used.]

2.4.6 The Unofficial Settlement Price for Products shall be for the designated anchor expiry, the trade weighted average, as detailed in Trading Procedure 2.4.19, of all trades executed in the designated settlement period, subject to Trading Procedure 2.4.7(a) below. The designated anchor expiry shall be the qualifying contract expiry (which for these purposes shall include both Contract Months and Contract Dates) which has traded the highest volume in the designated settlement period, provided that the volume traded during the designated settlement period is equal to or exceeds a level determined by the Exchange from time to time. In the event that no qualifying contract expiry meets this threshold, Unofficial Settlement Prices shall be determined as described in Trading Procedure 2.4.7 below. Qualifying contract expiries are further explained below.

For ICE Futures Abu Dhabi Murban Futures Contract, qualifying contract expiries are the first two expiries.

2.4.7 Where the total number of lots traded during the designated settlement period is fewer than the level determined by the Exchange from time to time, the Unofficial Settlement Price for a Product shall be a price determined by the Exchange taking account of previous Trading Day's settlement prices, bids and offers, spread values during the ICE Platform trading session or provided by market participants, activity in other Products or groups of Products, and/or in a related market, and/or other prices that are recorded by the Exchange or any other factors considered relevant.

(a) If the prevailing bids and offers and trading activity throughout the day are such that using the prices determined in 2.4.6 above would undermine the integrity of the structure of the respective Contract, the Exchange in accordance with Trading Procedure 2.4.5, may, at its discretion, choose to disregard any trades, bids or offers when setting the Unofficial Settlement Prices.

(b) For Options, where no option trades are executed in the designated settlement period, or no option trade has taken place in a particular option series, the Exchange may apply Trading Procedure 2.4.8 below.

2.4.8 In the event Trading Procedure 2.4.7(b) applies, the Unofficial Settlement Prices for an Option shall be determined at the discretion of the Exchange as either:

(a) a price extrapolated from a pricing model (as approved by the Exchange from time to time) which may require the use of quotes provided by market participants; or

(b) a price determined by the Exchange taking account of any of the criteria listed in Trading Procedures 2.4.4 and 2.4.5 above.

2.4.9 If the Exchange is satisfied that the Unofficial Settlement Prices so determined are an accurate reflection of prevailing values for all Contract Months, these shall be displayed on the ICE Platform as the Unofficial Settlement Prices.

2.4.10 If the Exchange is not satisfied that the Unofficial Settlement Prices so determined are an accurate reflection of prevailing values of one or more Contract Months, it may consult market participants (who may or may not be Members) before the Unofficial Settlement Prices are displayed on the ICE Platform. The Exchange alone will make the final decision as to the determination of the Unofficial Settlement Prices.

2.4.11 After the display on the ICE Platform of the Unofficial Settlement Prices for a Product, or the corrected Unofficial Settlement Prices amended in accordance with Trading Procedures 2.4.17 and 2.4.18, and within such a period of time as may be published by the Exchange from time to time, such prices shall be communicated to the Clearing House forthwith and shall become the Official Settlement Prices or Exchange Delivery Settlement Prices for such Product.

Marker Price Procedures

2.4.12 Marker prices for each Marker will be determined from trades made during such period of time ("**Marker Period**") as may be specified by the Exchange from time to time.

In determining whether the Marker price for each Marker is an accurate reflection of prevailing values the Exchange shall take into account:

(a) the number of lots and prices traded on the ICE Platform during the Marker Period;

(b) the price and volume of bids and offers made during the Marker Period;

(c) the conduct of trading in the Marker Period; and

(d) any other factor the Exchange, in its discretion, considers relevant.

2.4.13 Subject to the Exchange's discretion in determining the Marker in accordance with Trading Procedure 2.4.12 above, the Marker price shall be:

(a) where the total number of lots traded during the Marker Period is equal to or exceeds a level determined by the Exchange from time to time, the trade weighted average as detailed in Trading Procedure 2.4.19 below; or

(b) where the total number of lots traded during the Marker Period is fewer than the level determined by the Exchange from time to time, the Exchange may take into account prevailing spread values.

2.4.14 If the Exchange is satisfied that the Marker prices so determined are an accurate reflection of prevailing values for all Marker months, these shall be published as the Marker prices.

2.4.15 If the Exchange is not satisfied that the Marker prices so determined are an accurate reflection of prevailing values of one or more Marker months, it may consult market participants (who may or may not be Members) before the Marker prices are published. The Exchange alone will make the final decision as to the determination of the marker prices.

2.4.16 Subject to any objections or amendments made in accordance with Trading Procedures 2.4.17 and 2.4.18, the Marker prices, as published, are final.

Settlement or Marker Price Objections and Amendments for all Products

2.4.17 Any objections to an Unofficial Settlement Price or Marker price must be made to the Exchange within a specified time period (as may be determined by the Exchange from time to time) after publication or on display on the ICE Platform. Any objections will be settled forthwith by the Exchange before confirming or amending the Unofficial Settlement Price or Marker price. The Exchange alone will make the final decision as to the determination of the Official Settlement Prices, Exchange Delivery Settlement Prices or Marker prices.

2.4.18 No amendment to an Official Settlement Price, Exchange Delivery Settlement Price or Marker price may be made without the express approval of the Exchange.

Trade Weighted Average Calculation

2.4.19 The trade weighted average is calculated as follows:

(a) multiply the number of trades at each price by that price;

(b) add together the resulting aggregate figures;

(c) divide the total from paragraph (b) by the total number of trades in paragraph (a); and

(d) round up or down to the nearest tick level (when exactly halfway, round up: e.g. $592.375 would be rounded up to $592.50) for Contracts with a tick of one dollar cent.

Example: if 60 Contracts at $592.25 then, for Contracts with a tick of 25 dollar cents, 180 Contracts at $594.00 and 40 Contracts at $594.25, the trade weighted price will be $593.66, which is then rounded up to $593.75.

2.5 **'Settlement' Trades**

2.5.1 The Exchange may, by Circular, determine from time to time those Products and Contract Months for which Members may execute trades at the settlement price determined by the Exchange or at a settlement (or closing) price provided by a price reporting agency (PRA) ("**settlement trade**"), and the trading hours of each Product during which Members may execute trades at the applicable settlement price.

2.5.2 The Exchange may also designate Products and Contract Months where Members may execute trades at a premium or discount to the settlement price determined by the Exchange or the settlement (or closing) price provided by a PRA, as applicable. When designating such Products and Contract Months the Exchange may limit the permissible trading range around the applicable settlement price within which trades may be executed. The Exchange may vary this trading range at any time with immediate effect.

2.5.3 Settlement trades are executed on the ICE Platform at a price of zero representing the settlement price. For those Products and Contract Months where it is permitted to trade at a premium or discount to the applicable settlement price, the price of such settlement trades will be prefixed by a plus or minus sign as appropriate. For example, settlement trades executed at +1 cent will be at a premium of 1 cent to the settlement price while those executed at -1 cent will be at a discount of 1 cent to the applicable settlement price.

2.5.4 Settlement trades appear in the ICE Clearing Systems with the previous Trading Day's settlement price as representing the settlement price for that Trading Day. These prices are replaced by the Exchange with the Official Settlement Prices, the Exchange Delivery Settlement Prices (once determined) or the settlement (or closing) price provided by the PRA (as applicable). In the event that the settlement (or closing) price provided by the PRA is not available, the price may be replaced by the Exchange with the Official Settlement Price. Prices will be adjusted appropriately where a trade has been executed at a premium or discount to the applicable settlement price.

2.5.5 Members may not amend the price of a settlement trade.

2.5A **Closing Prices for Designated Futures Contracts**

2.5A.1 Following market close, the Exchange will declare Closing Prices for designated Futures Contracts, which will be determined by the ICE Platform, during the last thirty seconds of trading (known as the Closing Range). However, the Exchange will also monitor market activity in the time period after calculation of settlement prices, and throughout the Trading Day, and may correct or amend Closing Prices to ensure they are a fair reflection of the market. The Exchange shall designate by notice posted on the Market those Futures for which Closing Prices shall be determined.

2.5A.2 Once determined, Closing Prices will be transmitted to market participants. Closing Prices are not Unofficial Settlement Prices, Official Settlement Prices or Exchange Delivery Settlement Prices, which are transmitted at a different time.

2.6 [Not used.]

2.7 [Not used.]

2.8 [Not used.]

3 ORDERS

3.1 **Order Slips and Records of Trades**

3.1.1 (a) A Member is responsible for ensuring that an order received from a client for execution or registration (including an order for Block Trades, EFPs, EFSs, Basis Trades, EFRPs and Asset Allocations) during a trading session for a Product on the ICE Platform (whether such order is received before or in the course of a trading session on the ICE Platform) is recorded on an order slip or entered into an electronic order system or submitted through an order routing system or Front End Application as soon as received.

(b) Order slips must be time-stamped on a time-stamping machine unique to that Member or the time of all orders must be recorded electronically immediately upon receipt. The time-stamp or electronic recorder must be at all locations where orders are received.

(c) In the case of entering orders into an order routing system or Front End Application the Member must ensure that there is an adequate audit trail of submission of orders to the Trading Server.

3.1.2 The written order slip or electronic record of an order must contain the following information:

(a) Member identification;

(b) identity of individual submitting the order to the Trading Server and the ITM under which it is submitted;

(c) identity of the individual completing the order slip or electronic record of an order;

(d) client identification/reference (a code is sufficient);

(e) buy/sell;

(f) volume;

(g) contract code;

(h) put/call and exercise price (if applicable);

(i) delivery/expiry month;

(j) price, price limit, or price range;

(k) any special instructions (including, without limitation, whether the order is a Block Trade order, an EFP/EFS order, a Basis Trade order, an EFRP order or an Asset Allocation order);

(l) strategy type indicator (if applicable);

(m) order type (e.g. market; limit; stop); and

(n) date and time stamp of order receipt; order entry and of every alteration.

Records for electronic orders must include all of the above information, and also include the following:

(o) Clearing Member identification;

(p) Futures or Option indicator;

(q) order identification;

(r) deal identification;

(s) authorised trader tags;

(t) clearing account name or code;

(u) if a reserve quantity order, the reserve quantity; and

(v) memo field (to include additional account information where applicable).

Every alteration to the order (including withdrawal or cancellation) shall be time-stamped or recorded electronically. All time stamps must be recorded to the highest level of precision provided.

Members must also ensure that all trade records contain, at a minimum, the above information.

Additional information may be required to be recorded from time to time in accordance with Rule G.16.6.

Members must ensure that where they operate any electronic system which submits orders directly to the ICE Platform (e.g. order routing systems or Front End Applications) their systems arrangements are compatible with the Exchange requirements for orders and meet the Exchange's Front End Applications Conformance Criteria.

3.1.3 The order slip or electronic record of the order together with the relevant ICE Platform trade records must be retained by the Member for a minimum period of seven years after the date of the transaction.

3.1.4 Without prejudice to any obligation applicable to a Member under Applicable Law, Members shall ensure that any telephone line used for the receipt or giving of orders is tape recorded and that all recordings are kept for a minimum period of six months, unless the Member can satisfy the Exchange that, given the nature and extent of its business conducted on the Exchange, compliance with these tape recording and storage obligations would be disproportionate and unduly burdensome.

3.1.5 In the case of Block Trades, Basis Trades, EFPs, EFSs, EFRPs and Asset Allocations, Members must record the time of verbal agreement of the terms of the trade between the parties to the trade and the name of the person who agreed the trade off-exchange (the cleared part of which being subject to a Contingent Agreement to Trade).

3.2 **Input, Cancellation and Variation of Orders**

3.2.1 All orders (except Block Trade orders) shall be entered into the ICE Platform in accordance with and in a form permitted by the Rules and in the manner set out in the ICE Platform User Guide, or user guide of any approved Front End Application used by the Member.

3.2.2 Orders entered into the ICE Platform may only be activated, (including reactivated), deactivated, cancelled, withdrawn or varied prior to the execution of the same in accordance with and in a form permitted by these Trading Procedures and the ICE Platform User Guide, or user guide of any Front End Application used by the Member, or in such other manner or circumstances as the Exchange may determine from time to time.

3.2.3 Activated orders will be held in a queue for execution in price and time priority in accordance with Trading Procedure 3.8.2.

3.2.4 The Exchange shall from time to time implement such systems and procedures as it considers appropriate to require that Responsible Individuals who have entered orders into the ICE Platform shall promptly advise the Exchange in the event that information relating to such orders or any trades resulting from the execution of any such order is not displayed or is displayed erroneously.

3.2.5 Where a Member is experiencing technical difficulties, the Exchange may delete orders in the order book held in the ICE Platform at the relevant Member's request, on a best endeavours basis and at the Exchange's discretion.

3.2.6 The Exchange shall have the power to impose the following arrangements in order to prevent disorderly trading and breaches of capacity limits:

(a) limits per Member of the number of orders sent per second;

(b) mechanisms to manage volatility; and

(c) pre-trade controls.

3.2A **Pre-trade Controls**

3.2A.1 The Exchange shall have the power to set the following pre-trade controls adapted for each financial instrument traded on the Exchange:

(a) price collars, which automatically block orders that do not meet pre-set price parameters on an order-by-order basis;

(b) maximum order value, which automatically prevents orders with uncommonly large order values from entering the order book by reference to notional values per financial instrument; and

(c) maximum order volume, which automatically prevents orders with an uncommonly large order size from entering the order book.

3.2A.2 Such limits and controls may be adjusted at any time. Orders may be rejected if a limit or control is breached, unless agreed otherwise by the Exchange upon the request of a Member.

3.3 **Validity of Orders**

3.3.1 A Member's order entered in the ICE Platform will remain valid:

(a) until accepted in full in accordance with these Trading Procedures (in the event of acceptance of part of an order, the size of the order will be correspondingly reduced);

(b) until deactivated or withdrawn by the Member;

(c) until the price, volume or contract date of such order is varied by the Member creating a new order;

(Note: an increase in volume will constitute a new order; a decrease in volume will retain the time and price priority of the original order.)

(d) if it is entered under the ITM of an individual registered as a Responsible Individual authorised to conduct business on the ICE Platform;

(e) until the order is deactivated at the end of the trading session for a Product or the order is cancelled as a result of a condition attached to the order;

(f) unless it is cancelled by the Exchange under Trading Procedures 3.9 or 3.11; and

(g) unless it is an order for a Product for which the Member is not the holder of the necessary Trading Privilege.

3.4 **Types of Orders**

3.4.1 Bids and offers may be entered into the ICE Platform. The ICE Platform recognises and processes "limit" and "market" orders as set out in the ICE Platform User Guide, or user guide of any Front End Application used by the Member and any other order type as advised by the Exchange from time to time. Where no order type is specified, the order is treated as a Limit Order.

3.5 **Disclosure of Size (Reserve Quantity)**

3.5.1 Any person with access to the Market may specify a maximum disclosure volume to be shown to the Market for an order enabling the order to be released gradually without revealing the full size. The unrevealed part of the order is released only when the first part of such order is completely filled. When each portion of the order is released it is placed in its entirety at the end of the order priority queue.

3.6 **Restrictions of Orders**

3.6.1 Where a Member receives from a single client matching or partly matching orders (which are not Block Trade, EFP, EFS, Basis Trade, EFRP or Asset Allocation orders) to both buy and sell a number of contracts at the same price level, the Member shall immediately enter both bid and offer orders but cannot guarantee that the orders will both be executed as other orders in the system may have time priority. The Exchange is not a 'held'

market and Members cannot be called upon to provide an execution for their clients merely on the basis that market prices reached or surpassed the level of an order.

3.6.2 Members are required to enter matching orders in accordance with Rule G.6A.

3.7 **Priority of Orders**

3.7.1 Any person with access to the Market, including a Member, must at all times and in the best interests of his clients, treat his clients fairly and act fairly as between his clients.

3.8 **Order Execution and Recording of Trades**

3.8.1 Every trade made on the ICE Platform shall be executed in accordance with and in a form permitted by the Rules, as set out in the ICE Platform User Guide, or user guide of any Front End Application used by the Member, and any direction, order or other procedure issued or implemented by the Exchange from time to time.

3.8.2 A trade is executed in the ICE Platform on the basis of price/time priority, i.e.:

(a) (i) one order is a bid and the other an offer;

(ii) the two orders are for the same Product and Contract Date;

(iii) the price of the bid (offer) order equals or is greater (lesser) than the price of the offer (bid); and

(iv) all orders entered and activated are queued by time of entry or amendment and matched on a first-in-first-out price and time priority basis.

(b) [Not used.]

3.8.3 Should orders entered by either a single Responsible Individual of a Member or different Responsible Individuals registered to the same Member match and a trade results, then that Member shall be deemed to have transacted a Cross Trade.

3.8.4 Details of each trade made on the ICE Platform by a Member will be recorded by the Exchange and confirmation of the trade will be displayed on the ICE Platform for each Member party to the trade and such trade shall be transmitted to the ICE Clearing Systems.

3.8.5 The Exchange shall from time to time implement, in consultation with the Clearing House, procedures to ensure that trades which are made on the ICE Platform are reported to the Clearing House for clearing.

3.8.6 Failure of the ICE Platform to broadcast any message in respect of an order book, order or any part thereof, or a trade made on the ICE Platform shall not invalidate any trade recorded by the Exchange.

3.8.7 In the event that the ICE Platform or any part of the ICE Platform fails, the Exchange's determination that a trade has or has not been made on the ICE Platform shall be conclusive and binding. Such determination shall be made by the Exchange. This is without prejudice to the right of the Clearing House to treat a Contract as void or voided or to take other actions pursuant to the Clearing House Rules.

3.9 **Cancellation of Trades**

3.9.1 The Exchange may, on the suspension of a Product from trading on the Market under the Rules, cancel or amend any executed trades for such Product which were made on the ICE Platform. The Exchange may, in accordance with Section D of the Rules, cancel any order for a Product in the ICE Platform which is awaiting execution or cancel any trade in respect of a Product made on the ICE Platform. The Clearing House may take similar action under the Clearing House Rules in respect of any affected Contract.

3.9.2 The Exchange may cancel immediately, as an emergency measure, any order for a Contract in the ICE Platform which is awaiting execution or cancel any trade in respect of a Contract made on the ICE Platform in the following circumstances:

(a) upon request of a Member, or of the Sponsored Access client where the Member or Sponsored Access client is technically unable to delete its own orders;

(b) upon request of the clearing member used by the Member;

(c) upon request of the Clearing House;

(d) where the order book contains erroneous duplicated orders;

(e) following a suspension of the Member initiated by either the Exchange or a Regulatory Authority; or

(f) in case of malfunction of the Exchange's mechanisms to manage volatility or of the operational functions of the ICE Platform.

3.9.3 In exceptional circumstances, the Exchange may cancel, vary or correct any transaction.

3.9.4 Once a bid or offer has been matched in whole or in part and gives rise to a trade there is no right of withdrawal subject to Trading Procedure 3.11 below.

3.9.5 Where one or more legs of a strategy trade are deemed to have taken place at an unrepresentative price the Exchange may adjust the prices of the entire strategy trade.

3.10 **Spread and Strategy Trading**

If a Person with access to the Market wishes to quote or trade a spread, or in the case of an Option, if a trader wishes to quote or trade a strategy, he must do so in accordance with the ICE Platform User Guide, or user guide of any Front End Application used by the Member, and adhere to the Rules.

Members may execute strategies comprising combinations of Contracts (including, without limitation, a combination of Options and Futures). A separate market will be created for each strategy where one or more RFQs have been submitted to the ICE Platform and, with regard to delta neutral strategy orders, for each order with a different option price(s) or delta details. All strategy trades, unless otherwise specified, must, for each side, comprise a single order or aggregate of orders which result in the same client or account trading each element of the relevant strategy.

A Member is not permitted to create a new delta neutral strategy market unless there is a genuine need to do so. For the avoidance of doubt, a Member must not create a new delta neutral strategy market in order to avoid his order(s) being entered to, and thereby interacting with, a delta neutral strategy market with almost identical characteristics which has already been created. Furthermore, a Member must not submit orders to the delta neutral market with the intention of securing a non-delta neutral transaction.

3.11 **Validity of Trades**

3.11.1 **Invalid Trade**

Notwithstanding the reasonability limit, where applicable, a Contract made or purported to be made on the ICE Platform may be declared invalid by the Exchange in the circumstances set out below.

(a) **Unrepresentative price**

Where the Exchange determines that a trade has taken place at an unrepresentative price, it may declare that trade invalid at its discretion.

Criteria which may be taken into account when determining whether a trade should be invalidated include, without limitation the following:

(i) price movement in other contract periods of the same Product;

(ii) current market conditions, including levels of activity and volatility;

(iii) time period between different quotes and between quoted and traded prices;

(iv) information regarding price movement in related Products, the release of relevant news just before or during an ICE Platform trading session;

(v) manifest error; or

(vi) proximity of the trade to the close of the trading session.

(b) **Breach of the Rules**

Where the Exchange determines that a trade has been made in breach of the Rules, it may declare that trade invalid.

(c) **Disputes**

A trade may be declared invalid pursuant to Rule G.15 and Trading Procedure 11.

(d) **Exceeding volume and price thresholds**

A trade may be declared invalid if it exceeds pre-determined volume and price thresholds, as set by the Exchange from time to time, or is clearly erroneous.

3.11.2 **Deletion of a Trade**

An invalid trade will be removed from the ICE systems, may be removed from the Trading Server and may be displayed in the ICE Platform as a deleted trade. As regards the Clearing House, an invalid trade takes effect as a Contract of opposite effect to the original Contract arising as a result of the invalid trade, if that original Contract has already been accepted for clearing.

3.11.3 **Notification to Member**

When a trade is declared by the Exchange to be an invalid trade and is deleted from the ICE systems, the parties to the trade will be notified by the Exchange of that fact and a message will be broadcast on the ICE Platform announcing the Contract, Contract Date and price level of the invalid trade.

3.12 [Not used.]

4 ICE PLATFORM MARKET NOTICES AND DISPLAY OF OTHER MESSAGES

4.1 An ICE Platform Market Notice shall be broadcast on the ICE Platform.

4.2 Members may be notified of other Market related information by electronic display of a message on the ICE Platform or by Circular. Any such information displayed on the ICE Platform shall have effect at the time it is transmitted by the Exchange or at such time as may be stated in the message. The validity and effect of such information shall not be diminished or delayed solely by it being temporarily deleted from display on one or more ICE Platform workstations or delayed, whether by reason of any equipment, communications or otherwise.

4.3 Members will be notified of the price and volume of a Block Trade by electronic display of a message on the ICE Platform.

5 RESPONSIBILITIES OF THE EXCHANGE

5.1 The Exchange shall be entitled to:

(i) monitor the activity on the ICE Platform to ensure that trading is carried out in accordance with these Trading Procedures;

(ii) input corrections as specified in Trading Procedure 3.9 or pursuant to Trading Procedure 8.5;

(iii) activate/deactivate login permissions and IT systems access of Members or any of their Responsible Individuals;

(iv) report potential breaches of the Rules to the ARC Committee or Regulatory Authorities;

(v) calculate, correct or amend the settlement prices;

(vi) determine, delete and notify Members in respect of an invalid trade in accordance with Trading Procedure 3.11;

(vii) determine whether the price of a trade executed at an unrepresentative price may be adjusted and notify Members of such action in accordance with Trading Procedure 3.11; and

(viii) exercise any other right or responsibility as may be prescribed from time to time by the Exchange.

6 THE ICE PLATFORM BACK UP FACILITIES

6.1 In the event of a failure of one or more of a Member's ICE Platform workstations or failure of the supply of the ICE Platform to one or more of the Member's ICE Platform workstations for any reason, the Member should consider taking appropriate steps to trade via another Member who has access to the ICE Platform to execute business which it would have conducted on the ICE Platform had it been able to use its own ICE Platform workstation. Members shall be responsible for ensuring that appropriate back-up arrangements are established for such purposes, should they become necessary.

Note: A Trade Participant may not provide this service for another Member.

7 AUTHORISED CORRECTION AND ADJUSTMENT OF TRADES

7.1 In exceptional circumstances, trades which are the subject of a trading dispute or otherwise, may be processed through the ICE Clearing Systems directly by Exchange staff following the directions of the Exchange.

SECTION 2: GENERAL PROVISIONS

8 TRADING CONDUCT

8.1 **Withholding Client Orders**

8.1.1 A Member, or Person Subject to the Rules, as appropriate, must neither withdraw nor withhold (except in accordance with Trading Procedure 3.5 above and Rule G.8) a client's order in whole or in part. A Member, or Person Subject to the Rules, as appropriate, shall not procure another Member to act in contravention of this procedure.

8.1.2 A Member, or Person Subject to the Rules, as appropriate, shall not deliberately delay the reporting of an executed trade to a client.

8.1.3 It shall be an offence for a Member to represent to a client that it has entered into a Contract executed otherwise than in accordance with the Rules.

8.2 **Execution of Client Orders**

8.2.1 A Person with access to the Market, Member or Person Subject to the Rules, as appropriate, shall not inform a client that it has executed a Corresponding Contract unless he has already made on the Market a matching Contract as set out in Rule C.6.2(a).

8.3 **Pre-Arranged Trades**

8.3.1 A Member or Person Subject to the Rules shall not pre-arrange a trade unless it is an EFP or EFS (including, for the avoidance of doubt, an EFP or EFS entered on ICE Block by an ICE Block Member) posted in accordance with Rule F.5, and Section 3 of these Trading Procedures, a Basis Trade or EFRP (including, for the avoidance of doubt, a Basis Trade or EFRP entered on ICE Block by an ICE Block Member) posted in accordance with Rule F.5C and Section 3 of these Trading Procedures, an Asset Allocation (including, for the avoidance of doubt, an Asset Allocation entered on ICE Block by an ICE Block Member) posted in accordance with Rule F.5D and Section 3 of these Trading Procedures or a Block Trade registered and posted in accordance with Rule F.7 and Section 4 of these Trading Procedures.

8.4 **Abuse of Client Orders**

8.4.1 A Member must not take advantage of a client's order for its own benefit, the benefit of another Member or the benefit of a Member's Representative.

8.5 **Error Correction Facility**

8.5.1 Where there has been an error in the execution of a client order or in the reporting thereof by a Member, the Exchange may make available to the Member an error correction facility (the "**Error Correction Facility**") in order to resolve the error and ensure that the interests of the client are protected. The Clearing House may take similar action under the Clearing House Rules in respect of any affected Contract.

8.5.2 In order to obtain Exchange authorisation of a trade to correct the error ("**error correction**"), the Member must deliver to Market Operations an error correction declaration form signed by a Member's Representative duly authorised for this purpose (the "**Error Correction Declaration Form**"). The Error Correction Declaration Form shall confirm the details of the error and, where applicable, confirm that any improvement in price has been offered to the client.

8.5.3 The Member may also be required to provide further information to demonstrate to the satisfaction of the Exchange that:

(a) a client order was received and an attempt made, or the intention existed, to execute the order on the ICE Platform; and

(b) the client was erroneously informed that the order has been successfully executed (in whole or in part) (i.e. either there was a mistaken belief that a trade had been executed which satisfied the client order or a trade had been executed but it differed from that reported to the client).

8.5.4 An error correction may be submitted for authorisation in circumstances where:

(i) a trade has been executed at a better price than that reported to the client, but the client has declined the improvement (in part or in full) (if the Member had originally traded a wrong Contract Month or exercise price, only the net improvement, if any, would need to be offered to the client);

(ii) a trade has been executed at a worse price than that reported to the client; or

(iii) a trade has been executed in the wrong direction, (i.e. an order to buy has been erroneously executed as a sell trade (or vice versa)), Contract Month, exercise price or Product, but were a correct trade to be executed at the current market price it would be at a worse price than that reported to the client.

If either no trade has been executed, or a trade has been executed in the wrong direction, Contract Month or Product, but were a correct trade to be executed at the current market price it would be at a better price than that reported to the client, such a trade must be executed on the ICE Platform.

8.5.5 Authorisation of an error correction is at the discretion of the Exchange.

8.5.6 Authorisation of an error correction by the Exchange does not preclude the Exchange from instigating disciplinary proceedings in the event that the trade is subsequently found to have been executed other than in compliance with the Rules or related requirements.

9 REGISTRATION OF BUSINESS

9.1 An EFP or EFS registered pursuant to Rule F.5 and Section 3 of these Trading Procedures, a Basis Trade or EFRP registered pursuant to Rule F.5C and Section 3 of these Trading Procedures, an Asset Allocation registered pursuant to Rule F.5D and Section 3 of these Trading Procedures, a Block Trade registered pursuant to Rule F.7 and Section 4 of these Trading Procedures and a Contract made on the ICE Platform, must be assigned to an account, claimed or allocated to another Member within thirty minutes of receipt in the ICE systems.

9.2 Allocations and account assignments on the ICE systems must be promptly attended to in order that any discrepancies may be resolved shortly after the trade is received. The processing of the trade, including allocation, claim and assignment should be completed within thirty minutes of trade execution on the ICE Platform or direct input of a matched EFP, EFS, EFRP, Basis Trade, Asset Allocation, Contingent Agreement to Trade or Block Trade into the ICE systems.

The Exchange may, at its discretion, vary the time by which Members must complete the processing set out in Trading Procedure 9.1 and/or above where the closure of the ICE systems is less than thirty minutes after the close of trading on the ICE Platform. In such an event, the variance and the circumstances leading to the variance will be notified in advance to Members.

9.3 Members must ensure that at least one Member of staff with authority to resolve misallocations or deal with other registration, trading, clearing or settlement issues remains on duty until thirty minutes after the close of trading of a Product on the ICE Platform for that Trading Day.

10 [NOT USED.]

10A [NOT USED.]

11 TRADE INVESTIGATIONS

Commencement of Investigation

11.1 The Exchange may, in its discretion, investigate a Matched Transaction or a Contract (for the purposes of Trading Procedure 11, "**trade**") where:

(a) a market participant (who may or may not be party to the trade) disputes the price of a trade made or alleged to have been made on the ICE Platform, and has notified the dispute to the Exchange within such period of time as published by the Exchange from time to time in accordance with Rule G.15; or

(b) the Exchange determines that a trade may have been made on the ICE Platform at an unrepresentative price, and where no such notification has been received from a market participant.

11.2 These investigation procedures may be varied at the Exchange's discretion depending on the circumstances under which an investigation of a trade made or alleged to have been made on the ICE Platform is commenced.

11.3 The Exchange shall not investigate a trade when a dispute has been notified by a market participant in respect of the volume only. In such an event, the trade may be referred to the Exchange, which may, in accordance with Rule C.12, make such further enquiries as to the validity of the trade or refer the matter to the ARC Committee if it forms the provisional conclusion or determines that there has been a breach of the Rules, or under exceptional circumstances, such trade may, at the discretion of the Exchange, be cancelled.

Final determination by the Exchange

11.4 On conclusion of an investigation where the Exchange determines that the trade under investigation, or any such consequential trades, were executed at an unrepresentative price, the Exchange may, in its discretion:

(a) adjust the price of the trade under investigation and consequential trades to a price that the Exchange evaluates as fair market value at the time of execution, plus or minus the No Cancellation Range (as defined in Trading Procedure 11.6) for that Contract;

(b) cancel the trade under investigation and any such consequential trades; or

(c) let the trade under investigation and any such consequential trades stand.

If the Exchange determines that the price of the trade under investigation or any such consequential trades is to be adjusted, the adjusted price may be:

(i) outside the terms of the Limit Order for which the trade under investigation or any such consequential trades were executed, and, in such instances, the adjusted price shall be applied to the Limit Order despite being outside the order terms; or

(ii) below the stop price of a buy Stop Order or above the stop price of a sell Stop Order, and, in such instances, the adjusted price shall be applied to the Stop Order despite the fact that the trade price sequence after any price adjustments would not have elected the Stop Order.

11.5 As soon as reasonably possible on making such a determination, the Exchange will notify:

(a) the Market, which may be via a notice on the ICE Platform or by Circular;

(b) the counterparties to the trade under investigation;

(c) the party disputing the price of the Contract;

(d) the Clearing House, with a request of how to adjust or cancel any cleared Contracts; and

(e) any other counterparty (who may or may not be a Member or a Member's Representative).

Defined No Cancellation Range

11.6 The Exchange shall publish from time to time parameters above or below an Exchange set anchor price or reasonability limits for each Contract between which a trade under investigation, under normal circumstances, may not be cancelled or the price of such trade under investigation may not be adjusted. Such parameters shall be termed a 'No Cancellation Range'. The Exchange may, in exceptional circumstances and at its discretion, determine that a trade under investigation which falls within the No Cancellation Range shall be cancelled.

Factors Considered when Investigating a Trade

11.7 When determining whether a trade under investigation has been made at an unrepresentative price, the Exchange may take into account criteria which include but are not limited to:

(a) price movement in other contract months of the same contract;

(b) current market conditions, including levels of activity and volatility;

(c) time period between different quotes and traded prices;

(d) information regarding price movement in related contracts;

(e) the release of economic data or other relevant news just before or during electronic trading hours;

(f) manifest error;

(g) number of parties potentially impacted by the investigation;

(h) whether another market participant relied on the price; or

(i) any other factor that the Exchange, in its discretion, considers relevant.

The Exchange, in its discretion, may consult with market participants, which are not party to the trade under investigation or party to any consequential trades, when determining whether the trade has been made at an unrepresentative price.

Consequential Trades

11.8 The Exchange may also determine:

(a) whether any trades resulting from the triggering of contingent orders, or resulting in spread trades, should be cancelled; or whether the price of such trades should be adjusted; and

(b) whether a market participant relied on the price of the trade to execute subsequent orders, and whether such trades should be cancelled or the price of such trades be adjusted.

The Exchange shall consider situations involving consequential trades on a case by case basis.

11.9 Where trades are executed after the Market has been notified that a trade is under investigation which is subsequently cancelled, or the price of the trade under investigation is adjusted, such trades, under normal circumstances shall not be cancelled nor shall the prices be adjusted. However, if the price of the trades in such instance is disputed or the Exchange determines that the trades have been made at an unrepresentative price, the Exchange will investigate the trades in accordance with these investigation procedures.

11.10 Nothing in this Trading Procedure 11 shall preclude the Exchange from instigating disciplinary proceedings in the event that a trade is found to have been executed other than in compliance with the Rules or related requirements.

12 [NOT USED.]

13 EMERGENCY PROCEDURES

13.1 In the event of a failure of the ICE Platform or any part thereof the Exchange shall be entitled to activate certain emergency procedures, including, without limitation, as set out in Rule G.14 and Rule I.15.

14 RESPONSIBLE INDIVIDUAL REGISTRATION PROCEDURES

Number of ICE Platform Trading Staff

14.1 A Member must register at least one Responsible Individual with the Exchange in order to access the ICE Platform to conduct Exchange business.

14.2 A Member must ensure it has a sufficient number of Responsible Individuals for the nature and scale of business conducted.

General Registration

14.3 A Member must register with the Exchange all staff that are required to work as Responsible Individuals.

The compliance officer of a Member, or other appropriate Member's Representative, wishing to register a Responsible Individual must no later than three Business Days before the intended starting day:

(i) submit a completed Responsible Individual Registration Form; and

(ii) confirm in writing any Authorisation of the individual (if applicable) and the Member firm to which he is registered,

to the Exchange.

The Exchange will notify the compliance officer of the Member (or other appropriate Member's Representative) when the individual has been registered as a Responsible Individual. The Member must notify the Responsible Individual of his password, ITM (s) and login details and the date from which he may access the ICE Platform to conduct Exchange business.

14.4 **De-registration**

A Member must de-register all staff who are no longer required to work as Responsible Individuals or who leave their employment.

The compliance officer of a Member (or other appropriate Member's Representative) who wishes to de-register a Responsible Individual must:

(a) before the intended de-registration day give prior written notice of the de-registration to the Exchange; and

(b) in the event that a Member requires immediate de-registration of a Responsible Individual, (other than under Trading Procedure 14.5) and prevention of that Responsible Individual's access to the ICE Platform to conduct Exchange business, the compliance officer of the Member (or other appropriate Member's Representative) requiring such action must notify the Exchange in writing of such request.

The Exchange will advise the Member of the de-registration being completed, who must then take all necessary steps to prevent such Responsible Individuals access to the ICE Platform to conduct Exchange business, as soon as reasonably practicable.

Transfer of Registered Responsible Individual

14.5 Where an individual is registered as a Responsible Individual but wishes to transfer from one Member to another, the individual will not be permitted to work as a Responsible Individual for the new Member until:

(a) his former Member has de-registered him in accordance with Trading Procedure 14.4 above; and.

(b) the new Member has provided the information set out in Trading Procedure 14.3 above to the Exchange no later than two Business Days before the proposed transfer date.

15 QUALIFICATION TO TRADE

15.1 Individuals who wish to conduct business on the ICE Platform must be registered as Responsible Individuals in accordance with the Responsible Individual Registration Procedures pursuant to Trading Procedure 14 or be under the supervision of a Responsible Individual.

Members must have adequate arrangements to ensure that all staff involved in the conduct of business on the ICE Platform are adequately trained and fully conversant with the Rules.

The Exchange may institute such examination in such form as it sees fit and may require that the passing of such exam shall be a pre-condition to the registration or continued registration of a Responsible Individual.

15A [NOT USED.]

15B BUSINESS CLOCK SYNCHRONISATION

15B.1 All Members shall synchronise the business clocks or systems they use to record the date and time of all trading activities and transactions with UTC.

15B.2 If a Member elects to synchronise its business clock or systems with UTC disseminated by a satellite system, it shall ensure that any offset from UTC is accounted for and removed from all timestamps.

15B.3 Business clocks or systems used to record the time of trading activities must be accurate.

15B.4 Each Member shall establish a system of traceability to UTC which enables it to:

(a) demonstrate traceability to UTC by documenting the system design, functioning and specifications;

(b) identify the exact point at which a timestamp is applied; and

(c) demonstrate that the point within the system where the timestamp is applied remains consistent.

Members shall conduct a review of its traceability system at least once a year.

15C PRE-TRADE TRANSPARENCY

15C.1 Details reported to the Exchange in relation to intended Block Trades, EFPs, EFSs, EFRPs, Basis Trades or Asset Allocations shall not be made publicly available by the Exchange except as provided in the Rules. For the avoidance of doubt, parties to Block Trades, EFPs, EFSs, EFRPs, Basis Trades or Asset Allocations are not required by the Exchange to make public current bid and offer prices and the depth of trading interests at those prices, with regards to the details reported to the Exchange in relation to those transactions.

15C.2 Parties to EFSs, EFRPs or Basis Trades shall comply with all applicable pre-trade transparency requirements under Applicable Laws in relation to a transaction or a leg of a transaction which is not a Contract made on or reported to the Exchange.

SECTION 3: EXCHANGE FOR PHYSICALS ("EFP"), EXCHANGE FOR SWAPS ("EFS") BASIS TRADING, EXCHANGE FOR RELATED POSITIONS ("EFRP") AND ASSET ALLOCATIONS

16 EFP AND EFS PROCEDURES

16.1 EFPs and EFSs may take place in respect of any of the Products and Contract Months as determined by the Exchange from time to time and are not subject to Trading Procedures other than this Section 3 unless specifically referred to.

(a) EFPs and EFSs must be reported to the Exchange through ICE Block by:

(i) the Member itself:

(aa) where a General Participant Member or ICE Block Member registers an EFP or EFS transaction with or on behalf of a client who is not a Member or an ICE Block Member of the Exchange, it must comply with all Applicable Laws, including in relation to suitability and appropriateness as regards the Contingent Agreement to Trade or underlying transaction;

(bb) in the case of a Trade Participant (including Trade Participant ICE Block Members transacting own business), the EFP or EFS must be in respect of business for its own account and the proposed counterparty to the EFP or EFS pursuant to the Contingent Agreement to Trade must be another Member or ICE Block Member;

(ii) a Member's Representative; where they have been authorised by the Member they represent, and have been granted permission by the Exchange to access ICE Block, having completed such form of enrolment as may be prescribed by the Exchange from time to time; or

(iii) an ICE Block Member; where the ICE Block Member has the permission from its own Clearing Member or its client's Clearing Member(s) to register business on its own account or on the client's behalf.

(b) Members may also report the details of EFP or EFS transactions to the ICE Helpdesk for entry into ICE Block in the Member's name or in the name of the Clearing Member with whom its client on whose behalf the Member is registering business, has a clearing account. The Member must have been appropriately permissioned to enter EFP or EFS transactions by the Clearing Member.

(c) EFPs and EFSs may also be reported to the Exchange through any other means determined by the Exchange from time to time in accordance with the reporting requirements in Trading Procedure 16.

16.2 Where the EFP or EFS is agreed between two separate Members (for the purposes of this Section 16, "**Non-crossed Trades**") and unless agreed otherwise under the Contingent Agreement to Trade or underlying transaction between the two Members party to the Non-crossed Trade, the buying Member shall enter the details of the Non-crossed Trade into ICE Block and such details shall be confirmed/accepted by the selling Member party to the Non-crossed Trade. Details must be confirmed/accepted within the period of time prescribed by the Exchange.

16.3 The EFP or EFS, if accepted by the Exchange, will flow from ICE Block into the ICE systems and be identified as an EFP or EFS, as appropriate, with a specific trade type as prescribed by the Exchange.

16.4 Where details of a Non-crossed Trade have been submitted to ICE Block by one of the Members party to the Non-crossed Trade, but not confirmed/accepted in ICE Block by the other Member party to the Non-crossed Trade within the prescribed period of time, it is the responsibility of both Members (or the Clearing Member with whom the Member submitting the Non-crossed Trade is party to a clearing agreement) to discuss and resolve the matters preventing the confirmation/acceptance of the transaction submitted to ICE Block, through the Contingent Agreement to Trade or otherwise.

16.5 The Exchange may check the EFP or EFS details submitted to ICE Block and, if the Exchange is not satisfied that all such details are valid, it may, in its discretion, void or refuse to accept the EFP or EFS. A decision by the Exchange, to void or refuse to accept an EFP or EFS is final. The registering Member will then receive confirmation of the details of the trade.

16.6 Recording by the Exchange of a transaction does not preclude the Exchange from instigating disciplinary proceedings in the event that the transaction is subsequently found to have been made other than in compliance with the Rules, nor does it preclude the Clearing House from voiding or taking other action in relation to an EFP or EFS.

16.7 The Exchange shall not be responsible for complying with any reporting or post-trade transparency requirements under Applicable Laws in relation to the leg or legs of an EFP or EFS that are not a Contract or Contracts registered pursuant to the Rules.

16A BASIS TRADING

16A.1 The Exchange provides a Basis Trading Facility ("**Basis Trading Facility**") on ICE Block. The Basis Trading Facility allows Members to register, subject to this Trading Procedure 16A, transactions involving a combination of an approved basis trade instrument and an appropriate number of offsetting Futures. For the purposes of these Trading Procedures, such transactions are called "Basis Trades".

16A.2 Any Member is permitted to register Basis Trades, subject only to the Member having in place arrangements for the registration of the Futures or Options leg of a Basis Trade via a Member holding a relevant Trading Privilege ("**Basis Trade registering Member**") to trade such Product.

16A.3 A Basis Trade may be registered only during the Trading Hours of the Products concerned, as published by the Exchange from time to time by Circular.

16A.4 Basis Trades may be transacted only in Products which have been designated by the Exchange from time to time for that purpose. Such designations are published, from time to time, by notice posted on the Market. Basis Trades are not permitted in a delivery month or expiry month of a designated Product which has never traded. The Basis Trading Facility can be used in respect of a delivery month for Futures or an expiry month for Options on any Trading Day up to and including the last Trading Day of that delivery month or expiry month.

16A.5 The Basis Trade registering Member is responsible for assigning the price of the Futures or Options leg(s) of a Basis Trade.

16A.6 [Not used.]

16A.7 When a Member accepts a Basis Trade order, he must record the details prescribed by paragraphs (a) to (c) below, on a record slip. Where a Member employs an electronic system for order routing, such details must be recorded electronically:

(a) time of order receipt;

(b) identity of individual organising the Basis Trade; and

(c) date and time stamp (at time of organisation).

Without prejudice to Applicable Laws, all information required to be retained by the Basis Trade registering Member, pursuant to this Trading Procedure 16A.7, must be retained by the Member for a minimum period of seven years.

After a Basis Trade has been organised by the Member, or where the Basis Trade has been agreed between two Members off-exchange (the cleared part of which being subject to a Contingent Agreement to Trade), the Member who will be the seller of the Futures or Options leg of the Basis Trade must register the Futures or Options leg of the Basis Trade as a cross transaction, or must procure that the Futures or Options leg of the Basis Trade is so registered by another appropriately authorised Member.

16A.8 [Not used.]

16A.9 [Not used.]

16A.10 [Not used.]

16A.11 [Not used.]

16A.12 [Not used.]

16A.13 [Not used.]

16A.14 [Not used.]

16A.15 [Not used.]

16A.16 [Not used.]

16A.17 [Not used.]

16A.18 The Basis Trades details must be reported to the Exchange through ICE Block by the Basis Trade registering Member as soon as practicable. In any event, details of the Basis Trade must be reported to the Exchange by

the Basis Trade registering Member and accepted within fifteen minutes of the time at which the Basis Trade was agreed. Members must not delay submission of a Basis Trade.

16A.19 Basis Trades may take place in respect of any of the Products and Contract Months as determined by the Exchange from time to time and are not subject to Trading Procedures other than this Section 3 unless specifically referred to.

(a) Basis Trades must be reported to the Exchange through ICE Block by:

(i) the Member itself:

(aa) where a General Participant Member or ICE Block Member registers a Basis Trade with or on behalf of a client who is not a Member or an ICE Block Member of the Exchange, it must comply with all Applicable Laws, including in relation to suitability and appropriateness as regards the Contingent Agreement to Trade or underlying transaction;

(bb) in the case of a Trade Participant (including Trade Participant ICE Block Members transacting own business), the Basis Trade must be in respect of business for its own account and the proposed counterparty to the Basis Trade pursuant to the Contingent Agreement to Trade must be another Member or ICE Block Member;

(ii) a Member's Representative; where they have been authorised by the Member they represent, and have been granted permission by the Exchange to access ICE Block, having completed such form of enrolment as may be prescribed by the Exchange from time to time; or

(iii) an ICE Block Member; where the ICE Block Member has the permission from its own Clearing Member or its client's Clearing Member(s) to register business on its own account or on the client's behalf.

(b) Members may also report the details of Basis Trades to the ICE Helpdesk for entry into ICE Block in the Member's name or in the name of the Clearing Member with whom its client on whose behalf the Member is registering business has a clearing account. The Member must have been appropriately permissioned to enter Basis Trades by the Clearing Member.

(c) Basis Trades may also be reported to the Exchange through any other means determined by the Exchange from time to time in accordance with the reporting requirements in Trading Procedure 16A.

16A.20 Where the Basis Trade is agreed between two separate Members (for the purposes of this Section 16A, "**Non-crossed Trades**") and unless agreed otherwise under the Contingent Agreement to Trade or underlying transaction between the two Members party to the Non-crossed Trade, the buying Member shall enter the details of the Non-crossed Trade into ICE Block and such details shall be confirmed/accepted by the selling Member party to the Non-crossed Trade. Details must be confirmed/accepted within the period of time prescribed by the Exchange.

16A.21 The Basis Trade, if accepted by the Exchange, will flow from ICE Block into the ICE Clearing Systems and be identified as a Basis Trade with a specific trade type as prescribed by the Exchange.

16A.22 Where details of a Non-crossed Trade have been submitted to ICE Block by one of the Members party to the Non-crossed Trade, but not confirmed/accepted in ICE Block by the other Member party to the Non-crossed Trade within the prescribed period of time, it is the responsibility of both Members (or the Clearing Member with whom the Member submitting the Non-crossed Trade is party to a clearing agreement) to discuss and resolve the matters preventing the confirmation/acceptance of the transaction submitted to ICE Block, through the Contingent Agreement to Trade or otherwise.

16A.23 The Exchange may check the Basis Trade details submitted to ICE Block and, if the Exchange is not satisfied that all such details are valid, it may, in its discretion, void or refuse to accept the Basis Trade. A decision by the Exchange to void or refuse to accept a Basis Trade is final. The Basis Trade registering Member will then receive confirmation of the details of the trade.

16A.24 The following information with respect to the Futures leg of a Basis Trade will be broadcast on the ICE Platform:

(a) Futures and delivery month(s);

(b) Futures price(s); and

(c) volume of Futures traded.

In addition, these details will be distributed to quote vendors, marked with the ICE Platform market data update type 4 (for Basis Trade).

For each Product, the cumulative volume of Futures traded as the Futures leg of Basis Trades/Asset Allocations during the day will also be published.

16A.25 Recording by the Exchange of a transaction does not preclude the Exchange from instigating disciplinary proceedings in the event that the transaction is subsequently found to have been made other than in compliance with the Rules, nor does it preclude the Clearing House from voiding or taking other action in relation to a Basis Trade.

16A.26 [Not used.]

16A.27 The Exchange shall not be responsible for complying with any reporting or post-trade transparency requirements under Applicable Laws in relation to the leg or legs of a Basis Trade that are not a Contract or Contracts registered pursuant to the Rules.

16B EXCHANGE FOR RELATED POSITIONS

16B.1 The Exchange provides an Exchange for Related Positions Facility ("**EFRP Facility**") on ICE Block. The EFRP Facility allows Members to register, subject to this Trading Procedure 16B, the following types of transactions:

(a) EFP, which is a transaction between two parties involving the purchase or sale of a Product and either:

(i) the simultaneous price fixing of a directly related and specifically identifiable contract for sale or purchase of the same or similar physical commodity, which expressly contemplated price fixing; or

(ii) the hedging of a directly related and specifically identifiable contemporaneous contract for sale or purchase of the same or similar physical commodity;

(b) EFS, which is a transaction between two parties involving the purchase or sale of a Futures and an appropriate number of related Options or swaps; and

(c) EOO, which is a transaction between two parties involving the purchase or sale of an Option and an appropriate number of related Options,

(together, "**EFRPs**").

16B.2 Any Member is permitted to register EFRPs, subject only to the Member having in place arrangements for the registration of the Contract leg of the EFRP via a Member holding a relevant Trading Privilege ("**EFRP registering Member**") to trade such Product.

16B.3 An EFRP may be registered only during the Trading Hours of the Product concerned, as published by the Exchange from time to time by Circular.

16B.3A Members must calculate hedge ratios for EFPs and EOOs, using a method which is based on the quantity of the commodity or a direct product of such commodity underlying the OTC, swap or Options position relative to the quantity of the commodity underlying the Futures Contract (for EFS) or Options Contract (for EOO).

16B.3B Where a hedge ratio differs from the relevant method stipulated in Trading Procedure 16B.3A, the Member who is reporting the trade is required to seek approval from the Exchange and to justify the method in advance of submission.

16B.4 EFRPs may be transacted only in Products which have been designated by the Exchange from time to time for that purpose. Such designations are published, from time to time, by notice posted on the Market. EFRPs are not permitted in a delivery month or expiry month of a designated Product which has never traded.

16B.5 The EFRP registering Member is responsible for assigning the price of the individual legs of the EFRP.

16B.6 When a Member accepts an EFRP order, he must record the order details set out in Trading Procedure 16B.7 and, in addition, the details prescribed by paragraphs (a) to (c) below, on an order record. Where a Member employs an electronic system for order routing, such details must be recorded electronically:

(a) time of order receipt;

(b) identity of individual organising the EFRP; and

(c) date and time stamp (at time of organisation).

Without prejudice to Applicable Laws, all information required to be retained by the EFRP registering Member, pursuant to this Trading Procedure 16B.6, must be retained by the Member for a minimum period of seven years.

16B.7 In relation to EFPs, the following details must be submitted via the ICE Platform by the EFRP registering Member:

(a) Product in which the EFP is being transacted;

(b) delivery month(s);

(c) agreed Futures price(s);

(d) number of lots of each Product; and

(e) counterparty Member mnemonic.

In addition, and subject to Rule F.5C(c), the EFRP registering Member must retain, in an easily accessible form that can be audited by the Exchange, documentary evidence of the following information:

either

(i) a copy of the physical contract itself, if this was transacted at a specific outright price, where the date of the physical contract must be the same as the date of registration of the Futures leg;

or

(ii) a copy of a price-fixation confirmation, together with a copy of the directly related contract which shows the price differential or ratio at which the contract was transacted, where the date of the price-fixation confirmation must be the same as the date of registration of the Futures leg;

and

(iii) the price (plus premium, less discount, or multiplied by any applicable volume ratio), which must equate to the price at which the EFP was transacted;

(iv) the Futures delivery month referred to in the physical contract or price-fixation confirmation, which must be the same as that for which the EFP was registered; and

(v) the physical contract or price-fixation confirmation, which must relate to at least the equivalent amount of the underlying commodity or a related commodity.

16B.7A In relation to EFSs, the following details must be submitted via the ICE Platform by the EFRP registering Member:

(a) Futures in which the EFS is being transacted;

(b) delivery month;

(c) agreed Futures price; and

(d) number of lots of each Futures.

16B.7B In relation to EOOs, the following details must be submitted via the ICE Platform by the EFRP registering Member:

(a) Option in which the EOO is being transacted;

(b) Option expiry month;

(c) agreed strike price and premium; and

(d) number of lots of each Option.

In addition, the EFRP registering Member must retain, in an easily accessible form that can be audited by the Exchange, a copy of the relevant ISDA Agreement or the master or other agreement under which the transaction took place and the relevant confirmation which forms part of that agreement.

The following information should be contained in the documentary evidence:

- the price formulae of the OTC Option;

- the termination date;
- the start date;
- the quality of the position relating to the underlying commodity or the direct product of such commodity; and
- the referenced Options expiry month,

16B.8 EFRP transaction details must be reported to the Exchange through ICE Block by the EFRP registering Member as soon as practicable. In any event, details of the EFRP must be submitted to the Exchange by the EFRP registering Member within a period of time published by the Exchange from time to time. Members must not delay submission of an EFRP.

16B.9 The Exchange may check the EFRP transaction details submitted to ICE Block and, if the Exchange is not satisfied that all such details are valid, it may, in its discretion, void or refuse to accept the EFRP transaction. A decision by the Exchange to void or refuse to accept the EFRP transaction is final. The EFRP registering Member will then receive confirmation of the details of the trade.

16B.10 EFRPs may take place in respect of any of the Products and Contract Months as determined by the Exchange from time to time and are not subject to Trading Procedures other than this Section 3 unless specifically referred to.

(a) EFRPs must be reported to the Exchange through ICE Block by:

(i) the Member itself:

(aa) where a General Participant Member or ICE Block Member registers an EFRP with or on behalf of a client who is not a Member or an ICE Block Member of the Exchange, it must comply with all Applicable Laws, including in relation to suitability and appropriateness as regards the Contingent Agreement to Trade or underlying transaction;

(bb) in the case of a Trade Participant (including Trade Participant ICE Block Members transacting own business), the EFRP must be in respect of business for its own account and the proposed counterparty to the EFRP pursuant to the Contingent Agreement to Trade must be another Member or ICE Block Member;

(ii) a Member's Representative; where they have been authorised by the Member they represent, and have been granted permission by the Exchange to access ICE Block, having completed such form of enrolment as may be prescribed by the Exchange from time to time; or

(iii) an ICE Block Member; where the ICE Block Member has the permission from its own Clearing Member or its client's Clearing Member(s) to register business on its own account or on the client's behalf.

(b) Members may also report the details of EFRPs to the ICE Helpdesk for entry into ICE Block in the Member's name or in the name of the Clearing Member with whom its client on whose behalf the Member is registering business, has a clearing account. The Member must have been appropriately permissioned to enter EFRPs by the Clearing Member.

(c) EFRPs may also be reported to the Exchange through any other means determined by the Exchange from time to time in accordance with the reporting requirements in Trading Procedure 16B.

16B.11 Where the EFRP is agreed between two separate Members (for the purposes of this Section 16B, "**Non-crossed Trades**") and unless agreed otherwise under the Contingent Agreement to Trade or underlying transaction between the two Members party to the Non-crossed Trade, the buying Member shall enter the details of the Non-crossed Trade into ICE Block and such details shall be confirmed/accepted by the selling Member party to the Non-crossed Trade. Details must be confirmed/accepted within the period of time prescribed by the Exchange.

16B.12 The EFRP, if accepted by the Exchange, will flow from ICE Block into the ICE Clearing Systems and be identified as an EFRP with a specific trade type as prescribed by the Exchange.

16B.13 Where details of a Non-crossed Trade have been submitted to ICE Block by one of the Members party to the Non-crossed Trade, but not confirmed/accepted in ICE Block by the other Member party to the Non-crossed

Trade within the prescribed period of time, it is the responsibility of both Members (or the Clearing Member with whom the Member submitting the Non-crossed Trade is party to a clearing agreement) to discuss and resolve the matters preventing the confirmation/acceptance of the transaction submitted to ICE Block, through the Contingent Agreement to Trade or otherwise.

16B.14 The following information with respect to the Contract leg of an EFRP will be broadcast on the ICE Platform:

- Futures and delivery month(s) or Options and expiry months; and
- volume of such Product traded.

In addition, these details will be distributed to quote vendors, marked with the ICE Platform market data update type E (for EFPs), S (for EFSs) or Q (for EOOs).

For each Contract, the cumulative volume traded as the Contract leg of EFRPs posted during the day will also be published.

16B.15 Recording by the Exchange of a transaction does not preclude the Exchange from instigating disciplinary proceedings in the event that the transaction is subsequently found to have been made other than in compliance with the Rules, nor does it preclude the Clearing House from voiding or taking action in relation to an EFRP.

16B.16 Without prejudice to Applicable Laws, all information required to be retained by the EFRP registering Member, pursuant to Trading Procedures 16B.7, 16B.7A and 16B.7B, must be retained by the Member for a minimum period of seven years. If the EFRP registering Member is not directly responsible for the registration of the physical leg of the EFRP, he must have appropriate arrangements in place with the party submitting/registering the physical leg such that the information in Trading Procedures 16B.7(i) – (v) above can be provided promptly to the Exchange.

16B.17 The Exchange shall not be responsible for complying with any reporting or post-trade transparency requirements under Applicable Laws in relation to the leg or legs of an EFRP that are not a Contract or Contracts registered pursuant to the Rules.

16C ASSET ALLOCATIONS

16C.1 The Exchange provides an Asset Allocation Facility ("**Asset Allocation Facility**") on ICE Block. The Asset Allocation Facility allows Members to register, subject to this Trading Procedure 16C, transactions involving a specified combination(s) of two Contracts in an appropriate ratio. For the purposes of these Trading Procedures, such transactions are called "Asset Allocations".

16C.2 Any Member is permitted to register Asset Allocations, subject only to the Member having in place arrangements for the registration of the individual legs of the Asset Allocation via a Member holding the relevant Trading Privilege ("**Asset Allocation registering Member**") to trade the Products.

16C.3 An Asset Allocation may be registered only during the Trading Hours of the Products concerned, as published by the Exchange from time to time by Circular.

16C.4 Asset Allocations may be transacted only in Products which have been designated by the Exchange from time to time for that purpose. Such designations are published, from time to time, by notice posted on the Market. The Asset Allocation Facility can be used in respect of a delivery month for Futures or an expiry month for Options on any Trading Day up to and including the Business Day preceding the last Trading Day of that delivery month or expiry month.

16C.5 The Asset Allocation registering Member is responsible for assigning the price of the individual legs of an Asset Allocation. Prices of the individual legs must be at the level trading on the ICE Platform at the time the Asset Allocation is submitted for registration or within the price parameters as defined by the Exchange from time to time. In the event that no trade has occurred in the relevant delivery month or expiry month on that day at the time the Asset Allocation is submitted for registration, the price of the individual legs of the Asset Allocation must be within the price parameters as defined by the Exchange from time to time.

16C.6 [Not used.]

16C.7 Members must calculate hedge ratios for Asset Allocations, using either:

(a) for contracts of similar duration or asset class: nominal value for nominal value (currency converted if applicable); or

(b) for Futures of different duration along the same yield curve or different yield curve: a method based upon the ration of the relative value of basis point shifts in the yield curve for, the two Futures; or

(c) for strips of contracts versus longer duration contracts: a method based upon the ratio of the relative aggregate value of basis point shifts in the yield curve of the two sides of the Asset Allocation; or

(d) for Options contracts with different contract codes along the same yield curve or different yield curve: a method based upon relative delta value of the two Options legs.

Where a hedge ratio differs from such methods, the Member who is reporting the trade (see Trading Procedure 16C.11) is required to seek approval from the Exchange and justify the method employed in advance of such submission.

16C.8 In respect of each Asset Allocation submitted, the Member accepting the Asset Allocation order must record the order details prescribed by Trading Procedure 3.1.2 and where a Member employs an electronic system for order routing, details prescribed in Trading Procedure 3.1.2 must also be recorded electronically.

16C.9 Without prejudice to Applicable Laws, all information required to be retained by the Asset Allocation registering Member, pursuant to Trading Procedure 3.1.2, must be retained by the Member for a minimum period of seven years.

16C.10 The Asset Allocation details set out in Trading Procedure 3.1.2 must be submitted to the Exchange through ICE Block as soon as practicable. The period of time for the submission of an Asset Allocation to the Exchange commences as soon as verbal agreement on the terms of the Asset Allocation is reached between the parties to the Asset Allocation. In any event, details of the Asset Allocation must be submitted to the Exchange by the Asset Allocation registering Member within fifteen minutes of the time at which the Asset Allocation was agreed off-exchange (the cleared part of which being subject to a Contingent Agreement to Trade). Members must not delay submission of an Asset Allocation.

16C.11 The Exchange may check the Asset Allocation details submitted to ICE Block and, if the Exchange is not satisfied that all such details are valid, it may, in its discretion, void or refuse to accept the Asset Allocation. A decision by the Exchange to void or refuse to accept an Asset Allocation is final. The Asset Allocation registering Member will then receive confirmation of the details of the trade.

16C.12 Asset Allocations may take place in respect of any of the Products and Contract Months as determined by the Exchange from time to time and are not subject to Trading Procedures other than this Section 3 unless specifically referred to.

(a) Asset Allocations must be reported to the Exchange through ICE Block by:

(i) the Member itself:

(aa) where a General Participant Member or ICE Block Member registers an Asset Allocation with or on behalf of a client who is not a Member or an ICE Block Member of the Exchange, it must comply with all Applicable Laws, including in relation to suitability and appropriateness as regards the Contingent Agreement to Trade or underlying transaction;

(bb) in the case of a Trade Participant (including Trade Participant ICE Block Members transacting own business), the Asset Allocation must be in respect of business for its own account and the proposed counterparty to the Asset Allocation pursuant to the Contingent Agreement to Trade must be another Member or ICE Block Member;

(ii) a Member's Representative; where they have been authorised by the Member they represent, and have been granted permission by the Exchange to access ICE Block, having completed such form of enrolment as may be prescribed by the Exchange from time to time; or

(iii) an ICE Block Member; where the ICE Block Member has the permission from its own Clearing Member or its client's Clearing Member(s) to execute business on its own account or on the client's behalf.

(b) Members may also report the details of Asset Allocations to the ICE Helpdesk for entry into ICE Block in the Member's name or in the name of the Clearing Member with whom its client on whose behalf the Member is registering business has a clearing account. The Member must have been appropriately permissioned to enter the Asset Allocation by the Clearing Member.

(c) Asset Allocations may also be reported to the Exchange through any other means determined by the Exchange from time to time in accordance with the reporting requirements in Trading Procedure 16C.

16C.13 Where the Asset Allocation is agreed between two separate Members (for the purposes of this Section 16C, "**Non-crossed Trades**") and unless agreed otherwise under the Contingent Agreement to Trade or underlying transaction between the two Members party to the Non-crossed Trade, the buying Member shall enter the details of the Non-crossed Trade into ICE Block and such details shall be confirmed/accepted by the selling Member party to the Non-crossed Trade. Details must be confirmed/accepted within the period of time prescribed by the Exchange.

16C.14 The Asset Allocation, if accepted by the Exchange, will flow from ICE Block into the ICE Clearing Systems and be identified as an Asset Allocation with a specific trade type as prescribed by the Exchange.

16C.15 Where details of a Non-crossed Trade have been submitted to ICE Block by one of the Members party to the Non-crossed Trade, but not confirmed/accepted in ICE Block by the other Member party to the Non-crossed Trade within the prescribed period of time, it is the responsibility of both Members (or the Clearing Member with whom the Member submitting the Non-crossed Trade is party to a clearing agreement) to discuss and resolve the matters preventing the confirmation/acceptance of the transaction submitted to ICE Block, through the Contingent Agreement to Trade or otherwise.

16C.16 Upon request by the Exchange the Asset Allocation registering Member must produce satisfactory evidence that the Asset Allocation has been registered in accordance with the Rules. Asset Allocation registering Members must, therefore, be in a position to supply documentary evidence in connection with an Asset Allocation.

16C.17 Recording by the Exchange of an Asset Allocation does not preclude the Exchange from instigating disciplinary proceedings in the event that the transaction is subsequently found to have been made other than in compliance with the Rules, nor does it preclude the Clearing House from voiding or taking other action in relation to an Asset Allocation.

16C.18 The following information with respect to the individual legs of the Asset Allocation will be broadcast on the ICE Platform:

(a) Futures and delivery month(s) or Options and expiry month(s);

(b) Futures prices or Option premia;

(c) volume of Futures or Options traded; and

(d) any Futures reference and delta with respect to volatility trades.

In addition, these details will be distributed to quote vendors, marked with the ICE Platform market data update type AA (for Asset Allocation trades).

For each exchange contract, the cumulative volume of Futures and Options traded as Asset Allocations during the day will also be published.

SECTION 4: BLOCK TRADE PROCEDURES

17 BLOCK TRADE PROCEDURES

17.1 Block Trades are not subject to these Trading Procedures other than in this Section 4 or where specifically referred to.

17.2 Block Trades may take place:

(a) in respect of Products designated by the Exchange from time to time by Circular as Products that may be registered as Block Trades pursuant to the Rules;

(b) only during such Trading Hours of the Block Trade Contract concerned and on such Trading Days as the Exchange may from time to time prescribe; and

(c) [Not used.]

(d) only when agreed and reported in accordance with Rule F.7 and these Trading Procedures, and when price, volume and aggregation Rules are met.

17.3 [Not used.]

17.4 Block Trades may take place in respect of any of the Products and Contract Months as determined by the Exchange from time to time and are not subject to Trading Procedures other than this Section 4 unless specifically referred to.

(a) Block Trades must be reported to the Exchange through ICE Block by:

(i) the Member itself:

(aa) where a General Participant Member or ICE Block Member registers a Block Trade with or on behalf of a client who is not a Member or an ICE Block Member of the Exchange, it must comply with all Applicable Laws, including in relation to suitability and appropriateness as regards the Contingent Agreement to Trade or underlying transaction;

(bb) in the case of a Trade Participant (including Trade Participant ICE Block Members transacting own business), the Block Trade must be in respect of business for its own account and the proposed counterparty to the Block Trade pursuant to the Contingent Agreement to Trade must be another Member or ICE Block Member;

(ii) a Member's Representative; where they have been authorised by the Member they represent, and have been granted permission by the Exchange to access ICE Block, having completed such form of enrolment as may be prescribed by the Exchange from time to time; or

(iii) an ICE Block Member; where the ICE Block Member has the permission from its own Clearing Member or its client's Clearing Member(s) to register business on its own account or on the client's behalf.

(b) Members may also report the details of Block Trades to the ICE Helpdesk for entry into ICE Block in the Member's name or in the name of the Clearing Member with whom its client on whose behalf the Member is registering business has a clearing account. The Member must have been appropriately permissioned to enter Block Trades by the Clearing Member.

(c) Block Trades may also be reported to the Exchange through any other means determined by the Exchange from time to time in accordance with the reporting requirements in Trading Procedure 17.

Each instance of submission set out above must be done in accordance with the reporting requirements in this Trading Procedure 17.

Block Trades details must be reported without delay to the Exchange and accepted/confirmed within a period of time prescribed by the Exchange from time to time.

17.5 The period of time for the submission of a Block Trade to the Exchange commences as soon as verbal agreement on the terms of the Block Trade is reached between the parties to the Block Trade, and must be completed by such reporting deadline as the Exchange may prescribe from time to time.

17.6 Such time of commencement shall be recorded by the Members agreeing the Block Trade off-exchange (the cleared part of which being subject to a Contingent Agreement to Trade) on the order slip or electronic record of an order in accordance with the Rules.

17.7 Members must not delay reporting the Block Trade to the Exchange.

17.8 Where the Block Trade is agreed between two separate Members (for the purposes of this Section 17, "**Non-crossed Trades**") and unless agreed otherwise under the Contingent Agreement to Trade or underlying transaction between the two Members party to the Non-crossed Trade, the buying Member shall enter the details of the Non-crossed Trade into ICE Block and such details shall be confirmed/accepted by the selling Member party to the Non-crossed Trade. Details must be confirmed/accepted within the period of time prescribed by the Exchange.

17.9 The Block Trade, if accepted by the Exchange, will flow from ICE Block into the ICE Clearing Systems and be identified as a Block Trade with a specific trade type as prescribed by the Exchange.

17.10 Where details of a Non-crossed Trade have been submitted to ICE Block by one of the Members party to the Non-crossed Trade, but not confirmed/accepted in ICE Block by the other Member party to the Non-crossed Trade within the prescribed period of time, it is the responsibility of both Members (or the Clearing Member with whom the Member submitting the Non-crossed Trade is party to a clearing agreement) to discuss and resolve the matters preventing the confirmation/acceptance of the transaction submitted to ICE Block, through the Contingent Agreement to Trade or otherwise.

17.11 The Exchange may check the Block Trade details submitted to ICE Block and, if the Exchange is not satisfied that all such details are valid, it may, in its discretion, void or refuse to accept the Block Trade. A decision by the Exchange to void or refuse to accept a Block Trade is final. The registering Member will then receive confirmation of the details of the trade.

17.12 Publication arrangements for Block Trades shall be prescribed by the Exchange from time to time. These may include deferred publication and non-publication in defined circumstances. Different arrangements may be prescribed for different Contracts and different sizes of Block Trade.

17.13 Recording by the Exchange of a transaction does not preclude the Exchange from instigating disciplinary proceedings in the event that the transaction is subsequently found to have been made other than in compliance with the Rules, nor does it preclude the Clearing House from voiding or taking other action in relation to a Block Trade.

EXHIBIT B—MEMBERSHIP CRITERIA

EXHIBIT B—MEMBERSHIP CRITERIA

(1) A description of the categories of membership and participation in the foreign board of trade and the access and trading privileges provided by the foreign board of trade. The description should include any restrictions applicable to members and other participants to which the foreign board of trade intends to grant direct access to its trading system.

(2) A description of all requirements for each category of membership and participation on the trading system and the manner in which members and other participants are required to demonstrate their compliance with these requirements. The description should include, but not be limited to, the following:

(i) Professional Qualification. A description of the specific professional requirements, qualifications, and/or competencies required of members or other participants and/or their staff and a description of the process by which the foreign board of trade confirms compliance with such requirements.

(ii) Authorization, Licensure and Registration. A description of any regulatory and self-regulatory authorization, licensure or registration requirements that the foreign board of trade imposes upon, or enforces against, its members and other participants including, but not limited to any authorization, licensure or registration requirements imposed by the regulatory regime/authority in the home country jurisdiction(s) of the foreign board of trade. Please also include a description of the process by which the foreign board of trade confirms compliance with such requirements.

(iii) Financial Integrity. A description of the following:

(A) The financial resource requirements, standards, guides or thresholds required of members and other participants.

(B) The manner in which the foreign board of trade evaluates the financial resources/holdings of its members or participants.

(C) The process by which applicants demonstrate compliance with financial requirements for membership or participation including, as applicable:

(i) Working capital and collateral requirements, and

(ii) Risk management mechanisms for members allowing customers to place orders.

(iv) Fit and Proper Standards. A description of how the foreign board of trade ensures that potential members/ other participants meet fit and proper standards.

EXHIBIT B—MEMBERSHIP CRITERIA

ICE Futures Abu Dhabi Application: Exhibit B(1)

A description of the categories of membership and participation ICE Futures Abu Dhabi and the access and trading privileges provided by ICE Futures Abu Dhabi. This includes any restrictions applicable to members and other participants to which ICE Futures Abu Dhabi grants direct access to its trading system.

1. Any person seeking access to trading on the electronic trading system (the "**ICE Platform**") of ICE Futures Abu Dhabi (the "**Exchange**") as a member of the Exchange (a "**Member**") must elect and apply for one of the following four discrete categories of membership: General Participant, Trade Participant, General Participant ICE Block and Trade Participant ICE Block.

   1.1. General Participant: General Participants may trade for their own account and on behalf of clients on the ICE Platform, including on the trading facility referenced under the rules of the Exchange (the "**Exchange Rules**") as ICE Block ("**ICE Block**"). A General Participant that is a Clearing Member under the rules of ICE Clear Europe Ltd. (a "**Clearing Member**") will be permitted to clear Exchange Contracts for its own account and on behalf of its clients that are not Clearing Members.

   1.2. Trade Participant: Trade Participants are limited to trading on their own account on the ICE Platform, including on ICE Block. A Trade Participant may be a Clearing Member, but is restricted to clearing proprietary business only.

   1.3. General Participant ICE Block Members and Trade Participant ICE Block Members: ICE Block trading privileges fall under two distinct membership categories that are not subsets of either the General Participant or Trade Participant membership categories. An ICE Block Member's access to the Exchange is limited to (i) access to ICE Block for the purpose of entering block trades or EFRPs (as defined in 16B.1 of the Exchange Trading Procedures (Annex A-6(2)) and/or (ii) access to the ICE Platform for the purpose of entering Cross Trades (as defined in the Exchange Trading Procedures) for its own account or on behalf of clients. An ICE Block Member may not be a Clearing Member and must have in place a clearing arrangement with a Clearing Member or ensure that its clients have a clearing arrangement with a Clearing Member, as appropriate.

2. Each General Participant, Trade Participant, General Participant ICE Block Member and Trade Participant ICE Block Member will be, at the time of its application for access to trading on the ICE Platform and at all times thereafter, required to satisfy the minimum financial standing requirements stipulated by the Exchange in relation to the relevant category of membership as set out in the Exchange Rules or as may be prescribed by the Exchange from time to time.

3. Members may only engage in trading through the ICE Platform to the extent they are authorized to do so under ADGM law and other applicable law, or are exempt from any such applicable requirement. In the event that a prospective Member is based in a jurisdiction other than Abu Dhabi, access is dependent on both the Exchange and the Member having the appropriate regulatory status in that jurisdiction (the prospective Member must confirm to the Exchange that it has the appropriate regulatory status in each jurisdiction in which it operates).

4. A Member may only trade on the ICE Platform through a Responsible Individual (as defined under the Exchange Rules) who is registered with the Exchange pursuant to the Trading Procedures. A Member may, at the Exchange's discretion, register as many Responsible Individuals as the Member considers necessary according to the nature and scale of its business. The Responsible Individual may, at the Exchange's discretion, be assigned more than one Individual Trader Mnemonic ("**ITM**") in order to conduct separate lines of business. A Responsible Individual is responsible for all business conducted under his ITM(s) and must ensure to the best of their ability that the business is conducted in compliance with Exchange regulations and other appropriate regulatory requirements. However, ultimate responsibility will lie with the responsible Member. A Responsible Individual must be contactable by the Exchange while their ITM is in use. Before the Exchange will register a person as a Responsible Individual, the Exchange may require such potential Responsible Individual to attend and complete a training course in the use of the ICE Platform, and pass a written or practical examination or assessment as is for the time being prescribed under the Exchange Rules. Furthermore, any individual contemplated by a Member for the arranging of Block Trades or EFRPs on ICE Block must first be registered with the FSRA as an appointed representative or in such other capacity or manner as required under applicable law.

5. Market participants will typically access the market as General Participants or Trade Participants or as clients of a Member. The obligation to ensure that they have the relevant regulatory approvals will, of course, lie with that participant and the Member firm through which they trade.

6. As set out in Exchange Rule B.6B, the Exchange may also make available participation in market maker or liquidity programs ("**LP Programmes**") as may be designated in the Exchange's circulars. The Exchange may condition LP Programmes on certain cleared volume levels or other relevant criteria. Participants in LP Programmes may be required to meet other participation criteria, conditions and/or obligations set by the Exchange and the Exchange may amend such participant criteria from time to time. Such LP Programmes will be subject to periodic review and renewal, and will form part of the Exchange's pricing, promotional and business development functions across all product lines. Such programmes will be operated in order to enhance markets by, for example, increasing liquidity and narrowing bid/offer price spreads.

7. The Exchange will assess on an ongoing basis whether proposed arrangements to support or encourage liquidity are consistent with the Exchange's obligations to maintain an orderly market and it will monitor the trading in respect of its contracts subject to an LP Programme.

EXHIBIT B—MEMBERSHIP CRITERIA

ICE Futures Abu Dhabi Application: Exhibit B(2)

A description of all requirements for each category of membership and participation on the trading system and the manner in which members and other participants are required to demonstrate their compliance with these requirements. The description includes, but is not limited to, the following:

(1) Professional Qualification. A description of the specific professional requirements, qualifications, and/or competencies required of members or other participants and/or their staff and a description of the process by which ICE Futures Abu Dhabi confirms compliance with such requirements.

(2) Authorization, Licensure and Registration. A description of any regulatory and self-regulatory authorization, licensure or registration requirements that ICE Futures Abu Dhabi imposes upon, or enforces against, its members and other participants including, but not limited to any authorization, licensure or registration requirements imposed by the regulatory regime/authority in Singapore. This also includes a description of the process by which ICE Futures Abu Dhabi confirms compliance with such requirements.

(3) Financial Integrity. A description of the following:

(A) The financial resource requirements, standards, guides or thresholds required of members and other participants.

(B) The manner in which ICE Futures Abu Dhabi evaluates the financial resources/holdings of its members or participants.

(C) The process by which applicants demonstrate compliance with financial requirements for membership or participation including, as applicable:

(i) Working capital and collateral requirements, and

(ii) Risk management mechanisms for members allowing customers to place orders.

(4) Fit and Proper Standards. A description of how ICE Futures Abu Dhabi ensures that potential members/other participants meet fit and proper standards.

1. Rule B.3 of the Exchange Rules details the applicable criteria for each membership category of the Exchange.

2. In order to ensure that applicants meet the relevant criteria a due diligence exercise is undertaken by the Exchange in relation to each applicant. The membership due diligence includes, but is not limited to, checks on the disciplinary history of the applicant, screening checks carried out to satisfy anti money laundering and sanctions obligations and identification and screening of key persons and beneficial owners.

3. This due diligence exercise is initiated subsequent to receipt of a completed Membership Agreement which can be found at Annex A-3(1). The Exchange will ensure that all relevant responses and documents are received and raise at an early stage any concerns in relation to the fitness and properness of an applicant, a compliance review of relevant submitted materials.

4. [redacted]

5. The Exchange has a systematic process for onboarding new Exchange Members run by the ICE Membership team. All Member applicants will undergo an onboarding process including Know Your Client, Anti-Money Laundering checks and a Systems and Controls Questionnaire. The Exchange Compliance Systems and Controls Questionnaire for new membership applicants ("**New Member Questionnaire**") includes specific questions for algorithmic trading, kill functionality, algorithmic testing, pre and post trade controls on price and volume of the order. The New Member Questionnaire covers both Direct Electronic Access and Sponsored Access to its markets.

6. [redacted]

7. [redacted]

8. Existing Members are asked to reconfirm conformance of their algorithmic systems and regulatory status on at least an annual basis via an Annual Return.

9. In relation to a Member's financial integrity, Exchange Rule B.3.1(d) includes a requirement that Members must satisfy the minimum financial standing requirements for the time being stipulated by the Exchange in relation to the relevant category of membership. The Exchange is authorized to require a Member to evidence satisfaction of these requirements by furnishing copies of its last three years of audited accounts (or in the case of an ICE Block Member, a copy of its last audited accounts) and by a copy of its latest audited accounts from time to time as they become available, or such other evidence as the Exchange may require.

EXHIBIT C—BOARD AND/OR COMMITTEE MEMBERSHIP

EXHIBIT C—BOARD AND/OR COMMITTEE MEMBERSHIP

(1) A description of the requirements applicable to membership on the governing board and significant committees of the foreign board of trade.

(2) A description of the process by which the foreign board of trade ensures that potential governing board and committee members/other participants meet these standards.

(3) A description of the provisions to minimize and resolve conflicts of interest with respect to membership on the governing board and significant committees of the foreign board of trade.

(4) A description of the rules with respect to the disclosure of material non-public information obtained as a result of a member's or other participant's performance on the governing board or significant committee.

ICE Futures Abu Dhabi Application: Exhibit C(1)

A description of the requirements applicable to membership on the ICE Futures Abu Dhabi Board and Board Committees

Constituent Documentation: Articles of Association Requirements:

1. As described in this Application, ICE Futures Abu Dhabi (the "**Exchange**" or "**IFAD**") is a private company limited by shares and is incorporated in the Abu Dhabi Global Market ("**ADGM**"). [redacted]

2. The Articles of Association (the "**Articles**") of the Exchange included as Annex A-2(2) contain relevant provisions in relation to the composition of the Board of Directors of the Exchange (the "**Board**") and the requirements applicable to appointment and ongoing membership of the Board.

3. Article 4 of the Articles provides that the Exchange has seven directors (the "**Directors**"). Under Article 4, the Board consists of:

   3.1 two independent, non-executive directors proposed by Intercontinental Exchange, Inc. ("ICE") and nominated by HoldCo,

   3.2 one independent, non-executive director proposed by ADNOC and nominated by HoldCo,

   3.3 two non-independent, non-executive directors nominated by ICE,

   3.4 one non-independent, non-executive director nominated by ADNOC, and

   3.5 one executive director, who will be the President of the Exchange.

4. More information regarding the Chairperson and the President of IFAD can be found in Exhibit A. Their biographies are attached as Annex A-1(3).

5. Article 10 of the Articles addresses the appointment of replacement Directors to fill any vacancy, subject to the requirements described in paragraph 3 above. Depending on the

Director being replaced, the replacement may be proposed by ICE or ADNOC and nominated by the IFAD Nomination Committee.

6. Article 11 specifies the circumstances under which a Director can be removed. Directors proposed or nominated by ICE or ADNOC can be removed by ICE or ADNOC, respectively. Article 11 also specifies a number of grounds for removal of a Director for cause relating to the fitness and propriety of the Director, including criminal and disciplinary offenses, incapacity, loss of authorized person status under ADGM regulations, or circumstances where the Exchange's regulatory status could be adversely affected if the Director were not removed.

7. Articles 14 and 22 of the Articles provide that the Directors may delegate any of their powers to committees as they think fit. The Board will adopt terms of reference ("**ToRs**") specifying the powers, duties and operation of each committee. The Board will also determine the members of each committee.

Regulatory Requirements:

8. ICE Futures Abu Dhabi is a Recognized Investment Exchange ("**RIE**") pursuant to the ADGM Financial Services and Markets Regulations 2015 ("**FSMR**") and the ADGM Market Infrastructure Rules ("**MIR**").

9. MIR 2.3.1 requires that an RIE's governing body comply with the requirements set out in the General Regulations ("**GEN**"; Annex A-5(4)) chapter 3. GEN 3.3.41 requires, in relevant part, that the governing body of an RIE must "be clearly responsible for setting or approving (or both) the business objectives of the [RIE] and the strategies for achieving those objectives and for providing effective oversight of the management of the" RIE. Furthermore, the governing body must "comprise an adequate number and mix of individuals who have, among them, the relevant knowledge, skills, expertise and time commitment necessary to effectively carry out the duties and functions of the governing body." The governing body must also have "adequate powers and resources, including its own governance practices and procedures, to enable it to discharge those duties and functions effectively."

10. The ADGM Financial Services Regulatory Authority ("**FSRA**") has issued further guidance and best practices as to the implementation of these requirements. In particular, the FSRA's Guidance and Policies Manual ("**GPM**"; Annex A-5(7)) states that the governing body should have a sufficient number of members "with relevant knowledge, skills and expertise among them to provide effective leadership, direction and oversight of the firm's business." Governing body member must have and maintain the necessary

skills, knowledge and understanding of the firm's business to perform this function. (GPM 2.2.12(b))

11. In addition, the GPM states that the individual members of the governing body must have sufficient commitment and time to devote to the affairs of the RIE. The RIE should also impose reasonable limits on the number of directorships held by Directors in other boards, to ensure that directors have allocated sufficient time to the RIE and to reduce the potential for conflicts of interest. (GPM 2.2.12(b))

12. The GPM also sets out general standards for fitness and propriety applicable to Directors, as authorized persons under the FSMR. In selecting Directors, the RIE must take into account criminal and disciplinary proceedings, violations of relevant financial services laws, prior loss of licenses, dismissals from office or employment, investigations into misconduct or malpractice, findings of fraud or malfeasance, adverse results in civil proceedings, prior disqualification as a director, and involvement in entities that have become insolvent or entered insolvency proceedings. (GPM 2.3.6)

13. In terms of independence, the FSRA's best practices state that the governing body should establish "clear and objective independence criteria which should be met by a sufficient number of members of the governing body to promote objectivity and independence in decision making." The GPM further defines a director as "independent" if the director is found, on the reasonable determination of the governing body, to "be independent in character and judgement," and "have no relationships or circumstances which are likely to affect or could appear to affect the director's judgment in a manner other than in the best interests of the" RIE. (GPM 2.2.14)

14. The GPM further indicates that in determining whether a director is independent, the RIE should consider the length of service and, among other factors, whether the director (a) has been an employee of the RIE or its affiliates within the last five years, (b) has had within the last three years, a material business relationship with the RIE, either directly or through another entity, (c) has received, in the last three years, additional remuneration or payments from the RIE other than a director's fee, participates in the RIE's share option or performance-related pay scheme or pension scheme, (d) has been a director, partner or employee of the RIE's auditor, (e) has close family ties with the RIE's advisors, directors or senior employees, (f) holds cross relationships or has significant links with other directors through involvement in other entities, or (g) represents a significant shareholder. (GPM 2.2.15)

15. The FSRA has also issued a best practice relating to corporate governance that the governing body of the RIE should establish appropriate committees to support effective discharge of its responsibilities, including audit, remuneration, ethics/compliance, nominations and risk management, with clearly defined mandates and authority. (GEN Appendix A1.1(8))

Companies Regulations Requirements

16. Various general directors' duties apply to the Directors under the Companies Regulations 2015 ("**Companies Regulations**"; Annex C-9). The Companies Regulations are largely based on the UK Companies Act 2006, and include general duties for a director to act within the director's powers, to promote the success of the company, to exercise independent judgment, to exercise reasonable care, skill and diligence, to avoid conflicts of interest, not to accept benefits from third parties and to declare interests in proposed transactions or arrangements. The general duty to avoid conflicts of interest imposes a duty for directors not to act in relation to matters where the director has an actual or possible conflict, without the approval of the unconflicted directors or the members.

Board Committee Requirements

17. [redacted]

ICE Futures Abu Dhabi Application: Exhibit C(2)

A description of the process by which ICE Futures Abu Dhabi ensures that potential governing board and committee members/other participants meet these standards.

1. The ICE Futures Abu Dhabi Regulation and Compliance Department will in accordance with its day to day responsibilities ensure that relevant regulatory, legal and corporate governance obligations established through legislation, regulatory correspondence and relevant constituent documentation are discharged as appropriate.

2. Appointment of Directors and other key individuals will involve external search processes and vetting by the Nominations Committee. [redacted]

3. [redacted]

4. [redacted]

5. [redacted]

[redacted]

6. [redacted]

7. [redacted]

8. [redacted]

9. [redacted]

10. [redacted]

10.1 [redacted]

10.2 [redacted]

10.3 [redacted]

10.4 [redacted]

10.5 [redacted]

11. [redacted]

12. [redacted]

13. [redacted]

14. [redacted]

[redacted]

15. [redacted]

16. The FSRA will be notified as required under MIR 5.1.4 of any proposed appointments to, or resignations from, the Board or a Board Committee.

17. [redacted]

18. [redacted]

ICE Futures Abu Dhabi Application: Exhibit C(3)

A description of the provisions to minimize and resolve conflicts of interest with respect to membership on the Board and Board Committees.

1. Under MIR 2.5.12, an RIE must ensure that appropriate arrangements are made to: (a) identify conflicts between the interests of the RIE, its shareholders, owners and operators and the interests of the persons who make use of its facilities or the interests of the facilities operated by it; and (b) manage or disclose such conflicts so as to avoid adverse consequences for the sound functioning and operation of the facilities operated by the RIE and for the persons who make use of its facilities.

2. Under MIR 2.5.13, an RIE must establish and maintain adequate policies and procedures to ensure that its employees do not undertake personal account transactions in financial instruments in a manner that creates or has the potential to create conflicts of interest.

3. Pursuant to MIR 2.5.14, an RIE must establish a code of conduct that sets out the expected standards of behavior for its employees, including clear procedures for addressing conflicts of interest. Such a code must be: (a) binding on employees; and (b) to the extent appropriate and practicable, made publicly available.

4. Guidance to MIR 2.5.8 describes a conflict of interest as arising in a situation where a person with responsibility to act in the interests of one person may be influenced in his action by an interest or association of his own, whether personal or business or employment related. Conflicts of interest can arise both for the employees and for the members (or other persons such as Directors) who may be involved in the decision-making process, for example where they belong to committees or to the governing body. Conflicts of interest may also arise for the RIE itself as a result of its connection with another person.

5. In terms of addressing conflicts of interest at the Board level, the template letter of appointment and agreement relating to non-competition and other covenants, for non-executive Directors, includes sections relating to conflicts of interest. The Directors will be asked to declare any conflicts of interest at the start of all meetings.

6. Under the Articles (Annex A-2(2)), if a proposed decision of the Directors is concerned with an actual or proposed transaction or arrangement with the company in which a Director is interested, that director is not to be counted as participating in the decision-making process for quorum or voting purposes, save for in certain circumstances

including where a Director that is an ultimate shareholder representative is voting in the interests of the ultimate shareholder they represent.

7. [redacted]

8. [redacted]

9. [redacted]

10. [redacted]

11. [redacted]

12. [redacted]

ICE Futures Abu Dhabi Application: Exhibit C(4)

A description of the rules with respect to the disclosure of material non-public information obtained as a result of a member's or other participant's performance on the Board or Board Committees.

1. As noted above, MIR 2.5.9 requires an RIE, among other matters, to have systems and controls intended to ensure that confidential information is only used for proper purposes.

2. In addition to the conflict of interest provisions discussed in Exhibit C(3), all Board members are required to comply with relevant ICE Inc. group policies, [redacted]

3. [redacted]

4. [redacted]

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[3] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[4] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017

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COMPANIES REGULATIONS 2015

Regulations to make provision for the formation and registration of companies in the Abu Dhabi Global Market.

Date of Enactment: 3 March 2015

The Board of Directors of the Abu Dhabi Global Market, in exercise of its powers under Article 6(1) of Law No. 4 of 2013 concerning the Abu Dhabi Global Market issued by His Highness the Ruler of the Emirate of Abu Dhabi, hereby enacts the following Regulations–

PART 1

GENERAL INTRODUCTORY PROVISIONS

Companies

1. Companies

(1) In these Regulations, unless the context otherwise requires "company" means a company formed or registered under these Regulations (whether or not it was incorporated under these Regulations).

(2) Federal Law No. 8 of 1984 of the United Arab Emirates (as amended from time to time) shall not apply to companies formed or registered under these Regulations.

Types of company

2. Limited and unlimited companies

(1) A company is a "limited company" if the liability of its members is limited by its constitution.

It may be limited by shares or limited by guarantee.

(2) If their liability is limited to the amount, if any, unpaid on the shares held by them, the company is "limited by shares".

(3) If their liability is limited to such amount as the members undertake to contribute to the assets of the company in the event of its being wound up, the company is "limited by guarantee".

(4) If there is no limit on the liability of its members, the company is an "unlimited company".

3. Private and public companies

(1) A "private company" is any company that is not a public company.

(2) A "public company" is a company limited by shares–

(a) whose certificate of incorporation states that it is a public company, and

(b) in relation to which the requirements of these Regulations as to registration or re-registration as a public company have been complied with.

(3) A "private company" may apply to the Registrar to be registered as a restricted scope company at its formation.

(4) A company may only be registered as a restricted scope company if–

(a) it is a subsidiary undertaking of another body corporate that prepares and publishes group accounts under these Regulations or such other enactment as the Registrar may recognise for the purposes of this section,

(b) it is a subsidiary undertaking of a body corporate that is incorporated by a Federal Law or by a law of any Emirate of the United Arab Emirates, or

(c) it is directly or indirectly wholly-owned by–

(i) one person, or

(ii) a group of persons who are members of the same family.

For the purposes of this subsection (c) the members of a person's family are that person's parents, spouse and children (including step-children).

(5) For the major differences between private and public companies, see Part 19.

4. Companies may not be limited by guarantee and have share capital

(1) A company cannot be formed as, or become, a company limited by guarantee with a share capital.

(2) Any provision in the constitution of a company limited by guarantee that purports to divide the company's undertaking into shares or interests is a provision for a share capital, and the company shall be deemed a company limited by shares.

PART 2

COMPANY FORMATION

General

5. Method of forming company

(1) A company is formed under these Regulations by one or more persons–

(a) confirming to the Registrar in an application for registration of the company that they–

(i) wish to form a company under these Regulations, and

(ii) agree to become members of the company and, in the case of a company that is to have a share capital, to take at least one share each, and

(b) complying with the requirements of these Regulations as to registration (see sections 6 (registration documents) to 10 (statement of compliance)).

(2) A company may not be so formed for an unlawful purpose.

Requirements for registration

6. Registration documents

(1) The application for registration of the company must be delivered to the Registrar together with the documents required by this section and a statement of compliance (see section 10 (statement of compliance)).

(2) The application for registration must state–

(a) the company's proposed name,

(b) whether the liability of the members of the company is to be limited, and if so whether it is to be limited by shares or by guarantee, and

(c) whether the company is to be a private or a public company.

(3) The application must contain–

(a) in the case of a company that is to have a share capital, a statement of capital and initial shareholdings (see section 7 (statement of capital and initial shareholdings)),

(b) in the case of a company that is to be limited by guarantee, a statement of guarantee (see section 8 (statement of guarantee)),

(c) a statement of the company's proposed officers (see section 9 (statement of proposed officers))

(ca) a statement of initial beneficial ownership and control (see section 9A (statement of initial beneficial ownership and control)[7]

(d) the trade name reservation documents required under section 47 (reservation of trade name), and

(e) such other documents and information as the Registrar may require in respect of a particular application under this section.

(4) The application must also contain–

(a) a statement of the intended address of the company's registered office in the Abu Dhabi Global Market,

(b) a copy of any proposed articles of association (to the extent that these are not supplied by the default application of model articles (see section 18 (default application of model articles))), and

(c) confirmation, in the case of a private company, as to whether that company is to be registered as a restricted scope company.

(5) If the application is delivered by a person as agent for the shareholders, it must state his name and address.

7. Statement of capital and initial shareholdings

(1) The statement of capital and initial shareholdings required to be delivered in the case of a company that is to have a share capital must comply with this section.

(2) It must state–

(a) the total number of shares of the company to be taken on formation by the initial members,

(b) for each class of shares–

(i) prescribed particulars of the rights attached to the shares, and

(ii) the total number of shares of that class, and

(c) the amount to be paid up and the amount (if any) to be unpaid on each share.

(3) It must contain such information as may be prescribed for the purpose of identifying the initial members.

(4) It must state, with respect to each initial member–

(a) the number and class of shares to be taken by him on formation, and

(b) the amount to be paid up and the amount (if any) to be unpaid on each share.

(5) Where a member is to take shares of more than one class, the information required under subsection (4)(a) is required for each class.

[7] Amended by Regulations to amend the Companies Regulations 2015, enacted on 17/4/2018.

8. Statement of guarantee

(1) The statement of guarantee required to be delivered in the case of a company that is to be limited by guarantee must comply with this section.

(2) It must contain such information as may be prescribed for the purpose of identifying the initial members.

(3) It must state that each member undertakes that, if the company is wound up while he is a member, or within one year after he ceases to be a member, he will contribute to the assets of the company such amount as may be required for–

(a) payment of the debts and liabilities of the company contracted before he ceases to be a member,

(b) payment of the costs, charges and expenses of winding up, and

(c) adjustment of the rights of the contributories among themselves,

not exceeding a specified amount.

9. Statement of proposed officers

(1) The statement of the company's proposed officers required to be delivered to the Registrar must contain the required particulars of–

(a) the person who is, or persons who are, to be the first director or directors of the company,

(b) in the case of a company that is to be a private company, any person who is (or any persons who are) to be the first secretary (or joint secretaries) of the company (if any), and

(c) in the case of a company that is to be a public company, the person who is (or the persons who are) to be the first secretary (or joint secretaries) of the company.

(2) The required particulars are the particulars that will be required to be stated–

(a) in the case of a director, in the company's register of directors and register of directors' residential addresses (see sections 153 (register of directors) to 157 (duty to notify Registrar of changes)), and

(b) in the case of a secretary, in the company's register of secretaries (see sections 292 (duty to keep register of secretaries) to 295 (particulars of secretaries to be registered: corporate secretaries and firms)).

(3) The statement must also contain a consent by each of the persons named as a director, as secretary or as one of joint secretaries, to act in the relevant capacity. If all the partners in a firm are to be joint secretaries, consent may be given by one partner on behalf of all of them.

9A. Statement of initial beneficial ownership and control[8]

(1) The statement of initial beneficial ownership and control required to be delivered to the Registrar must state whether, on incorporation, there will be any person who will be considered a beneficial owner of the company.

(2) The statement of initial beneficial ownership and control must contain the required particulars as prescribed under section 2 of the Beneficial Ownership and Control Regulations 2018.

(3) For the purposes of this section, "beneficial owner" shall have the meaning prescribed to it in Schedule 1 (*Meaning of Beneficial Owner*) of the Beneficial Ownership and Control Regulations 2018.

10. Statement of compliance

(1) The statement of compliance required to be delivered to the Registrar is a statement that the requirements of these Regulations as to registration have been complied with.

(2) The Registrar may accept the statement of compliance as sufficient evidence of compliance.

Registration and its effect

11. Registration

If the Registrar is satisfied that the requirements of these Regulations as to registration are complied with, he may register the documents delivered to him.

12. Issue of certificate of incorporation

(1) On the registration of a company, the Registrar shall give a certificate that the company is incorporated.

(2) The certificate must state–

(a) the name and registered number of the company,

(b) the date of its incorporation,

(c) whether it is a limited or unlimited company,

(d) if it is a limited company, whether it is limited by shares or limited by guarantee,

(e) whether it is a private or a public company, and

(f) if it is a private company, whether it is a restricted scope company.

(3) The certificate must be signed by the Registrar or authenticated by the Registrar's official seal.

[8] Amended by Regulations to amend the Companies Regulations 2015, enacted on 17/4/2018.

(4) The certificate is conclusive evidence that the requirements of these Regulations as to registration have been complied with and that the company is duly registered under these Regulations.

13. Effect of registration

(1) The registration of a company has the following effects as from the date of incorporation–

(a) the initial members, together with such other persons as may from time to time become members of the company, are a body corporate by the name stated in the certificate of incorporation,

(b) that body corporate is capable of exercising all the functions of an incorporated company,

(c) the status and registered office of the company are as stated in, or in connection with, the application for registration,

(d) in the case of a company having a share capital, the initial members become holders of the shares specified in the statement of capital and initial shareholdings, and

(e) the proposed officers of the company are deemed to have been appointed to that office.

14. Commercial Licence

An application for registration under section 6 (registration documents) shall, if required by the Commercial Licensing Regulations 2015, be accompanied by an application to the Registrar for a licence to carry on any controlled activities under those regulations. In this section, "controlled activities" means any activity which is specified as a controlled activity by the Board for the purposes of the Commercial Licensing Regulations 2015.

PART 3

A COMPANY'S CONSTITUTION

CHAPTER 1

INTRODUCTORY

15. A company's constitution

(1) Unless the context otherwise requires, references in these Regulations to a company's constitution include–

(a) the company's articles, and

(b) any resolutions and agreements to which Chapter 3 applies (see section 26 (resolutions and agreements affecting a company's constitution)).

CHAPTER 2

ARTICLES OF ASSOCIATION

General

16. Articles of association

(1) A company must have articles of association prescribing regulations for the company.

(2) Unless it is a company to which model articles apply by virtue of section 18 (default application of model articles), it must register articles of association.

(3) Articles of association registered by a company must–

(a) be contained in a single document, and

(b) be divided into paragraphs numbered consecutively.

(4) References in these Regulations to a company's "articles" are to its articles of association.

17. Power of Board to prescribe model articles

(1) The Board may make rules prescribing model articles of association for companies.

(2) Different model articles may be prescribed for different descriptions of company.

(3) A company may adopt all or any of the provisions of model articles.

(4) Any amendment of model articles by rules made under this section does not affect a company registered before the amendment takes effect.

"Amendment" here includes addition, alteration or repeal.

18. Default application of model articles

(1) On the formation of a limited company–

(a) if articles are not registered, or

(b) if articles are registered, in so far as they do not exclude or modify the relevant model articles,

the relevant model articles (so far as applicable) form part of the company's articles in the same manner and to the same extent as if articles in the form of those articles had been duly registered.

(2) The "relevant model articles" means the model articles prescribed for a company of that description as in force at the date on which the company is registered.

Alteration of articles

19. Amendment of articles

A company may amend its articles by special resolution.

20. Entrenched provisions of the articles

(1) A company's articles may contain provision ("provision for entrenchment") to the effect that specified provisions of the articles may be amended or repealed only if conditions are met, or procedures are complied with, that are more restrictive than those applicable in the case of a special resolution.

(2) Provision for entrenchment may only be made–

(a) in the company's articles on formation, or

(b) by an amendment of the company's articles agreed to by all the members of the company.

(3) Provision for entrenchment does not prevent amendment of the company's articles–

(a) by agreement of all the members of the company, or

(b) by order of a Court or other authority having power to alter the company's articles.

(4) Nothing in this section affects any power of a Court or other authority to alter a company's articles.

21. Notice to Registrar of existence of restriction on amendment of articles

(1) Where a company's articles–

(a) on formation contain provision for entrenchment,

(b) are amended so as to include such provision, or

(c) are altered by order of a Court or other authority so as to restrict or exclude the power of the company to amend its articles,

the company must give notice of that fact to the Registrar.

(2) Where a company's articles–

(a) are amended so as to remove provision for entrenchment, or

(b) are altered by order of a Court or other authority–

(i) so as to remove such provision, or

(ii) so as to remove any other restriction on, or any exclusion of, the power of the company to amend its articles,

the company must give notice of that fact to the Registrar.

22. Statement of compliance where amendment of articles restricted

(1) This section applies where a company's articles are subject–

(a) to provision for entrenchment, or

(b) to an order of a Court or other authority restricting or excluding the company's power to amend the articles.

(2) If the company–

(a) amends its articles, and

(b) is required to send to the Registrar a document making or evidencing the amendment,

the company must deliver with that document a statement of compliance.

(3) The statement of compliance required is a statement certifying that the amendment has been made in accordance with the company's articles and, where relevant, any applicable order of a Court or other authority.

(4) The Registrar may rely on the statement of compliance as sufficient evidence of the matters stated in it.

23. Effect of alteration of articles on company's members

(1) A member of a company is not bound by an alteration to its articles after the date on which he became a member, if and so far as the alteration–

(a) requires him to take or subscribe for more shares than the number held by him at the date on which the alteration is made, or

(b) in any way increases his liability as at that date to contribute to the company's share capital or otherwise to pay money to the company.

(2) Subsection (1) does not apply in a case where the member agrees in writing, either before or after the alteration is made, to be bound by the alteration.

24. Registrar to be sent copy of amended articles

(1) Where a company amends its articles it must send to the Registrar a copy of the articles as amended not later than 14 days after the amendment takes effect.

(2) This section does not require a company to set out in its articles any provisions of model articles that–

(a) are applied by the articles, or

(b) apply by virtue of section 18 (default application of model articles).

(3) If a company fails to comply with this section a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) is liable for a level 2 fine.

25. Registrar's notice to comply in case of failure with respect to amended articles

(1) If it appears to the Registrar that a company has failed to comply with any requirement under these Regulations requiring it–

(a) to send to the Registrar a document making or evidencing an alteration in the company's articles, or

(b) to send to the Registrar a copy of the company's articles as amended,

the Registrar may give notice to the company requiring it to comply.

(2) The notice must–

(a) state the date on which it is issued, and

(b) require the company to comply within one month[9] from that date.

(3) If the company does not comply with the notice within the specified time, it is liable to a level 1 fine.

CHAPTER 3

RESOLUTIONS AND AGREEMENTS AFFECTING A COMPANY'S CONSTITUTION

26. Resolutions and agreements affecting a company's constitution

(1) This Chapter applies to–

(a) any special resolution,

(b) any resolution or agreement agreed to by all the members that, if not so agreed to, would not have been effective for its purpose unless passed as a special resolution,

(c) any resolution or agreement agreed to by all the members of a class of shareholders that, if not so agreed to, would not have been effective for its purpose unless passed by some particular majority or otherwise in some particular manner, and

[9] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(d) any resolution or agreement that effectively binds all members of a class of shareholders though not agreed to by all those members.

(2) References in subsection (1) to a member of a company, or of a class of members of a company, do not include the company itself where it is such a member by virtue only of its holding shares as treasury shares.

27. Copies of resolutions or agreements to be forwarded to Registrar

(1) A copy of every resolution or agreement to which this Chapter applies, or (in the case of a resolution or agreement that is not in writing) a written memorandum setting out its terms, must be forwarded to the Registrar within 14 days after it is passed or made.

(2) If a company fails to comply with this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of it who is in default.

(3) A person who commits the contravention referred to in subsection (2) shall be liable to a level 1 fine.

(4) For the purposes of this section, a liquidator of the company is treated as an officer of it.

CHAPTER 4

MISCELLANEOUS AND SUPPLEMENTARY PROVISIONS

Statement of company's objects

28. Statement of company's objects

(1) Unless a company's articles specifically restrict the objects of the company, its objects are unrestricted.

(2) Where a company amends its articles so as to add, remove or alter a statement of the company's objects–

(a) it must give notice to the Registrar,

(b) on receipt of the notice, the Registrar shall register it, and

(c) the amendment is not effective until entry of that notice on the register.

(3) Any such amendment does not affect any rights or obligations of the company or render defective any legal proceedings by or against it.

Other provisions with respect to a company's constitution

29. Constitutional documents to be provided to members

(1) A company must, on request by any member, send to him the following documents–

(a) an up-to-date copy of the company's articles,

(b) a copy of any resolution or agreement relating to the company to which Chapter 3 applies (resolutions and agreements affecting a company's constitution) and that is for the time being in force,

(c) a copy of any document required to be sent to the Registrar under section 31(2)(a) (notice to Registrar where company's constitution altered by order),

(d) a copy of any Court order under section 805 (Court sanction for compromise or arrangement) or section 806 (powers of Court to facilitate reconstruction or amalgamation or merger or division),

(e) a copy of any Court order under section 860 (protection of members against unfair prejudice: powers of the Court) that alters the company's constitution,

(f) a copy of the company's current certificate of incorporation, and of any past certificates of incorporation,

(g) in the case of a company with a share capital, a current statement of capital,

(h) in the case of a company limited by guarantee, a copy of the statement of guarantee.

(2) The statement of capital required by subsection (1)(g) is a statement of–

(a) the total number of shares of the company,

(b) for each class of shares–

(i) prescribed particulars of the rights attached to the shares,

(ii) the total number of shares of that class, and

(c) the amount paid up and the amount (if any) unpaid on each share.

(3) If a company makes default in complying with this section, a contravention of these Regulations is committed by every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 2 fine.

30. Effect of company's constitution

(1) The provisions of a company's constitution bind the company and its members to the same extent as if there were covenants on the part of the company and of each member to observe those provisions.

(2) Money payable by a member to the company under its constitution is a debt due from him to the company in the nature of an ordinary contract debt.

31. Notice to Registrar where company's constitution altered by order

(1) Where a company's constitution is altered by an order of a Court or other authority, the company must give notice to the Registrar of the alteration not later than 14 days after the alteration takes effect.

(2) The notice must be accompanied by–

(a) a copy of the order, and

(b) if the order amends–

(i) the company's articles, or

(ii) a resolution or agreement to which Chapter 3 applies (resolutions and agreements affecting the company's constitution),

a copy of the company's articles, or the resolution or agreement in question, as amended.

(3) If a company fails to comply with this section a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 1 fine.

(5) This section does not apply where provision is made by another law or regulation applicable to the Abu Dhabi Global Market for the delivery to the Registrar of a copy of the order in question.

32. Documents to be incorporated in or accompany copies of articles issued by company

(1) Every copy of a company's articles issued by the company must be accompanied by–

(a) a copy of any resolution or agreement relating to the company to which Chapter 3 applies (resolutions and agreements affecting a company's constitution),

(b) a copy of any order required to be sent to the Registrar under section 31(2)(a) (notice to Registrar where company's constitution altered by order).

(2) This does not require the articles to be accompanied by a copy of a document or by a statement if–

(a) the effect of the resolution, agreement, or order (as the case may be) on the company's constitution has been incorporated into the articles by amendment, or

(b) the resolution, agreement, or order (as the case may be) is not for the time being in force.

(3) If the company fails to comply with this section, a contravention of these Regulations is committed by every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 1 fine.

(5) For the purposes of this section, a liquidator of the company is treated as an officer of it.

33. Right to participate in profits otherwise than as member void

In the case of a company limited by guarantee any provision in the company's articles, or in any resolution of the company, purporting to give a person a right to participate in the divisible profits of the company otherwise than as a member is void.

34. Application to single member companies of rules of law

Any rule of law applicable in the Abu Dhabi Global Market to companies formed by two or more persons or having two or more members applies with any necessary modification in relation to a company formed by one person or having only one person as a member.

PART 4

A COMPANY'S CAPACITY AND RELATED MATTERS

Capacity of company and power of directors to bind it

35. A company's capacity

The validity of an act done by a company shall not be called into question on the ground of lack of capacity by reason of anything in the company's constitution.

36. Power of directors to bind the company

(1) In favour of a person dealing with a company in good faith, the power of the directors to bind the company, or authorise others to do so, is deemed to be free of any limitation under the company's constitution.

(2) For this purpose–

(a) a person "deals with" a company if he is a party to any transaction or other act to which the company is a party,

(b) a person dealing with a company–

(i) is not bound to enquire as to any limitation on the powers of the directors to bind the company or authorise others to do so,

(ii) is presumed to have acted in good faith unless the contrary is proved, and

(iii) is not to be regarded as acting in bad faith by reason only of his knowing that an act is beyond the powers of the directors under the company's constitution.

(3) The references above to limitations on the directors' powers under the company's constitution include limitations deriving–

(a) from a resolution of the company or of any class of shareholders, or

(b) from any agreement between the members of the company or of any class of shareholders.

(4) This section does not affect any right of a member of the company to bring proceedings to restrain the doing of an action that is beyond the powers of the directors.

But no such proceedings lie in respect of an act to be done in fulfilment of a legal obligation arising from a previous act of the company.

(5) This section does not affect any liability incurred by the directors, or any other person, by reason of the directors' exceeding their powers.

(6) This section has effect subject to section 37 (constitutional limitations: transactions including directors or their associates).

37. Constitutional limitations: transactions involving directors or their associates

(1) This section applies to a transaction if or to the extent that its validity depends on section 36 (power of directors to bind the company).

Nothing in this section shall be read as excluding the operation of any rule of law applicable in the Abu Dhabi Global Market by virtue of which the transaction may be called in question or any liability to the company may arise.

(2) Where–

(a) a company enters into such a transaction, and

(b) the parties to the transaction include–

(i) a director of the company or of its holding company, or

(ii) a person connected with any such director,

the transaction is voidable at the instance of the company.

(3) Whether or not it is avoided, any such party to the transaction as is mentioned in subsection (2)(b)(i) or (ii), and any director of the company who authorised the transaction, is liable–

(a) to account to the company for any gain he has made directly or indirectly by the transaction, and

(b) to indemnify the company for any loss or damage resulting from the transaction.

(4) The transaction ceases to be voidable if–

(a) restitution of any money or other asset which was the subject matter of the transaction is no longer possible, or

(b) the company is indemnified for any loss or damage resulting from the transaction, or

(c) rights acquired bona fide for value and without actual notice of the directors exceeding their powers by a person who is not party to the transaction would be affected by the avoidance, or

(d) the transaction is affirmed by the company.

(5) A person other than a director of the company is not liable under subsection (3) if he shows that at the time the transaction was entered into he did not know that the directors were exceeding their powers.

(6) Nothing in the preceding provisions of this section affects the rights of any party to the transaction not within subsection (2)(b)(i) or (ii). The Court may, on the application of the company or any such party, make an order affirming, severing or setting aside the transaction on such terms as appear to the Court to be just.

(7) In this section–

(a) "transaction" includes any act, and

(b) the reference to a person connected with a director has the same meaning as in Part 10 (company directors).

Formalities of doing business under the law of the Abu Dhabi Global Market

38. Contracts

(1) Under the law of the Abu Dhabi Global Market a contract may be made–

(a) by a company, by writing under its common seal, or

(b) on behalf of a company, by a person acting under its authority, express or implied.

(2) Under the law of the Abu Dhabi Global Market a contract may be made by a non-ADGM company–

(a) by writing under its common seal or in any manner permitted by the laws of the territory in which the non-ADGM company is incorporated for the execution of documents by such non-ADGM company, and

(b) on behalf of that non-ADGM company, by any person who, in accordance with the laws of the territory in which the company is incorporated, is acting under the authority (express or implied) of that non-ADGM company.

(3) Any formalities required by law in the case of a contract made by an individual also apply, unless a contrary intention appears, to a contract made by or on behalf of a company or non-ADGM company.

39. Execution of documents in the Abu Dhabi Global Market

(1) Under the law of the Abu Dhabi Global Market a document is executed by a company–

(a) by the affixing of its common seal, or

(b) by signature in accordance with the following provisions.

(2) A document is validly executed by a company if it is signed on behalf of the company–

(a) by two authorised signatories, or

(b) by a director of the company in the presence of a witness who attests the signature.

(3) The following are "authorised signatories" for the purposes of subsection (2)–

(a) every director of the company, and

(b) in the case of a private company with a secretary or a public company, the secretary (or any joint secretary) of the company.

(4) A document signed in accordance with subsection (2) and expressed, in whatever words, to be executed by the company has the same effect as if executed under the common seal of the company.

(5) Under the law of the Abu Dhabi Global Market a document is executed by a non-ADGM company–

(a) by the affixing of its common seal, or

(b) if it is executed in any manner permitted by the laws of the territory in which the non-ADGM company is incorporated for the execution of documents by such non-ADGM company.

(6) A document which–

(a) is signed by a person who, in accordance with the laws of the territory in which the non-ADGM company is incorporated, is acting under the authority (express or implied) of the non-ADGM company, and

(b) is expressed (in whatever form of words) to be executed by the non-ADGM company,

has the same effect in relation to that non-ADGM company as it would have in relation to a company formed or registered under these Regulations if executed under the common seal of a company so formed or registered.

(7) In favour of a purchaser a document is deemed to have been duly executed by a company or non-ADGM company if it purports to be signed in accordance with subsection (2) (in the case of a company) or (5) (in the case of a non-ADGM company).

A "purchaser" means a purchaser in good faith for valuable consideration and includes a lessee, mortgagee or other person who for valuable consideration acquires an interest in property.

(8) Where a document is to be signed by a person on behalf of more than one company or non-ADGM company, it is not duly signed by that person for the purposes of this section unless he signs it separately in each capacity.

(9) References in this section to a document being (or purporting to be) signed by a director, secretary or person who is acting under the authority (express or implied) of the relevant company or non-ADGM company are to be read, in a case where that person is a firm, as references to its being (or purporting to be) signed by an individual authorised by the firm to sign on its behalf.

(10) This section applies to a document that is (or purports to be) executed by a company or non-ADGM company in the name of or on behalf of another person whether or not that person is also a company or non-ADGM company.

40. Common seal

(1) A company may have a common seal, but need not have one.

(2) A company which has a common seal shall have its name engraved in legible characters on the seal.

(3) If a company fails to comply with subsection (2) an offence is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(4) An officer of a company, or a person acting on behalf of a company, commits a contravention of these regulations if he uses, or authorises the use of, a seal purporting to be a seal of the company on which its name is not engraved as required by subsection (2).

(5) A person who commits a contravention under this section is liable to a level 1 fine.

41. Execution of deeds

(1) A document is validly executed by a company as a deed for the purposes of laws applicable in the Abu Dhabi Global Market if, and only if–

(a) it is duly executed by that company, and

(b) it is delivered as a deed.

(2) A document is validly executed by a non-ADGM company as a deed for the purposes of laws applicable in the Abu Dhabi Global Market if, and only if–

(a) it is duly executed by that non-ADGM company, and

(b) it is delivered as a deed.

(3) For the purposes of subsection (1)(b) and 2(b) a document is presumed to be delivered upon its being executed, unless a contrary intention is proved.

42. Execution of deeds or other documents by attorney

(1) Under the law of the Abu Dhabi Global Market a company may, by instrument executed as a deed, empower a person, either generally or in respect of specified matters, as its attorney to execute deeds or other documents on its behalf.

(2) A deed or other document so executed, whether in the Abu Dhabi Global Market or elsewhere, has effect as if executed by the company.

Other matters

43. Official seal for use outside of the Abu Dhabi Global Market

(1) A company that has a common seal may have an official seal for use outside the Abu Dhabi Global Market.

(2) The official seal must be a facsimile of the company's common seal, with the addition on its face of the place or places where it is to be used.

(3) The official seal when duly affixed to a document has the same effect as the company's common seal.

(4) A company having an official seal for use outside the Abu Dhabi Global Market may by writing under its common seal, authorise any person appointed for the purpose to affix the official seal to any deed or other document to which the company is party.

(5) As between the company and a person dealing with such an agent, the agent's authority continues–

(a) during the period mentioned in the instrument conferring the authority, or

(b) if no period is mentioned, until notice of the revocation or termination of the agent's authority has been given to the person dealing with him.

(6) The person affixing the official seal must certify in writing on the deed or other document to which the seal is affixed the date on which, and place at which, it is affixed.

44. Official seal for share certificates etc

(1) A company that has a common seal may have an official seal for use–

(a) for sealing securities issued by the company, or

(b) for sealing documents creating or evidencing securities so issued.

(2) The official seal–

(a) must be a facsimile of the company's common seal, with the addition on its face of the word "Securities", and

(b) when duly affixed to the document has the same effect as the company's common seal.

45. Pre-incorporation contracts, deeds and obligations

(1) A contract that purports to be made by or on behalf of a company at a time when the company has not been formed has effect, subject to any agreement to the contrary, as one made with the person purporting to act for the company or as agent for it, and he is personally liable on the contract accordingly.

(2) Subsection (1) applies to the making of a deed under the law of the Abu Dhabi Global Market as it applies to the making of a contract.

46. Bills of exchange and promissory notes

A bill of exchange or promissory note is deemed to have been made, accepted or endorsed on behalf of a company if made, accepted or endorsed in the name of, or by or on behalf or on account of, the company by a person acting under its authority.

PART 5

A COMPANY'S NAME

CHAPTER 1

GENERAL REQUIREMENTS

47. Reservation of [10]name

(1) Every application for the registration of a company under these Regulations must be preceded or accompanied by an application to reserve a proposed name of that company.

(2) The Registrar may make rules and may issue guidance about applications made under sub-section (1). The rules may, in particular, make provision–

(a) as to the period of time for which a proposed name is so reserved and the process for extending that period of time,

(b) for prohibited or restricted names,

(c) as to the form and content of an application, and

(d) for fees to be charged.

48. Prohibited names

(1) A company must not be registered under these Regulations by a name if, in the opinion of the Registrar–

(a) its use by the company would constitute a contravention of these Regulations or any other enactment or rule applicable in the Abu Dhabi Global Market, or

(b) it is offensive.

49. Names suggesting connection with government or public authority

(1) The approval of the Registrar is required for a company to be registered under these Regulations with a name that would be likely to give the impression that the company is connected with–

(a) the Federal Government of the United Arab Emirates or the Government of any Emirate within the United Arab Emirates,

(b) a municipality within the United Arab Emirates,

(c) any public authority specified for the purposes of this section pursuant to rules made by the Board, or

[10] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(d) any other person registered with any governmental authority of the United Arab Emirates or of any Emirate within the United Arab Emirates.

(2) For the purposes of this section "public authority" includes any person or body having functions of a public nature.

50. Other sensitive words or expressions

The approval of the Registrar is required for a company to be registered under these Regulations by a name that includes a word or expression for the time being specified in rules made by the Board under this section.

51. Permitted characters etc

(1) The Board may make rules–

(a) as to the letters or other characters, signs or symbols (including accents and other diacritical marks) and punctuation that may be used in the name of a company registered under these Regulations, and

(b) specifying a standard style or format for the name of a company for the purposes of registration.

(2) The rules may prohibit the use of specified characters, signs or symbols when appearing in a specified position (in particular, at the beginning of a name).

(3) A company may not be registered under these Regulations by a name that consists of or includes anything that is not permitted in accordance with rules made under this section.

(4) In this section "specified" means specified in rules made under this section.

52. Public limited companies

The name of a limited company that is a public company must end with "public limited company", "PUBLIC LIMITED COMPANY", "plc", "PLC", "p.l.c." or "P.L.C.".

53. Private limited companies

(1) The name of a limited company that is a private company must end with "limited", "LIMITED", "ltd", "LTD", "l.t.d.", or "L.T.D.".

(2) The name of a limited company that is a restricted scope company must be followed by the word "Restricted", "Restricted Scope Company" or "RSC" before ending with one of the suffixes provided for by subsection (1).[11]

54. Inappropriate use of indications of company type or legal form

(1) The Board may make rules prohibiting the use in a company name of specified words, expressions or other indications–

[11] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(a) that are associated with a particular type of company or form of organisation, or

(b) that are similar to words, expressions or other indications associated with a particular type of company or form of organisation.

(2) The rules may prohibit the use of words, expressions or other indications–

(a) in a specified part, or otherwise than in a specified part, of a company's name,

(b) in conjunction with, or otherwise than in conjunction with, such other words, expressions or indications as may be specified.

(3) A company must not be registered under these Regulations by a name that consists of or includes anything prohibited by rules made under this section.

(4) In this section "specified" means specified in rules made under this section.

CHAPTER 2

SIMILARITY TO OTHER NAMES

55. Name not to be the same as another on the Registrar's register of company names

(1) A company must not be registered under these Regulations with a name that is the same as another name appearing in the Registrar's register of company names.

(2) The Board may make rules supplementing this section.

(3) The rules may make provision–

(a) as to matters that are to be disregarded, and

(b) as to words, expressions, signs or symbols that are, or are not, to be regarded as the same,

for the purposes of this section.

(4) The rules may provide–

(a) that registration by a name that would otherwise be prohibited under this section is permitted–

(i) in specified circumstances, or

(ii) with specified consent, and

(b) that if those circumstances obtain or that consent is given at the time a company is registered by a name, a subsequent change of circumstances or withdrawal of consent does not affect the registration.

(5) In this section "specified" means specified in the rules made under this section.

56. Power to direct change of name in case of similarity to existing name

(1) The Registrar may direct a company to change its name if it has been registered in a name that is the same as or, in the opinion of the Registrar, too like–

(a) the name of the Federal Government of the United Arab Emirates or the Government of any Emirate within the United Arab Emirates,

(b) the name of a municipality within the United Arab Emirates,

(c) the name of any public authority specified for the purposes of this section pursuant to rules made by the Board,

(d) the name of any other person registered with any governmental authority of the United Arab Emirates or of any Emirate within the United Arab Emirates,

(e) a name appearing at the time of the registration in the Registrar's register of company names, or

(f) a name that should have appeared in the Registrar's register of company names at that time.

(2) The Registrar may make rules supplementing this section.

(3) The rules may make provision–

(a) as to matters that are to be disregarded, and

(b) as to words, expressions, signs or symbols that are, or are not, to be regarded as the same,

for the purposes of this section.

(4) The rules may provide–

(a) that no direction is to be given under this section in respect of a name–

(i) in specified circumstances, or

(ii) if specified consent is given, and

(b) that a subsequent change of circumstances or withdrawal of consent does not give rise to grounds for a direction under this section.

(5) In this section "specified" means specified in rules made under this section.

57. Direction to change name: supplementary provisions

(1) The following provisions have effect in relation to a direction under section 56 (power to direct change of name in case of similarity to existing name).

(2) Any such direction–

(a) must be given within twelve months of the company's registration by the name in question, and

(b) must specify the period within which the company is to change its name.

(3) The Registrar may by a further direction extend that period. Any such direction must be given before the end of the period for the time being specified.

(4) A direction under section 56 (power to direct change of name in case of similarity to existing name) or this section must be in writing.

(5) If a company fails to comply with the direction, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

For this purpose a shadow director is treated as an officer of the company.

(6) A person who commits the contravention referred to in subsection (5) shall be liable to a fine of up to level 4.

58. Objection to company's registered name

(1) A person ("the applicant") may object to a company's registered name on the ground–

(a) that it is the same as a name associated with the applicant in which he has goodwill, or

(b) that it is sufficiently similar to such a name that its use in the Abu Dhabi Global Market would be likely to mislead by suggesting a connection between the company and the applicant.

(2) The objection must be made by application to the Registrar (see section 59 (procedural rules)).

(3) The company concerned shall be the primary respondent to the application. Any of its members or directors may be joined as respondents.

(4) If the ground specified in subsection (1)(a) or (b) is established, it is for the respondents to show–

(a) that the name was registered before the commencement of the activities on which the applicant relies to show goodwill, or

(b) that the company–

(i) is operating under the name, or

(ii) is proposing to do so and has incurred substantial start-up costs in preparation, or

(iii) was formerly operating under the name and is now dormant, or

(c) that the name was registered in the ordinary course of a company formation business and the company is available for sale to the applicant on the standard terms of that business, or

(d) that the name was adopted in good faith, or

(e) that the interests of the applicant are not adversely affected to any significant extent.

If none of those is shown, the objection shall be upheld.

(5) If the facts mentioned in subsection (4)(a), (b) or (c) are established, the objection shall nevertheless be upheld if the applicant shows that the main purpose of the respondents (or any of them) in registering the name was to obtain money (or other consideration) from the applicant or prevent him from registering the name.

(6) If the objection is not upheld under subsection (4) or (5), it shall be dismissed.

(7) In this section "goodwill" includes reputation of any description.

59. Procedural rules

(1) The Board may make rules about proceedings brought under section 58 (objection to company's registered name).

(2) The rules may, in particular, make provision–

(a) as to how an application is to be made and the form and content of an application or other documents,

(b) for fees to be charged,

(c) about the service of documents and the consequences of failure to serve them,

(d) as to the form and manner in which evidence is to be given,

(e) for circumstances in which hearings are required and those in which they are not,

(f) setting time limits for anything required to be done in connection with the proceedings (and allowing for such limits to be extended, even if they have expired),

(g) enabling the Registrar to strike out an application, or any defence, in whole or in part–

(i) on the ground that it is vexatious, has no reasonable prospect of success or is otherwise misconceived, or

(ii) for failure to comply with the requirements of the rules,

(h) conferring power to order security for costs,

(i) as to how far proceedings are to be held in public,

(j) requiring one party to bear the costs of another and as to the taxing the amount of such costs.

60. Decision of Registrar to be made available to public

(1) The Registrar must, within 90 days of determining an application under section 58 (objection to company's registered name), make his decision and his reasons for it available to the public.

(2) He may do so by means of a website or by such other means as appear to him to be appropriate.

61. Order requiring name to be changed

(1) If an application under section 58 (objection to company's registered name) is upheld, the Registrar shall serve notice–

(a) requiring the respondent company to change its name to one that is not an offending name, and

(b) requiring all the respondents–

(i) to take all such steps as are within their power to make, or facilitate the making, of that change, and

(ii) not to cause or permit any steps to be taken calculated to result in another company being registered with a name that is an offending name.

(2) An "offending name" means a name that, by reason of its similarity to the name associated with the applicant in which he claims goodwill, would be likely–

(a) to be the subject of a direction under section 56 (power to direct change of name in case of similarity to existing name), or

(b) to give rise to a further application under section 58 (objection to company's registered name).

(3) The notice must specify a date by which the respondent company's name is to be changed and may be enforced in the same way as an order of the Court.

(4) If the respondent company's name is not changed in accordance with the order by the specified date, the Registrar may determine a new name for the company.

(5) If the Registrar determines a new name for the respondent company he must give notice of his determination–

(a) to the applicant, and

(b) to the respondents.

(6) For the purposes of this section a company's name is changed when the change takes effect in accordance with section 69(1) (change of name: effect).

62. Appeal from Registrar's decision

(1) An appeal lies to the Court from any decision of the Registrar to uphold or dismiss an application under section 58 (objection to company's registered name).

(2) Notice of appeal against a decision upholding an application must be given before the date specified in the Registrar's notice by which the respondent company's name is to be changed.

(3) If notice of appeal is given against a decision upholding an application, the effect of the Registrar's notice is suspended.

(4) If on appeal the Court–

(a) affirms the decision of the Registrar to uphold the application, or

(b) reverses the decision of the Registrar to dismiss the application,

the Court may (as the case may require) specify the date by which the Registrar's notice is to be complied with, remit the matter to the Registrar or make any order or determination that the Registrar might have made.

(5) If the Court determines a new name for the company it must give notice of the determination–

(a) to the parties to the appeal, and

(b) to the Registrar.

CHAPTER 3

OTHER POWERS OF THE REGISTRAR

63. Provision of misleading information etc

(1) If it appears to the Registrar–

(a) that misleading information has been given for the purposes of a company's registration by a particular name, or

(b) that an undertaking or assurance has been given for that purpose and has not been fulfilled,

the Registrar may direct the company to change its name.

(2) Any such direction–

(a) must be given within five years of the company's registration by that name, and

(b) must specify the period within which the company is to change its name.

(3) The Registrar may by a further direction extend the period within which the company is to change its name.

Any such direction must be given before the end of the period for the time being specified.

(4) A direction under this section must be in writing.

(5) If a company fails to comply with a direction under this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

For this purpose a shadow director is treated as an officer of the company.

(6) A person who commits the contravention referred to in subsection (5) shall be liable to a fine of up to level 7.

64. Misleading indication of activities

(1) If in the opinion of the Registrar the name by which a company is registered gives so misleading an indication of the nature of its activities as to be likely to cause harm to the public, the Registrar may direct the company to change its name.

(2) The direction must be in writing.

(3) The direction must be complied with within a period of six weeks from the date of the direction or such longer period as the Registrar may think fit to allow.

This does not apply if an application is duly made to the Court under the following provisions.

(4) The company may apply to the Court to set the direction aside.

The application must be made within the period of three weeks from the date of the direction.

(5) The Court may set the direction aside or confirm it.

If the direction is confirmed, the Court shall specify the period within which the direction is to be complied with.

(6) If a company fails to comply with a direction under this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

For this purpose a shadow director is treated as an officer of the company.

(7) A person who commits the contravention referred to in subsection (6) shall be liable to a fine of up to level 4.

CHAPTER 4

CHANGE OF NAME

65. Change of name

(1) A company may change its name–

(a) by special resolution (see section 66 (change of name by special resolution)), or

(b) by other means provided for by the company's articles (see section 67 (change of name by means provided for in company's articles)).

(2) The name of a company may also be changed–

(a) on the determination of a new name by the Registrar under section 61 (order requiring name to be changed),

(b) on the determination of a new name by the Court under section 62 (appeal from Registrar's decision),

(c) under section 891 (company's name on restoration).

66. Change of name by special resolution

(1) Where a change of name has been agreed to by a company by special resolution, the company must give notice to the Registrar.

This is in addition to the obligation to forward a copy of the resolution to the Registrar.

(2) Where a change of name by special resolution is conditional on the occurrence of an event, the notice given to the Registrar of the change must–

(a) specify that the change is conditional, and

(b) state whether the event has occurred.

(3) If the notice states that the event has not occurred–

(a) the Registrar is not required to act under section 68 (change of name: registration and issue of new certificate of incorporation) until further notice,

(b) when the event occurs, the company must give notice to the Registrar stating that it has occurred, and

(c) the Registrar may rely on the statement as sufficient evidence of the matters stated in it.

67. Change of name by means provided for in company's articles

(1) Where a change of a company's name has been made by other means provided for by its articles–

(a) the company must give notice to the Registrar, and

(b) the notice must be accompanied by a statement that the change of name has been made by means provided for by the company's articles.

(2) The Registrar may rely on the statement as sufficient evidence of the matters stated in it.

68. Change of name: registration and issue of new certificate of incorporation

(1) This section applies where the Registrar receives notice of a change of a company's name.

(2) If the Registrar is satisfied–

(a) that the new name complies with the requirements of this Part, and

(b) that the requirements of these Regulations, and any relevant requirements of the company's articles, with respect to a change of name are complied with,

the Registrar must enter the new name on the register in place of the former name.

(3) On the registration of the new name, the Registrar must issue a certificate of incorporation altered to meet the circumstances of the case.

69. Change of name: effect

(1) A change of a company's name has effect from the date on which the new certificate of incorporation is issued.

(2) The change does not affect any rights or obligations of the company or render defective any legal proceedings by or against it.

(3) Any legal proceedings that might have been continued or commenced against it by its former name may be continued or commenced against it by its new name.

CHAPTER 5

TRADING DISCLOSURES

70. Requirement to disclose company name etc

(1) The Board may make rules requiring companies–

(a) to display specified information in specified locations,

(b) to state specified information in specified descriptions of document or communication, and

(c) to provide specified information on request to those they deal with in the course of their business.

(2) The rules–

(a) must in every case require disclosure of the name of the company,

(b) may make provision as to the manner in which any specified information is to be displayed, stated or provided, and

(c) may declare specified companies exempt in whole or in part from the requirements imposed under this section.

(3) The rules may provide that, for the purposes of any requirement to disclose a company's name, any variation between a word or words required to be part of the name and a permitted abbreviation of that word or those words (or vice versa) shall be disregarded.

(4) In this section "specified" means specified in the rules made under this section.

71. Consequences of failure to make required disclosure

(1) This section applies to any legal proceedings brought by a company to which section 70 (requirement to disclose company name etc) applies to enforce a right arising out of a contract made in the course of a business in respect of which the company was, at the time the contract was made, in breach of rules under that section.

(2) The proceedings shall be dismissed if the defendant to the proceedings shows–

(a) that he has a claim against the claimant arising out of the contract that he has been unable to pursue by reason of the latter's breach of the rules, or

(b) that he has suffered some financial loss in connection with the contract by reason of the claimant's breach of the rules,

unless the Court before which the proceedings are brought is satisfied that it is just and equitable to permit the proceedings to continue.

(3) This section does not affect the right of any person to enforce such rights as he may have against another person in any proceedings brought by that person.

72. Consequences of failure to make required disclosures

(1) Rules under section 70 (requirement to disclose company name etc) may provide–

(a) that where a company fails, without reasonable excuse, to comply with any specified requirement of rules under that section a contravention of these Regulations is committed by–

(i) the company, and

(ii) every officer of the company who is in default,

(b) that a person who commits the contravention referred to in subsection (1)(a) shall be to a level 1 fine.

(2) The rules may provide that, for the purposes of any provision made under subsection (1), a shadow director of the company is to be treated as an officer of the company.

(3) In subsection (1)(a) "specified" means specified in the rules.

73. Minor variations in form of name to be left out of account

(1) For the purposes of this Chapter, in considering a company's name no account is to be taken of–

(a) whether upper or lower case characters (or a combination of the two) are used,

(b) whether diacritical marks or punctuation are present or absent, or

(c) whether the name is in the same format or style as is specified under section 51(1)(b) (permitted characters etc) for the purposes of registration,

provided there is no real likelihood of names differing only in those respects being taken to be different names.

(2) This does not affect the operation of regulations under section 51(1)(a) (permitted characters etc) permitting only specified characters, diacritical marks or punctuation.

PART 6

A COMPANY'S REGISTERED OFFICE

General

74. A company's registered office

A company must at all times have a registered office in the Abu Dhabi Global Market to which all communications and notices may be addressed.

75. Change of address of registered office

(1) A company may change the address of its registered office by giving notice to the Registrar.

(2) The change takes effect upon the notice being registered by the Registrar, but until the end of the period of 14 days beginning with the date on which it is registered a person may validly serve any document on the company at the address previously registered.

(3) For the purposes of any duty of a company–

(a) to keep available for inspection at its registered office any register, index or other document, or

(b) to mention the address of its registered office in any document,

a company that has given notice to the Registrar of a change in the address of its registered office may act on the change as from such date, not more than 14 days after the notice is given, as it may determine.

(4) Where a company unavoidably ceases to perform at its registered office any such duty as is mentioned in subsection (3)(a) in circumstances in which it was not practicable to give prior notice to the Registrar of a change in the address of its registered office, but–

(a) resumes performance of that duty at other premises as soon as practicable, and

(b) gives notice accordingly to the Registrar of a change in the situation of its registered office within 14 days of doing so,

it is not to be treated as having failed to comply with that duty.

PART 7

RE-REGISTRATION AND CONTINUANCE

CHAPTER 1

RE-REGISTRATION AS A MEANS OF ALTERING A COMPANY'S STATUS

Introductory

76. Alteration of status by re-registration

A company may by re-registration under this Part alter its status–

(a) from a private company to a public company (see sections 77 (re-registration of private company as public) to 80 (issue of certificate of incorporation on re-registration)),

(b) from a public company to a private company (see sections 81 (re-registration of public company as private) to 85 (issue of certificate of incorporation on re-registration)),

(c) from a private limited company to an unlimited company (see sections 86 (re-registration of private limited company as unlimited) to 88 (issue of certificate of incorporation on re-registration)),

(d) from an unlimited company to a limited company (see sections 89 (re-registration of unlimited company as limited) to 92 (statement of capital required where company already has share capital),

(e) from a public company to an unlimited private company (see sections 93 (re-registration of public company as private and unlimited) to 95 (issue of certificate of incorporation on re-registration)), and

(f) from a restricted scope company to a non-restricted scope company (see sections 96 (re-registration of a restricted scope company as a non-restricted scope company) to 99 (issue of certificate of incorporation on re-registration)).

77. Re-registration of private company as public

(1) A private company (whether limited or unlimited and whether it is a restricted scope company or not) may be re-registered as a public company limited by shares if–

(a) a special resolution that it should be so re-registered is passed,

(b) the conditions specified below are met, and

(c) an application for re-registration is delivered to the Registrar in accordance with section 78 (application and accompanying documents), together with–

(i) the other documents required by that section, and

(ii) a statement of compliance.

(2) The conditions are–

(a) that the company has a share capital not less than the authorised minimum required for a public company, and

(b) that the company has not previously been re-registered as unlimited.

(3) The company must make such changes–

(a) in its name, and

(b) in its articles,

as are necessary in connection with its becoming a public company.

(4) If the company is unlimited it must also make such changes in its articles as are necessary in connection with its becoming a company limited by shares.

78. Application and accompanying documents

(1) An application for re-registration as a public company must contain–

(a) a statement of the company's proposed name on re-registration, and

(b) in the case of a company without a secretary, a statement of the company's proposed secretary (see section 79 (statement of proposed secretary)).

(2) The application must be accompanied by–

(a) a copy of the special resolution that the company should re-register as a public company (unless a copy has already been forwarded to the Registrar under Chapter 3 of Part 3),

(b) a copy of the company's articles as proposed to be amended,

(c) a balance sheet prepared as at a date not more than seven months before the date on which the application is delivered to the Registrar, and

(d) an unqualified report by the company's auditor on that balance sheet.

(3) The statement of compliance required to be delivered together with the application is a statement that the requirements of this Part as to re-registration as a public company have been complied with.

(4) The Registrar may accept the statement of compliance as sufficient evidence that the company is entitled to be re-registered as a public company.

79. Statement of proposed secretary

(1) The statement of the company's proposed secretary must contain the required particulars of the person who is or the persons who are to be the secretary or joint secretaries of the company.

(2) The required particulars are the particulars that will be required to be stated in the company's register of secretaries (see sections 294 (particulars of secretaries to be registered: individuals) and 295 (particulars of secretaries to be registered: corporate secretaries and firms)).

(3) The statement must also contain a consent by the person named as secretary, or each of the persons named as joint secretaries, to act in the relevant capacity. If all the partners

in a firm are to be joint secretaries, consent may be given by one partner on behalf of all of them.

80. Issue of certificate of incorporation on re-registration

(1) If on an application for re-registration as a public company the Registrar is satisfied that the company is entitled to be so re-registered, the company shall be re-registered accordingly.

(2) The Registrar must issue a certificate of incorporation altered to meet the circumstances of the case.

(3) The certificate must state that it is issued on re-registration and the date on which it is issued.

(4) On the issue of the certificate–

(a) the company by virtue of the issue of the certificate becomes a public company,

(b) the changes in the company's name and articles take effect, and

(c) where the application contained a statement under section 79 (statement of proposed secretary), the person or persons named in the statement as secretary or joint secretary of the company are deemed to have been appointed to that office.

(5) The certificate is conclusive evidence that the requirements of these Regulations as to re-registration have been complied with.

81. Re-registration of public company as private limited company

(1) A public company may be re-registered as a private limited company if–

(a) a special resolution that it should be so re-registered is passed, and

(b) an application for re-registration is delivered to the Registrar in accordance with section 84 (application and accompanying documents), together with–

(i) the other documents required by that section, and

(ii) a statement of compliance.

(2) The company must make such changes–

(a) in its name, and

(b) in its articles,

as are necessary in connection with its becoming a private company limited by shares or, as the case may be, by guarantee.

82. Application to Court to cancel resolution

(1) Where a special resolution by a public company to be re-registered as a private limited company has been passed, an application to the Court for the cancellation of the resolution may be made–

(a) by the holders of not less in the aggregate than 5% of the company's issued share capital or any class of the company's issued share capital (disregarding any shares held by the company as treasury shares),

(b) if the company is not limited by shares, by not less than 5% of its members, or

(c) by not less than 50 of the company's members,

but not by a person who has consented to or voted in favour of the resolution.

(2) The application must be made within one month[12] after the passing of the resolution and may be made on behalf of the persons entitled to make it by such one or more of their number as they may appoint for the purpose.

(3) On the hearing of the application the Court shall make an order either cancelling or confirming the resolution.

(4) The Court may–

(a) make that order on such terms and conditions as it thinks fit,

(b) if it thinks fit adjourn the proceedings in order that an arrangement may be made to the satisfaction of the Court for the purchase of the interests of dissentient members, and

(c) give such directions, and make such orders, as it thinks expedient for facilitating or carrying into effect any such arrangement.

(5) The Court's order may, if the Court thinks fit–

(a) provide for the purchase by the company of the shares of any of its members and for the reduction accordingly of the company's capital, and

(b) make such alteration in the company's articles as may be required in consequence of that provision.

(6) The Court's order may, if the Court thinks fit, require the company not to make any, or any specified, amendments to its articles without the leave of the Court.

83. Notice to Registrar of Court application or order

(1) On making an application under section 82 (application to Court to cancel resolution) the applicants, or the person making the application on their behalf, must immediately give notice to the Registrar.

This is without prejudice to any provision of rules of Court as to service of notice of the application.

(2) On being served with notice of any such application, the company must immediately give notice to the Registrar.

(3) Within 14 days of the making of the Court's order on the application, or such longer period as the Court may at any time direct, the company must deliver to the Registrar a copy of the order.

(4) If a company fails to comply with subsection (2) or (3) a contravention of these Regulations is committed by–

[12] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(a) the company, and

(b) every officer of the company who is in default.

(5) A person who commits the contravention referred to in subsection (4) shall be liable to a level 2 fine.

84. Application and accompanying documents

(1) An application for re-registration as a private limited company must contain a statement of the company's proposed name on re-registration.

(2) The application must be accompanied by–

(a) a copy of the resolution that the company should re-register as a private limited company (unless a copy has already been forwarded to the Registrar under Chapter 3 of Part 3), and

(b) a copy of the company's articles as proposed to be amended.

(3) The statement of compliance required to be delivered together with the application is a statement that the requirements of this Part as to re-registration as a private limited company have been complied with.

(4) The Registrar may accept the statement of compliance as sufficient evidence that the company is entitled to be re-registered as a private limited company.

85. Issue of certificate of incorporation on re-registration

(1) If on an application for re-registration as a private limited company the Registrar is satisfied that the company is entitled to be so re-registered, the company shall be re-registered accordingly.

(2) The Registrar must issue a certificate of incorporation altered to meet the circumstances of the case.

(3) The certificate must state that it is issued on re-registration and the date on which it is issued.

(4) On the issue of the certificate–

(a) the company by virtue of the issue of the certificate becomes a private limited company, and

(b) the changes in the company's name and articles take effect.

(5) The certificate is conclusive evidence that the requirements of these Regulations as to re-registration have been complied with.

86. Re-registration of private limited company as unlimited

(1) A private limited company may be re-registered as an unlimited company if–

(a) all the members of the company have assented to its being so re-registered,

(b) the condition specified below is met, and an application for re-registration is delivered to the Registrar in accordance with section 87 (application and accompanying documents), together with–

(i) the other documents required by that section, and

(ii) a statement of compliance.

(2) The condition is that the company has not previously been re-registered as limited.

(3) The company must make such changes in its name and its articles–

(a) as are necessary in connection with its becoming an unlimited company, and

(b) if it is to have a share capital, as are necessary in connection with its becoming an unlimited company having a share capital.

(4) For the purposes of this section–

(a) a person appointed by a competent Court or by law to manage the affairs of a bankrupt member of the company is entitled, to the exclusion of the member, to assent to the company's becoming unlimited, and

(b) the personal representative of a deceased member of the company may assent on behalf of the deceased.

87. Application and accompanying documents

(1) An application for re-registration as an unlimited company must contain a statement of the company's proposed name on re-registration.

(2) The application must be accompanied by–

(a) the prescribed form of assent to the company's being registered as an unlimited company, authenticated by or on behalf of all the members of the company, and

(b) a copy of the company's articles as proposed to be amended.

(3) The statement of compliance required to be delivered together with the application is a statement that the requirements of this Part as to re-registration as an unlimited company have been complied with.

(4) The statement of compliance must contain a statement by the directors of the company–

(a) that the persons by whom or on whose behalf the form of assent is authenticated constitute the whole membership of the company, and

(b) if any of the members have not authenticated that form themselves, that the directors have taken all reasonable steps to satisfy themselves that each person who authenticated it on behalf of a member was lawfully empowered to do so.

(5) The Registrar may accept the statement of compliance as sufficient evidence that the company is entitled to be re-registered as an unlimited company.

88. Issue of certificate of incorporation on re-registration

(1) If on an application for re-registration of a private limited company as an unlimited company the Registrar is satisfied that the company is entitled to be so re-registered, the company shall be re-registered accordingly.

(2) The Registrar must issue a certificate of incorporation altered to meet the circumstances of the case.

(3) The certificate must state that it is issued on re-registration and the date on which it is issued.

(4) On the issue of the certificate–

(a) the company by virtue of the issue of the certificate becomes an unlimited company, and

(b) the changes in the company's name and articles take effect.

(5) The certificate is conclusive evidence that the requirements of these Regulations as to re-registration have been complied with.

89. Re-registration of unlimited company as limited

(1) An unlimited company may be re-registered as a private limited company if–

(a) a special resolution that it should be so re-registered is passed,

(b) the condition specified below is met, and

(c) an application for re-registration is delivered to the Registrar in accordance with section 90 (application and accompanying documents), together with–

(i) the other documents required by that section, and

(ii) a statement of compliance.

(2) The condition is that the company has not previously been re-registered as unlimited.

(3) The special resolution must state whether the company is to be limited by shares or by guarantee.

(4) The company must make such changes–

(a) in its name, and

(b) in its articles,

as are necessary in connection with its becoming a company limited by shares or, as the case may be, by guarantee.

90. Application and accompanying documents

(1) An application for re-registration as a limited company must contain a statement of the company's proposed name on re-registration.

(2) The application must be accompanied by–

(a) a copy of the resolution that the company should re-register as a private limited company (unless a copy has already been forwarded to the Registrar under Chapter 3 of Part 3),

(b) if the company is to be limited by guarantee, a statement of guarantee,

(c) a copy of the company's articles as proposed to be amended.

(3) The statement of guarantee required to be delivered in the case of a company that is to be limited by guarantee must state that each member undertakes that, if the company is

wound up while he is a member, or within one year after he ceases to be a member, he will contribute to the assets of the company such amount as may be required for–

(a) payment of the debts and liabilities of the company contracted before he ceases to be a member,

(b) payment of the costs, charges and expenses of winding up, and

(c) adjustment of the rights of the contributories among themselves,

not exceeding a specified amount.

(4) The statement of compliance required to be delivered together with the application is a statement that the requirements of this Part as to re-registration as a limited company have been complied with.

(5) The Registrar may accept the statement of compliance as sufficient evidence that the company is entitled to be re-registered as a limited company.

91. Issue of certificate of incorporation on re-registration

(1) If on an application for re-registration of an unlimited company as a limited company the Registrar is satisfied that the company is entitled to be so re-registered, the company shall be re-registered accordingly.

(2) The Registrar must issue a certificate of incorporation altered to meet the circumstances of the case.

(3) The certificate must state that it is issued on re-registration and the date on which it is so issued.

(4) On the issue of the certificate–

(a) the company by virtue of the issue of the certificate becomes a limited company, and

(b) the changes in the company's name and articles take effect.

(5) The certificate is conclusive evidence that the requirements of these Regulations as to re-registration have been complied with.

92. Statement of capital required where company already has share capital

(1) A company which on re-registration under section 91 (issue of certificate of incorporation on re-registration) already has allotted share capital must within 14 days after the re-registration deliver a statement of capital to the Registrar.

(2) This does not apply if the information which would be included in the statement has already been sent to the Registrar in–

(a) a statement of capital and initial shareholdings (see section 7 (statement of capital and initial shareholdings)), or

(b) a statement of capital contained in an annual return (see section 781(2) (contents of annual return: information about shares and share capital)).

(3) The statement of capital must state with respect to the company's share capital on re-registration–

(a) the total number of shares of the company,

(b) for each class of shares–

(i) prescribed particulars of the rights attached to the shares,

(ii) the total number of shares of that class, and

(iii) the amount paid up and the amount (if any) unpaid on each share.

(4) If default is made in complying with this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(5) A person who commits the contravention referred to in subsection (4) shall be liable to a level 3 fine.

93. Re-registration of public company as private and unlimited

(1) A public company limited by shares may be re-registered as an unlimited private company with a share capital if–

(a) all the members of the company have assented to its being so reregistered,

(b) the condition specified below is met, and

(c) an application for re-registration is delivered to the Registrar in accordance with section 94 (application and accompanying documents), together with–

(i) the other documents required by that section, and

(ii) a statement of compliance.

(2) The condition is that the company has not previously been re-registered–

(a) as limited, or

(b) as unlimited.

(3) The company must make such changes–

(a) in its name, and

(b) in its articles,

as are necessary in connection with its becoming an unlimited private company.

(4) For the purposes of this section–

(a) a person appointed by a competent Court or by law to manage the affairs of a bankrupt member of the company is entitled, to the exclusion of the member, to assent to the company's re-registration, and

(b) the personal representative of a deceased member of the company may assent on behalf of the deceased.

94. Application and accompanying documents

(1) An application for re-registration of a public company as an unlimited private company must contain a statement of the company's proposed name on re-registration.

(2) The application must be accompanied by–

(a) the prescribed form of assent to the company's being registered as an unlimited company, authenticated by or on behalf of all the members of the company, and

(b) a copy of the company's articles as proposed to be amended.

(3) The statement of compliance required to be delivered together with the application is a statement that the requirements of this Part as to re-registration as an unlimited private company have been complied with.

(4) The statement must contain a statement by the directors of the company–

(a) that the persons by whom or on whose behalf the form of assent is authenticated constitute the whole membership of the company, and

(b) if any of the members have not authenticated that form themselves, that the directors have taken all reasonable steps to satisfy themselves that each person who authenticated it on behalf of a member was lawfully empowered to do so.

(5) The Registrar may accept the statement of compliance as sufficient evidence that the company is entitled to be re-registered as an unlimited private company.

95. Issue of certificate of incorporation on re-registration

(1) If on an application for re-registration of a public company as an unlimited private company the Registrar is satisfied that the company is entitled to be so re-registered, the company shall be re-registered accordingly.

(2) The Registrar must issue a certificate of incorporation altered to meet the circumstances of the case.

(3) The certificate must state that it is issued on re-registration and the date on which it is so issued.

(4) On the issue of the certificate–

(a) the company by virtue of the issue of the certificate becomes an unlimited private company, and

(b) the changes in the company's name and articles take effect.

(5) The certificate is conclusive evidence that the requirements of these Regulations as to re-registration have been complied with.

96. Re-registration of a restricted scope company as a non-restricted scope company

(1) A restricted scope company (whether limited or unlimited) may be re-registered as a non-restricted scope company if–

(a) a special resolution that it should be so re-registered is passed,

(b) an application for re-registration is delivered to the Registrar in accordance with section 97 (application and accompanying documents), together with–

(i) the other documents required by that section, and

(ii) a statement of compliance.

(2) The company must make such changes–

(a) in its name, and

(b) in its articles,

as are necessary in connection with its becoming a non-restricted scope company.

(3) A restricted scope company shall re-register as a non-restricted scope company pursuant to this section if it no longer meets the criteria set out in section 3(4) (private and public companies).

97. Application and accompanying documents

(1) An application for re-registration as a non-restricted scope company must contain a statement of the company's proposed name on re-registration.

(2) The application must be accompanied by–

(a) a copy of the special resolution that the company should re-register as a non-restricted scope company (unless a copy has already been forwarded to the Registrar under Chapter 3 of Part 3),

(b) a copy of the company's articles as proposed to be amended, and

(c) a statement of capital.

(3) The statement of compliance required to be delivered together with the application is a statement that the requirements of this Part as to re-registration as a non-restricted scope company have been complied with, and that the company agrees to be subject to the disclosure requirements of section 952 (documents subject to enhanced disclosure requirements) as applicable to non-restricted scope companies.

(4) The Registrar may accept the statement of compliance as sufficient evidence that the company is entitled to be re-registered as a non-restricted scope company.

98. Application to Court to cancel resolution

(1) Where a special resolution by a restricted scope company to be re-registered as a non-restricted scope company has been passed, an application to the Court for the cancellation of the resolution may be made–

(a) by the holders of not less in the aggregate than 5% of the company's issued share capital or any class of the company's issued share capital (disregarding any shares held by the company as treasury shares),

(b) if the company is not limited by shares, by not less than 5% of its members, or

(c) by not less than 50 of the company's members,

but not by a person who has consented to or voted in favour of the resolution.

(2) The application must be made within one month[13] after the passing of the resolution and may be made on behalf of the persons entitled to make it by such one or more of their number as they may appoint for the purpose.

[13] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(3) On the hearing of the application the Court shall make an order either cancelling or confirming the resolution.

(4) The Court may–

(a) make that order on such terms and conditions as it thinks fit,

(b) if it thinks fit adjourn the proceedings in order that an arrangement may be made to the satisfaction of the Court for the purchase of the interests of dissentient members, and

(c) give such directions, and make such orders, as it thinks expedient for facilitating or carrying into effect any such arrangement.

(5) The Court's order may, if the Court thinks fit–

(a) provide for the purchase by the company of the shares of any of its members and for the reduction accordingly of the company's capital, and

(b) make such alteration in the company's articles as may be required in consequence of that provision.

(6) The Court's order may, if the Court thinks fit, require the company not to make any, or any specified, amendments to its articles without the leave of the Court.

99. Issue of certificate of incorporation on re-registration

(1) If on an application for re-registration as a non-restricted scope company the Registrar is satisfied that the company is entitled to be so re-registered, the company shall be re-registered accordingly.

(2) The Registrar must issue a certificate of incorporation altered to meet the circumstances of the case.

(3) The certificate must state that it is issued on re-registration and the date on which it is issued.

(4) On the issue of the certificate–

(a) the company by virtue of the issue of the certificate becomes a non-restricted scope company, and

(b) the changes in the company's name and articles take effect.

The certificate is conclusive evidence that the requirements of these Regulations as to re-registration have been complied with.

CHAPTER 2

CONTINUANCE

100. Bodies corporate which are eligible for continuance

(1) Subject to section 101 (restrictions on continuance), a body corporate which is incorporated outside the Abu Dhabi Global Market may apply under section 102 (application to Registrar for continuance within the Abu Dhabi Global Market) to the Registrar for the issue to it of a certificate that it continues as a company registered

under these Regulations, if it is authorised to make such an application by the laws of the jurisdiction under which it is incorporated outside the Abu Dhabi Global Market.

(2) Subject to section 101 (restrictions on continuance), a company which is formed or registered under these Regulations may apply under section 111 (application to Registrar for authorisation to seek continuance overseas) to the Registrar for authorisation to seek continuance as a body incorporated under the laws of another jurisdiction if permitted in that jurisdiction and if the proposal to apply in that other jurisdiction for continuance there is approved by the company and its members in accordance with section 108 (approval by company and members of proposal for continuance overseas).

101. Restrictions on continuance

(1) An application may not be made under section 102 (application to Registrar for continuance within the Abu Dhabi Global Market), by a body corporate to which subsection (3) applies, for continuance as a company registered under these Regulations.

(2) An application may not be made under section 111 (application to Registrar for authorisation to seek continuance overseas), by a company to which subsection (3) applies, for authorisation to seek continuance in another jurisdiction.

(3) This subsection applies to a body corporate or company if–

(a) it is being wound up or is in liquidation,

(b) it is insolvent,

(c) a receiver, manager or administrator (by whatever name any such person is called) has been appointed, whether by a Court or in some other manner, in respect of any property of that body corporate or company,

(d) it has entered into a compromise or arrangement with a creditor (not being a compromise or arrangement approved by the Registrar) and that compromise or arrangement is in force, or

(e) an application is pending before a Court for the winding up or liquidation of that body corporate or company, or to have it declared insolvent, or for the appointment of such a receiver, manager or administrator or for the approval of such a compromise or arrangement.

(4) For the purposes of subsection (3), the jurisdiction in which–

(a) the body corporate is being wound up or is in liquidation,

(b) the receiver, manager or administrator has been appointed or the compromise or arrangement has been entered into, or

(c) the application before a Court is pending,

is immaterial.

(5) An application may not be made under section 102 by a body corporate whose members have unlimited liability unless such body corporate applies for continuance as an unlimited company.

102. Application to Registrar for continuance within the Abu Dhabi Global Market

(1) An application to the Registrar under this section by a body incorporated outside the Abu Dhabi Global Market, for continuance as a company formed or registered under these Regulations, shall be accompanied by–

(a) a copy (certified, in a manner approved by the Registrar, to be a true copy) of the articles, or of the law or other instrument constituting or defining the constitution of the body corporate,

(b) articles of continuance which comply with section 103 (articles of continuance),

(c) a statement of solvency which is in accordance with section 114 (statement of solvency in respect of continuance),

(d) the name under which it is proposed to continue the body corporate as a company formed or registered under these Regulations,

(e) in relation to every person who is a director of the body corporate at the date of the application under this section or is to be a director of it upon its continuance as a company formed or registered under these Regulations–

(i) in the case of a director who is a natural person, the particulars specified in section 154 (particulars of directors to be registered: individuals),

(ii) in the case of a director which is a corporate director, the particulars specified in section 155 (particulars of directors to be registered: corporate directors and firms),

(f) in relation to each person who is a secretary of the body corporate at the date of the application under this section or is to be its secretary upon its continuance as a company formed or registered under these Regulations, the particulars specified in section 294 (particulars of secretaries to be registered: individuals) or 295 (particulars of secretaries to be registered: corporate secretaries and firms) (as the case may be) and his or her qualifications,

(g) such other information as the Registrar would require on an application to register the body corporate as a company under these Regulations,

(h) such other documents and information as the Registrar may require in respect of a particular application under this section, and

(i) any published application fee.

(2) The application under this section shall also be accompanied by evidence, satisfactory to the Registrar, of the following matters–

(a) that the body corporate is authorised, by the laws of the jurisdiction under which it is incorporated, to make the application to the Registrar,

(b) where the constitution of the body corporate or the law of that jurisdiction requires that any authorisation be given for the application to the Registrar, that it has been given,

(c) that if a certificate of continuance is issued under these Regulations pursuant to the application under this section, the body will thereupon cease to be incorporated under the other jurisdiction,

(d) that if a certificate of continuance is so issued, the interests of the members and the creditors of the body corporate will not be unfairly prejudiced, and

(e) that the body corporate is not prevented by section 101 (restrictions on continuance) from making the application under this section.

(3) If an instrument which is submitted in accordance with subsection (1)(a) is not in the English language, the application under this section shall also be accompanied by a translation of the instrument into English.

(4) Every translation to which subsection (3) refers shall be certified, in a manner approved by the Registrar, to be a correct translation.

103. Articles of continuance

(1) Articles of continuance shall state those amendments to be made to the articles of the body corporate, or to the instrument constituting or defining its constitution, which are necessary to conform to these Regulations.

(2) If any other amendments which are to be made to the articles, or to the instrument–

(a) have been approved by its members in the manner required by these Regulations for amendments to the articles of a company, and

(b) would be permitted under these Regulations if the body corporate were a company,

the articles of continuance shall also state those amendments.

104. Proposed name

(1) After receiving an application under section 102 (application to Registrar for continuance within the Abu Dhabi Global Market), the Registrar shall decide whether that name is in its opinion in any way misleading or otherwise undesirable.

(2) If the applicant proposes that it shall continue as a company, its name must in any event comply with section 52 (public limited companies) or 53 (private limited companies) (as appropriate).

105. Determination of application to Registrar for continuance within the Abu Dhabi Global Market

(1) If the Registrar, on an application under section 102 (application to register for continuance within the Abu Dhabi Global Market) for continuance as a company formed or registered under these Regulations–

(a) is satisfied that the application complies with that section and with section 100(1) (bodies corporate which are eligible for continuance),

(b) is satisfied that the proposed name of the applicant is not in any way misleading or otherwise undesirable, and is also satisfied that the name complies with section 52 (public limited companies) or 53 (private limited companies) (as appropriate), and

(c) is satisfied that all other approvals and consents required by these Regulations for the issue of a certificate of continuance to the applicant have been given,

and, the applicant having paid all application fees, the Registrar may grant the application.

(2) On determining the application, the Registrar shall inform the applicant of its decision.

106. Issue of certificate of continuance within the Abu Dhabi Global Market

(1) When the Registrar has granted an application for a certificate of continuance as a company formed or registered under these Regulations the Registrar shall register the application and the documents that accompanied the application.

(2) On registration, the Registrar shall immediately issue to the applicant a certificate of continuance which is signed by it and sealed with its seal.

(3) When the Registrar issues a certificate of continuance, the Registrar shall also immediately send a copy of it (electronically or by some other means of instantaneous transmission) to the appropriate official or public body in the jurisdiction to which section 102(2)(a) (application to Registrar for continuance within the Abu Dhabi Global Market) refers.

107. Effect of issue of certificate of continuance within the Abu Dhabi Global Market

(1) Upon the issue of the certificate of continuance by the Registrar–

(a) the body corporate becomes a company registered under these Regulations, to which these Regulations apply accordingly, and

(b) the articles, or the instrument constituting or defining the constitution of the body corporate, as amended in accordance with its articles of continuance, become the articles of the continued company.

(2) When a body corporate is continued as a company formed or registered under these Regulations–

(a) all property and rights to which the body corporate was entitled immediately before the certificate of continuance is issued are the property and rights of the company,

(b) the company is subject to all criminal and civil liabilities, and all contracts, debts and other obligations, to which the body corporate was subject immediately before the certificate of continuance is issued, and

(c) all actions and other legal proceedings which, immediately before the issue of the certificate of continuance, were pending by or against the body corporate may be continued by or against the company.

(3) A certificate of continuance is conclusive evidence of the following matters–

(a) that the company is formed or registered under these Regulations,

(b) that the requirements of these Regulations have been complied with in respect of–

(i) the continuance of the company under these Regulations,

(ii) all matters precedent to its continuance as such a company, and

(iii) all matters incidental to its continuance as such a company, and

(c) if the certificate states that it is–

(i) a public company,

(ii) a private company limited by shares,

(iii) a private company limited by guarantee,

(iv) a restricted scope company, or

(v) an unlimited company,

that it is such a company.

108. Approval by company and members of proposal for continuance overseas

(1) A proposal by a company to apply in another jurisdiction for continuance there shall be approved by a special resolution of the company and, where there is more than one class of members, by a special resolution of the members of each class passed at a separate meeting of the members of that class.

(2) Notice of each meeting–

(a) shall be accompanied by a copy or summary of the proposed application in the other jurisdiction for continuance there, and

(b) shall state that any member of the company who objects to the application may, within the time limit specified in section 110(2) (objections by members to continuance overseas), apply to the Court for an order under Part 28 on the ground that the proposed continuance would unfairly prejudice his or her interests.

(3) On a resolution to approve a proposed application in another jurisdiction for continuance–

(a) each member of the company shall be entitled to vote,

(b) on a show of hands, every person present in person at the meeting shall have one vote, and

(c) the right to demand a poll and the right to vote on a poll shall be determined in accordance with section 338 (right to demand a poll) and 340 (voting on a poll) respectively,

subject to any provision to the contrary in the articles of the company.

109. Notice to creditors of application to Registrar for authorisation to seek continuance overseas

(1) At least 31 days before making an application under section 111 (application to Registrar for authorisation to seek continuance overseas) to the Registrar for authorisation to seek continuance in another jurisdiction, a company shall give notice to its creditors in accordance with subsection (2).

(2) The notice–

(a) shall state that the company intends to make the application to the Registrar, and shall specify the jurisdiction in which it proposes to seek continuance,

(b) shall be sent in writing to each creditor of the company,

(c) shall be published once in a national newspaper or in such other manner as the Court may on application direct, and

(d) shall state that any creditor of the company who objects to the application may within 30 days of the date of the advertisement give notice of his or her objection to the company.

(3) A creditor who gives notice in accordance with subsection (2)(d) and whose claim against the company has not been discharged may, within 30 days after the date of the notice, apply to the Court for an order restraining the application by the company under section 111 (application to Registrar for authorisation to seek continuance overseas) to the Registrar.

(4) On the creditor's application the Court, if satisfied that the interests of the creditor would be unfairly prejudiced by the proposed continuance, may make an order (subject to such terms, if any, as it may think fit) restraining the application by the company under section 111 (application to Registrar for authorisation to seek continuance overseas) to the Registrar.

110. Objections by members to continuance overseas

(1) If a company resolves to make an application under section 111 (application to Registrar for authorisation to seek continuance overseas) to the Registrar for authorisation to seek continuance in another jurisdiction, any member of the company who objects to the application (other than a member who consented to or voted in favour of it) may apply to the Court for an order restricting the application by the company under section 111 (application to Registrar for authorisation to seek continuance overseas) the ground that the proposed continuance would unfairly prejudice its interests.

(2) No such application may be made by a member after the expiration of the period of 30 days following the last of the resolutions of the company which are required under section 108 (approval by company and members of proposal for continuance overseas).

111. Application to Registrar for authorisation to seek continuance overseas

(1) An application to the Registrar under this section for authorisation to seek continuance in another jurisdiction shall be accompanied by–

(a) a copy (certified, in a manner approved by the Registrar, to be a true copy) of each resolution which is required under section 108 (approval by company and members of proposal for continuance overseas),

(b) a statement of solvency which is made in accordance with section 114 (statement of solvency in respect of continuance),

(c) such other documents and information as the Registrar may require in respect of a particular application for such authorisation, and

(d) any published application fees.

(2) The application under this section shall also be accompanied by evidence, satisfactory to the Registrar, of the following matters–

(a) that the laws of the jurisdiction in which the company proposes to continue allow its continuance there as a body corporate incorporated under those laws,

(b) that those laws provide that upon the continuance of the company as a body corporate in that jurisdiction–

(i) all property and rights of the company will become the property and rights of the body corporate,

(ii) the body corporate will become subject to all criminal and civil liabilities, and all contracts, debts and other obligations, to which the company is subject, and

(iii) all actions and other legal proceedings which are pending by or against the company may be continued by or against the body corporate,

(c) that notice has been given to the creditors of the company in accordance with section 109 (notice to creditors of application to Registrar for authorisation to seek continuance overseas) of the application to the Registrar under this section, and either–

(i) that no creditor has applied to the Court for an order restraining the application made to the Registrar under this section, or

(ii) that the application of every creditor who has so applied to the Court has been determined by the Court in a way which does not prevent the Registrar from granting the application made to it under this section,

(d) either–

(i) that no member of the company has applied to the Court for an order on the ground specified in section 110(1) (objections by members to continuance overseas), or

(ii) that the application of every member who has so applied to the Court has been determined by the Court in a way which does not prevent the Registrar from granting the application made to it under section 109(3) (notice to creditors of application to Registrar for authorisation to seek continuance overseas),

(e) that the company has complied with such other conditions as may be prescribed, and

(f) that the company is not prevented by section 101 (restrictions on continuance) from making the application.

112. Determination of application to Registrar for authorisation to seek continuance outside of the Abu Dhabi Global Market

(1) If, on an application under section 111 (application to Registrar for authorisation to seek continuance overseas) to the Registrar–

(a) it is satisfied that the application complies with that section and with section 100(2) (bodies corporate which are eligible for continuance), and

(b) the applicant has paid all application fees (if any),

the Registrar may grant the application on the condition specified in subsection (2) and on such other conditions (if any) as it may specify in its decision.

(2) It shall be a condition of the grant of any application made under section 111 (application to Registrar for authorisation to seek continuance overseas) that the applicant will ensure–

(a) that the Registrar is informed of the date on which continuance will be or is granted in the other jurisdiction, and

(b) that a copy of the instrument of continuance in the other jurisdiction, certified to be a true copy, is delivered to the Registrar,

in sufficient time to enable the Registrar to comply with section 113 (effect of continuance outside the Abu Dhabi Global Market).

(3) On determining the application, the Registrar shall inform the applicant of its decision.

113. Effect of continuance outside the Abu Dhabi Global Market

When a company is, in accordance with the terms of authorisation of the Registrar under section 112 (determination of application to Registrar for authorisation to seek continuance outside of the Abu Dhabi Global Market), continued as a body corporate under the laws of the other jurisdiction to which the authorisation relates–

(a) it thereupon ceases to be a company formed or registered under these Regulations, and

(b) the Registrar shall on that date record that by virtue of subsection (a) of this section, it has ceased to be so formed or registered.

114. Statements of solvency in respect of continuance

(1) A statement of solvency for the purposes of an application under section 102 (application to Registrar for continuance within the Abu Dhabi Global Market) for continuance as a company formed or registered under these Regulations shall be signed by each person who is a director of the applicant and shall state that, having made full inquiry into the affairs of the applicant, that director reasonably believes–

(a) that the applicant is and, if the application is granted, will upon the issue to it of a certificate of continuance be able to discharge its liabilities as they fall due, and

(b) that, having regard to–

(i) the prospects of the company,

(ii) the intentions of the directors with respect to the management of the company's business, and

(iii) the amount and character of the financial resources that will in the directors' view be available to the company,

the company will be able to–

continue to carry on business, and

discharge its liabilities as they fall due,

until the expiry of the period of 12 months immediately following the date on which the statement is signed.

(2) A statement of solvency for the purposes of an application under section 111 (application to Registrar for authorisation to seek continuance overseas) for authorisation to seek continuance in another jurisdiction shall be signed by each person who is a director of the applicant and shall state that, having made full inquiry into the affairs of the applicant, that director reasonably believes–

(a) that the applicant is and, if the application is granted, will upon its incorporation under the laws of the other jurisdiction be able to discharge its liabilities as they fall due, and

(b) that, having regard to–

(i) the prospects of the applicant,

(ii) the intentions of the directors with respect to the management of the applicant's business, and

(iii) the amount and character of the financial resources that will in the directors' view be available to the applicant if the application is granted,

the applicant, if incorporated under the laws of the other jurisdiction, will be able to discharge its liabilities as they fall due until the expiry of the period of 12 months immediately following the date on which the statement is signed.

(3) A statement of solvency for the purposes of section 102 (application to Registrar for continuance within the Abu Dhabi Global Market) or 111 (application to Registrar for authorisation to seek continuance overseas) shall also be signed by each person who is to be a director of the applicant upon its continuance as proposed in the application and shall state that the person so signing has no reason to believe that anything in the statement is untrue.

(4) A director, or a person who is to be a director, who makes a statement under subsection (1) or (2) without having reasonable grounds for the opinion expressed in the statement is in contravention of these Regulations and shall be liable for a fine of up to level 7.

(5) A statement of solvency for the purposes of either section 102 or 111 shall be made no more than 14 days prior to the date the relevant application is delivered to the Registrar.

115. Provisions relating to continuance

(1) The Board may prescribe for the purposes of this Part–

(a) conditions to be complied with in respect of applications under section 111 (application to Registrar for authorisation to seek continuance overseas) to the Registrar for authorisation to seek continuance under the laws of other jurisdictions, and

(b) the manner in which records are to be kept, by the Registrar, of bodies that have ceased under section 113 (effect of continuance outside the Abu Dhabi Global Market) to be companies formed or registered under these Regulations.

(2) Without prejudice to the generality of subsection (1), conditions to which subsection (1)(a) of that subsection refers–

(a) may relate to matters to be complied with on or before the making of such applications to the Registrar, or after the grant of such applications, and

(b) may require applicants to appoint and maintain authorised representatives in the Abu Dhabi Global Market for such periods, whether before or after their applications to the Registrar are determined, as may be prescribed.

(3) The Registrar may publish for the purposes of this Part details of–

(a) the forms of statements of solvency,

(b) any other document or information that is to be provided on applications relating to continuance within or outside the Abu Dhabi Global Market,

(c) how applicants must verify documents or information so provided, and

(d) the application fees that are payable to the Registrar.

116. Contravention of the Regulations relating to continuance

Any person who on or in connection with an application under this Part knowingly or recklessly provides to the Registrar–

(a) any information which is false, misleading or deceptive in a material particular, or

(b) any document containing any such information,

is in contravention of these Regulations and shall be liable for a fine of up to level 8.

PART 8

A COMPANY'S MEMBERS

CHAPTER 1

THE MEMBERS OF A COMPANY

117. The members of a company

(1) The initial members of a company are deemed to have agreed to become members of the company, and on its registration become members and must be entered as such in its register of members.

(2) Every other person who agrees to become a member of a company, and whose name is entered in its register of members, is a member of the company.

CHAPTER 2

REGISTER OF MEMBERS

General

118. Register of members

(1) Every company must keep a register of its members.

(2) There must be entered in the register–

(a) the names and addresses of the members,

(b) the date on which each person was registered as a member, and

(c) the date at which any person ceased to be a member.

(3) In the case of a company having a share capital, there must be entered in the register, with the names and addresses of the members, a statement of–

(a) the shares held by each member, distinguishing each share–

(i) by its number (so long as the share has a number), and

(ii) where the company has more than one class of issued shares, by its class, and

(b) the amount paid or agreed to be considered as paid on the shares of each member.

(4) In the case of joint holders of shares in a company, the company's register of members must state the names of each joint holder. In other respects joint holders are regarded for the purposes of this Chapter as a single member (so that the register must show a single address).

(5) In the case of a company that does not have a share capital but has more than one class of members, there must be entered in the register, with the names and addresses of the members, a statement of the class to which each member belongs.

(6) If a company makes default in complying with this section a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(7) A person who commits the contravention referred to in subsection (6)[14] shall be liable to a level 2 fine.

119. Register to be kept available for inspection

(1) A company's register of members must be kept available for inspection–

(a) at its registered office, or

(b) at a place specified in rules made by the Board under section 996 (rules about where certain company records to be kept available for inspection).

(2) A company must give notice to the Registrar of the place where its register of members is kept available for inspection and of any change in that place.

(3) No such notice is required if the register has, at all times since it came into existence been kept available for inspection at the company's registered office.

(4) If a company makes default for 14 days in complying with subsection (2), a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(5) A person who commits the contravention referred to in subsection (4) shall be liable to a level 1 fine.

120. List of members

(1) Every company having more than 50 members must keep a list of the names of the members of the company, unless the register of members is in such a form as to constitute in itself an list.

(2) The company must make any necessary alteration in the list within 14 days after the date on which any alteration is made in the register of members.

(3) The list must contain, in respect of each member, a sufficient indication to enable the account of that member in the register to be readily found.

(4) The list must be at all times kept available for inspection at the same place as the register of members.

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[14] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(5) If default is made in complying with this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(6) A person who commits the contravention referred to in subsection (5) shall be liable to a level 1 fine.

121. Rights to inspect and require copies

(1) The register and the list of members' names must be open to the inspection–

(a) of any member of the company without charge, and

(b) except in the case of a restricted scope company or an investment company[15], of any other person on payment of such fee as may be prescribed in rules made by the Registrar.

(2) Subject to subsection (1)(b), a[16]ny person may require a copy of a company's register of members, or of any part of it, on payment of such fee as may be prescribed in rules made by the Registrar.

(3) A person seeking to exercise either of the rights conferred by this section must make a request to the company to that effect.

(4) The request must contain the following information–

(a) in the case of an individual, his name and address,

(b) in the case of an organisation, the name and address of an individual responsible for making the request on behalf of the organisation,

(c) the purpose for which the information is to be used, and

(d) whether the information will be disclosed to any other person, and if so–

(i) where that person is an individual, his name and address,

(ii) where that person is an organisation, the name and address of an individual responsible for receiving the information on its behalf, and

(iii) the purpose for which the information is to be used by that person.

122. Register of members: response to request for inspection or copy

(1) Where a company receives a request under section 121 (rights to inspect and require copies), it must within five working days either–

(a) comply with the request, or

(b) apply to the Court.

[15] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[16] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

A restricted scope company or investment company[17] may decline any request made under section 121 (rights to inspect and require copies) by a person who is not a member without any need to apply to the Court.

(2) If it applies to the Court it must notify the person making the request.

(3) If on an application under this section the Court is satisfied that the inspection or copy is not sought for a proper purpose–

(a) it shall direct the company not to comply with the request, and

(b) it may further order that the company's costs on the application be paid in whole or in part by the person who made the request, even if he is not a party to the application.

(4) If the Court makes such a direction and it appears to the Court that the company is or may be subject to other requests made for a similar purpose (whether made by the same person or different persons), it may direct that the company is not to comply with any such request.

The order must contain such provision as appears to the Court appropriate to identify the requests to which it applies.

(5) If on an application under this section the Court does not direct the company not to comply with the request, the company must comply with the request immediately upon the Court giving its decision or, as the case may be, the proceedings being discontinued.

123. Register of members: refusal of inspection or default in providing copy

(1) If an inspection required under section 121 (rights to inspect and require copies) is refused or default is made in providing a copy required under that section, otherwise than in accordance with an order of the Court, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(2) A person who commits the contravention referred to in subsection (1) shall be liable to a level 2 fine.

(3) In the case of any such refusal or default the Court may by order compel an immediate inspection or, as the case may be, direct that the copy required be sent to the person requesting it.

124. Register of members: contraventions in connection with request for or disclosure of information

(1) It is a contravention of these Regulations for a person knowingly or recklessly to make in a request under section 121 (rights to inspect or require copies) a statement that is misleading, false or deceptive in a material particular.

[17] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(2) It is a contravention of these Regulations for a person in possession of information obtained by exercise of either of the rights conferred by that section–

(a) to do anything that results in the information being disclosed to another person, or

(b) to fail to do anything with the result that the information is disclosed to another person,

knowing, or having reason to suspect, that person may use the information for a purpose that is not a proper purpose.

(3) A person who commits either of the contraventions referred to in subsections (1) and (2) shall be liable to a fine of up to level 4.

125. Information as to state of register and list of members' names

(1) When a person inspects the register, or the company provides him with a copy of the register or any part of it, the company must inform him of the most recent date (if any) on which alterations were made to the register and there were no further alterations to be made.

(2) When a person inspects the list of members' names, the company must inform him whether there is any alteration to the register that is not reflected in the list.

(3) If a company fails to provide the information required under subsection (1) or (2), a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 1 fine.

(5) This section does not apply to restricted scope companies.

126. Removal of entries relating to former members

An entry relating to a former member of the company may be removed from the register after the expiration of ten years from the date on which he ceased to be a member.

127. Single member companies

(1) If a limited company is formed under these Regulations with only one member there shall be entered in the company's register of members, with the name and address of the sole member, a statement that the company has only one member.

(2) If the number of members of a limited company falls to one, or if an unlimited company with only one member becomes a limited company on re-registration, there shall upon the occurrence of that event be entered in the company's register of members, with the name and address of the sole member–

(a) a statement that the company has only one member, and

(b) the date on which the company became a company having only one member.

(3) If the membership of a limited company increases from one to two or more members, there shall upon the occurrence of that event be entered in the company's register of members, with the name and address of the person who was formerly the sole member–

(a) a statement that the company has ceased to have only one member, and

(b) the date on which that event occurred.

(4) If a company makes default in complying with this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(5) A person who commits the contravention referred to in subsection (4) shall be liable to a level 1 fine.

128. Company holding its own shares as treasury shares

(1) Where a company purchases its own shares in circumstances in which section 666 (treasury shares) applies–

(a) the requirements of section 118 (register of members) need not be complied with if the company cancels all of the shares forthwith after the purchase, and

(b) if the company does not cancel all of the shares forthwith after the purchase, any share that is so cancelled shall be disregarded for the purposes of that section.

(2) Subject to subsection (1), where a company holds shares as treasury shares the company must be entered in the register as the member holding those shares.

129. Power of Court to rectify register

(1) If–

(a) the name of any person is, without sufficient cause, entered in or omitted from a company's register of members, or

(b) default is made or unnecessary delay takes place in entering on the register the fact of any person having ceased to be a member,

the person aggrieved, or any member of the company, or the company, may apply to the Court for rectification of the register.

(2) The Court may either refuse the application or may order rectification of the register and payment by the company of any damages sustained by any party aggrieved.

(3) On such an application the Court may decide any question relating to the title of a person who is a party to the application to have his name entered in or omitted from the register, whether the question arises between members or alleged members, or between members or alleged members on the one hand and the company on the other hand, and generally may decide any question necessary or expedient to be decided for rectification of the register.

(4) In the case of a company required by these Regulations to send a list of its members to the Registrar of companies, the Court, when making an order for rectification of the register, shall by its order direct notice of the rectification to be given to the Registrar.

130. Trusts not to be entered on register

No notice of any trust, expressed, implied or constructive, shall be entered on the register of members of a company or be receivable by the Registrar.

131. Register to be evidence

The register of members is prima facie evidence of any matters which are by these Regulations directed or authorised to be inserted in it.

132. Time limit for claims arising from entry in register

(1) Liability incurred by a company–

(a) from the making or deletion of an entry in the register of members, or

(b) from a failure to make or delete any such entry,

is not enforceable more than ten years after the date on which the entry was made or deleted or, as the case may be, the failure first occurred.

(2) This is without prejudice to any lesser period of limitation.

CHAPTER 3

PROHIBITION ON SUBSIDIARY BEING MEMBER OF ITS HOLDING COMPANY

General prohibition

133. Prohibition on subsidiary being a member of its holding company

(1) Except as provided by this Chapter–

(a) a body corporate cannot be a member of a company that is its holding company, and

(b) any allotment or transfer of shares in a company to its subsidiary is void.

(2) The exceptions are provided for in–

(a) section 134 (subsidiary acting as personal representative or trustee), and

(b) section 137 (subsidiary acting as authorised dealer in securities).

134. Subsidiary acting as personal representative or trustee

(1) The prohibition in section 133 (prohibition on subsidiary being a member of its holding company) does not apply where the subsidiary is concerned only–

(a) as personal representative, or

(b) as trustee,

unless, in the latter case, the holding company or a subsidiary of it is beneficially interested under the trust.

(2) For the purpose of ascertaining whether the holding company or a subsidiary is so interested, there shall be disregarded–

(a) any interest held only by way of security for the purposes of a transaction entered into by the holding company or subsidiary in the ordinary course of a business that includes the lending of money,

(b) any interest within–

section 135 (interests to be disregarded: residual interest under pension scheme or employees' share scheme), or

section 136 (interests to be disregarded: employer's rights of recovery under pension scheme or employees' share scheme),

(c) any rights that the company or subsidiary has in its capacity as trustee, including in particular–

(i) any right to recover its expenses or be remunerated out of the trust property, and

(ii) any right to be indemnified out of the trust property for any liability incurred by reason of any act or omission in the performance of its duties as trustee.

135. Interests to be disregarded: residual interest under pension scheme or employees' share scheme

(1) Where shares in a company are held on trust for the purposes of a pension scheme or employees' share scheme, there shall be disregarded for the purposes of section 134 (subsidiary acting as personal representative or trustee) any residual interest that has not vested in possession.

(2) A "residual interest" means a right of the company or subsidiary ("the residual beneficiary") to receive any of the trust property in the event of–

(a) all the liabilities arising under the scheme having been satisfied or provided for, or

(b) the residual beneficiary ceasing to participate in the scheme, or

(c) the trust property at any time exceeding what is necessary for satisfying the liabilities arising or expected to arise under the scheme.

(3) In subsection (2)–

(a) the reference to a right includes a right dependent on the exercise of a discretion vested by the scheme in the trustee or another person, and

(b) the reference to liabilities arising under a scheme includes liabilities that have resulted, or may result, from the exercise of any such discretion.

(4) For the purposes of this section a residual interest vests in possession–

(a) in a case within subsection (2)(a), on the occurrence of the event mentioned there (whether or not the amount of the property receivable pursuant to the right is ascertained),

(b) in a case within subsection (2)(b) or (c), when the residual beneficiary becomes entitled to require the trustee to transfer to him any of the property receivable pursuant to the right.

(5) In this section "pension scheme" means a scheme for the provision of benefits consisting of or including relevant benefits for or in respect of employees or former employees.

(6) In subsection (5)–

(a) "relevant benefits" means any pension, lump sum, gratuity or other like benefit given or to be given on retirement or on death or in anticipation of retirement or, in connection with past service, after retirement or death, and

(b) "employee" shall be read as if a director of a company were employed by it.

136. Interests to be disregarded: employer's rights of recovery under pension scheme or employees' share scheme

(1) Where shares in a company are held on trust for the purposes of a pension scheme or employees' share scheme, there shall be disregarded for the purposes of section 134 (subsidiary acting as personal representative or trustee) any charge or lien on, or set-off against, any benefit or other right or interest under the scheme for the purpose of enabling the employer or former employer of a member of the scheme to obtain the discharge of a monetary obligation due to him from the member.

(2) In this section "pension scheme" means a scheme for the provision of benefits consisting of or including relevant benefits for or in respect of employees or former employees.

"Relevant benefits" here means any pension, lump sum, gratuity or other like benefit given or to be given on retirement or on death or in anticipation of retirement or, in connection with past service, after retirement or death.

(3) In this section "employer" and "employee" shall be read as if a director of a company were employed by it.

137. Subsidiary acting as authorised dealer in securities

(1) The prohibition in section 133 (prohibition on subsidiary being a member of its holding company) does not apply where the shares are held by the subsidiary in the ordinary course of its business as an intermediary.

(2) For this purpose a person is an intermediary if he–

(a) carries on a bona fide business of dealing in Securities and Derivatives[18],

(b) is a member of or has access to a recognised investment exchange, and

(c) does not carry on an excluded business.

(3) The following are excluded businesses–

(a) a business that consists wholly or mainly in the making or managing of investments,

(b) a business that consists wholly or mainly in, or is carried on wholly or mainly for the purposes of, providing services to persons who are connected with the person carrying on the business,

(c) a business that consists in insurance business,

(d) a business that consists in managing or acting as trustee in relation to a pension scheme, or that is carried on by the manager or trustee of such a scheme in connection with or for the purposes of the scheme,

(e) a business that consists in Managing a Collective Investment Fund, Acting as the Administrator of a Collective Investment Fund or Acting as the Trustee of an Investment Trust, or that is carried on by a person carrying on any of those Regulated Activities in connection with and for the purposes of the relevant Collective Investment Fund[19]

(4) For the purposes of this section–

(a) "insurance business" means business that consists in Effecting Contracts of Insurance or Carrying Out Contracts of Insurance as Principal;[20]

(aa) "managing of investments" means the Regulated Activity of Managing Assets,[21]

138. Protection of third parties in other cases where subsidiary acting as dealer in securities

(1) This section applies where–

(a) a subsidiary that is a dealer in securities has purportedly acquired shares in its holding company in contravention of the prohibition in section 133 (prohibition on subsidiary being a member of its holding company), and

(b) a person acting in good faith has agreed, for value and without notice of the contravention, to acquire shares in the holding company–

(i) from the subsidiary, or

(ii) from someone who has purportedly acquired the shares after their disposal by the subsidiary.

[18] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015.

[19] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015.

[20] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015.

[21] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015.

(2) A transfer to that person of the shares mentioned in subsection (1)(a) has the same effect as it would have had if their original acquisition by the subsidiary had not been in contravention of the prohibition.

139. Application of provisions to companies not limited by shares

In relation to a company other than a company limited by shares, the references in this Chapter to shares shall be read as references to the interest of its members as such, whatever the form of that interest.

140. Application of provisions to nominees

The provisions of this Chapter apply to a nominee acting on behalf of a subsidiary as to the subsidiary itself.

PART 9

EXERCISE OF MEMBERS' RIGHTS

Effect of provisions in company's articles

141. Effect of provisions of articles as to enjoyment or exercise of members' rights

(1) This section applies where provision is made by a company's articles enabling a member to nominate another person or persons as entitled to enjoy or exercise all or any specified rights of the member in relation to the company.

(2) So far as is necessary to give effect to that provision, anything required or authorised by any provision of these Regulations to be done by or in relation to the member shall instead be done, or (as the case may be) may instead be done, by or in relation to the nominated person (or each of them) as if he were a member of the company.

(3) This applies, in particular, to the rights conferred by–

(a) sections 308 (circulation of written resolutions proposed by directors) and 310 (circulation of written resolutions proposed by members),

(b) section 309 (members' power to require circulation of written resolution),

(c) section 320 (members' power to require directors to call general meeting),

(d) section 327 (persons entitled to receive notice of meetings),

(e) section 331 (members' power to require circulation of statements),

(f) section 342 (rights to appoint proxies),

(g) section 357 (public companies: members' power to require circulation of resolutions for AGMs), and

(h) section 405 (duty to circulate copies of annual accounts and reports).

(4) This section and any such provision as is mentioned in subsection (1)–

(a) do not confer rights enforceable against the company by anyone other than the member, and

(b) do not affect the requirements for an effective transfer or other disposition of the whole or part of a member's interest in the company.

Exercise of rights where shares held on behalf of others

142. Exercise of rights where shares held on behalf of others: exercise in different ways

(1) Where a member holds shares in a company on behalf of more than one person–

(a) rights attached to the shares, and

(b) rights under any law or regulation applicable to the Abu Dhabi Global Market exercisable by virtue of holding the shares,

need not all be exercised, and if exercised, need not all be exercised in the same way.

(2) A member who exercises such rights but does not exercise all his rights, must inform the company to what extent he is exercising the rights.

(3) A member who exercises such rights in different ways must inform the company of the ways in which he is exercising them and to what extent they are exercised in each way.

(4) If a member exercises such rights without informing the company–

(a) that he is not exercising all his rights, or

(b) that he is exercising his rights in different ways,

the company is entitled to assume that he is exercising all his rights and is exercising them in the same way.

143. Exercise of rights where shares held on behalf of others: members' requests

(1) This section applies for the purposes of–

(a) section 331 (members' power to require circulation of statements), and

(b) section 357 (public companies: power to require circulation of resolution for AGMs).

(2) A company is required to act under any of those sections if it receives a request in relation to which the following conditions are met–

(a) it is made by at least 100 persons,

(b) it is authenticated by all the persons making it,

(c) in the case of any of those persons who is not a member of the company, it is accompanied by a statement–

(i) of the full name and address of a person ("the member") who is a member of the company and holds shares on behalf of that person,

(ii) that the member is holding those shares on behalf of that person in the course of a business,

(iii) of the number of shares in the company that the member holds on behalf of that person,

(iv) of the total amount paid up on those shares,

(v) that those shares are not held on behalf of anyone else or, if they are, that the other person or persons are not among the other persons making the request,

(vi) that some or all of those shares confer voting rights that are relevant for the purposes of making a request under the section in question, and

(vii) that the person has the right to instruct the member how to exercise those rights,

(d) in the case of any of those persons who is a member of the company, it is accompanied by a statement–

(i) that he holds shares otherwise than on behalf of another person, or

(ii) that he holds shares on behalf of one or more other persons but those persons are not among the other persons making the request,

(e) it is accompanied by such evidence as the company may reasonably require of the matters mentioned in subsection (c) and (d),

(f) the total amount of the sums paid up on–

(i) shares held as mentioned in subsection (c), and

(ii) shares held as mentioned in subsection (d),

divided by the number of persons making the request, is not less than 100 US dollars,

(g) the request complies with any other requirements of the section in question as to contents, timing and otherwise.

Part 10

A COMPANY'S DIRECTORS

Chapter 1

APPOINTMENT AND REMOVAL OF DIRECTORS

Requirement to have directors

144. Companies required to have directors

(1) A private company must have at least one director.

(2) A public company must have at least two directors.

145. Companies required to have at least one director who is a natural person

A company must have at least one director who is a natural person.

146. "Director"

In these Regulations "director" includes any person occupying the position of director, by whatever name called.

147. "Shadow director"

(1) In these Regulations "shadow director", in relation to a company, means a person in accordance with whose directions or instructions the directors of the company are accustomed to act.

(2) A person is not to be regarded as a shadow director by reason only that the directors act on advice given by him in a professional capacity.

(3) A body corporate is not to be regarded as a shadow director of any of its subsidiary companies for the purposes of–

(a) Chapter 2 (general duties of directors),

(b) Chapter 4 (transactions requiring members' approval), or

(c) Chapter 6 (contract with sole member who is also a director),

by reason only that the directors of the subsidiary are accustomed to act in accordance with its directions or instructions.

148. Direction requiring company to make appointment

(1) If it appears to the Registrar that a company is in breach of section 144 (companies required to have directors) or section 145 (companies required to have at least one director who is a natural person) the Registrar may give the company a direction under this section.

(2) The direction must specify–

(a) the section of these Regulations of which the company appears to be in breach,

(b) what the company must do in order to comply with the direction, and

(c) the period within which it must do so.

That period must be not less than one month or more than three months after the date on which the direction is given.

(3) The direction must also inform the company of the consequences of failing to comply.

(4) Where the company is in breach of sections 144 (companies required to have directors) or 145 (companies required to have at least one director who is a natural person) it must comply with the direction by–

(a) making the necessary appointment or appointments, and

(b) giving notice of such appointment or appointments if required under section 157 (duty to notify Registrar of changes),

before the end of the period specified in the direction.

(5) If the company has already made the necessary appointment or appointments (or so far as it has done so), it must comply with the direction by giving notice of it under section 157 (duty to notify Registrar of changes) before the end of the period specified in the direction.

(6) If a company fails to comply with a direction under this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

For this purpose a shadow director is treated as an officer of the company.

(7) A person who commits the contravention referred to in subsection (6) shall be liable to a fine of up to level 4.

Appointment

149. Minimum age for natural persons for appointment as director

(1) A natural person may not be appointed a director of a company unless he has attained the age of 18 years.

(2) This does not affect the validity of an appointment that is not to take effect until the person appointed attains that age.

(3) Where the office of director of a company is held by a corporation sole, or otherwise by virtue of another office, the appointment to that other office of a person who has not attained the age of 18 years is not effective also to make him a director of the company until he attains the age of 18 years.

(4) An appointment made in contravention of this section is void.

(5) Nothing in this section affects any liability of a person under any provision of these Regulations if he–

(a) purports to act as director, or

(b) acts as a shadow director,

although he could not, by virtue of this section, be validly appointed as a director.

(6) This section has effect subject to section 150 (power to provide for exceptions from minimum age requirement).

150. Power to provide for exceptions from minimum age requirement

(1) The Board may make rules providing for cases in which a person who has not attained the age of 18 years may be appointed a director of a company.

(2) The rules must specify the circumstances in which, and any conditions subject to which, the appointment may be made.

(3) If the specified circumstances cease to obtain, or any specified conditions cease to be met, a person who was appointed by virtue of the rules and who has not since attained the age of 18 years ceases to hold office.

151. Appointment of directors of public company to be voted on individually

(1) At a general meeting of a public company a motion for the appointment of two or more persons as directors of the company by a single resolution must not be made unless a resolution that it should be so made has first been agreed to by the meeting without any vote being given against it.

(2) A resolution moved in contravention of this section is void, whether or not its being so moved was objected to at the time, but where a resolution so moved is passed, no provision for the automatic reappointment of retiring directors in default of another appointment applies.

(3) For the purposes of this section a motion for approving a person's appointment, or for nominating a person for appointment, is treated as a motion for his appointment.

(4) Nothing in this section applies to a resolution amending the company's articles.

152. Validity of acts of directors

(1) The acts of a person acting as a director are valid notwithstanding that it is afterwards discovered–

(a) that there was a defect in his appointment,

(b) that he was disqualified from holding office,

(c) that he had ceased to hold office, and

(d) that he was not entitled to vote on the matter in question.

(2) This applies even if the resolution for his appointment is void under section 151 (appointment of directors of public company to be voted on individually).

153. Register of directors

(1) Every company must keep a register of its directors.

(2) The register must contain the required particulars (see sections 154 (particulars of directors to be registered: individuals), 155 (particulars of directors to be registered: corporate directors and firms) and 156 (register of directors' residential addresses)) of each person who is a director of the company.

(3) The register must be kept available for inspection–

(a) at the company's registered office, or

(b) at a place specified in rules made by the Board under section 996 (rules about where certain company records to be kept available for inspection).

(4) The company must give notice to the Registrar–

(a) of the place at which the register is kept available for inspection, and

(b) of any change in that place,

unless it has at all times been kept at the company's registered office.

(5) The register must be open to the inspection–

(a) of any member of the company without charge, and

(b) of any other person on payment of such fee as may be prescribed.

(6) If default is made in complying with subsection (1), (2) or (3) or if default is made for 14 days in complying with subsection (4), or if an inspection required under subsection (5) is refused, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

For this purpose a shadow director is treated as an officer of the company.

(7) A person who commits the contravention referred to in subsection (6) is liable to a level 1 fine.

(8) In the case of a refusal of inspection of the register, the Court may by order compel an immediate inspection of it.

(9) Subsection (5)(b) shall not apply to a restricted scope company.

154. Particulars of directors to be registered: individuals

(1) A company's register of directors must contain the following particulars in the case of an individual–

(a) name and any former name,

(b) a service address, which must be a PO Box address for directors resident in the United Arab Emirates,

(c) the country or state in which he is usually resident,

(d) nationality,

(e) business occupation (if any),

(f) date of birth.

(2) For the purposes of this section "name" means a person's forename and surname.

(3) For the purposes of this section a "former name" means a name by which the individual was formerly known for business purposes. Where a person is or was formerly known by more than one such name, each of them must be stated.

(4) It is not necessary for the register to contain particulars of a former name in the following cases–

(a) in the case of any person, where the former name–

(i) was changed or disused before the person attained the age of 18 years, or

(ii) has been changed or disused for 20 years or more.

(5) A person's service address may be stated as the company's registered office.

155. Particulars of directors to be registered: corporate directors and firms

A company's register of directors must contain the following particulars in the case of a body corporate, or a firm that is a legal person under the law by which it is governed–

(a) corporate or firm name,

(b) registered or principal office,

(c) particulars of–

(i) the legal form of the company or firm and the law by which it is governed, and

(ii) if applicable, the register in which it is entered (including details of the state) and its registration number in that register.

156. Register of directors' residential addresses

(1) Every company must keep a register of directors' residential addresses.

(2) The register must state the usual residential address of each of the company's directors.

(3) If a director's usual residential address is the same as his service address (as stated in the company's register of directors), the register of directors' residential addresses need only contain an entry to that effect. This does not apply if his service address is stated to be "The company's registered office".

(4) If default is made in complying with this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

For this purpose a shadow director is treated as an officer of the company.

(5) A person who commits the contravention referred to in subsection (4) is liable to a level 1 fine.

(6) This section applies only to directors who are individuals, not where the director is a body corporate or a firm that is a legal person under the law by which it is governed.

157. Duty to notify Registrar of changes

(1) A company must, within the period of 14 days from–

(a) a person becoming or ceasing to be a director, or

(b) the occurrence of any change in the particulars contained in its register of directors or its register of directors' residential addresses,

give notice to the Registrar of the change and of the date on which it occurred.

(2) Notice of a person having become a director of the company must–

(a) contain a statement of the particulars of the new director that are required to be included in the company's register of directors and its register of directors' residential addresses, and

(b) be accompanied by a consent, by that person, to act in that capacity.

(3) Where–

(a) a company gives notice of a change of a director's service address as stated in the company's register of directors, and

(b) the notice is not accompanied by notice of any resulting change in the particulars contained in the company's register of directors' residential addresses,

the notice must be accompanied by a statement that no such change is required.

(4) If default is made in complying with this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

For this purpose a shadow director is treated as an officer of the company.

(5) A person who commits the contravention referred to in subsection (4) is liable to a level 1 fine.

158. Resolution to remove director

(1) A company may by ordinary resolution at a meeting remove a director before the expiration of his period of office, notwithstanding anything in any agreement between it and him.

(2) Special notice is required of a resolution to remove a director under this section or to appoint somebody instead of a director so removed at the meeting at which he is removed.

(3) A vacancy created by the removal of a director under this section, if not filled at the meeting at which he is removed, may be filled as a casual vacancy.

(4) A person appointed director in place of a person removed under this section is treated, for the purpose of determining the time at which he or any other director is to retire, as if he had become director on the day on which the person in whose place he is appointed was last appointed a director.

(5) This section is not to be taken–

(a) as depriving a person removed under it of compensation or damages payable to him in respect of the termination of his appointment as director or of any appointment terminating with that as director, or

(b) as derogating from any power to remove a director that may exist apart from this section.

159. Director's right to protest against removal

(1) On receipt of notice of an intended resolution to remove a director under section 158, (resolution to remove director) the company must forthwith send a copy of the notice to the director concerned.

(2) The director (whether or not a member of the company) is entitled to be heard on the resolution at the meeting.

(3) Where notice is given of an intended resolution to remove a director under that section, and the director concerned makes with respect to it representations in writing to the company (not exceeding a reasonable length) and requests their notification to members of the company, the company shall, unless the representations are received by it too late for it to do so–

(a) in any notice of the resolution given to members of the company state the fact of the representations having been made, and

(b) send a copy of the representations to every member of the company to whom notice of the meeting is sent (whether before or after receipt of the representations by the company).

(4) If a copy of the representations is not sent as required by subsection (3) because received too late or because of the company's default, the director may (without prejudice to his right to be heard orally) require that the representations shall be read out at the meeting.

(5) Copies of the representations need not be sent out and the representations need not be read out at the meeting if, on the application either of the company or of any other person who claims to be aggrieved, the Court is satisfied that the rights conferred by this section are being abused.

(6) The Court may order the company's costs on an application under subsection (5) to be paid in whole or in part by the director, notwithstanding that he is not a party to the application.

Chapter 2

GENERAL DUTIES OF DIRECTORS

Introductory

160. Scope and nature of general duties

(1) The general duties specified in sections 161 (duty to act within powers) to 167 (duty to declare interest in proposed transaction or arrangement) are owed by a director of a company to the company.

(2) A person who ceases to be a director continues to be subject–

(a) to the duty in section 165 (duty to avoid conflicts of interest) as regards the exploitation of any property, information or opportunity of which he became aware at a time when he was a director, and

(b) to the duty in section 166 (duty not to accept benefits from third parties) as regards things done or omitted by him before he ceased to be a director.

To that extent those duties apply to a former director as to a director, subject to any necessary adaptations.

(3) The general duties are based on certain common law rules and equitable principles as they apply in relation to directors and have effect in place of those rules and principles as regards the duties owed to a company by a director.

(4) The general duties shall be interpreted and applied in the same way as common law rules or equitable principles, and regard shall be had to the corresponding common law rules and equitable principles in interpreting and applying the general duties.

(5) The general duties apply to shadow directors where, and to the extent that, the corresponding common law rules or equitable principles so apply.

161. Duty to act within powers

A director of a company must–

(a) act in accordance with the company's constitution, and

(b) only exercise powers for the purposes for which they are conferred.

162. Duty to promote the success of the company

(1) A director of a company must act in the way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to–

(a) the likely consequences of any decision in the long term,

(b) the interests of the company's employees,

(c) the need to foster the company's business relationships with suppliers, customers and others,

(d) the impact of the company's operations on the community and the environment,

(e) the desirability of the company maintaining a reputation for high standards of business conduct, and

(f) the need to act fairly as between members of the company.

(2) Where or to the extent that the purposes of the company consist of or include purposes other than the benefit of its members, subsection (1) has effect as if the reference to promoting the success of the company for the benefit of its members were to achieving those purposes.

(3) The duty imposed by this section has effect subject to any rule of law applicable in the Abu Dhabi Global Market requiring directors, in certain circumstances, to consider or act in the interests of creditors of the company.

163. Duty to exercise independent judgment

(1) A director of a company must exercise independent judgment.

(2) This duty is not infringed by his acting–

(a) in accordance with an agreement duly entered into by the company that restricts the future exercise of discretion by its directors, or

(b) in a way authorised by the company's constitution.

164. Duty to exercise reasonable care, skill and diligence

(1) A director of a company must exercise reasonable care, skill and diligence.

(2) This means the care, skill and diligence that would be exercised by a reasonably diligent person with–

(a) the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by the director in relation to the company, and

(b) the general knowledge, skill and experience that the director has.

165. Duty to avoid conflicts of interest

(1) A director of a company must not act on behalf of a company, or exercise any of his powers as a director, in relation to any matter in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company.

(2) This applies in particular to the exploitation of any property, information or opportunity (and it is immaterial whether the company could take advantage of the property, information or opportunity).

(3) This duty does not apply to a conflict of interest arising in relation to a transaction or arrangement with the company.

(4) This duty is not infringed–

(a) if the situation cannot reasonably be regarded as likely to give rise to a conflict of interest, or

(b) if the matter has been authorised by the directors who do not have a direct or indirect interest that conflicts with the interests of the company in such matter ("non-conflicted directors"), or

(c) if the matter is authorised by the members.

(5) Authorisation may be given by the non-conflicted directors–

(a) where the company is a private company and nothing in the company's constitution invalidates such authorisation, by the matter being proposed to and authorised by the non-conflicted directors, or

(b) where the company is a public company and its constitution includes provision enabling the non-conflicted directors to authorise the matter, by the matter being proposed to and authorised by them in accordance with the constitution.

(6) The authorisation is effective only if–

(a) any requirement as to the quorum at the meeting at which the matter is considered is met without counting the director in question or any other director with a direct or indirect interest that conflicts with the interests of the company in such matter, and

(b) the matter was agreed to without their voting or would have been agreed to if their votes had not been counted.

(7) Any reference in this section to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

166. Duty not to accept benefits from third parties

(1) A director of a company must not accept a benefit from a third party conferred by reason of–

(a) his being a director, or

(b) his doing (or not doing) anything as director.

(2) A "third party" means a person other than the company, an associated body corporate or a person acting on behalf of the company or an associated body corporate.

(3) Benefits received by a director from a person by whom his services (as a director or otherwise) are provided to the company are not regarded as conferred by a third party.

(4) This duty is not infringed if the acceptance of the benefit cannot reasonably be regarded as likely to give rise to a conflict of interest.

(5) Any reference in this section to a conflict of interest includes a conflict of interest and duty and a conflict of duties.

167. Duty to declare interest in proposed transaction or arrangement

(1) If a director of a company is in any way, directly or indirectly, interested in a proposed transaction or arrangement with the company, he must declare the nature and extent of that interest to the other directors.

(2) The declaration may (but need not) be made–

(a) at a meeting of the directors, or

(b) by notice to the directors in accordance with–

(i) section 173 (declaration made by notice in writing), or

(ii) section 174 (general notice treated as sufficient declaration).

(3) If a declaration of interest under this section proves to be, or becomes, inaccurate or incomplete, a further declaration must be made.

(4) Any declaration required by this section must be made before the company enters into the transaction or arrangement.

(5) This section does not require a declaration of an interest of which the director is not aware or where the director is not aware of the transaction or arrangement in question.

For this purpose a director is treated as being aware of matters of which he ought reasonably to be aware.

(6) A director need not declare an interest–

(a) if it cannot reasonably be regarded as likely to give rise to a conflict of interest,

(b) if, or to the extent that, the other directors are already aware of it (and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware), or

(c) if, or to the extent that, it concerns terms of his service contract that have been or are to be considered–

(i) by a meeting of the directors, or

(ii) by a committee of the directors appointed for the purpose under the company's constitution.

168. Consequences of breach of general duties

(1) The consequences of breach (or threatened breach) of sections 161 (duty to act within powers) to 167 (duty to declare interest in proposed transaction or arrangement) are the same as would apply if the corresponding common law rule or equitable principle applied pursuant to the laws applicable in the Abu Dhabi Global Market.

(2) The duties in those sections, (with the exception of section 164 (duty to exercise reasonable care, skill and diligence)), are, accordingly, enforceable in the same way as any other fiduciary duty owed to a company by its directors.

169. Cases within more than one of the general duties

Except as otherwise provided, more than one of the general duties may apply in any given case.

170. Consent, approval or authorisation by members

(1) In a case where–

(a) section 165 (duty to avoid conflicts of interest) is complied with by authorisation by the directors, or

(b) section 167 (duty to declare interest in proposed transaction or arrangement) is complied with,

the transaction or arrangement is not liable to be set aside by virtue of any common law rule or equitable principle requiring the consent or approval of the members of the company.

This is without prejudice to any law or regulation applicable to the Abu Dhabi Global Market, or provision of the company's constitution, requiring such consent or approval.

(2) The application of the general duties is not affected by the fact that the case also falls within Chapter 4 (transactions requiring approval of members), except that where either of those Chapters applies and–

(a) approval is given under the Chapter concerned, or

(b) the matter is one as to which it is provided that approval is not needed,

it is not necessary also to comply with section 165 (duty to avoid conflicts of interest) or section 166 (duty not to accept benefits from third parties).

(3) Compliance with the general duties does not remove the need for approval under any applicable provision of Chapter 4 (transactions requiring approval of members).

(4) The general duties–

(a) have effect subject to any rule of law enabling the company to give authority, specifically or generally, for anything to be done (or omitted) by the directors, or any of them, that would otherwise be a breach of duty, and

(b) where the company's articles contain provisions for dealing with conflicts of interest, are not infringed by anything done (or omitted) by the directors, or any of them, in accordance with those provisions.

(5) Otherwise, the general duties have effect (except as otherwise provided or the context otherwise requires) notwithstanding any rule of law applicable in the Abu Dhabi Global Market.

Chapter 3

DECLARATION OF INTEREST IN EXISTING TRANSACTION OR ARRANGEMENT

171. Declaration of interest in existing transaction or arrangement

(1) Where a director of a company is in any way, directly or indirectly, interested in a transaction or arrangement that has been entered into by the company, he must declare the nature and extent of the interest to the other directors in accordance with this section.

This section does not apply if or to the extent that the interest has been declared under section 167 (duty to declare interest in proposed transaction or arrangement).

(2) The declaration must be made–

(a) at a meeting of the directors, or

(b) by notice in writing (see section 173 (declaration made by notice in writing)), or

(c) by general notice (see section 174 (general notice treated as sufficient declaration)).

(3) If a declaration of interest under this section proves to be, or becomes, inaccurate or incomplete, a further declaration must be made.

(4) Any declaration required by this section must be made as soon as is reasonably practicable.

Failure to comply with this requirement does not affect the underlying duty to make the declaration.

(5) This section does not require a declaration of an interest of which the director is not aware or where the director is not aware of the transaction or arrangement in question.

For this purpose a director is treated as being aware of matters of which he ought reasonably to be aware.

(6) A director need not declare an interest under this section–

(a) if it cannot reasonably be regarded as likely to give rise to a conflict of interest,

(b) if, or to the extent that, the other directors are already aware of it (and for this purpose the other directors are treated as aware of anything of which they ought reasonably to be aware), or

(c) if, or to the extent that, it concerns terms of his service contract that have been or are to be considered–

(i) by a meeting of the directors, or

(ii) by a committee of the directors appointed for the purpose under the company's constitution.

172. Failure to declare interest

(1) A director who fails to comply with the requirements of section 171 (declaration of interest in existing transaction or arrangement) commits a contravention of these Regulations.

(2) A person who commits the contravention referred to in subsection (1) shall be liable to a level 2 fine.

173. Declaration made by notice in writing

(1) This section applies to a declaration of interest made by notice in writing.

(2) The director must send the notice to the other directors.

(3) The notice may be sent in hard copy form or, if the recipient has agreed to receive it in electronic form, in an agreed electronic form.

(4) The notice may be sent–

(a) by hand or by post, or

(b) if the recipient has agreed to receive it by electronic means, by agreed electronic means.

(5) Where a director declares an interest by notice in writing in accordance with this section–

(a) the making of the declaration is deemed to form part of the proceedings at the next meeting of the directors after the notice is given, and

(b) the provisions of section 272 (minutes of directors' meetings) apply as if the declaration had been made at that meeting.

174. General notice treated as sufficient declaration

(1) General notice in accordance with this section is a sufficient declaration of interest in relation to the matters to which it relates.

(2) General notice is notice given to the directors of a company to the effect that the director–

(a) has an interest (as member, officer, employee or otherwise) in a specified body corporate or firm and is to be regarded as interested in any transaction or arrangement that may, after the date of the notice, be made with that body corporate or firm, or

(b) is connected with a specified person (other than a body corporate or firm) and is to be regarded as interested in any transaction or arrangement that may, after the date of the notice, be made with that person.

(3) The notice must state the nature and extent of the director's interest in the body corporate or firm or, as the case may be, the nature of his connection with the person.

(4) General notice is not effective unless–

(a) it is given at a meeting of the directors, or

(b) the director takes reasonable steps to secure that it is brought up and read at the next meeting of the directors after it is given.

175. Declaration of interest in case of company with sole director

(1) Where a declaration of interest under section 171 (declaration of interest in existing transaction or arrangement) is required of a sole director of a company that is required to have more than one director–

(a) the declaration must be recorded in writing,

(b) the making of the declaration is deemed to form part of the proceedings at the next meeting of the directors after the notice is given, and

(c) the provisions of section 272 (minutes of directors' meetings) apply as if the declaration had been made at that meeting.

(2) Nothing in this section affects the operation of section 218 (contract with sole member who is also a director).

176. Declaration of interest in existing transaction by shadow director

(1) The provisions of this Chapter relating to the duty under section 171 (declaration of interest in existing transaction or arrangement) apply to a shadow director as to a director, but with the following adaptations.

(2) Subsection (2)(a) at section 171 (declaration of interest in existing transaction or arrangement) does not apply.

(3) In section 174 (general notice treated as sufficient declaration), subsection (4) (notice to be given at or brought up and read at meeting of directors) does not apply.

(4) General notice by a shadow director is not effective unless given by notice in writing in accordance with section 173 (declaration made by notice in writing).

Chapter 4

TRANSACTIONS WITH DIRECTORS REQUIRING APPROVAL OF MEMBERS

Service contracts

177. Directors'[22] long-term service contracts: requirement of members' approval

(1) This section applies to provision under which the guaranteed term of a director's employment–

(a) with the company of which he is a director, or

(b) where he is the director of a holding company, within the group consisting of that company and its subsidiaries,

is, or may be, longer than two years.

(2) A company may not agree to such provision unless it has been approved–

(a) by resolution of the members of the company, and

(b) in the case of a director of a holding company, by resolution of the members of that company.

(3) The guaranteed term of a director's employment is–

(a) the period (if any) during which the director's employment–

(i) is to continue, or may be continued otherwise than at the instance of the company (whether under the original agreement or under a new agreement entered into in pursuance of it), and

(ii) cannot be terminated by the company by notice, or can be so terminated only in specified circumstances, or

(b) in the case of employment terminable by the company by notice, the period of notice required to be given,

[22] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

or, in the case of employment having a period within subsection (3)(a) and a period within subsection (3)(b), the aggregate of those periods.

(4) If more than six months before the end of the guaranteed term of a director's employment the company enters into a further service contract (otherwise than in pursuance of a right conferred, by or under the original contract, on the other party to it), this section applies as if there were added to the guaranteed term of the new contract the unexpired period of the guaranteed term of the original contract.

(5) A resolution approving provision to which this section applies must not be passed unless a memorandum setting out the proposed contract incorporating the provision is made available to members–

(a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him,

(b) in the case of a resolution at a meeting, by being made available for inspection by members of the company both–

(i) at the company's registered office for not less than 15 days ending with the date of the meeting, and

(ii) at the meeting itself.

(6) No approval is required under this section on the part of the members of a body corporate that–

(a) is not a company registered in the Abu Dhabi Global Market,

(b) is a wholly-owned subsidiary of another body corporate, or

(c) is a restricted scope company.

(7) In this section "employment" means any employment under a director's service contract.

178. Directors' long-term service contracts: consequences of contravention

If a company agrees to provision in contravention of section 177 (directors' long-term service contracts)–

(a) the provision is void, to the extent of the contravention, and

(b) the contract is deemed to contain a term entitling the company to terminate it at any time by the giving of reasonable notice.

Substantial property transactions

179. Substantial property transactions: requirement of members' approval

(1) A company may not enter into an arrangement under which–

(a) a director of the company or of its holding company, or a person connected with such a director, acquires or is to acquire from the company (directly or indirectly) a substantial non-cash asset, or

(b) the company acquires or is to acquire a substantial non-cash asset (directly or indirectly) from such a director or a person so connected,

unless the arrangement has been approved by a resolution of the members of the company or is conditional on such approval being obtained.

For the meaning of "substantial non-cash asset" see section 180 (meaning of substantial).

(2) If the director or connected person is a director of the company's holding company or a person connected with such a director, the arrangement must also have been approved by a resolution of the members of the holding company or be conditional on such approval being obtained.

(3) A company shall not be subject to any liability by reason of a failure to obtain approval required by this section.

(4) No approval is required under this section on the part of the members of a body corporate that–

(a) is not a company registered in the Abu Dhabi Global Market,

(b) is a wholly-owned subsidiary of another body corporate, or

(c) is a restricted scope company.

(5) For the purposes of this section–

(a) an arrangement involving more than one non-cash asset, or

(b) an arrangement that is one of a series involving non-cash assets,

shall be treated as if they involved a non-cash asset of a value equal to the aggregate value of all the non-cash assets involved in the arrangement or, as the case may be, the series.

(6) This section does not apply to a transaction so far as it relates–

(a) to anything to which a director of a company is entitled under his service contract, or

(b) to payment for loss of office as defined in section 203 (payments for loss of office).

180. Meaning of "substantial"

(1) This section explains what is meant in section 179 (substantial property transactions) by a "substantial non-cash asset".

(2) An asset is a substantial asset in relation to a company if its value–

(a) exceeds 10% of the company's asset value and is more than 5,000 US dollars, or

(b) exceeds 100,000 US dollars.

(3) For this purpose a company's "asset value" at any time is–

(a) the value of the company's net assets determined by reference to its most recent statutory accounts, or

(b) if no statutory accounts have been prepared or are required to be prepared, the amount of the company's called-up share capital.

(4) A company's "statutory accounts" means its annual accounts prepared in accordance with Part 14, and its "most recent" statutory accounts means those in relation to which the time for sending them out to members (see section 406 (time allowed for sending out copies of accounts and reports)) is most recent.

(5) Whether an asset is a substantial asset shall be determined as at the time the arrangement is entered into.

181. Exception for transactions with members or other group companies

Approval is not required under section 179 (substantial property transactions)–

(a) for a transaction between a company and a person in his character as a member of that company, or

(b) for a transaction between–

(i) a holding company and its wholly-owned subsidiary, or

(ii) two wholly-owned subsidiaries of the same holding company.

182. Exception in case of company in winding up or administration

(1) This section applies to a company–

(a) that is being wound up (unless the winding up is a members' voluntary winding up), or

(b) that is in administration within the meaning of the Insolvency Regulations 2015.

(2) Approval is not required under section 179 (substantial property transactions)–

(a) on the part of the members of a company to which this section applies, or

(b) for an arrangement entered into by a company to which this section applies.

183. Exception for transactions on recognised investment exchange

(1) Approval is not required under section 179 (substantial property transactions) for a transaction on a recognised investment exchange effected by a director, or a person connected with him, through the agency of a person who in relation to the transaction acts as an independent broker.

(2) For this purpose "independent broker" means a person who, independently of the director or any person connected with him, selects the person with whom the transaction is to be effected.

184. Property transactions: consequences of contravention

(1) This section applies where a company enters into an arrangement in contravention of section 179 (substantial property transactions).

(2) The arrangement, and any transaction entered into in pursuance of the arrangement (whether by the company or any other person), is voidable at the instance of the company, unless–

(a) restitution of any money or other asset that was the subject matter of the arrangement or transaction is no longer possible,

(b) the company has been indemnified in pursuance of this section by any other persons for the loss or damage suffered by it, or

(c) rights acquired in good faith, for value and without actual notice of the contravention by a person who is not a party to the arrangement or transaction would be affected by the avoidance.

(3) Whether or not the arrangement or any such transaction has been avoided, each of the persons specified in subsection (4) is liable–

(a) to account to the company for any gain that he has made directly or indirectly by the arrangement or transaction, and

(b) (jointly and severally with any other person so liable under this section) to indemnify the company for any loss or damage resulting from the arrangement or transaction.

(4) The persons so liable are–

(a) any director of the company or of its holding company with whom the company entered into the arrangement in contravention of section 179 (substantial property transactions),

(b) any person with whom the company entered into the arrangement in contravention of that section who is connected with a director of the company or of its holding company,

(c) the director of the company or of its holding company with whom any such person is connected, and

(d) any other director of the company who authorised the arrangement or any transaction entered into in pursuance of such an arrangement.

(5) Subsections (3) and (4) are subject to the following two subsections.

(6) In the case of an arrangement entered into by a company in contravention of section 179 (substantial property transactions) with a person connected with a director of the company or of its holding company, that director is not liable by virtue of subsection (4)(c) if he shows that he took all reasonable steps to secure the company's compliance with that section.

(7) In any case–

(a) a person so connected is not liable by virtue of subsection (4)(b), and

(b) a director is not liable by virtue of subsection (4)(d),

if he shows that, at the time the arrangement was entered into, he did not know the relevant circumstances constituting the contravention.

(8) Nothing in this section shall be read as excluding the operation of any rule of law applicable in the Abu Dhabi Global Market by virtue of which the arrangement or transaction may be called in question or any liability to the company may arise.

185. Property transactions: effect of subsequent affirmation

Where a transaction or arrangement is entered into by a company in contravention of section 179 (substantial property transactions) but, within a reasonable period, it is affirmed–

(a) in the case of a contravention of subsection (1) of that section, by resolution of the members of the company, and

(b) in the case of a contravention of subsection (2) of that section, by resolution of the members of the holding company,

the transaction or arrangement may no longer be avoided under section 184 (property transactions: consequences of contravention).

Loans, quasi-loans and credit transactions

186. Loans to directors: requirement of members' approval

(1) A company may not–

(a) make a loan to a director of the company or of its holding company, or

(b) give a guarantee or provide security in connection with a loan made by any person to such a director,

unless the transaction has been approved by a resolution of the members of the company or is conditional on such approval being obtained.

(2) If the director is a director of the company's holding company, the transaction must also have been approved by a resolution of the members of the holding company.

(3) A resolution approving a transaction to which this section applies must not be passed unless a memorandum setting out the matters mentioned in subsection (4) is made available to members–

(a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him,

(b) in the case of a resolution at a meeting, by being made available for inspection by members of the company both–

(i) at the company's registered office for not less than 15 days ending with the date of the meeting, and

(ii) at the meeting itself.

(4) The matters to be disclosed are–

(a) the nature of the transaction,

(b) the amount of the loan and the purpose for which it is required, and

(c) the extent of the company's liability under any transaction connected with the loan.

(5) No approval is required under this section on the part of the members of a body corporate that–

(a) is not a company registered in the Abu Dhabi Global Market,

(b) is a wholly-owned subsidiary of another body corporate, or

(c) is a restricted scope company.

187. Quasi-loans to directors: requirement of members' approval

(1) This section applies to a company if it is–

(a) a public company, or

(b) a company associated with a public company.

(2) A company to which this section applies may not–

(a) make a quasi-loan to a director of the company or of its holding company, or

(b) give a guarantee or provide security in connection with a quasi-loan made by any person to such a director,

unless the transaction has been approved by a resolution of the members of the company.

(3) If the director is a director of the company's holding company, the transaction must also have been approved by a resolution of the members of the holding company.

(4) A resolution approving a transaction to which this section applies must not be passed unless a memorandum setting out the matters mentioned in subsection (5) is made available to members–

(a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him,

(b) in the case of a resolution at a meeting, by being made available for inspection by members of the company both–

(i) at the company's registered office for not less than 15 days ending with the date of the meeting, and

(ii) at the meeting itself.

(5) The matters to be disclosed are–

(a) the nature of the transaction,

(b) the amount of the quasi-loan and the purpose for which it is required, and

(c) the extent of the company's liability under any transaction connected with the quasi-loan.

(6) No approval is required under this section on the part of the members of a body corporate that–

(a) is not a company registered in the Abu Dhabi Global Market, or

(b) is a wholly-owned subsidiary of another body corporate.

(c) is a restricted scope company

188. Meaning of "quasi-loan" and related expressions

(1) A "quasi-loan" is a transaction under which one party ("the creditor") agrees to pay, or pays otherwise than in pursuance of an agreement, a sum for another ("the borrower") or agrees to reimburse, or reimburses otherwise than in pursuance of an agreement, expenditure incurred by another party for another ("the borrower")–

(a) on terms that the borrower (or a person on his behalf) will reimburse the creditor, or

(b) in circumstances giving rise to a liability on the borrower to reimburse the creditor.

(2) Any reference to the person to whom a quasi-loan is made is a reference to the borrower.

(3) The liabilities of the borrower under a quasi-loan include the liabilities of any person who has agreed to reimburse the creditor on behalf of the borrower.

189. Loans or quasi-loans to persons connected with directors: requirement of members' approval

(1) This section applies to a company if it is–

(a) a public company, or

(b) a company associated with a public company.

(2) A company to which this section applies may not–

(a) make a loan or quasi-loan to a person connected with a director of the company or of its holding company, or

(b) give a guarantee or provide security in connection with a loan or quasi-loan made by any person to a person connected with such a director,

unless the transaction has been approved by a resolution of the members of the company.

(3) If the connected person is a person connected with a director of the company's holding company, the transaction must also have been approved by a resolution of the members of the holding company.

(4) A resolution approving a transaction to which this section applies must not be passed unless a memorandum setting out the matters mentioned in subsection (5) is made available to members–

(a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him,

(b) in the case of a resolution at a meeting, by being made available for inspection by members of the company both–

(i) at the company's registered office for not less than 15 days ending with the date of the meeting, and

(ii) at the meeting itself.

(5) The matters to be disclosed are–

(a) the nature of the transaction,

(b) the amount of the loan or quasi-loan and the purpose for which it is required, and

(c) the extent of the company's liability under any transaction connected with the loan or quasi-loan.

(6) No approval is required under this section on the part of the members of a body corporate that–

(a) is not a company registered in the Abu Dhabi Global Market, or

(b) is a wholly-owned subsidiary of another body corporate, or

(c) is a restricted scope company.

190. Credit transactions: requirement of members' approval

(1) This section applies to a company if it is–

(a) a public company, or

(b) a company associated with a public company.

(2) A company to which this section applies may not–

(a) enter into a credit transaction as creditor for the benefit of a director of the company or of its holding company, or a person connected with such a director, or

(b) give a guarantee or provide security in connection with a credit transaction entered into by any person for the benefit of such a director, or a person connected with such a director,

unless the transaction (that is, the credit transaction, the giving of the guarantee or the provision of security, as the case may be) has been approved by a resolution of the members of the company.

(3) If the director or connected person is a director of its holding company or a person connected with such a director, the transaction must also have been approved by a resolution of the members of the holding company.

(4) A resolution approving a transaction to which this section applies must not be passed unless a memorandum setting out the matters mentioned in subsection (5) is made available to members–

(a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him,

(b) in the case of a resolution at a meeting, by being made available for inspection by members of the company both–

(i) at the company's registered office for not less than 15 days ending with the date of the meeting, and

(ii) at the meeting itself.

(5) The matters to be disclosed are–

(a) the nature of the transaction,

(b) the value of the credit transaction and the purpose for which the land, goods or services sold or otherwise disposed of, leased, hired or supplied under the credit transaction are required, and

(c) the extent of the company's liability under any transaction connected with the credit transaction.

(6) No approval is required under this section on the part of the members of a body corporate that–

(a) is not a company registered in the Abu Dhabi Global Market,

(b) is a wholly-owned subsidiary of another body corporate, or

(c) is a restricted scope company.

191. Meaning of "credit transaction"

(1) A "credit transaction" is a transaction under which one party ("the creditor")–

(a) supplies any goods or sells any land under a hire-purchase agreement or a conditional sale agreement,

(b) leases or hires any land or goods in return for periodical payments, or

(c) otherwise disposes of land or supplies goods or services on the understanding that payment (whether in a lump sum or instalments or by way of periodical payments or otherwise) is to be deferred.

(2) Any reference to the person for whose benefit a credit transaction is entered into is to the person to whom goods, land or services are supplied, sold, leased, hired or otherwise disposed of under the transaction.

(3) In this section–

"conditional sale agreement" means an agreement for the sale of goods or land under which the purchase price or part of it is payable by instalments, and the property in the goods or land is to remain in the seller (notwithstanding that the buyer is to be in possession of the goods or land) until such conditions as to the payment of instalments or otherwise as may be specified in the agreement are fulfilled, and

"services" means anything other than goods or land.

192. Related arrangements: requirement of members' approval

(1) A company may not–

(a) take part in an arrangement under which–

(i) another person enters into a transaction that, if it had been entered into by the company, would have required approval under section 186 (loans to directors), 187 (quasi-loans to directors), 189 (loans or quasi-loans to persons connected with directors) or 190 (credit transactions), and

(ii) that person, in pursuance of the arrangement, obtains a benefit from the company or a body corporate associated with it, or

(b) arrange for the assignment to it, or assumption by it, of any rights, obligations or liabilities under a transaction that, if it had been entered into by the company, would have required such approval,

unless the arrangement in question has been approved by a resolution of the members of the company.

(2) If the director or connected person for whom the transaction is entered into is a director of its holding company or a person connected with such a director, the arrangement must also have been approved by a resolution of the members of the holding company.

(3) A resolution approving an arrangement to which this section applies must not be passed unless a memorandum setting out the matters mentioned in subsection (4) is made available to members–

(a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him,

(b) in the case of a resolution at a meeting, by being made available for inspection by members of the company both–

(i) at the company's registered office for not less than 15 days ending with the date of the meeting, and

(ii) at the meeting itself.

(4) The matters to be disclosed are–

(a) the matters that would have to be disclosed if the company were seeking approval of the transaction to which the arrangement relates,

(b) the nature of the arrangement, and

(c) the extent of the company's liability under the arrangement or any transaction connected with it.

(5) No approval is required under this section on the part of the members of a body corporate that–

(a) is not a company registered in the Abu Dhabi Global Market, or

(b) is a wholly-owned subsidiary of another body corporate, or

(c) is a restricted scope company.

(6) In determining for the purposes of this section whether a transaction is one that would have required approval under section 186 (loans to directors), 187 (quasi-loans to directors), 189 (loans or quasi-loans to persons connected with directors) or 190 (credit transactions) if it had been entered into by the company, the transaction shall be treated as having been entered into on the date of the arrangement.

193. Exception for expenditure on company business

(1) Approval is not required under section 186 (loans to directors), 187 (quasi-loans to directors), 189 (loans or quasi-loans to persons connected with directors) or 190 (credit transactions) for anything done by a company–

(a) to provide a director of the company or of its holding company, or a person connected with any such director, with funds to meet expenditure incurred or to be incurred by him–

(i) for the purposes of the company, or

(ii) for the purpose of enabling him properly to perform his duties as an officer of the company, or

(b) to enable any such person to avoid incurring such expenditure.

(2) This section does not authorise a company to enter into a transaction if the aggregate of–

(a) the value of the transaction in question, and

(b) the value of any other relevant transactions or arrangements,

exceeds 50,000 US dollars.

194. Exception for expenditure on defending proceedings etc.

(1) Approval is not required under section 186 (loans to directors), 187 (quasi-loans to directors), 189 (loans or quasi-loans to persons connected with directors) or 190 (credit transactions) for anything done by a company–

(a) to provide a director of the company or of its holding company with funds to meet expenditure incurred or to be incurred by him–

(i) in defending any criminal or civil proceedings, or

(ii) in connection with an application for relief (see subsection (5)), or

(b) to enable any such director to avoid incurring such expenditure,

if it is done on the following terms.

(2) The terms are–

(a) that the loan is to be repaid, or (as the case may be) any liability of the company incurred under any transaction connected with the thing done is to be discharged, in the event of–

(i) the director being convicted in the proceedings,

(ii) judgment being given against him in the proceedings, or

(iii) the Court refusing to grant him relief on the application, and

(b) that it is to be so repaid or discharged not later than–

(i) the date when the conviction becomes final,

(ii) the date when the judgment becomes final, or

(iii) the date when the refusal of relief becomes final.

(3) For this purpose a conviction, judgment or refusal of relief becomes final–

(a) if not appealed against, at the end of the period for bringing an appeal,

(b) if appealed against, when the appeal (or any further appeal) is disposed of.

(4) An appeal is disposed of–

(a) if it is determined and the period for bringing any further appeal has ended, or

(b) if it is abandoned or otherwise ceases to have effect.

(5) The reference in subsection (1)(a)(ii) to an application for relief is to an application for relief under section 601(3) or (4) (liability of others where nominee fails to make payment in respect of shares).

195. Exception for expenditure in connection with regulatory action or investigation

Approval is not required under section 186 (loans to directors), 187 (quasi-loans to directors), 189 (loans or quasi-loans to persons connected with directors) or 190 (credit transactions) for anything done by a company–

(a) to provide a director of the company or of its holding company with funds to meet expenditure incurred or to be incurred by him in defending himself–

(i) in an investigation by a regulatory authority, or

(ii) against action proposed to be taken by a regulatory authority,

in connection with any alleged negligence, default, breach of duty or breach of trust by him in relation to the company or an associated company, or

(b) to enable any such director to avoid incurring such expenditure.

196. Exceptions for minor and business transactions

(1) Approval is not required under section 186 (loans to directors), 187 (quasi-loans to directors) or 189 (loans or quasi-loans to persons connected with directors) for a company to make a loan or quasi-loan, or to give a guarantee or provide security in connection with a loan or quasi-loan, if the aggregate of–

(a) the value of the transaction, and

(b) the value of any other relevant transactions or arrangements,

does not exceed 10,000 US dollars.

(2) Approval is not required under section 190 (credit transactions) for a company to enter into a credit transaction, or to give a guarantee or provide security in connection with a credit transaction, if the aggregate of–

(a) the value of the transaction (that is, of the credit transaction, guarantee or security), and

(b) the value of any other relevant transactions or arrangements,

does not exceed 15,000 US dollars.

(3) Approval is not required under section 190 (credit transactions) for a company to enter into a credit transaction, or to give a guarantee or provide security in connection with a credit transaction, if–

(a) the transaction is entered into by the company in the ordinary course of the company's business, and

(b) the value of the transaction is not greater, and the terms on which it is entered into are not more favourable, than it is reasonable to expect the company would

have offered to, or in respect of, a person of the same financial standing but unconnected with the company.

197. Exceptions for intra-group transactions

(1) Approval is not required under section 186 (loans to directors), 187 (quasi-loans to directors) or 189 (loans or quasi-loans to persons connected with directors) for–

(a) the making of a loan or quasi-loan to an associated body corporate, or

(b) the giving of a guarantee or provision of security in connection with a loan or quasi-loan made to an associated body corporate.

(2) Approval is not required under section 190 (credit transactions)–

(a) to enter into a credit transaction as creditor for the benefit of an associated body corporate, or

(b) to give a guarantee or provide security in connection with a credit transaction entered into by any person for the benefit of an associated body corporate.

198. Exceptions for money-lending companies

(1) Approval is not required under section 186 (loans to directors), 187 (quasi-loans to directors) or 189 (loans or quasi-loans to persons connected with directors) for the making of a loan or quasi-loan, or the giving of a guarantee or provision of security in connection with a loan or quasi-loan, by a money-lending company if–

(a) the transaction (that is, the loan, quasi-loan, guarantee or security) is entered into by the company in the ordinary course of the company's business, and

(b) the value of the transaction is not greater, and its terms are not more favourable, than it is reasonable to expect the company would have offered to a person of the same financial standing but unconnected with the company.

(2) A "money-lending company" means a company whose ordinary business includes the making of loans or quasi-loans, or the giving of guarantees or provision of security in connection with loans or quasi-loans.

(3) The condition specified in subsection (1)(b) does not of itself prevent a company from making a home loan–

(a) to a director of the company or of its holding company, or

(b) to an employee of the company,

if loans of that description are ordinarily made by the company to its employees and the terms of the loan in question are no more favourable than those on which such loans are ordinarily made.

(4) For the purposes of subsection (3) a "home loan" means a loan–

(a) for the purpose of facilitating the purchase, for use as the only or main residence of the person to whom the loan is made, of the whole or part of any dwelling-house together with any land to be occupied and enjoyed with it,

(b) for the purpose of improving a dwelling-house or part of a dwelling-house so used or any land occupied and enjoyed with it, or

(c) in substitution for any loan made by any person and falling within subsection (4)(a) or (b).

199. Other relevant transactions or arrangements

(1) This section has effect for determining what are "other relevant transactions or arrangements" for the purposes of any exception to section 186 (loans to directors), 187 (quasi-loans to directors), 189 (loans or quasi-loans to persons connected with directors) or 190 (credit transactions).

In the following provisions "the relevant exception" means the exception for the purposes of which that falls to be determined.

(2) Other relevant transactions or arrangements are those previously entered into, or entered into at the same time as the transaction or arrangement in question in relation to which the following conditions are met.

(3) Where the transaction or arrangement in question is entered into–

(a) for a director of the company entering into it, or

(b) for a person connected with such a director,

the conditions are that the transaction or arrangement was (or is) entered into for that director, or a person connected with him, by virtue of the relevant exception by that company or by any of its subsidiaries.

(4) Where the transaction or arrangement in question is entered into–

(a) for a director of the holding company of the company entering into it, or

(b) for a person connected with such a director,

the conditions are that the transaction or arrangement was (or is) entered into for that director, or a person connected with him, by virtue of the relevant exception by the holding company or by any of its subsidiaries.

(5) A transaction or arrangement entered into by a company that at the time it was entered into–

(a) was a subsidiary of the company entering into the transaction or arrangement in question, or

(b) was a subsidiary of that company's holding company,

is not a relevant transaction or arrangement if, at the time the question arises whether the transaction or arrangement in question falls within a relevant exception, it is no longer such a subsidiary.

200. The person for whom a transaction or arrangement is entered into

For the purposes of sections 186 (loans to directors) to 202 (loans etc.: effect of subsequent affirmation) the person for whom a transaction or arrangement is entered into is–

(a) in the case of a loan or quasi-loan, the person to whom it is made,

(b) in the case of a credit transaction, the person to whom goods, land or services are supplied, sold, hired, leased or otherwise disposed of under the transaction,

(c) in the case of a guarantee or security, the person for whom the transaction is made in connection with which the guarantee or security is entered into,

(d) in the case of an arrangement within section 192 (related arrangements), the person for whom the transaction is made to which the arrangement relates.

201. Loans etc.: consequences of contravention

(1) This section applies where a company enters into a transaction or arrangement in contravention of section 186 (loans to directors), 187 (quasi-loans to directors), 189 (loans or quasi-loans to persons connected with directors), 190 (credit transactions) or 192 (related arrangements).

(2) The transaction or arrangement is voidable at the instance of the company, unless–

(a) restitution of any money or other asset that was the subject matter of the transaction or arrangement is no longer possible,

(b) the company has been indemnified for any loss or damage resulting from the transaction or arrangement, or

(c) rights acquired in good faith, for value and without actual notice of the contravention by a person who is not a party to the transaction or arrangement would be affected by the avoidance.

(3) Whether or not the transaction or arrangement has been avoided, each of the persons specified in subsection (4) is liable–

(a) to account to the company for any gain that he has made directly or indirectly by the transaction or arrangement, and

(b) (jointly and severally with any other person so liable under this section) to indemnify the company for any loss or damage resulting from the transaction or arrangement.

(4) The persons so liable are–

(a) any director of the company or of its holding company with whom the company entered into the transaction or arrangement in contravention of section 186 (loans to directors), 187 (quasi-loans to directors), 190 (credit transactions) or 192 (related arrangements),

(b) any person with whom the company entered into the transaction or arrangement in contravention of any of those sections who is connected with a director of the company or of its holding company,

(c) the director of the company or of its holding company with whom any such person is connected, and

(d) any other director of the company who authorised the transaction or arrangement.

(5) Subsections (3) and (4) are subject to the following two subsections.

(6) In the case of a transaction or arrangement entered into by a company in contravention of section 189 (loans or quasi-loans to persons connected with directors), 190 (credit transactions) or 192 (related arrangements) with a person connected with a director of the company or of its holding company, that director is not liable by virtue of subsection

(4)(c) if he shows that he took all reasonable steps to secure the company's compliance with the section concerned.

(7) In any case–

(a) a person so connected is not liable by virtue of subsection (4)(b), and

(b) a director is not liable by virtue of subsection (4)(d),

if he shows that, at the time the transaction or arrangement was entered into, he did not know the relevant circumstances constituting the contravention.

(8) Nothing in this section shall be read as excluding the operation of any rule of law applicable in the Abu Dhabi Global Market by virtue of which the transaction or arrangement may be called in question or any liability to the company may arise.

202. Loans etc.: effect of subsequent affirmation

Where a transaction or arrangement is entered into by a company in contravention of section 186 (loans to directors), 187 (quasi-loans to directors), 189 (loans or quasi-loans to persons connected with directors), 190 (credit transactions) or 192 (related arrangements) but, within a reasonable period, it is affirmed–

(a) in the case of a contravention of the requirement for a resolution of the members of the company, by a resolution of the members of the company, and

(b) in the case of a contravention of the requirement for a resolution of the members of the company's holding company, by a resolution of the members of the holding company,

the transaction or arrangement may no longer be avoided under section 201 (loans etc.: consequences of contravention).

Payments for loss of office

203. Payments for loss of office

(1) In this Chapter a "payment for loss of office" means a payment made to a director or past director of a company–

(a) by way of compensation for loss of office as director of the company,

(b) by way of compensation for loss, while director of the company or in connection with his ceasing to be a director of it, of–

(i) any other office or employment in connection with the management of the affairs of the company, or

(ii) any office (as director or otherwise) or employment in connection with the management of the affairs of any subsidiary undertaking of the company,

(c) as consideration for or in connection with his retirement from his office as director of the company, or

(d) as consideration for or in connection with his retirement, while director of the company or in connection with his ceasing to be a director of it, from–

(i) any other office or employment in connection with the management of the affairs of the company, or

(ii) any office (as director or otherwise) or employment in connection with the management of the affairs of any subsidiary undertaking of the company.

(2) The references to compensation and consideration include benefits otherwise than in cash and references in this Chapter to payment have a corresponding meaning.

(3) For the purposes of sections 205 (payment by company) to 209 (exception for small payments)–

(a) payment to a person connected with a director, or

(b) payment to any person at the direction of, or for the benefit of, a director or a person connected with him,

is treated as payment to the director.

(4) References in those sections to payment by a person include payment by another person at the direction of, or on behalf of, the person referred to.

204. Amounts taken to be payments for loss of office

(1) This section applies where in connection with any such transfer as is mentioned in section 206 (payment in connection with transfer of undertaking etc.) or 207 (payment in connection with share transfer) a director of the company–

(a) is to cease to hold office, or

(b) is to cease to be the holder of–

(i) any other office or employment in connection with the management of the affairs of the company, or

(ii) any office (as director or otherwise) or employment in connection with the management of the affairs of any subsidiary undertaking of the company.

(2) If in connection with any such transfer–

(a) the price to be paid to the director for any shares in the company held by him is in excess of the price which could at the time have been obtained by other holders of like shares, or

(b) any valuable consideration is given to the director by a person other than the company,

the excess or, as the case may be, the money value of the consideration is taken for the purposes of those sections to have been a payment for loss of office.

205. Payment by company: requirement of members' approval

(1) A company may not make a payment for loss of office to a director of the company unless the payment has been approved by a resolution of the members of the company.

(2) A company may not make a payment for loss of office to a director of its holding company unless the payment has been approved by a resolution of the members of each of those companies.

(3) A resolution approving a payment to which this section applies must not be passed unless a memorandum setting out particulars of the proposed payment (including its amount) is made available to the members of the company whose approval is sought–

(a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him,

(b) in the case of a resolution at a meeting, by being made available for inspection by the members both–

(i) at the company's registered office for not less than 15 days ending with the date of the meeting, and

(ii) at the meeting itself.

(4) No approval is required under this section on the part of the members of a body corporate that–

(a) is not a company registered in the Abu Dhabi Global Market,

(b) is a wholly-owned subsidiary of another body corporate, or

(c) is a restricted scope company.

206. Payment in connection with transfer of undertaking etc.: requirement of members' approval

(1) No payment for loss of office may be made by any person to a director of a company in connection with the transfer of the whole or any part of the undertaking or property of the company unless the payment has been approved by a resolution of the members of the company.

(2) No payment for loss of office may be made by any person to a director of a company in connection with the transfer of the whole or any part of the undertaking or property of a subsidiary of the company unless the payment has been approved by a resolution of the members of each of the companies.

(3) A resolution approving a payment to which this section applies must not be passed unless a memorandum setting out particulars of the proposed payment (including its amount) is made available to the members of the company whose approval is sought–

(a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him,

(b) in the case of a resolution at a meeting, by being made available for inspection by the members both–

(i) at the company's registered office for not less than 15 days ending with the date of the meeting, and

(ii) at the meeting itself.

(4) No approval is required under this section on the part of the members of a body corporate that–

(a) is not a company registered in the Abu Dhabi Global Market,

(b) is a wholly-owned subsidiary of another body corporate, or

(c) is a restricted scope company.

(5) A payment made in pursuance of an arrangement–

(a) entered into as part of the agreement for the transfer in question, or within one year before or two years after that agreement, and

(b) to which the company whose undertaking or property is transferred, or any person to whom the transfer is made, is privy,

is presumed, except in so far as the contrary is shown, to be a payment to which this section applies.

207. Payment in connection with share transfer: requirement of members' approval

(1) No payment for loss of office may be made by any person to a director of a company in connection with a transfer of shares in the company, or in a subsidiary of the company, resulting from a takeover bid unless the payment has been approved by a resolution of the relevant shareholders.

(2) The relevant shareholders are the holders of the shares to which the bid relates and any holders of shares of the same class as any of those shares.

(3) A resolution approving a payment to which this section applies must not be passed unless a memorandum setting out particulars of the proposed payment (including its amount) is made available to the members of the company whose approval is sought–

(a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him,

(b) in the case of a resolution at a meeting, by being made available for inspection by the members both–

(i) at the company's registered office for not less than 15 days ending with the date of the meeting, and

(ii) at the meeting itself.

(4) Neither the person making the offer, nor any associated company of his, is entitled to vote on the resolution, but–

(a) where the resolution is proposed as a written resolution, they are entitled (if they would otherwise be so entitled) to be sent a copy of it, and

(b) at any meeting to consider the resolution they are entitled (if they would otherwise be so entitled) to be given notice of the meeting, to attend and speak and if present (in person or by proxy) to count towards the quorum.

(5) If at a meeting to consider the resolution a quorum is not present, and after the meeting has been adjourned to a later date a quorum is again not present, the payment is (for the purposes of this section) deemed to have been approved.

(6) No approval is required under this section on the part of shareholders in a body corporate that–

(a) is not a company registered in the Abu Dhabi Global Market, or

(b) is a wholly-owned subsidiary of another body corporate, or

(c) is a restricted scope company.

(7) A payment made in pursuance of an arrangement–

(a) entered into as part of the agreement for the transfer in question, or within one year before or two years after that agreement, and

(b) to which the company whose shares are the subject of the bid, or any person to whom the transfer is made, is privy,

is presumed, except in so far as the contrary is shown, to be a payment to which this section applies.

208. Exception for payments in discharge of legal obligations etc.

(1) Approval is not required under section 205 (payment by company), 206 (payment in connection with transfer of undertaking etc.) or 207 (payment in connection with share transfer) for a payment made in good faith–

(a) in discharge of an existing legal obligation (as defined below),

(b) by way of damages for breach of such an obligation,

(c) by way of settlement or compromise of any claim arising in connection with the termination of a person's office or employment, or

(d) by way of pension in respect of past services.

(2) In relation to a payment within section 205 (payment by company) an existing legal obligation means an obligation of the company, or any body corporate associated with it, that was not entered into in connection with, or in consequence of, the event giving rise to the payment for loss of office.

(3) In relation to a payment within section 206 (payment in connection with transfer of undertaking etc.) or 207 (payment in connection with share transfer) an existing legal obligation means an obligation of the person making the payment that was not entered into for the purposes of, in connection with or in consequence of, the transfer in question.

(4) In the case of a payment within both section 205 (payment by company) and section 206 (payment in connection with transfer of undertaking etc.), or within both section 205 (payment by company) and section 207 (payment in connection with share transfer), subsection (2) above applies and not subsection (3).

(5) A payment part of which falls within subsection (1) above and part of which does not is treated as if the parts were separate payments.

209. Exception for small payments

(1) Approval is not required under section 205 (payment by company), 206 (payment in connection with transfer of undertaking etc.) or 207 (payment in connection with share transfer) if–

(a) the payment in question is made by the company or any of its subsidiaries, and

(b) the amount or value of the payment, together with the amount or value of any other relevant payments, does not exceed 300 US dollars.

(2) For this purpose "other relevant payments" are payments for loss of office in relation to which the following conditions are met.

(3) Where the payment in question is one to which section 205 (payment by company) applies, the conditions are that the other payment was or is paid–

(a) by the company making the payment in question or any of its subsidiaries,

(b) to the director to whom that payment is made, and

(c) in connection with the same event.

(4) Where the payment in question is one to which section 206 (payment in connection with transfer of undertaking etc.) or 207 (payment in connection with share transfer), the conditions are that the other payment was (or is) paid in connection with the same transfer–

(a) to the director to whom the payment in question was made, and

(b) by the company making the payment or any of its subsidiaries.

210. Payments made without approval: consequences

(1) If a payment is made in contravention of section 207 (payment by company)–

(a) it is held by the recipient on trust for the company making the payment, and

(b) any director who authorised the payment is jointly and severally liable to indemnify the company that made the payment for any loss resulting from it.

(2) If a payment is made in contravention of section 206 (payment in connection with transfer of undertaking etc.), it is held by the recipient on trust for the company whose undertaking or property is or is proposed to be transferred.

(3) If a payment is made in contravention of section 207 (payment in connection with share transfer)–

(a) it is held by the recipient on trust for persons who have sold their shares as a result of the offer made, and

(b) the expenses incurred by the recipient in distributing that sum amongst those persons shall be borne by him and not retained out of that sum.

(4) If a payment is made in contravention of section 205 (payment by company) and section 206 (payment in connection with transfer of undertaking etc.), subsection (2) of this section applies rather than subsection (1).

(5) If a payment is made in contravention of section 205 (payment by company) and section 207 (payment in connection with share transfer), subsection (3) of this section applies rather than subsection (1), unless the Court directs otherwise.

Supplementary

211. Transactions requiring members' approval: application of provisions to shadow directors

(1) For the purposes of–

(a) sections 177 and 178 (directors' long-term service contracts),

(b) sections 179 to 185 (property transactions),

(c) sections 186 to 202 (loans etc.), and

(d) sections 203 to 210 (payments for loss of office),

a shadow director is treated as a director.

(2) Any reference in those provisions to loss of office as a director does not apply in relation to loss of a person's status as a shadow director.

212. Approval by written resolution: accidental failure to send memorandum

(1) Where–

(a) approval under this Chapter is sought by written resolution, and

(b) a memorandum is required under this Chapter to be sent or submitted to every eligible member before the resolution is passed,

any accidental failure to send or submit the memorandum to one or more members shall be disregarded for the purpose of determining whether the requirement has been met.

Subsection (1) has effect subject to any provision of the company's articles.

213. Cases where approval is required under more than one provision

(1) Approval may be required under more than one provision of this Chapter.

(2) If so, the requirements of each applicable provision must be met.

(3) This does not require a separate resolution for the purposes of each provision.

CHAPTER 5

DIRECTORS' SERVICE CONTRACTS

214. Directors' service contracts

(1) For the purposes of this Part a director's "service contract", in relation to a company, means a contract under which–

(a) a director of the company undertakes personally to perform services (as director or otherwise) for the company, or for a subsidiary of the company, or

(b) services (as director or otherwise) that a director of the company undertakes personally to perform are made available by a third party to the company, or to a subsidiary of the company.

(2) The provisions of this Part relating to directors' service contracts apply to the terms of a person's appointment as a director of a company.

They are not restricted to contracts for the performance of services outside the scope of the ordinary duties of a director.

(3) The provisions of Chapter 5 shall not apply to a restricted scope company.

215. Copy of contract or memorandum of terms to be available for inspection

(1) A company must keep available for inspection–

(a) a copy of every director's service contract with the company or with a subsidiary of the company, or

(b) if the contract is not in writing, a written memorandum setting out the terms of the contract.

(2) All the copies and memoranda must be kept available for inspection at–

(a) the company's registered office, or

(b) a place specified in rules made by the Board under section 996 (rules about where certain company records to be kept available for inspection).

(3) The copies and memoranda must be retained by the company for at least one year from the date of termination or expiry of the contract and must be kept available for inspection during that time.

(4) The company must give notice to the Registrar–

(a) of the place at which the copies and memoranda are kept available for inspection, and

(b) of any change in that place,

unless they have at all times been kept at the company's registered office.

(5) If default is made in complying with subsection (1), (2) or (3), or default is made for 14 days in complying with subsection (4), a contravention of these Regulations is committed by every officer of the company who is in default.

(6) A person who commits the contravention referred to in subsection (5) shall be liable to a level 1 fine.

(7) The provisions of this section apply to a variation of a director's service contract as they apply to the original contract.

216. Right of member to inspect and request copy

(1) Every copy or memorandum required to be kept under section 215 (copy of contract or memorandum of terms to be available for inspection) must be open to inspection by any member of the company without charge.

(2) Any member of the company is entitled, on request and on payment of such fee as may be prescribed, to be provided with a copy of any such copy or memorandum.

The copy must be provided within seven days after the request is received by the company.

(3) If an inspection required under subsection (1) is refused, or default is made in complying with subsection (2), a contravention of these Regulations is committed by every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 2 fine.

In the case of any such refusal or default the Court may by order compel an immediate inspection or, as the case may be, direct that the copy required be sent to the person requiring it.

217. Directors' service contracts: application of provisions to shadow directors

A shadow director is treated as a director for the purposes of the provisions of this Chapter.

Chapter 6

CONTRACTS WITH SOLE MEMBERS WHO ARE DIRECTORS

218. Contract with sole member who is also a director

(1) This section applies where–

(a) a non-restricted scope company or a public company having only one member enters into a contract with the sole member,

(b) the sole member is also a director of the company, and

(c) the contract is not entered into in the ordinary course of the company's business.

(2) The company must, unless the contract is in writing, ensure that the terms of the contract are either–

(a) set out in a written memorandum, or

(b) recorded in the minutes of the first meeting of the directors of the company following the making of the contract.

(3) If a company fails to comply with this section a contravention of these Regulations is committed by every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 1 fine.

(5) For the purposes of this section a shadow director is treated as a director.

(6) Failure to comply with this section in relation to a contract does not affect the validity of the contract.

(7) Nothing in this section shall be read as excluding the operation of any rule of law applicable in the Abu Dhabi Global Market applying to contracts between a company and a director of the company.

Chapter 7

DIRECTORS' LIABILITIES

Provision protecting directors from liability

219. Provisions protecting directors from liability

(1) Any provision that purports to exempt a director of a company (to any extent) from any liability that would otherwise attach to him in connection with any negligence, default, breach of duty or breach of trust in relation to the company is void.

(2) Any provision by which a company directly or indirectly provides an indemnity (to any extent) for a director of the company, or of an associated company, against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the company of which he is a director is void, except as permitted by–

(a) section 220 (provision of insurance),

(b) section 221 (qualifying third party indemnity provision), or

(c) section 222 (qualifying pension scheme indemnity provision).

(3) This section applies to any provision, whether contained in a company's articles or in any contract with the company or otherwise.

220. Provision of insurance

Section 219(2) (voidness of provisions for indemnifying directors) does not prevent a company from purchasing and maintaining for a director of the company, or of an associated company, insurance against any such liability as is mentioned in that subsection.

221. Qualifying third party indemnity provision

(1) Section 219(2) (voidness of provisions for indemnifying directors) does not apply to qualifying third party indemnity provision.

(2) Third party indemnity provision means provision for indemnity against liability incurred by the director to a person other than the company or an associated company.

Such provision is qualifying third party indemnity provision if the following requirements are met.

(3) The provision must not provide any indemnity against–

(a) any liability of the director to pay–

(i) a fine imposed in criminal proceedings, or

(ii) a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising), or

(b) any liability incurred by the director–

(i) in defending criminal proceedings in which he is convicted, or

(ii) in defending civil proceedings brought by the company, or an associated company, in which judgment is given against him, or

(iii) in connection with an application for relief (see subsection (6)) in which the Court refuses to grant him relief.

(4) The references in subsection (3)(b) to a conviction, judgment or refusal of relief are to the final decision in the proceedings.

(5) For this purpose–

(a) a conviction, judgment or refusal of relief becomes final–

(i) if not appealed against, at the end of the period for bringing an appeal, or

(ii) if appealed against, at the time when the appeal (or any further appeal) is disposed of, and

(b) an appeal is disposed of–

(i) if it is determined and the period for bringing any further appeal has ended, or

(ii) if it is abandoned or otherwise ceases to have effect.

(6) The reference in subsection (3)(b)(iii) to an application for relief is to an application for relief under section 601(3) or (4) (liability of others where nominee fails to make payment in respect of shares).

222. Qualifying pension scheme indemnity provision

(1) Section 219(2) (voidness of provisions for indemnifying directors) does not apply to qualifying pension scheme indemnity provision.

(2) Pension scheme indemnity provision means provision indemnifying a director of a company that is a trustee of an occupational pension scheme against liability incurred in connection with the company's activities as trustee of the scheme.

Such provision is qualifying pension scheme indemnity provision if the following requirements are met.

(3) The provision must not provide any indemnity against–

(a) any liability of the director to pay–

(i) a fine imposed in criminal proceedings, or

(ii) a sum payable to a regulatory authority by way of a penalty in respect of non-compliance with any requirement of a regulatory nature (however arising), or

(b) any liability incurred by the director in defending criminal proceedings in which he is convicted.

(4) The reference in subsection (3)(b) to a conviction is to the final decision in the proceedings.

(5) For this purpose–

(a) a conviction becomes final–

(i) if not appealed against, at the end of the period for bringing an appeal, or

(ii) if appealed against, at the time when the appeal (or any further appeal) is disposed of, and

(b) an appeal is disposed of–

(i) if it is determined and the period for bringing any further appeal has ended, or

(ii) if it is abandoned or otherwise ceases to have effect.

(6) In this section "occupational pension scheme" means a pension scheme established under a trust by an employer or employers and having or capable of having effect so as to provide benefits to or in respect of any or all of the employees of−

(a) that employer or those employers, or

(b) any other employer,(whether or not it also has or is capable of having effect so as to provide benefits to or in respect of other persons).

(7) "Pension scheme" means a scheme or other arrangements, comprised in one or more instruments or agreements, having or capable of having effect so as to provide benefits to or in respect of persons−

(a) on retirement,

(b) on death,

(c) on having reached a particular age,

(d) on the onset of serious ill-health or incapacity, or

(e) in similar circumstances.

223. Copy of qualifying indemnity provision to be available for inspection

(1) This section has effect where qualifying indemnity provision is made for a director of a company, and applies–

(a) to the company of which he is a director (whether the provision is made by that company or an associated company), and

(b) where the provision is made by an associated company, to that company.

(2) That company or, as the case may be, each of them must keep available for inspection–

(a) a copy of the qualifying indemnity provision, or

(b) if the provision is not in writing, a written memorandum setting out its terms.

(3) The copy or memorandum must be kept available for inspection at–

(a) the company's registered office, or

(b) a place specified in rules made by the Board under section 996 (rules about where certain company records to be kept available for inspection).

(4) The copy or memorandum must be retained by the company for at least one year from the date of termination or expiry of the provision and must be kept available for inspection during that time.

(5) The company must give notice to the Registrar–

(a) of the place at which the copy or memorandum is kept available for inspection, and

(b) of any change in that place,

unless it has at all times been kept at the company's registered office.

(6) If default is made in complying with subsection (2) or (3), a contravention of these Regulations is committed by every officer of the company who is in default.

(7) A person who commits the contravention referred to in subsection (6) shall be liable to a level 2 fine.

(8) If default is made for 14 days in complying with subsection (5), a contravention of these Regulations is committed by every officer of the company who is in default.

(9) A person who commits the contravention referred to in subsection (8) shall be liable to a level 1 fine.

(10) The provisions of this section apply to a variation of a qualifying indemnity provision as they apply to the original provision.

(11) In this section "qualifying indemnity provision" means–

(a) qualifying third party indemnity provision, and

(b) qualifying pension scheme indemnity provision.

224. Right of member to inspect and request copy

(1) Every copy or memorandum required to be kept by a company under section 223 (copy of qualifying indemnity provision to be available for inspection) must be open to inspection by any member of the company without charge.

(2) Any member of the company is entitled, on request and on payment of such fee as may be prescribed, to be provided with a copy of any such copy or memorandum.

The copy must be provided within seven days after the request is received by the company.

(3) If an inspection required under subsection (1) is refused, or default is made in complying with subsection (2), a contravention of these Regulations is committed by every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 2 fine.

(5) In the case of any such refusal or default the Court may by order compel an immediate inspection or, as the case may be, direct that the copy required be sent to the person requiring it.

Ratification of acts giving rise to liability

225. Ratification of acts of directors

(1) This section applies to the ratification by a company of conduct by a director amounting to negligence, default, breach of duty or breach of trust in relation to the company.

(2) The decision of the company to ratify such conduct must be made by resolution of the members of the company.

(3) Where the resolution is proposed as a written resolution neither the director (if a member of the company) nor any member connected with him is an eligible member.

(4) Where the resolution is proposed at a meeting, it is passed only if the necessary majority is obtained disregarding votes in favour of the resolution by the director (if a member of the company) and any member connected with him.

This does not prevent the director or any such member from attending, being counted towards the quorum and taking part in the proceedings at any meeting at which the decision is considered.

(5) For the purposes of this section–

(a) "conduct" includes acts and omissions,

(b) "director" includes a former director,

(c) a shadow director is treated as a director, and

(d) in section 274 (meaning of "connected person"), subsection (3) does not apply (exclusion of person who is himself a director).

(6) Nothing in this section affects–

(a) the validity of a decision taken by unanimous consent of the members of the company, or

(b) any power of the directors to agree not to sue, or to settle or release a claim made by them on behalf of the company.

(7) This section does not affect any rule of law applicable in the Abu Dhabi Global Market imposing additional requirements for valid ratification or any rule of law as to acts that are incapable of being ratified by the company.

Chapter 8

DIRECTORS' RESIDENTIAL ADDRESSES: PROTECTION FROM DISCLOSURE

226. Protected information

(1) This Chapter makes provision for protecting, in the case of a company director who is an individual–

(a) information as to his usual residential address, and

(b) the information that his service address is his usual residential address.

(2) That information is referred to in this Chapter as "protected information".

(3) Information does not cease to be protected information on the individual ceasing to be a director of the company.

References in this Chapter to a director include, to that extent, a former director.

227. Protected information: restriction on use or disclosure by company

(1) A company must not use or disclose protected information about any of its directors, except–

(a) for communicating with the director concerned,

(b) in order to comply with any requirement of these Regulations as to particulars to be sent to the Registrar,

(c) in order to comply with any request for disclosure from the Registrar, or

(d) in accordance with section 230 (disclosure under Court order).

(2) Subsection (1) does not prohibit any use or disclosure of protected information with the consent of the director concerned.

228. Protected information: restriction on use or disclosure by Registrar

(1) The Registrar must omit protected information from the material on the register that is available for inspection where–

(a) it is contained in a document delivered to him in which such information is required to be stated, and

(b) in the case of a document having more than one part, it is contained in a part of the document in which such information is required to be stated.

(2) The Registrar is not obliged–

(a) to check other documents or (as the case may be) other parts of the document to ensure the absence of protected information, or

(b) to omit from the material that is available for public inspection anything registered before this Chapter comes into force.

(3) The Registrar must not use or disclose protected information except–

(a) as permitted by section 229 (permitted use or disclosure by Registrar), or

(b) in accordance with section 230 (disclosure under Court order).

229. Permitted use or disclosure by the Registrar

(1) The Registrar may use protected information for communicating with the director in question.

(2) The Registrar may disclose information–

(a) to a public authority specified for the purposes of this section by rules made by the Board, or

(b) to a credit reference agency.

(3) The Registrar may make rules–

(a) specifying conditions for the disclosure of protected information in accordance with this section, and

(b) providing for the charging of fees.

(4) The Board may make rules requiring the Registrar, on application, to refrain from disclosing protected information relating to a director to a credit reference agency.

(5) Rules under subsection (4) may make provision as to–

(a) who may make an application,

(b) the grounds on which an application may be made,

(c) the information to be included in and documents to accompany an application, and

(d) how an application is to be determined.

(6) Provision under subsection (5)(d) may in particular–

(a) confer a discretion on the Registrar,

(b) provide for a question to be referred to a person other than the Registrar for the purposes of determining the application.

(7) In this section–

"credit reference agency" means a person carrying on a business comprising the furnishing of information relevant to the financial standing of individuals, being information collected by the agency for that purpose, and

"public authority" includes any person or body having functions of a public nature.

230. Disclosure under Court order

(1) The Court may make an order for the disclosure of protected information by the company or by the Registrar if–

(a) there is evidence that service of documents at a service address other than the director's usual residential address is not effective to bring them to the notice of the director, or

(b) it is necessary or expedient for the information to be provided in connection with the enforcement of an order or decree of the Court,

and the Court is otherwise satisfied that it is appropriate to make the order.

(2) An order for disclosure by the Registrar is to be made only if the company–

(a) does not have the director's usual residential address, or

(b) has been dissolved.

(3) The order may be made on the application of a liquidator, creditor or member of the company, or any other person appearing to the Court to have a sufficient interest.

(4) The order must specify the persons to whom, and purposes for which, disclosure is authorised.

231. Circumstances in which Registrar may put address on the public record

(1) With regard to public companies and non-restricted scope companies only, the Registrar may put a director's usual residential address on the public record if–

(a) communications sent by the Registrar to the director and requiring a response within a specified period remain unanswered,

(b) there is evidence that service of documents at a service address provided in place of the director's usual residential address is not effective to bring them to the notice of the director, or

(c) there is evidence that service of documents on a restricted scope company at its registered office is not effective to bring them to the notice of the director.

(2) The Registrar must give notice of the proposal–

(a) to the director, and

(b) to every company of which the Registrar has been notified that the individual is a director.

(3) The notice must–

(a) state the grounds on which it is proposed to put the director's usual residential address on the public record, and

(b) specify a period within which representations may be made before that is done.

(4) It must be sent to the director at his usual residential address, unless it appears to the Registrar that service at that address may be ineffective to bring it to the individual's notice, in which case it may be sent to any service address provided in place of that address.

(5) The Registrar must take account of any representations received within the specified period.

(6) What is meant by putting the address on the public record is explained in section 232 (putting the address on the public record).

232. Putting the address on the public record

(1) The Registrar, on deciding in accordance with section 231 (circumstances in which Registrar may put address on the public record) that a director's usual residential address is to be put on the public record, shall proceed as if notice of a change of registered particulars had been given−

(a) stating that address as the director's service address, and

(b) stating that the director's usual residential address is the same as his service address.

(2) The Registrar must give notice of having done so−

(a) to the director, and

(b) to the company.

(3) On receipt of the notice the company must−

(a) enter the director's usual residential address in its register of directors as his service address, and

(b) state in its register of directors' residential addresses that his usual residential address is the same as his service address.

(4) If the company has been notified by the director in question of a more recent address as his usual residential address, it must−

(a) enter that address in its register of directors as the director's service address, and

(b) give notice to the Registrar as on a change of registered particulars.

(5) If a company fails to comply with subsection (3) or (4), a contravention of these Regulations is committed by−

(a) the company, and

(b) every officer of the company who is in default.

(6) A person who commits the contravention referred to in subsection (5) shall be liable to a level 2 fine.

(7) A director whose usual residential address has been put on the public record by the Registrar under this section may not register a service address other than his usual residential address for a period of five years from the date of the Registrar's decision.

CHAPTER 9

DISQUALIFICATION OF DIRECTORS

233. Disqualification orders: general

(1) In the circumstances specified below the Registrar may, and under section shall 238 (duty of Registrar to disqualify unfit directors of insolvent companies), make against a person a disqualification order that, for a period specified in the order −

(a) he shall not be a director of a company, act as receiver of a company's property or in any way, whether directly or indirectly, be concerned or take part in the promotion, formation or management of a company unless (in each case) he has permission to do so from the Registrar, and

(b) he shall not act as an insolvency practitioner.

(2) In each section of these Regulations which gives the Registrar the power or, as the case may be, imposes on him the duty to make a disqualification order, there is specified the maximum (and, in section 238 (duty of Registrar to disqualify unfit directors of insolvent companies), the minimum) period of disqualification which may or (as the case may be) must be imposed by means of the order.

(3) Unless the Registrar otherwise specifies, the period of disqualification so imposed shall begin at the end of the period of 21 days beginning with the date of the order.

(4) Where a disqualification order is made against a person who is already subject to such an order or to a disqualification undertaking, the periods specified in those orders or, as the case may be, in the order and the undertaking shall run concurrently.

(5) A disqualification order may be made on grounds which are or include matters other than criminal convictions, notwithstanding that the person in respect of whom it is to be made may be criminally liable in respect of those matters.

(6) The Registrar may make an order (a "delegation order") for the purpose of enabling functions of the Registrar under this chapter to be exercised by the Financial Services Regulator.

(7) A delegation order has the effect of transferring to the Financial Services Regulator designated by it all functions of the Registrar under this chapter subject to such exceptions and reservations as may be specified in the order.

(8) A delegation order may confer on the Financial Services Regulator such other functions supplementary or incidental to those transferred as appear to the Registrar to be appropriate.

(9) A delegation order may be amended or, if it appears to the Registrar that it is no longer in the public interest that the order should remain in force, revoked by a further order under this section.

(10) Where functions are transferred or resumed, the Registrar may by order confer or, as the case may be, take away such other functions supplementary or incidental to those transferred or resumed as appear to him to be appropriate.

234. Disqualification undertakings: general

(1) In the circumstances specified in sections 239 (disqualification order or undertaking; and reporting provisions) and 240 (disqualification of persons unfit to be directors) the Registrar may accept a disqualification undertaking, that is to say an undertaking by any person that, for a period specified in the undertaking, the person−

(a) will not be a director of a company, act as receiver of a company's property or in any way, whether directly or indirectly, be concerned or take part in the promotion, formation or management of a company unless (in each case) he has permission to do so from the Registrar, and

(b) will not act as an insolvency practitioner.

(2) The maximum period which may be specified in a disqualification undertaking is 15 years, and the minimum period which may be specified in a disqualification undertaking under section 239 (disqualification order or undertaking; and reporting provisions) is two years.

(3) Where a disqualification undertaking by a person who is already subject to such an undertaking or to a disqualification order is accepted, the periods specified in those undertakings or (as the case may be) the undertaking and the order shall run concurrently.

(4) In determining whether to accept a disqualification undertaking by any person, the Registrar may take account of matters other than criminal convictions, notwithstanding that the person may be criminally liable in respect of those matters.

235. Disqualification on conviction of criminal offence

(1) The Registrar may make a disqualification order against a person where he is convicted of a criminal offence in the United Arab Emirates in connection with the promotion, formation, management, liquidation or striking off of a company with the receivership of a company's property or with his being an administrative receiver of a company.

(2) The maximum period of disqualification under this section is 15 years.

236. Disqualification for persistent breaches of companies legislation

(1) The Registrar may make a disqualification order against a person if it is satisfied that he has been persistently in default in relation to provisions of any law or regulation in

the Abu Dhabi Global Market requiring any return, account or other document to be filed with, delivered or sent, or notice of any matter to be given, to the Registrar.

(2) The maximum period of disqualification under this section is 15 years.

237. Disqualification for fraud, etc.

(1) The Registrar may make a disqualification order against a person if it is satisfied that he−

(a) has been guilty of breach of section 857 (fraudulent trading), or

(b) has otherwise committed, while an officer or liquidator of the company receiver of the company's property or administrative receiver of the company, any fraud in relation to the company or any breach of his duty as such officer, liquidator, receiver or administrative receiver.

(2) The maximum period of disqualification under this section is 15 years.

238. Duty of Registrar to disqualify unfit directors of insolvent companies

(1) The Registrar shall make a disqualification order against a person in any case where it is satisfied−

(a) that he is or has been a director of a company which has at any time become insolvent (whether while he was a director or subsequently), and

(b) that his conduct as a director of that company (either taken alone or taken together with his conduct as a director of any other company or companies) makes him unfit to be concerned in the management of a company.

(2) For the purposes of this section and section 239 (disqualification order or undertaking; and reporting provisions), a company becomes insolvent if−

(a) the company goes into liquidation at a time when its assets are insufficient for the payment of its debts and other liabilities and the expenses of the winding up,

(b) the company enters administration,

(c) an administrative receiver of the company is appointed,

and references to a person's conduct as a director of any company or companies include, where that company or any of those companies has become insolvent, that person's conduct in relation to any matter connected with or arising out of the insolvency of that company.

(3) In this section and section 239 (disqualification order or undertaking; and reporting provisions), "director" includes a shadow director.

(4) Under this section the minimum period of disqualification is 2 years, and the maximum period is 15 years.

239. Disqualification order or undertaking; and reporting provisions

(1) A disqualification order under section 243 (participation in wrongful trading) shall not be made after the end of the period of 2 years beginning with the day on which the company of which that person is or has been a director became insolvent.

(2) If it appears to the Registrar that the conditions mentioned in section 234(1) (disqualification undertakings: general) are satisfied as respects any person who has offered to give a disqualification undertaking, it may accept the undertaking if it appears to the Registrar that it is expedient in the public interest that it should do so (instead of making a disqualification order).

(3) If it appears to the office-holder responsible under this section, that is to say−

(a) in the case of a company which is being wound up, the liquidator or provisional liquidator,

(b) in the case of a company which is in administration, the administrator, or

(c) in the case of a company of which there is an administrative receiver, that receiver,

that the conditions mentioned in section 238(1) (duty of Registrar to disqualify unfit directors of insolvent companies) are satisfied as respects a person who is or has been a director of that company, the office-holder shall forthwith report the matter to the Registrar.

(4) The Registrar may require the liquidator, provisional liquidator, administrator or administrative receiver of a company, or the former liquidator, provisional liquidator, administrator or administrative receiver of a company−

(a) to furnish him with such information with respect to any person's conduct as a director of the company, and

(b) to produce and permit inspection of such books, papers and other records relevant to that person's conduct as such a director,

as the Registrar may reasonably require for the purpose of determining whether to exercise, or of exercising, any of its functions under this section.

240. Disqualification of persons unfit to be directors

(1) The Registrar may make a disqualification order against a person who is, or has been, a director or shadow director of a company, where it is satisfied that his conduct in relation to the company makes him unfit to be concerned in the management of a company and it is in the public interest to make the order.

(2) Where it appears to the Registrar that, in the case of a person who has offered to give a disqualification undertaking−

(a) the conduct of the person in relation to a body corporate of which the person is or has been a director or shadow director makes him unfit to be concerned in the management of a company, and

(b) it is in the public interest that he should accept the undertaking (instead of making a disqualification order),

it may accept the undertaking.

(3) The maximum period of disqualification under this section is 15 years.

241. Variation etc. of disqualification undertaking

The Registrar may, on the application of a person who is subject to a disqualification undertaking−

(a) reduce the period for which the undertaking is to be in force, or

(b) provide for it to cease to be in force.

242. Matters for determining unfitness of directors

(1) Where it falls to the Registrar to determine whether a person's conduct as a director of any particular company or companies makes him unfit to be concerned in the management of a company, the Registrar shall, as respects his conduct as a director of that company or, as the case may be, each of those companies, have regard in particular−

(a) to the matters mentioned in Part I of Schedule 2 to these Regulations, and

(b) where the company has become insolvent, to the matters mentioned in Part II of that Schedule,

and references in that Schedule to the director and the company are to be read accordingly.

(2) In determining whether it may accept a disqualification undertaking from any person the Registrar shall, as respects the person's conduct as a director of any company concerned, have regard in particular−

(a) to the matters mentioned in Part I of Schedule 2 to these Regulations, and

(b) where the company has become insolvent, to the matters mentioned in Part II of that Schedule,

and references in that Schedule to the director and the company are to be read accordingly.

(3) Section 238(2) applies for the purposes of this section and Schedule 2 as it applies for the purposes of section 238 (duty of Registrar to disqualify unfit directors of insolvent companies) and 239 (disqualification order or undertaking; and reporting provisions) and in this section and that Schedule "director" includes a shadow director.

(4) The Board may make rules modifying any of the provisions of Schedule 2, and such rules may contain such transitional provisions as may appear to the Board to be necessary or expedient.

243. Participation in wrongful trading

(1) Where the Court makes a declaration under Part 4 (protection of assets in liquidation and administration) of the Insolvency Regulations 2015 that a person is liable to make a contribution to a company's assets, the Registrar may, if it thinks fit, make a disqualification order against the person to whom the declaration relates.

(2) The maximum period of disqualification under this section is 15 years.

244. Penalties

If a person acts in contravention of a disqualification order or disqualification undertaking, he shall be liable to a fine of up to level 5.

245. Breach by a body corporate

(1) Where a body corporate is acts in contravention of a disqualification order or disqualification undertaking, and it is proved that the contravention occurred with the consent or connivance of, or was attributable to any neglect on the part of any director, manager, secretary or other similar officer of the body corporate, or any person who was purporting to act in any such capacity he, as well as the body corporate, commits the contravention and is liable to be proceeded against and punished accordingly.

(2) Where the affairs of a body corporate are managed by its members, subsection (1) applies in relation to the acts and defaults of a member in connection with his functions of management as if he were a director of the body corporate.

246. Personal liability for company's debts where person acts while disqualified

(1) A person is personally responsible for all the relevant debts of a company if at any time−

(a) in contravention of a disqualification order or disqualification undertaking he is involved in the management of the company, or

(b) as a person who is involved in the management of the company, he acts or is willing to act on instructions given without the permission of the Registrar by a person whom he knows at that time−

(i) to be the subject of a disqualification order made or disqualification undertaking accepted under these Regulations, or

(ii) to be an undischarged bankrupt.

(2) Where a person is personally responsible under this section for the relevant debts of a company, he is jointly and severally liable in respect of those debts with the company and any other person who, whether under this section or otherwise, is so liable.

(3) For the purposes of this section the relevant debts of a company are−

(a) in relation to a person who is personally responsible under subsection (1)(a), such debts and other liabilities of the company as are incurred at a time when that person was involved in the management of the company, and

(b) in relation to a person who is personally responsible under subsection (1)(b), such debts and other liabilities of the company as are incurred at a time when that person was acting or was willing to act on instructions given as mentioned in that subsection.

(4) For the purposes of this section, a person is involved in the management of a company if he is a director of the company or if he is concerned, whether directly or indirectly, or takes part, in the management of the company.

(5) For the purposes of this section a person who, as a person involved in the management of a company, has at any time acted on instructions given without the permission of the Registrar by a person whom he knew at that time−

(a) to be the subject of a disqualification order made or disqualification undertaking accepted under these Regulations, or

(b) to be an undischarged bankrupt,

is presumed, unless the contrary is shown, to have been willing at any time thereafter to act on any instructions given by that person.

247. Proposal to make disqualification order

(1) If the Registrar proposes to make a disqualification order against a person, it must give him a warning notice.

(2) A warning notice must state the period of disqualification under the proposed disqualification order.

248. Decision notice

(1) If the Registrar decides to make a disqualification order against a person, it must without delay give him a decision notice.

(2) The decision notice must state the period of disqualification under the disqualification order.

(3) If the[23] Registrar decides to make a disqualification order against a person, that person may refer the matter to the Court.

249. Statements of policy

(1) The Registrar must prepare and issue a statement of its policy with respect to−

(a) the making of disqualification orders under this Part; and

(b) the acceptance of disqualification undertakings under this Part.

(2) The Registrar may at any time alter or replace a statement issued by it under this section.

(3) If a statement issued under this section is altered or replaced by the Registrar, the Registrar must issue the altered or replacement statement.

(4) The Registrar must, without delay, give the Board a copy of any statement which it publishes under this section.

(5) A statement issued under this section by the Registrar must be published by the Registrar in the way appearing to the Registrar to be best calculated to bring it to the attention of the public.

(6) In exercising, or deciding whether to exercise its power under this Part, the Registrar must have regard to any statement published by it under this section and in force at the time when the conduct giving rise to the exercise of its power under this Part occurred.

[23] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(7) The Registrar may charge a reasonable fee for providing a person with a copy of the statement.

250. Statements of policy: procedure

(1) Before the Registrar issues a statement under section 249 (statements of policy), the Registrar must publish a draft of the proposed statement in the way appearing to the Registrar to be best calculated to bring it to the attention of the public.

(2) The draft must be accompanied by notice that representations about the proposal may be made to the Registrar within a specified time.

(3) Before issuing the proposed statement, the Registrar must have regard to any representations made to it in accordance with subsection (2).

(4) If the Registrar issues the proposed statement it must publish an account, in general terms, of−

(a) the representations made to it in accordance with subsection (2); and

(b) its response to them.

(5) If the statement differs from the draft published under subsection (1) in a way which is, in the opinion of the Registrar, significant, the Registrar must (in addition to complying with subsection (4)) publish details of the difference.

(6) The Registrar may charge a reasonable fee for providing a person with a copy of a draft published under subsection (1).

(7) This section also applies to a proposal to alter or replace a statement.

251. Warning notices

(1) A warning notice must−

(a) state the action which the Registrar proposes to take;

(b) be in writing;

(c) give reasons for the proposed action;

(d) state whether section 257 (access to material) applies; and

(e) if that section applies, describe its effect and state whether any secondary material exists to which the person receiving the notice must be allowed access under it.

(2) A warning notice must specify a reasonable period (which may not be less than 14 days) within which the person to whom it is given may make representations to the Registrar.

(3) The Registrar may extend the period specified in the notice.

(4) The Registrar must then decide, within a reasonable period, whether to give the person receiving the warning notice a decision notice.

252. Decision notices

A decision notice must−

(a) be in writing;

(b) give the reasons of the Registrar for the decision to take the action to which the notice relates;

(c) state whether section 257 (access to material) applies;

(d) if that section applies, describe its effect and state whether any secondary material exists to which the person receiving the notice must be allowed access under it; and

(e) give an indication of−

(i) any right to have the matter referred to the Court which is given by these Regulations; and

(ii) the procedure on such a reference.

253. Notices of discontinuance

(1) If the Registrar decides not to take−

(a) the action proposed in a warning notice given by it, or

(b) the action to which a decision notice given by it relates,

it must give a notice of discontinuance to the person to whom the warning notice or decision notice was given.

(2) A notice of discontinuance must identify the proceedings which are being discontinued.

254. Appeals

(1) A person may appeal to the Court from any decision of the Registrar to issue a decision notice to him under section 252 (decision notices).

(2) If notice of appeal is given against a decision notice, the effect of the Registrar's notice is suspended.

(3) On appeal the Court may (as the case may require) specify the terms of the final notice to be issued under section 255 (final notices), remit the matter to the Registrar or make any order or determination that the Registrar might have made.

255. Final notices

(1) If the Registrar has given a person a decision notice and the matter was not referred to the Court within one month[24], the Registrar must, on taking the action to which the decision notice relates, give such person and any person to whom the decision notice was copied a final notice.

(2) If the Registrar has given a person a decision notice and the matter was referred to the Court within one month[25], the Registrar must, on taking action in accordance with any

[24] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[25] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

directions given by the Court give that person and any person to whom the decision notice was copied a notice required by subsection (3).

(3) The notice required by this subsection is−

(a) in a case where the Court has upheld an appeal against a decision notice, a discontinuation notice, and

(b) in any other case, a final notice.

(4) A final notice must state the period of disqualification under the disqualification order.

256. Third party rights

(1) If any of the reasons contained in a warning notice relates to a matter which−

(a) identifies a person ("the third party") other than the person to whom the notice is given, and

(b) in the opinion of the Registrar, is prejudicial to the third party,

a copy of the notice must be given to the third party.

(2) Subsection (1) does not require a copy to be given to the third party if the Registrar−

(a) has given him a separate warning notice in relation to the same matter; or

(b) gives him such a notice at the same time as it gives the warning notice which identifies him.

(3) The notice copied to a third party under subsection (1) must specify a reasonable period (which may not be less than 14 days) within which he may make representations to the Registrar.

(4) If any of the reasons contained in a decision notice to which this section applies relates to a matter which−

(a) identifies a person ("the third party") other than the person to whom the decision notice is given, and

(b) in the opinion of the Registrar, is prejudicial to the third party,

a copy of the notice must be given to the third party.

(5) If the decision notice was preceded by a warning notice, a copy of the decision notice must (unless it has been given under subsection (4)) be given to each person to whom the warning notice was copied.

(6) Subsection (4) does not require a copy to be given to the third party if the Registrar−

(a) has given him a separate decision notice in relation to the same matter; or

(b) gives him such a notice at the same time as it gives the decision notice which identifies him.

(7) Neither subsection (1) nor subsection (4) requires a copy of a notice to be given to a third party if the Registrar considers it impracticable to do so.

(8) Subsections (9) to (11) apply if the person to whom a decision notice is given has a right to refer the matter to the Court.

(9) A person to whom a copy of the notice is given under this section may refer to the Court−

(a) the decision in question, so far as it is based on a reason of the kind mentioned in subsection (4); or

(b) any opinion expressed by the Registrar in relation to him.

(10) The copy must be accompanied by an indication of the third party's right to make a reference under subsection (9) and of the procedure on such a reference.

(11) A person who alleges that a copy of the notice should have been given to him, but was not, may refer to the Court the alleged failure and−

(a) the decision in question, so far as it is based on a reason of the kind mentioned in subsection (4); or

(b) any opinion expressed by the Registrar in relation to him.

(12) Section 257 (access to material) applies to a third party as it applies to the person to whom the notice to which this section applies was given, in so far as the material to which access must be given under that section relates to the matter which identifies the third party.

(13) A copy of a notice given to a third party under this section must be accompanied by a description of the effect of section 257 (access to material) as it applies to him.

(14) Any person to whom a warning notice or decision notice was copied under this section must be given a copy of a notice of discontinuance applicable to the proceedings to which the warning notice or decision notice related.

257. Access to material

(1) If the Registrar gives a person ("A") a warning notice or a decision notice, it must−

(a) allow him access to the material on which it relied in taking the decision which gave rise to the obligation to give the notice;

(b) allow him access to any secondary material which, in the Registrar's opinion, might undermine that decision.

(2) But the Registrar does not have to allow A access to material under subsection (1) if the material is excluded material or it−

(a) relates to a case involving a person other than A; and

(b) was taken into account by the Registrar in A's case only for purposes of comparison with other cases.

(3) The Registrar may refuse A access to particular material which it would otherwise have to allow him access to if, in its opinion, allowing him access to the material−

(a) would not be in the public interest; or

(b) would not be fair, having regard to−

(i) the likely significance of the material to A in relation to the matter in respect of which he has been given a notice; and

(ii) the potential prejudice to the commercial interests of a person other than A which would be caused by the material's disclosure.

(4) If the Registrar does not allow A access to material because it is excluded material consisting of a protected item, it must give A written notice of−

(a) the existence of the protected item; and

(b) the Registrar's decision not to allow him access to it.

(5) If the Registrar refuses under subsection (3) to allow A access to material, it must give him written notice of−

(a) the refusal; and

(b) the reasons for it.

(6) "Secondary material" means material, other than material falling within subsection (1)(a) which−

(a) was considered by the Registrar in reaching the decision mentioned in that subsection; or

(b) was obtained by the Registrar in connection with the matter to which that notice relates but which was not considered by it in reaching that decision.

(7) "Excluded material" means material which is a protected item (as defined in section 260 (protected items).

258. The Registrar's procedures

(1) The Registrar must determine the procedure that it proposes to follow in relation to a decision which gives rise to an obligation for it to give a warning notice or decision notice.

(2) That procedure must be designed to secure, among other things, that a decision falling within subsection (1) is taken−

(a) by a person not directly involved in establishing the evidence on which the decision is based, or

(b) by 2 or more persons who include a person not directly involved in establishing that evidence.

(3) The Registrar must issue a statement of its procedure.

(4) The statement must be published in the way appearing to the Registrar to be best calculated to bring the statement to the attention of the public.

(5) The Registrar may charge a reasonable fee for providing a person with a copy of the statement.

(6) The Registrar must, without delay, give the Board a copy of the statement.

(7) When the Registrar gives a warning notice or decision notice, the Registrar must follow its stated procedure.

(8) If the Registrar changes its procedure in a material way, it must publish a revised statement.

(9) The Registrar's failure in a particular case to follow its procedure as set out in the latest published statement does not affect the validity of a notice given in that case.

(10) But subsection (9) does not prevent the Court from taking into account any such failure in considering a matter referred to it.

259. Statements under section 258: consultation

(1) Before issuing a statement of its procedure under section 258 (the Registrar's procedures), the Registrar must publish a draft of the proposed statement in the way appearing to it to be best calculated to bring the draft to the attention of the public.

(2) The draft must be accompanied by notice that representations about the proposal may be made to the Registrar within a specified time.

(3) Before the Registrar issues the proposed statement of its procedure, it must have regard to any representations made to it in accordance with subsection (2).

(4) If the Registrar issues the proposed statement of its procedure, it must publish an account, in general terms, of−

(a) the representations made to it in accordance with subsection (2); and

(b) its response to them.

(5) If the statement of the Registrar's procedure differs from the draft published by it under subsection (1) in a way which is, in its opinion, significant, it must (in addition to complying with subsection (4)) publish details of the difference.

(6) The Registrar may charge a reasonable fee for providing a person with a copy of the draft published under subsection (1).

(7) This section also applies to a proposal to revise a statement of policy.

260. Protected items

(1) A person may not be required under these Regulations to produce, disclose or permit the inspection of protected items.

(2) "Protected items" means−

(a) communications between a professional legal adviser and his client or any person representing his client which fall within subsection (3);

(b) communications between a professional legal adviser, his client or any person representing his client and any other person which fall within subsection (3) (as a result of subsection (3)(b));

(c) items which−

(i) are enclosed with, or referred to in, such communications;

(ii) fall within subsection (3); and

(iii) are in the possession of a person entitled to possession of them.

(3) A communication or item falls within this subsection if it is made−

(a) in connection with the giving of legal advice to the client; or

(b) in connection with, or in contemplation of, legal proceedings and for the purposes of those proceedings.

(4) A communication or item is not a protected item if it is held with the intention of furthering a criminal purpose.

261. Register of disqualification orders and undertakings

(1) The Registrar shall maintain a register of disqualification orders made under these Regulations, and of cases in which permission is granted by the Registrar for a person subject to a disqualification order to do any thing which otherwise the order prohibits him from doing.

(2) The Registrar must include in the register such particulars as it considers appropriate of−

(a) disqualification undertakings accepted by him under sections 239 (disqualification order or undertaking; and reporting provisions) and 240 (disqualification of persons unfit to be directors),

(b) cases in which permission is granted by the Registrar for a person subject to such an undertaking to do anything which otherwise the undertaking prohibits him from doing.

(3) When an order or undertaking of which entry is made in the register ceases to be in force, the Registrar shall delete the entry from the register and all particulars relating to it which have been furnished to it under this section or any previous corresponding provision and, in the case of a disqualification undertaking, any other particulars it has included in the register.

(4) The register shall be open to inspection on payment of such fee as may be specified by the Board in rules made under this section.

262. Admissibility in evidence of statements

In any proceedings (whether or not under these Regulations), any statement made in pursuance of a requirement imposed by or under these Regulations, or by or under rules made for the purposes of these Regulations under the Insolvency Regulations 2015, may be used in evidence against any person making or concurring in making the statement.

CHAPTER 10

COMPANY DIRECTORS: NON-ABU DHABI GLOBAL MARKET DISQUALIFICATION ETC.

Introductory

263. Persons subject to non-Abu Dhabi Global Market restrictions

(1) This section defines what is meant by references in this Chapter to a person being subject to foreign restrictions.

(2) A person is subject to non-Abu Dhabi Global Market restrictions if under the laws of the United Arab Emirates as applicable outside of the Abu Dhabi Global Market, or of a country or territory outside the Abu Dhabi Global Market–

(a) he is, by reason of misconduct or unfitness, disqualified to any extent from acting in connection with the affairs of a non-ADGM company,

(b) he is, by reason of misconduct or unfitness, required–

(i) to obtain permission from a Court or other authority, or

(ii) to meet any other condition,

before acting in connection with the affairs of a non-ADGM company, or

(c) he has, by reason of misconduct or unfitness, given undertakings to a Court or other authority of a country or territory outside the Abu Dhabi Global Market–

(i) not to act in connection with the affairs of a non-ADGM company, or

(ii) restricting the extent to which, or the way in which, he may do so.

(3) The references in subsection (2) to acting in connection with the affairs of a non-ADGM company are to doing any of the following–

(a) being a director of a company,

(b) acting as receiver of a company's property, or

(c) being concerned or taking part in the promotion, formation or management of a company.

(4) In this section–

(a) "non-ADGM company" has the meaning given to that term in section 1028 (minor definitions: general), and

(b) in relation to such a non-ADGM company–

"director" means the holder of an office corresponding to that of director of a company incorporated under these Regulations, and

"receiver" includes any corresponding officer under the law of that country or territory.

Power to disqualify

264. Disqualification of persons subject to non-Abu Dhabi Global Market restrictions

(1) The Board may make rules disqualifying a person subject to non-Abu Dhabi Global Market restrictions from–

(a) being a director of a company,

(b) acting as receiver of a company's property, or

(c) in any way, whether directly or indirectly, being concerned or taking part in the promotion, formation or management of a company.

(2) The rules may provide that a person subject to non-Abu Dhabi Global Market restrictions–

(a) is disqualified automatically by virtue of the rules, or

(b) may be disqualified by order made by the Registrar.

(3) The rules may provide that the Registrar may accept an undertaking (a "disqualification undertaking") from a person subject to non-Abu Dhabi Global Market restrictions that he will not do anything which would be in breach of a disqualification under subsection (1).

(4) In this Part–

(a) a "person disqualified under this Part" is a person–

(i) disqualified as mentioned in subsection (2)(a) or (b), or

(ii) who has given and is subject to a disqualification undertaking,

(b) references to a breach of a disqualification include a breach of a disqualification undertaking.

(5) The rules may provide for applications to the Registrar by persons disqualified under this Part for permission to act in a way which would otherwise be in breach of the disqualification.

(6) The rules must provide that a person ceases to be disqualified under this Part on his ceasing to be subject to non-Abu Dhabi Global Market restrictions.

265. Disqualification rules: supplementary

(1) Rules made under section 264 (disqualification of persons subject to non-Abu Dhabi Global Market restrictions) may make different provision for different cases and may in particular distinguish between cases by reference to–

(a) the conduct on the basis of which the person became subject to non-Abu Dhabi Global Market restrictions,

(b) the nature of the non-Abu Dhabi Global Market restrictions,

(c) the country or territory under whose law the non-Abu Dhabi Global Market restrictions were imposed.

(2) Rules made under section 264(5) (provision for applications to the Registrar)–

(a) must specify the grounds on which an application may be made,

(b) may specify factors to which the Registrar shall have regard in determining an application.

(3) The rules may, in particular, require the Registrar to have regard to the following factors–

(a) whether the conduct on the basis of which the person became subject to non-Abu Dhabi Global Market restrictions would, if done in relation to a company, have led the Registrar to make a disqualification order pursuant to law or regulation applicable in the Abu Dhabi Global Market,

(b) in a case in which the conduct on the basis of which the person became subject to non-Abu Dhabi Global Market restrictions would not be unlawful if done in relation to a company, the fact that the person acted unlawfully under non-Abu Dhabi Global Market law,

(c) whether the person's activities in relation to companies began after he became subject to non-Abu Dhabi Global Market restrictions, or

(d) whether the person's activities (or proposed activities) in relation to companies are undertaken (or are proposed to be undertaken) outside the Abu Dhabi Global Market.

(4) Rules made under section 264(3) (provision as to undertakings given to the Registrar) may include provision allowing the Registrar, in determining whether to accept an undertaking, to take into account matters other than criminal convictions notwithstanding that the person may be liable in respect of those matters.

266. Contravention of breach of disqualification

(1) Rules made under section 264 (disqualification of persons subject to non-Abu Dhabi Global Market restrictions) may provide that a person disqualified under this Part who acts in breach of the disqualification is in contravention of these Regulations.

(2) A person who commits the contravention referred to in subsection (1) is liable to a fine up to level 5.

Power to make persons liable for company's debts

267. Personal liability for debts of company

(1) The Board may make rules providing that a person who, at a time when he is subject to non-Abu Dhabi Global Market restrictions–

(a) is a director of a company, or

(b) is involved in the management of a company,

is personally responsible for all debts and other liabilities of the company incurred during that time.

(2) A person who is personally responsible by virtue of this section for debts and other liabilities of a company is jointly and severally liable in respect of those debts and liabilities with–

(a) the company, and

(b) any other person who (whether by virtue of this section or otherwise) is so liable.

(3) For the purposes of this section a person is involved in the management of a company if he is concerned, whether directly or indirectly, or takes part, in the management of the company.

(4) Rules made under this section may make different provision for different cases and may in particular distinguish between cases by reference to–

(a) the conduct on the basis of which the person became subject to non-Abu Dhabi Global Market restrictions,

(b) the nature of the non-Abu Dhabi Global Market restrictions,

(c) the country or territory under whose law the non-Abu Dhabi Global Market restrictions were imposed.

Power to require statements to be sent to the Registrar of companies

268. Statements from persons subject to non-Abu Dhabi Global Market restrictions

(1) The Board may make rules requiring a person who–

(a) is subject to non-Abu Dhabi Global Market restrictions, and

(b) is not disqualified under this Part,

to send a statement to the Registrar if he does anything that, if done by a person disqualified under this Part, would be in breach of the disqualification.

(2) The statement must include such information as may be specified in the rules relating to–

(a) the person's activities in relation to companies, and

(b) the non-Abu Dhabi Global Market restrictions to which the person is subject.

(3) The statement must be sent to the Registrar within such period as may be specified in the rules.

(4) The rules may make different provision for different cases and may in particular distinguish between cases by reference to–

(a) the conduct on the basis of which the person became subject to non-Abu Dhabi Global Market restrictions,

(b) the nature of the non-Abu Dhabi Global Market restrictions,

(c) the country or territory under whose law the non-Abu Dhabi Global Market restrictions were imposed.

269. Statements: whether to be made public

(1) Rules made under section 268 (statements from a person subject to non-Abu Dhabi Global Market restrictions) may provide that a statement sent to the Registrar under such rules is to be treated as a record subject to enhanced disclosure requirements for the purposes of section 952 (documents subject to enhanced disclosure requirements).

(2) The rules may make provision as to the circumstances in which such a statement is to be, or may be–

(a) withheld from public inspection, or

(b) removed from the register.

(3) The rules may, in particular, provide that a statement is not to be withheld from public inspection or removed from the register unless the person to whom it relates provides such information, and satisfies such other conditions, as may be specified.

270. Contraventions

(1) Rules made under section 268 (statements from a person subject to non-Abu Dhabi Global Market restrictions) may provide that it is a contravention of these Regulations for a person–

(a) to fail to comply with a requirement under the rules to send a statement to the Registrar,

(b) knowingly or recklessly to send a statement under the rules to the Registrar that is misleading, false or deceptive in a material particular.

(2) The rules may provide that a person who commits the contravention referred to in subsection (1)(a) is liable to a fine of up to level 5.

(3) The rules may provide that a person who commits the contravention referred to in subsection (1)(b) is liable to a fine of up to level 8.

Chapter 11

SUPPLEMENTARY PROVISIONS

Provision for employees on cessation or transfer of business

271. Power to make provision for employees on cessation or transfer of business

(1) The powers of the directors of a company include (if they would not otherwise do so) power to make provision for the benefit of persons employed or formerly employed by the company, or any of its subsidiaries, in connection with the cessation or the transfer to any person of the whole or part of the undertaking of the company or that subsidiary.

(2) This power is exercisable notwithstanding the general duty imposed by section 162 (duty to promote the success of the company).

(3) In the case of a company that is a charity it is exercisable notwithstanding any restrictions on the directors' powers (or the company's capacity) flowing from the objects of the company.

(4) The power may only be exercised if sanctioned–

(a) by a resolution of the company, or

(b) by a resolution of the directors,

in accordance with the following provisions.

(5) A resolution of the directors–

(a) must be authorised by the company's articles, and

(b) is not sufficient sanction for payments to or for the benefit of directors, former directors or shadow directors.

(6) Any other requirements of the company's articles as to the exercise of the power conferred by this section must be complied with.

(7) Any payment under this section must be made–

(a) before the commencement of any winding up of the company, and

(b) out of profits of the company that are available for dividend.

Records of meetings of directors

272. Minutes of directors' meetings

(1) Every company must cause minutes of all proceedings at meetings of its directors to be recorded.

(2) The records must be kept for at least ten years from the date of the meeting.

(3) If a company fails to comply with this section, a contravention of these Regulations is committed by every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 3 fine.

273. Minutes as evidence

(1) Minutes recorded in accordance with section 272 (minutes of directors' meetings), if purporting to be authenticated by the chairman of the meeting or by the chairman of the next directors' meeting, are evidence of the proceedings at the meeting.

(2) Where minutes have been made in accordance with that section of the proceedings of a meeting of directors, then, until the contrary is proved–

(a) the meeting is deemed duly held and convened,

(b) all proceedings at the meeting are deemed to have duly taken place, and

(c) all appointments at the meeting are deemed valid.

274. Persons connected with a director

(1) This section defines what is meant by references in this Part to a person being "connected" with a director of a company (or a director being "connected" with a person).

(2) The following persons (and only those persons) are connected with a director of a company–

(a) members of the director's family (see section 275 (members of a director's family)),

(b) a body corporate with which the director is connected (as defined in section 276 (director "connected with" a body corporate)),

(c) a person acting in his capacity as trustee of a trust–

(i) the beneficiaries of which include the director or a person who by virtue of subsection (2)(a) or (b) is connected with him, or

(ii) the terms of which confer a power on the trustees that may be exercised for the benefit of the director or any such person,

other than a trust for the purposes of an employees' share scheme or a pension scheme,

(d) a person acting in his capacity as partner–

(i) of the director, or

(ii) of a person who, by virtue of subsection (2)(a), (b) or (c), is connected with that director,

(e) a firm that is a legal person under the law by which it is governed and in which–

(i) the director is a partner,

(ii) a partner is a person who, by virtue of subsection (2)(a), (b) or (c) is connected with the director, or

(iii) a partner is a firm in which the director is a partner or in which there is a partner who, by virtue of subsection (2)(a), (b) or (c), is connected with the director.

(3) References in this Part to a person connected with a director of a company do not include a person who is himself a director of the company.

275. Members of a director's family

(1) This section defines what is meant by references in this Part to members of a director's family.

(2) For the purposes of this Part the members of a director's family are–

(a) the director's spouse,

(b) the director's children or step-children,

(c) the director's parents.

276. Director "connected with" a body corporate

(1) This section defines what is meant by references in this Part to a director being "connected with" a body corporate.

(2) A director is connected with a body corporate if, but only if, he and the persons connected with him together–

(a) are interested in shares comprised in the equity share capital of that body corporate equal in value to at least 20% of that share capital, or

(b) are entitled to exercise or control the exercise of more than 20% of the voting power at any general meeting of that body.

(3) The rules set out in Schedule 1 (references to interest in shares or debentures) apply for the purposes of this section.

(4) References in this section to voting power the exercise of which is controlled by a director include voting power whose exercise is controlled by a body corporate controlled by him.

(5) Shares in a company held as treasury shares, and any voting rights attached to such shares, are disregarded for the purposes of this section.

(6) For the avoidance of circularity in the application of section 274 (persons connected with a director)–

(a) a body corporate with which a director is connected is not treated for the purposes of this section as connected with him unless it is also connected with him by virtue of subsection (2)(c) or (d) of that section (connection as trustee or partner), and

(b) a trustee of a trust the beneficiaries of which include (or may include) a body corporate with which a director is connected is not treated for the purposes of this section as connected with a director by reason only of that fact.

277. Director "controlling" a body corporate

(1) This section defines what is meant by references in this Part to a director "controlling" a body corporate.

(2) A director of a company is taken to control a body corporate if, but only if–

(a) he or any person connected with him–

(i) is interested in any part of the equity share capital of that body, or

(ii) is entitled to exercise or control the exercise of any part of the voting power at any general meeting of that body, and

(b) he, the persons connected with him and the other directors of that company, together–

(i) are interested in more than 50% of that share capital, or

(ii) are entitled to exercise or control the exercise of more than 50% of that voting power.

(3) The rules set out in Schedule 1 (references to interest in shares or debentures) apply for the purposes of this section.

(4) References in this section to voting power the exercise of which is controlled by a director include voting power whose exercise is controlled by a body corporate controlled by him.

(5) Shares in a company held as treasury shares, and any voting rights attached to such shares, are disregarded for the purposes of this section.

(6) For the avoidance of circularity in the application of section 274 (persons connected with a director)–

(a) a body corporate with which a director is connected is not treated for the purposes of this section as connected with him unless it is also connected with him by virtue of subsection (2)(c) or (d) of that section (connection as trustee or partner), and

(b) a trustee of a trust the beneficiaries of which include (or may include) a body corporate with which a director is connected is not treated for the purposes of this section as connected with a director by reason only of that fact.

278. Associated bodies corporate

For the purposes of this Part–

(a) bodies corporate are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate, and

(b) companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

279. References to company's constitution

(1) References in this Part to a company's constitution include–

(a) any resolution or other decision come to in accordance with the constitution, and

(b) any decision by the members of the company, or a class of members, that is treated by virtue of any rule of law applicable in the Abu Dhabi Global Market as equivalent to a decision by the company.

(2) This is in addition to the matters mentioned in section 15 (a company's constitution).

280. Power to increase financial limits

If the Board makes rules substituting any sum of money specified in this Part for a larger sum specified in those rules, those rules do not have effect in relation to anything done or not done before they come into force.

Accordingly, proceedings in respect of any liability incurred before that time may be continued or instituted as if those rules had not been made.

281. Transactions under foreign law

For the purposes of this Part it is immaterial whether the law that (apart from these Regulations) governs an arrangement or transaction is the law of the Abu Dhabi Global Market or not.

Part 11

DERIVATIVE CLAIMS AND PROCEEDINGS BY MEMBERS

Chapter 1

DERIVATIVE CLAIMS

282. Derivative claims

(1) This Chapter applies to proceedings by a member of a company–

(a) in respect of a cause of action vested in the company, and

(b) seeking relief on behalf of the company.

This is referred to in this Chapter as a "derivative claim".

(2) A derivative claim may only be brought–

(a) under this Chapter, or

(b) in pursuance of an order of the Court in proceedings under Part 28.

(3) A derivative claim under this Chapter may be brought only by:

(a) a member holding 5% or more of the share capital of the company, or

(b) a member with the written consent of members holding together with the first mentioned member 5% or more of the share capital of the company

(an "eligible member") in respect of a cause of action arising from an actual or proposed act or omission involving negligence, default, breach of duty or breach of trust by a director of the company.

The cause of action may be against the director or another person (or both).

(4) It is immaterial whether the cause of action arose before or after the person seeking to bring or continue the derivative claim became an eligible member of the company.

(5) For the purposes of this Chapter–

(a) "director" includes a former director,

(b) a shadow director is treated as a director, and

(c) references to a member of a company include a person who is not a member but to whom shares in the company have been transferred or transmitted by operation of law.

283. Application for permission to continue derivative claim

(1) An eligible member of a company who brings a derivative claim under this Chapter must apply to the Court for permission to continue it.

(2) If it appears to the Court that the application and the evidence filed by the applicant in support of it do not disclose a prima facie case for giving permission, the Court–

(a) must dismiss the application, and

(b) may make any consequential order it considers appropriate.

(3) If the application is not dismissed under subsection (2), the Court–

(a) may give directions as to the evidence to be provided by the company, and

(b) may adjourn the proceedings to enable the evidence to be obtained.

(4) On hearing the application, the Court may–

(a) give permission to continue the claim on such terms as it thinks fit,

(b) refuse permission and dismiss the claim, or

(c) adjourn the proceedings on the application and give such directions as it thinks fit.

284. Application for permission to continue claim as a derivative claim

(1) This section applies where–

(a) a company has brought a claim, and

(b) the cause of action on which the claim is based could be pursued as a derivative claim under this Chapter.

(2) An eligible member of the company may apply to the Court for permission to continue the claim as a derivative claim on the ground that–

(a) the manner in which the company commenced or continued the claim amounts to an abuse of the process of the Court,

(b) the company has failed to prosecute the claim diligently, and

(c) it is appropriate for the member to continue the claim as a derivative claim.

(3) If it appears to the Court that the application and the evidence filed by the applicant in support of it do not disclose a prima facie case for giving permission, the Court–

(a) must dismiss the application, and

(b) may make any consequential order it considers appropriate.

(4) If the application is not dismissed under subsection (3), the Court–

(a) may give directions as to the evidence to be provided by the company, and

(b) may adjourn the proceedings to enable the evidence to be obtained.

(5) On hearing the application, the Court may–

(a) give permission to continue the claim as a derivative claim on such terms as it thinks fit,

(b) refuse permission and dismiss the application, or

(c) adjourn the proceedings on the application and give such directions as it thinks fit.

285. Whether permission to be given

(1) The following provisions have effect where a member of a company applies for permission under section 283 (application for permission to continue derivative claim) or 284 (application for permission to continue claim as a derivative claim).

(2) Permission must be refused if the Court is satisfied–

(a) that a person acting in accordance with section 162 (duty to promote the success of the company) would not seek to continue the claim, or

(b) where the cause of action arises from an act or omission that is yet to occur, that the act or omission has been authorised by the company, or

(c) where the cause of action arises from an act or omission that has already occurred, that the act or omission–

(i) was authorised by the company before it occurred, or

(ii) has been ratified by the company since it occurred.

(3) In considering whether to give permission the Court must take into account, in particular–

(a) whether the eligible member is acting in good faith in seeking to continue the claim,

(b) the importance that a person acting in accordance with section 162 (duty to promote the success of the company) would attach to continuing it,

(c) where the cause of action results from an act or omission that is yet to occur, whether the act or omission could be, and in the circumstances would be likely to be–

(i) authorised by the company before it occurs, or

(ii) ratified by the company after it occurs,

(d) where the cause of action arises from an act or omission that has already occurred, whether the act or omission could be, and in the circumstances would be likely to be, ratified by the company,

(e) whether the company has decided not to pursue the claim,

(f) whether the act or omission in respect of which the claim is brought gives rise to a cause of action that the member could pursue in his own right rather than on behalf of the company.

(4) In considering whether to give permission the Court shall have particular regard to any evidence before it as to the views of members of the company who have no personal interest, direct or indirect, in the matter.

286. Application for permission to continue derivative claim brought by another eligible member

(1) This section applies where an eligible member of a company ("the claimant")–

(a) has brought a derivative claim,

(b) has continued as a derivative claim a claim brought by the company, or

(c) has continued a derivative claim under this section.

(2) Another eligible member of the company ("the applicant") may apply to the Court for permission to continue the claim on the ground that–

(a) the manner in which the proceedings have been commenced or continued by the claimant amounts to an abuse of the process of the Court,

(b) the claimant has failed to prosecute the claim diligently, and

(c) it is appropriate for the applicant to continue the claim as a derivative claim.

(3) If it appears to the Court that the application and the evidence filed by the applicant in support of it do not disclose a prima facie case for giving permission, the Court –

(a) must dismiss the application, and

(b) may make any consequential order it considers appropriate.

(4) If the application is not dismissed under subsection (3), the Court–

(a) may give directions as to the evidence to be provided by the company, and

(b) may adjourn the proceedings to enable the evidence to be obtained.

(5) On hearing the application, the Court may–

(a) give permission to continue the claim on such terms as it thinks fit,

(b) refuse permission and dismiss the application, or

(c) adjourn the proceedings on the application and give such directions as it thinks fit.

Part 12

COMPANY SECRETARIES

Chapter 1

COMPANY SECRETARIES

287. Private company not required to have secretary

(1) A private company is not required to have a secretary.

(2) References in these Regulations to a private company "without a secretary" are to a private company that for the time being is taking advantage of the exemption in subsection (1), and references to a private company "with a secretary" shall be construed accordingly.

(3) In the case of a private company without a secretary–

(a) anything authorised or required to be given or sent to, or served on, the company by being sent to its secretary–

(i) may be given or sent to, or served on, the company itself, and

(ii) if addressed to the secretary shall be treated as addressed to the company, and

(b) anything else required or authorised to be done by or to the secretary of the company may be done by or to–

(i) a director, or

(ii) a person authorised generally or specifically in that behalf by the directors.

288. Public company required to have secretary

A public company must have a secretary.

289. Direction requiring public company to appoint secretary

(1) If it appears to the Registrar that a public company is in breach of section 288 (public company required to have secretary), the Registrar may give the company a direction under this section.

(2) The direction must state that the company appears to be in breach of that section and specify–

(a) what the company must do in order to comply with the direction, and

(b) the period within which it must do so.

That period must be not less than one month or more than three months after the date on which the direction is given.

(3) The direction must also inform the company of the consequences of failing to comply.

(4) Where the company is in breach of section 288 (public company required to have secretary) it must comply with the direction by–

(a) making the necessary appointment, and

(b) giving notice of it under section 293 (duty to notify Registrar of changes),

before the end of the period specified in the direction.

(5) If the company has already made the necessary appointment, it must comply with the direction by giving notice of it under section 293 (duty to notify Registrar of changes) before the end of the period specified in the direction.

(6) If a company fails to comply with a direction under this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

For this purpose a shadow director is treated as an officer of the company.

(7) A person who commits the contravention referred to in subsection (6) shall be liable to a level 3 fine.

290. Qualifications of secretaries of public companies

It is the duty of the directors of a public company to take all reasonable steps to secure that the secretary (or each joint secretary) of the company is a person who appears to them to have the requisite knowledge and experience to discharge the functions of secretary of the company.

291. Discharge of functions where office vacant or secretary unable to act

Where in the case of any company the office of secretary is vacant, or there is for any other reason no secretary capable of acting, anything required or authorised to be done by or to the secretary may be done–

(a) by or to an assistant or deputy secretary (if any), or

(b) if there is no assistant or deputy secretary or none capable of acting, by or to any person authorised generally or specifically in that behalf by the directors.

292. Duty to keep register of secretaries

(1) A company must keep a register of its secretaries.

(2) The register must contain the required particulars (see section 294 (particulars of secretaries to be registered: individuals)) of the person who is, or persons who are, the secretary or joint secretaries of the company.

(3) The register must be kept available for inspection–

(a) at the company's registered office, or

(b) at a place specified in rules made by the Board under section 996 (rules about where certain company records to be kept available for inspection).

(4) The company must give notice to the Registrar–

(a) of the place at which the register is kept available for inspection, and

(b) of any change in that place,

unless it has at all times been kept at the company's registered office.

(5) The register must be open to the inspection–

(a) of any member of the company without charge, and

(b) of any other person on payment of such fee as may be prescribed.

(6) If default is made in complying with subsection (1) a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

For this purpose a shadow director is treated as an officer of the company.

(7) A person who commits the contravention referred to in subsection (6) shall be liable to a level 2 fine.

(8) If default is made in complying with subsection (3), or if default is made for 14 days in complying with subsection (4), a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

For this purpose a shadow director is treated as an officer of the company.

(9) A person who commits the contravention referred to in subsection (8) shall be liable to a level 1 fine.

(10) In the case of a refusal of inspection of the register, the Court may by order compel an immediate inspection of it.

293. Duty to notify Registrar of changes

(1) A company must, within the period of 14 days from–

(a) a person becoming or ceasing to be its secretary or one of its joint secretaries, or

(b) the occurrence of any change in the particulars contained in its register of secretaries,

give notice to the Registrar of the change and of the date on which it occurred.

(2) Notice of a person having become secretary, or one of joint secretaries, of the company must be accompanied by a consent by that person to act in the relevant capacity.

(3) If default is made in complying with subsection (1)(a), a contravention of these Regulations is committed by every officer of the company who is in default. For this purpose a shadow director is treated as an officer of the company.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 2 fine.

(5) If default is made in complying with subsection (1)(b), a contravention of these Regulations is committed by every officer of the company who is in default. For this purpose a shadow director is treated as an officer of the company.

(6) A person who commits the contravention referred to in subsection (5) shall be liable to a level 1 fine.

294. Particulars of secretaries to be registered: individuals

(1) A company's register of secretaries must contain the following particulars in the case of an individual–

(a) name and any former name,

(b) address.

(2) For the purposes of this section "name" means a person's forename and family name.

(3) For the purposes of this section a "former name" means a name by which the individual was formerly known for business purposes.

Where a person is or was formerly known by more than one such name, each of them must be stated.

(4) It is not necessary for the register to contain particulars of a former name in the following cases where the former name–

(a) was changed or disused before the person attained the age of 18 years, or

(b) has been changed or disused for 20 years or more.

(5) The address required to be stated in the register is a service address.

This may be stated to be "The company's registered office".

295. Particulars of secretaries to be registered: corporate secretaries and firms

(1) A company's register of secretaries must contain the following particulars in the case of a body corporate, or a firm that is a legal person under the law by which it is governed–

(a) corporate or firm name,

(b) registered or principal office,

(c) in any other case, particulars of–

(i) the legal form of the company or firm and the law by which it is governed, and

(ii) if applicable, the register in which it is entered (including details of the state) and its registration number in that register.

(2) If all the partners in a firm are joint secretaries it is sufficient to state the particulars that would be required if the firm were a legal person and the firm had been appointed secretary.

296. Acts done by person in dual capacity

(1) A provision requiring or authorising a thing to be done by or to a director and the secretary of a private company may be satisfied by its being done by or to the same person acting both as director and as, or in place of, the secretary.

(2) A provision requiring or authorising a thing to be done by or to a director and the secretary of a public company is not satisfied by its being done by or to the same person acting both as director and as, or in place of, the secretary.

PART 13

RESOLUTIONS AND MEETINGS

CHAPTER 1

GENERAL PROVISIONS ABOUT RESOLUTIONS

297. Resolutions

(1) A resolution of the members (or of a class of members) of a private company must be passed–

(a) as a written resolution in accordance with Chapter 2, or

(b) at a meeting of the members (to which the provisions of Chapter 3 apply).

(2) A resolution of the members (or of a class of members) of a public company must be passed at a meeting of the members (to which the provisions of Chapter 3 apply).

(3) Where a provision of these Regulations–

(a) requires a resolution of a company, or of the members (or a class of members) of a company, and

(b) does not specify what kind of resolution is required,

what is required is an ordinary resolution unless the company's articles require a higher majority (or unanimity).

(4) Nothing in this Part affects any rule of law applicable in the Abu Dhabi Global Market as to–

(a) things done otherwise than by passing a resolution,

(b) circumstances in which a resolution is or is not treated as having been passed, or

(c) cases in which a person is precluded from alleging that a resolution has not been duly passed.

298. Ordinary resolutions

(1) An ordinary resolution of the members (or of a class of members) of a company means a resolution that is passed by a simple majority.

(2) A written resolution is passed by a simple majority if it is passed by members representing a simple majority of the total voting rights of eligible members (see Chapter 2).

(3) A resolution passed at a meeting on a show of hands is passed by a simple majority if it is passed by a simple majority of the votes cast by those entitled to vote.

(4) A resolution passed on a poll taken at a meeting is passed by a simple majority if it is passed by members representing a simple majority of the total voting rights of members who (being entitled to do so) vote in person, by proxy or in advance (see section 340 (voting on a poll: votes cast in advance)) on the resolution.

(5) Anything that may be done by ordinary resolution may also be done by special resolution.

299. Special resolutions

(1) A special resolution of the members (or of a class of members) of a company means a resolution passed by a majority of not less than 75%.

(2) A written resolution is passed by a majority of not less than 75% if it is passed by members representing not less than 75% of the total voting rights of eligible members (see Chapter 2).

(3) Where a resolution of a private company is passed as a written resolution–

(a) the resolution is not a special resolution unless it stated that it was proposed as a special resolution, and

(b) if the resolution so stated, it may only be passed as a special resolution.

(4) A resolution passed at a meeting on a show of hands is passed by a majority of not less than 75% if it is passed by not less than 75% of the votes cast by those entitled to vote.

(5) A resolution passed on a poll taken at a meeting is passed by a majority of not less than 75% if it is passed by members representing not less than 75% of the total voting rights of the members who (being entitled to do so) vote in person, by proxy or in advance (see section 340 (voting on a poll: votes cast in advance)) on the resolution.

(6) Where a resolution is passed at a meeting–

(a) the resolution is not a special resolution unless the notice of the meeting included the text of the resolution and specified the intention to propose the resolution as a special resolution, and

(b) if the notice of the meeting so specified, the resolution may only be passed as a special resolution.

300. Votes: general rules

(1) On a vote on a written resolution–

(a) in the case of a company having a share capital, every member has one vote in respect of each share held by him, and

(b) in any other case, every member has one vote.

(2) On a vote on a resolution on a show of hands at a meeting, each member present in person has one vote.

(3) On a vote on a resolution on a poll taken at a meeting–

(a) in the case of a company having a share capital, every member has one vote in respect of each share held by him, and

(b) in any other case, every member has one vote.

(4) The provisions of this section have effect subject to any provision of the company's articles.

(5) Nothing in this section is to be read as restricting the effect of–

section 142 (exercise of rights where shares held on behalf of others: exercise in different ways),

section 301 (voting by proxy),

section 339 (voting on a poll),

section 340 (voting on a poll: votes cast in advance), or

section 341 (representation of corporations at meetings).

301. Voting by proxy

(1) On a vote on a resolution on a show of hands at a meeting, every proxy present who has been duly appointed by one or more members entitled to vote on the resolution has one vote.

This is subject to subsection (2).

(2) On a vote on a resolution on a show of hands at a meeting, a proxy has one vote for and one vote against the resolution if–

(a) the proxy has been duly appointed by more than one member entitled to vote on the resolution, and

(b) the proxy has been instructed by one or more of those members to vote for the resolution and by one or more other of those members to vote against it.

(3) On a poll taken at a meeting of a company all or any of the voting rights of a member may be exercised by one or more duly appointed proxies.

(4) Where a member appoints more than one proxy, subsection (3) does not authorise the exercise by the proxies taken together of more extensive voting rights than could be exercised by the member in person.

(5) Subsections (1) and (2) have effect subject to any provision of the company's articles.

302. Voting rights on poll or written resolution

In relation to a resolution required or authorised by these Regulations or any other law or regulation applicable in the Abu Dhabi Global Market, a member of a private company has the same number of votes in relation to the resolution when it is passed on a poll as the member has when it is passed as a written resolution irrespective of any provision to the contrary in that company's articles.

303. Votes of joint holders of shares

(1) In the case of joint holders of shares of a company, only the vote of the senior holder who votes (and any proxies duly authorised by him) may be counted by the company.

(2) For the purposes of this section, the senior holder of a share is determined by the order in which the names of the joint holders appear in the register of members, the senior holder being the person whose name appears first.

(3) Subsections (1) and (2) have effect subject to any provision of the company's articles.

304. Saving for provisions of articles as to determination of entitlement to vote

Nothing in this Chapter affects–

(a) any provision of a company's articles–

(i) requiring an objection to a person's entitlement to vote on a resolution to be made in accordance with the articles, and

(ii) for the determination of any such objection to be final and conclusive, or

(iii) the grounds on which such a determination may be questioned in legal proceedings.

CHAPTER 2
WRITTEN RESOLUTIONS

General provisions about written resolutions

305. Written resolutions of private companies

(1) In these Regulations a "written resolution" means a resolution of a private company proposed and passed in accordance with this Chapter.

(2) The following may not be passed as a written resolution unless the company is a sole member company:

(a) a resolution under section 158 (resolution to remove a director) removing a director before the expiration of his period in office, or

(b) a resolution under section 479 (resolution removing auditor from office) removing an auditor before expiration of his term in office.

(3) A resolution may be proposed as a written resolution–

(a) by the directors of a private company (see section 308 (circulation of written resolutions proposed by directors)), or

(b) by the members of a private company (see sections 309 (members' power to require circulation of written resolution) to 312 (application not to circulate members' statement)).

(4) References in any law or regulation applicable to the Abu Dhabi Global Market to–

(a) a resolution of a company in general meeting, or

(b) a resolution of a meeting of a class of members of the company,

have effect as if they included references to a written resolution of the members, or of a class of members, of a private company (as appropriate).

(5) A written resolution of a private company has effect as if passed (as the case maybe)–

(a) by the company in general meeting, or

(b) by a meeting of a class of members of the company,

and references in these Regulations, or any other law or regulation applicable in the Abu Dhabi Global Market to a meeting at which a resolution is passed or to members voting in favour of a resolution shall be construed accordingly.

306. Eligible members

(1) In relation to a resolution proposed as a written resolution of a private company, the eligible members are the members who would have been entitled to vote on the resolution on the circulation date of the resolution (see section 307 (circulation date)).

(2) If the persons entitled to vote on a written resolution change during the course of the day that is the circulation date of the resolution, the eligible members are the persons entitled to vote on the resolution at the time that the first copy of the resolution is sent or submitted to a member for his agreement.

307. Circulation date

References in this Part to the circulation date of a written resolution are to the date on which copies of it are sent or submitted to members in accordance with this Chapter (or if copies are sent or submitted to members on different days, to the first of those days).

308. Circulation of written resolutions proposed by directors

(1) This section applies to a resolution proposed as a written resolution by the directors of the company.

(2) The company must send or submit a copy of the resolution to every eligible member.

(3) The company must do so–

(a) by sending copies at the same time (so far as reasonably practicable) to all eligible members in hard copy form, in electronic form or by means of a website, or

(b) if it is possible to do so without undue delay, by submitting the same copy to each eligible member in turn (or different copies to each of a number of eligible members in turn),

or by sending copies to some members in accordance with subsection (3)(a) and submitting a copy or copies to other members in accordance with subsection (3)(b).

(4) The copy of the resolution must be accompanied by a statement informing the member–

(a) how to signify agreement to the resolution (see section 313 (procedure for signifying agreement to written resolution), and

(b) as to the date by which the resolution must be passed if it is not to lapse (see section 314 (period for agreeing to written resolution)).

(5) In the event of default in complying with this section, a contravention of these Regulations is committed by every officer of the company who is in default.

(6) A person who commits the contravention referred to in subsection (5) shall be liable to a level 2 fine.

(7) The validity of the resolution, if passed, is not affected by a failure to comply with this section.

309. Members' power to require circulation of written resolution

(1) The members of a private company may require the company to circulate a resolution that may properly be moved and is proposed to be moved as a written resolution.

(2) Any resolution may properly be moved as a written resolution unless–

(a) it would, if passed, be ineffective (whether by reason of inconsistency with any law or regulation applicable to the Abu Dhabi Global Market or the company's constitution or otherwise),

(b) it is defamatory of any person, or

(c) it is frivolous or vexatious.

(3) Where the members require a company to circulate a resolution they may require the company to circulate with it a statement of not more than 1,000 words on the subject matter of the resolution.

(4) A company is required to circulate the resolution and any accompanying statement once it has received requests that it do so from members representing not less than the requisite percentage of the total voting rights of all members entitled to vote on the resolution.

(5) The "requisite percentage" is 5% or such lower percentage as is specified for this purpose in the company's articles.

(6) A request–

(a) may be in hard copy form or in electronic form,

(b) must identify the resolution and any accompanying statement, and

(c) must be authenticated by the person or persons making it.

310. Circulation of written resolutions proposed by members

(1) A company that is required under section 309 (members' power to require circulation of written resolution) to circulate a resolution must send or submit to every eligible member–

(a) a copy of the resolution, and

(b) a copy of any accompanying statement (if any).

This is subject to section 311(2) (deposit or tender of sum in respect of expenses of circulation) and section 312 (application not to circulate members' statement).

(2) The company must do so–

(a) by sending copies at the same time (so far as reasonably practicable) to all eligible members in hard copy form, in electronic form or by means of a website, or

(b) if it is possible to do so without undue delay, by submitting the same copy to each eligible member in turn (or different copies to each of a number of eligible members in turn),

or by sending copies to some members in accordance with subsection (2)(a) and submitting a copy or copies to other members in accordance with subsection (2)(b).

(3) The company must send or submit the copies (or, if copies are sent or submitted to members on different days, the first of those copies) not more than 21 days after it becomes subject to the requirement under section 309 (members' power to require circulation of written resolution) to circulate the resolution.

(4) The copy of the resolution must be accompanied by guidance as to–

(a) how to signify agreement to the resolution (see section 313 (procedure for signifying agreement to written resolution)), and

(b) the date by which the resolution must be passed if it is not to lapse (see section 314 (period for agreeing to written resolution)).

(5) In the event of default in complying with this section, a contravention of these Regulations is committed by every officer of the company who is in default.

(6) A person who commits the contravention referred to in subsection (5) shall be liable to a level 2 fine.

(7) The validity of the resolution, if passed, is not affected by a failure to comply with this section.

311. Expenses of circulation

(1) The expenses of the company in complying with section 310 (circulation of written resolution proposed by members) must be paid by the members who requested the circulation of the resolution unless the company resolves otherwise.

(2) Unless the company has previously so resolved, it is not bound to comply with that section unless there is deposited with or tendered to it a sum reasonably sufficient to meet its expenses in doing so.

312. Application not to circulate members' statement

(1) A company is not required to circulate a members' statement under section 310 (circulation of written resolution proposed by members) if, on an application by the company or another person who claims to be aggrieved, the Court is satisfied that the rights conferred by section 309 (members' power to require circulation of written resolution) and that section are being abused.

(2) The Court may order the members who requested the circulation of the statement to pay the whole or part of the company's costs on such an application, even if they are not parties to the application.

313. Procedure for signifying agreement to written resolution

(1) A member signifies his agreement to a proposed written resolution when the company receives from him (or from someone acting on his behalf) an authenticated document–

(a) identifying the resolution to which it relates, and

(b) indicating his agreement to the resolution.

(2) The document must be sent to the company in hard copy form or in electronic form.

(3) A member's agreement to a written resolution, once signified, may not be revoked.

(4) A written resolution is passed when the required majority of eligible members have signified their agreement to it.

314. Period for agreeing to written resolution

(1) A proposed written resolution lapses if it is not passed before the end of–

(a) the period specified for this purpose in the company's articles, or

(b) if none is specified, the period of one month[26] beginning with the circulation date.

(2) The agreement of a member to a written resolution is ineffective if signified after the expiry of that period.

315. Sending documents relating to written resolutions by electronic means

(a) Where a company has given an electronic address in any document containing or accompanying a proposed written resolution, it is deemed to have agreed that any document or information relating to that resolution may be sent by electronic means to that address (subject to any conditions or limitations specified in the document).

(b) In this section "electronic address" means any address or number used for the purposes of sending or receiving documents or information by electronic means.

316. Publication of written resolution on website

(1) This section applies where a company sends–

(a) a written resolution, or

(b) a statement relating to a written resolution,

to a person by means of a website.

(2) The resolution or statement is not validly sent for the purposes of this Chapter unless the resolution is available on the website throughout the period beginning with the

[26] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

circulation date and ending on the date on which the resolution lapses under section 314 (period for agreeing to written resolution).

317. Relationship between this Chapter and provisions of company's articles

A provision of the articles of a private company is void in so far as it would have the effect that a resolution that is required by or otherwise provided for in these Regulations or any other law or regulation applicable in the Abu Dhabi Global Market could not be proposed and passed as a written resolution.

CHAPTER 3

RESOLUTIONS AT MEETINGS

General provisions about resolutions at meetings

318. Resolutions at general meetings

A resolution of the members of a company is validly passed at a general meeting if–

(a) notice of the meeting and of the resolution is given, and

(b) the meeting is held and conducted,

in accordance with the provisions of this Chapter and the company's articles.

319. Directors' power to call general meetings

The directors of a company may call a general meeting of the company.

320. Members' power to require directors to call general meeting

(1) The members of a company may require the directors to call a general meeting of the company.

(2) The directors are required to call a general meeting once the company has received requests to do so from–

(a) members representing at least 5% of such of the paid-up capital of the company as carries the right of voting at general meetings of the company (excluding any paid-up capital held as treasury shares), or

(b) in the case of a company not having a share capital, members who represent at least 5% of the total voting rights of all the members having a right to vote at general meetings.

(3) A request–

(a) must state the general nature of the business to be dealt with at the meeting, and

(b) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting.

(4) A resolution may properly be moved at a meeting unless–

(a) it would, if passed, be ineffective (whether by reason of inconsistency with any law or regulation applicable to the Abu Dhabi Global Market or the company's constitution or otherwise),

(b) it is defamatory of any person, or

(c) it is frivolous or vexatious.

(5) A request–

(a) may be in hard copy form or in electronic form, and

(b) must be authenticated by the person or persons making it.

321. Directors' duty to call meetings required by members

(1) Directors required under section 320 (members' power to require directors to call general meeting) to call a general meeting of the company must call a meeting–

(a) within 21 days from the date on which they become subject to the requirement, and

(b) to be held on a date not more than one month[27] after the date of the notice convening the meeting.

(2) If the requests received by the company identify a resolution intended to be moved at the meeting, the notice of the meeting must include notice of the resolution.

(3) The business that may be dealt with at the meeting includes a resolution of which notice is given in accordance with this section.

(4) If the resolution is to be proposed as a special resolution, the directors are treated as not having duly called the meeting if they do not give the required notice of the resolution in accordance with section 299 (special resolutions).

322. Power of members to call meeting at company's expense

(1) If the directors–

(a) are required under section 320 (members' power to require directors to call general meeting) to call a meeting, and

(b) do not do so in accordance with section 321 (directors' duty to call meetings required by members),

the members who requested the meeting, or any of them representing more than one half of the total voting rights of all of them, may themselves call a general meeting.

[27] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(2) Where the requests received by the company included the text of a resolution intended to be moved at the meeting, the notice of the meeting must include notice of the resolution.

(3) The meeting must be called for a date not more than three months after the date on which the directors become subject to the requirement to call a meeting.

(4) The meeting must be called in the same manner, as nearly as possible, as that in which meetings are required to be called by directors of the company.

(5) The business which may be dealt with at the meeting includes a resolution of which notice is given in accordance with this section.

(6) Any reasonable expenses incurred by the members requesting the meeting by reason of the failure of the directors duly to call a meeting must be reimbursed by the company.

(7) Any sum so reimbursed shall be retained by the company out of any sums due or to become due from the company by way of fees or other remuneration in respect of the services of such of the directors as were in default.

323. Power of Court to order meeting

(1) This section applies if for any reason it is impracticable–

(a) to call a meeting of a company in any manner in which meetings of that company may be called, or

(b) to conduct the meeting in the manner prescribed by the company's articles or these Regulations.

(2) The Court may, either of its own motion or on the application–

(a) of a director of the company, or

(b) of a member of the company who would be entitled to vote at the meeting,

order a meeting to be called, held and conducted in any manner the Court thinks fit.

(3) Where such an order is made, the Court may give such ancillary or consequential directions as it thinks expedient.

(4) Such directions may include a direction that one member of the company present at the meeting be deemed to constitute a quorum.

(5) A meeting called, held and conducted in accordance with an order under this section is deemed for all purposes to be a meeting of the company duly called, held and conducted.

324. Notice required of general meeting

(1) A general meeting of a private company (other than an adjourned meeting) must be called by notice of at least 14 days.

(2) A general meeting of a public company (other than an adjourned meeting) must be called by notice of–

(a) in the case of an annual general meeting, at least 21 days, and

(b) in any other case, at least 14 days.

(3) The company's articles may require a longer period of notice than that specified in subsection (1) or (2).

(4) A general meeting may be called by shorter notice than that otherwise required if shorter notice is agreed by the members.

(5) The shorter notice must be agreed to by a majority in number of the members having a right to attend and vote at the meeting, being a majority who together represent not less than the requisite percentage of the total voting rights at that meeting of all the members.

(6) The requisite percentage is–

(a) in the case of a private company, 90% or such higher percentage (not exceeding 95%) as may be specified in the company's articles,

(b) in the case of a public company, 95%.

(7) Subsections (5) and (6) do not apply to an annual general meeting of a public company (see instead section 356(2) (public companies: notice of AGM)).

325. Manner in which notice to be given

Notice of a general meeting of a company must be given–

(a) in hard copy form,

(b) in electronic form, or

(c) by means of a website (see section 326 (publication of notice of meeting on website)),

or partly by one such means and partly by another.

326. Publication of notice of meeting on website

(1) Notice of a meeting is not validly given by a company by means of a website unless it is given in accordance with this section.

(2) When the company notifies a member of the presence of the notice on the website the notification must–

(a) state that it concerns a notice of a company meeting,

(b) specify the place, date and time of the meeting, and

(c) in the case of a public company, state whether the meeting will be an annual general meeting.

(3) The notice must be available on the website throughout the period beginning with the date of that notification and ending with the conclusion of the meeting.

327. Persons entitled to receive notice of meetings

(1) Notice of a general meeting of a company must be sent to–

(a) every member of the company, and

(b) every director.

(2) In subsection (1), the reference to members includes any person who is entitled to a share in consequence of the death or bankruptcy of a member, if the company has been notified of their entitlement.

(3) This section has effect subject to–

(a) any other law or regulation applicable in the Abu Dhabi Global Market, and

(b) any provision of the company's articles.

328. Contents of notices of meetings

(1) Notice of a general meeting of a company must state–

(a) the time and date of the meeting, and

(b) the place of the meeting.

(2) Notice of a general meeting of a company must state the general nature of the business to be dealt with at the meeting.

This subsection has effect subject to any provision of the company's articles.

329. Resolution requiring special notice

(1) Where by any provision of these Regulations special notice is required of a resolution, the resolution is not effective unless notice of the intention to move it has been given to the company at least one month[28] before the meeting at which it is moved.

(2) The company must, where practicable, give its members notice of any such resolution in the same manner and at the same time as it gives notice of the meeting.

(3) Where that is not practicable, the company must give its members notice at least 14 days before the meeting–

(a) by advertisement in a newspaper having an appropriate circulation, or

(b) in any other manner allowed by the company's articles.

(4) If, after notice of the intention to move such a resolution has been given to the company, a meeting is called for a date one month[29] or less after the notice has been given, the notice is deemed to have been properly given, though not given within the time required.

330. Accidental failure to give notice of resolution or meeting

(1) Where a company gives notice of–

(a) a general meeting, or

(b) a resolution intended to be moved at a general meeting,

any accidental failure to give notice to one or more persons shall be disregarded for the purpose of determining whether notice of the meeting or resolution (as the case may be) is duly given.

[28] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.
[29] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(2) Except in relation to notice given under–

(a) section 321 (directors' duty to call meetings required by members),

(b) section 322 (power of members to call meeting at company's expense), or

(c) section 358 (public companies: company's duty to circulate members' resolutions for AGMs),

subsection (1) has effect subject to any provision of the company's articles.

331. Members' power to require circulation of statements

(1) The members of a company may require the company to circulate, to members of the company entitled to receive notice of a general meeting, a statement of not more than 1,000 words with respect to–

(a) a matter referred to in a proposed resolution to be dealt with at that meeting, or

(b) other business to be dealt with at that meeting.

(2) A company is required to circulate a statement once it has received requests to do so from–

(a) members representing at least 5% of the total voting rights of all the members who have a relevant right to vote (excluding any voting rights attached to any shares in the company held as treasury shares), or

(b) at least 100 members who have a relevant right to vote.

See also section 143 (exercise of rights where shares held on behalf of others: members' requests).

(3) In subsection (2), a "relevant right to vote" means–

(a) in relation to a statement with respect to a matter referred to in a proposed resolution, a right to vote on that resolution at the meeting to which the requests relate, and

(b) in relation to any other statement, a right to vote at the meeting to which the requests relate.

(4) A request–

(a) may be in hard copy form or in electronic form,

(b) must identify the statement to be circulated,

(c) must be authenticated by the person or persons making it, and

(d) must be received by the company at least one week before the meeting to which it relates.

332. Company's duty to circulate members' statement

(1) A company that is required under section 331 (members' power to require circulation of statements) to circulate a statement must send a copy of it to each member of the company entitled to receive notice of the meeting–

(a) in the same manner as the notice of the meeting, and

(b) at the same time as, or as soon as reasonably practicable after, it gives notice of the meeting.

(2) Subsection (1) has effect subject to section 333(2) (deposit or tender of sum in respect of expenses of circulation) and section 334 (application not to circulate members' statement).

(3) In the event of default in complying with this section, a contravention of these Regulations is committed by every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 2 fine.

333. Expenses of circulating members' statement

(1) The expenses of the company in complying with section 331 (members' power to require circulation of statements) need not be paid by the members who requested the circulation of the statement if–

(a) the meeting to which the requests relate is an annual general meeting of a public company, and

(b) requests sufficient to require the company to circulate the statement are received before the end of the financial year preceding the meeting.

(2) Otherwise–

(a) the expenses of the company in complying with that section must be paid by the members who requested the circulation of the statement unless the company resolves otherwise, and

(b) unless the company has previously so resolved, it is not bound to comply with that section unless there is deposited with or tendered to it, not later than one week before the meeting, a sum reasonably sufficient to meet its expenses in doing so.

334. Application not to circulate members' statement

(1) A company is not required to circulate a members' statement under section 332 (company's duty to circulate members' statement) if, on an application by the company or another person who claims to be aggrieved, the Court is satisfied that the rights

conferred by section 331 (members' power to require circulation of statements) and that section are being abused.

(2) The Court may order the members who requested the circulation of the statement to pay the whole or part of the company's costs on such an application, even if they are not parties to the application.

335. Quorum at meetings

(1) In the case of a company limited by shares or guarantee and having only one member, one qualifying person present at a meeting is a quorum.

(2) In any other case, subject to the provisions of the company's articles, two (2) qualifying persons present at a meeting are a quorum, unless–

(a) each is a qualifying person only because he is authorised under section 341 (representation of corporations at meetings) to act as the representative of a corporation in relation to the meeting, and they are representatives of the same corporation, or

(b) each is a qualifying person only because he is appointed as proxy of a member in relation to the meeting, and they are proxies of the same member.

(3) For the purposes of this section a "qualifying person" means–

(a) an individual who is a member of the company,

(b) a person authorised under section 341 (representation of corporations at meetings) to act as the representative of a corporation in relation to the meeting, or

(c) a person appointed as proxy of a member in relation to the meeting.

336. Chairman of meeting

(1) A member may be elected to be the chairman of a general meeting by a resolution of the company passed at the meeting.

(2) Subsection (1) is subject to any provision of the company's articles that states who may or may not be chairman.

337. Declaration by chairman on a show of hands

(1) On a vote on a resolution at a meeting on a show of hands, a declaration by the chairman that the resolution–

(a) has or has not been passed, or

(b) passed with a particular majority,

is conclusive evidence of that fact without proof of the number or proportion of the votes recorded in favour of or against the resolution.

(2) An entry in respect of such a declaration in minutes of the meeting recorded in accordance with section 360 (records of resolutions and meetings etc) is also conclusive evidence of that fact without such proof.

(3) This section does not have effect if a poll is demanded in respect of the resolution (and the demand is not subsequently withdrawn).

338. Right to demand a poll

(1) A provision of a company's articles is void in so far as it would have the effect of excluding the right to demand a poll at a general meeting on any question other than–

(a) the election of the chairman of the meeting, or

(b) the adjournment of the meeting.

(2) A provision of a company's articles is void in so far as it would have the effect of making ineffective a demand for a poll on any such question which is made–

(a) by not less than five (5) members having the right to vote on the resolution, or

(b) by a member or members representing not less than 10% of the total voting rights of all the members having the right to vote on the resolution (excluding any voting rights attached to any shares in the company held as treasury shares), or

(c) by a member or members holding shares in the company conferring a right to vote on the resolution, being shares on which an aggregate sum has been paid up equal to not less than 10% of the total sum paid up on all the shares conferring that right (excluding shares in the company conferring a right to vote on the resolution which are held as treasury shares).

339. Voting on a poll

On a poll taken at a general meeting of a company, a member entitled to more than one vote need not, if he votes, use all his votes or cast all the votes he uses in the same way.

340. Voting on a poll: votes cast in advance

(1) A company's articles may contain provision to the effect that on a vote on a resolution on a poll taken at a meeting, the votes may include votes cast in advance.

(2) Any such provision in relation to voting at a general meeting may be made subject only to such requirements and restrictions as are–

(a) necessary to ensure the identification of the person voting, and

(b) proportionate to the achievement of that objective.

Nothing in this subsection affects any power of a company to require reasonable evidence of the entitlement of any person who is not a member to vote.

(3) Any provision of a company's articles is void in so far as it would have the effect of requiring any document casting a vote in advance to be received by the company or another person earlier than the following time–

(a) in the case of a poll taken more than 48 hours after it was demanded, 24 hours before the time appointed for the taking of the poll, and

(b) in the case of any other poll, 48 hours before the time for holding the meeting or adjourned meeting.

(4) In calculating the periods mentioned in subsection (3), no account is to be taken of any part of a day that is not a working day.

341. Representation of corporations at meetings

(1) If a corporation (whether or not a company within the meaning of these Regulations) is a member of a company, it may by resolution of its directors or other governing body authorise a person or persons to act as its representative or representatives at any meeting of the company.

(2) A person authorised by a corporation is entitled to exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the company.

(3) Where a corporation authorises more than one person, this subsection is subject to subsections (3) and (4).

(4) On a vote on a resolution on a show of hands at a meeting of the company, each authorised person has the same voting rights as the corporation would be entitled to.

(5) Where subsection (3) does not apply and more than one authorised person purports to exercise a power under subsection (2) in respect of the same shares–

(a) if they purport to exercise the power in the same way as each other, the power is treated as exercised in that way, and

(b) if they do not purport to exercise the power in the same way as each other, the power is treated as not exercised.

342. Rights to appoint proxies

(1) A member of a company is entitled to appoint another person as his proxy to exercise all or any of his rights to attend and to speak and vote at a meeting of the company.

(2) In the case of a company having a share capital, a member may appoint more than one proxy in relation to a meeting, provided that each proxy is appointed to exercise the rights attached to a different share or shares held by him.

343. Obligation of proxy to vote in accordance with instructions

A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed.

344. Notice of meeting to contain statement of rights

(1) In every notice calling a meeting of a company there must appear, with reasonable prominence, a statement informing the member of–

(a) his rights under section 342 (rights to appoint proxies), and

(b) any more extensive rights conferred by the company's articles to appoint more than one proxy.

(2) Failure to comply with this section does not affect the validity of the meeting or of anything done at the meeting.

(3) If this section is not complied with as respects any meeting, a contravention of these Regulations is committed by every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 2 fine.

345. Company-sponsored invitations to appoint proxies

(1) If for the purposes of a meeting there are issued at the company's expense invitations to members to appoint as proxy a specified person or a number of specified persons, the invitations must be issued to all members entitled to vote at the meeting.

(2) Subsection (1) is not contravened if–

(a) there is issued to a member at his request a form of appointment naming the proxy or a list of persons willing to act as proxy, and

(b) the form or list is available on request to all members entitled to vote at the meeting.

(3) If subsection (1) is contravened as respects a meeting, a contravention of these Regulations is committed by every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 1 fine.

346. Notice required of appointment of proxy etc

(1) The following provisions apply as regards –

(a) the appointment of a proxy, and

(b) any document necessary to show the validity of, or otherwise relating to, the appointment of a proxy.

(2) Any provision of the company's articles is void in so far as it would have the effect of requiring any such appointment or document to be received by the company or another person earlier than the following time–

(a) in the case of a meeting or adjourned meeting, 48 hours before the time for holding the meeting or adjourned meeting,

(b) in the case of a poll taken more than 48 hours after it was demanded, 24 hours before the time appointed for the taking of the poll,

(c) in the case of a poll taken not more than 48 hours after it was demanded, the time at which it was demanded.

(3) In calculating the periods mentioned in subsection (2) no account shall be taken of any part of a day that is not a working day.

347. Chairing meetings

(1) A proxy may be elected to be the chairman of a general meeting by a resolution of the company passed at the meeting.

(2) Subsection (1) is subject to any provision of the company's articles that states who may or who may not be chairman.

348. Right of proxy to demand a poll

(1) The appointment of a proxy to vote on a matter at a meeting of a company authorises the proxy to demand, or join in demanding, a poll on that matter.

(2) In applying the provisions of section 338(2) (requirements for effective demand), a demand by a proxy counts–

(a) for the purposes of subsection (2)(a), as a demand by the member,

(b) for the purposes of subsection (2)(b), as a demand by a member representing the voting rights that the proxy is authorised to exercise,

(c) for the purposes of subsection (2)(c), as a demand by a member holding the shares to which those rights are attached.

349. Notice required of termination of proxy's authority

(1) The following provisions apply as regards notice that the authority of a person to act as proxy is terminated ("notice of termination").

(2) The termination of the authority of a person to act as proxy does not affect–

(a) whether he counts in deciding whether there is a quorum at a meeting,

(b) the validity of anything he does as chairman of a meeting, or

(c) the validity of a poll demanded by him at a meeting,

unless the company receives notice of the termination before the commencement of the meeting.

(3) The termination of the authority of a person to act as proxy does not affect the validity of a vote given by that person unless the company receives notice of the termination–

(a) before the commencement of the meeting or adjourned meeting at which the vote is given, or

(b) in the case of a poll taken more than 48 hours after it is demanded, before the time appointed for taking the poll.

(4) If the company's articles require or permit members to give notice of termination to a person other than the company, the references above to the company receiving notice have effect as if they were or (as the case may be) included a reference to that person.

(5) Subsections (2) and (3) have effect subject to any provision of the company's articles which has the effect of requiring notice of termination to be received by the company or another person at a time earlier than that specified in those subsections.

This is subject to subsection (6).

(6) Any provision of the company's articles is void in so far as it would have the effect of requiring notice of termination to be received by the company or another person earlier than the following time–

(a) in the case of a meeting or adjourned meeting, 48 hours before the time for holding the meeting or adjourned meeting,

(b) in the case of a poll taken more than 48 hours after it was demanded, 24 hours before the time appointed for the taking of the poll,

(c) in the case of a poll taken not more than 48 hours after it was demanded, the time at which it was demanded.

(7) In calculating the periods mentioned in subsections (3)(b) and (6) no account shall be taken of any part of a day that is not a working day.

350. Saving for more extensive rights conferred by articles

Nothing in sections 342 (rights to appoint proxies) to 349 (notice required of termination of proxy's authority) prevents a company's articles from conferring more extensive rights on members or proxies than are conferred by those sections.

351. Resolution passed at adjourned meeting

Where a resolution is passed at an adjourned meeting of a company, the resolution is for all purposes to be treated as having been passed on the date on which it was in fact passed, and is not to be deemed passed on any earlier date.

352. Sending documents relating to meetings etc in electronic form

(1) Where a company has given an electronic address in a notice calling a meeting, it is deemed to have agreed that any document or information relating to proceedings at the meeting may be sent by electronic means to that address (subject to any conditions or limitations specified in the notice).

(2) Where a company has given an electronic address–

(a) in an instrument of proxy sent out by the company in relation to the meeting, or

(b) in an invitation to appoint a proxy issued by the company in relation to the meeting,

it is deemed to have agreed that any document or information relating to proxies for that meeting may be sent by electronic means to that address (subject to any conditions or limitations specified in the notice).

(3) In subsection (2), documents relating to proxies include–

(a) the appointment of a proxy in relation to a meeting,

(b) any document necessary to show the validity of, or otherwise relating to, the appointment of a proxy, and

(c) notice of the termination of the authority of a proxy.

(4) In this section "electronic address" means any address or number used for the purposes of sending or receiving documents or information by electronic means.

353. Application to class meetings

(1) The provisions of this Chapter apply (with necessary modifications) in relation to a meeting of holders of a class of shares as they apply in relation to a general meeting.

This is subject to subsections (2) to (3).

(2) The following provisions of this Chapter do not apply in relation to a meeting of holders of a class of shares–

(a) sections 320 (members' power to require directors to call general meeting) to 322 (power of members to call meeting at company's expense), and

(b) section 323 (power of Court to order meeting).

(3) The following provisions (in addition to those mentioned in subsection (2)) do not apply in relation to a meeting in connection with the variation of rights attached to a class of shares (a "variation of class rights meeting")–

(a) section 335 (quorum at meetings), and

(b) section 338 (right to demand a poll).

(4) The quorum for a variation of class rights meeting is–

(a) for a meeting other than an adjourned meeting, two persons present holding at least one-third in number of the issued shares of the class in question (excluding any shares of that class held as treasury shares),

(b) for an adjourned meeting, one person present holding shares of the class in question.

(5) For the purposes of subsection (4), where a person is present by proxy or proxies, he is treated as holding only the shares in respect of which those proxies are authorised to exercise voting rights.

(6) At a variation of class rights meeting, any holder of shares of the class in question present may demand a poll.

(7) For the purposes of this section–

(a) any amendment of a provision contained in a company's articles for the variation of the rights attached to a class of shares, or the insertion of any such provision into the articles, is itself to be treated as a variation of those rights, and

(b) references to the variation of rights attached to a class of shares include references to their abrogation.

354. Application to class meetings: companies without a share capital

(1) The provisions of this Chapter apply (with necessary modifications) in relation to a meeting of a class of members of a company without a share capital as they apply in relation to a general meeting.

This is subject to subsections (2) and (3).

(2) The following provisions of this Chapter do not apply in relation to a meeting of a class of members–

(a) sections 320 (members' power to require directors to call general meeting) to 322 (power of members to call meeting at company's expense), and

(b) section 323 (power of Court to order meeting).

(3) The following provisions (in addition to those mentioned in subsection (2)) do not apply in relation to a meeting in connection with the variation of the rights of a class of members (a "variation of class rights meeting")–

(a) section 335 (quorum at meetings), and

(b) section 338 (right to demand a poll).

(4) The quorum for a variation of class rights meeting is–

(a) for a meeting other than an adjourned meeting, two (2) members of the class present (in person or by proxy) who together represent at least one-third of the voting rights of the class, and

(b) for an adjourned meeting, one (1) member of the class present (in person or by proxy).

(5) At a variation of class rights meeting, any member present (in person or by proxy) may demand a poll.

(6) For the purposes of this section–

(a) any amendment of a provision contained in a company's articles for the variation of the rights of a class of members, or the insertion of any such provision into the articles, is itself to be treated as a variation of those rights, and

(b) references to the variation of rights of a class of members include references to their abrogation.

355. Public companies: annual general meeting

(1) Every public company must hold a general meeting as its annual general meeting in each period of 6 months beginning with the day following its accounting reference date (in addition to any other meetings held during that period).

(2) A company that fails to comply with subsection (1) as a result of giving notice under section 381 (alteration of accounting reference date)–

(a) specifying a new accounting reference date, and

(b) stating that the current accounting reference period or the previous accounting reference period is to be shortened,

shall be treated as if it had complied with subsection (1) if it holds a general meeting as its annual general meeting within three (3) months of giving that notice.

(3) If a company fails to comply with subsection (1), a contravention of these Regulations is committed by every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 3 fine.

356. Public companies: notice of AGM

(1) A notice calling an annual general meeting of a public company must state that the meeting is an annual general meeting.

(2) An annual general meeting of a public company may be called by shorter notice than that required by section 324(2) (notice required of general meeting) or by the company's articles (as the case may be), if all the members entitled to attend and vote at the meeting agree to the shorter notice.

357. Public companies: members' power to require circulation of resolutions for AGMs

(1) The members of a public company may require the company to give, to members of the company entitled to receive notice of the next annual general meeting, notice of a resolution which may properly be moved and is intended to be moved at that meeting.

(2) A resolution may properly be moved at an annual general meeting unless–

(a) it would, if passed, be ineffective (whether by reason of inconsistency with any law or regulation applicable to the Abu Dhabi Global Market or the company's constitution or otherwise),

(b) it is defamatory of any person, or

(c) it is frivolous or vexatious.

(3) A company is required to give notice of a resolution once it has received requests that it do so from–

(a) members representing at least 5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate (excluding any voting rights attached to any shares in the company held as treasury shares), or

(b) at least 100 members who have a right to vote on the resolution at the annual general meeting to which the requests relate.

See also section 143 (exercise of rights where shares held on behalf of others: members' requests).

(4) A request–

(a) may be in hard copy form or in electronic form,

(b) must identify the resolution of which notice is to be given,

(c) must be authenticated by the person or persons making it, and

(d) must be received by the company not later than–

(i) 6 weeks before the annual general meeting to which the requests relate, or

(ii) if later, the time at which notice is given of that meeting.

358. Public companies: company's duty to circulate members' resolutions for AGMs

(1) A company that is required under section 357 (members' power to require circulation of resolutions for AGMs) to give notice of a resolution must send a copy of it to each member of the company entitled to receive notice of the annual general meeting–

(a) in the same manner as notice of the meeting, and

(b) at the same time as, or as soon as reasonably practicable after, it gives notice of the meeting.

(2) Subsection (1) has effect subject to section 359(2) (deposit or tender of sum in respect of expenses of circulation).

(3) The business which may be dealt with at an annual general meeting includes a resolution of which notice is given in accordance with this section.

(4) In the event of default in complying with this section, a contravention of these Regulations is committed by every officer of the company who is in default.

(5) A person who commits the contravention referred to in subsection (4) shall be liable to a fine of up to level 4.

359. Public companies: expenses of circulating members' resolutions for AGM

(1) The expenses of the company in complying with section 358 (company's duty to circulate members' resolutions for AGMs) need not be paid by the members who requested the circulation of the resolution if requests sufficient to require the company to circulate it are received before the end of the financial year preceding the meeting.

(2) Otherwise–

(a) the expenses of the company in complying with that section must be paid by the members who requested the circulation of the resolution unless the company resolves otherwise, and

(b) unless the company has previously so resolved, it is not bound to comply with that section unless there is deposited with or tendered to it, not later than–

(i) six weeks before the annual general meeting to which the requests relate, or

(ii) if later, the time at which notice is given of that meeting,

a sum reasonably sufficient to meet its expenses in complying with that section.

CHAPTER 4

RECORDS OF RESOLUTIONS AND MEETINGS

360. Records of resolutions and meetings etc

(1) Every company must keep records comprising–

(a) copies of all resolutions of members passed otherwise than at general meetings,

(b) minutes of all proceedings of general meetings, and

(c) details provided to the company in accordance with section 362 (records of decisions by sole member).

(2) The records must be kept for at least ten years from the date of the resolution, meeting or decision (as appropriate).

(3) If a company fails to comply with this section, a contravention of these Regulations is committed by every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 1 fine.

361. Records as evidence of resolutions etc

(1) This section applies to the records kept in accordance with section 360 (records of resolutions and meetings etc).

(2) The record of a resolution passed otherwise than at a general meeting, if purporting to be signed by a director of the company or by the company secretary, is evidence of the passing of the resolution.

(3) Where there is a record of a written resolution of a private company, the requirements of these Regulations with respect to the passing of the resolution are deemed to be complied with unless the contrary is proved.

(4) The minutes of proceedings of a general meeting, if purporting to be signed by the chairman of that meeting or by the chairman of the next general meeting, are evidence of the proceedings at the meeting.

(5) Where there is a record of proceedings of a general meeting of a company, then until the contrary is proved–

(a) the meeting is deemed duly held and convened,

(b) all proceedings at the meeting are deemed to have duly taken place, and

(c) all appointments at the meeting are deemed valid.

362. Records of decisions by sole member

(1) This section applies to a company limited by shares or by guarantee that has only one member.

(2) Where the member takes any decision that–

(a) may be taken by the company in general meeting, and

(b) has effect as if agreed by the company in general meeting,

he must (unless that decision is taken by way of a written resolution) provide the company with details of that decision.

(3) If a person fails to comply with this section he commits a contravention of these Regulations.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a fine of up to level 4.

(5) Failure to comply with this section does not affect the validity of any decision referred to in subsection (2).

363. Inspection of records of resolutions and meetings

(1) The records referred to in section 360 (records of resolutions and meetings etc) relating to the previous ten years must be kept available for inspection–

(a) at the company's registered office, or

(b) at a place specified in rules made by the Board under section 996 (rules about where certain company records to be kept available for inspection).

(2) The company must give notice to the Registrar–

(a) of the place at which the records are kept available for inspection, and

(b) of any change in that place,

unless they have at all times been kept at the company's registered office.

(3) The records must be open to the inspection of any member of the company without charge.

(4) Any member may require a copy of any of the records of a public or non-restricted scope company on payment of such fee as may be prescribed.

(5) If default is made in complying with subsection (1) or if an inspection required under subsection (3) is refused, or a copy requested under subsection (4) is not sent, a contravention of these Regulations is committed by every officer of the company who is in default.

(6) A person who commits the contravention referred to in subsection (5) shall be liable to a level 1 fine.

(7) If default is made for 14 days in complying with subsection (2) a contravention of these Regulations is committed by every officer of the company who is in default.

(8) A person who commits the contravention referred to in subsection (7) shall be liable to a level 2 fine.

(9) In a case in which an inspection required under subsection (3) is refused or a copy requested under subsection (4) is not sent, the Court may by order compel an immediate inspection of the records or direct that the copies required be sent to the persons who requested them.

364. Records of resolutions and meetings of class of members

The provisions of this Chapter apply (with necessary modifications) in relation to resolutions and meetings of–

(a) holders of a class of shares, and

(b) in the case of a company without a share capital, a class of members,

as they apply in relation to resolutions of members generally and to general meetings.

CHAPTER 5

SUPPLEMENTARY PROVISIONS

365. Computation of periods of notice etc: clear day rule

(1) This section applies for the purposes of the following provisions of this Part–

(a) sections 324(1) and 324(2) (notice required of general meeting),

(b) sections 329(1) and 329(3) (resolution requiring special notice),

(c) section 331(4)(d) (request to circulate members' statement),

(d) section 333(2)(b) (expenses of circulating statement to be deposited or tendered before meeting),

(e) section 357(4)(d)(i) (request to circulate member's resolution at AGM of public company), and

(f) section 359(2)(b)(i) (expenses of circulating statement to be deposited or tendered before meeting).

(2) Any reference in those provisions to a period of notice, or to a period before a meeting by which a request must be received or sum deposited or tendered, is to a period of the specified length excluding–

(a) the day of the meeting, and

(b) the day on which the notice is given, the request received or the sum deposited or tendered.

366. Electronic meetings and voting

Nothing in this Part is to be taken to preclude the holding and conducting of a meeting in such a way that persons who are not present together at the same place may by electronic means attend and speak and vote at it.

(1) The use of electronic means for the purpose of enabling members to participate in a general meeting may be made subject only to such requirements and restrictions as are–

(a) necessary to ensure the identification of those taking part and the security of the electronic communication, and

(b) proportionate to the achievement of those objectives.

(2) Nothing in subsection (2) affects any power of a company to require reasonable evidence of the entitlement of any person who is not a member to participate in the meeting.

PART 14

ACCOUNTS AND REPORTS

CHAPTER 1

INTRODUCTION

General

367. Scheme of this Part

(1) The requirements of this Part as to accounts and reports apply in relation to each financial year of a company.

(2) In certain respects different provisions apply to different kinds of company.

(3) The main distinction for this purpose is between companies subject to the small companies regime (see section 368 (companies subject to the small companies regime)) and companies that are not subject to that regime.

(4) In this Part, where provisions do not apply to all kinds of company–

(a) provisions applying to companies subject to the small companies regime appear before the provisions applying to other companies, and

(b) provisions applying to private companies appear before the provisions applying to public companies.

(5) Restricted scope companies shall be subject only to the following Chapters of this Part:

(a) Chapter 2 (Accounting records),

(b) Chapter 3 (A company's financial year),

(c) Chapter 4 (Annual accounts),

(d) Chapter 6 (Publication of accounts and reports),

(e) Chapter 8 (Filing of accounts and reports), to the extent required under section 415(3) (duty to file reports and accounts with the Registrar),

(f) Chapter 9 (Revision of defective accounts and reports), and

(g) Chapter 11 (Supplementary provisions).

368. Companies subject to the small companies regime

The small companies regime applies to a company for a financial year in relation to which the company–

(a) qualifies as small (see sections 369 (general) and 370 (parent companies)), and

(b) is not excluded from the regime (see section 371 (companies excluded from the small companies regime)).

369. Companies qualifying as small: general

(1) A company qualifies as small in relation to its first financial year if the qualifying conditions are met in that year.

(2) Subject to subsection (3), a company qualifies as small in relation to a subsequent financial year if the qualifying conditions are met in that year.

(3) In relation to a subsequent financial year, where on its balance sheet date a company meets or ceases to meet the qualifying conditions, that affects its qualification as a small company only if it occurs in two consecutive financial years.

(4) The qualifying conditions are met by a company in a year in which it satisfies both of the following requirements–

1. Turnover	Not more than 13.5 million US dollars
2. Number of employees	Not more than 35

(5) For a period that is a company's financial year but not in fact a year the maximum figures for turnover must be proportionately adjusted.

(6) The number of employees means the average number of persons employed by the company in the year, determined as follows–

(a) find for each month in the financial year the number of persons employed under contracts of service by the company in that month (whether throughout the month or not),

(b) add together the monthly totals, and

(c) divide by the number of months in the financial year.

(7) This section is subject to section 370 (companies qualifying as small: parent companies).

370. Companies qualifying as small: parent companies

(1) A parent company qualifies as a small company in relation to a financial year only if the group headed by it qualifies as a small group.

(2) A group qualifies as small in relation to the parent company's first financial year if the qualifying conditions are met in that year.

(3) Subject to subsection (4), a group qualifies as small in relation to a subsequent financial year of the parent company if the qualifying conditions are met in that year.

(4) In relation to a subsequent financial year of the parent company, where on the parent company's balance sheet date the group meets or ceases to meet the qualifying conditions, that affects the group's qualification as a small group only if it occurs in two consecutive financial years.

(5) The qualifying conditions are met by a group in a year in which it satisfies both of the following requirements–

1. Aggregate turnover	Not more than 13.5 million US dollars net (or 16.2 million US dollars gross)
2. Aggregate number of employees	Not more than 35

(6) The aggregate figures are ascertained by aggregating the relevant figures determined in accordance with section 369 (companies qualifying as small: general) for each member of the group.

(7) In relation to the aggregate figures for turnover–

"net" means after any set offs and other adjustments made to eliminate group transactions in accordance with international accounting standards, and

"gross" means without those set offs and other adjustments.

A company may satisfy any relevant requirement on the basis of either the net or the gross figure.

(8) The figures for each subsidiary undertaking shall be those included in its individual accounts for the relevant financial year, that is–

(a) if its financial year ends with that of the parent company, that financial year, and

(b) if not, its financial year ending last before the end of the financial year of the parent company.

If those figures cannot be obtained without disproportionate expense or undue delay, the latest available figures shall be taken.

371. Companies excluded from the small companies regime

(1) The small companies regime does not apply to a company that is, or was at any time within the financial year to which the accounts relate–

(a) a public interest entity,

(b) a financial institution other than a Fin Tech Participant[30], or

(c) a member of an ineligible group other than a Fin Tech Participant[31].

(2) A group is ineligible if any of its members is–

(a) a public interest entity, or

[30] Amended by Regulations to amend the Companies Regulations 2015, enacted on 9/10/2016.

[31] Amended by Regulations to amend the Companies Regulations 2015, enacted on 9/10/2016.

(b) a financial institution other than a Fin Tech Participant[32].

372. Public interest entities and financial institutions

(1) For the purposes of this Part a company is a public interest entity in relation to a financial year if it is a public interest entity immediately before the end of the accounting reference period by reference to which that financial year was determined.

(2) A "public-interest entity" means a company:

(a) that is listed on a recognised investment exchange, or

(b) that is designated by the Board as a public-interest entity, because of the nature of its business, its size or the number of its employees.

(3) For the purposes of this Part a company is a "financial institution" in relation to a financial year if it was[33] as a financial institution at any time during the accounting reference period by reference to which that financial year was determined.

(4) The Board may make rules amending or replacing the provisions of subsections (1) to (3) so as to limit or extend the application of some or all of the provisions of this Part that refer to public interest entities and/or financial institutions.

373. Companies qualifying as micro-entities

(1) A company qualifies as a micro-entity in relation to its first financial year if the qualifying conditions are met in that year.

(2) Subject to subsection (3), a company qualifies as a micro-entity in relation to a subsequent financial year if the qualifying conditions are met in that year.

(3) In relation to a subsequent financial year, where on its balance sheet date a company meets or ceases to meet the qualifying conditions, that affects its qualification as a micro-entity only if it occurs in two consecutive financial years.

(4) The qualifying conditions are met by a company in a year in which it satisfies both of the following requirements–

1. Turnover	not more than 2.5 million US dollars
2. Number of employees	not more than 9

(5) For a period that is a company's financial year but not in fact a year the maximum figures for turnover must be proportionately adjusted.

(6) The number of employees means the average number of persons employed by the company in the year, determined as follows–

[32] Amended by Regulations to amend the Companies Regulations 2015, enacted on 9/10/2016.

[33] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015

(a) find for each month in the financial year the number of persons employed under contracts of service by the company in that month (whether throughout the month or not),

(b) add together the monthly totals, and

(c) divide by the number of months in the financial year.

(7) In the case of a company which is a parent company, the company qualifies as a micro-entity in relation to a financial year only if–

(a) the company qualifies as a micro-entity in relation to that year, as determined by subsections (1) to (7), and

(b) the group headed by the company qualifies as a small group, as determined by section 369(2) to (6).

374. Companies excluded from being treated as micro-entities

(1) The micro-entity provisions do not apply in relation to a company's accounts for a particular financial year if the company was at any time within that year a company excluded from the small companies regime by virtue of section 371 (companies excluded from the small companies regime).

(2) The micro-entity provisions also do not apply in relation to a company's accounts for a financial year if –

(a) the company is a parent company which prepares group accounts for that year as permitted by section 388 (option to prepare group accounts), or

(b) the company is not a parent company but its accounts are included in consolidated group accounts for that year.

CHAPTER 2

ACCOUNTING RECORDS

375. Duty to keep accounting records

(1) Every company must keep adequate accounting records.

(2) Adequate accounting records means records that are sufficient–

(a) to show and explain the company's transactions,

(b) to disclose with reasonable accuracy, at any time, the financial position of the company at that time, and

(c) to enable the directors to ensure that any accounts required to be prepared comply with the requirements of these Regulations.

(3) Accounting records must, in particular, contain records and underlying documents comprising initial and other accounting entries and associated supporting documents such as:–

(a) cheques;

(b) records of electronic fund transfers;

(c) invoices;

(d) contracts;

(e) the general and subsidiary ledgers, journal entries and other adjustments to the financial statements that are not reflected in journal entries;

(f) work sheets and spread sheets supporting cost allocations, computations, reconciliations and disclosures; and[34]

(g) a record of the assets and liabilities of the company.

(4) If the company's business involves dealing in goods, the accounting records must contain–

(a) statements of stock held by the company at the end of each financial year of the company,

(b) all statements of stocktakings from which any statement of stock as is mentioned in subsection (4)(a) has been or is to be prepared, and

(c) except in the case of goods sold by way of ordinary retail trade, statements of all goods sold and purchased, showing the goods and the buyers and sellers in sufficient detail to enable all these to be identified.

(5) A parent company that has a subsidiary undertaking in relation to which the above requirements do not apply must take reasonable steps to secure that the undertaking keeps such accounting records as to enable the directors of the parent company to ensure that any accounts required to be prepared under this Part comply with the requirements of these Regulations.

376. Duty to keep accounting records: contravention

(1) If a company fails to comply with any provision of section 375 (duty to keep accounting records), a contravention of these Regulations is committed by every officer of the company who is in default.

(2) A person does not commit the contravention referred to in subsection (1) if he shows that he acted honestly and that in the circumstances in which the company's business was carried on the default was excusable.

(3) A person who commits the contravention referred to in subsection (1) shall be liable to a fine of up to level 5.

377. Where and for how long records to be kept

(1) A company's accounting records–

(a) must be kept at its registered office or such other place as the directors think fit, and

(b) must at all times be open to inspection by the company's officers.

[34] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(2) If accounting records are kept at a place outside the Abu Dhabi Global Market, accounts and returns with respect to the business dealt with in the accounting records so kept must be sent to, and kept at, a place in the Abu Dhabi Global Market, and must at all times be open to such inspection.

(3) The accounts and returns to be sent to the Abu Dhabi Global Market must be such as to–

(a) disclose with reasonable accuracy the financial position of the business in question at intervals of not more than six months, and

(b) enable the directors to ensure that the accounts required to be prepared under this Part comply with the requirements of these Regulations.

(4) Accounting records that a company is required by section 375 (duty to keep accounting records) to keep must be preserved by it for ten years from the date on which they are made.

(5) Subsection (4) is subject to any provision contained in other regulation or law applicable in the Abu Dhabi Global Market.

378. Where and for how long records to be kept: contraventions

(1) If a company fails to comply with any provision of subsections (1) to (4) of section 377 (where and for how long records to be kept), a contravention of these Regulations is committed by every officer of the company who is in default.

(2) A person does not commit the contravention referred to in subsection (1) if he shows that he acted honestly and that in the circumstances in which the company's business was carried on the default was excusable.

(3) An officer of a company commits a contravention of these Regulations if he–

(a) fails to take all reasonable steps for securing compliance by the company with subsection (4) of that section (period for which records to be preserved), or

(b) intentionally causes any default by the company under that subsection.

(4) Subject to subsection (2), a person who commits the contraventions referred to in subsection (1) shall be liable to a level 2 fine.

(5) A person who commits the contraventions referred to in subsection (3) shall be liable to a fine of up to level 5.

CHAPTER 3

A COMPANY'S FINANCIAL YEAR

379. A company's financial year

(1) The financial year of a company (including a restricted scope company to which the provisions of this Chapter 3 apply) is determined as follows.

(2) Its first financial year–

(a) begins with the first day of its first accounting reference period, and

(b) ends with the last day of that period or such other date, not more than seven days before or after the end of that period, as the directors may determine.

(3) Subsequent financial years–

(a) begin with the day immediately following the end of the company's previous financial year, and

(b) end with the last day of its next accounting reference period or such other date, not more than seven days before or after the end of that period, as the directors may determine.

(4) In relation to an undertaking that is not a company, references in these Regulations to its financial year are to any period in respect of which a profit and loss account of the undertaking is required to be made up (by its constitution or by the law under which it is established), whether that period is a year or not.

(5) The directors of a parent company must secure that, except where in their opinion there are good reasons against it, the financial year of each of its subsidiary undertakings coincides with the company's own financial year.

380. Accounting reference periods and accounting reference date

(1) A company's accounting reference periods are determined according to its accounting reference date in each calendar year.

(2) A company's first accounting reference period is the period of more than six months, but not more than 18 months, beginning with the date of its incorporation and ending with its accounting reference date.

(3) Its subsequent accounting reference periods are successive periods of twelve months beginning immediately after the end of the previous accounting reference period and ending with its accounting reference date.

(4) This section has effect subject to the provisions of section 381 (alteration of accounting reference date).

381. Alteration of accounting reference date

(1) A company may by notice given to the Registrar specify a new accounting reference date having effect in relation to–

(a) the company's current accounting reference period and subsequent periods, or

(b) the company's previous accounting reference period and subsequent periods.

A company's "previous accounting reference period" means the one immediately preceding its current accounting reference period.

(2) The notice must state whether the current or previous accounting reference period–

(a) is to be shortened, so as to come to an end on the first occasion on which the new accounting reference date falls or fell after the beginning of the period, or

(b) is to be extended, so as to come to an end on the second occasion on which that date falls or fell after the beginning of the period.

(3) A notice extending a company's current or previous accounting reference period is not effective if given less than five years after the end of an earlier accounting reference period of the company that was extended under this section.

This does not apply–

(a) where the company is in administration under Part 1 (administration) of the Insolvency Regulations 2015, or

(b) where the Registrar directs that it should not apply, which he may do with respect to a notice that has been given or that may be given.

(4) A notice under this section may not be given in respect of a previous accounting reference period if the period for filing accounts and reports for the financial year determined by reference to that accounting reference period has already expired.

(5) An accounting reference period may not be extended so as to exceed 18 months and a notice under this section is ineffective if the current or previous accounting reference period as extended in accordance with the notice would exceed that limit.

This does not apply where the company is in administration under Part 1 (administration) of the Insolvency Regulations 2015.

CHAPTER 4

ANNUAL ACCOUNTS

General

382. Accounts to give a fair representation

(1) The directors of a company must not approve accounts for the purposes of this Chapter unless they are satisfied that they give a fair representation of the assets, liabilities, financial position and profit or loss–

(a) in the case of the company's individual accounts, of the company,

(b) in the case of the company's group accounts, of the undertakings included in the consolidation as a whole, so far as concerns members of the company.

(2) The following provisions apply to the directors of a company which qualifies as a micro-entity in relation to a financial year (see sections 373 (companies qualifying as micro-entities) and 374 (companies excluded from being treated as micro-entities)) in their consideration of whether the individual accounts of the company for that year give a fair representation as required by subsection (1)(a)–

(a) where the accounts comprise only micro-entity minimum accounting items, the directors must disregard any provision of an accounting standard which would require the accounts to contain information additional to those items,

(b) in relation to a micro-entity minimum accounting item contained in the accounts, the directors must disregard any provision of an accounting standard which would require the accounts to contain further information in relation to that item, and

(c) where the accounts contain an item of information additional to the micro-entity minimum accounting items, the directors must have regard to any provision of an accounting standard which relates to that item.

(3) The auditor of a company in carrying out his functions under these Regulations in relation to the company's annual accounts must have regard to the directors' duty under subsection (1).

383. Duty to prepare individual accounts

(1) The directors of every company must prepare accounts for the company for each of its financial years unless the company is exempt from that requirement under section 384 (individual accounts: exemption for dormant subsidiaries).

(2) The directors of every restricted scope company must prepare accounts for the company under the small companies regime for each of its financial years (whether or not such company would otherwise qualify as small under Chapter 1 of this Part), unless the company is exempt from that requirement under section 384 (individual accounts: exemption for dormant subsidiaries).

(3) Accounts prepared pursuant to this section are referred to as the company's "individual accounts".

384. Individual accounts: exemption for dormant subsidiaries

(1) A company that is otherwise required to prepare individual accounts is exempt from this requirement for a financial year if–

(a) it is itself a subsidiary undertaking, and

(b) it has been dormant throughout the whole of that year,

(2) Exemption is conditional upon compliance with all of the following conditions–

(a) all members of the company must agree to the exemption in respect of the financial year in question,

(b) the parent undertaking must give a guarantee under section 386 (parent undertaking declaration of guarantee) in respect of that year,

(c) the company must be included in the consolidated accounts drawn up for that year or to an earlier date in that year by the parent undertaking,

(d) the parent undertaking must disclose in the notes to the consolidated accounts that the company is exempt from the requirement to prepare individual accounts by virtue of this section, and

(e) the directors of the company must deliver to the Registrar within the period for filing the company's accounts and reports for that year–

(i) a written notice of the agreement referred to in subsection (2)(a),

(ii) the statement referred to in section 386(1) (parent undertaking declaration of guarantee),

(iii) a copy of the consolidated accounts referred to in subsection (2)(c),

(iv) a copy of the auditor's report on those accounts, and

(v) a copy of the consolidated annual report drawn up by the parent undertaking.

385. Companies excluded from the dormant subsidiaries exemption

A company is not entitled to the exemption conferred by section 384 (individual accounts: exemption for dormant subsidiaries) if it was at any time within the financial year in question–

(a) is a public interest entity, or

(b) is a financial institution, or

(c) a member of an ineligible group (as defined in section 371(2) (companies excluded from the small companies regime))

386. Dormant subsidiaries exemption: parent undertaking declaration of guarantee

(1) A guarantee is given by a parent undertaking under this section when the directors of the subsidiary company deliver to the Registrar a statement by the parent undertaking that it guarantees the subsidiary company under this section.

(2) The statement under subsection (1) must be authenticated by the parent undertaking and must specify–

(a) the name of the parent undertaking,

(b) if the parent undertaking is incorporated in the Abu Dhabi Global Market, its registered number (if any),

(c) if the parent undertaking is incorporated outside the Abu Dhabi Global Market and registered in the country in which it is incorporated, the identity of the register on which it is registered and the number with which it is so registered,

(d) the name and registered number of the subsidiary company in respect of which the guarantee is being given,

(e) the date of the statement, and

(f) the financial year to which the guarantee relates.

(3) A guarantee given under this section has the effect that–

(a) the parent undertaking guarantees all outstanding liabilities to which the subsidiary company is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full, and

(b) the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

387. Individual accounts: applicable accounting framework

(1) A company's individual accounts shall be prepared in accordance with international accounting standards ("IAS individual accounts").

(2) The Board may make rules prescribing (i) the circumstances in which other accounting standards may be adopted for the purpose of preparing a company's individual accounts and (ii) the other accounting standards which may be so adopted.

388. Option to prepare group accounts

If at the end of a financial year a company subject to the small companies regime is a parent company the directors, as well as preparing individual accounts for the year, may prepare group accounts for the year.

389. Duty to prepare group accounts

(1) This section applies to companies that are not subject to the small companies regime.

(2) If at the end of a financial year the company is a parent company the directors, as well as preparing individual accounts for the year, must prepare group accounts for the year unless the company is exempt from that requirement.

(3) Group accounts prepared in accordance with this section shall be prepared in accordance with international accounting standards ("IAS group accounts").

(4) The Board may make rules prescribing other accounting standards which may be adopted for the purpose of preparing group accounts.

(5) There are exemptions to the requirements of this section under section 390 (exemption for company included in group accounts of larger group).

(6) A company to which this section applies but which is exempt from the requirement to prepare group accounts, may do so.

390. Exemption for company included in group accounts of larger group

(1) A company is exempt from the requirement to prepare group accounts if it is itself a subsidiary undertaking, in the following cases–

(a) where the company is a wholly-owned subsidiary,

(b) where its parent undertaking holds more than 50% of the shares in the company and notice requesting the preparation of group accounts has not been served on the company by shareholders holding in aggregate–

(i) more than half of the remaining shares in the company (excluding treasury shares), or

(ii) 5% of the total shares in the company (excluding treasury shares).

Such notice must be served not later than six months after the end of the financial year before that to which it relates.

(2) Exemption is conditional upon compliance with all of the following conditions–

(a) the company and all of its subsidiary undertakings must be included in consolidated accounts for a larger group drawn up to the same date, or to an earlier date in the same financial year, by a parent undertaking,

(b) those accounts and, where appropriate, the group's annual report, must be drawn up in accordance with the requirements of these Regulations with respect to such accounts and reports or otherwise in a manner equivalent to consolidated accounts and consolidated annual reports so drawn up,

(c) the group accounts must be audited by one or more persons authorised to audit accounts under the law under which the parent undertaking which draws them up is established,

(d) the company must disclose in its individual accounts that it is exempt from the obligation to prepare and deliver group accounts,

(e) the company must state in its individual accounts the name of the parent undertaking which draws up the group accounts referred to above and–

(i) if it is incorporated outside the Abu Dhabi Global Market, the country in which it is incorporated, or

(ii) if it is unincorporated, the address of its principal place of business,

(f) the company must deliver to the Registrar, within the period for filing its accounts and reports for the financial year in question, copies of–

(i) the group accounts, and

(ii) where appropriate, the consolidated annual report,

(iii) together with the auditor's report on them,

(g) any requirement of Part 31 of these Regulations as to the delivery to the Registrar of a certified translation into English must be met in relation to any document comprised in the accounts and reports delivered in accordance with subsection (2)(f).

(3) For the purposes of subsection (1)(b), shares held by a wholly-owned subsidiary of the parent undertaking, or held on behalf of the parent undertaking or a wholly-owned subsidiary, are attributed to the parent undertaking.

(4) Shares held by directors of a company for the purpose of complying with any share qualification requirement shall be disregarded in determining for the purposes of this section whether the company is a wholly-owned subsidiary.

391. Consistency of financial reporting within group

(1) The directors of a parent company must secure that the individual accounts of–

(a) the parent company, and

(b) each of its subsidiary undertakings,

are all prepared using the same financial reporting framework, except to the extent that in their opinion there are good reasons for not doing so.

(2) Subsection (1) does not apply if the directors do not prepare group accounts for the parent company.

(3) Subsection (1) only applies to accounts of subsidiary undertakings that are required to be prepared under this Part.

(4) Subsection (1)(a) does not apply where the directors of a parent company prepare IAS group accounts and IAS individual accounts.

392. Individual profit and loss account where group accounts prepared

(1) This section applies where–

(a) a company prepares group accounts in accordance with these Regulations, and

(b) the notes to the company's individual balance sheet show the company's profit or loss for the financial year determined in accordance with these Regulations.

(2) The company's individual profit and loss account need not contain the information specified in section 396 (information about employee numbers and costs).

(3) The company's individual profit and loss account must be approved in accordance with section 399(1) (approval by directors) but may be omitted from the company's annual accounts for the purposes of the other provisions of these Regulations.

393. Information about related undertakings

(1) The Board may make rules requiring information about related undertakings to be given in notes to a company's annual accounts.

(2) The rules–

(a) may make different provision according to whether or not the company prepares group accounts, and

(b) may specify the descriptions of undertaking in relation to which it applies, and make different provision in relation to different descriptions of related undertaking.

(3) The rules may provide that information need not be disclosed with respect to an undertaking that–

(a) is established under the law of a jurisdiction outside the Abu Dhabi Global Market, or

(b) carries on business outside the Abu Dhabi Global Market,

if the following conditions are met.

(4) The conditions are–

(a) that in the opinion of the directors of the company the disclosure would be seriously prejudicial to the business of–

(i) that undertaking,

(ii) the company,

(iii) any of the company's subsidiary undertakings, or

(iv) any other undertaking which is included in the consolidation, and

(b) that the Registrar agrees that the information need not be disclosed.

(5) Where advantage is taken of any such exemption, that fact must be stated in a note to the company's annual accounts.

394. Information about related undertakings: alternative compliance

(1) This section applies where the directors of a company are of the opinion that the number of undertakings in respect of which the company is required to disclose information under any provision of a rule made under section 393 (information about related undertakings) is such that compliance with that provision would result in information of excessive length being given in notes to the company's annual accounts.

(2) The information need only be given in respect of the undertakings whose results or financial position, in the opinion of the directors, principally affected the figures shown in the company's annual accounts.

(3) If advantage is taken of subsection (2)–

(a) there must be included in the notes to the company's annual accounts a statement that the information is given only with respect to such undertakings as are mentioned in that subsection, and

(b) the full information (both that which is disclosed in the notes to the accounts and that which is not) must be annexed to the company's next annual return.

For this purpose the "next annual return" means that next delivered to the Registrar after the accounts in question have been approved under section 399 (approval and signing of accounts).

(4) If a company fails to comply with subsection (3)(b), a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(5) A person who commits the contravention referred to in subsection (4) shall be liable to a level 3 fine.

395. Information about off-balance sheet arrangements

(1) In the case of a company that is not subject to the small companies regime, if in any financial year–

(a) the company is or has been party to arrangements that are not reflected in its balance sheet, and

(b) at the balance sheet date the risks or benefits arising from those arrangements are material,

(c) the information required by this section must be given in notes to the company's annual accounts.

(2) The information required is–

(a) the nature and business purpose of the arrangements, and

(b) the financial impact of the arrangements on the company.

(3) The information need only be given to the extent necessary for enabling the financial position of the company to be assessed.

(4) If the company qualifies as medium-sized in relation to the financial year (see sections 438 (companies qualifying as medium-sized: general) to 440 (companies

excluded from being treated as medium-sized)) it need not comply with subsection (2)(b).

(5) This section applies in relation to group accounts as if the undertakings included in the consolidation were a single company.

396. Information about employee numbers and costs

(1) In the case of a company not subject to the small companies regime, the following information with respect to the employees of the company must be given in notes to the company's annual accounts–

(a) the average number of persons employed by the company in the financial year, and

(b) the average number of persons so employed within each category of persons employed by the company.

(2) The categories by reference to which the number required to be disclosed by subsection (1)(b) is to be determined must be such as the directors may select having regard to the manner in which the company's activities are organised.

(3) The average number required by subsection (1)(a) or (b) is determined by dividing the relevant annual number by the number of months in the financial year.

(4) The relevant annual number is determined by ascertaining for each month in the financial year–

(a) for the purposes of subsection (1)(a), the number of persons employed under contracts of service by the company in that month (whether throughout the month or not),

(b) for the purposes of subsection (1)(b), the number of persons in the category in question of persons so employed,

(c) and adding together all the monthly numbers.

(5) In respect of all persons employed by the company during the financial year who are taken into account in determining the relevant annual number for the purposes of subsection (1)(a) there must also be stated the aggregate amounts respectively of–

(a) wages and salaries paid or payable in respect of that year to those persons,

(b) social security costs incurred by the company on their behalf, and

(c) other pension costs so incurred.

This does not apply in so far as those amounts, or any of them, are stated elsewhere in the company's accounts.

(6) In subsection (5)–

"pension costs" includes any costs incurred by the company in respect of–

(a) any pension scheme established for the purpose of providing pensions for persons currently or formerly employed by the company,

(b) any sums set aside for the future payment of pensions or sums due in respect of employees' end-of service gratuity entitlements directly by the company to current or former employees, and

(c) any pensions or end-of service gratuity payments paid directly to such persons without having first been set aside,

"social security costs" means any contributions by the company to any state social security or pension scheme, fund or arrangement.

(7) This section applies in relation to group accounts as if the undertakings included in the consolidation were a single company.

397. Information about directors' benefits: remuneration

(1) The Board may make rules requiring information to be given in notes to a company's annual accounts about directors' remuneration.

(2) The matters about which information may be required include–

(a) gains made by directors on the exercise of share options,

(b) benefits received or receivable by directors under long-term incentive schemes,

(c) payments for loss of office (as defined in section 203 (payments for loss of office)) and entitlements to end-of-service gratuity payments,

(d) benefits receivable, and contributions for the purpose of providing benefits, in respect of past services of a person as director or in any other capacity while director,

(e) consideration paid to or receivable by third parties for making available the services of a person as director or in any other capacity while director.

(3) For the purposes of this section, and rules made under it, amounts paid to or receivable by–

(a) a person connected with a director, or

(b) a body corporate controlled by a director,

are treated as paid to or receivable by the director.

The expressions "connected with" and "controlled by" in this subsection have the same meaning as in Part 10 (company directors).

(4) It is the duty of–

(a) any director of a company, and

(b) any person who is or has at any time in the preceding five years been a director of the company,

to give notice to the company of such matters relating to himself as may be necessary for the purposes of rules under this section.

(5) A person who makes default in complying with subsection (4) commits a contravention of these Regulations and shall be liable to a level 3 fine.

398. Information about directors' benefits: advances, credit and guarantees

(1) In the case of a company that does not prepare group accounts, details of–

(a) advances and credits granted by the company to its directors, and

(b) guarantees of any kind entered into by the company on behalf of its directors,

must be shown in the notes to its individual accounts.

(2) In the case of a parent company that prepares group accounts, details of–

(a) advances and credits granted to the directors of the parent company, by that company or by any of its subsidiary undertakings, and

(b) guarantees of any kind entered into on behalf of the directors of the parent company, by that company or by any of its subsidiary undertakings,

must be shown in the notes to the group accounts.

(3) The details required of an advance or credit are–

(a) its amount,

(b) an indication of the interest rate,

(c) its main conditions, and

(d) any amounts repaid.

(4) The details required of a guarantee are–

(a) its main terms,

(b) the amount of the maximum liability that may be incurred by the company (or its subsidiary), and

(c) any amount paid and any liability incurred by the company (or its subsidiary) for the purpose of fulfilling the guarantee (including any loss incurred by reason of enforcement of the guarantee).

(5) There must also be stated in the notes to the accounts the totals–

(a) of amounts stated under subsection (3)(a),

(b) of amounts stated under subsection (3)(d),

(c) of amounts stated under subsection (4)(b), and

(d) of amounts stated under subsection (4)(c).

(6) References in this section to the directors of a company are to the persons who were a director at any time in the financial year to which the accounts relate.

(7) The requirements of this section apply in relation to every advance, credit or guarantee subsisting at any time in the financial year to which the accounts relate–

(a) whenever it was entered into,

(b) whether or not the person concerned was a director of the company in question at the time it was entered into, and

(c) in the case of an advance, credit or guarantee involving a subsidiary undertaking of that company, whether or not that undertaking was such a subsidiary undertaking at the time it was entered into.

(8) Financial institutions need only state the details required by subsection (5)(a) and (c).

399. Approval and signing of accounts

(1) A company's annual accounts must be approved by the board of directors and signed on behalf of the board by a director of the company.

(2) The signature must be on the company's balance sheet.

(3) If the accounts are prepared in accordance with the small companies regime, the balance sheet must contain, in a prominent position above the signature:

(a) in the case of individual accounts prepared in accordance with the micro-entity provisions, a statement to that effect, or

(b) in the case of accounts not prepared as mentioned in subsection (3)(a), a statement to the effect that the accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

(4) If annual accounts are approved that do not comply with the requirements of these Regulations, every director of the company who–

(a) knew that they did not comply, or was reckless as to whether they complied, and

(b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the accounts from being approved,

(c) commits a contravention of these Regulations.

(5) A person who commits the contravention referred to in subsection (4) shall be liable to a fine of up to level 5.

CHAPTER 5

DIRECTORS' REPORT

Directors' report

400. Duty to prepare directors' report

(1) The directors of a company must prepare a directors' report for each financial year of the company.

(2) For a financial year in which–

(a) the company is a parent company, and

(b) the directors of the company prepare group accounts,

the directors' report must be a consolidated report (a "group directors' report") relating to the undertakings included in the consolidation.

(3) A group directors' report may, where appropriate, give greater emphasis to the matters that are significant to the undertakings included in the consolidation, taken as a whole.

(4) In the case of failure to comply with the requirement to prepare a directors' report, a contravention of these Regulations is committed by every person who–

(a) was a director of the company immediately before the end of the period for filing accounts and reports for the financial year in question, and

(b) failed to take all reasonable steps for securing compliance with that requirement.

(5) A person who commits the contravention referred to in subsection (4) shall be liable to a level 3 fine.

(6) This Chapter shall not apply to a company that is a restricted scope company.

401. Directors' report: small companies exemption

(1) A company is entitled to small companies exemption in relation to the directors' report for a financial year if–

(a) it is entitled to prepare accounts for the year in accordance with the small companies regime, or

(b) it would be so entitled but for being or having been a member of an ineligible group.

(2) The exemption is relevant to–

section 402(1)(b) (contents of directors' report: statement of amount recommended by way of dividend), and

sections 418 to 421 (filing obligations of different descriptions of company).

402. Contents of directors' report: general

(1) The directors' report for a financial year must state–

(a) the names of the persons who, at any time during the financial year, were directors of the company, and

(b) except in the case of a company entitled to the small companies exemption, the amount (if any) that the directors recommend should be paid by way of dividend.

(2) The Board may make rules as to other matters that must be disclosed in a directors' report.

403. Contents of directors' report: statement as to disclosure to auditors

(1) This section applies to a company unless–

(a) it is exempt for the financial year in question from the requirements of Part 15 as to audit of accounts, and

(b) the directors take advantage of that exemption.

(2) The directors' report must contain a statement to the effect that, in the case of each of the persons who are directors at the time the report is approved–

(a) so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

(3) "Relevant audit information" means information needed by the company's auditor in connection with preparing his report.

(4) A director is regarded as having taken all the steps that he ought to have taken as a director in order to do the things mentioned in subsection (2)(b) if he has–

(a) made such enquiries of his fellow directors and of the company's auditors for that purpose, and

(b) taken such other steps (if any) for that purpose,

as are required by his duty as a director of the company to exercise reasonable care, skill and diligence.

(5) Where a directors' report containing the statement required by this section is approved but the statement is false, every director of the company who–

(a) knew that the statement was false, or was reckless as to whether it was false, and

(b) failed to take reasonable steps to prevent the report from being approved,

(c) commits a contravention of these Regulations.

(6) A person who commits the contravention referred to in subsection (5) shall be liable to a fine of up to level 4.

404. Approval and signing of directors' report

(1) The directors' report must be approved by the board of directors and signed on behalf of the board by a director or the secretary of the company.

(2) If in preparing the report advantage is taken of the small companies exemption, it must contain a statement to that effect in a prominent position above the signature.

(3) If a directors' report is approved that does not comply with the requirements of these Regulations, every director of the company who–

(a) knew that it did not comply, or was reckless as to whether it complied, and

(b) failed to take reasonable steps to secure compliance with those requirements or, as the case may be, to prevent the report from being approved,

commits a contravention of these Regulations.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a fine of up to level 4.

CHAPTER 6

PUBLICATION OF ACCOUNTS AND REPORTS

Duty to circulate copies of accounts and reports

405. Duty to circulate copies of annual accounts and reports

(1) Every company required to prepare annual accounts must send a copy of its annual accounts and reports for each financial year to–

(a) every member of the company,

(b) every holder of the company's debentures, and

(c) every person who is entitled to receive notice of general meetings.

(2) Copies need not be sent to a person for whom the company does not have a current address.

(3) A company has a "current address" for a person if–

(a) an address has been notified to the company by the person as one at which documents may be sent to him, and

(b) the company has no reason to believe that documents sent to him at that address will not reach him.

(4) In the case of a company not having a share capital, copies need not be sent to anyone who is not entitled to receive notices of general meetings of the company.

(5) Where copies are sent out over a period of days, references in these Regulations to the day on which copies are sent out shall be read as references to the last day of that period.

406. Time allowed for sending out copies of accounts and reports

(1) The time allowed for sending out copies of the company's annual accounts and reports is as follows.

(2) A private company must comply with section 405 (duty to circulate copies of annual accounts and reports) not later than–

(a) the end of the period for filing accounts and reports, or

(b) if earlier, the date on which it actually delivers its accounts and reports to the Registrar.

(3) A public company must comply with section 405 (duty to circulate copies of annual accounts and reports) at least 21 days before the date of the relevant accounts meeting.

(4) If in the case of a public company copies are sent out later than is required by subsection (3), they shall, despite that, be deemed to have been duly sent if it is so agreed by all the members entitled to attend and vote at the relevant accounts meeting.

(5) Whether the time allowed is that for a private company or a public company is determined by reference to the company's status immediately before the end of the

accounting reference period by reference to which the financial year for the accounts in question was determined.

(6) In this section the "relevant accounts meeting" means the accounts meeting of the company at which the accounts and reports in question are to be laid.

407. Default in sending out copies of accounts and reports: contraventions

(1) If default is made in complying with section 405 (duty to circulate copies of annual accounts and reports) or 406 (time allowed for sending out copies of accounts and reports), a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(2) A person who commits the contravention referred to in subsection (1) shall be liable to a fine of up to level 4.

408. Right of member or debenture holder to copies of accounts and reports

(1) A member of, or holder of debentures of, a company is entitled to be provided, on demand and without charge, with a copy of–

(a) the company's last annual accounts,

(b) the last directors' report, and

(c) the auditor's report on those accounts (including the statement on that report),

(2) The entitlement under this section is to a single copy of those documents, but that is in addition to any copy to which a person may be entitled under section 405 (duty to circulate copies of annual accounts and reports).

(3) If a demand made under this section is not complied with within seven days of receipt by the company, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a fine of up to level 4.

409. Name of signatory to be stated in published copies of accounts and reports

(1) Every copy of a document to which this section applies that is published by or on behalf of the company (including, where applicable, a restricted scope company) must state the name of the person who signed it on behalf of the board.

(2) This section applies to the company's balance sheet and its directors' report.

(3) If a copy is published without the required statement of the signatory's name, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

A person who commits the contravention referred to in subsection (3) shall be liable to a level 3 fine.

410. Requirements in connection with publication of registrable accounts

(1) If a company publishes any of its registrable accounts, they must be accompanied by the auditor's report on those accounts (unless the company is exempt from audit and the directors have taken advantage of that exemption).

(2) A company that prepares registrable group accounts for a financial year must not publish its registrable individual accounts for that year without also publishing with them its registrable group accounts.

(3) A company's "registrable accounts" are its accounts for a financial year as required to be delivered to the Registrar under section 415 (duty to file accounts and reports with the Registrar).

(4) If a company contravenes any provision of this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(5) A person who commits the contravention referred to in subsection (4) shall be liable to a fine of up to level 5.

411. Requirements in connection with publication of non-registrable and other accounts

(1) If a company publishes non-registrable accounts, it must publish with them a statement indicating–

(a) that they are not the company's registrable accounts,

(b) whether registrable accounts dealing with any financial year with which the non-registrable accounts purport to deal have been delivered to the Registrar, and

(c) whether an auditor's report has been made on the company's registrable accounts for any such financial year, and if so whether the report–

(i) was qualified or unqualified, or included a reference to any matters to which the auditor drew attention by way of emphasis without qualifying the report, or

(ii) contained a statement under section 469(2) (accounting records or returns inadequate or accounts), or section 469(3) (failure to obtain necessary information and explanations).

(2) The company must not publish with non-registrable accounts the auditor's report on the company's registrable accounts.

(3) References in this section to the publication by a company of "non-registrable accounts" are to the publication of–

(a) any balance sheet or profit and loss account relating to, or purporting to deal with, a financial year (or any part thereof) of the company, or

(b) an account in any form purporting to be a balance sheet or profit and loss account for a group headed by the company relating to, or purporting to deal with, a financial year (or any part thereof) of the company,

otherwise than as part of the company's registrable accounts.

(4) In subsection (3)(b) "a group headed by the company" means a group consisting of the company and any other undertaking (regardless of whether it is a subsidiary undertaking of the company) other than a parent undertaking of the company.

(5) If a company contravenes any provision of this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(6) A person who commits the contravention referred to in subsection (5) shall be liable to a fine of up to level 4.

(7) If a restricted scope company publishes any accounts such as are mentioned in subsection (3), it must comply with Chapter 8.

412. Meaning of "publication" in relation to accounts and reports

(1) This section has effect for the purposes of–

section 409 (name of signatory to be stated in published copies of accounts and reports),

section 410 (requirements in connection with publication of registrable accounts), and

section 411 (requirements in connection with publication of non-registrable accounts).

(2) For the purposes of those sections a company (including, where applicable, a restricted scope company) is regarded as publishing a document if it publishes, issues or circulates it (including by making it available on a website) or otherwise makes it available for public inspection in a manner calculated to invite members of the public generally, or any class of members of the public, to read it.

CHAPTER 7

PUBLIC COMPANIES: LAYING OF ACCOUNTS AND REPORTS BEFORE GENERAL MEETING

413. Public companies: laying of accounts and reports before general meeting

(1) The directors of a public company must lay before the company in general meeting copies of its annual accounts and reports.

(2) This section must be complied with not later than the end of the period for filing the accounts and reports in question.

(3) In these Regulations "accounts meeting", in relation to a public company, means a general meeting of the company at which the company's annual accounts and reports are (or are to be) laid in accordance with this section.

414. Public companies: failure to lay accounts and reports

(1) If the requirements of section 413 (public companies: laying of accounts and reports before general meeting) are not complied with before the end of the period allowed, every person who immediately before the end of that period was a director of the company commits a contravention of these Regulations.

(2) A person does not commit the contravention referred to in subsection (1) if he proves that he took all reasonable steps for securing that the requirements mentioned in that subsection would be complied with before the end of that period, and for this purpose it is not enough to prove that the documents in question were not in fact prepared as required by this Part.

(3) A person who commits the contravention referred to in subsection (1) shall be liable to a fine of up to level 4.

CHAPTER 8

FILING OF ACCOUNTS AND REPORTS

Duty to file accounts and reports

415. Duty to file accounts and reports with the Registrar

(1) The directors of a company must deliver to the Registrar for each financial year the accounts and reports required by–

section 418 (filing obligations of companies subject to small companies regime),

section 419 (filing obligations of companies entitled to small companies exemption: additional requirements),

section 420 (filing obligations of medium-sized companies), and

section 421 (filing obligations of companies generally).

(2) This is subject to–

section 422 (unlimited companies exempt from filing obligations), and

section 423 (dormant subsidiaries exempt from filing obligations).

(3) Subject to section 411(7), this Chapter shall not apply to a company that is a restricted scope company unless the Registrar has given notice to any restricted scope company that this Chapter applies to it and following notice such restricted scope company shall deliver to the Registrar all accounts required to be prepared by it under these Regulations.

(4) Accounts of restricted scope companies will not be subject to public disclosure by the Registrar.

416. Period allowed for filing accounts

(1) This section specifies the period allowed for the directors of a company to comply with their obligation under section 415 (duty to file accounts and reports with the Registrar) to deliver accounts and reports for a financial year to the Registrar.

This is referred to in these Regulations as the "period for filing" those accounts and reports.

(2) The period is–

(a) for a private company, nine months after the end of the relevant accounting reference period, and

(b) for a public company, six months after the end of that period.

This is subject to the following provisions of this section.

(3) If the relevant accounting reference period is the company's first and is a period of more than twelve months, the period is–

(a) nine months or six months, as the case may be, from the first anniversary of the incorporation of the company, or

(b) three months after the end of the accounting reference period,

whichever last expires.

(4) If the relevant accounting reference period is treated as shortened by virtue of a notice given by the company under section 381 (alteration of accounting reference date), the period is–

(a) that applicable in accordance with the above provisions, or

(b) three months from the date of the notice under that section,

whichever last expires.

(5) If for any special reason the Board thinks fit it may, on an application made before the expiry of the period otherwise allowed, by notice in writing to a company extend that period by such further period as may be specified in the notice.

(6) Whether the period allowed is that for a private company or a public company is determined by reference to the company's status immediately before the end of the relevant accounting reference period.

(7) In this section "the relevant accounting reference period" means the accounting reference period by reference to which the financial year for the accounts in question was determined.

417. Calculation of period allowed

(1) This section applies for the purposes of calculating the period for filing a company's accounts and reports which is expressed as a specified number of months from a specified date or after the end of a specified previous period.

(2) Subject to the following provisions, the period ends with the date in the appropriate month corresponding to the specified date or the last day of the specified previous period.

(3) If the specified date, or the last day of the specified previous period, is the last day of a month, the period ends with the last day of the appropriate month (whether or not that is the corresponding date).

(4) If–

(a) the specified date, or the last day of the specified previous period, is not the last day of a month but is the 29th or 30th, and

(b) the appropriate month is February,

the period ends with the last day of February.

(5) "The appropriate month" means the month that is the specified number of months after the month in which the specified date, or the end of the specified previous period, falls.

418. Filing obligations of companies subject to small companies regime

(1) The directors of a company subject to the small companies regime–

(a) must deliver to the Registrar for each financial year a copy of a balance sheet drawn up as at the last day of that year, and

(b) may also deliver to the Registrar–

(i) a copy of the company's profit and loss account for that year, and

(ii) a copy of the directors' report for that year.

(2) The directors must also deliver to the Registrar a copy of the auditor's report on the accounts (and any directors' report) that it delivers.

This does not apply if the company is exempt from audit and the directors have taken advantage of that exemption.

(3) Subject to section 419 the copies of accounts and reports delivered to the Registrar must be copies of the company's annual accounts and reports.

(4) The copies of the balance sheet and any directors' report delivered to the Registrar under this section must state the name of the person who signed it on behalf of the board.

(5) The copy of the auditor's report delivered to the Registrar under this section must–

(a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior auditor, or

(b) if the conditions in section 477 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Board in accordance with that section.

419. Filing obligations of companies entitled to small companies exemption: additional requirements

(1) Where a company prepares accounts which are deliverable to the Registrar under section 418–

(a) the directors may deliver to the Registrar a copy of a balance sheet drawn up as prescribed in rules made by the Board, and

(b) there may be omitted from the copy of the profit and loss account delivered to the Registrar such items as may be specified by the rules made under subsection (1)(a).

(2) Where the directors of a company subject to the small companies regime deliver to the Registrar accounts, and in accordance with section 418–

(a) do not deliver to the Registrar a copy of the company's profit and loss account, or

(b) do not deliver to the Registrar a copy of the directors' report,

the copy of the balance sheet delivered to the Registrar must contain in a prominent position a statement that the company's annual accounts and reports have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

420. Filing obligations of medium-sized companies

(1) The directors of a company that qualifies as a medium-sized company in relation to a financial year (see sections 438 (companies qualifying as medium-sized: general) to 440 (companies excluded as being treated as medium-sized)) must deliver to the Registrar a copy of–

(a) the company's annual accounts, and

(b) the directors' report.

(2) They must also deliver to the Registrar a copy of the auditor's report on those accounts (and on the directors' report).

This does not apply if the company is exempt from audit and the directors have taken advantage of that exemption.

(3) The copies of the balance sheet and directors' report delivered to the Registrar under this section must state the name of the person who signed it on behalf of the board.

(4) The copy of the auditor's report delivered to the Registrar under this section must–

(a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior auditor, or

(b) if the conditions in section 477 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Board in accordance with that section.

(5) This section does not apply to companies within section 418 (filing obligations of companies subject to the small companies regime).

421. Filing obligations of companies generally

(1) The directors of a company must deliver to the Registrar for each financial year of the company a copy of–

(a) the company's annual accounts, and

(b) the directors' report.

(2) The directors to whom subsection (1) applies must also deliver to the Registrar a copy of the auditor's report on those accounts (and the directors' report).

This does not apply if the company is exempt from audit and the directors have taken advantage of that exemption.

(3) The copies of the balance sheet and directors' report delivered to the Registrar under this section must state the name of the person who signed it on behalf of the board.

(4) The copy of the auditor's report delivered to the Registrar under this section must–

(a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior auditor, or

(b) if the conditions in section 477 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Board in accordance with that section.

(5) This section does not apply to companies within–

(a) section 418 (filing obligations of companies subject to the small companies regime), or

(b) section 420 (filing obligations of medium-sized companies).

422. Unlimited companies exempt from obligation to file accounts

(1) The directors of an unlimited company are not required to deliver accounts and reports to the Registrar in respect of a financial year if the following conditions are met.

(2) The conditions are that at no time during the relevant accounting reference period–

(a) has the company been, to its knowledge, a subsidiary undertaking of an undertaking which was then limited, or

(b) have there been, to its knowledge, exercisable by or on behalf of two or more undertakings which were then limited, rights which if exercisable by one of them would have made the company a subsidiary undertaking of it, or

(c) has the company been a parent company of an undertaking which was then limited.

The references above to an undertaking being limited at a particular time are to an undertaking (under whatever law established) the liability of whose members is at that time limited.

(3) The exemption conferred by this section does not apply if–

(a) the company is a financial institution or the parent company of a group which includes a financial institution, or

(b) each of the members of the company is–

(i) a limited company, or

(ii) another unlimited company each of whose members is a limited company.

The references in subsection (3)(b) to a limited company and another unlimited company, include a comparable undertaking incorporated in or formed under the law of a jurisdiction outside the Abu Dhabi Global Market.

(4) Where a company is exempt by virtue of this section from the obligation to deliver accounts–

(a) section 410(3) (requirements in connection with publication of registrable accounts: meaning of "registrable accounts") has effect with the substitution for the words "as required to be delivered to the Registrar under section 415 (duty to file accounts and reports with the Registrar)" of the words "as prepared in accordance with this Part and approved by the board of directors", and

(b) section 411(1)(b) (requirements in connection with publication of non-registrable accounts: statement whether registrable accounts delivered) has effect with the substitution for the words from "whether registrable accounts" to "have been delivered to the Registrar" of the words "that the company is exempt from the requirement to deliver registrable accounts".

(5) In this section the "relevant accounting reference period", in relation to a financial year, means the accounting reference period by reference to which that financial year was determined.

423. Dormant subsidiaries exempt from obligation to file accounts

(1) The directors of a company are not required to deliver a copy of the company's individual accounts to the Registrar in respect of a financial year if–

(a) the company is a subsidiary undertaking,

(b) it has been dormant throughout the whole of that year, and

(c) its parent undertaking is established under the law of the Abu Dhabi Global Market.

(2) Exemption is conditional upon compliance with all of the following conditions–

(a) all members of the company must agree to the exemption in respect of the financial year in question,

(b) the parent undertaking must give a guarantee under section 425 (parent undertaking declaration of guarantee) in respect of that year,

(c) the company must be included in the consolidated accounts drawn up for that year or to an earlier date in that year by the parent undertaking in accordance with international accounting standards,

(d) the parent undertaking must disclose in the notes to the consolidated accounts that the directors of the company are exempt from the requirement to deliver a copy of the company's individual accounts to the Registrar by virtue of this section, and

(e) the directors of the company must deliver to the Registrar within the period for filing the company's accounts and reports for that year–

(i) a written notice of the agreement referred to in subsection (2)(a),

(ii) the statement referred to in section 425(1) (parent undertaking declaration of guarantee),

(iii) a copy of the consolidated accounts referred to in subsection (2)(c),

(iv) a copy of the auditor's report on those accounts, and

(v) a copy of the consolidated annual report drawn up by the parent undertaking.

424. Companies excluded from the dormant subsidiaries exemption

The directors of a company are not entitled to the exemption conferred by section 423 (dormant subsidiaries) if the company was at any time within the financial year in question–

(a) a public interest entity, or

(b) a financial institution.

425. Dormant subsidiaries filing exemption: parent undertaking declaration of guarantee

(1) A guarantee is given by a parent undertaking under this section when the directors of the subsidiary company deliver to the Registrar a statement by the parent undertaking that it guarantees the subsidiary company under this section.

(2) The statement under subsection (1) must be authenticated by the parent undertaking and must specify–

(a) the name of the parent undertaking and its registered number,

(b) the name and registered number of the subsidiary company in respect of which the guarantee is being given,

(c) the date of the statement, and

(d) the financial year to which the guarantee relates.

(3) A guarantee given under this section has the effect that–

(a) the parent undertaking guarantees all outstanding liabilities to which the subsidiary company is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full, and

(b) the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

426. Default in filing accounts and reports: contraventions

(1) If the requirements of section 415 (duty to file accounts and reports) are not complied with in relation to a company's accounts and reports for a financial year before the end of the period for filing those accounts and reports, the company and every person who immediately before the end of that period was a director of the company, commits a contravention of these Regulations.

(2) A person does not commit the contravention referred to in subsection (1) if he proves that he took all reasonable steps for securing that those requirements would be complied with before the end of that period, and for this purpose, it is not enough to prove that the documents in question were not in fact prepared as required by this Part.

(3) A person who commits the contravention referred to in subsection (1) shall be liable to a fine of up to level 5.

427. Default in filing accounts and reports: Court order

(1) If–

(a) the requirements of section 415 (duty to file accounts and reports) are not complied with in relation to a company's accounts and reports for a financial year before the end of the period for filing those accounts and reports, and

(b) the directors of the company fail to make good the default within 14 days after the service of a notice on them requiring compliance,

the Court may, on the application of any member or creditor of the company or of the Registrar, make an order directing the directors (or any of them) to make good the default within such time as may be specified in the order.

(2) The Court's order may provide that all costs of and incidental to the application are to be borne by the directors.

CHAPTER 9

REVISION OF DEFECTIVE ACCOUNTS AND REPORTS

Voluntary revision

428. Voluntary revision of accounts etc.

(1) If it appears to the directors of a company that–

(a) the company's annual accounts, or

(b) the directors' report,

did not comply with the requirements of these Regulations, they may prepare revised accounts or a revised report or statement.

(2) Where copies of the previous accounts or report have been sent out to members, delivered to the Registrar or (in the case of a public company) laid before the company in general meeting, the revisions must be confined to–

(a) the correction of those respects in which the previous accounts or report did not comply with the requirements of these Regulations, and

(b) the making of any necessary consequential alterations.

(3) The Board may make rules as to the application of the provisions of these Regulations in relation to–

(a) revised annual accounts, or

(b) a revised directors' report,

(4) The rules may, in particular–

(a) make different provision according to whether the previous accounts or report are replaced or are supplemented by a document indicating the corrections to be made,

(b) make provision with respect to the functions of the company's auditor in relation to the revised accounts or report,

(c) require the directors to take such steps as may be specified in the rules where the previous accounts or report have been–

(i) sent out to members and others under section 405 (duty to circulate copies of annual accounts and reports),

(ii) laid before the company in general meeting, or

(iii) delivered to the Registrar,

(d) apply the provisions of these Regulations (including those imposing fines for contraventions of these Regulations) subject to such additions, exceptions and modifications as are specified in the rules;

(e) make provision for the manner in which this Chapter applies to restricted scope companies.

429. Registrar's notice in respect of accounts or reports

(1) This section applies where–

(a) copies of a company's annual accounts or directors' report have been sent out under section 405 (duty to circulate copies of annual accounts and reports), or

(b) a copy of a company's annual accounts or directors' report has been delivered to the Registrar or (in the case of a public company) laid before the company in general meeting,

and it appears to the Registrar that there is, or may be, a question whether the accounts or report comply with the requirements of these Regulations.

(2) The Registrar may give notice to the directors of the company indicating the respects in which it appears that such a question arises or may arise.

(3) The notice must specify a period of not less than one month for the directors to give an explanation of the accounts or report or prepare revised accounts or a revised report.

(4) If at the end of the specified period, or such longer period as the Registrar may allow, it appears to the Registrar that the directors have not–

(a) given a satisfactory explanation of the accounts or report, or

(b) revised the accounts or report so as to comply with the requirements of these Regulations,

the Registrar may apply to the Court.

(5) The provisions of this section apply equally to revised annual accounts and revised directors' reports, in which case they have effect as if the references to revised accounts or reports were references to further revised accounts or reports.

430. Application to Court in respect of defective accounts or reports

(1) An application may be made to the Court–

(a) by the Registrar, after having complied with section 429 (Registrar's notice in respect of accounts or reports), or

(b) by a person authorised by the Registrar for the purposes of this section,

for a declaration that the annual accounts of a company do not comply, or a directors' report does not comply, with the requirements of these Regulations and for an order requiring the directors of the company to prepare revised accounts or a revised report.

(2) Notice of the application, together with a general statement of the matters at issue in the proceedings, shall be given by the applicant to the Registrar for registration.

(3) If the Court orders the preparation of revised accounts, it may give directions as to–

(a) the auditing of the accounts,

(b) the revision of any directors' report, and

(c) the taking of steps by the directors to bring the making of the order to the notice of persons likely to rely on the previous accounts,

and such other matters as the Court thinks fit.

(4) If the Court orders the preparation of a revised directors' report it may give directions as to–

(a) the review of the report by the auditors,

(b) the taking of steps by the directors to bring the making of the order to the notice of persons likely to rely on the previous report, and

(c) such other matters as the Court thinks fit.

(5) If the Court finds that the accounts or report did not comply with the requirements of these Regulations it may order that all or part of–

(a) the costs of and incidental to the application, and

(b) any reasonable expenses incurred by the company in connection with or in consequence of the preparation of revised accounts or a revised report,

(c) are to be borne by such of the directors as were party to the approval of the defective accounts or report.

For this purpose every director of the company at the time of the approval of the accounts or report shall be taken to have been a party to the approval unless he shows that he took all reasonable steps to prevent that approval.

(6) Where the Court makes an order under subsection (5) it shall have regard to whether the directors party to the approval of the defective accounts or report knew or ought to have known that the accounts or report did not comply with the requirements of these Regulations, and it may exclude one or more directors from the order or order the payment of different amounts by different directors.

(7) On the conclusion of proceedings on an application under this section, the applicant must send to the Registrar for registration a copy of the Court order or, as the case may be, give notice to the Registrar that the application has failed or been withdrawn.

(8) The provisions of this section apply equally to revised annual accounts and revised directors' reports, in which case they have effect as if the references to revised accounts or reports were references to further revised accounts or reports.

431. Other persons authorised to apply to the Court

(1) The Registrar may authorise for the purposes of section 430 (application to Court in respect of defective accounts or reports) (a "section 430 authorisation") any person appearing to it–

(a) to have an interest in, and to have satisfactory procedures directed to securing, compliance by companies with the requirements of these Regulations relating to accounts and directors' reports,

(b) to have satisfactory procedures for receiving and investigating complaints about companies' annual accounts and directors' reports, and

(c) otherwise to be a fit and proper person to be authorised.

(2) A person may be authorised generally or in respect of particular classes of case, and different persons may be authorised in respect of different classes of case.

(3) The Registrar may refuse to authorise a person if it considers that his authorisation is unnecessary having regard to the fact that there are one or more other persons who have been or are likely to be authorised.

(4) If the authorised person is an unincorporated association, proceedings brought in, or in connection with, the exercise of any function by the association as an authorised person may be brought by or against the association in the name of a body corporate whose constitution provides for the establishment of the association.

(5) A section 430 authorisation may contain such requirements or other provisions relating to the exercise of functions by the authorised person as appear to the Registrar to be appropriate.

No such authorisation is to be made unless it appears to the Registrar that the person would, if authorised, exercise his functions as an authorised person in accordance with the provisions proposed.

(6) Where authorisation is revoked, the Registrar may make such provision as it thinks fit with respect to pending proceedings.

Power of authorised person to require documents etc.

432. Power of authorised person to require documents, information and explanations

(1) This section applies where it appears to a person who is authorised under section 431 (other persons authorised to apply to the Court) that there is, or may be, a question whether a company's annual accounts or directors' report complies with the requirements of these Regulations.

(2) The authorised person may require any of the persons mentioned in subsection (3) to produce any document, or to provide him with any information or explanations, that he may reasonably require for the purpose of–

(a) discovering whether there are grounds for an application to the Court under section 430 (application to Court in respect of defective accounts or reports), or

(b) deciding whether to make such an application.

(3) Those persons are–

(a) the company,

(b) any officer, employee, or auditor of the company,

(c) any persons who fell within subsection (3)(b) at a time to which the document or information required by the authorised person relates.

(4) If a person fails to comply with such a requirement, the authorised person may apply to the Court.

(5) If it appears to the Court that the person has failed to comply with a requirement under subsection (2), it may order the person to take such steps as it directs for securing that the documents are produced or the information or explanations are provided.

(6) Nothing in this section compels any person to disclose documents or information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

(7) In this section ”document” includes information recorded in any form.

433. Restrictions on disclosure of information obtained under compulsory powers

(1) This section applies to information (in whatever form) obtained in pursuance of a requirement or order under section 432 (power of authorised person to require documents etc.) that relates to the private affairs of an individual or to any particular business.

(2) No such information may, during the lifetime of that individual or so long as that business continues to be carried on, be disclosed without the consent of that individual or the person for the time being carrying on that business.

(3) This does not apply–

(a) to disclosure permitted by section 434 (permitted disclosure of information obtained under compulsory powers), or

(b) to the disclosure of information that is or has been available to the public from another source.

(4) A person who discloses information in contravention of this section commits a contravention of these Regulations, unless–

(a) he did not know, and had no reason to suspect, that the information had been disclosed under section 432 (power of authorised person to require documents, information and explanations), or

(b) he took all reasonable steps and exercised all due diligence to avoid the commission of the contravention.

(5) A person who commits the contravention referred to in subsection (4) shall be liable to a level 3 fine.

(6) Where a contravention under this section is committed by a body corporate, every officer of the body who is in default also commits the contravention. For this purpose–

(a) any person who purports to act as director, manager or secretary of the body is treated as an officer of the body, and

(b) if the body is a company, any shadow director is treated as an officer of the company.

434. Permitted disclosure of information obtained under compulsory powers

(1) The prohibition in section 433 (restrictions on disclosure of information obtained under compulsory powers) of the disclosure of information obtained in pursuance of a requirement or order under section 432 (power of authorised person to require documents etc.) that relates to the private affairs of an individual or to any particular business has effect subject to the following exceptions.

(2) It does not apply to the disclosure of information for the purpose of facilitating the carrying out by the authorised person of his functions under section 430 (application to Court in respect of defective accounts or reports).

(3) It does not apply to disclosure to–

(a) the Board,

(b) the Registrar, or

(c) the Financial Services Regulator.

(4) It does not apply to disclosure–

(a) for the purpose of assisting a body designated by rules to monitor auditors,

(b) with a view to the institution of, or otherwise for the purposes of, disciplinary proceedings relating to the performance by an accountant or auditor of his professional duties,

(c) for the purpose of enabling or assisting the Board to exercise its functions under any law or regulation applicable to the Abu Dhabi Global Market,

(d) for the purpose of enabling or assisting the Financial Services Regulator to exercise its functions under the Financial Services and Markets Regulations 2015,

(e) for the purpose of enabling or assisting the Registrar to exercise its functions under the Commercial Licensing Regulations 2015.[35]

(5) It does not apply to disclosure to a body exercising functions of a public nature under legislation in any jurisdiction outside the Abu Dhabi Global Market that appear to the authorised person to be similar to his functions under section 430 (application to Court in respect of defective accounts or reports) for the purpose of enabling or assisting that body to exercise those functions.

[35] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015

(6) In determining whether to disclose information to a body in accordance with subsection (5), the authorised person must have regard to the following considerations–

(a) whether the use which the body is likely to make of the information is sufficiently important to justify making the disclosure,

(b) whether the body has adequate arrangements to prevent the information from being used or further disclosed other than–

(i) for the purposes of carrying out the functions mentioned in that subsection, or

(ii) for other purposes substantially similar to those for which information disclosed to the authorised person could be used or further disclosed.

435. Power to amend categories of permitted disclosure

(1) The Board may make rules amending section 434(3), (4) and (5) (permitted disclosure of information obtained under compulsory powers).

(2) Rules under this section must not–

(a) amend subsection (3) of that section (Abu Dhabi Global Market public authorities) by specifying a person unless the person exercises functions of a public nature (whether or not he exercises any other function),

(b) amend subsection (4) of that section (purposes for which disclosure permitted) by adding or modifying a description of disclosure unless the purpose for which the disclosure is permitted is likely to facilitate the exercise of a function of a public nature,

(c) amend subsection (5) of that section (overseas regulatory authorities) so as to have the effect of permitting disclosures to be made to a body other than one that exercises functions of a public nature in a jurisdiction outside the Abu Dhabi Global Market.

436. Liability for false or misleading statements in directors' reports

(1) A director of a company is liable to compensate the company for any loss suffered by it as a result of–

(a) any untrue or misleading statement in a directors' report, or

(b) the omission from a directors' report of anything required to be included in it.

(2) He is so liable only if–

(a) he knew the statement to be untrue or misleading or was reckless as to whether it was untrue or misleading, or

(b) he knew the omission to be dishonest concealment of a material fact.

(3) No person shall be subject to any liability to a person other than the company resulting from reliance, by that person or another, on information in a report to which this section applies.

(4) The reference in subsection (3) to a person being subject to a liability includes a reference to another person being entitled as against him to be granted any civil remedy or to rescind or repudiate an agreement.

(5) This section does not affect liability for a contravention of these Regulations or any other Abu Dhabi Global Market regulations.

Accounting and reporting standards

437. Accounting standards

(1) In this Part "accounting standards" means international accounting standards or such other standard accounting practice as may be prescribed by rules made by the Board.

(2) References in this Part to accounting standards applicable to a company's annual accounts are to such standards as are, in accordance with their terms, relevant to the company's circumstances and to the accounts.

(3) Rules under this section may contain such transitional and other supplementary and incidental provisions as appear to the Board to be appropriate.

CHAPTER 10

SUPPLEMENTARY PROVISIONS

Companies qualifying as medium-sized

438. Companies qualifying as medium-sized: general

(1) A company qualifies as medium-sized in relation to its first financial year if the qualifying conditions are met in that year.

(2) A company qualifies as medium-sized in relation to a subsequent financial year–

(a) if the qualifying conditions are met in that year and the preceding financial year,

(b) if the qualifying conditions are met in that year and the company qualified as medium-sized in relation to the preceding financial year,

(c) if the qualifying conditions were met in the preceding financial year and the company qualified as medium-sized in relation to that year.

(3) The qualifying conditions are met by a company in a year in which it satisfies both of the following requirements–

1. Turnover	Not more than 68 million US dollars
2. Number of employees	Not more than 75

(4) For a period that is a company's financial year but not in fact a year the maximum figures for turnover must be proportionately adjusted.

(5) The number of employees means the average number of persons employed by the company in the year, determined as follows–

(a) find for each month in the financial year the number of persons employed under contracts of service by the company in that month (whether throughout the month or not),

(b) add together the monthly totals, and

(c) divide by the number of months in the financial year.

(6) This section is subject to section 439 (companies qualifying as medium-sized: parent companies).

(7) This Chapter shall not apply to a company that is a restricted scope company.

439. Companies qualifying as medium-sized: parent companies

(1) A parent company qualifies as a medium-sized company in relation to a financial year only if the group headed by it qualifies as a medium-sized group.

(2) A group qualifies as medium-sized in relation to the parent company's first financial year if the qualifying conditions are met in that year.

(3) A group qualifies as medium-sized in relation to a subsequent financial year of the parent company–

(a) if the qualifying conditions are met in that year and the preceding financial year,

(b) if the qualifying conditions are met in that year and the group qualified as medium-sized in relation to the preceding financial year,

(c) if the qualifying conditions were met in the preceding financial year and the group qualified as medium-sized in relation to that year.

(4) The qualifying conditions are met by a group in a year in which it satisfies both of the following requirements–

1. Aggregate turnover	Not more than 68 million US dollars net (or 81.6 million US dollars gross)
2. Aggregate number of employees	Not more than 75

(5) The aggregate figures are ascertained by aggregating the relevant figures determined in accordance with section 438 (companies qualifying as medium-sized: general) for each member of the group.

(6) In relation to the aggregate figures for turnover–

"net" means after any set offs and other adjustments made to eliminate group transactions in accordance with international accounting standards, and

"gross" means without those set offs and other adjustments.

A company may satisfy any relevant requirement on the basis of either the net or the gross figure.

(7) The figures for each subsidiary undertaking shall be those included in its individual accounts for the relevant financial year, that is–

(a) if its financial year ends with that of the parent company, that financial year, and

(b) if not, its financial year ending last before the end of the financial year of the parent company.

If those figures cannot be obtained without disproportionate expense or undue delay, the latest available figures shall be taken.

440. Companies excluded from being treated as medium-sized

(1) A company is not entitled to take advantage of any of the provisions of this Part relating to companies qualifying as medium-sized if it was at any time within the financial year in question–

(a) a public interest entity,

(b) a financial institution,

(c) a member of an ineligible group.

(2) A group is ineligible if any of its members is–

(a) a public interest entity,

(b) a financial institution,

General power to make further provision about accounts and reports

441. General power to make further provision about accounts and reports

(1) The Board may make rules about–

(a) the accounts and reports that companies are required to prepare,

(b) the categories of companies required to prepare accounts and reports of any description,

(c) the form and content of the accounts and reports that companies are required to prepare,

(d) the obligations of companies and others as regards–

(i) the approval of accounts and reports,

(ii) the sending of accounts and reports to members and others,

(iii) the laying of accounts and reports before the company in general meeting,

(iv) the delivery of copies of accounts and reports to the Registrar, and

(v) the publication of accounts and reports.

(2) The rules may amend this Part by adding, altering or repealing provisions.

(3) But they must not amend (other than consequentially)–

(a) section 382 (accounts to give a fair representation), or

(b) the provisions of Chapter 9 (revision of defective accounts and reports).

(4) The rules may impose fines (up to a maximum of level 3) for contraventions of the rules.

CHAPTER 11

SUPPLEMENTARY PROVISIONS

442. Preparation and filing of accounts in other relevant currencies

(1) The amounts set out in the annual accounts of a company shall be shown in United States Dollars and may also be shown in the same accounts translated into any other relevant currency.

(2) When complying with section 415 (duty to file accounts and reports with the Registrar), the directors of a company may deliver to the Registrar an additional copy of the company's annual accounts in which the amounts have been translated into any other relevant currency.

(3) In both cases–

(a) the amounts must have been translated at the exchange rate prevailing on the date to which the balance sheet is made up, and

(b) that rate must be disclosed in the notes to the accounts.

(4) Subsection (3)(b) does not apply to the individual accounts of a company for a financial year in which the company qualifies as a micro-entity (see sections 373 (companies qualifying as micro-entities) and 374 (companies excluded from being treated as micro-entities)).

(5) For the purposes of sections 410 and 411 (requirements in connection with published accounts) any additional copy of the company's annual accounts delivered to the Registrar under subsection (2) above shall be treated as registrable accounts of the company.

In the case of such a copy, references in those sections to the auditor's report on the company's annual accounts shall be read as references to the auditor's report on the annual accounts of which it is a copy.

443. Power to apply provisions to banking partnerships

(1) The Board may make rules applying to banking partnerships, subject to such exceptions, adaptations and modifications as it considers appropriate, the provisions of this Part (and of rules made under this Part) applying to banking companies.

(2) A "banking partnership" means a partnership which has a Financial Services Permission to carry on the Regulated Activity of Accepting Deposits. But a partnership is not a banking partnership if it has a Financial Services Permission to carry on the

Regulated Activity of Accepting Deposits only for the purpose of carrying on another Regulated Activity in accordance with that permission.[36]

444. Meaning of "annual accounts" and related expressions

(1) In this Part a company's "annual accounts", in relation to a financial year, means–

(a) any individual accounts prepared by the company for that year (see section 383 (duty to prepare individual accounts)), and

(b) any group accounts prepared by the company for that year (see sections 388 (option to prepare group accounts) and 389 (duty to prepare group accounts)).

This is subject to section 392 (option to omit individual profit and loss account from annual accounts where information given in notes to the individual balance sheet).

(2) A company's "annual accounts and reports" for a financial year are–

(a) its annual accounts,

(b) the directors' report, and

(c) the auditor's report on those accounts, and the directors' report (unless the company is exempt from audit).

445. Notes to the accounts

(1) Information required by this Part to be given in notes to a company's annual accounts may be contained in the accounts or in a separate document annexed to the accounts.

(2) References in this Part to a company's annual accounts, or to a balance sheet or profit and loss account, include notes to the accounts giving information which is required by any provision of these Regulations or international accounting standards, and required or allowed by any such provision to be given in a note to company accounts.

446. Minor definitions

(1) In this Part–

"group" means a parent undertaking and its subsidiary undertakings,

"included in the consolidation", in relation to group accounts, or "included in consolidated group accounts", means that the undertaking is included in the accounts by the method of full (and not proportional) consolidation, and references to an undertaking excluded from consolidation shall be construed accordingly,

"international accounting standards" means the international accounting standards specified as such in rules made by the Board,

"micro-entity minimum accounting item" means an item of information required by this Part or by rules made by the Board under this Part to be contained in the individual accounts of a company for a financial year in relation to which it qualifies as a micro-

[36] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015

entity (see sections 373 (companies qualifying as micro-entities) and 374 (companies excluded from being treated as micro-entities));

"micro-entity provisions" means any provisions of this Part, Part 15 or rules made by the Board under this Part relating specifically to the individual accounts of a company which qualifies as a micro-entity;

"profit and loss account", includes an income statement or other equivalent financial statement required to be prepared by international accounting standards,

"turnover", in relation to a company, means the amounts derived from the provision of goods and services falling within the company's ordinary activities, after deduction of–

(a) trade discounts,

(b) value added tax, and

(c) any other taxes based on the amounts so derived.

(2) In the case of an undertaking not trading for profit, any reference in this Part to a profit and loss account is to an income and expenditure account.

References to profit and loss and, in relation to group accounts, to a consolidated profit and loss account shall be construed accordingly.

PART 15

AUDIT

CHAPTER 1

REQUIREMENT FOR AUDITED ACCOUNTS

Requirement for audited accounts

447. Requirement for audited accounts and public interest entities and financial institutions

(1) A company's annual accounts for a financial year must be audited in accordance with this Part unless the company is exempt from audit under–

section 449 (small companies),

section 452 (subsidiary companies), or

section 455 (dormant companies).

(2) A company is not entitled to any such exemption unless its balance sheet contains a statement by the directors to that effect.

(3) A company is not entitled to exemption under any of the provisions mentioned in subsection (1) unless its balance sheet contains a statement by the directors to the effect that–

(a) the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 448 (right of members to require audit), and

(b) the directors acknowledge their responsibilities for complying with the requirements of these Regulations with respect to accounting records and the preparation of accounts.

(4) The statement required by subsection (2) or (3) must appear on the balance sheet above the signature required by section 399 (approval and signing of accounts).

(5) In this Part, "public interest entity" and "financial institution" shall have the meaning given to them in section 372 (public interest entities and financial institutions).

(6) This Part does not apply to restricted scope companies who shall be exempt from audit for the purposes of these Regulations.

448. Right of members to require audit

(1) The members of a company that would otherwise be entitled to exemption from audit under any of the provisions mentioned in section 447(1) (exemptions from audit of

annual accounts) may by notice under this section require it to obtain an audit of its accounts for a financial year.

(2) The notice must be given by–

(a) members holding shares representing not less in total than 10% of the total number of shares or any class of shares issued by the company, or

(b) if the company does not have a share capital, not less than 10% in number of the members of the company.

(3) The notice may not be given before the financial year to which it relates and must be given not later than one month before the end of that year.

449. Small companies: conditions for exemption from audit

(1) A company that qualifies as a small company in relation to a financial year is exempt from the requirements of these Regulations relating to the audit of accounts for that year.

For the purposes of this section whether a company qualifies as a small company shall be determined in accordance with section 369 (companies qualifying as small).

(2) This section has effect subject to–

section 447(2) and (3) (requirements as to statements to be contained in balance sheet),

section 448 (right of members to require audit),

section 450 (companies excluded from small companies exemption), and

section 451 (availability of small companies exemption in case of group company).

450. Companies excluded from small companies exemption

A company is not entitled to the exemption conferred by section 449 (small companies) if it was at any time within the financial year in question–

(a) a public interest entity, or

(b) a financial institution.

451. Availability of small companies exemption in case of group company

(1) A company is not entitled to the exemption conferred by section 449 (small companies) in respect of a financial year during any part of which it was a group company unless–

(a) the group–

(i) qualifies as a small group in relation to that financial year, and

(ii) was not at any time in that year an ineligible group, or

(b) subsection (2) applies.

(2) A company is not excluded by subsection (1) if, throughout the whole of the period or periods during the financial year when it was a group company, it was both a subsidiary undertaking and dormant.

(3) In this section–

(a) "group company" means a company that is a parent company or a subsidiary undertaking, and

(b) "the group", in relation to a group company, means that company together with all its associated undertakings.

For this purpose undertakings are associated if one is a subsidiary undertaking of the other or both are subsidiary undertakings of a third undertaking.

(4) For the purposes of this section–

(a) whether a group qualifies as small shall be determined in accordance with section 370 (companies qualifying as small: parent companies), and

(b) "ineligible group" has the meaning given by section 371(2)[37] (companies excluded from the small companies regime)

(5) The provisions mentioned in subsection (4) apply for the purposes of this section as if all the bodies corporate in the group were companies.

452. Subsidiary companies: conditions for exemption from audit

(1) A company is exempt from the requirements of these Regulations relating to the audit of individual accounts for a financial year if–

(a) it is itself a subsidiary undertaking, and

(b) its parent undertaking is established under the law of the Abu Dhabi Global Market.

(2) Exemption is conditional upon compliance with all of the following conditions–

(a) all members of the company must agree to the exemption in respect of the financial year in question,

(b) the parent undertaking must give a guarantee under section 454 (parent undertaking declaration of guarantee) in respect of that year,

(c) the company must be included in the consolidated accounts drawn up for that year or to an earlier date in that year by the parent undertaking in accordance with international accounting standards,

(d) the parent undertaking must disclose in the notes to the consolidated accounts that the company is exempt from the requirements of these Regulations relating to the audit of individual accounts by virtue of this section, and

(e) the directors of the company must deliver to the Registrar on or before the date that they file the accounts for that year–

(i) a written notice of the agreement referred to in subsection (2)(a),

(ii) the statement referred to in section 454(1),

(iii) a copy of the consolidated accounts referred to in subsection (2)(c),

(iv) a copy of the auditor's report on those accounts, and

[37] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(v) a copy of the consolidated annual report drawn up by the parent undertaking.

(3) This section has effect subject to–

section 447(2) and (3) (requirements as to statements contained in balance sheet), and

section 448 (right of members to require audit).

453. Companies excluded from the subsidiary companies audit exemption

A company is not entitled to the exemption conferred by section 452 (subsidiary companies) if it was at any time within the financial year in question–

(a) a company listed on a recognised investment exchange, or

(b) a financial institution.

454. Subsidiary companies audit exemption: parent undertaking declaration of guarantee

(1) A guarantee is given by a parent undertaking under this section when the directors of the subsidiary company deliver to the Registrar a statement by the parent undertaking that it guarantees the subsidiary company under this section.

(2) The statement under subsection (1) must be authenticated by the parent undertaking and must specify–

(a) the name of the parent undertaking and its registered number,

(b) the name and registered number of the subsidiary company in respect of which the guarantee is being given,

(c) the date of the statement, and

(d) the financial year to which the guarantee relates.

(3) A guarantee given under this section has the effect that–

(a) the parent undertaking guarantees all outstanding liabilities to which the subsidiary company is subject at the end of the financial year to which the guarantee relates, until they are satisfied in full, and

(b) the guarantee is enforceable against the parent undertaking by any person to whom the subsidiary company is liable in respect of those liabilities.

455. Dormant companies: conditions for exemption from audit

(1) A company is exempt from the requirements of these Regulations relating to the audit of accounts in respect of a financial year if–

(a) it has been dormant since its formation, or

(b) it has been dormant since the end of the previous financial year and the following conditions are met.

(2) The conditions are that the company–

(a) as regards its individual accounts for the financial year in question–

(i) is entitled to prepare accounts in accordance with the small companies regime (see sections 368 (companies subject to the small companies regime) to 371 (companies excluded from the small companies regime)), and

(ii) is not required to prepare group accounts for that year.

(3) This section has effect subject to–

section 447(2) and (3) (requirements as to statements to be contained in balance sheet),

section 448 (right of members to require audit), and

section 456 (companies excluded from dormant companies exemption).

456. Companies excluded from dormant companies exemption

A company is not entitled to the exemption conferred by section 455 (dormant companies) if it was, at any time within the financial year in question, a financial institution.[38]

CHAPTER 2

APPOINTMENT OF AUDITORS

Private companies

457. Appointment of auditors of private company: general

(1) An auditor or auditors of a private company must be appointed for each financial year of the company, unless the directors reasonably resolve otherwise on the ground that audited accounts are unlikely to be required.

(2) For each financial year for which an auditor or auditors is or are to be appointed (other than the company's first financial year), the appointment must be made before the end of the period of one month[39] beginning with–

(a) the end of the time allowed for sending out copies of the company's annual accounts and reports for the previous financial year (see section 406 (time allowed for sending out copies of accounts and reports)), or

(b) if earlier, the day on which copies of the company's annual accounts and reports for the previous financial year are sent out under section 405 (duty to circulate copies of annual accounts and reports).

[38] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015.

[39] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

This is the "period for appointing auditors".

(3) The directors may appoint an auditor or auditors of the company–

(a) at any time before the company's first period for appointing auditors,

(b) following a period during which the company (being exempt from audit) did not have any auditor, at any time before the company's next period for appointing auditors, or

(c) to fill a casual vacancy in the office of auditor.

(4) The members may appoint an auditor or auditors by ordinary resolution–

(a) during a period for appointing auditors,

(b) if the company should have appointed an auditor or auditors during a period for appointing auditors but failed to do so, or

(c) where the directors had power to appoint under subsection (3) but have failed to make an appointment.

(5) An auditor or auditors of a private company may only be appointed–

(a) in accordance with this section,

(b) in accordance with section 458 (default power of Registrar), or

This is without prejudice to any deemed re-appointment under section 459 (term of office of auditors of private company).

458. Appointment of auditors of private company: default power of Registrar

(1) If a private company fails to appoint an auditor or auditors in accordance with section 457 (appointment of auditors of private company: general), the Registrar may appoint one or more persons to fill the vacancy.

(2) Where subsection (2) of that section applies and the company fails to make the necessary appointment before the end of the period for appointing auditors, the company must within one week of the end of that period give notice to the Registrar of its power having become exercisable.

(3) If a company fails to give the notice required by this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 3 fine.

459. Term of office of auditors of private company

(1) An auditor or auditors of a private company hold office in accordance with the terms of their appointment, subject to the requirements that–

(a) they do not take office until any previous auditor or auditors cease to hold office, and

(b) they cease to hold office at the end of the next period for appointing auditors unless re-appointed.

(2) Where no auditor has been appointed by the end of the next period for appointing auditors, any auditor in office immediately before that time is deemed to be re-appointed at that time, unless–

(a) he was appointed by the directors, or

(b) the company's articles require actual re-appointment, or

(c) the deemed re-appointment is prevented by the members under section 460 (prevention by members of deemed re-appointment of auditor), or

(d) the members have resolved that he should not be re-appointed, or

(e) the directors have resolved that no auditor or auditors should be appointed for the financial year in question.

(3) This is without prejudice to the provisions of this Part as to removal and resignation of auditors.

(4) No account shall be taken of any loss of the opportunity of deemed reappointment under this section in ascertaining the amount of any compensation or damages payable to an auditor on his ceasing to hold office for any reason.

460. Prevention by members of deemed re-appointment of auditor

(1) An auditor of a private company is not deemed to be re-appointed under section 459(2) if the company has received notices under this section from members representing at least the requisite percentage of the total voting rights of all members who would be entitled to vote on a resolution that the auditor should not be re-appointed.

(2) The "requisite percentage" is 5%, or such lower percentage as is specified for this purpose in the company's articles.

(3) A notice under this section–

(a) may be in hard copy or electronic form,

(b) must be authenticated by the person or persons giving it, and

(c) must be received by the company before the end of the accounting reference period immediately preceding the time when the deemed re-appointment would have effect.

461. Appointment of auditors of public company: general

(1) An auditor or auditors of a public company must be appointed for each financial year of the company, unless the directors reasonably resolve otherwise on the ground that audited accounts are unlikely to be required.

(2) For each financial year for which an auditor or auditors is or are to be appointed (other than the company's first financial year), the appointment must be made before the end of the accounts meeting of the company at which the company's annual accounts and reports for the previous financial year are laid.

(3) The directors may appoint an auditor or auditors of the company–

(a) at any time before the company's first accounts meeting,

(b) following a period during which the company (being exempt from audit) did not have any auditor, at any time before the company's next accounts meeting,

(c) to fill a casual vacancy in the office of auditor.

(4) The members may appoint an auditor or auditors by ordinary resolution–

(a) at an accounts meeting,

(b) if the company should have appointed an auditor or auditors at an accounts meeting but failed to do so,

(c) where the directors had power to appoint under subsection (3) but have failed to make an appointment.

(5) An auditor or auditors of a public company may only be appointed–

(a) in accordance with this section, or

(b) in accordance with section 462 (default power of Registrar).

462. Appointment of auditors of public company: default power of Registrar

(1) If a public company fails to appoint an auditor or auditors in accordance with section 461 (appointment of auditors of public company: general), the Registrar may appoint one or more persons to fill the vacancy.

(2) Where subsection (2) of that section applies and the company fails to make the necessary appointment before the end of the accounts meeting, the company must within one week of the end of that meeting give notice to the Registrar of its power having become exercisable.

(3) If a company fails to give the notice required by this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a fine of up to level 5.

463. Term of office of auditors of public company

(1) The auditor or auditors of a public company hold office in accordance with the terms of their appointment, subject to the requirements that–

(a) they do not take office until the previous auditor or auditors have ceased to hold office, and

(b) they cease to hold office at the conclusion of the accounts meeting next following their appointment, unless re-appointed.

(2) This is without prejudice to the provisions of this Part as to removal and resignation of auditors.

464. Fixing of auditor's remuneration

(1) The remuneration of an auditor appointed by the members of a company must be fixed by the members by ordinary resolution or in such manner as the members may by ordinary resolution determine.

(2) The remuneration of an auditor appointed by the directors of a company must be fixed by the directors.

(3) The remuneration of an auditor appointed by the Registrar must be fixed by the Registrar.

(4) For the purposes of this section "remuneration" includes sums paid in respect of expenses.

(5) This section applies in relation to benefits in kind as to payments of money.

465. Disclosure of terms of audit appointment

(1) The Board may make rules for securing the disclosure of the terms on which a company's auditor is appointed, remunerated or performs his duties.

Nothing in the following provisions of this section affects the generality of this power.

(2) The rules may–

(a) require disclosure of–

(i) a copy of any terms that are in writing, and

(ii) a written memorandum setting out any terms that are not in writing,

(b) require disclosure to be at such times, in such places and by such means as are specified in the rules

(c) require the place and means of disclosure to be stated–

(i) in a note to the company's annual accounts (in the case of its individual accounts) or in such manner as is specified in the rules (in the case of group accounts),

(ii) in the directors' report, or

(iii) in the auditor's report on the company's annual accounts.

(3) The provisions of this section apply to a variation of the terms mentioned in subsection (1) as they apply to the original terms.

466. Disclosure of services provided by auditor or associates and related remuneration

(1) The Board may make rules for securing the disclosure of–

(a) the nature of any services provided for a company by the company's auditor (whether in his capacity as auditor or otherwise) or by his associates,

(b) the amount of any remuneration received or receivable by a company's auditor, or his associates, in respect of any such services.

Nothing in the following provisions of this section affects the generality of this power.

(2) The rules may provide–

(a) for disclosure of the nature of any services provided to be made by reference to any class or description of services specified in the rules (or any combination of services, however described),

(b) for the disclosure of amounts of remuneration received or receivable in respect of services of any class or description specified in the rules (or any combination of services, however described),

(c) for the disclosure of separate amounts so received or receivable by the company's auditor or any of his associates, or of aggregate amounts so received or receivable by all or any of those persons.

(3) The rules may–

(a) provide that "remuneration" includes sums paid in respect of expenses,

(b) apply to benefits in kind as well as to payments of money, and require the disclosure of the nature of any such benefits and their estimated money value,

(c) apply to services provided for associates of a company as well as to those provided for a company,

(d) define "associate" in relation to an auditor and a company respectively.

(4) The rules may provide that any disclosure required by the rules is to be made–

(a) in a note to the company's annual accounts (in the case of its individual accounts) or in such manner as is specified in the rules (in the case of group accounts),

(b) in the directors' report, or

(c) in the auditor's report on the company's annual accounts.

(5) If the rules provide that any such disclosure is to be made as mentioned in subsection (4)(a) or (b), the rules may require the auditor to supply the directors of the company with any information necessary to enable the disclosure to be made.

CHAPTER 3

FUNCTIONS OF AUDITOR

Auditor's report

467. Auditor's report on company's annual accounts

(1) A company's auditor must make a report to the company's members on all annual accounts of the company of which copies are, during his tenure of office–

(a) in the case of a private company, to be sent out to members under section 405 (duty to circulate copies of annual accounts and reports),

(b) in the case of a public company, to be laid before the company in general meeting under section 413 (public companies: laying of accounts and reports before general meeting).

(2) The auditor's report must include–

(a) an introduction identifying the annual accounts that are the subject of the audit and the financial reporting framework that has been applied in their preparation, and

(b) a description of the scope of the audit identifying the auditing standards in accordance with which the audit was conducted.

(3) The report must state clearly whether, in the auditor's opinion, the annual accounts–

(a) fairly present–

(i) in the case of an individual balance sheet, the state of affairs of the company as at the end of the financial year,

(ii) in the case of an individual profit and loss account, the profit or loss of the company for the financial year,

(iii) in the case of group accounts, the state of affairs as at the end of the financial year and of the profit or loss for the financial year of the undertakings included in the consolidation as a whole, so far as concerns members of the company,

(b) have been properly prepared in accordance with the relevant financial reporting framework, and

(c) have been prepared in accordance with the requirements of these Regulations.

Expressions used in this subsection or subsection (4) that are defined for the purposes of Part 14 (see sections 437 (accounting standards), 444 (meaning of "annual accounts" and related expressions) and 446 (minor definitions)) have the same meaning as in that Part.

(4) The following provisions apply to the auditors of a company which qualifies as a micro-entity in relation to a financial year (see sections 373 (companies qualifying as micro-entities) and 374 (companies excluded from being treated as micro-entities)) in their consideration of whether the individual accounts of the company for that year give a fair representation as mentioned in subsection (3)(a)–

(a) where the accounts comprise only micro-entity minimum accounting items, the auditors must disregard any provision of an accounting standard which would require the accounts to contain information additional to those items,

(b) in relation to a micro-entity minimum accounting item contained in the accounts, the auditors must disregard any provision of an accounting standard which would require the accounts to contain further information in relation to that item, and

(c) where the accounts contain an item of information additional to the micro-entity minimum accounting items, the auditors must have regard to any provision of an accounting standard which relates to that item.

(5) The auditor's report–

(a) must be either unqualified or qualified, and

(b) must include a reference to any matters to which the auditor wishes to draw attention by way of emphasis without qualifying the report.

468. Auditor's report on directors' report

The auditor must state in his report on the company's annual accounts whether in his opinion the information given in the directors' report for the financial year for which the accounts are prepared is consistent with those accounts.

469. Duties of auditor

(1) A company's auditor, in preparing his report, must carry out such investigations as will enable him to form an opinion as to–

(a) whether adequate accounting records have been kept by the company and returns adequate for their audit have been received from branches not visited by him, and

(b) whether the company's individual accounts are in agreement with the accounting records and returns.

(2) If the auditor is of the opinion–

(a) that adequate accounting records have not been kept, or that returns adequate for their audit have not been received from branches not visited by him, or

(b) that the company's individual accounts are not in agreement with the accounting records and returns,

the auditor shall state that fact in his report.

(3) If the auditor fails to obtain all the information and explanations which, to the best of his knowledge and belief, are necessary for the purposes of his audit, he shall state that fact in his report.

(4) If–

(a) the requirements of rules made by the Board under section 397 (information about directors' benefits: remuneration, pensions, end-of-service gratuity payments and compensation for loss of office) are not complied with in the annual accounts,

(b) the auditor must include in his report, so far as he is reasonably able to do so, a statement giving the required particulars.

(5) If the directors of the company–

(a) have prepared accounts in accordance with the small companies regime, or

(b) have taken advantage of small companies exemption in preparing the directors' report,

and in the auditor's opinion they were not entitled to do so, the auditor shall state that fact in his report.

470. Auditor's general right to information

(1) An auditor of a company–

(a) has a right of access at all times to the company's books, accounts and vouchers (in whatever form they are held), and

(b) may require any of the following persons to provide him with such information or explanations as he thinks necessary for the performance of his duties as auditor.

(2) Those persons are–

(a) any officer or employee of the company,

(b) any person holding or accountable for any of the company's books, accounts or vouchers,

(c) any subsidiary undertaking of the company which is a body corporate incorporated in the Abu Dhabi Global Market,

(d) any officer, employee or auditor of any such subsidiary undertaking or any person holding or accountable for any books, accounts or vouchers of any such subsidiary undertaking,

(e) any person who fell within any of subsection (2)(a) to (d) at a time to which the information or explanations required by the auditor relates or relate.

(3) Nothing in this section compels a person to disclose information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

471. Auditor's right to information from overseas subsidiary undertakings

(1) Where a parent company has a subsidiary undertaking that is not a body corporate incorporated in the Abu Dhabi Global Market, the auditor of the parent company may require it to obtain from any of the following persons such information or explanations as he may reasonably require for the purposes of his duties as auditor.

(2) Those persons are–

(a) the undertaking,

(b) any officer, employee or auditor of the undertaking,

(c) any person holding or accountable for any of the undertaking's books, accounts or vouchers,

(d) any person who fell within subsection (2)(b) or (c) at a time to which the information or explanations relates or relate.

(3) If so required, the parent company must take all such steps as are reasonably open to it to obtain the information or explanations from the person concerned.

(4) Nothing in this section compels a person to disclose information in respect of which a claim to legal professional privilege could be maintained in legal proceedings.

472. Auditor's rights to information: contraventions

(1) A person commits a contravention of these Regulations who knowingly or recklessly makes to an auditor of a company a statement (oral or written) that–

(a) conveys or purports to convey any information or explanations which the auditor requires, or is entitled to require, under section 470 (auditor's general right to information), and

(b) is misleading, false or deceptive in a material particular.

(2) A person who commits the contravention referred to in subsection (1) shall be liable to a fine of up to level 5.

(3) A person who fails to comply with a requirement under section 470 (auditor's general right to information) without delay commits a contravention of these Regulations unless it was not reasonably practicable for him to provide the required information or explanations.

(4) If a parent company fails to comply with section 471 (auditor's right to information from overseas subsidiary undertakings), a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(5) A person who commits the contravention referred to in subsection (3) shall be liable to a fine of up to level 4.

(6) A person who commits the contravention referred to in subsection (4) shall be liable to a level 3 fine.

(7) Nothing in this section affects any right of an auditor to apply for an injunction to enforce any of his rights under section 470 (general right to information) or 471 (right to information from overseas subsidiary undertakings).

473. Auditor's rights in relation to resolutions and meetings

(1) In relation to a written resolution proposed to be agreed to by a private company, the company's auditor is entitled to receive all such communications relating to the resolution as, by virtue of any provision of Chapter 2 of Part 13 of these Regulations, are required to be supplied to a member of the company.

(2) A company's auditor is entitled–

(a) to receive all notices of, and other communications relating to, any general meeting which a member of the company is entitled to receive,

(b) to attend any general meeting of the company, and

(c) to be heard at any general meeting which he attends on any part of the business of the meeting which concerns him as auditor.

(3) Where the auditor is a firm, the right to attend or be heard at a meeting is exercisable by an individual authorised by the firm in writing to act as its representative at the meeting.

474. Signature of auditor's report

The auditor's report must state the name of the auditor and be signed and dated by the senior auditor in his own name, for and on behalf of the auditor[40].

475. Senior auditor

(1) The senior auditor means the individual identified by the firm as senior auditor in relation to the audit in accordance with–

(a) standards issued by the Board, or

(b) if there is no applicable standard so issued, any relevant guidance issued by–

(i) the Board, or

(ii) a body appointed by the Board.

(2) The person identified as senior auditor must be eligible for appointment as auditor of the company in question (see Chapter 2 of Part 35 of these Regulations).

(3) The senior auditor is not, by reason of being named or identified as senior auditor or by reason of his having signed the auditor's report, subject to any civil liability to which he would not otherwise be subject.

476. Names to be stated in published copies of auditor's report

(1) Every copy of the auditor's report that is published by or on behalf of the company must–

(a) state the name of the auditor and (where the auditor is a firm) the name of the person who signed it as senior auditor, or

(b) if the conditions in section 477 (circumstances in which names may be omitted) are met, state that a resolution has been passed and notified to the Board in accordance with that section.

(2) For the purposes of this section a company is regarded as publishing the report if it publishes, issues or circulates it or otherwise makes it available for public inspection in a manner calculated to invite members of the public generally, or any class of members of the public, to read it.

(3) If a copy of the auditor's report is published without the statement required by this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 3 fine.

[40] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

477. Circumstances in which names may be omitted

(1) The auditor's name and, where the auditor is a firm, the name of the person who signed the report as senior auditor, may be omitted from–

(a) published copies of the report, and

(b) the copy of the report delivered to the Registrar under Chapter 8 of Part 14 (filing of accounts and reports),

(c) if the following conditions are met.

(2) The conditions are that the company–

(a) considering on reasonable grounds that statement of the name would create or be likely to create a serious risk that the auditor or senior auditor, or any other person, would be subject to violence or intimidation, has resolved that the name should not be stated, and

(b) has given notice of the resolution to the Registrar, stating–

(i) the name and registered number of the company,

(ii) the financial year of the company to which the report relates, and

(iii) the name of the auditor and (where the auditor is a firm) the name of the person who signed the report as senior auditor.

478. Contraventions in connection with auditor's report

(1) A person to whom this section applies commits a contravention of these Regulations if he knowingly or recklessly causes a report under section 467 (auditor's report on company's annual accounts) to include any matter that is misleading, false or deceptive in a material particular.

(2) A person to whom this section applies commits a contravention of these Regulations if he knowingly or recklessly causes such a report to omit a statement required by–

(a) section 469(2)(b) (statement that company's accounts do not agree with accounting records and returns),

(b) section 469(3) (statement that necessary information and explanations not obtained), or

(c) section 469(5) (statement that directors wrongly took advantage of exemption from obligation to prepare group accounts).

(3) This section applies to[41]–

any director, member, employee or agent of the firm who is eligible for appointment as auditor of the company.

(4) A person who commits the contraventions referred to in subsection (1) and (2) shall be liable to a fine of up to level 5.

[41] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

CHAPTER 4

REMOVAL, RESIGNATION, ETC. OF AUDITORS

Removal of auditor

479. Resolution removing auditor from office

(1) The members of a company may remove an auditor from office at any time.

(2) This power is exercisable only–

(a) by ordinary resolution at a meeting and in accordance with section 480 (special notice required for resolution removing auditor from office), or

(b) in the case of a company with only one member, by written resolution or a decision taken as mentioned in section 362 (records of decisions by sole member).

(3) Nothing in this section is to be taken as depriving the person removed of compensation or damages payable to him in respect of the termination–

(a) of his appointment as auditor, or

(b) of any appointment terminating with that as auditor.

(4) An auditor may not be removed from office before the expiration of his term of office except by resolution under this section.

480. Special notice required for resolution removing auditor from office

(1) Special notice is required for a resolution at a general meeting of a company removing an auditor from office.

(2) On receipt of notice of such an intended resolution the company must immediately send a copy of it to the auditor proposed to be removed.

(3) The auditor proposed to be removed may make with respect to the intended resolution representations in writing to the company (not exceeding a reasonable length) and request their notification to members of the company.

(4) The company must (unless the representations are received by it too late for it to do so)–

(a) in any notice of the resolution given to members of the company, state the fact of the representations having been made, and

(b) send a copy of the representations to every member of the company to whom notice of the meeting is or has been sent.

(5) If a copy of any such representations is not sent out as required because received too late or because of the company's default, the auditor may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting.

(6) Copies of the representations need not be sent out and the representations need not be read at the meeting if, on the application either of the company or of any other person

claiming to be aggrieved, the Court is satisfied that the auditor is using the provisions of this section to secure needless publicity for defamatory matter.

The Court may order the company's costs on the application to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application.

481. Notice to Registrar of resolution removing auditor from office

(1) Where a resolution is passed or a decision is taken under section 479 (resolution or decision removing auditor from office), the company must give notice of that fact to the Registrar within 14 days.

(2) If a company fails to give the notice required by this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of it who is in default.

(3) A person who commits the contravention referred to in subsection (2) shall be liable to a level 2 fine.

482. Rights of auditor who has been removed from office

(1) An auditor who has been removed by resolution under section 479 (resolution or decision removing auditor from office) has, notwithstanding his removal, the rights conferred by section 473(2) (auditor's rights in relation to resolutions and meetings) in relation to any general meeting of the company–

(a) at which his term of office would otherwise have expired, or

(b) at which it is proposed to fill the vacancy caused by his removal.

(2) In such a case the references in that section to matters concerning the auditor as auditor shall be construed as references to matters concerning him as a former auditor.

483. Failure to re-appoint auditor: special procedure required for written resolution

(1) This section applies where a resolution is proposed as a written resolution of a private company with more than one member whose effect would be to appoint a person as auditor in place of a person (the "outgoing auditor") whose term of office has expired, or is to expire, at the end of the period for appointing auditors.

(2) The following provisions apply if–

(a) no period for appointing auditors has ended since the outgoing auditor ceased to hold office, or

(b) such a period has ended and an auditor or auditors should have been appointed but were not.

(3) The company must send a copy of the proposed resolution to the person proposed to be appointed and to the outgoing auditor.

(4) The outgoing auditor may, within 14 days after receiving the notice, make with respect to the proposed resolution representations in writing to the company (not exceeding a reasonable length) and request their circulation to members of the company.

(5) The company must circulate the representations together with the copy or copies of the resolution circulated in accordance with section 308 (circulation of written resolutions proposed by directors) or section 310 (circulation of written resolutions proposed by members).

(6) Where subsection (5) applies–

(a) the period allowed under section 310(3) for service of copies of the proposed resolution is one month[42] instead of 21 days, and

(b) the provisions of section 310(5) and (6) (contraventions) apply in relation to a failure to comply with that subsection as in relation to a default in complying with that section.

(7) Copies of the representations need not be circulated if, on the application either of the company or of any other person claiming to be aggrieved, the Court is satisfied that the auditor is using the provisions of this section to secure needless publicity for defamatory matter.

The Court may order the company's costs on the application to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application.

(8) If any requirement of this section is not complied with, the resolution is ineffective.

484. Failure to re-appoint auditor: special notice required for resolution at general meeting

(1) This section applies to a resolution at a general meeting of a company with more than one member whose effect would be to appoint a person as auditor in place of a person (the "outgoing auditor") whose term of office has ended, or is to end–

(a) in the case of a private company, at the end of the period for appointing auditors,

(b) in the case of a public company, at the end of the next accounts meeting.

(2) Special notice is required of such a resolution if–

(a) in the case of a private company–

(i) no period for appointing auditors has ended since the outgoing auditor ceased to hold office, or

(ii) such a period has ended and an auditor or auditors should have been appointed but were not,

(b) in the case of a public company–

(i) there has been no accounts meeting of the company since the outgoing auditor ceased to hold office, or

(ii) there has been an accounts meeting at which an auditor or auditors should have been appointed but were not.

(3) On receipt of notice of such an intended resolution the company shall forthwith send a copy of it to the person proposed to be appointed and to the outgoing auditor.

[42] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(4) The outgoing auditor may make with respect to the intended resolution representations in writing to the company (not exceeding a reasonable length) and request their notification to members of the company.

(5) The company must (unless the representations are received by it too late for it to do so)–

(a) in any notice of the resolution given to members of the company, state the fact of the representations having been made, and

(b) send a copy of the representations to every member of the company to whom notice of the meeting is or has been sent.

(6) If a copy of any such representations is not sent out as required because received too late or because of the company's default, the outgoing auditor may (without prejudice to his right to be heard orally) require that the representations be read out at the meeting.

(7) Copies of the representations need not be sent out and the representations need not be read at the meeting if, on the application either of the company or of any other person claiming to be aggrieved, the Court is satisfied that the auditor is using the provisions of this section to secure needless publicity for defamatory matter.

The Court may order the company's costs on the application to be paid in whole or in part by the outgoing auditor, notwithstanding that he is not a party to the application.

485. Resignation of auditor

(1) An auditor of a company may resign his office by depositing a notice in writing to that effect at the company's registered office.

(2) The notice is not effective unless it is accompanied by the statement required by section 488 (statement by auditor to be deposited with company).

(3) An effective notice of resignation operates to bring the auditor's term of office to an end as of the date on which the notice is deposited or on such later date as may be specified in it.

486. Notice to Registrar of resignation of auditor

(1) Where an auditor resigns the company must within 14 days of the deposit of a notice of resignation send a copy of the notice to the Registrar of companies.

(2) If default is made in complying with this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(3) A person who commits the contravention referred to in subsection (2) shall be liable to a level 2 fine.

487. Rights of resigning auditor

(1) This section applies where an auditor's notice of resignation is accompanied by a statement of the circumstances connected with his resignation (see section 488 (statement by auditor to be deposited with company).

(2) A resigning auditor may deposit with the notice a signed requisition calling on the directors of the company forthwith duly to convene a general meeting of the company for the purpose of receiving and considering such explanation of the circumstances connected with his resignation as he may wish to place before the meeting.

(3) A resigning auditor may request the company to circulate to its members–

(a) before the meeting convened on his requisition, or

(b) before any general meeting at which his term of office would otherwise have expired or at which it is proposed to fill the vacancy caused by his resignation,

a statement in writing (not exceeding a reasonable length) of the circumstances connected with his resignation.

(4) The company must (unless the statement is received too late for it to comply)–

(a) in any notice of the meeting given to members of the company, state the fact of the statement having been made, and

(b) send a copy of the statement to every member of the company to whom notice of the meeting is or has been sent.

(5) The directors must within 21 days from the date of the deposit of a requisition under this section proceed duly to convene a meeting for a day not more than one month[43] after the date on which the notice convening the meeting is given.

(6) If default is made in complying with subsection (5), every director who failed to take all reasonable steps to secure that a meeting was convened commits a contravention of these Regulations.

(7) A person who commits the contravention referred to in subsection (6) shall be liable to a level 3 fine.

(8) If a copy of the statement mentioned above is not sent out as required because received too late or because of the company's default, the auditor may (without prejudice to his right to be heard orally) require that the statement be read out at the meeting.

(9) Copies of a statement need not be sent out and the statement need not be read out at the meeting if, on the application either of the company or of any other person who claims to be aggrieved, the Court is satisfied that the auditor is using the provisions of this section to secure needless publicity for defamatory matter.

The Court may order the company's costs on such an application to be paid in whole or in part by the auditor, notwithstanding that he is not a party to the application.

(10) An auditor who has resigned has, notwithstanding his resignation, the rights conferred by section 473(2) (auditor's rights in relation to resolutions and meetings) in relation to any such general meeting of the company as is mentioned in subsection (3)(a) or (b) above. In such a case the references in that section to matters concerning the auditor

[43] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

as auditor shall be construed as references to matters concerning him as a former auditor.

488. Statement by auditor to be deposited with company

(1) Where an auditor of a company ceases for any reason to hold office, he must deposit at the company's registered office a statement of the circumstances connected with his ceasing to hold office, unless he considers that there are no circumstances in connection with his ceasing to hold office that need to be brought to the attention of members or creditors of the company.

(2) If he considers that there are no circumstances in connection with his ceasing to hold office that need to be brought to the attention of members or creditors of the company, he must deposit at the company's registered office a statement to that effect.

(3) The statement required by this section must be deposited–

(a) in the case of resignation, along with the notice of resignation,

(b) in the case of failure to seek re-appointment, not less than 14 days before the end of the time allowed for next appointing an auditor,

(c) in any other case, not later than the end of the period of 14 days beginning with the date on which he ceases to hold office.

(4) A person ceasing to hold office as auditor who fails to comply with this section commits a contravention of these Regulations.

(5) A person does not commit the contravention referred to in subsection (4) if he shows that he took all reasonable steps and exercised all due diligence to avoid the commission of the contravention.

(6) A person who commits the contravention referred to in subsection (4) shall be liable to a fine of up to level 4.

(7) Where a contravention under this section is committed by a body corporate, every officer of the body who is in default also commits the contravention.

For this purpose–

(a) any person who purports to act as director, manager or secretary of the body is treated as an officer of the body, and

(b) if the body is a company, any shadow director is treated as an officer of the company.

489. Company's duties in relation to statement

(1) This section applies where the statement deposited under section 488 (statement by auditor to be deposited with company) states the circumstances connected with the auditor's ceasing to hold office.

(2) The company must within 14 days of the deposit of the statement either–

(a) send a copy of it to every person who under section 405 (duty to circulate copies of annual accounts and reports) is entitled to be sent copies of the accounts, or

(b) apply to the Court.

(3) If it applies to the Court, the company must notify the auditor of the application.

(4) If the Court is satisfied that the auditor is using the provisions of section 488 (statement by auditor to be deposited with company) to secure needless publicity for defamatory matter–

(a) it shall direct that copies of the statement need not be sent out, and

(b) it may further order the company's costs on the application to be paid in whole or in part by the auditor, even if he is not a party to the application.

The company must within 14 days of the Court's decision send to the persons mentioned in subsection (2)(a) a statement setting out the effect of the order.

(5) If no such direction is made the company must send copies of the statement to the persons mentioned in subsection (2)(a) within 14 days of the Court's decision or, as the case may be, of the discontinuance of the proceedings.

(6) In the event of default in complying with this section a contravention of these Regulations is committed by every officer of the company who is in default.

(7) A person does not commit the contravention referred to in subsection (6) if he shows that he took all reasonable steps and exercised all due diligence to avoid the commission of the contravention.

(8) A person who commits the contravention referred to in subsection (6) shall be liable to a level 3 fine.

490. Copy of statement to be sent to Registrar

(1) Unless within 21 days beginning with the day on which he deposited the statement under section 488 (statement by auditor to be deposited with company) the auditor receives notice of an application to the Court under section 489 (company's duties in relation to statement), he must within a further seven days send a copy of the statement to the Registrar.

(2) If an application to the Court is made under section 489 (company's duties in relation to statement) and the auditor subsequently receives notice under subsection (3) of that section, he must within seven days of receiving the notice send a copy of the statement to the Registrar.

(3) An auditor who fails to comply with subsection (1) or (2) commits a contravention of these Regulations.

(4) A person does not commit the contravention referred to in subsection (3) if he shows that he took all reasonable steps and exercised all due diligence to avoid the commission of the contravention.

(5) A person who commits the contravention referred to in subsection (3) shall be liable to a level 2 fine.

(6) Where a contravention under this section is committed by a body corporate, every officer of the body who is in default also commits the contravention.

For this purpose–

(a) any person who purports to act as director, manager or secretary of the body is treated as an officer of the body, and

(b) if the body is a company, any shadow director is treated as an officer of the company.

491. Duty of auditor to notify appropriate audit authority

(1) Where–

(a) in the case of a major audit, an auditor ceases for any reason to hold office, or

(b) in the case of an audit that is not a major audit, an auditor ceases to hold office before the end of his term of office,

(c) the auditor ceasing to hold office must notify the appropriate audit authority and the Registrar.

(2) The notice must–

(a) inform the appropriate audit authority that he has ceased to hold office, and

(b) be accompanied by a copy of the statement deposited by him at the company's registered office in accordance with section 488 (statement by auditor to be deposited with company).

(3) If the statement so deposited is to the effect that he considers that there are no circumstances in connection with his ceasing to hold office that need to be brought to the attention of members or creditors of the company, the notice must also be accompanied by a statement of the reasons for his ceasing to hold office.

(4) The auditor must comply with this section–

(a) in the case of a major audit, at the same time as he deposits a statement at the company's registered office in accordance with section 488 (statement by auditor to be deposited with company),

(b) in the case of an audit that is not a major audit, at such time (not being earlier than the time mentioned in subsection (4)(a)) as the appropriate audit authority or the Registrar may require.

(5) In this section, "major audit" means an audit conducted under this Part in respect of-

(a) a listed company; and

(b) any other person in whose financial condition there is a major public interest.

(6) In determining whether an audit is a major audit within subsection 5(b), regard shall be had to any guidance issued by the Registrar.

(7) A person ceasing to hold office as auditor who fails to comply with this section commits a contravention of these Regulations.

(8) If that person is a firm a contravention is committed by–

(a) the firm, and

(b) every officer of the firm who is in default.

(9) A person does not commit the contravention referred to in subsection (7) if he shows that he took all reasonable steps and exercised all due diligence to avoid the commission of the contravention.

(10) A person who commits the contravention referred to in subsection (7) shall be liable to a level 2 fine.

492. Effect of casual vacancies

If an auditor ceases to hold office for any reason, any surviving or continuing auditor or auditors may continue to act.

CHAPTER 5

AUDITORS' LIABILITY

Voidness of provisions protecting auditors from liability

493. Voidness of provisions protecting auditors from liability

(1) This section applies to any provision–

(a) for exempting an auditor of a company (to any extent) from any liability that would otherwise attach to him in connection with any negligence, default, breach of duty or breach of trust in relation to the company occurring in the course of the audit of accounts, or

(b) by which a company directly or indirectly provides an indemnity (to any extent) for an auditor of the company, or of an associated company, against any liability attaching to him in connection with any negligence, default, breach of duty or breach of trust in relation to the company of which he is auditor occurring in the course of the audit of accounts.

(2) Any such provision is void, except as permitted by–

(a) section 494 (indemnity for costs of successfully defending proceedings), or

(b) sections 495 to 497 (liability limitation agreements).

(3) This section applies to any provision, whether contained in a company's articles or in any contract with the company or otherwise.

(4) For the purposes of this section companies are associated if one is a subsidiary of the other or both are subsidiaries of the same body corporate.

494. Indemnity for costs of successfully defending proceedings

Section 493 (general voidness of provisions protecting auditors from liability) does not prevent a company from indemnifying an auditor against any liability incurred by him in defending proceedings (whether civil or criminal) in which judgment is given in his favour or he is acquitted.

495. Liability limitation agreements

(1) A "liability limitation agreement" is an agreement that purports to limit the amount of a liability owed to a company by its auditor in respect of any negligence, default, breach of duty or breach of trust, occurring in the course of the audit of accounts, of which the auditor may be guilty in relation to the company.

(2) Section 493 (general voidness of provisions protecting auditors from liability) does not affect the validity of a liability limitation agreement that–

(a) complies with section 496 (terms of liability limitation agreement) and of any rules made by the Board under that section, and

(b) is authorised by the members of the company (see section 497 (authorisation of agreement by members of the company)).

(3) Such an agreement is effective to the extent provided by section 498 (effect of liability limitation agreement).

496. Terms of liability limitation agreement

(1) A liability limitation agreement–

(a) must not apply in respect of acts or omissions occurring in the course of the audit of accounts for more than one financial year, and

(b) must specify the financial year in relation to which it applies.

(2) The Board may make rules–

(a) requiring liability limitation agreements to contain specified provisions or provisions of a specified description, and

(b) prohibiting liability limitation agreements from containing specified provisions or provisions of a specified description.

"Specified" here means specified in the rules.

(3) Without prejudice to the generality of the power conferred by subsection (2), that power may be exercised with a view to preventing adverse effects on competition.

(4) Subject to the preceding provisions of this section, it is immaterial how a liability limitation agreement is framed.

In particular, the limit on the amount of the auditor's liability need not be a sum of money, or a formula, specified in the agreement.

497. Authorisation of agreement by members of the company

(1) A liability limitation agreement is authorised by the members of the company if it has been authorised under this section and that authorisation has not been withdrawn.

(2) A liability limitation agreement between a private company and its auditor may be authorised–

(a) by the company passing a resolution, before it enters into the agreement, waiving the need for approval,

(b) by the company passing a resolution, before it enters into the agreement, approving the agreement's principal terms, or

(c) by the company passing a resolution, after it enters into the agreement, approving the agreement.

(3) A liability limitation agreement between a public company and its auditor may be authorised–

(a) by the company passing a resolution in general meeting, before it enters into the agreement, approving the agreement's principal terms, or

(b) by the company passing a resolution in general meeting, after it enters into the agreement, approving the agreement.

(4) The "principal terms" of an agreement are terms specifying, or relevant to the determination of–

(a) the kind (or kinds) of acts or omissions covered,

(b) the financial year to which the agreement relates, or

(c) the limit to which the auditor's liability is subject.

(5) Authorisation under this section may be withdrawn by the company passing an ordinary resolution to that effect–

(a) at any time before the company enters into the agreement, or

(b) if the company has already entered into the agreement, before the beginning of the financial year to which the agreement relates.

Subsection (5)(b) has effect notwithstanding anything in the agreement.

498. Effect of liability limitation agreement

(1) A liability limitation agreement is not effective to limit the auditor's liability to less than such amount as is fair and reasonable in all the circumstances of the case having regard (in particular) to–

(a) the auditor's responsibilities under this Part,

(b) the nature and purpose of the auditor's contractual obligations to the company, and

(c) the professional standards expected of him.

(2) A liability limitation agreement that purports to limit the auditor's liability to less than the amount mentioned in subsection (1) shall have effect as if it limited his liability to that amount.

(3) In determining what is fair and reasonable in all the circumstances of the case no account is to be taken of–

(a) matters arising after the loss or damage in question has been incurred, or

(b) matters (whenever arising) affecting the possibility of recovering compensation from other persons liable in respect of the same loss or damage.

499. Disclosure of agreement by company

(1) A company which has entered into a liability limitation agreement must make such disclosure in connection with the agreement as may be required under rules made by the Board.

(2) The rules may provide, in particular, that any disclosure required by the rules shall be made–

(a) in a note to the company's annual accounts (in the case of its individual accounts) or in such manner as is specified in the rules (in the case of group accounts), or

(b) in the directors' report.

CHAPTER 6

SUPPLEMENTARY PROVISIONS

500. Minor definitions

In this Part–

"qualified", in relation to an auditor's report (or a statement contained in an auditor's report), means that the report or statement does not state the auditor's unqualified opinion that the accounts have been properly prepared in accordance with these Regulations or, in the case of an undertaking not required to prepare accounts in accordance with these Regulations, under any corresponding legislation under which it is required to prepare accounts,

"turnover", in relation to a company, means the amounts derived from the provision of goods and services falling within the company's ordinary activities, after deduction of–

(a) trade discounts,

(b) value added tax, and

(c) any other taxes based on the amounts so derived.

PART 16

A COMPANY'S SHARE CAPITAL

Chapter 1

SHARES AND SHARE CAPITAL OF A COMPANY

Shares

501. Shares and the nature of shares

(1) In these Regulations "share", in relation to a company, means a share in the company's share capital.

(2) The shares or other interest of a member in a company are personal property and are not in the nature of real estate.

(3) Shares in a limited company have no nominal value.

502. Numbering of shares

(1) Each share in a company having a share capital must be distinguished by its appropriate number, except in the following circumstances.

(2) If at any time-

(a) all the issued shares in a company are fully paid up and rank *pari passu* for all purposes, or

(b) all the issued shares of a particular class in a company are fully paid up and rank *pari passu* for all purposes,

none of those shares need thereafter have a distinguishing number so long as it remains fully paid up and ranks *pari passu* for all purposes with all shares of the same class for the time being issued and fully paid up.

503. Transferability of shares

(1) The shares or other interest of any member in a company are transferable in accordance with the company's articles.

(2) See Part 20 of these Regulations generally as regards share transfers.

504. Companies having a share capital

References in these Regulations to a company having a share capital are to a company that has power under its constitution to issue shares.

505. Issued and allotted share capital

(1) References in these Regulations-

(a) to "issued share capital" are to shares of a company that have been issued,

(b) to "allotted share capital" are to shares of a company that have been allotted.

(2) References in these Regulations to issued or allotted shares, or to issued or allotted share capital, include shares taken on the formation of the company by the initial shareholders.

506. Called-up share capital

In these Regulations-

"called-up share capital", in relation to a company, means so much of its share capital as equals the aggregate amount of the calls made on its shares (whether or not those calls have been paid), together with-

(a) any share capital paid up without being called, and

(b) any share capital to be paid on a specified future date under the articles, the terms of allotment of the relevant shares or any other arrangements for payment of those shares, and

"uncalled share capital" is to be construed accordingly.

507. Equity share capital

In these Regulations "equity share capital", in relation to a company, means its issued share capital excluding any part of that capital that, neither as respects dividends nor as respects capital, carries any right to participate beyond a specified amount in a distribution.

Chapter 2

ALLOTMENT OF SHARES: GENERAL PROVISIONS

Power of directors to allot shares

508. Exercise by directors of power to allot shares etc

(1) The directors of a company must not exercise any power of the company-

(a) to allot shares in the company, or

(b) to grant rights to subscribe for, or to convert any security into, shares in the company,

except in accordance with section 509 (private company with single class of shares) or section 510 (authorisation by company).

(2) Subsection (1) does not apply-

(a) to the allotment of shares in pursuance of an employees' share scheme, or

(b) to the grant of a right to subscribe for, or to convert any security into, shares so allotted.

(3) Subsection (1) does not apply to the allotment of shares pursuant to a right to subscribe for, or to convert any security into, shares in the company.

(4) A director who knowingly contravenes, or permits or authorises a contravention of, this section commits a contravention of these Regulations.

(5) A person who commits a contravention of this section is liable to a level 2 fine.

(6) Nothing in this section affects the validity of an allotment or other transaction.

509. Power of directors to allot shares etc: private company with only one class of shares

Where a private company has only one class of shares, the directors may exercise any power of the company-

(a) to allot shares of that class, or

(b) to grant rights to subscribe for or to convert any security into such shares,

except to the extent that they are prohibited from doing so by the company's articles.

510. Power of directors to allot shares etc: authorisation by company

(1) The directors of a company may exercise a power of the company-

(a) to allot shares in the company, or

(b) to grant rights to subscribe for or to convert any security into shares in the company,

if they are authorised to do so by the company's articles or by resolution of the company.

(2) Authorisation may be given for a particular exercise of the power or for its exercise generally, and may be unconditional or subject to conditions.

(3) Authorisation must-

(a) state the maximum amount of shares that may be allotted under it and the minimum issue price for those shares, and

(b) specify the date on which it will expire, which must be not more than five years from-

(i) in the case of authorisation contained in the company's articles at the time of its original incorporation, the date of that incorporation,

(ii) in any other case, the date on which the resolution is passed by virtue of which the authorisation is given.

(4) Authorisation may-

(a) be renewed or further renewed by resolution of the company for a further period not exceeding five years, and

(b) be revoked or varied at any time by resolution of the company.

(5) A resolution renewing authorisation must-

(a) state (or restate) the maximum amount of shares that may be allotted under the authorisation or, as the case may be, the amount remaining to be allotted under it, and

(b) specify the date on which the renewed authorisation will expire.

(6) In relation to rights to subscribe for or to convert any security into shares in the company, references in this section to the maximum amount of shares that may be allotted under the authorisation are to the maximum amount of shares that may be allotted pursuant to the rights.

(7) The directors may allot shares, or grant rights to subscribe for or to convert any security into shares, after authorisation has expired if-

(a) the shares are allotted, or the rights are granted, in pursuance of an offer or agreement made by the company before the authorisation expired, and

(b) the authorisation allowed the company to make an offer or agreement which would or might require shares to be allotted, or rights to be granted, after the authorisation had expired.

(8) A resolution of a company to give, vary, revoke or renew authorisation under this section may be an ordinary resolution, even though it amends the company's articles.

(9) Chapter 3 of Part 3 (resolutions affecting a company's constitution) applies to a resolution under this section.

Prohibition of discounts etc.

511. General prohibition of commissions, discounts and allowances

(1) Except as permitted by section 512 (permitted commission), a company must not apply any of its shares or capital money, either directly or indirectly, in payment of any commission, discount to an issue price or allowance to any person in consideration of his-

(a) subscribing or agreeing to subscribe (whether absolutely or conditionally) for shares in the company, or

(b) procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares in the company.

(2) It is immaterial how the shares or money are so applied, whether by being added to the purchase money of property acquired by the company or to the contract price of work to be executed for the company, or being paid out of the nominal purchase money or contract price, or otherwise.

(3) Nothing in this section affects the payment of such brokerage as has previously been lawful.

512. Permitted commission

(1) A company may, if the following conditions are satisfied, pay a commission to a person in consideration of his subscribing or agreeing to subscribe (whether absolutely or

conditionally) for shares in the company, or procuring or agreeing to procure subscriptions (whether absolute or conditional) for shares in the company.

(2) The conditions are that-

(a) the payment of the commission is authorised by the company's articles, and

(b) the commission paid or agreed to be paid does not exceed-

(i) 10% of the price at which the shares are issued, or

(ii) the amount or rate authorised by the articles,
whichever is the less.

(3) A vendor to, or promoter of, or other person who receives payment in money or shares from, a company may apply any part of the money or shares so received in payment of any commission the payment of which directly by the company would be permitted by this section.

Registration of allotment

513. Registration of allotment

(1) A company must register an allotment of shares as soon as practicable and in any event within two months after the date of the allotment.

(2) If a company fails to comply with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(3) A person who commits a contravention of this section is liable to a level 2 fine.

(4) For the company's duties as to the issue of share certificates etc, see Part 20 (certification and transfer of securities).

514. Return of allotment by limited company

(1) This section applies to a company limited by shares, but shall not apply to a restricted scope company.

(2) The company must, within one month[44] of making an allotment of shares, deliver to the Registrar for registration a return of the allotment.

(3) The return must-

(a) contain the prescribed information, and

(b) be accompanied by a statement of capital.

(4) The statement of capital must state with respect to the company's share capital at the date to which the return is made up-

[44] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(a) the total number of shares of the company,

(b) the aggregate issue price of those shares,

(c) for each class of shares-

(i) prescribed particulars of the rights attached to the shares,

(ii) the total number of shares of that class, and

(iii) the aggregate issue price of shares of that class, and

(d) the amount paid up and the amount (if any) unpaid on each share.

515. Return of allotment by unlimited company allotting new class of shares

(1) This section applies to an unlimited company that allots shares of a class with rights that are not in all respects uniform with shares previously allotted.

(2) The company must, within one month of making such an allotment, deliver to the Registrar for registration a return of the allotment.

(3) The return must contain the prescribed particulars of the rights attached to the shares.

(4) For the purposes of this section shares are not to be treated as different from shares previously allotted by reason only that the former do not carry the same rights to dividends as the latter during the 12 months immediately following the former's allotment.

516. Offence of failure to make return

(1) If a company makes default in complying with-

(a) section 514 (return of allotment of shares by limited company), or

(b) section 515 (return of allotment of new class of shares by unlimited company),

a contravention of these Regulations is committed by every officer of the company who is in default.

(2) A person who commits a contravention as described in subsection (1) is liable to a level 2 fine.

(3) In the case of default in delivering to the Registrar within one month[45] after the allotment the return required by section 514 or 515-

(a) any person liable for the default may apply to the Court for relief, and

(b) the Court, if satisfied-

(i) that the omission to deliver the document was accidental or due to inadvertence, or

(ii) that it is just and equitable to grant relief,

may make an order extending the time for delivery of the document for such period as the Court thinks proper.

[45] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

517. When shares are allotted

For the purposes of these Regulations shares in a company are taken to be allotted when a person acquires the unconditional right to be included in the company's register of members in respect of the shares.

518. Provisions about allotment not applicable to shares taken on formation

The provisions of this Chapter have no application in relation to the taking of shares by the initial shareholders on the formation of the company.

Chapter 3

ALLOTMENT OF EQUITY SECURITIES: EXISTING SHAREHOLDERS' RIGHT OF PRE-EMPTION

Introductory

519. Meaning of "equity securities" and related expressions

(1) In this Chapter-

"equity securities" means-

(a) ordinary shares in the company, or

(b) rights to subscribe for, or to convert securities into, ordinary shares in the company,

"ordinary shares" means shares other than shares that as respects dividends and capital carry a right to participate only up to a specified amount in a distribution.

(2) References in this Chapter to the allotment of equity securities-

(a) include the grant of a right to subscribe for, or to convert any securities into, ordinary shares in the company, and

(b) do not include the allotment of shares pursuant to such a right.

(3) References in this Chapter to the allotment of equity securities include the sale of ordinary shares in the company that immediately before the sale were held by the company as treasury shares.

520. Existing shareholders' right of pre-emption

(1) A company must not allot equity securities to a person on any terms unless-

(a) it has made an offer to each person who holds ordinary shares in the company to allot to him on the same or more favourable terms a proportion of those securities that is as nearly as practicable equal to the proportion held by him of the ordinary share capital of the company, and

(b) the period during which any such offer may be accepted has expired or the company has received notice of the acceptance or refusal of every offer so made.

(2) Securities that a company has offered to allot to a holder of ordinary shares may be allotted to him, or anyone in whose favour he has renounced his right to their allotment, without contravening subsection 520(1)(b).

(3) Shares held by the company as treasury shares are disregarded for the purposes of this section, so that-

(a) the company is not treated as a person who holds ordinary shares, and

(b) the shares are not treated as forming part of the ordinary share capital of the company.

(4) This section is subject to-

(a) sections 523 to 525 (exceptions to pre-emption right),

(b) sections 526 and 527 (exclusion of rights of pre-emption), and

(c) sections 528 to 532 (disapplication of pre-emption rights).

521. Communication of pre-emption offers to shareholders

(1) This section has effect as to the manner in which offers required by section 520 are to be made to holders of a company's shares.

(2) The offer may be made in hard copy or electronic form.

(3) If the holder has no registered address in the Abu Dhabi Global Market and has not given to the company an address in the Abu Dhabi Global Market for the service of notices on him, the offer may be made by causing it, or a notice specifying where a copy of it can be obtained or inspected, to be published on the company's website.

(4) The offer must state a period during which it may be accepted and the offer shall not be withdrawn before the end of that period.

(5) The period must be a period of at least 14 days beginning-

(a) in the case of an offer made in hard copy form, with the date on which the offer is sent or supplied,

(b) in the case of an offer made in electronic form, with the date on which the offer is sent,

(c) in the case of an offer made by publication in a leading English language newspaper of the United Arab Emirates, with the date of publication.

(6) The Board may make rules that-

(a) reduce the period specified in subsection (5), or

(b) increase that period.

522. Liability of company and officers in case of contravention

(1) This section applies where there is a contravention of-

(a) section 520 (existing shareholders' right of pre-emption), or

(b) section 521 (communication of pre-emption offers to shareholders).

(2) The company and every officer of it who knowingly authorised or permitted the contravention are jointly and severally liable to compensate any person to whom an offer should have been made in accordance with those provisions for any loss, damage, costs or expenses which the person has sustained or incurred by reason of the contravention.

(3) No proceedings to recover any such loss, damage, costs or expenses shall be commenced after the expiration of two years-

(a) from the delivery to the Registrar of companies of the return of allotment, or

(b) or where equity securities are granted by a restricted scope company, from the date of the grant or

(c) where equity securities other than shares are granted, from the date of the grant.

523. Exception to pre-emption right: bonus shares

Section 520(1) (existing shareholders' right of pre-emption) does not apply in relation to the allotment of bonus shares.

524. Exception to pre-emption right: issue for non-cash consideration

Section 520(1) (existing shareholders' right of pre-emption) does not apply to a particular allotment of equity securities if these are, or are to be, wholly or partly paid up otherwise than in cash.

525. Exceptions to pre-emption right: employees' share schemes

Section 520(1) (existing shareholders' right of pre-emption) does not apply to the allotment of equity securities that would, apart from any renunciation or assignment of the right to their allotment, be held under or allotted or transferred pursuant to an employees' share scheme.

526. Exclusion of requirements by private companies

(1) All or any of the requirements of-

(a) section 520 (existing shareholders' right of pre-emption), or

(b) section 521 (communication of pre-emption offers to shareholders)

may be excluded by provision contained in the articles of a private company.

(2) They may be excluded-

(a) generally in relation to the allotment by the company of equity securities, or

(b) in relation to allotments of a particular description.

(3) Any requirement or authorisation contained in the articles of a private company that is inconsistent with either of those sections is treated for the purposes of this section as a provision excluding that section.

(4) A provision to which section 527 applies (exclusion of pre-emption right: corresponding right conferred by articles) is not to be treated as inconsistent with section 520.

527. Exclusion of pre-emption right: articles conferring corresponding right

(1) The provisions of this section apply where, in a case in which section 520 (existing shareholders' right of pre-emption) would otherwise apply-

(a) a company's articles contain provision ("pre-emption provision") prohibiting the company from allotting ordinary shares of a particular class unless it has complied with the condition that it makes such an offer as is described in section 520(1) to each person who holds ordinary shares of that class, and

(b) in accordance with that provision-

(i) the company makes an offer to allot shares to such a holder, and

(ii) he or anyone in whose favour he has renounced his right to their allotment accepts the offer.

(2) In that case, section 520 does not apply to the allotment of those shares and the company may allot them accordingly.

(3) The provisions of section 521 (communication of pre-emption offers to shareholders) apply in relation to offers made in pursuance of the pre-emption provision of the company's articles.

This is subject to section 526 (exclusion of requirements by private companies).

(4) If there is a contravention of the pre-emption provision of the company's articles, the company, and every officer of it who knowingly authorised or permitted the contravention, are jointly and severally liable to compensate any person to whom an offer should have been made under the provision for any loss, damage, costs or expenses which the person has sustained or incurred by reason of the contravention.

(5) No proceedings to recover any such loss, damage, costs or expenses may be commenced after the expiration of two years-

(a) from the delivery to the Registrar of companies of the return of allotment, or

(b) or where equity securities are granted by a restricted scope company, from the date of the grant or

(c) where equity securities other than shares are granted, from the date of the grant

528. Disapplication of pre-emption rights: private company with only one class of shares

(1) The directors of a private company that has only one class of shares may be given power by the articles, or by a special resolution of the company, to allot equity securities of that class as if section 520 (existing shareholders' right of pre-emption)-

(a) did not apply to the allotment, or

(b) applied to the allotment with such modifications as the directors may determine.

(2) Where the directors make an allotment under this section, the provisions of this Chapter have effect accordingly.

529. Disapplication of pre-emption rights: directors acting under general authorisation

(1) Where the directors of a company are generally authorised for the purposes of section 510 (power of directors to allot shares etc: authorisation by company), they may be given power by the articles, or by a special resolution of the company, to allot equity securities pursuant to that authorisation as if section 520 (existing shareholders' right of pre-emption)-

(a) did not apply to the allotment, or

(b) applied to the allotment with such modifications as the directors may determine.

(2) Where the directors make an allotment under this section, the provisions of this Chapter have effect accordingly.

(3) The power conferred by this section ceases to have effect when the authorisation to which it relates-

(a) is revoked, or

(b) would (if not renewed) expire,

but if the authorisation is renewed the power may also be renewed, for a period not longer than that for which the authorisation is renewed, by a special resolution of the company.

(4) Notwithstanding that the power conferred by this section has expired, the directors may allot equity securities in pursuance of an offer or agreement previously made by the company if the power enabled the company to make an offer or agreement that would or might require equity securities to be allotted after it expired.

530. Disapplication of pre-emption rights by special resolution

(1) Where the directors of a company are authorised for the purposes of section 510 (power of directors to allot shares etc: authorisation by company), whether generally or otherwise, the company may by special resolution resolve that section 520 (existing shareholders' right of pre-emption)-

(a) does not apply to a specified allotment of equity securities to be made pursuant to that authorisation, or

(b) applies to such an allotment with such modifications as may be specified in the resolution.

(2) Where such a resolution is passed the provisions of this Chapter have effect accordingly.

(3) A special resolution under this section ceases to have effect when the authorisation to which it relates-

(a) is revoked, or

(b) would (if not renewed) expire,

but if the authorisation is renewed the resolution may also be renewed, for a period not longer than that for which the authorisation is renewed, by a special resolution of the company.

(4) Notwithstanding that any such resolution has expired, the directors may allot equity securities in pursuance of an offer or agreement previously made by the company if the resolution enabled the company to make an offer or agreement that would or might require equity securities to be allotted after it expired.

(5) A special resolution under this section, or a special resolution to renew such a resolution, must not be proposed unless-

(a) it is recommended by the directors, and

(b) the directors have complied with the following provisions.

(6) Before such a resolution is proposed, the directors must make a written statement setting out-

(a) their reasons for making the recommendation,

(b) the amount to be paid to the company in respect of the equity securities to be allotted, and

(c) the directors' justification of that amount.

(7) The directors' statement must-

(a) if the resolution is proposed as a written resolution, be sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him,

(b) if the resolution is proposed at a general meeting, be circulated to the members entitled to notice of the meeting with that notice.

531. Liability for false statement in directors' statement

(1) This section applies in relation to a directors' statement under section 530 (special resolution disapplying pre-emption rights) that is sent, submitted or circulated under subsection (7) of that section.

(2) A person who knowingly or recklessly authorises or permits the inclusion of any matter that is misleading, false or deceptive in a material particular in such a statement commits a contravention of these Regulations.

(3) A person who commits a contravention of this section is liable to a fine of up to level 7.

532. Disapplication of pre-emption rights: sale of treasury shares

(1) This section applies in relation to a sale of shares that is an allotment of equity securities by virtue of section 519(3).

(2) The directors of a company may be given power by the articles, or by a special resolution of the company, to allot equity securities as if section 520 (existing shareholders' right of pre-emption)-

(a) did not apply to the allotment, or

(b) applied to the allotment with such modifications as the directors may determine.

(3) The provisions of section 529(2) and (4) apply in that case as they apply to a case within subsection (1) of that section.

(4) The company may by special resolution resolve that section 520-

(a) shall not apply to a specified allotment of securities, or

(b) shall apply to the allotment with such modifications as may be specified in the resolution.

(5) The provisions of section 530(2) and (4) to (7) apply in that case as they apply to a case within subsection (1) of that section.

533. References to holder of shares in relation to offer

(1) In this Chapter, in relation to an offer to allot securities required by-

(a) section 520 (existing shareholders' right of pre-emption), or

(b) any provision to which section 527 applies (articles conferring corresponding right),

a reference (however expressed) to the holder of shares of any description is to whoever was the holder of shares of that description at the close of business on a date to be specified in the offer.

(2) The specified date must fall within the period of one month[46] immediately before the date of the offer.

534. Saving for other restrictions on offer or allotment

(1) The provisions of this Chapter are without prejudice to any other law or regulation applicable to the Abu Dhabi Global Market by virtue of which a company is prohibited (whether generally or in specified circumstances) from offering or allotting equity securities to any person.

(2) Where a company cannot by virtue of such a law or regulation applicable to the Abu Dhabi Global Market offer or allot equity securities to a holder of ordinary shares of the company, those shares are disregarded for the purposes of section 520 (existing shareholders' right of pre-emption), so that-

(a) the person is not treated as a person who holds ordinary shares, and

(b) the shares are not treated as forming part of the ordinary share capital of the company.

535. Provisions about pre-emption not applicable to shares taken on formation

The provisions of this Chapter have no application in relation to the taking of shares by the initial shareholders on the formation of the company.

[46] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

536. Public companies: allotment where issue not fully subscribed

(1) No allotment shall be made of shares of a public company offered for subscription unless-

(a) the issue is subscribed for in full, or

(b) the offer is made on terms that the shares subscribed for may be allotted-

(i) in any event, or

(ii) if specified conditions are met (and those conditions are met).

(2) If shares are prohibited from being allotted by subsection (1) and 40 days have elapsed after the first making of the offer, all money received from applicants for shares must be repaid to them forthwith, without interest.

(3) If any of the money is not repaid within 48 days after the first making of the offer, the directors of the company are jointly and severally liable to repay it.

A director is not so liable if he proves that the default in the repayment of the money was not due to any misconduct or negligence on his part.

(4) This section applies in the case of shares offered as wholly or partly payable otherwise than in cash as it applies in the case of shares offered for subscription.

(5) In that case-

(a) the references in subsection (1) to subscription shall be construed accordingly,

(b) references in subsections (2) and (3) to the repayment of money received from applicants for shares include-

(i) the return of any other consideration so received (including, if the case so requires, the release of the applicant from any undertaking), or

(ii) if it is not reasonably practicable to return the consideration, the payment of money equal to its value at the time it was so received,

(c) references to interest apply accordingly.

(6) Any condition requiring or binding an applicant for shares to waive compliance with any requirement of this section is void.

537. Public companies: effect of irregular allotment where issue not fully subscribed

(1) An allotment made by a public company to an applicant in contravention of section 536 (public companies: allotment where issue not fully subscribed) is voidable at the instance of the applicant within one month after the date of the allotment, and not later.

(2) It is so voidable even if the company is in the course of being wound up.

(3) A director of a public company who knowingly contravenes, or permits or authorises the contravention of, any provision of section 536 with respect to allotment is liable to compensate the company and the allottee respectively for any loss, damages, costs or expenses that the company or allottee may have sustained or incurred by the contravention.

(4) Proceedings to recover any such loss, damages, costs or expenses may not be brought more than two years after the date of the allotment.

Chapter 4

PAYMENT FOR SHARES

General rules

538. Provision for different amounts to be paid on shares

A company, if so authorised by its articles, may-

(a) make arrangements on the issue of shares for a difference between the shareholders in the amounts and times of payment of calls on their shares,

(b) accept from any member the whole or part of the amount remaining unpaid on any shares held by him, although no part of that amount has been called up,

(c) pay a dividend in proportion to the amount paid up on each share where a larger amount is paid up on some shares than on others.

539. General rule as to means of payment

(1) Shares allotted by a company may be paid up in money or money's worth (including goodwill and know-how).

(2) This section does not prevent a company-

(a) from allotting bonus shares to its members, or

(b) from paying up, with sums available for the purpose, any amounts for the time being unpaid on any of its shares.

(3) This section has effect subject to the following provisions of this Chapter (additional rules for public companies).

540. Meaning of payment in cash

(1) The following provisions have effect for the purposes of these Regulations.

(2) A share in a company is deemed paid up in cash, or allotted for cash, if the consideration received for the allotment or payment up is a cash consideration.

(3) A "cash consideration" means-

(a) cash received by the company,

(b) a cheque received by the company in good faith that the directors have no reason for suspecting will not be paid,

(c) a release of a liability of the company for a liquidated sum,

(d) an undertaking to pay cash to the company at a stated future date, or

(e) payment by any other means giving rise to a present or future entitlement at a stated date (of the company or a person acting on the company's behalf) to a payment, or credit equivalent to payment, in cash.

(4) The Board may make rules providing that particular means of payment specified in the order are to be regarded as falling within subsection (e).

(5) In relation to the allotment or payment up of shares in a company-

(a) the payment of cash to a person other than the company, or

(b) an undertaking to pay cash to a person other than the company,

counts as consideration other than cash.

This does not apply for the purposes of Chapter 3 (allotment of equity securities: existing shareholders' right of pre-emption).

(6) For the purpose of determining whether a share is or is to be allotted for cash, or paid up in cash, "cash" includes currency other than US dollars, or the currency in which the shares are to be issued.

Additional rules for public companies

541. Public companies: shares taken by initial shareholders

Shares taken by an initial shareholder of a public company in pursuance of an undertaking of his in the memorandum must be paid up in cash.

542. Public companies: must not accept undertaking to do work or perform services

(1) A public company must not accept at any time, in payment up of its shares, an undertaking given by any person that he or another should do work or perform services for the company or any other person.

(2) If a public company accepts such an undertaking in payment up of its shares, the holder of the shares when they are treated as paid up (in whole or in part) by the undertaking is liable-

(a) to pay the company in respect of those shares an amount equal to their aggregate issue price, or, if the case so requires, such proportion of that amount as is treated as paid up by the undertaking, and

(b) to pay interest at the appropriate rate on the amount payable under subsection (2)(a).

(3) The reference in subsection (2) to the holder of shares includes a person who has an unconditional right-

(a) to be included in the company's register of members in respect of those shares, or

(b) to have an instrument of transfer of them executed in his favour.

543. Public companies: shares must be at least one-quarter paid up

(1) A public company must not allot a share except as paid up at least as to one-quarter of its issue price.

(2) This does not apply to shares allotted in pursuance of an employees' share scheme.

(3) If a company allots a share in contravention of this section-

(a) the share is to be treated as if one-quarter of its issue price had been received, and

(b) the allottee is liable to pay the company the minimum amount which should have been received in respect of the share under subsection (1) (less the value of any consideration actually applied in payment up, to any extent, of the share), with interest at the appropriate rate.

(4) Subsection (3) does not apply to the allotment of bonus shares, unless the allottee knew or ought to have known the shares were allotted in contravention of this section.

544. Public companies: payment by long-term undertaking

(1) A public company must not allot shares as fully or partly paid up otherwise than in cash if the consideration for the allotment is or includes an undertaking which is to be, or may be, performed more than five years after the date of the allotment.

(2) If a company allots shares in contravention of subsection (1), the allottee is liable to pay the company an amount equal to the aggregate issue price of the shares so allotted (or, if the case so requires, so much of that aggregate as is treated as paid up by the undertaking), with interest at the appropriate rate.

(3) Where a contract for the allotment of shares does not contravene subsection (1), any variation of the contract that has the effect that the contract would have contravened the subsection, if the terms of the contract as varied had been its original terms, is void.

This applies also to the variation by a public company of the terms of a contract entered into before the company was re-registered as a public company.

(4) Where-

(a) a public company allots shares for a consideration which consists of or includes (in accordance with subsection (1)) an undertaking that is to be performed within five years of the allotment, and

(b) the undertaking is not performed within the period allowed by the contract for the allotment of the shares,

the allottee is liable to pay the company, at the end of the period so allowed, an amount equal to the aggregate issue price of the shares (or, if the case so requires, so much of that aggregate as is treated as paid up by the undertaking), with interest at the appropriate rate.

(5) References in this section to a contract for the allotment of shares include an ancillary contract relating to payment in respect of them.

Supplementary provisions

545. Liability of subsequent holders of shares

(1) If a person becomes a holder of shares in respect of which-

(a) there has been a contravention of any provision of this Chapter, and

(b) by virtue of that contravention another is liable to pay any amount under the provision contravened,

that person is also liable to pay that amount (jointly and severally with any other person so liable), subject as follows.

(2) A person otherwise liable under subsection (1) is exempted from that liability if either-

(a) he is a purchaser for value and, at the time of the purchase, he did not have actual notice of the contravention concerned, or

(b) he derived title to the shares (directly or indirectly) from a person who became a holder of them after the contravention and was not liable under subsection (1).

(3) References in this section to a holder, in relation to shares in a company, include any person who has an unconditional right-

(a) to be included in the company's register of members in respect of those shares, or

(b) to have an instrument of transfer of the shares executed in his favour.

(4) This section applies in relation to a failure to carry out a term of a contract as mentioned in section 544(4) (public companies: payment by long-term undertaking) as it applies in relation to a contravention of a provision of this Chapter.

546. Power of Court to grant relief

(1) This section applies in relation to liability under-

(a) section 542(2) (liability of allottee in case of breach by public company of prohibition on accepting undertaking to do work or perform services),

(b) section 544(2)or (4) (liability of allottee in case of breach by public company of prohibition on payment by long-term undertaking), or

(c) section 545 (liability of subsequent holders of shares),

as it applies in relation to a contravention of those sections.

(2) A person who-

(a) is subject to any such liability to a company in relation to payment in respect of shares in the company, or

(b) is subject to any such liability to a company by virtue of an undertaking given to it in, or in connection with, payment for shares in the company,

may apply to the Court to be exempted in whole or in part from the liability.

(3) In the case of a liability within subsection 546(2)(a), the Court may exempt the applicant from the liability only if and to the extent that it appears to the Court just and equitable to do so having regard to-

(a) whether the applicant has paid, or is liable to pay, any amount in respect of-

(i) any other liability arising in relation to those shares under any provision of this Chapter or Chapter 6, or

(ii) any liability arising by virtue of any undertaking given in or in connection with payment for those shares,

(b) whether any person other than the applicant has paid or is likely to pay, whether in pursuance of any order of the Court or otherwise, any such amount,

(c) whether the applicant or any other person-

(i) has performed in whole or in part, or is likely so to perform any such undertaking, or

(ii) has done or is likely to do any other thing in payment or part payment for the shares.

(4) In the case of a liability within subsection 546(2)(b), the Court may exempt the applicant from the liability only if and to the extent that it appears to the Court just and equitable to do so having regard to-

(a) whether the applicant has paid or is liable to pay any amount in respect of liability arising in relation to the shares under any provision of this Chapter or Chapter 6,

(b) whether any person other than the applicant has paid or is likely to pay, whether in pursuance of any order of the Court or otherwise, any such amount.

(5) In determining whether it should exempt the applicant in whole or in part from any liability, the Court must have regard to the following overriding principles-

(a) a company that has allotted shares should receive money or money's worth at least equal in value to their aggregate issue price or, if the case so requires, so much of that aggregate as is treated as paid up,

(b) subject to that, where a company would, if the Court did not grant the exemption, have more than one remedy against a particular person, it should be for the company to decide which remedy it should remain entitled to pursue.

(6) If a person brings proceedings against another ("the contributor") for a contribution in respect of liability to a company arising under any provision of this Chapter or Chapter 6 and it appears to the Court that the contributor is liable to make such a contribution, the Court may, if and to the extent that it appears to it just and equitable to do so having regard to the respective culpability (in respect of the liability to the company) of the contributor and the person bringing the proceedings-

(a) exempt the contributor in whole or in part from his liability to make such a contribution, or

(b) order the contributor to make a larger contribution than, but for this subsection, he would be liable to make.

547. Penalty for contravention of this Chapter

(1) If a company contravenes any of the provisions of this Chapter, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(2) A person who commits a contravention of this Chapter is liable to a level 2 fine.

548. Enforceability of undertakings to do work etc

(1) An undertaking given by any person, in or in connection with payment for shares in a company, to do work or perform services or to do any other thing, if it is enforceable by the company apart from this Chapter, is so enforceable notwithstanding that there has been a contravention in relation to it of a provision of this Chapter or Chapter 6.

(2) This is without prejudice to section 546 (power of Court to grant relief etc in respect of liabilities).

549. The appropriate rate of interest

For the purposes of this Chapter the "appropriate rate" of interest is 5% per annum or such other rate as may be specified by order made by the Board.

Chapter 5

PUBLIC COMPANIES: INDEPENDENT VALUATION OF NON-CASH CONSIDERATION

Non-cash consideration for shares

550. Public company: valuation of non-cash consideration for shares

(1) A public company must not allot shares as fully or partly paid up otherwise than in cash unless-

(a) the consideration for the allotment has been independently valued in accordance with the provisions of this Chapter,

(b) the valuer's report has been made to the company during the six months immediately preceding the allotment of the shares, and

(c) a copy of the report has been sent to the proposed allottee.

(2) For this purpose the application of an amount standing to the credit of-

(a) any of a company's reserve accounts, or

(b) its profit and loss account,

in paying up (to any extent) shares allotted to members of the company does not count as consideration for the allotment.

Accordingly, subsection 550(1) does not apply in that case.

(3) If a company allots shares in contravention of subsection (1) and either-

(a) the allottee has not received the valuer's report required to be sent to him, or

(b) there has been some other contravention of the requirements of this section or section 553 that the allottee knew or ought to have known amounted to a contravention,

the allottee is liable to pay the company an amount equal to the aggregate issue price of the shares (or, if the case so requires, so much of that aggregate as is treated as paid up by the consideration), with interest at the appropriate rate.

(4) This section has effect subject to-

(a) section 551 (exception to valuation requirement: arrangement with another company), and

(b) section 552 (exception to valuation requirement: merger or division).

551. Exception to valuation requirement: arrangement with another company

(1) Section 550 (valuation of non-cash consideration) does not apply to the allotment of shares by a company ("company A") in connection with an arrangement to which this section applies.

(2) This section applies to an arrangement for the allotment of shares in company A on terms that the whole or part of the consideration for the shares allotted is to be provided by-

(a) the transfer to that company, or

(b) the cancellation,

of all or some of the shares, or of all or some of the shares of a particular class, in another company ("company B").

(3) It is immaterial whether the arrangement provides for the issue to company A of shares, or shares of any particular class, in company B.

(4) This section applies to an arrangement only if under the arrangement it is open to all the holders of the shares in company B (or, where the arrangement applies only to shares of a particular class, to all the holders of shares of that class) to take part in the arrangement.

(5) In determining whether that is the case, the following shall be disregarded-

(a) shares held by or by a nominee of company A,

(b) shares held by or by a nominee of a company which is-

(i) the holding company, or a subsidiary, of company A, or

(ii) a subsidiary of such a holding company,

(c) shares held as treasury shares by company B.

(6) In this section-

(a) "arrangement" means any agreement, scheme or arrangement (including an arrangement sanctioned in accordance with Part 25 (arrangements and reconstructions), and

(b) "company", except in reference to company A, includes any body corporate.

552. Exception to valuation requirement: merger or division

(1) Section 550 (valuation of non-cash consideration) does not apply to the allotment of shares by a company as part of a scheme to which Part 26 (mergers and divisions of public companies) applies if-

(a) in the case of a scheme involving a merger, an expert's report is drawn up as required by section 816 (expert's report (merger)), or

(b) in the case of a scheme involving a division, an expert's report is drawn up as required by section 836 (expert's report (division)).

553. Non-cash consideration for shares: requirements as to valuation and report

(1) The provisions of sections 1010 to 1013 (general provisions as to independent valuation and report) apply to the valuation and report required by section 550 (public company: valuation of non-cash consideration for shares).

(2) The valuer's report must state-

(a) the aggregate issue price for the shares to be wholly or partly paid for by the consideration in question,

(b) the description of the consideration and, as respects so much of the consideration as he himself has valued, a description of that part of the consideration, the method used to value it and the date of the valuation,

(c) the extent to which aggregate issue price for the shares is to be treated as paid up-

(i) by the consideration,

(ii) in cash.

(3) The valuer's report must contain or be accompanied by a note by him-

(a) in the case of a valuation made by a person other than himself, that it appeared to himself reasonable to arrange for it to be so made or to accept a valuation so made,

(b) whoever made the valuation, that the method of valuation was reasonable in all the circumstances,

(c) that it appears to the valuer that there has been no material change in the value of the consideration in question since the valuation, and

(d) that, on the basis of the valuation, the value of the consideration, together with any cash by which the aggregate issue price for the shares is to be paid up, is not less than so much of the aggregate issue price for the shares as is treated as paid up by the consideration and any such cash.

554. Copy of report to be delivered to Registrar

(1) A company to which a report is made under section 550 as to the value of any consideration for which, or partly for which, it proposes to allot shares must deliver a copy of the report to the Registrar for registration.

(2) The copy must be delivered at the same time that the company files the return of the allotment of those shares under section 514 (return of allotment by limited company).

(3) If default is made in complying with subsection (1) or (2), a contravention of these Regulations is committed by every officer of the company who is in default.

(4) A person who commits a contravention of this section is liable to a level 2 fine.

(5) In the case of default in delivering to the Registrar any document as required by this section, any person liable for the default may apply to the Court for relief.

(6) The Court, if satisfied-

(a) that the omission to deliver the document was accidental or due to inadvertence, or

(b) that it is just and equitable to grant relief,

may make an order extending the time for delivery of the document for such period as the Court thinks proper.

Transfer of non-cash asset in an initial period

555. Public company: agreement for transfer of non-cash asset in initial period

(1) A public company formed as such must not enter into an agreement-

(a) with a person who is one of its initial members,

(b) for the transfer by him to the company, or another, before the end of the company's initial period of one or more non-cash assets, and

(c) under which the consideration for the transfer to be given by the company is at the time of the agreement equal in value to one-tenth or more of the company's issued share capital,

unless the conditions referred to below have been complied with.

(2) The company's "initial period" means the period of two years beginning with the date of the company being issued with a certificate under section 699(2) (trading certificate).

(3) The conditions are those specified in-

(a) section 556 (requirement of independent valuation), and

(b) section 558 (requirement of approval by members).

(4) This section does not apply where-

(a) it is part of the company's ordinary business to acquire, or arrange for other persons to acquire, assets of a particular description, and

(b) the agreement is entered into by the company in the ordinary course of that business.

(5) This section does not apply to an agreement entered into by the company under the supervision of the Court or of an officer authorised by the Court for the purpose.

556. Agreement for transfer of non-cash asset: requirement of independent valuation

(1) The following conditions must have been complied with-

(a) the consideration to be received by the company, and any consideration other than cash to be given by the company, must have been independently valued in accordance with the provisions of this Chapter,

(b) the valuer's report must have been made to the company during the six months immediately preceding the date of the agreement, and

(c) a copy of the report must have been sent to the other party to the proposed agreement not later than the date on which copies have to be circulated to members under section 558(1)(b).

(2) The reference in subsection 556(1)(a) to the consideration to be received by the company is to the asset to be transferred to it or, as the case may be, to the advantage to the company of the asset's transfer to another person.

(3) The reference in subsection 556(1)(c) to the other party to the proposed agreement is to the person referred to in section 555(1)(a).

If he has received a copy of the report under section 558 in his capacity as a member of the company, it is not necessary to send another copy under this section.

(4) This section does not affect any requirement to value any consideration for purposes of section 550 (valuation of non-cash consideration for shares).

557. Agreement for transfer of non-cash asset: requirements as to valuation and report

(1) The provisions of sections 1010 to 1013 (general provisions as to independent valuation and report) apply to the valuation and report required by section 556 (requirement of independent valuation).

(2) The valuer's report must state-

(a) the consideration to be received by the company, describing the asset in question (specifying the amount to be received in cash) and the consideration to be given by the company (specifying the amount to be given in cash), and

(b) the method and date of valuation.

(3) The valuer's report must contain or be accompanied by a note by him-

(a) in the case of a valuation made by a person other than himself, that it appeared to himself reasonable to arrange for it to be so made or to accept a valuation so made,

(b) whoever made the valuation, that the method of valuation was reasonable in all the circumstances,

(c) that it appears to the valuer that there has been no material change in the value of the consideration in question since the valuation, and

(d) that, on the basis of the valuation, the value of the consideration to be received by the company is not less than the value of the consideration to be given by it.

(4) Any reference in section 556 or this section to consideration given for the transfer of an asset includes consideration given partly for its transfer.

(5) In such a case-

(a) the value of any consideration partly so given is to be taken as the proportion of the consideration properly attributable to its transfer,

(b) the valuer must carry out or arrange for such valuations of anything else as will enable him to determine that proportion, and

(c) his report must state what valuations have been made for that purpose and also the reason for and method and date of any such valuation and any other matters which may be relevant to that determination.

558. Agreement for transfer of non-cash asset: requirement of approval by members

(1) The following conditions must have been complied with-

(a) the terms of the agreement must have been approved by an ordinary resolution of the company,

(b) copies of the valuer's report must have been circulated to the members entitled to notice of the meeting at which the resolution is proposed, not later than the date on which notice of the meeting is given, and

(c) a copy of the proposed resolution must have been sent to the other party to the proposed agreement.

(2) The reference in subsection 558(1)(c) to the other party to the proposed agreement is to the person referred to in section 555(1)(a).

559. Copy of resolution to be delivered to Registrar

(1) A company that has passed a resolution under section 558 with respect to the transfer of an asset must, within 14 days of doing so, deliver to the Registrar a copy of the resolution together with the valuer's report required by that section.

(2) If a company fails to comply with subsection (1), a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(3) A person who commits a contravention of this section is liable to a level 2 fine.

560. Adaptation of provisions in relation to company re-registering as public

The provisions of sections 555 to 559 (public companies: transfer of non-cash assets) apply with the following adaptations in relation to a company re-registered as a public company-

(a) the reference in section 555(1)(a) to a person who is one of the company's initial members shall be read as a reference to a person who is a member of the company on the date of re-registration,

(b) the reference in section 555(2) to the date of the company being issued with a certificate under subsection 699(2) (trading certificate) shall be read as a reference to the date of re-registration.

561. Agreement for transfer of non-cash asset: effect of contravention

(1) This section applies where a public company enters into an agreement in contravention of section 555 and either-

(a) the other party to the agreement has not received the valuer's report required to be sent to him, or

(b) there has been some other contravention of the requirements of this Chapter that the other party to the agreement knew or ought to have known amounted to a contravention.

(2) In those circumstances-

(a) the company is entitled to recover from that person any consideration given by it under the agreement, or an amount equal to the value of the consideration at the time of the agreement, and

(b) the agreement, so far as not carried out, is void.

(3) If the agreement is or includes an agreement for the allotment of shares in the company, then-

(a) whether or not the agreement also contravenes section 550 (valuation of non-cash consideration for shares), this section does not apply to it in so far as it is for the allotment of shares, and

(b) the allottee is liable to pay the company an amount equal to the aggregate issue price for the shares (or, if the case so requires, so much of that aggregate as is treated as paid up by the consideration), with interest at the appropriate rate.

Supplementary provisions

562. Liability of subsequent holders of shares

(1) If a person becomes a holder of shares in respect of which-

(a) there has been a contravention of section 550 (public company: valuation of non-cash consideration for shares), and

(b) by virtue of that contravention another is liable to pay any amount under the provision contravened,

that person is also liable to pay that amount (jointly and severally with any other person so liable), unless he is exempted from liability under subsection (3) below.

(2) If a company enters into an agreement in contravention of section 555 (public company: agreement for transfer of non-cash asset in initial period) and-

(a) the agreement is or includes an agreement for the allotment of shares in the company,

(b) a person becomes a holder of shares allotted under the agreement, and

(c) by virtue of the agreement and allotment under it another person is liable to pay an amount under section 561,

the person who becomes the holder of the shares is also liable to pay that amount (jointly and severally with any other person so liable), unless he is exempted from liability

under subsection (3) below. This applies whether or not the agreement also contravenes section 550.

(3) A person otherwise liable under subsection (1) or (2) is exempted from that liability if either-

(a) he is a purchaser for value and, at the time of the purchase, he did not have actual notice of the contravention concerned, or

(b) he derived title to the shares (directly or indirectly) from a person who became a holder of them after the contravention and was not liable under subsection (1) or (2).

(4) References in this section to a holder, in relation to shares in a company, include any person who has an unconditional right-

(a) to be included in the company's register of members in respect of those shares, or

(b) to have an instrument of transfer of the shares executed in his favour.

563. Power of Court to grant relief

(1) A person who-

(a) is liable to a company under any provision of this Chapter in relation to payment in respect of any shares in the company, or

(b) is liable to a company by virtue of an undertaking given to it in, or in connection with, payment for any shares in the company,

may apply to the Court to be exempted in whole or in part from the liability.

(2) In the case of a liability within subsection 563(1)(a), the Court may exempt the applicant from the liability only if and to the extent that it appears to the Court just and equitable to do so having regard to-

(a) whether the applicant has paid, or is liable to pay, any amount in respect of-

(i) any other liability arising in relation to those shares under any provision of this Chapter or Chapter 5, or

(ii) any liability arising by virtue of any undertaking given in or in connection with payment for those shares,

(b) whether any person other than the applicant has paid or is likely to pay, whether in pursuance of any order of the Court or otherwise, any such amount,

(c) whether the applicant or any other person-

(i) has performed in whole or in part, or is likely so to perform any such undertaking, or

(ii) has done or is likely to do any other thing in payment or part payment for the shares.

(3) In the case of a liability within subsection 563(1)(b), the Court may exempt the applicant from the liability only if and to the extent that it appears to the Court just and equitable to do so having regard to-

(a) whether the applicant has paid or is liable to pay any amount in respect of liability arising in relation to the shares under any provision of this Chapter or Chapter 5,

(b) whether any person other than the applicant has paid or is likely to pay, whether in pursuance of any order of the Court or otherwise, any such amount.

(4) In determining whether it should exempt the applicant in whole or in part from any liability, the Court must have regard to the following overriding principles-

(a) that a company that has allotted shares should receive money or money's worth at least equal in value to the aggregate issue price for the shares or, if the case so requires, so much of that aggregate as is treated as paid up,

(b) subject to this, that where such a company would, if the Court did not grant the exemption, have more than one remedy against a particular person, it should be for the company to decide which remedy it should remain entitled to pursue.

(5) If a person brings proceedings against another ("the contributor") for a contribution in respect of liability to a company arising under any provision of this Chapter or Chapter 5 and it appears to the Court that the contributor is liable to make such a contribution, the Court may, if and to the extent that it appears to it, just and equitable to do so having regard to the respective culpability (in respect of the liability to the company) of the contributor and the person bringing the proceedings-

(a) exempt the contributor in whole or in part from his liability to make such a contribution, or

(b) order the contributor to make a larger contribution than, but for this subsection, he would be liable to make.

(6) Where a person is liable to a company under section 561(2) (agreement for transfer of non-cash asset: effect of contravention), the Court may, on application, exempt him in whole or in part from that liability if and to the extent that it appears to the Court to be just and equitable to do so having regard to any benefit accruing to the company by virtue of anything done by him towards the carrying out of the agreement mentioned in that subsection.

564. Penalty for contravention of this Chapter

(1) This section applies where a company contravenes-

(a) section 550 (public company allotting shares for non-cash consideration), or

(b) section 555 (public company entering into agreement for transfer of noncash asset).

(2) A contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(3) A person who commits a contravention of this Chapter is liable to a level 2 fine.

565. Enforceability of undertakings to do work etc

(1) An undertaking given by any person, in or in connection with payment for shares in a company, to do work or perform services or to do any other thing, if it is enforceable by the company apart from this Chapter, is so enforceable notwithstanding that there has been a contravention in relation to it of a provision of this Chapter or Chapter 5.

(2) This is without prejudice to section 563 (power of Court to grant relief etc in respect of liabilities).

566. The appropriate rate of interest

For the purposes of this Chapter the "appropriate rate" of interest is 5% per annum or such other rate as may be specified by order made by the Board.

Chapter 6

ALTERATION OF SHARE CAPITAL

How share capital may be altered

567. Alteration of share capital of limited company

(1) A limited company having a share capital may not alter its share capital except in the following ways.

(2) The company may-

(a) increase its share capital by allotting new shares in accordance with this Part, or

(b) reduce its share capital in accordance with Chapter 10.

(3) The company may sub-divide or consolidate all or any of its share capital in accordance with section 568.

(4) Nothing in this section affects-

(a) the power of a company to purchase its own shares, or to redeem shares, in accordance with Part 17,

(b) the power of a company to purchase its own shares in pursuance of an order of the Court under-

(i) section 82 (application to Court to cancel resolution for re-registration as a private company),

(ii) section 663(6) (powers of Court on objection to redemption or purchase of shares out of capital),

(iii) section 697 (remedial order in case of breach of prohibition of public offers by private company), or

(iv) Part 28 (protection of members against unfair prejudice),

(c) the forfeiture of shares, or the acceptance of shares surrendered in lieu, in pursuance of the company's articles, for failure to pay any sum payable in respect of the shares,

(d) the cancellation of shares under section 602 (duty to cancel shares held by or for a public company),

(e) the power of a company-

(i) to enter into a compromise or arrangement in accordance with Part 25 (arrangements and reconstructions), or

(ii) to do anything required to comply with an order of the Court on an application under that Part.

Sub-division or consolidation of shares

568. Sub-division or consolidation of shares

(1) A limited company having a share capital may-

(a) sub-divide its shares, or any of them, into a greater number of shares than its existing shares, or

(b) consolidate and divide all or any of its share capital into a lesser number of shares than its existing shares.

(2) In any sub-division, consolidation or division of shares under this section, the proportion between the amount paid and the amount (if any) unpaid on each resulting share must be the same as it was in the case of the share from which that share is derived.

(3) A company may exercise a power conferred by this section only if its members have passed a resolution authorising it to do so.

(4) A resolution under subsection (3) may authorise a company-

(a) to exercise more than one of the powers conferred by this section,

(b) to exercise a power on more than one occasion,

(c) to exercise a power at a specified time or in specified circumstances.

(5) The company's articles may exclude or restrict the exercise of any power conferred by this section.

569. Notice to Registrar of sub-division or consolidation

(1) If a company exercises the power conferred by section 568 (sub-division or consolidation of shares) it must within one month[47] after doing so give notice to:

(a) (in the case of a company other than a restricted scope company) the Registrar, or

(b) (in the case of a restricted scope company) to each of its members,

[47] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

specifying the shares affected.

(2) The notice must be accompanied by a statement of capital.

(3) The statement of capital must state with respect to the company's share capital immediately following the exercise of the power-

(a) the total number of shares of the company,

(b) the aggregate issue price of those shares,

(c) for each class of shares-

(i) prescribed particulars of the rights attached to the shares,

(ii) the total number of shares of that class,

(iii) the aggregate issue price of shares of that class, and

(d) the amount paid up and the amount (if any) unpaid on each share.

(4) If default is made in complying with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(5) A person who commits a contravention of this section is liable to a level 2 fine.

Chapter 7

CLASSES OF SHARE AND CLASS RIGHTS

Introductory

570. Classes of shares

(1) For the purposes of these Regulations shares are of one class if the rights attached to them are in all respects uniform.

(2) For this purpose the rights attached to shares are not regarded as different from those attached to other shares by reason only that they do not carry the same rights to dividends in the 12 months immediately following their allotment.

Variation of class rights

571. Variation of class rights: companies having a share capital

(1) This section is concerned with the variation of the rights attached to a class of shares in a company having a share capital.

(2) Rights attached to a class of a company's shares may only be varied-

(a) in accordance with provision in the company's articles for the variation of those rights, or

(b) where the company's articles contain no such provision, if the holders of shares of that class consent to the variation in accordance with this section.

(3) This is without prejudice to any other restrictions on the variation of the rights.

(4) The consent required for the purposes of this section on the part of the holders of a class of a company's shares is-

(a) consent in writing from the holders of at least three-quarters of the issued shares of that class (excluding any shares held as treasury shares), or

(b) a special resolution passed at a separate general meeting of the holders of that class sanctioning the variation.

(5) Any amendment of a provision contained in a company's articles for the variation of the rights attached to a class of shares, or the insertion of any such provision into the articles, is itself to be treated as a variation of those rights.

(6) In this section, and (except where the context otherwise requires) in any provision in a company's articles for the variation of the rights attached to a class of shares, references to the variation of those rights include references to their abrogation.

572. Variation of class rights: companies without a share capital

(1) This section is concerned with the variation of the rights of a class of members of a company where the company does not have a share capital.

(2) Rights of a class of members may only be varied-

(a) in accordance with provision in the company's articles for the variation of those rights, or

(b) where the company's articles contain no such provision, if the members of that class consent to the variation in accordance with this section.

(3) This is without prejudice to any other restrictions on the variation of the rights.

(4) The consent required for the purposes of this section on the part of the members of a class is-

(a) consent in writing from at least three-quarters of the members of the class, or

(b) a special resolution passed at a separate general meeting of the members of that class sanctioning the variation.

(5) Any amendment of a provision contained in a company's articles for the variation of the rights of a class of members, or the insertion of any such provision into the articles, is itself to be treated as a variation of those rights.

(6) In this section, and (except where the context otherwise requires) in any provision in a company's articles for the variation of the rights of a class of members, references to the variation of those rights include references to their abrogation.

573. Variation of class rights: saving for Court's powers under other provisions

Nothing in section 571 or 572 (variation of class rights) affects the power of the Court under-

(a) section 82 (application to cancel resolution for public company to be re-registered as private),

(b) Part 25 (arrangements and reconstructions), or

(c) Part 28 (protection of members against unfair prejudice).

574. Right to object to variation: companies having a share capital

(1) This section applies where the rights attached to any class of shares in a company are varied under section 571 (variation of class rights: companies having a share capital).

(2) The holders of not less in the aggregate than 15% of the issued shares of the class in question (being persons who did not consent to or vote in favour of the resolution for the variation) may apply to the Court to have the variation cancelled.

For this purpose any of the company's share capital held as treasury shares is disregarded.

(3) If such an application is made, the variation has no effect unless and until it is confirmed by the Court.

(4) Application to the Court-

(a) must be made within 21 days after the date on which the consent was given or the resolution was passed (as the case may be), and

(b) may be made on behalf of the shareholders entitled to make the application by such one or more of their number as they may appoint in writing for the purpose.

(5) The Court, after hearing the applicant and any other persons who apply to the Court to be heard and appear to the Court to be interested in the application, may, if satisfied having regard to all the circumstances of the case that the variation would unfairly prejudice the shareholders of the class represented by the applicant, disallow the variation, and shall if not so satisfied confirm it.

The decision of the Court on any such application is final.

(6) References in this section to the variation of the rights of holders of a class of shares include references to their abrogation.

575. Right to object to variation: companies without a share capital

(1) This section applies where the rights of any class of members of a company are varied under section 572 (variation of class rights: companies without a share capital).

(2) Members amounting to not less than 15% of the members of the class in question (being persons who did not consent to or vote in favour of the resolution for the variation) may apply to the Court to have the variation cancelled.

(3) If such an application is made, the variation has no effect unless and until it is confirmed by the Court.

(4) Application to the Court must be made within 21 days after the date on which the consent was given or the resolution was passed (as the case may be) and may be made on behalf of the members entitled to make the application by such one or more of their number as they may appoint in writing for the purpose.

(5) The Court, after hearing the applicant and any other persons who apply to the Court to be heard and appear to the Court to be interested in the application, may, if satisfied having regard to all the circumstances of the case that the variation would unfairly prejudice the members of the class represented by the applicant, disallow the variation, and shall if not so satisfied confirm it.

The decision of the Court on any such application is final.

(6) References in this section to the variation of the rights of a class of members include references to their abrogation.

576. Copy of Court order to be forwarded to the Registrar

(1) The company must within 14 days after the making of an order by the Court on an application under section 574 or 575 (objection to variation of class rights) forward a copy of the order to the Registrar.

(2) If default is made in complying with this section a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(3) A person who commits a contravention of this section is liable to a level 2 fine.

Matters to be notified to the Registrar

577. Notice of name or other designation of class of shares

(1) Where a company assigns a name or other designation, or a new name or other designation, to any class or description of its shares, it must within one month[48] from doing so deliver to-

(a) (in the case of a company other than a restricted scope company) the Registrar, or

(b) (in the case of a restricted scope company) each of its members,

a notice giving particulars of the name or designation so assigned.

(2) If default is made in complying with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(3) A person who commits a contravention of this section is liable to a level 2 fine.

[48] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

578. Notice of particulars of variation of rights attached to shares

(1) Where the rights attached to any shares of a company are varied, the company must within one month[49] from the date on which the variation is made deliver to-

(a) (in the case of a company other than a restricted scope company) the Registrar, or

(b) (in the case of a restricted scope company) each of its members,

a notice giving particulars of the variation.

(2) If default is made in complying with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(3) A person who commits a contravention of this section is liable to a level 2 fine

579. Notice of new class of members

(1) If a company not having a share capital creates a new class of members, the company must within one month[50] from the date on which the new class is created deliver to-

(a) (in the case of a company other than a restricted scope company) the Registrar, or

(b) (in the case of a restricted scope company) each of its members,

a notice containing particulars of the rights attached to that class.

(2) If default is made in complying with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(3) A person who commits a contravention of this section is liable to a level 2 fine.

580. Notice of name or other designation of class of members

(1) Where a company not having a share capital assigns a name or other designation, or a new name or other designation, to any class of its members, it must within one month[51] from doing so deliver to-

(a) (in the case of a company other than a restricted scope company) the Registrar, or

(b) (in the case of a restricted scope company) each of its members,

[49] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.
[50] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[51] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

a notice giving particulars of the name or designation so assigned.

(2) If default is made in complying with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(3) A person who commits a contravention of this section is liable to a level 2 fine.

581. Notice of particulars of variation of class rights

(1) If the rights of any class of members of a company not having a share capital are varied, the company must within one month[52] from the date on which the variation is made deliver to-

(a) (in the case of a company other than a restricted scope company) the Registrar, or

(b) (in the case of a restricted scope company) each of its members,

a notice containing particulars of the variation.

(2) If default is made in complying with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(3) A person who commits a contravention of this section is liable to a level 2 fine.

Chapter 8

REDUCTION OF SHARE CAPITAL

Introductory

582. Circumstances in which a company may reduce its share capital

(1) A limited company having a share capital may reduce its share capital-

(a) in the case of a private company limited by shares, by special resolution supported by a solvency statement (see sections 583 to 585),

(b) in any case, by special resolution confirmed by the Court (see sections 586 to 592).

(2) A company may not reduce its capital under subsection 582(1)(a) if as a result of the reduction there would no longer be any member of the company holding shares other than redeemable shares.

(3) Subject to that, a company may reduce its share capital under this section in any way.

[52] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(4) In particular, a company may-

(a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up, or

(b) either with or without extinguishing or reducing liability on any of its shares-

(i) cancel any paid-up share capital that is lost or unrepresented by available assets, or

(ii) repay any paid-up share capital in excess of the company's wants.

(5) A special resolution under this section may not provide for a reduction of share capital to take effect later than the date on which the resolution has effect in accordance with this Chapter.

(6) This Chapter (apart from subsection (5) above) has effect subject to any provision of the company's articles restricting or prohibiting the reduction of the company's share capital.

Private companies

583. Reduction of capital supported by solvency statement

(1) A resolution for reducing share capital of a private company limited by shares is supported by a solvency statement if-

(a) the directors of the company make a statement of the solvency of the company in accordance with section 584 (a "solvency statement") not more than 15 days before the date on which the resolution is passed, and

(b) the resolution and solvency statement are registered in accordance with section 585.

(2) Where the resolution is proposed as a written resolution, a copy of the solvency statement must be sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him.

(3) Where the resolution is proposed at a general meeting, a copy of the solvency statement must be made available for inspection by members of the company throughout that meeting.

(4) The validity of a resolution is not affected by a failure to comply with subsection (2) or (3).

584. Solvency statement

(1) A solvency statement is a statement that each of the directors-

(a) has formed the opinion, as regards the company's situation at the date of the statement, that there is no ground on which the company could then be found to be unable to pay (or otherwise discharge) its debts, and

(b) has also formed the opinion-

(i) if it is intended to commence the winding up of the company within 12 months of that date, that the company will be able to pay (or otherwise

discharge) its debts in full within 12 months of the commencement of the winding up, or

(ii) in any other case, that the company will be able to pay (or otherwise discharge) its debts as they fall due during the year immediately following that date.

(2) In forming those opinions, the directors must take into account all of the company's liabilities (including any contingent or prospective liabilities).

(3) The solvency statement must be in the prescribed form and must state-

(a) the date on which it is made, and

(b) the name of each director of the company.

(4) If the directors make a solvency statement without having reasonable grounds for the opinions expressed in it, and the statement is delivered to the Registrar, a contravention of these Regulations is committed by every director who is in default.

(5) A person who commits a contravention of subsection (4) is liable to a fine of up to level 8.

585. Registration of resolution and supporting documents

(1) Within 14 days after the resolution for reducing share capital is passed the company must deliver to (in the case of a company other than a restricted scope company) the Registrar or (in the case of a restricted scope company) each of its members-

(a) a copy of the solvency statement, and

(b) a statement of capital,

(c) the copy of the resolution itself that is required to be delivered to the Registrar under Chapter 3 of Part 3.

(2) The statement of capital must state with respect to the company's share capital as reduced by the resolution-

(a) the total number of shares of the company,

(b) the aggregate issue price of those shares,

(c) for each class of shares-

(i) prescribed particulars of the rights attached to the shares,

(ii) the total number of shares of that class, and

(iii) the aggregate issue price of shares of that class, and

(d) the amount paid up and the amount (if any) unpaid on each share.

(3) The Registrar must register the documents delivered to him under subsection (1) on receipt.

(4) The resolution does not take effect until those documents are registered.

(5) The company must also deliver to the Registrar, within 14 days after the resolution is passed, a statement by the directors confirming that the solvency statement was-

(a) made not more than 15 days before the date on which the resolution was passed, and

(b) provided to members in accordance with section 583(2) or (3).

(6) The validity of a resolution is not affected by-

(a) a failure to deliver the documents required to be delivered to the Registrar under subsection (1) within the time specified in that subsection, or

(b) a failure to comply with subsection (5).

(7) If the company delivers to the Registrar a solvency statement that was not provided to members in accordance with section 583(2) or (3), a contravention of these Regulations is committed by every officer of the company who is in default.

(8) If default is made in complying with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(9) A person who commits a contravention of subsection (7) or (8) is liable to a fine of up to level 5.

Reduction of capital confirmed by the Court

586. Application to Court for order of confirmation

(1) Where a company has passed a resolution for reducing share capital, it may apply to the Court for an order confirming the reduction.

(2) If the proposed reduction of capital involves either-

(a) diminution of liability in respect of unpaid share capital, or

(b) the payment to a shareholder of any paid-up share capital,

section 587 (creditors entitled to object to reduction) applies unless the Court directs otherwise.

(3) The Court may, if having regard to any special circumstances of the case it thinks proper to do so, direct that section 587 is not to apply as regards any class or classes of creditors.

(4) The Court may direct that section 587 is to apply in any other case.

587. Creditors entitled to object to reduction

(1) Where this section applies (see section 586(2) and (4)), every creditor of the company who-

(a) at the date fixed by the Court is entitled to any debt or claim that, if that date were the commencement of the winding up of the company would be admissible in proof against the company, and

(b) can show that there is a real likelihood that the reduction would result in the company being unable to discharge his debt or claim when it fell due,

is entitled to object to the reduction of capital.

(2) The Court shall settle a list of creditors entitled to object.

(3) For that purpose the Court-

(a) shall ascertain, as far as possible without requiring an application from any creditor, the names of those creditors and the nature and amount of their debts or claims, and

(b) may publish notices fixing a day or days within which creditors not entered on the list are to claim to be so entered or are to be excluded from the right of objecting to the reduction of capital.

(4) If a creditor entered on the list whose debt or claim is not discharged or has not determined does not consent to the reduction, the Court may, if it thinks fit, dispense with the consent of that creditor on the company securing payment of his debt or claim.

(5) For this purpose the debt or claim must be secured by appropriating (as the Court may direct) the following amount-

(a) if the company admits the full amount of the debt or claim or, though not admitting it, is willing to provide for it, the full amount of the debt or claim,

(b) if the company does not admit, and is not willing to provide for, the full amount of the debt or claim, or if the amount is contingent or not ascertained, an amount fixed by the Court after the like enquiry and adjudication as if the company were being wound up by the Court.

588. Offences in connection with list of creditors

(1) If an officer of the company-

(a) intentionally or recklessly-

(i) conceals the name of a creditor entitled to object to the reduction of capital, or

(ii) misrepresents the nature or amount of the debt or claim of a creditor, or

(b) is knowingly concerned in any such concealment or misrepresentation,

he commits a contravention of these Regulations.

(2) A person commits a contravention of this section is liable to a level 2 fine.

589. Court order confirming reduction

(1) The Court may make an order confirming the reduction of capital on such terms and conditions as it thinks fit.

(2) The Court must not confirm the reduction unless it is satisfied, with respect to every creditor of the company who is entitled to object to the reduction of capital that either-

(a) his consent to the reduction has been obtained, or

(b) his debt or claim has been discharged, or has determined or has been secured.

(3) Where the Court confirms the reduction, it may order the company to publish (as the Court directs) the reasons for reduction of capital, or such other information in regard to it as the Court thinks expedient with a view to giving proper information to the public, and (if the Court thinks fit) the causes that led to the reduction.

(4) The Court may, if for any special reason it thinks proper to do so, make an order directing that the company must, during such period (commencing on or at any time after the date of the order) as is specified in the order, add to its name as its last words the words "and reduced".

If such an order is made, those words are, until the end of the period specified in the order, deemed to be part of the company's name.

590. Registration of order and statement of capital

(1) The Registrar, on production of an order of the Court confirming the reduction of a company's share capital and the delivery of a copy of the order and of a statement of capital (approved by the Court), shall register the order and statement.

This is subject to section 591 (public company reducing capital below authorised minimum).

(2) The statement of capital must state with respect to the company's share capital as altered by the order-

(a) the total number of shares of the company,

(b) the aggregate issue price of those shares,

(c) for each class of shares-

(i) prescribed particulars of the rights attached to the shares,

(ii) the total number of shares of that class, and

(iii) the aggregate issue price of shares of that class, and

(d) the amount paid up and the amount (if any) unpaid on each share.

(3) The resolution for reducing share capital, as confirmed by the Court's order, takes effect-

(a) in the case of a reduction of share capital that forms part of a compromise or arrangement sanctioned by the Court under Part 25 (arrangements and reconstructions)-

(i) on delivery of the order and statement of capital to the Registrar, or

(ii) if the Court so orders, on the registration of the order and statement of capital,

(b) in any other case, on the registration of the order and statement of capital.

(4) Notice of the registration of the order and statement of capital must be published in such manner as the Court may direct.

(5) The Registrar must certify the registration of the order and statement of capital.

(6) The certificate-

(a) must be signed by the Registrar or authenticated by the Registrar's official seal, and

(b) is conclusive evidence-

(i) that the requirements of these Regulations with respect to the reduction of share capital have been complied with, and

(ii) that the company's share capital is as stated in the statement of capital.

Public companies

591. Public company reducing capital below authorised minimum

(1) This section applies where the Court makes an order confirming a reduction of a public company's capital that has the effect of bringing its allotted share capital below the authorised minimum.

(2) The Registrar must not register the order unless either-

(a) the Court so directs, or

(b) the company is first re-registered as a private company.

(3) Section 592 provides an expedited procedure for re-registration in these circumstances.

592. Expedited procedure for re-registration as a private company

(1) The Court may authorise the company to be re-registered as a private company without its having passed the special resolution required by section 81(1) (re-registration of public company as private limited company).

(2) If it does so, the Court must specify in the order the changes to the company's name and articles to be made in connection with the re-registration.

(3) The company may then be re-registered as a private company if an application to that effect is delivered to the Registrar together with-

(a) a copy of the Court's order, and

(b) notice of the company's name, and a copy of the company's articles, as altered by the Court's order.

(4) On receipt of such an application the Registrar must issue a certificate of incorporation altered to meet the circumstances of the case.

(5) The certificate must state that it is issued on re-registration and the date on which it is issued.

(6) On the issue of the certificate-

(a) the company by virtue of the issue of the certificate becomes a private company, and

(b) the changes in the company's name and articles take effect.

(7) The certificate is conclusive evidence that the requirements of these Regulations as to re-registration have been complied with.

Effect of reduction of capital

593. Liability of members following reduction of capital

(1) Where a company's share capital is reduced a member of the company (past or present) is not liable in respect of any share to any call or contribution exceeding in amount the difference (if any) between-

(a) the issue price of the share as notified to the Registrar in the statement of capital delivered under section 585 or 590, and

(b) the amount paid on the share or the reduced amount (if any) which is deemed to have been paid on it, as the case may be.

(2) This is subject to section 594 (liability to creditor in case of omission from list).

(3) Nothing in this section affects the rights of the contributories among themselves.

594. Liability to creditor in case of omission from list of creditors

(1) This section applies where, in the case of a reduction of capital confirmed by the Court-

(a) a creditor entitled to object to the reduction of share capital is by reason of his ignorance-

(i) of the proceedings for reduction of share capital, or

(ii) of their nature and effect with respect to his debt or claim,

not entered on the list of creditors, and

(b) after the reduction of capital the company is unable to pay the amount of his debt or claim.

(2) Every person who was a member of the company at the date on which the resolution for reducing capital took effect under section 590(3) is liable to contribute for the payment of the debt or claim an amount not exceeding that which he would have been liable to contribute if the company had commenced to be wound up on the day before that date.

(3) If the company is wound up, the Court on the application of the creditor in question, and proof of ignorance as mentioned in subsection 594(1)(a), may if it thinks fit-

(a) settle accordingly a list of persons liable to contribute under this section, and

(b) make and enforce calls and orders on them as if they were ordinary contributories in a winding up.

(4) The reference in subsection 594(1)(b) to a company being unable to pay the amount of a debt or claim has the same meaning as in section 200 (definition of inability to pay debts) of the Insolvency Regulations 2015.

Chapter 9

MISCELLANEOUS AND SUPPLEMENTARY PROVISIONS

595. Treatment of reserve arising from reduction of capital

(1) A reserve arising from the reduction of a company's share capital is not distributable, subject to any provision made by order under this section.

(2) The Board may make rules which specify cases in which-

(a) the prohibition in subsection (1) does not apply, and

(b) the reserve is to be treated for the purposes of Part 22 (distributions) as a realised profit.

596. Shares no bar to damages against company

A person is not debarred from obtaining damages or other compensation from a company by reason only of his holding or having held shares in the company or any right to apply or subscribe for shares or to be included in the company's register of members in respect of shares.

597. Public companies: duty of directors to call meeting on serious loss of capital

(1) Where the net assets of a public company are half or less of its called-up share capital, the directors must call a general meeting of the company to consider whether any, and if so what, steps should be taken to deal with the situation.

(2) They must do so not later than one month[53] from the earliest day on which that fact is known to a director of the company.

(3) The meeting must be convened for a date not later than 56 days from that day.

(4) If there is a failure to convene a meeting as required by this section, each of the directors of the company who-

(a) knowingly authorises or permits the failure, or

(b) after the period during which the meeting should have been convened, knowingly authorises or permits the failure to continue,

commits a contravention of these Regulations.

(5) A person who commits a contravention of this section is liable to a fine of up to level 8.

(6) Nothing in this section authorises the consideration at a meeting convened in pursuance of subsection (1) of any matter that could not have been considered at that meeting apart from this section.

[53] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

Part 17

ACQUISITION BY LIMITED COMPANY OF ITS OWN SHARES

Chapter 1

GENERAL PROVISIONS

Introductory

598. General rule against limited company acquiring its own shares

(1) A limited company must not acquire its own shares, whether by purchase, subscription or otherwise, except in accordance with the provisions of this Part.

(2) If a company purports to act in contravention of this section-

(a) a contravention of these Regulations is committed by-

(i) the company, and

(ii) every officer of the company who is in default, and

(b) the purported acquisition is void.

(3) A person who commits a contravention of this section is liable to a fine of up to level 8.

599. Exceptions to general rule

(1) A limited company may acquire any of its own fully paid shares otherwise than for valuable consideration.

(2) Section 598 does not prohibit-

(a) the acquisition of shares in a reduction of capital duly made,

(b) the purchase of shares in pursuance of an order of the Court under-

(i) section 82 (application to Court to cancel resolution for re-registration as a private company),

(ii) section 663(6) (powers of Court on objection to redemption or purchase of shares out of capital),

(iii) section 697 (remedial order in case of breach of prohibition of public offers by private company), or

(iv) Part 28 (protection of members against unfair prejudice),

(c) the forfeiture of shares, or the acceptance of shares surrendered in lieu, in pursuance of the company's articles, for failure to pay any sum payable in respect of the shares.

Shares held by nominee of the company

600. Treatment of shares held by nominee

(1) This section applies where shares in a limited company-

(a) are taken by an initial shareholder as nominee of the company,

(b) are issued to a nominee of the company, or

(c) are acquired by a nominee of the company, partly paid up, from a third person.

(2) For all purposes-

(a) the shares are to be treated as held by the nominee on his own account, and

(b) the company is to be regarded as having no beneficial interest in them.

(3) This section does not apply-

(a) to shares acquired otherwise than by subscription by a nominee of a public company, where-

(i) a person acquires shares in the company with financial assistance given to him, directly or indirectly, by the company for the purpose of or in connection with the acquisition, and

(ii) the company has a beneficial interest in the shares,

(b) to shares acquired by a nominee of the company when the company has no beneficial interest in the shares.

601. Liability of others where nominee fails to make payment in respect of shares

(1) This section applies where shares in a limited company-

(a) are taken by an initial shareholder as nominee of the company,

(b) are issued to a nominee of the company, or

(c) are acquired by a nominee of the company, partly paid up, from a third person.

(2) If the nominee, having been called on to pay any amount for the purposes of paying up the shares, fails to pay that amount within 21 days from being called on to do so, then-

(a) in the case of shares that he agreed to take as an initial shareholder, the other initial shareholders, and

(b) in any other case, the directors of the company when the shares were issued to or acquired by him,

are jointly and severally liable with him to pay that amount.

(3) If in proceedings for the recovery of an amount under subsection (2) it appears to the Court that the initial shareholder or director-

(a) has acted honestly and reasonably, and

(b) having regard to all the circumstances of the case, ought fairly to be relieved from liability,

the Court may relieve him, either wholly or in part, from his liability on such terms as the Court thinks fit.

(4) If an initial shareholder or a director of a company has reason to apprehend that a claim will or might be made for the recovery of any such amount from him-

(a) he may apply to the Court for relief, and

(b) the Court has the same power to relieve him as it would have had in proceedings for recovery of that amount.

(5) This section does not apply to shares acquired by a nominee of the company when the company has no beneficial interest in the shares.

Shares held by or for a public company

602. Duty to cancel shares in public company held by or for the company

(1) This section applies in the case of a public company-

(a) where shares in the company are forfeited, or surrendered to the company in lieu of forfeiture, in pursuance of the articles, for failure to pay any sum payable in respect of the shares,

(b) where shares in the company are acquired by it (otherwise than in accordance with this Part or Part 28 (protection of members against unfair prejudice)) and the company has a beneficial interest in the shares,

(c) where a nominee of the company acquires shares in the company from a third party without financial assistance being given directly or indirectly by the company and the company has a beneficial interest in the shares, or

(d) where a person acquires shares in the company, with financial assistance given to him, directly or indirectly, by the company for the purpose of or in connection with the acquisition, and the company has a beneficial interest in the shares.

(2) Unless the shares or any interest of the company in them are previously disposed of, the company must-

(a) cancel the shares and diminish the amount of the company's share capital by the value of the shares cancelled, and

(b) where the effect is that the value of the company's allotted share capital is brought below the authorised minimum, apply for re-registration as a private company, stating the effect of the cancellation.

(3) It must do so no later than-

(a) in a case within subsection 602(1)(a), three years from the date of the forfeiture or surrender,

(b) in a case within subsection 602(1)(b) or (c), three years from the date of the acquisition,

(c) in a case within subsection 602(1)(d), one year from the date of the acquisition.

(4) The directors of the company may take any steps necessary to enable the company to comply with this section, and may do so without complying with the provisions of Chapter 8 of Part 16 (reduction of capital).

See also section 604 (re-registration as private company in consequence of cancellation).

(5) Neither the company nor, in a case within subsection 602(1)(c) or (d), the nominee or other shareholder may exercise any voting rights in respect of the shares.

(6) Any purported exercise of those rights is void.

603. Notice of cancellation of shares

(1) Where a company cancels shares in order to comply with section 602, it must within one month[54] after the shares are cancelled give notice to:

(a) (in the case of a company other than a restricted scope company) the Registrar, or

(b) (in the case of a restricted scope company) each of its members,

specifying the shares cancelled.

(2) The notice must be accompanied by a statement of capital.

(3) The statement of capital must state with respect to the company's share capital immediately following the cancellation-

(a) the total number of shares of the company,

(b) the aggregate issue price of those shares,

(c) for each class of shares-

(i) prescribed particulars of the rights attached to the shares,

(ii) the total number of shares of that class, and

(iii) the aggregate issue price of shares of that class, and

(d) the amount paid up and the amount (if any) unpaid on each share.

(4) If default is made in complying with this section, A contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(5) A person who commits a contravention under this section is liable to a level 2 fine.

604. Re-registration as private company in consequence of cancellation

(1) Where a company is obliged to re-register as a private company to comply with section 602, the directors may resolve that the company should be so re-registered.

[54] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

Chapter 3 of Part 3 (resolutions affecting a company's constitution) applies to any such resolution.

(2) The resolution may make such changes-

(a) in the company's name, and

(b) in the company's articles,

as are necessary in connection with its becoming a private company.

(3) The application for re-registration must contain a statement of the company's proposed name on re-registration.

(4) The application must be accompanied by-

(a) a copy of the resolution (unless a copy has already been forwarded under Chapter 3 of Part 3),

(b) a copy of the company's articles as amended by the resolution, and

(c) a statement of compliance.

(5) The statement of compliance required is a statement that the requirements of this section as to re-registration as a private company have been complied with.

(6) The Registrar may accept the statement of compliance as sufficient evidence that the company is entitled to be re-registered as a private company.

605. Issue of certificate of incorporation on re-registration

(1) If on an application under section 604 the Registrar is satisfied that the company is entitled to be re-registered as a private company, the company shall be reregistered accordingly.

(2) The Registrar must issue a certificate of incorporation altered to meet the circumstances of the case.

(3) The certificate must state that it is issued on re-registration and the date on which it is issued.

(4) On the issue of the certificate-

(a) the company by virtue of the issue of the certificate becomes a private company, and

(b) the changes in the company's name and articles take effect.

(5) The certificate is conclusive evidence that the requirements of these Regulations as to re-registration have been complied with.

606. Effect of failure to re-register

(1) If a public company that is required by section 602 to apply to be re-registered as a private company fails to do so before the end of the period specified in subsection (3) of that section, Chapter 1 of Part 19 (prohibition of public offers by private company) applies to it as if it were a private company.

(2) Subject to that, the company continues to be treated as a public company until it is so re-registered.

607. Offence in case of failure to cancel shares or re-register

(1) This section applies where a company, when required to do by section 602-

(a) fails to cancel any shares, or

(b) fails to make an application for re-registration as a private company,

within the time specified in subsection (3) of that section.

(2) A contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(3) A person who commits a contravention under this section is liable to a fine of up to level 8.

608. Application of provisions to company re-registering as public company

(1) This section applies where, after shares in a private company-

(a) are forfeited in pursuance of the company's articles or are surrendered to the company in lieu of forfeiture,

(b) are acquired by the company (otherwise than by any of the methods permitted by this Part or Part 28 (protection of members against unfair prejudice)), the company having a beneficial interest in the shares,

(c) are acquired by a nominee of the company from a third party without financial assistance being given directly or indirectly by the company, the company having a beneficial interest in the shares, or

(d) are acquired by a person with financial assistance given to him, directly or indirectly, by the company for the purpose of or in connection with the acquisition, the company having a beneficial interest in the shares,

the company is re-registered as a public company.

(2) In that case the provisions of sections 602 to 607 apply to the company as if it had been a public company at the time of the forfeiture, surrender or acquisition, subject to the following modification.

(3) The modification is that the period specified in section 602(3)(a), (b) or (c) (period for complying with obligations under that section) runs from the date of the re-registration of the company as a public company.

609. Transfer to reserve on acquisition of shares by public company or nominee

(1) Where-

(a) a public company, or a nominee of a public company, acquires shares in the company, and

(b) those shares are shown in a balance sheet of the company as an asset,

an amount equal to the value of the shares must be transferred out of profits available for dividend to a reserve fund and is not then available for distribution.

(2) Subsection (1) applies to an interest in shares as it applies to shares.

As it so applies the reference to the value of the shares shall be read as a reference to the value to the company of its interest in the shares.

Charges by public companies on own shares

610. Public companies: general rule against lien or charge on own shares

(1) A lien or other charge of a public company on its own shares (whether taken expressly or otherwise) is void, except as permitted by this section.

(2) In the case of any description of company, a charge is permitted if the shares are not fully paid up and the charge is for an amount payable in respect of the shares.

(3) In the case of a company whose ordinary business-

(a) includes the lending of money, or

(b) consists of the provision of credit or the bailment of goods under a hire-purchase agreement, or both,

a charge is permitted (whether the shares are fully paid or not) if it arises in connection with a transaction entered into by the company in the ordinary course of that business.

(4) In the case of a company that has been re-registered as a public company, a charge is permitted if it was in existence immediately before the application for re-registration.

Supplementary provisions

611. Interests to be disregarded in determining whether company has beneficial interest

In determining for the purposes of this Chapter whether a company has a beneficial interest in shares, there shall be disregarded any such interest as is mentioned in-

(a) section 612 (residual interest under pension scheme or employees' share scheme),

(b) section 613 (employer's charges and other rights of recovery), or

(c) section 614 (rights as personal representative or trustee).

612. Residual interest under pension scheme or employees' share scheme

(1) Where the shares are held on trust for the purposes of a pension scheme or employees' share scheme, there shall be disregarded any residual interest of the company that has not vested in possession.

(2) A "residual interest" means a right of the company to receive any of the trust property in the event of-

(a) all the liabilities arising under the scheme having been satisfied or provided for,

(b) the company ceasing to participate in the scheme, or

(c) the trust property at any time exceeding what is necessary for satisfying the liabilities arising or expected to arise under the scheme.

(3) In subsection (2)-

(a) the reference to a right includes a right dependent on the exercise of a discretion vested by the scheme in the trustee or another person, and

(b) the reference to liabilities arising under a scheme includes liabilities that have resulted, or may result, from the exercise of any such discretion.

(4) For the purposes of this section a residual interest vests in possession-

(a) in a case within subsection 612(2)(a), on the occurrence of the event mentioned there (whether or not the amount of the property receivable pursuant to the right is ascertained),

(b) in a case within subsection 612(2)(b) or (c), when the company becomes entitled to require the trustee to transfer to it any of the property receivable pursuant to that right.

(5) Where by virtue of this section shares are exempt from section 600 or 601 (shares held by company's nominee) at the time they are taken, issued or acquired but the residual interest in question vests in possession before they are disposed of or fully paid up, those sections apply to the shares as if they had been taken, issued or acquired on the date on which that interest vests in possession.

(6) Where by virtue of this section shares are exempt from sections 602 to 610 (shares held by or for public company) at the time they are acquired but the residual interest in question vests in possession before they are disposed of, those sections apply to the shares as if they had been acquired on the date on which the interest vests in possession.

613. Employer's charges and other rights of recovery

(1) Where the shares are held on trust for the purposes of a pension scheme there shall be disregarded-

(a) any charge or lien on, or set-off against, any benefit or other right or interest under the scheme for the purpose of enabling the employer or former employer of a member of the scheme to obtain the discharge of a monetary obligation due to him from the member,

(b) any right to receive from the trustee of the scheme, or as trustee of the scheme to retain, an amount that can be recovered or retained as reimbursement or partial reimbursement for any contributions equivalent premium paid in connection with the scheme, or

(2) Where the shares are held on trust for the purposes of an employees' share scheme, there shall be disregarded any charge or lien on, or set-off against, any benefit or other right or interest under the scheme for the purpose of enabling the employer or former employer of a member of the scheme to obtain the discharge of a monetary obligation due to him from the member.

614. Rights as personal representative or trustee

Where the company is a personal representative or trustee, there shall be disregarded any rights that the company has in that capacity including, in particular-

(a) any right to recover its expenses or be remunerated out of the estate or trust property, and

(b) any right to be indemnified out of that property for any liability incurred by reason of any act or omission of the company in the performance of its duties as personal representative or trustee.

615. Meaning of "pension scheme"

(1) In this Chapter "pension scheme" means a scheme for the provision of benefits consisting of or including relevant benefits for or in respect of employees or former employees.

(2) In subsection (1) "relevant benefits" means any pension, lump sum, gratuity or other like benefit given or to be given on retirement or on death or in anticipation of retirement or, in connection with past service, after retirement or death.

Chapter 2

FINANCIAL ASSISTANCE FOR PURCHASE OF OWN SHARES

Introductory

616. Meaning of "financial assistance"

(1) In this Chapter "financial assistance" means-

(a) financial assistance given by way of gift,

(b) financial assistance given-

(i) by way of guarantee, security or indemnity (other than an indemnity in respect of the indemnifier's own neglect or default), or

(ii) by way of release or waiver,

(c) financial assistance given-

(i) by way of a loan or any other agreement under which any of the obligations of the person giving the assistance are to be fulfilled at a time when in accordance with the agreement any obligation of another party to the agreement remains unfulfilled, or

(ii) by way of the novation of, or the assignment of rights arising under, a loan or such other agreement, or

(d) any other financial assistance given by a company where-

(i) the net assets of the company are reduced to a material extent by the giving of the assistance, or

(ii) the company has no net assets.

(2) "Net assets" here means the aggregate amount of the company's assets less the aggregate amount of its liabilities.

(3) For this purpose a company's liabilities include any provision made in the company's accounts.

Circumstances in which financial assistance is prohibited

617. Assistance for acquisition of shares in public company

(1) Where a person is acquiring or proposing to acquire shares in a public company, it is not lawful for that company, or a company that is a subsidiary of that company, to give financial assistance directly or indirectly for the purpose of the acquisition before or at the same time as the acquisition takes place, except as provided for by this Chapter.

(2) Subsection (1) does not prohibit a company from giving financial assistance for the acquisition of shares in it or its holding company if-

(a) the company's principal purpose in giving the financial assistance is not to give it for the purpose of any such acquisition, or

(b) the giving of the financial assistance for that purpose is only an incidental part of some larger purpose of the company,

and the financial assistance is given in good faith in the interests of the company.

(3) Where-

(a) a person has acquired shares in a company, and

(b) a liability has been incurred (by that or another person) for the purpose of the acquisition,

it is not lawful for that company, or a company that is a subsidiary of that company, to give financial assistance directly or indirectly for the purpose of reducing or discharging the liability if, at the time the financial assistance is given, the company in which the shares were acquired is a public company.

(4) Subsection (3) does not prohibit a company from giving financial assistance if-

(a) the company's principal purpose in giving the financial assistance is not to reduce or discharge any liability incurred by a person for the purpose of the acquisition of shares in the company or its holding company, or

(b) the reduction or discharge of any such liability is only an incidental part of some larger purpose of the company,

and the financial assistance is given in good faith in the interests of the company.

(5) This section has effect subject to sections 620 and 621 (unconditional and conditional exceptions to prohibition).

618. Assistance by public company for acquisition of shares in its private holding company

(1) Where a person is acquiring or proposing to acquire shares in a private company, it is not lawful for a public company that is a subsidiary of that company to give financial assistance directly or indirectly for the purpose of the acquisition before or at the same time as the acquisition takes place.

(2) Subsection (1) does not prohibit a company from giving financial assistance for the acquisition of shares in its holding company if-

(a) the company's principal purpose in giving the financial assistance is not to give it for the purpose of any such acquisition, or

(b) the giving of the financial assistance for that purpose is only an incidental part of some larger purpose of the company,

and the financial assistance is given in good faith in the interests of the company.

(3) Where-

(a) a person has acquired shares in a private company, and

(b) a liability has been incurred (by that or another person) for the purpose of the acquisition,

it is not lawful for a public company that is a subsidiary of that company to give financial assistance directly or indirectly for the purpose of reducing or discharging the liability.

(4) Subsection (3) does not prohibit a company from giving financial assistance if-

(a) the company's principal purpose in giving the financial assistance is not to reduce or discharge any liability incurred by a person for the purpose of the acquisition of shares in its holding company, or

(b) the reduction or discharge of any such liability is only an incidental part of some larger purpose of the company,

and the financial assistance is given in good faith in the interests of the company.

(5) This section has effect subject to sections 620 and 621 (unconditional and conditional exceptions to prohibition).

619. Prohibited financial assistance a contravention of these Regulations

(1) If a company contravenes section 617(1) or (3) or section 618(1) or (3) (prohibited financial assistance) a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(2) A person who commits a contravention under this section is liable to a level 3 fine.

Exceptions from prohibitions

620. Unconditional exceptions

(1) Neither section 617 nor section 618 prohibits a transaction to which this section applies.

(2) Those transactions are-

(a) a distribution of the company's assets by way of-

(i) dividend lawfully made, or

(ii) distribution in the course of a company's winding up,

(b) an allotment of bonus shares,

(c) a reduction of capital under Chapter 10 of Part 16,

(d) a redemption of shares under Chapter 3 or a purchase of shares under Chapter 4 of this Part,

(e) anything done in pursuance of an order of the Court under Part 25 (order sanctioning compromise or arrangement with members or creditors),

(f) anything done under an arrangement made in pursuance of a duly appointed liquidator accepting shares as consideration for sale of company's property,

(g) anything done under an arrangement made between a company and its creditors that is binding on the creditors.

621. Conditional exceptions

(1) Neither section 617 nor section 618 prohibits a transaction to which this section applies-

(a) if the company giving the financial assistance is a private company, or

(b) if the company giving the financial assistance is a public company and-

(i) the company has net assets that are not reduced by the giving of the assistance, or

(ii) to the extent that those assets are so reduced, the assistance is provided out of distributable profits.

(2) The transactions to which this section applies are-

(a) where the lending of money is part of the ordinary business of the company, the lending of money in the ordinary course of the company's business,

(b) the provision by the company, in good faith in the interests of the company or its holding company, of financial assistance for the purposes of an employees' share scheme,

(c) the provision of financial assistance by the company for the purposes of or in connection with anything done by the company (or another company in the same group) for the purpose of enabling or facilitating transactions in shares in the first-mentioned company or its holding company between, and involving the acquisition of beneficial ownership of those shares by-

(i) bona fide employees or former employees of that company (or another company in the same group), or

(ii) spouses, widows, widowers, or minor children or step-children of any such employees or former employees;

(d) the making by the company of loans to persons (other than directors) employed in good faith by the company with a view to enabling those persons to acquire fully paid shares in the company or its holding company to be held by them by way of beneficial ownership.

(3) The references in this section to "net assets" are to the amount by which the aggregate of the company's assets exceeds the aggregate of its liabilities.

(4) For this purpose-

(a) the amount of both assets and liabilities shall be taken to be as stated in the company's accounting records immediately before the financial assistance is given, and

(b) "liabilities" includes any amount retained as reasonably necessary for the purpose of providing for a liability the nature of which is clearly defined and that is either likely to be incurred or certain to be incurred but uncertain as to amount or as to the date on which it will arise.

(5) For the purposes of subsection (2)(c) a company is in the same group as another company if it is a holding company or subsidiary of that company or a subsidiary of a holding company of that company.

622. Definitions for this Chapter

(1) In this Chapter-

"distributable profits", in relation to the giving of any financial assistance-

(a) means those profits out of which the company could lawfully make a distribution equal in value to that assistance, and

(b) includes, in a case where the financial assistance consists of or includes, or is treated as arising in consequence of, the sale, transfer or other disposition of a non-cash asset, any profit that, if the company were to make a distribution of that character would be available for that purpose (see section 772 (distributions in kind: treatment of unrealised profits)), and

"distribution" has the same meaning as in Part 22 (distributions) (see section 760 (meaning of "distribution")).

(2) In this Chapter-

(a) a reference to a person incurring a liability includes his changing his financial position by making an agreement or arrangement (whether enforceable or unenforceable, and whether made on his own account or with any other person) or by any other means, and

(b) a reference to a company giving financial assistance for the purposes of reducing or discharging a liability incurred by a person for the purpose of the acquisition of shares includes its giving such assistance for the purpose of

wholly or partly restoring his financial position to what it was before the acquisition took place.

Chapter 3

REDEEMABLE SHARES

623. Power of limited company to issue redeemable shares

(1) A limited company having a share capital may issue shares that are to be redeemed or are liable to be redeemed at the option of the company or the shareholder ("redeemable shares"), subject to the following provisions.

(2) The articles of a private limited company may exclude or restrict the issue of redeemable shares.

(3) A public limited company may only issue redeemable shares if it is authorised to do so by its articles.

(4) No redeemable shares may be issued at a time when there are no issued shares of the company that are not redeemable.

624. Terms and manner of redemption

(1) The directors of a limited company may determine the terms, conditions and manner of redemption of shares if they are authorised to do so-

(a) by the company's articles, or

(b) by a resolution of the company.

(2) A resolution under subsection 624(1)(b) may be an ordinary resolution, even though it amends the company's articles.

(3) Where the directors are authorised under subsection (1) to determine the terms, conditions and manner of redemption of shares-

(a) they must do so before the shares are allotted, and

(b) any obligation of the company to state in a statement of capital the rights attached to the shares extends to the terms, conditions and manner of redemption.

(4) Where the directors are not so authorised, the terms, conditions and manner of redemption of any redeemable shares must be stated in the company's articles.

625. Payment for redeemable shares

(1) Redeemable shares in a limited company may not be redeemed unless they are fully paid.

(2) The terms of redemption of shares in a limited company may provide that the amount payable on redemption may, by agreement between the company and the holder of the shares, be paid on a date later than the redemption date.

(3) Unless redeemed in accordance with a provision authorised by subsection (2), the shares must be paid for on redemption.

626. Financing of redemption

(1) A private limited company may redeem redeemable shares out of capital in accordance with Chapter 5.

(2) Subject to that, redeemable shares in a limited company may only be redeemed out of-

(a) distributable profits of the company, or

(b) the proceeds of a fresh issue of shares made for the purposes of the redemption.

(3) This section is subject to section 676(4) (terms of redemption enforceable in a winding up).

627. Redeemed shares treated as cancelled

Where shares in a limited company are redeemed-

(a) the shares are treated as cancelled, and

(b) the amount of the company's issued share capital is diminished accordingly by the issue price of the shares redeemed.

628. Notice to Registrar of redemption

(1) If a limited company redeems any redeemable shares it must within one month[55] after doing so give notice to the Registrar, specifying the shares redeemed.

(2) The notice must be accompanied by a statement of capital.

(3) The statement of capital must state with respect to the company's share capital immediately following the redemption-

(a) the total number of shares of the company,

(b) the aggregate issue price of those shares,

(c) for each class of shares-

(i) prescribed particulars of the rights attached to the shares,

(ii) the total number of shares of that class, and

(iii) the aggregate issue price of shares of that class, and

(d) the amount paid up and the amount (if any) unpaid on each share.

(4) If default is made in complying with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

[55] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(5) A person who commits a contravention under this section is liable to a level 2 fine.

(6) This section does not apply to a restricted scope company.

Chapter 4

PURCHASE OF OWN SHARES

General Provisions

629. Power of limited company to purchase own shares

(1) A limited company having a share capital may purchase its own shares (including any redeemable shares), subject to-

(a) the following provisions of this Chapter, and

(b) any restriction or prohibition in the company's articles.

(2) A limited company may not purchase its own shares if as a result of the purchase there would no longer be any issued shares of the company other than redeemable shares or shares held as treasury shares.

630. Payment for purchase of own shares

(1) A limited company may not purchase its own shares unless they are fully paid.

(2) Where a limited company purchases its own shares, the shares must be paid for on purchase.

(3) But subsection (2) does not apply in a case where a private limited company is purchasing shares for the purposes of or pursuant to an employees' share scheme.

631. Financing of purchase of own shares

(1) A private limited company may purchase its own shares-

(a) out of capital in accordance with Chapter 5, and

(b) with cash (if authorised to do so by its articles) up to an amount in a financial year not exceeding the lower of-

(i) 25,000 US dollars, or

(ii) the value of 5% of its share capital.

(2) If the share capital of the company is not denominated in US dollars, the value in US dollars of the share capital shall be calculated for the purposes of subsection 631(1)(b)(ii) at an appropriate spot rate of exchange.

(3) The rate must be a rate prevailing on a day specified in the resolution authorising the purchase of the shares.

(4) Subject to subsection (1) -

(a) a limited company may only purchase its own shares out of-

(i) distributable profits of the company, or

(ii) the proceeds of a fresh issue of shares made for the purpose of financing the purchase, and

(5) This section has effect subject to section 676(4) (terms of purchase enforceable in a winding up).

Authority for purchase of own shares

632. Authority for purchase of own shares

(1) A limited company may only purchase its own shares-

(a) by an off-market purchase, authorised in accordance with section 633 or in pursuance of a contract approved in advance in accordance with section 634,

(b) by a market purchase, authorised in accordance with section 641.

(2) A purchase is "off-market" if the shares either-

(a) are purchased otherwise than on a recognised investment exchange, or

(b) are purchased on a recognised investment exchange but are not subject to a marketing arrangement on the exchange.

(3) For this purpose a company's shares are subject to a marketing arrangement on a recognised investment exchange if the company has been afforded facilities for dealings in the shares to take place on the exchange-

(i) without prior permission for individual transactions from the authority governing that investment exchange, and

(ii) without limit as to the time during which those facilities are to be available.

(4) A purchase is a "market purchase" if it is made on a recognised investment exchange and is not an off-market purchase by virtue of subsection 632(2)(b).

(5) In this section "recognised investment exchange" means an investment exchange so determined in rules made by the Board.

633. Authority for off-market purchase for the purposes of or pursuant to an employees' share scheme

(1) A company may make an off-market purchase of its own shares for the purposes of or pursuant to an employees' share scheme if the purchase has first been authorised by a resolution of the company under this section.

(2) That authority-

(a) may be general or limited to the purchase of shares of a particular class or description, and

(b) may be unconditional or subject to conditions.

(3) The authority must-

(a) specify the maximum number of shares authorised to be acquired, and

(b) determine both the maximum and minimum prices that may be paid for the shares.

(4) The authority may be varied, revoked or from time to time renewed by a resolution of the company.

(5) A resolution conferring, varying or renewing authority must specify a date on which it is to expire, which must not be later than five years after the date on which the resolution is passed.

(6) A company may make a purchase of its own shares after the expiry of the time limit specified if-

(a) the contract of purchase was concluded before the authority expired, and

(b) the terms of the authority permitted the company to make a contract of purchase that would or might be executed wholly or partly after its expiration.

(7) A resolution to confer or vary authority under this section may determine the maximum or minimum price for purchase by-

(a) specifying a particular sum, or

(b) providing a basis or formula for calculating the amount of the price (but without reference to any person's discretion or opinion).

(8) Chapter 3 of Part 3 (resolutions affecting a company's constitution) applies to a resolution under this section.

Authority for off-market purchase

634. Authority for off-market purchase

(1) Subject to section 633, a company may only make an off-market purchase of its own shares in pursuance of a contract approved prior to the purchase in accordance with this section.

(2) Either-

(a) the terms of the contract must be authorised by a resolution of the company before the contract is entered into, or

(b) the contract must provide that no shares may be purchased in pursuance of the contract until its terms have been authorised by a resolution of the company.

(3) The contract may be a contract, entered into by the company and relating to shares in the company, that does not amount to a contract to purchase the shares but under which the company may (subject to any conditions) become entitled or obliged to purchase the shares.

(4) The authority conferred by a resolution under this section may be varied, revoked or from time to time renewed by a resolution of the company.

(5) In the case of a public company a resolution conferring, varying or renewing authority must specify a date on which the authority is to expire, which must not be later than five years after the date on which the resolution is passed.

(6) A resolution conferring, varying, revoking or renewing authority under this section is subject to-

(a) section 635 (exercise of voting rights), and

(b) section 636 (disclosure of details of contract).

635. Resolution authorising off-market purchase: exercise of voting rights

(1) This section applies to a resolution to confer, vary, revoke or renew authority for the purposes of section 634 (authority for off-market purchase of own shares).

(2) Where the resolution is proposed as a written resolution, a member who holds shares to which the resolution relates is not an eligible member.

(3) Where the resolution is proposed at a meeting of the company, it is not effective if-

(a) any member of the company holding shares to which the resolution relates exercises the voting rights carried by any of those shares in voting on the resolution, and

(b) the resolution would not have been passed if he had not done so.

(4) For this purpose-

(a) a member who holds shares to which the resolution relates is regarded as exercising the voting rights carried by those shares not only if he votes in respect of them on a poll on the question whether the resolution shall be passed, but also if he votes on the resolution otherwise than on a poll,

(b) any member of the company may demand a poll on that question,

(c) a vote and a demand for a poll by a person as proxy for a member are the same respectively as a vote and a demand by the member.

636. Resolution authorising off-market purchase: disclosure of details of contract

(1) This section applies in relation to a resolution to confer, vary, revoke or renew authority for the purposes of section 634 (authority for off-market purchase of own shares).

(2) A copy of the contract (if it is in writing) or a memorandum setting out its terms (if it is not) must be made available to members-

(a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him,

(b) in the case of a resolution at a meeting, by being made available for inspection by members of the company both-

(i) at the company's registered office for not less than 15 days ending with the date of the meeting, and

(ii) at the meeting itself.

(3) A memorandum of contract terms so made available must include the names of the members holding shares to which the contract relates.

(4) A copy of the contract so made available must have annexed to it a written memorandum specifying such of those names as do not appear in the contract itself.

(5) The resolution is not validly passed if the requirements of this section are not complied with.

637. Variation of contract for off-market purchase

(1) A company may only agree to a variation of a contract authorised under section 634 (authority for off-market purchase) if the variation is approved in advance in accordance with this section.

(2) The terms of the variation must be authorised by a resolution of the company before it is agreed to.

(3) That authority may be varied, revoked or from time to time renewed by a resolution of the company.

(4) In the case of a public company a resolution conferring, varying or renewing authority must specify a date on which the authority is to expire, which must not be later than five years after the date on which the resolution is passed.

(5) A resolution conferring, varying, revoking or renewing authority under this section is subject to-

(a) section 638 (exercise of voting rights), and

(b) section 639 (disclosure of details of variation).

638. Resolution authorising variation: exercise of voting rights

(1) This section applies to a resolution to confer, vary, revoke or renew authority for the purposes of section 637 (variation of contract for off-market purchase of own shares).

(2) Where the resolution is proposed as a written resolution, a member who holds shares to which the resolution relates is not an eligible member.

(3) Where the resolution is proposed at a meeting of the company, it is not effective if-

(a) any member of the company holding shares to which the resolution relates exercises the voting rights carried by any of those shares in voting on the resolution, and

(b) the resolution would not have been passed if he had not done so.

(4) For this purpose-

(a) a member who holds shares to which the resolution relates is regarded as exercising the voting rights carried by those shares not only if he votes in respect of them on a poll on the question whether the resolution shall be passed, but also if he votes on the resolution otherwise than on a poll,

(b) any member of the company may demand a poll on that question,

(c) a vote and a demand for a poll by a person as proxy for a member are the same respectively as a vote and a demand by the member.

639. Resolution authorising variation: disclosure of details of variation

(1) This section applies in relation to a resolution under section 637 (variation of contract for off-market purchase of own shares).

(2) A copy of the proposed variation (if it is in writing) or a written memorandum giving details of the proposed variation (if it is not) must be made available to members-

(a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him,

(b) in the case of a resolution at a meeting, by being made available for inspection by members of the company both-

(i) at the company's registered office for not less than 15 days ending with the date of the meeting, and

(ii) at the meeting itself.

(3) There must also be made available as mentioned in subsection (2) a copy of the original contract or, as the case may be, a memorandum of its terms, together with any variations previously made.

(4) A memorandum of the proposed variation so made available must include the names of the members holding shares to which the variation relates.

(5) A copy of the proposed variation so made available must have annexed to it a written memorandum specifying such of those names as do not appear in the variation itself.

(6) The resolution is not validly passed if the requirements of this section are not complied with.

640. Release of company's rights under contract for off-market purchase

(1) An agreement by a company to release its rights under a contract approved under section 634 (authority for off-market purchase) is void unless the terms of the release agreement are approved in advance in accordance with this section.

(2) The terms of the proposed agreement must be authorised by a resolution of the company before the agreement is entered into.

(3) That authority may be varied, revoked or from time to time renewed by a resolution of the company.

(4) In the case of a public company a resolution conferring, varying or renewing authority must specify a date on which the authority is to expire, which must not be later than five years after the date on which the resolution is passed.

(5) The provisions of-

(a) section 638 (exercise of voting rights), and

(b) section 639 (disclosure of details of variation),

apply to a resolution authorising a proposed release agreement as they apply to a resolution authorising a proposed variation.

641. Authority for market purchase

(1) A company may only make a market purchase of its own shares if the purchase has first been authorised by a resolution of the company.

(2) That authority-

(a) may be general or limited to the purchase of shares of a particular class or description, and

(b) may be unconditional or subject to conditions.

(3) The authority must-

(a) specify the maximum number of shares authorised to be acquired, and

(b) determine both the maximum and minimum prices that may be paid for the shares.

(4) The authority may be varied, revoked or from time to time renewed by a resolution of the company.

(5) A resolution conferring, varying or renewing authority must specify a date on which it is to expire, which must not be later than five years after the date on which the resolution is passed.

(6) A company may make a purchase of its own shares after the expiry of the time limit specified if-

(a) the contract of purchase was concluded before the authority expired, and

(b) the terms of the authority permitted the company to make a contract of purchase that would or might be executed wholly or partly after its expiration.

(7) A resolution to confer or vary authority under this section may determine either or both the maximum and minimum price for purchase by-

(a) specifying a particular sum, or

(b) providing a basis or formula for calculating the amount of the price (but without reference to any person's discretion or opinion).

(8) Chapter 3 of Part 3 (resolutions affecting a company's constitution) applies to a resolution under this section.

642. Copy of contract or memorandum to be available for inspection

(1) This section applies where a company has entered into-

(a) a contract approved under section 634 (authority for contract for offmarket purchase), or

(b) a contract for a purchase authorised under section 641 (authorisation of market purchase).

(2) The company must keep available for inspection-

(a) a copy of the contract, or

(b) if the contract is not in writing, a written memorandum setting out its terms.

(3) The copy or memorandum must be kept available for inspection from the conclusion of the contract until the end of the period of ten years beginning with-

(a) the date on which the purchase of all the shares in pursuance of the contract is completed, or

(b) the date on which the contract otherwise determines.

(4) The copy or memorandum must be kept available for inspection-

(a) at the company's registered office, or

(b) at a place specified in rules made by the Board under section 996 (rules about where certain company records to be kept available for inspection).

(5) The company must give notice to the Registrar-

(a) of the place at which the copy or memorandum is kept available for inspection, and

(b) of any change in that place,

unless it has at all times been kept at the company's registered office, or unless it is a restricted scope company.

(6) Every copy or memorandum required to be kept under this section must be kept open to inspection without charge-

(a) by any member of the company, and

(b) in the case of a public company, by any other person.

(7) The provisions of this section apply to a variation of a contract as they apply to the original contract.

643. Enforcement of right to inspect copy or memorandum

(1) If default is made in complying with section 642(2), (3) or (4) or default is made for 14 days in complying with section 642(5), or an inspection required under section 642(6) is refused, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(2) A person who commits a contravention under this section is liable to a level 2 fine.

(3) In the case of refusal of an inspection required under section 642(6) the Court may by order compel an immediate inspection.

644. No assignment of company's right to purchase own shares

The rights of a company under a contract authorised under-

(a) section 633 (authority for off-market purchase for the purposes of or pursuant to an employees' share scheme),

(b) section 634 (authority for off-market purchase), or

(c) section 641 (authority for market purchase)

are not capable of being assigned.

645. Payments apart from purchase price to be made out of distributable profits

(1) A payment made by a company in consideration of-

(a) acquiring any right with respect to the purchase of its own shares in pursuance of a contingent purchase contract approved under section 634 (authority for off-market purchase),

(b) the variation of any contract approved under that section, or

(c) the release of any of the company's obligations with respect to the purchase of any of its own shares under a contract-

(i) approved under section 634 (authority for off-market purchase), or

(ii) authorised under section 641 (authority for market purchase),

must be made out of the company's distributable profits.

(2) If this requirement is not met in relation to a contract, then-

(a) in a case within subsection 645(1)(a), no purchase by the company of its own shares in pursuance of that contract may be made under this Chapter,

(b) in a case within subsection 645(1)(b), no such purchase following the variation may be made under this Chapter,

(c) in a case within subsection 645(1)(c), the purported release is void.

646. Treatment of shares purchased

Where a limited company makes a purchase of its own shares in accordance with this Chapter, then-

(a) if section 666(treasury shares) applies, the shares may be held and dealt with in accordance with Chapter 6,

(b) if that section does not apply-

(i) the shares are treated as cancelled, and

(ii) the amount of the company's issued share capital is diminished accordingly by the issue price of the shares cancelled.

647. Return to Registrar of purchase of own shares

(1) Where a company purchases shares under this Chapter, it must deliver a return to the Registrar within the period of one month[56] beginning with the date on which the shares are delivered to it, but not if it is a restricted scope company in which case this section shall not apply.

[56] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(2) The return must distinguish-

(a) shares in relation to which section 666 (treasury shares) applies and shares in relation to which that section does not apply, and

(b) shares in relation to which that section applies-

(i) that are cancelled forthwith (under section 670 (cancellation of treasury shares)), and

(ii) that are not so cancelled.

(3) The return must state, with respect to shares of each class purchased-

(a) the number and aggregate price of the shares purchased, and

(b) the date on which they were delivered to the company.

(4) In the case of a public company the return must also state-

(a) the aggregate amount paid by the company for the shares, and

(b) the maximum and minimum prices paid in respect of shares of each class purchased.

(5) Particulars of shares delivered to the company on different dates and under different contracts may be included in a single return.

In such a case the amount required to be stated under subsection 647(4)(a) is the aggregate amount paid by the company for all the shares to which the return relates.

(6) If default is made in complying with this section a contravention of these Regulations is committed by every officer of the company who is in default.

(7) A person who commits a contravention under this section is liable to a level 1 fine.

648. Notice to Registrar of cancellation of shares

(1) If on the purchase by a company of any of its own shares in accordance with this Part-

(a) section 666 (treasury shares) does not apply (so that the shares are treated as cancelled), or

(b) that section applies but the shares are cancelled forthwith (under section 670 (cancellation of treasury shares)),

the company must give notice of cancellation to the Registrar within the period of one month[57] beginning with the date on which the shares are delivered to it specifying the shares cancelled

(2) The notice must be accompanied by a statement of capital.

(3) The statement of capital must state with respect to the company's share capital immediately following the cancellation-

(a) the total number of shares of the company,

(b) the aggregate issue price of those shares,

[57] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(c) for each class of shares-

(i) prescribed particulars of the rights attached to the shares,

(ii) the total number of shares of that class, and

(iii) the aggregate issue price of shares of that class, and

(d) the amount paid up and the amount (if any) unpaid on each share.

(4) If default is made in complying with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(5) A person who commits a contravention of this section is liable to a level 1 fine.

(6) This section does not apply to restricted scope companies.

Chapter 5

REDEMPTION OR PURCHASE BY PRIVATE COMPANY OUT OF CAPITAL

Introductory

649. Power of private limited company to redeem or purchase own shares out of capital

(1) A private limited company may in accordance with this Chapter, but subject to any restriction or prohibition in the company's articles, make a payment in respect of the redemption or purchase of its own shares otherwise than out of distributable profits or the proceeds of a fresh issue of shares.

(2) References below in this Chapter to payment out of capital are to any payment so made, whether or not it would be regarded apart from this section as a payment out of capital.

Permissible capital payments

650. The permissible capital payment

(1) The payment that may, in accordance with this Chapter, be made by a company out of capital in respect of the redemption or purchase of its own shares is such amount as, after applying for that purpose-

(a) any available profits of the company, and

(b) the proceeds of any fresh issue of shares made for the purposes of the redemption or purchase,

is required to meet the price of redemption or purchase.

(2) That is referred to below in this Chapter as "the permissible capital payment" for the shares.

651. Available profits

(1) For the purposes of this Chapter the available profits of the company, in relation to the redemption or purchase of any shares, are the profits of the company that are available for distribution (within the meaning of Part 22 (distributions)).

(2) But the question whether a company has any profits so available, and the amount of any such profits, shall be determined in accordance with section 652 instead of in accordance with sections 763 (justification of distribution by reference to relevant accounts) to 769 (determination of profit or loss in respect of asset where records incomplete) in that Part.

652. Determination of available profits

(1) The available profits of the company are determined as follows.

(2) First, determine the profits of the company by reference to the following items as stated in the relevant accounts-

(a) profits, losses, assets and liabilities,

(b) any provisions made in the company's accounts,

(c) share capital and reserves (including undistributable reserves).

(3) Second, reduce the amount so determined by the amount of-

(a) any distribution lawfully made by the company, and

(b) any other relevant payment lawfully made by the company out of distributable profits,

after the date of the relevant accounts and before the end of the relevant period.

(4) For this purpose "other relevant payment lawfully made" includes-

(a) financial assistance lawfully given out of distributable profits in accordance with Chapter 2,

(b) payments lawfully made out of distributable profits in respect of the purchase by the company of any shares in the company, and

(c) payments of any description specified in section 645 (payments apart from purchase price to be made out of distributable profits) lawfully made by the company.

(5) The resulting figure is the amount of available profits.

(6) For the purposes of this section "the relevant accounts" are any accounts that-

(a) are prepared as at a date within the relevant period, and

(b) are such as to enable a reasonable judgment to be made as to the amounts of the items mentioned in subsection (2).

(7) In this section "the relevant period" means the period of three months ending with the date on which the solvency statement is made in accordance with section 661 or the directors' statement is made in accordance with section 654.

653. Requirements for payment out of capital

(1) A payment out of capital by a private company for the redemption or purchase of its own shares is not lawful unless the requirements of the following sections are met-

(a) section 654 (directors' statement),

(b) section 656 (approval by special resolution),

(c) section 659 (public notice of proposed payment), and

(d) section 660 (directors' statement to be available for inspection).

(2) This is subject to section 661 (reduced requirements for payment out of capital for purchase of own shares for the purposes of or pursuant to an employees' share scheme) and to any order of the Court under section 663 (power of Court to extend period for compliance on application by persons objecting to payment).

654. Directors' statement

(1) The company's directors must make a statement in accordance with this section.

(2) The statement must specify the amount of the permissible capital payment for the shares in question.

(3) It must state that, having made full inquiry into the affairs and prospects of the company, the directors have formed the opinion-

(a) as regards its initial situation immediately following the date on which the payment out of capital is proposed to be made, that there will be no grounds on which the company could then be found unable to pay its debts, and

(b) as regards its prospects for the year immediately following that date, that having regard to-

(i) their intentions with respect to the management of the company's business during that year, and

(ii) the amount and character of the financial resources that will in their view be available to the company during that year,

the company will be able to continue to carry on business as a going concern (and will accordingly be able to pay its debts as they fall due) throughout that year.

(4) In forming their opinion for the purposes of subsection 654(3)(a), the directors must take into account all of the company's liabilities (including any contingent or prospective liabilities).

(5) The directors' statement must be in the prescribed form and must contain such information with respect to the nature of the company's business as may be prescribed.

655. Directors' statement: offence if no reasonable grounds for opinion

(1) If the directors make a statement under section 654 without having reasonable grounds for the opinion expressed in it, a contravention of these Regulations is committed by every director who is in default.

(2) A person who commits a contravention of this section is liable to a fine of up to level 8.

656. Payment to be approved by special resolution

(1) The payment out of capital must be approved by a special resolution of the company.

(2) The resolution must be passed on, or within the week immediately following, the date on which the directors make the statement required by section 654.

(3) A resolution under this section is subject to-

(a) section 657 (exercise of voting rights), and

(b) section 658 (disclosure of directors' statement).

657. Resolution authorising payment: exercise of voting rights

(1) This section applies to a resolution under section 656 (authority for payment out of capital for redemption or purchase of own shares).

(2) Where the resolution is proposed as a written resolution, a member who holds shares to which the resolution relates is not an eligible member.

(3) Where the resolution is proposed at a meeting of the company, it is not effective if-

(a) any member of the company holding shares to which the resolution relates exercises the voting rights carried by any of those shares in voting on the resolution, and

(b) the resolution would not have been passed if he had not done so.

(4) For this purpose-

(a) a member who holds shares to which the resolution relates is regarded as exercising the voting rights carried by those shares not only if he votes in respect of them on a poll on the question whether the resolution shall be passed, but also if he votes on the resolution otherwise than on a poll,

(b) any member of the company may demand a poll on that question,

(c) a vote and a demand for a poll by a person as proxy for a member are the same respectively as a vote and a demand by the member.

658. Resolution authorising payment: disclosure of directors' statement

(1) This section applies to a resolution under section 656 (authority for payment out of capital for redemption or purchase of own shares).

(2) A copy of the directors' statement under section 654 must be made available to members-

(a) in the case of a written resolution, by being sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him,

(b) in the case of a resolution at a meeting, by being made available for inspection by members of the company at the meeting.

(3) The resolution is ineffective if this requirement is not complied with.

659. Notice of proposed payment

(1) Within the week immediately following the date of the resolution under section 656 the company must-

(a) (in the case of a company other than a restricted scope company) publish in a leading English language newspaper of the United Arab Emirates, or

(b) (in the case of a restricted scope company) send to each of its members,

a notice-

(i) stating that the company has approved a payment out of capital for the purpose of acquiring its own shares by redemption or purchase or both (as the case may be),

(ii) specifying-

the amount of the permissible capital payment for the shares in question, and

the date of the resolution,

(iii) stating where the directors' statement required by section 654 are available for inspection, and

(2) Not later than the day on which the company-

(a) first makes available the notice required by subsection (1), or

(b) if earlier, first publishes or gives the notice required by subsection (1),

the company must deliver to the Registrar a copy of the directors' statement required by section 654.

This subsection (2) does not apply to restricted scope companies.

660. Directors' statement to be available for inspection

(1) The directors' statement must be kept available for inspection throughout the period-

(a) beginning with the day on which the company

(i) first publishes the notice required by section 659(1)(a), or

(ii) (in the case of a restricted scope company) sends the notice contemplated by 659(1)(b), and

(b) ending five weeks after the date of the resolution for payment out of capital.

(2) The statement must be kept available for inspection-

(a) at the company's registered office, or

(b) at a place specified in rules made by the Board under section 996 (rules about where certain company records to be kept available for inspection).

(3) The company must give notice to the Registrar-

(a) of the place at which the statement is kept available for inspection, and

(b) of any change in that place,

unless it has at all times been kept at the company's registered office.

(4) The statement must be open to the inspection of any member or creditor of the company without charge.

(5) If default is made for 14 days in complying with subsection (3), or an inspection under subsection (4) is refused, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(6) A person who commits a contravention of this section is liable to a level 7 fine.

(7) In the case of a refusal of an inspection required by subsection (4), the Court may by order compel an immediate inspection.

661. Reduced requirements for payment out of capital for purchase of own shares for the purposes of or pursuant to an employees' share scheme

(1) Section 653(1) does not apply to the purchase out of capital by a private company of its own shares for the purposes of or pursuant to an employees' share scheme when approved by special resolution supported by a solvency statement.

(2) For the purposes of this section a resolution is supported by a solvency statement if-

(a) the directors of the company make a solvency statement (see section 584) not more than 15 days before the date on which the resolution is passed, and

(b) the resolution and solvency statement are registered in accordance with section 662.

(3) Where the resolution is proposed as a written resolution, a copy of the solvency statement must be sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to the member.

(4) Where the resolution is proposed at a general meeting, a copy of the solvency statement must be made available for inspection by members of the company throughout that meeting.

(5) The validity of a resolution is not affected by a failure to comply with subsection (3) or (4).

(6) Section 657 (resolution authorising payment: exercise of voting rights) applies to a resolution under this section as it applies to a resolution under section 656.

662. Registration of resolution and supporting documents for purchase of own shares for the purposes of or pursuant to an employees' share scheme

(1) Within 14 days after the passing of the resolution for a payment out of capital by a private company for the purchase of its own shares for the purposes of or pursuant to an employees' share scheme the company must deliver to the Registrar-

(a) a copy of the solvency statement,

(b) a copy of the resolution, and

(c) a statement of capital.

(2) The statement of capital must state with respect to the company's share capital as reduced by the resolution-

(a) the total number of shares of the company,

(b) the aggregate issue price of those shares,

(c) for each class of shares-

(i) prescribed particulars of the rights attached to the shares,

(ii) the total number of shares of that class, and

(iii) the aggregate issue price of shares of that class, and

(d) the amount paid up and the amount (if any) unpaid on each share.

(3) The Registrar must register the documents delivered to him under subsection (1) on receipt.

(4) The resolution does not take effect until those documents are registered.

(5) The company must also deliver to the Registrar, within 14 days after the resolution is passed, a statement by the directors confirming that the solvency statement was-

(a) made not more than 15 days before the date on which the resolution was passed, and

(b) provided to members in accordance with section 661(3) or (4).

(6) The validity of a resolution is not affected by-

(a) a failure to deliver the documents required to be delivered to the Registrar under subsection (1) within the time specified in that subsection, or

(b) a failure to comply with subsection (5).

(7) If the company delivers to the Registrar a solvency statement that was not provided to members in accordance with section 661(3) or (4), a contravention of these Regulations is committed by every officer of the company who is in default.

(8) If default is made in complying with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(9) A person who commits a contravention of subsection (7) or (8) is liable to a fine of up to level 8.

(10) This section does not apply to a restricted scope company.

663. Application to Court to cancel resolution

(1) Where a private company passes a special resolution approving a payment out of capital for the redemption or purchase of any of its shares-

(a) any member of the company (other than one who consented to or voted in favour of the resolution), and

(b) any creditor of the company,

may apply to the Court for the cancellation of the resolution.

(2) The application-

(a) must be made within five weeks after the passing of the resolution, and

(b) may be made on behalf of the persons entitled to make it by such one or more of their number as they may appoint in writing for the purpose.

(3) On an application under this section the Court may if it thinks fit-

(a) adjourn the proceedings in order that an arrangement may be made to the satisfaction of the Court-

(i) for the purchase of the interests of dissentient members, or

(ii) for the protection of dissentient creditors, and

(b) give such directions and make such orders as it thinks expedient for facilitating or carrying into effect any such arrangement.

(4) Subject to that, the Court must make an order either cancelling or confirming the resolution, and may do so on such terms and conditions as it thinks fit.

(5) If the Court confirms the resolution, it may by order alter or extend any date or period of time specified-

(a) in the resolution, or

(b) in any provision of this Chapter applying to the redemption or purchase to which the resolution relates.

(6) The Court's order may, if the Court thinks fit-

(a) provide for the purchase by the company of the shares of any of its members and for the reduction accordingly of the company's capital, and

(b) make any alteration in the company's articles that may be required in consequence of that provision.

(7) The Court's order may, if the Court thinks fit, require the company not to make any, or any specified, amendments of its articles without the leave of the Court.

664. Notice to Registrar of Court application or order

(1) On making an application under section 663 (application to Court to cancel resolution) the applicants, or the person making the application on their behalf, must immediately give notice to the Registrar.

This is without prejudice to any provision of rules of Court as to service of notice of the application.

(2) On being served with notice of any such application, the company must immediately give notice to the Registrar.

(3) Within 15 days of the making of the Court's order on the application, or such longer period as the Court may at any time direct, the company must deliver to the Registrar a copy of the order.

(4) If a company fails to comply with subsection (2) or (3) a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(5) A person who commits a contravention of subsection (2) or (3) is liable to a level 2 fine.

(6) This section does not apply to a restricted scope company.

665. When payment out of capital to be made

(1) The payment out of capital, if made in accordance with a resolution under section 656 must be made no more than six weeks after the date of such resolution.

(2) The payment out of capital, if made in accordance with a resolution under section 661 must be made no more than six weeks after the date of such resolution.

Chapter 6

TREASURY SHARES

666. Treasury shares

(1) This section applies where-

(a) a limited company makes a purchase of its own shares in accordance with Chapter 4, and

(b) the purchase is made-

(i) out of distributable profits, or

(ii) with cash under section 631(1)(b).

(2) Where this section applies the company may-

(a) hold the shares (or any of them), or

(b) deal with any of them, at any time, in accordance with section 668 or 670.

(3) Where shares are held by the company, the company must be entered in its register of members as the member holding the shares.

(4) In these Regulations references to a company holding shares as treasury shares are to the company holding shares that-

(a) were (or are treated as having been) purchased by it in circumstances in which this section applies, and

(b) have been held by the company continuously since they were so purchased (or treated as purchased).

667. Treasury shares: exercise of rights

(1) This section applies where shares are held by a company as treasury shares.

(2) The company must not exercise any right in respect of the treasury shares, and any purported exercise of such a right is void.

This applies, in particular, to any right to attend or vote at meetings.

(3) No dividend may be paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of the treasury shares.

(4) Nothing in this section prevents-

(a) an allotment of shares as fully paid bonus shares in respect of the treasury shares, or

(b) the payment of any amount payable on the redemption of the treasury shares (if they are redeemable shares).

(5) Shares allotted as fully paid bonus shares in respect of the treasury shares are treated as if purchased by the company, at the time they were allotted, in circumstances in which section 666(1) (treasury shares) applied.

668. Treasury shares: disposal

(1) Where shares are held as treasury shares, the company may at any time-

(a) sell the shares (or any of them) for a cash consideration, or

(b) transfer the shares (or any of them) for the purposes of or pursuant to an employees' share scheme.

(2) In subsection 668(1)(a) "cash consideration" means-

(a) cash received by the company, or

(b) a cheque received by the company in good faith that the directors have no reason for suspecting will not be paid, or

(c) a release of a liability of the company for a liquidated sum, or

(d) an undertaking to pay cash to the company on or before a date not more than 90 days after the date on which the company agrees to sell the shares, or

(e) payment by any other means giving rise to a present or future entitlement (of the company or a person acting on the company's behalf) to a payment, or credit equivalent to payment, in cash.

For this purpose "cash" includes currency other than US dollars or the currency in which the shares are denominated.

(3) The Board may make rules which provide that particular means of payment specified in the rules are to be regarded as falling within subsection 668(2)(e).

669. Treasury shares: notice of disposal

(1) Where shares held by a company as treasury shares-

(a) are sold, or

(b) are transferred for the purposes of an employees' share scheme,

the company must deliver a return to-

(i) (in the case of a company other than a restricted scope company) the Registrar, or

(ii) (in the case of a restricted scope company) each of its members,

not later than one month[58] after the shares are disposed of.

(2) The return must state with respect to shares of each class disposed of-

(a) the number and value of the shares, and

(b) the date on which they were disposed of.

(3) Particulars of shares disposed of on different dates may be included in a single return.

(4) If default is made in complying with this section a contravention of these Regulations is committed by every officer of the company who is in default.

(5) A person who commits a contravention of this section is liable to a level 2 fine.

670. Treasury shares: cancellation

(1) Where shares are held as treasury shares, the company may at any time cancel the shares (or any of them).

(2) If a company cancels shares held as treasury shares, the amount of the company's share capital is reduced accordingly.

(3) The directors may take any steps required to enable the company to cancel its shares under this section without complying with the provisions of Chapter 10 of Part 16 (reduction of share capital).

671. Treasury shares: notice of cancellation

(1) Where shares held by a company as treasury shares are cancelled, the company must deliver a return to-

(a) (in the case of a company other than a restricted scope company) the Registrar, or

(b) (in the case of a restricted scope company) each of its members,

not later than one month[59] after the shares are cancelled.

This does not apply to shares that are cancelled forthwith on their acquisition by the company (see section 648).

[58] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.
[59] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(2) The return must state with respect to shares of each class cancelled-

(a) the number and issue price of the shares, and

(b) the date on which they were cancelled.

(3) Particulars of shares cancelled on different dates may be included in a single return.

(4) The notice must be accompanied by a statement of capital.

(5) The statement of capital must state with respect to the company's share capital immediately following the cancellation-

(a) the total number of shares of the company,

(b) the aggregate issue price of those shares,

(c) for each class of shares-

(i) prescribed particulars of the rights attached to the shares,

(ii) the total number of shares of that class, and

(iii) the aggregate issue price of shares of that class, and

(d) the amount paid up and the amount (if any) unpaid on each share.

(6) If default is made in complying with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(7) A person who commits a contravention of this section is liable to a level 2 fine.

(8) This section does not apply to restricted scope companies.

672. Treasury shares: treatment of proceeds of sale

(1) Where shares held as treasury shares are sold, the proceeds of sale must be dealt with in accordance with this section.

(2) If the proceeds of sale are equal to or less than the purchase price paid by the company for the shares, the proceeds are treated for the purposes of Part 22 (distributions) as a realised profit of the company.

(3) If the proceeds of sale exceed the purchase price paid by the company an amount equal to the purchase price paid is treated as a realised profit of the company for the purposes of that Part, and

(4) For the purposes of this section-

(a) the purchase price paid by the company must be determined by the application of a weighted average price method, and

(b) if the shares were allotted to the company as fully paid bonus shares, the purchase price paid for them is treated as nil.

673. Treasury shares: offences

(1) If a company contravenes any of the provisions of this Chapter (except section 671 (notice of cancellation)), a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(2) A person who commits a contravention of this Chapter (except section 671 (notice of cancellation)) is liable to a level 2 fine.

Chapter 7

SUPPLEMENTARY PROVISIONS

674. The capital redemption reserve

(1) In the following circumstances a company must transfer amounts to a reserve, called the "capital redemption reserve".

(2) Where under this Part shares of a limited company are redeemed or purchased wholly out of the company's profits, the amount by which the company's issued share capital is diminished in accordance with-

(a) section 627(b) (on the cancellation of shares redeemed), or

(b) section 646(b)(ii) (on the cancellation of shares purchased),

must be transferred to the capital redemption reserve.

(3) The amount by which a company's share capital is diminished in accordance with section 670(2) (on the cancellation of shares held as treasury shares) must be transferred to the capital redemption reserve.

(4) The company may use the capital redemption reserve to pay up new shares to be allotted to members as fully paid bonus shares.

(5) Subject to that, the provisions of these Regulations relating to the reduction of a company's share capital apply as if the capital redemption reserve were part of its paid up share capital.

675. Accounting consequences of payment out of capital

(1) This section applies where a payment out of capital is made in accordance with Chapter 5 (redemption or purchase of own shares by private company out of capital).

(2) If the permissible capital payment is less than the stated capital of the shares redeemed or purchased, the amount of the difference must be transferred to the company's capital redemption reserve.

(3) If the permissible capital payment is greater than the stated capital of the shares redeemed or purchased-

(a) the amount of any capital redemption reserve or fully paid share capital of the company, and

(b) any amount representing unrealised profits of the company for the time being standing to the credit of any revaluation reserve maintained by the company,

may be reduced by a sum not exceeding (or by sums not in total exceeding) the amount by which the permissible capital payment exceeds the stated capital of the shares.

(4) Where the proceeds of a fresh issue are applied by the company in making a redemption or purchase of its own shares in addition to a payment out of capital under this Chapter, the references in subsections (2) and (3) to the permissible capital payment are to be read as referring to the aggregate of that payment and those proceeds.

676. Effect of company's failure to redeem or purchase

(1) This section applies where a company-

(a) issues shares on terms that they are or are liable to be redeemed, or

(b) agrees to purchase any of its shares.

(2) The company is not liable in damages in respect of any failure on its part to redeem or purchase any of the shares.

This is without prejudice to any right of the holder of the shares other than his right to sue the company for damages in respect of its failure.

(3) The Court shall not grant an order for specific performance of the terms of redemption or purchase if the company shows that it is unable to meet the costs of redeeming or purchasing the shares in question out of distributable profits.

(4) If the company is wound up and at the commencement of the winding up any of the shares have not been redeemed or purchased, the terms of redemption or purchase may be enforced against the company.

When shares are redeemed or purchased under this subsection, they are treated as cancelled.

(5) Subsection (4) does not apply if-

(a) the terms provided for the redemption or purchase to take place at a date later than that of the commencement of the winding up, or

(b) during the period-

(i) beginning with the date on which the redemption or purchase was to have taken place, and

(ii) ending with the commencement of the winding up,

the company could not at any time have lawfully made a distribution equal in value to the price at which the shares were to have been redeemed or purchased.

(6) There shall be paid in priority to any amount that the company is liable under subsection (4) to pay in respect of any shares-

(a) all other debts and liabilities of the company (other than any due to members in their character as such), and

(b) if other shares carry rights (whether as to capital or as to income) that are preferred to the rights as to capital attaching to the first-mentioned shares, any amount due in satisfaction of those preferred rights.

Subject to that, any such amount shall be paid in priority to any amounts due to members in satisfaction of their rights (whether as to capital or income) as members.

677. Meaning of "distributable profits"

In this Part (except in Chapter 2 (financial assistance): see section 622) "distributable profits", in relation to the making of any payment by a company, means profits out of which the company could lawfully make a distribution (within the meaning given by section 761 (distributions to be made only out of profits available for the purpose) equal in value to the payment.

Part 18

DEBENTURES

General provisions

678. Meaning of "debenture"

In these Regulations "debenture" includes debenture stock, loan stock, bonds and any other securities of a company, whether or not constituting a charge on the assets of the company.

679. Perpetual debentures

(1) A condition contained in debentures, or in a deed for securing debentures, is not invalid by reason only that the debentures are made-

(a) irredeemable, or

(b) redeemable only-

(i) on the happening of a contingency (however remote), or

(ii) on the expiration of a period (however long),

any rule of equity to the contrary notwithstanding.

(2) Subsection (1) applies to debentures whenever issued and to deeds whenever executed.

680. Enforcement of contract to subscribe for debentures

A contract with a company to take up and pay for debentures of the company may be enforced by an order for specific performance.

681. Registration of allotment of debentures

(1) A company must register an allotment of debentures as soon as practicable and in any event within two months after the date of the allotment.

(2) If a company fails to comply with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(3) A person who commits a contravention of this section is liable to a level 2 fine.

(4) For the duties of the company as to the issue of the debentures, or certificates of debenture stock, see Part 20 (certification and transfer of securities)

682. Register of debenture holders

(1) Any register of debenture holders of a company that is kept by the company must be kept available for inspection-

(a) at the company's registered office, or

(b) at a place specified in rules made by the Board under section 996 (rules about where certain company records to be kept available for inspection).

(2) A company must give notice to the Registrar of the place where any such register is kept available for inspection and of any change in that place.

(3) No such notice is required if the register has, at all times since it came into existence, been kept available for inspection at the company's registered office.

(4) If a company makes default for 14 days in complying with subsection (2), a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(5) A person who commits a contravention of this section is liable to a level 3 fine.

(6) References in this section to a register of debenture holders include a duplicate-

(a) of a register of debenture holders that is kept outside the Abu Dhabi Global Market, or

(b) of any part of such a register.

683. Register of debenture holders: right to inspect and require copy

(1) Every register of debenture holders of a company must, except when duly closed, be open to the inspection-

(a) of the registered holder of any such debentures, or any holder of shares in the company, without charge, and

(b) of any other person on payment of such fee as may be prescribed.

(2) Any person may require a copy of the register, or any part of it, on payment of such fee as may be prescribed.

(3) A person seeking to exercise either of the rights conferred by this section must make a request to the company to that effect.

(4) The request must contain the following information-

(a) in the case of an individual, his name and address,

(b) in the case of an organisation, the name and address of an individual responsible for making the request on behalf of the organisation,

(c) the purpose for which the information is to be used, and

(d) whether the information will be disclosed to any other person, and if so-

(i) where that person is an individual, his name and address,

(ii) where that person is an organisation, the name and address of an individual responsible for receiving the information on its behalf, and

(iii) the purpose for which the information is to be used by that person.

(5) For the purposes of this section a register is "duly closed" if it is closed in accordance with provision contained-

(a) in the articles or in the debentures,

(b) in the case of debenture stock in the stock certificates, or

(c) in the trust deed or other document securing the debentures or debenture stock.

The total period for which a register is closed in any year must not exceed 30 days.

(6) References in this section to a register of debenture holders include a duplicate-

(a) of a register of debenture holders that is kept outside the Abu Dhabi Global Market, or

(b) of any part of such a register.

(7) Subsection (1)(b) does not apply to a restricted scope company.

684. Register of debenture holders: response to request for inspection or copy

(1) Where a company receives a request under section 683 (register of debenture holders: right to inspect and require copy), it must within five working days either-

(a) comply with the request, or

(b) apply to the Court.

(2) If it applies to the Court it must notify the person making the request.

(3) If on an application under this section the Court is satisfied that the inspection or copy is not sought for a proper purpose-

(a) it shall direct the company not to comply with the request, and

(b) it may further order that the company's costs on the application be paid in whole or in part by the person who made the request, even if he is not a party to the

(4) If the Court makes such a direction and it appears to the Court that the company is or may be subject to other requests made for a similar purpose (whether made by the same person or different persons), it may direct that the company is not to comply with any such request.

The order must contain such provision as appears to the Court appropriate to identify the requests to which it applies.

(5) If on an application under this section the Court does not direct the company not to comply with the request, the company must comply with the request immediately upon the Court giving its decision or, as the case may be, the proceedings being discontinued.

685. Register of debenture holders: refusal of inspection or default in providing copy

(1) If an inspection required under section 683 (register of debenture holders: right to inspect and require copy) is refused or default is made in providing a copy required

under that section, otherwise than in accordance with an order of the Court, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(2) A person who commits a contravention of this section is liable to a level 2 fine.

(3) In the case of any such refusal or default the Court may by order compel an immediate inspection or, as the case may be, direct that the copy required be sent to the person requesting it.

686. Register of debenture holders: offences in connection with request for or disclosure of information

(1) It is a contravention of these Regulations for a person knowingly or recklessly to make in a request under section 683 (register of debenture holders: right to inspect and require copy) a statement that is misleading, false or deceptive in a material particular.

(2) It is a contravention of these Regulations for a person in possession of information obtained by exercise of either of the rights conferred by that section-

(a) to do anything that results in the information being disclosed to another person, or

(b) to fail to do anything with the result that the information is disclosed to another person,

knowing, or having reason to suspect, that person may use the information for a purpose that is not a proper purpose.

(3) A person who commits a contravention of this section is liable to a level 2 fine.

687. Time limit for claims arising from entry in register

(1) Liability incurred by a company-

(a) from the making or deletion of an entry in the register of debenture holders, or

(b) from a failure to make or delete any such entry,

is not enforceable more than ten years after the date on which the entry was made or deleted or, as the case may be, the failure first occurred.

(2) This is without prejudice to any lesser period of limitation.

Supplementary provisions

688. Right of debenture holder to copy of deed

(1) Any holder of debentures of a company is entitled, on request and on payment of such fee as may be prescribed, to be provided with a copy of any trust deed for securing the debentures.

(2) If default is made in complying with this section, a contravention of these Regulations is committed by every officer of the company who is in default.

(3) A person who commits a contravention of this section is liable to a level 2 fine.

(4) In the case of any such default the Court may direct that the copy required be sent to the person requiring it.

689. Liability of trustees of debentures

(1) Any provision contained in-

(a) a trust deed for securing an issue of debentures, or

(b) any contract with the holders of debentures secured by a trust deed,

is void in so far as it would have the effect of exempting a trustee of the deed from, or indemnifying him against, liability for breach of trust where he fails to show the degree of care and diligence required of him as trustee, having regard to the provisions of the trust deed conferring on him any powers, authorities or discretions.

(2) Subsection (1) does not invalidate-

(a) a release otherwise validly given in respect of anything done or omitted to be done by a trustee before the giving of the release,

(b) any provision enabling such a release to be given-

(i) on being agreed to by a majority of not less than 75% in value of the debenture holders present and voting in person or, where proxies are permitted, by proxy at a meeting summoned for the purpose, and

(ii) either with respect to specific acts or omissions or on the trustee dying or ceasing to act.

690. Power to re-issue redeemed debentures

(1) Where a company has redeemed debentures previously issued, then unless-

(a) provision to the contrary (express or implied) is contained in the company's articles or in any contract made by the company, or

(b) the company has, by passing a resolution to that effect or by some other act, manifested its intention that the debentures shall be cancelled,

the company may re-issue the debentures, either by re-issuing the same debentures or by issuing new debentures in their place.

This subsection is deemed always to have had effect.

(2) On a re-issue of redeemed debentures the person entitled to the debentures has (and is deemed always to have had) the same priorities as if the debentures had never been redeemed.

(3) The re-issue of a debenture or the issue of another debenture in its place under this section is treated as the issue of a new debenture for the purposes of stamp duty.

It is not so treated for the purposes of any provision limiting the amount or number of debentures to be issued.

(4) A person lending money on the security of a debenture re-issued under this section which appears to be duly stamped may give the debenture in evidence in any

proceedings for enforcing his security without payment of the stamp duty or any penalty in respect of it, unless he had notice (or, but for his negligence, might have discovered) that the debenture was not duly stamped.

In that case the company is liable to pay the proper stamp duty and penalty.

691. Deposit of debentures to secure advances

Where a company has deposited any of its debentures to secure advances from time to time on current account or otherwise, the debentures are not treated as redeemed by reason only of the company's account having eased to be in debit while the debentures remained so deposited.

692. Priorities where debentures secured by floating charge

(1) This section applies where debentures of a company registered in the Abu Dhabi Global Market are secured by a charge that, as created, was a floating charge.

(2) If possession is taken, by or on behalf of the holders of the debentures, of any property comprised in or subject to the charge, and the company is not at that time in the course of being wound up, the company's preferential debts shall be paid out of assets coming to the hands of the persons taking possession in priority to any claims for principal or interest in respect of the debentures.

(3) "Preferential debts" means the categories of debts described in section 227 (preferential debts) of the Insolvency Regulations 2015.

(4) Payments under this section shall be recouped, as far as may be, out of the assets of the company available for payment of general creditors.

Part 19

PRIVATE AND PUBLIC COMPANIES

Chapter 1

PROHIBITION OF PUBLIC OFFERS BY PRIVATE COMPANIES

693. Prohibition of public offers by private company

(1) A private company must not-

(a) offer to the public any securities of the company, or

(b) allot or agree to allot any securities of the company with a view to their being offered to the public.

(2) Unless the contrary is proved, an allotment or agreement to allot securities is presumed to be made with a view to their being offered to the public if an offer of the securities (or any of them) to the public is made-

(a) within six months after the allotment or agreement to allot, or

(b) before the receipt by the company of the whole of the consideration to be received by it in respect of the securities.

(3) A company does not contravene this section if-

(a) it acts in good faith in pursuance of arrangements under which it is to re-register as a public company before the securities are allotted, or

(b) as part of the terms of the offer it undertakes to re-register as a public company within a specified period, and that undertaking is complied with.

(4) The specified period for the purposes of subsection 693(3)(b) must be a period ending not later than six months after the day on which the offer is made (or, in the case of an offer made on different days, first made).

(5) In this Chapter "securities" means shares or debentures.

694. Meaning of "offer to the public"

(1) This section explains what is meant in this Chapter by an offer of securities to the public.

(2) An offer to the public includes an offer to any section of the public, however selected.

(3) An offer is not regarded as an offer to the public if it can properly be regarded, in all the circumstances, as-

(a) not being calculated to result, directly or indirectly, in securities of the company becoming available to persons other than those receiving the offer, or

(b) otherwise being a private concern of the person receiving it and the person making it.

(4) An offer is to be regarded (unless the contrary is proved) as being a private concern of the person receiving it and the person making it if-

(a) it is made to a person already connected with the company and, where it is made on terms allowing that person to renounce his rights, the rights may only be renounced in favour of another person already connected with the company, or

(b) it is an offer to subscribe for securities to be held under an employees' share scheme and, where it is made on terms allowing that person to renounce his rights, the rights may only be renounced in favour of-

(i) another person entitled to hold securities under the scheme, or

(ii) a person already connected with the company.

(5) For the purposes of this section "person already connected with the company" means-

(a) an existing member or employee of the company,

(b) a member of the family of a person who is or was a member or employee of the company,

(c) the widow or widower of a person who was a member or employee of the company,

(d) an existing debenture holder of the company, or

(e) a trustee (acting in his capacity as such) of a trust of which the principal beneficiary is a person within any of subsections (5)(a) to (d).

(6) For the purposes of subsection 694(5)(b) the members of a person's family are the person's spouse and children (including step-children) and their descendants.

695. Enforcement of prohibition: order restraining proposed contravention

(1) If it appears to the Court-

(a) on an application under this section, or

(b) in proceedings under Part 28 (protection of members against unfair prejudice),

that a company is proposing to act in contravention of section 693 (prohibition of public offers by private companies), the Court shall make an order under this section.

(2) An order under this section is an order restraining the company from contravening that section.

(3) An application for an order under this section may be made by-

(a) a member or creditor of the company, or

(b) the Registrar.

696. Enforcement of prohibition: orders available to the Court after contravention

(1) This section applies if it appears to the Court-

(a) on an application under this section, or

(b) in proceedings under Part 28 (protection of members against unfair prejudice),

that a company has acted in contravention of section 693 (prohibition of public offers by private companies).

(2) The Court must make an order requiring the company to re-register as a public company unless it appears to the Court-

(a) that the company does not meet the requirements for re-registration as a public company, and

(b) that it is impractical or undesirable to require it to take steps to do so.

(3) If it does not make an order for re-registration, the Court may make either or both of the following-

(a) a remedial order (see section 697), or

(b) an order for the compulsory winding up of the company.

(4) An application under this section may be made by-

(a) a member of the company who-

(i) was a member at the time the offer was made (or, if the offer was made over a period, at any time during that period), or

(ii) became a member as a result of the offer,

(b) a creditor of the company who was a creditor at the time the offer was made (or, if the offer was made over a period, at any time during that period), or

(c) the Registrar.

697. Enforcement of prohibition: remedial order

(1) A "remedial order" is an order for the purpose of putting a person affected by anything done in contravention of section 693 (prohibition of public offers by private company) in the position he would have been in if it had not been done.

(2) The following provisions are without prejudice to the generality of the power to make such an order.

(3) Where a private company has-

(a) allotted securities pursuant to an offer to the public, or

(b) allotted or agreed to allot securities with a view to their being offered to the public,

a remedial order may require any person knowingly concerned in the contravention of section 693 to offer to purchase any of those securities at such price and on such other terms as the Court thinks fit.

(4) A remedial order may be made-

(a) against any person knowingly concerned in the contravention, whether or not an officer of the company,

(b) notwithstanding anything in the company's constitution (which includes, for this purpose, the terms on which any securities of the company are allotted or held),

(c) whether or not the holder of the securities subject to the order is the person to whom the company allotted or agreed to allot them.

(5) Where a remedial order is made against the company itself, the Court may provide for the reduction of the company's capital accordingly.

698. Validity of allotment etc not affected

Nothing in this Chapter affects the validity of any allotment or sale of securities or of any agreement to allot or sell securities.

Chapter 2

MINIMUM SHARE CAPITAL REQUIREMENT FOR PUBLIC COMPANIES

699. Public company: requirement as to minimum share capital

(1) A company that is a public company (otherwise than by virtue of re-registration as a public company) must not do business or exercise any borrowing powers unless the Registrar has issued it with a certificate under this section (a "trading certificate").

(2) The Registrar shall issue a trading certificate if, on an application made in accordance with section 700, he is satisfied that the company's allotted share capital is not less than the authorised minimum.

(3) For this purpose a share allotted in pursuance of an employees' share scheme shall not be taken into account unless paid up in full.

(4) A trading certificate has effect from the date on which it is issued and is conclusive evidence that the company is entitled to do business and exercise any borrowing powers.

700. Procedure for obtaining certificate

(1) An application for a certificate under section 699 must-

(a) state that the company's allotted share capital is not less than the authorised minimum amount,

(b) specify the amount, or estimated amount, of the company's preliminary expenses,

(c) specify any amount or benefit paid or given, or intended to be paid or given, to any promoter of the company, and the consideration for the payment or benefit, and

(d) be accompanied by a statement of compliance.

(2) The statement of compliance is a statement that the company meets the requirements for the issue of a certificate under section 699.

(3) The Registrar may accept the statement of compliance as sufficient evidence of the matters stated in it.

701. The authorised minimum

(1) "The authorised minimum", in relation to a public company's allotted share capital is 50,000 US dollars.

(2) The Board may make rules prescribing the amounts in other currencies that are for the time being to be treated as equivalent to the US dollar amount of the authorised minimum.

(3) This power may be exercised from time to time as appears to the Board to be appropriate.

(4) This section has effect subject to any exercise of the power conferred by section 702 (power to alter authorised minimum).

702. Power to alter authorised minimum

(1) The Board may make rules which-

(a) alter the US dollar amount of the authorised minimum, and

(b) make a corresponding alteration of the prescribed equivalent amount in any other currency authorised pursuant to subsection 702(2).

(2) Rules under this section that increase the authorised minimum may-

(a) require a public company having an allotted share capital of which is less than the amount specified in the order to-

(i) increase that value to not less than that amount, or

(ii) re-register as a private company,

(b) make provision in connection with any such requirement for any of the matters for which provision is made by these Regulations relating to-

(i) a company's registration, re-registration or change of name,

(ii) payment for shares comprised in a company's share capital, and

(iii) offers to the public of shares in or debentures of a company,

including provision as to the consequences (in criminal law or otherwise) of a failure to comply with any requirement of the order,

(c) provide for any provision of the order to come into force on different days for different purposes.

703. Authorised minimum: application of initial requirement

(1) The initial requirement for a public company to have allotted share capital of not less than the authorised minimum, that is-

(a) the requirement in section 699(2) for the issue of a trading certificate, or

(b) the requirement in section 77(2)(a) for re-registration as a public company,

must be met either by reference to allotted share capital denominated in US dollars or by reference to allotted share capital denominated in another approved currency (but not partly in one and partly in the other).

(2) Whether the requirement is met is determined in the first case by reference to the US dollar amount and in the second case by reference to the prescribed equivalent in another approved currency.

(3) No account is to be taken of any allotted share capital of the company denominated in a currency other than US dollars or another currency that has been approved by the Board pursuant to subsection 702(1)(b).

(4) If the company could meet the requirement either by reference to share capital denominated in US dollars or by reference to share capital denominated in another approved currency, it must elect in its application for a trading certificate or, as the case may be, for re-registration as a public company which is to be the currency by reference to which the matter is determined.

704. Authorised minimum: application where shares denominated in different currencies etc

(1) The Board may make rules as to the application of the authorised minimum in relation to a public company that-

(a) has shares denominated-

(i) in more than one currency, or

(ii) in a currency other than US dollars or another approved currency,

(b) redenominates the whole or part of its allotted share capital, or

(c) allots new shares.

(2) The rules may make provision as to the currencies, exchange rates and dates by reference to which it is to be determined whether the company's allotted share capital is less than the authorised minimum.

(3) The rules may provide that where-

(a) a company has redenominated the whole or part of its allotted share capital, and

(b) the effect of the redenomination is that the company's allotted share capital is less than the authorised minimum,

the company must re-register as a private company.

(4) Rules under subsection (3) may make provision corresponding to any provision made by sections 604 to 607 (re-registration as private company in consequence of cancellation of shares).

(5) Any rules made by the Board under this section have effect subject to section 703 (authorised minimum: application of initial requirement).

705. Consequences of doing business etc without a trading certificate

(1) If a company does business or exercises any borrowing powers in contravention of section 699, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(2) A person who contravenes the Regulations under subsection (1) is liable to a fine of up to level 8.

(3) A contravention of section 699 does not affect the validity of a transaction entered into by the company, but if a company-

(a) enters into a transaction in contravention of that section, and

(b) fails to comply with its obligations in connection with the transaction within 21 days from being called on to do so,

the directors of the company are jointly and severally liable to indemnify any other party to the transaction in respect of any loss or damage suffered by him by reason of the company's failure to comply with its obligations.

(4) The directors who are so liable are those who were directors at the time the company entered into the transaction.

PART 20

CERTIFICATION AND TRANSFER OF SECURITIES

CHAPTER 1

CERTIFICATION AND TRANSFER OF SECURITIES: GENERAL

706. Share certificate to be evidence of title

(1) A certificate executed by a company in accordance with section 39 (execution of documents) specifying any shares held by a member is prima facie evidence of his title to the shares.

707. Duty of company as to issue of certificates etc on allotment

(1) A company must, within two months after the allotment of any of its shares or debentures complete and have ready for delivery -

(a) the certificates of the shares allotted, or

(b) the debentures allotted.

(2) Subsection (1) does not apply-

(a) if the conditions of issue of the shares or debentures provide otherwise, or

(b) in the case of allotment to a infrastructure body[60] (see section 715).

(3) If default is made in complying with subsection (1) a contravention of these Regulations is committed by every officer of the company who is in default.

(4) A person who contravenes these Regulations under subsection (3) is liable to a level 2 fine.

[60] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015

708. Registration of transfer

(1) A company may not register a transfer of shares in or debentures of the company unless-

(a) a proper instrument of transfer has been delivered to it, or

(b) the transfer is in accordance with rules made under Chapter 2 of this Part.

(2) Subsection (1) does not affect any power of the company to register as shareholder or debenture holder a person to whom the right to any shares in or debentures of the company has been transmitted by operation of law.

709. Procedure on transfer being lodged

(1) When a transfer of shares in or debentures of a company has been lodged with the company, the company must either-

(a) register the transfer, or

(b) give the transferee notice of refusal to register the transfer, together with its reasons for the refusal,

as soon as practicable and in any event within two months after the date on which the transfer is lodged with it.

(2) If the company refuses to register the transfer, it must provide the transferee with such further information about the reasons for the refusal as the transferee may reasonably request.

This does not include copies of minutes of meetings of directors.

(3) If a company fails to comply with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(4) A person who contravenes these Regulations under subsection (3) is liable to a level 2 fine.

(5) This section does not apply in relation to transmission of shares or debentures by operation of law.

710. Transfer of shares on application of transferor

On the application of the transferor of any share or interest in a company, the company shall enter in its register of members the name of the transferee in the same manner and subject to the same conditions as if the application for the entry were made by the transferee.

711. Execution of share transfer by personal representative

An instrument of transfer of the share or other interest of a deceased member of a company-

(a) may be made by a person responsible for administering his estate (a "personal representative") although the personal representative is not himself a member of the company, and

(b) is as effective as if the personal representative had been such a member at the time of the execution of the instrument.

712. Evidence of grant of probate etc

The production to a company of any document that is by the law applicable in the Abu Dhabi Global Market, or the law of the jurisdiction of incorporation or nationality of a deceased member sufficient evidence of-

(a) the grant of probate of the will of a deceased person, or

(b) confirmation as a personal representative of a deceased person,

shall be accepted by the company as sufficient evidence of the authority of the personal representative to administer the estate of a deceased member.

713. Certification of instrument of transfer

(1) The certification by a company of an instrument of transfer of any shares in, or debentures of, the company is to be taken as a representation by the company to any person acting on the faith of the certification that there have been produced to the company such documents as on their face show a prima facie title to the shares or debentures in the transferor named in the instrument.

(2) The certification is not to be taken as a representation that the transferor has any title to the shares or debentures.

(3) Where a person acts on the faith of a false certification by a company made negligently, the company is under the same liability to him as if the certification had been made fraudulently.

(4) For the purposes of this section-

(a) an instrument of transfer is certificated if it bears the words "certificate lodged" (or words to the like effect),

(b) the certification of an instrument of transfer is made by a company if-

(i) the person issuing the instrument is a person authorised to issue certificated instruments of transfer on the company's behalf, and

(ii) the certification is signed by a person authorised to certificate transfers on the company's behalf or by an officer or employee either of the company or of a body corporate so authorized,

(c) a certification is treated as signed by a person if-

(i) it purports to be authenticated by his signature or initials (whether handwritten or not), and

(ii) it is not shown that the signature or initials was or were placed there neither by himself nor by a person authorised to use the signature or initials for the purpose of certificating transfers on the company's behalf.

714. Duty of company as to issue of certificates etc on transfer

(1) A company must, within two (2) months after the date on which a transfer of any of its shares or debentures is lodged with the company, complete and have ready for delivery-

(a) the certificates of the shares transferred, or

(b) the debentures transferred.

(2) For this purpose a "transfer" means a transfer duly stamped and otherwise valid but does not include a transfer that the company is for any reason entitled to refuse to register and does not register.

(3) Subsection (1) does not apply-

(a) if the conditions of issue of the shares or debentures provide otherwise, or

(b) in the case of a transfer to a infrastructure body [61](see section 715).

(4) If default is made in complying with subsection (1) a contravention of these Regulations is committed by every officer of the company who is in default.

(5) A person who contravenes these Regulations under subsection (4) is liable to a level 2 fine.

715. Issue of certificates etc: allotment or transfer to infrastructure body[62]

(1) A company-

(a) of which shares or debentures are allotted to a infrastrucutre body[63], or

(b) with which a transfer for transferring shares or debentures to a financial institution is lodged,

is not required in consequence of that allotment or transfer to comply with section 707(1) or 714(1) (duty of company as to issue of certificates etc).

(2) A "financial institution" means-

(a) a recognised clearing house acting in relation to a Recognised Investment Exchange[64], or

(b) a nominee of-

(i) a recognised clearing house acting in that way, or

(ii) a recognised investment exchange,

designated for the purposes of this section in the rules of the recognised investment exchange in question.

[61] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015

[62] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015

[63] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015

[64] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015

716. Issue of certificates etc: Court order to make good default

(1) If a company on which a notice has been served requiring it to make good any default in complying with-

(a) section 707(1) (duty of company as to issue of certificates etc on allotment), or

(b) section 714(1) (duty of company as to issue of certificates etc on transfer),

fails to make good the default within ten days after service of the notice, the person entitled to have the certificates or the debentures delivered to him may apply to the Court.

(2) The Court may on such an application make an order directing the company and any officer of it to make good the default within such time as may be specified in the order.

(3) The order may provide that all costs of and incidental to the application are to be borne by the company or by an officer of it responsible for the default.

CHAPTER 2

EVIDENCING AND TRANSFER OF TITLE TO SECURITIES WITHOUT WRITTEN INSTRUMENT

717. Scope of this Chapter

In this Chapter-

(a) [65]references to title to securities include any legal or equitable interest in securities, and

(b) references to a transfer of title include a transfer by way of security.

718. Provision enabling procedures for evidencing and transferring title

(1) The Board may make rules which provide for title to securities to be evidenced and transferred without a written instrument.

(2) The rules may make provision-

(a) for procedures for recording and transferring title to securities, and

(b) for the regulation of those procedures and the persons responsible for or involved in their operation.

(3) The rules must contain such safeguards as appear to the authority making the rules appropriate for the protection of investors and for ensuring that competition is not restricted, distorted or prevented.

(4) The rules may, for the purpose of enabling or facilitating the operation of the procedures provided for by the rules, make provision with respect to the rights and obligations of persons in relation to securities dealt with under the procedures.

(5) The rules may include provision for the purpose of giving effect to-

[65] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015.

(a) the transmission of title to securities by operation of law,

(b) any restriction on the transfer of title to securities arising by virtue of the provisions of any enactment or instrument, Court order or agreement,

(c) any power conferred by any such provision on a person to deal with securities on behalf of the person entitled.

(6) The rules may make provision with respect to the persons responsible for the operation of the procedures provided for by the rules-

(a) as to the consequences of their insolvency or incapacity, or

(b) as to the transfer from them to other persons of their functions in relation to those procedures.

(7) The rules may confer functions on any person, including-

(a) the function of giving guidance or issuing a code of practice in relation to any provision made by the rules, and

(b) the function of making rules for the purposes of any provision made by the rules.

(8) The rules may, in prescribed cases, confer immunity from liability in damages.

719. Provision enabling or requiring arrangements to be adopted

(1) Rules under this Chapter may make provision-

(a) enabling the members of a company or of any designated class of companies to adopt, by ordinary resolution, arrangements under which title to securities is required to be evidenced or transferred (or both) without a written instrument, or

(b) requiring companies, or any designated class of companies, to adopt such arrangements.

(2) The rules may make such provision-

(a) in respect of all securities issued by a company, or

(b) in respect of all securities of a specified description.

(3) The arrangements provided for by rules making such provision as is mentioned in subsection (1) -

(a) must not be such that a person who but for the arrangements would be entitled to have his name entered in the company's register of members ceases to be so entitled, and

(b) must be such that a person who but for the arrangements would be entitled to exercise any rights in respect of the securities continues to be able effectively to control the exercise of those rights.

(4) The rules may-

(a) prohibit the issue of any certificate by the company in respect of the issue or transfer of securities,

(b) require the provision by the company to holders of securities of statements (at specified intervals or on specified occasions) of the securities held in their name, and

(c) make provision as to the matters of which any such certificate or statement is, or is not, evidence.

(5) In this section-

(a) references to a designated class of companies are to a class designated in the rules issued pursuant to this section or pursuant to section 720, and

(b) "specified" means specified in the rules.

720. Provision enabling or requiring arrangements to be adopted: order-making powers

(1) The Board may make rules which-

(a) designate classes of companies for the purposes of section 719 (provision enabling or requiring arrangements to be adopted),

(b) provide that, in relation to securities of a specified description-

(i) in a designated class of companies, or

(ii) in a specified company or class of companies,

specified provisions of rules made under this Chapter by virtue of that section either do not apply or apply subject to specified modifications.

(2) In subsection (1) "specified" means specified in the rules.

721. Provision that may be included in rules

Rules under this Chapter may-

(a) modify or exclude any provision of any enactment or instrument, or any rule of law,

(b) apply, with such modifications as may be appropriate, the provisions of any enactment or instrument,

(c) require the payment of fees, or enable persons to require the payment of fees, of such amounts as may be specified in the rules or determined in accordance with them,

(d) empower the authority making the rules to delegate to any person willing and able to discharge them any functions of the authority under the rules.

722. Resolutions to be forwarded to Registrar

Chapter 3 of Part 3 (resolutions affecting a company's constitution) applies to a resolution passed by virtue of rules made under this Chapter.

PART 21

INFORMATION ABOUT INTERESTS IN A COMPANY'S SHARES

723. Companies to which this Part applies

(1) This Part applies only to public companies.

(2) The Board may make rules providing for this Part to extend to such companies as it may specify.

724. Shares to which this Part applies

(1) References in this Part to a company's shares are to the company's issued shares of a class carrying rights to vote in all circumstances at general meetings of the company (including any shares held as treasury shares).

(2) The temporary suspension of voting rights in respect of any shares does not affect the application of this Part in relation to interests in those or any other shares.

725. Notice by company requiring information about interests in its shares

(1) A public company may give notice under this section to any person whom the company knows or has reasonable cause to believe-

(a) to be interested in the company's shares, or

(b) to have been so interested at any time during the three years immediately preceding the date on which the notice is issued.

(2) The notice may require the person-

(a) to confirm that fact or (as the case may be) to state whether or not it is the case, and

(b) if he holds, or has during that time held, any such interest, to give such further information as may be required in accordance with the following provisions of this section.

(3) The notice may require the person to whom it is addressed to give particulars of his own present or past interest in the company's shares (held by him at any time during the three year period mentioned in subsection (1)(b)).

(4) The notice may require the person to whom it is addressed, where-

(a) his interest is a present interest and another interest in the shares subsists, or

(b) another interest in the shares subsisted during that three year period at a time when his interest subsisted,

to give, so far as lies within his knowledge, such particulars with respect to that other interest as may be required by the notice.

(5) The particulars referred to in subsections (3) and (4) include-

(a) the identity of persons interested in the shares in question, and

(b) whether persons interested in the same shares are or were parties to-

(i) an agreement to which section 756 applies (certain share acquisition agreements), or

(ii) an agreement or arrangement relating to the exercise of any rights conferred by the holding of the shares.

(6) The notice may require the person to whom it is addressed, where his interest is a past interest, to give (so far as lies within his knowledge) particulars of the identity of the person who held that interest immediately upon his ceasing to hold it.

(7) The information required by the notice must be given within such reasonable time as may be specified in the notice.

726. Notice requiring information: order imposing restrictions on shares

(1) Where-

(a) a notice under section 725 (notice requiring information about interests in company's shares) is served by a company on a person who is or was interested in shares in the company, and

(b) that person fails to give the company the information required by the notice within the time specified in it,

the company may apply to the Court for an order directing that the shares in question be subject to restrictions.

For the effect of such an order see section 729 (consequences of order imposing restrictions).

(2) If the Court is satisfied that such an order may unfairly affect the rights of third parties in respect of the shares, the Court may, for the purpose of protecting those rights and subject to such terms as it thinks fit, direct that such acts by such persons or descriptions of persons and for such purposes as may be set out in the order shall not constitute a breach of the restrictions.

(3) On an application under this section the Court may make an interim order.

Any such order may be made unconditionally or on such terms as the Court thinks fit.

(4) Sections 730 to 734 make further provision about orders under this section.

727. Notice requiring information: offences

(1) A person who-

(a) fails to comply with a notice under section 725 (notice requiring information about interests in company's shares), or

(b) in purported compliance with such a notice-

(i) makes a statement that he knows to be false in a material particular, or

(ii) recklessly makes a statement that is false in a material particular,

contravenes these Regulations.

(2) A person does not contravene these Regulations under subsection (1)(a) if he proves that the requirement to give information was frivolous or vexatious.

(3) A person who contravenes these Regulations under subsection (1) is liable to a fine of up to level 8.

728. Notice requiring information: persons exempted from obligation to comply

(1) A person is not obliged to comply with a notice under section 725 (notice requiring information about interests in company's shares) if he is for the time being exempted by the Registrar from the operation of that section.

(2) The Registrar must not grant any such exemption unless it is satisfied that, having regard to any undertaking given by the person in question with respect to any interest held or to be held by him in any shares, there are special reasons why that person should not be subject to the obligations imposed by that section.

729. Consequences of order imposing restrictions

(1) The effect of an order under section 726 that shares are subject to restrictions is as follows-

(a) any transfer of the shares is void,

(b) no voting rights are exercisable in respect of the shares,

(c) no further shares may be issued in right of the shares or in pursuance of an offer made to their holder,

(d) except in a liquidation, no payment may be made of sums due from the company on the shares, whether in respect of capital or otherwise.

(2) Where shares are subject to the restriction in subsection (1)(a), an agreement to transfer the shares is void.

This does not apply to an agreement to transfer the shares on the making of an order under section 732 made by virtue of subsection (3)(b) (removal of restrictions in case of Court-approved transfer).

(3) Where shares are subject to the restriction in subsection (1)(c) or (d), an agreement to transfer any right to be issued with other shares in right of those shares, or to receive any payment on them (otherwise than in a liquidation), is void.

This does not apply to an agreement to transfer any such right on the making of an order under section 732 made by virtue of subsection (3)(b) (removal of restrictions in case of Court-approved transfer).

(4) The provisions of this section are subject-

(a) to any directions under section 726(2) or section 731(3) (directions for protection of third parties), and

(b) in the case of an interim order under section 726(3), to the terms of the order.

730. Penalty for attempted evasion of restrictions

(1) This section applies where shares are subject to restrictions by virtue of an order under section 726.

(2) A person contravenes these Regulations if he-

(a) exercises or purports to exercise any right-

(i) to dispose of shares that to his knowledge, are for the time being subject to restrictions, or

(ii) to dispose of any right to be issued with any such shares, or

(b) votes in respect of any such shares (whether as holder or proxy), or appoints a proxy to vote in respect of them, or

(c) being the holder of any such shares, fails to notify of their being subject to those restrictions a person whom he does not know to be aware of that fact but does know to be entitled (apart from the restrictions) to vote in respect of those shares whether as holder or as proxy, or being the holder of any such shares, or being entitled to a right to be issued with other shares in right of them, or to receive any payment on them (otherwise than in a liquidation), enters into an agreement which is void under section 729(2) or (3).

(3) If shares in a company are issued in contravention of these Regulations, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(4) A person who contravenes these Regulations under this section is liable to a level 2 fine.

(5) The provisions of this section are subject-

(a) to any directions under-

section 726(2) (directions for protection of third parties), or

section 731 or 732 (relaxation or removal of restrictions), and

(b) in the case of an interim order under section 726(3), to the terms of the order.

731. Relaxation of restrictions

(1) An application may be made to the Court on the ground that an order directing that shares shall be subject to restrictions unfairly affects the rights of third parties in respect of the shares.

(2) An application for an order under this section may be made by the company or by any person aggrieved.

(3) If the Court is satisfied that the application is well-founded, it may, for the purpose of protecting the rights of third parties in respect of the shares, and subject to such terms as it thinks fit, direct that such acts by such persons or descriptions of persons and for such purposes as may be set out in the order do not constitute a breach of the restrictions.

732. Removal of restrictions

(1) An application may be made to the Court for an order directing that the shares shall cease to be subject to restrictions.

(2) An application for an order under this section may be made by the company or by any person aggrieved.

(3) The Court must not make an order under this section unless-

(a) it is satisfied that the relevant facts about the shares have been disclosed to the company and no unfair advantage has accrued to any person as a result of the earlier failure to make that disclosure, or

(b) the shares are to be transferred for valuable consideration and the Court approves the transfer.

(4) An order under this section made by virtue of subsection (3)(b) may continue, in whole or in part, the restrictions mentioned in section 729(1)(c) and (d) (restrictions on issue of further shares or making of payments) so far as they relate to a right acquired or offer made before the transfer.

(5) Where any restrictions continue in force under subsection (4)-

(a) an application may be made under this section for an order directing that the shares shall cease to be subject to those restrictions, and

(b) subsection (3) does not apply in relation to the making of such an order.

733. Order for sale of shares

(1) The Court may order that the shares subject to restrictions be sold, subject to the Court's approval as to the sale.

(2) An application for an order under subsection (1) may only be made by the company.

(3) Where the Court has made an order under this section, it may make such further order relating to the sale or transfer of the shares as it thinks fit.

(4) An application for an order under subsection (3) may be made-

(a) by the company,

(b) by the person appointed by or in pursuance of the order to effect the sale, or

(c) by any person interested in the shares.

(5) On making an order under subsection (1) or (3) the Court may order that the applicant's costs be paid out of the proceeds of sale.

734. Application of proceeds of sale under Court order

(1) Where shares are sold in pursuance of an order of the Court under section 733, the proceeds of the sale, less the costs of the sale, must be paid into Court for the benefit of the persons who are beneficially interested in the shares.

(2) A person who is beneficially interested in the shares may apply to the Court for the whole or part of those proceeds to be paid to him.

(3) On such an application the Court shall order the payment to the applicant of-

(a) the whole of the proceeds of sale together with any interest on them, or

(b) if another person had a beneficial interest in the shares at the time of their sale, such proportion of the proceeds and interest as the value of the applicant's interest in the shares bears to the total value of the shares.

This is subject to the following qualification.

(4) If the Court has ordered under section 733(5) that the costs of an applicant under that section are to be paid out of the proceeds of sale, the applicant is entitled to payment of his costs (or expenses) out of those proceeds before any person interested in the shares receives any part of those proceeds.

Power of members to require company to act

735. Power of members to require company to act

(1) The members of a company may require it to exercise its powers under section 725 (notice requiring information about interests in shares).

(2) A company is required to do so once it has received requests (to the same effect) from members of the company holding at least 10% of such of the paid up capital of the company as carries a right to vote at general meetings of the company (excluding any voting rights attached to any shares in the company held as treasury shares).

(3) A request-

(a) may be in hard copy form or in electronic form,

(b) must-

(i) state that the company is requested to exercise its powers under section 725,

(ii) specify the manner in which the company is requested to act, and

(iii) give reasonable grounds for requiring the company to exercise those powers in the manner specified, and

(c) must be authenticated by the person or persons making it.

736. Duty of company to comply with requirement

(1) A company that is required under section 735 to exercise its powers under section 725 (notice requiring information about interests in company's shares) must exercise those powers in the manner specified in the requests.

(2) If default is made in complying with subsection (1) a contravention of these Regulations is committed by every officer of the company who is in default.

(3) A person who contravenes these Regulations under this section is liable to a fine of up to level 7.

737. Report to members on outcome of investigation

(1) On the conclusion of an investigation carried out by a company in pursuance of a requirement under section 735 the company must cause a report of the information received in pursuance of the investigation to be prepared.

The report must be made available for inspection within a reasonable period (not more than 15 days) after the conclusion of the investigation.

(2) Where-

(a) a company undertakes an investigation in pursuance of a requirement under section 735, and

(b) the investigation is not concluded within three months after the date on which the company became subject to the requirement,

the company must cause to be prepared in respect of that period, and in respect of each succeeding period of three months ending before the conclusion of the investigation, an interim report of the information received during that period in pursuance of the investigation.

(3) Each such report must be made available for inspection within a reasonable period (not more than 15 days) after the end of the period to which it relates.

(4) The reports must be retained by the company for at least six years from the date on which they are first made available for inspection and must be kept available for inspection during that time-

(a) at the company's registered office, or

(b) at a place specified in rules made by the Board under section 996 (rules about where certain company records to be kept available for inspection).

(5) The company must give notice to the Registrar-

(a) of the place at which the reports are kept available for inspection, and

(b) of any change in that place,

unless they have at all times been kept at the company's registered office or with the company's registered agent.

(6) The company must within three days of making any report prepared under this section available for inspection, notify the members who made the requests under section 735 where the report is so available.

(7) For the purposes of this section an investigation carried out by a company in pursuance of a requirement under section 735 is concluded when-

(a) the company has made all such inquiries as are necessary or expedient for the purposes of the requirement, and

(b) in the case of each such inquiry-

(i) a response has been received by the company, or

(ii) the time allowed for a response has elapsed.

738. Report to members: offences

(1) If default is made for 14 days in complying with section 737(5) (notice to Registrar of place at which reports made available for inspection) a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(2) A person who contravenes these Regulations under subsection (1) is liable to a level 2 fine.

(3) If default is made in complying with any other provision of section 737 (report to members on outcome of investigation), a contravention of these Regulations is committed by every officer of the company who is in default.

(4) A person who contravenes these Regulations under subsection (3) is liable to a level 2 fine.

739. Right to inspect and request copy of reports

(1) Any report prepared under section 737 must be open to inspection by any person without charge.

(2) Any person is entitled, on request and on payment of such fee as may be prescribed, to be provided with a copy of any such report or any part of it. The copy must be provided within ten days after the request is received by the company.

(3) In the case of any such refusal or default the Court may by order compel an immediate inspection or, as the case may be, direct that the copy required be sent to the person requiring it.

740. Register of interests disclosed

(1) The company must keep a register of information received by it in pursuance of a requirement imposed under section 725 (notice requiring information about interests in company's shares).

(2) A company which receives any such information must, within three (3) days of the receipt, enter in the register-

(a) the fact that the requirement was imposed and the date on which it was imposed, and

(b) the information received in pursuance of the requirement.

(3) The information must be entered against the name of the present holder of the shares in question or, if there is no present holder or the present holder is not known, against the name of the person holding the interest.

(4) The register must be made up so that the entries against the names entered in it appear in chronological order.

(5) The company is not by virtue of anything done for the purposes of this section affected with notice of, or put upon inquiry as to, the rights of any person in relation to any shares.

741. Register to be kept available for inspection

(1) The register kept under section 740 (register of interests disclosed) must be kept available for inspection-

(a) at the company's registered office, or

(b) at a place specified in rules made by the Board under section 996 (rules about where certain company records to be kept available for inspection).

(2) A company must give notice to the Registrar of companies of the place where the register is kept available for inspection and of any change in that place.

(3) No such notice is required if the register has at all times been kept available for inspection at the company's registered office.

(4) If default is made in complying with subsection (1), or a company makes default for 14 days in complying with subsection (2), a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(5) A person who contravenes these Regulations under this section is liable to a level 2 fine.

742. Associated index

(1) Unless the register kept under section 740 (register of interests disclosed) is kept in such a form as itself to constitute an index, the company must keep an index of the names entered in it.

(2) The company must make any necessary entry or alteration in the index within ten days after the date on which any entry or alteration is made in the register.

(3) The index must contain, in respect of each name, a sufficient indication to enable the information entered against it to be readily found.

(4) The index must be at all times kept available for inspection at the same place as the register.

(5) If default is made in complying with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(6) A person who contravenes these Regulations under this section is liable to a level 3 fine.

743. Rights to inspect and require copy of entries

(1) The register required to be kept under section 740 (register of interests disclosed), and any associated index, must be open to inspection by any person without charge.

(2) Any person is entitled, on request and on payment of such fee as may be prescribed, to be provided with a copy of any entry in the register.

(3) A person seeking to exercise either of the rights conferred by this section must make a request to the company to that effect.

(4) The request must contain the following information-

(a) in the case of an individual, his name and address,

(b) in the case of an organisation, the name and address of an individual responsible for making the request on behalf of the organization,

(c) the purpose for which the information is to be used, and

(d) whether the information will be disclosed to any other person, and if so-

(i) where that person is an individual, his name and address,

(ii) where that person is an organisation, the name and address of an individual responsible for receiving the information on its behalf, and

(iii) the purpose for which the information is to be used by that person.

744. Court supervision of purpose for which rights may be exercised

(1) Where a company receives a request under section 743 (register of interests disclosed: right to inspect and require copy), it must-

(a) comply with the request if it is satisfied that it is made for a proper purpose, and

(b) refuse the request if it is not so satisfied.

(2) If the company refuses the request, it must inform the person making the request, stating the reason why it is not satisfied.

(3) A person whose request is refused may apply to the Court.

(4) If an application is made to the Court-

(a) the person who made the request must notify the company, and

(b) the company must use its best endeavours to notify any persons whose details would be disclosed if the company were required to comply with the request.

(5) If the Court is not satisfied that the inspection or copy is sought for a proper purpose, it shall direct the company not to comply with the request.

(6) If the Court makes such a direction and it appears to the Court that the company is or may be subject to other requests made for a similar purpose (whether made by the same person or different persons), it may direct that the company is not to comply with any such request.

The order must contain such provision as appears to the Court appropriate to identify the requests to which it applies.

(7) If the Court does not direct the company not to comply with the request, the company must comply with the request immediately upon the Court giving its decision or, as the case may be, the proceedings being discontinued.

745. Register of interests disclosed: refusal of inspection or default in providing copy

(1) If an inspection required under section 743 (register of interests disclosed: right to inspect and require copy) is refused or default is made in providing a copy required under that section, otherwise than in accordance with an order of the Court, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(2) A person who contravenes these Regulations under this section is liable to a level 3 fine.

(3) In the case of any such refusal or default the Court may by order compel an immediate inspection or, as the case may be, direct that the copy required be sent to the person requesting it.

746. Register of interests disclosed: offences in connection with request for or disclosure of information

(1) It is a contravention of these Regulations for a person knowingly or recklessly to make in a request under section 743 (register of interests disclosed: right to inspect or require copy) a statement that is misleading, false or deceptive in a material particular.

(2) It is a contravention of these Regulations for a person in possession of information obtained by exercise of either of the rights conferred by that section-

(a) to do anything that results in the information being disclosed to another person, or

(b) to fail to do anything with the result that the information is disclosed to another person,

knowing, or having reason to suspect, that person may use the information for a purpose that is not a proper purpose.

(3) A person who contravenes these Regulations under this section is liable to a fine of up to level 8.

747. Entries not to be removed from register

(1) Entries in the register kept under section 740 (register of interests disclosed) must not be deleted except in accordance with-

section 748 (old entries), or

section 749 (incorrect entry relating to third party).

(2) If an entry is deleted in contravention of subsection (1), the company must restore it as soon as reasonably practicable.

748. Removal of entries from register: old entries

A company may remove an entry from the register kept under section 740 (register of interests disclosed) if more than six years have elapsed since the entry was made.

749. Removal of entries from register: incorrect entry relating to third party

(1) This section applies where in pursuance of an obligation imposed by a notice under section 725 (notice requiring information about interests in company's shares) a person gives to a company the name and address of another person as being interested in shares in the company.

(2) That other person may apply to the company for the removal of the entry from the register.

(3) If the company is satisfied that the information in pursuance of which the entry was made is incorrect, it shall remove the entry.

(4) If an application under subsection (3) is refused, the applicant may apply to the Court for an order directing the company to remove the entry in question from the register.

The Court may make such an order if it thinks fit.

750. Adjustment of entry relating to share acquisition agreement

(1) If a person who is identified in the register kept by a company under section 740 (register of interests disclosed) as being a party to an agreement to which section 756 applies (certain share acquisition agreements) ceases to be a party to the agreement, he may apply to the company for the inclusion of that information in the register.

(2) If the company is satisfied that he has ceased to be a party to the agreement, it shall record that information (if not already recorded) in every place where his name appears in the register as a party to the agreement.

(3) If an application under this section is refused (otherwise than on the ground that the information has already been recorded), the applicant may apply to the Court for an order directing the company to include the information in question in the register.

The Court may make such an order if it thinks fit.

751. Duty of company ceasing to be public company

(1) If a company ceases to be a public company, it must continue to keep any register kept under section 740 (register of interests disclosed), and any associated index, until the end of the period of six years after it ceased to be such a company.

(2) If default is made in complying with this section, a contravention of these Regulations is committed by-

(a) the company, and

(b) every officer of the company who is in default.

(3) A person who contravenes these Regulations under this section is liable to a level 2 fine.

752. Interest in shares: general

(1) This section applies to determine for the purposes of this Part whether a person has an interest in shares.

(2) In this Part-

(a) a reference to an interest in shares includes an interest of any kind whatsoever in the shares, and

(b) any restraints or restrictions to which the exercise of any right attached to the interest is or may be subject shall be disregarded.

(3) Where an interest in shares is comprised in property held on trust, every beneficiary of the trust is treated as having an interest in the shares.

(4) A person is treated as having an interest in shares if-

(a) he enters into a contract to acquire them, or

(b) not being the registered holder, he is entitled-

(i) to exercise any right conferred by the holding of the shares, or

(ii) to control the exercise of any such right.

(5) For the purposes of subsection (4)(b) a person is entitled to exercise or control the exercise of a right conferred by the holding of shares if he-

(a) has a right (whether subject to conditions or not) the exercise of which would make him so entitled, or

(b) is under an obligation (whether subject to conditions or not) the fulfilment of which would make him so entitled.

(6) A person is treated as having an interest in shares if-

(a) he has a right to call for delivery of the shares to himself or to his order, or

(b) he has a right to acquire an interest in shares or is under an obligation to take an interest in shares.

This applies whether the right or obligation is conditional or absolute.

(7) Persons having a joint interest are treated as each having that interest.

(8) It is immaterial that shares in which a person has an interest are unidentifiable.

753. Interest in shares: right to subscribe for shares

(1) Section 725 (notice by company requiring information about interests in its shares) applies in relation to a person who has, or previously had, or is or was entitled to acquire, a right to subscribe for shares in the company as it applies in relation to a person who is or was interested in shares in that company.

(2) References in that section to an interest in shares shall be read accordingly.

754. Interest in shares: family interests

For the purposes of this Part a person is taken to be interested in shares in which-

(a) his spouse,

(b) any infant child or step-child of his, or

(c) either of his parents,

is interested.

755. Interest in shares: corporate interests

(1) For the purposes of this Part a person is taken to be interested in shares if a body corporate is interested in them and-

(a) the body or its directors are accustomed to act in accordance with his directions or instructions, or

(b) he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of the body.

(2) For the purposes of this section a person is treated as entitled to exercise or control the exercise of voting power if-

(a) another body corporate is entitled to exercise or control the exercise of that voting power, and

(b) he is entitled to exercise or control the exercise of one-third or more of the voting power at general meetings of that body corporate.

(3) For the purposes of this section a person is treated as entitled to exercise or control the exercise of voting power if-

(a) he has a right (whether or not subject to conditions) the exercise of which would make him so entitled, or

(b) he is under an obligation (whether or not subject to conditions) the fulfilment of which would make him so entitled.

756. Interest in shares: agreement to acquire interests in a particular company

(1) For the purposes of this Part an interest in shares may arise from an agreement between two or more persons that includes provision for the acquisition by any one or more of them of interests in shares of a particular public company (the "target company" for that agreement).

(2) This section applies to such an agreement if-

(a) the agreement includes provisions imposing obligations or restrictions on any one or more of the parties to it with respect to their use, retention or disposal of their interests in the shares of the target company acquired in pursuance of the agreement (whether or not together with any other interests of theirs in the company's shares to which the agreement relates), and

(b) an interest in the target company's shares is in fact acquired by any of the parties in pursuance of the agreement.

(3) The reference in subsection (2) to the use of interests in shares in the target company is to the exercise of any rights or of any control or influence arising from those interests (including the right to enter into an agreement for the exercise, or for control of the exercise, of any of those rights by another person).

(4) Once an interest in shares in the target company has been acquired in pursuance of the agreement, this section continues to apply to the agreement so long as the agreement continues to include provisions of any description mentioned in subsection (2).

This applies irrespective of-

(a) whether or not any further acquisitions of interests in the company's shares take place in pursuance of the agreement,

(b) any change in the persons who are for the time being parties to it,

(c) any variation of the agreement.

References in this subsection to the agreement include any agreement having effect (whether directly or indirectly) in substitution for the original agreement.

(5) In this section-

(a) "agreement" includes any agreement or arrangement, and

(b) references to provisions of an agreement include-

(i) undertakings, expectations or understandings operative under an arrangement, and

(ii) any provision whether express or implied and whether absolute or not.

References elsewhere in this Part to an agreement to which this section applies have a corresponding meaning.

(6) This section does not apply-

(a) to an agreement that is not legally binding unless it involves mutuality in the undertakings, expectations or understandings of the parties to it, or

(b) to an agreement to underwrite or sub-underwrite an offer of shares in a company, provided the agreement is confined to that purpose and any matters incidental to it.

757. Extent of obligation in case of share acquisition agreement

(1) For the purposes of this Part each party to an agreement to which section 756 applies is treated as interested in all shares in the target company in which any other party to the agreement is interested apart from the agreement (whether or not the interest of the other party was acquired, or includes any interest that was acquired, in pursuance of the agreement).

(2) For those purposes an interest of a party to such an agreement in shares in the target company is an interest apart from the agreement if he is interested in those shares otherwise than by virtue of the application of section 756 (and this section) in relation to the agreement.

(3) Accordingly, any such interest of the person (apart from the agreement) includes for those purposes any interest treated as his under section 754 or 755 (family or corporate interests) or by the application of section 756 (and this section) in relation to any other agreement with respect to shares in the target company to which he is a party.

(4) A notification with respect to his interest in shares in the target company made to the company under this Part by a person who is for the time being a party to an agreement to which section 756 applies must-

(a) state that the person making the notification is a party to such an agreement,

(b) include the names and (so far as known to him) the addresses of the other parties to the agreement, identifying them as such, and

(c) state whether or not any of the shares to which the notification relates are shares in which he is interested by virtue of section 756 (and this section) and, if so, the number of those shares.

758. Information protected from wider disclosure

(1) Information in respect of which a company is for the time being entitled to any exemption conferred by rules made under section 393(3) (information about related undertakings to be given in notes to accounts: exemption where disclosure harmful to company's business)-

(a) must not be included in a report under section 737 (report to members on outcome of investigation), and

(b) must not be made available under section 743 (right to inspect and request copy of entries).

(2) Where any such information is omitted from a report under section 737, that fact must be stated in the report.

759. Reckoning of periods for fulfilling obligations

Where the period allowed by any provision of this Part for fulfilling an obligation is expressed as a number of days, any day that is not a working day shall be disregarded in reckoning that period.

PART 22

DISTRIBUTIONS

CHAPTER 1

RESTRICTIONS ON WHEN DISTRIBUTIONS MAY BE MADE

760. Meaning of "distribution"

(1) In this Part "distribution" means every description of distribution of a company's assets to its members, whether in cash or otherwise, subject to the following exceptions.

(2) The following are not distributions for the purposes of this Part-

(a) an issue of shares as fully or partly paid bonus shares,

(b) the reduction of share capital-

(i) by extinguishing or reducing the liability of any of the members on any of the company's shares in respect of share capital not paid up, or

(ii) by repaying paid-up share capital,

(c) the redemption or purchase of any of the company's own shares out of capital (including the proceeds of any fresh issue of shares) or out of unrealised profits in accordance with Chapter 3, 4 or 5 of Part 17,

(d) a distribution of assets to members of the company on its winding up.

761. Distributions to be made only out of profits available for the purpose

(1) A company may only make a distribution out of profits available for the purpose.

(2) A company's profits available for distribution are its accumulated, realised profits, so far as not previously utilised by distribution or capitalisation, less its accumulated, realised losses, so far as not previously written off in a reduction or reorganisation of capital duly made.

762. Net asset restriction on distributions by public companies

(1) A public company may only make a distribution-

(a) if the amount of its net assets is not less than the aggregate of its called-up share capital and undistributable reserves, and

(b) if, and to the extent that, the distribution does not reduce the amount of those assets to less than that aggregate.

(2) For this purpose a company's "net assets" means the aggregate of the company's assets less the aggregate of its liabilities.

(3) "Liabilities" here includes provisions of any kind.

(4) A company's undistributable reserves are-

(a) its capital redemption reserve,

(b) the amount by which its accumulated, unrealised profits (so far as not previously utilised by capitalisation) exceed its accumulated, unrealised losses (so far as not previously written off in a reduction or reorganisation of capital duly made),

(c) any other reserve that the company is prohibited from distributing-

(i) by any regulation or law applicable in the Abu Dhabi Global Market (other than one contained in this Part), or

(ii) by its articles.

The reference in subsection (b) to capitalisation does not include a transfer of profits of the company to its capital redemption reserve.

CHAPTER 2

JUSTIFICATION OF DISTRIBUTION BY REFERENCE TO ACCOUNTS

763. Justification of distribution by reference to relevant accounts

(1) Whether a distribution may be made by a company without contravening this Part is determined by reference to the following items as stated in the relevant accounts-

(a) profits, losses, assets and liabilities,

(b) provisions of any kind,

(c) share capital and reserves (including undistributable reserves).

(2) The relevant accounts are the company's last annual accounts, except that-

(a) where the distribution would be found to contravene this Part by reference to the company's last annual accounts, it may be justified by reference to interim accounts, and

(b) where the distribution is proposed to be declared during the company's first accounting reference period, or before any accounts have been circulated in respect of that period, it may be justified by reference to initial accounts.

(3) The requirements of-

section 764 (as regards the company's last annual accounts),

section 765 (as regards interim accounts), and

section 766 (as regards initial accounts),

must be complied with, as and where applicable.

(4) If any applicable requirement of those sections is not complied with, the accounts may not be relied on for the purposes of this Part and the distribution is accordingly treated as contravening this Part.

764. Requirements where last annual accounts used

(1) The company's last annual accounts means the company's individual accounts that were last circulated to members in accordance with section 405 (duty to circulate copies of annual accounts and reports).

(2) The accounts must have been properly prepared in accordance with these Regulations, or have been so prepared subject only to matters that are not material for determining (by reference to the items mentioned in section 763(1)) whether the distribution would contravene this Part.

(3) Unless the company is exempt from audit and the directors take advantage of that exemption, the auditor must have made his report on the accounts.

(4) If that report was qualified-

(a) the auditor must have stated in writing (either at the time of his report or subsequently) whether in his opinion the matters in respect of which his report

is qualified are material for determining whether a distribution would contravene this Part, and

(b) a copy of that statement must-

(i) in the case of a private company, have been circulated to members in accordance with section 405 (duty to circulate copies of annual accounts and reports), or

(ii) in the case of a public company, have been laid before the company in general meeting.

(5) An auditor's statement is sufficient for the purposes of a distribution if it relates to distributions of a description that includes the distribution in question, even if at the time of the statement it had not been proposed.

765. Requirements where interim accounts used

(1) Interim accounts must be accounts that enable a reasonable judgment to be made as to the amounts of the items mentioned in section 763(1).

(2) Where interim accounts are prepared for a proposed distribution by a public company, the following requirements apply.

(3) The accounts must have been properly prepared, or have been so prepared subject to matters that are not material for determining (by reference to the items mentioned in section 763(1)) whether the distribution would contravene this Part.

(4) "Properly prepared" means prepared in accordance with section 387 (requirements for company individual accounts), applying those requirements with such modifications as are necessary because the accounts are prepared otherwise than in respect of an accounting reference period.

(5) The balance sheet comprised in the accounts must have been signed in accordance with section 401.

(6) A copy of the accounts must have been delivered to the Registrar.

Any requirement of these Regulations as to the delivery of a certified translation into English of any document forming part of the accounts must also have been met.

766. Requirements where initial accounts used

(1) Initial accounts must be accounts that enable a reasonable judgment to be made as to the amounts of the items mentioned in section 763(1).

(2) Where initial accounts are prepared for a proposed distribution by a public company, the following requirements apply.

(3) The accounts must have been properly prepared, or have been so prepared subject to matters that are not material for determining (by reference to the items mentioned in section 763(1)) whether the distribution would contravene this Part.

(4) "Properly prepared" means prepared in accordance with section 387 (requirements for company individual accounts), applying those requirements with such modifications as are necessary because the accounts are prepared otherwise than in respect of an accounting reference period.

(5) The company's auditor must have made a report stating whether, in his opinion, the accounts have been properly prepared.

(6) If that report was qualified-

(a) the auditor must have stated in writing (either at the time of his report or subsequently) whether in his opinion the matters in respect of which his report is qualified are material for determining whether a distribution would contravene this Part, and

(b) a copy of that statement must have been laid before the company in general meeting.

(7) A copy of the accounts, of the auditor's report and of any auditor's statement must have been delivered to the Registrar.

Any requirement of these Regulations as to the delivery of a certified translation into English of any of those documents must also have been met.

767. Successive distributions etc by reference to the same accounts

(1) In determining whether a proposed distribution may be made by a company in a case where-

(a) one or more previous distributions have been made in pursuance of a determination made by reference to the same relevant accounts, or

(b) relevant financial assistance has been given, or other relevant payments have been made, since those accounts were prepared,

the provisions of this Part apply as if the amount of the proposed distribution was increased by the amount of the previous distributions, financial assistance and other payments.

(2) The financial assistance and other payments that are relevant for this purpose are-

(a) financial assistance lawfully given by the company out of its distributable profits,

(b) financial assistance given by the company in contravention of section 617 or 618 (prohibited financial assistance) in a case where the giving of that assistance reduces the company's net assets or increases its net liabilities,

(c) payments made by the company in respect of the purchase by it of shares in the company, except a payment lawfully made otherwise than out of distributable profits,

(d) payments of any description specified in section 645 (payments apart from purchase price of shares to be made out of distributable profits).

(3) In this section “financial assistance” has the same meaning as in Chapter 2 of Part 17 (see section 616).

(4) For the purpose of applying subsection (2)(b) in relation to any financial assistance-

(a) “net assets” means the amount by which the aggregate amount of the company's assets exceeds the aggregate amount of its liabilities, and

(b) "net liabilities" means the amount by which the aggregate amount of the company's liabilities exceeds the aggregate amount of its assets,

taking the amount of the assets and liabilities to be as stated in the company's accounting records immediately before the financial assistance is given.

(5) For this purpose a company's liabilities include any amount retained as reasonably necessary for the purposes of providing for any liability-

(a) the nature of which is clearly defined, and

(b) which is either likely to be incurred or certain to be incurred but uncertain as to amount or as to the date on which it will arise.

CHAPTER 3

SUPPLEMENTARY PROVISIONS

Arrangement of provisions

768. Realised losses and profits and revaluation of fixed assets

(1) The following provisions have effect for the purposes of this Part.

(2) Realised losses include provisions of any kind (except revaluation provisions).

(3) A "revaluation provision" means a provision in respect of a diminution in value of a fixed asset appearing on a revaluation of all the fixed assets of the company, or of all of its fixed assets other than goodwill.

(4) For the purpose of subsections (2) and (3) any consideration by the directors of the value at a particular time of a fixed asset is treated as a revaluation provided-

(a) the directors are satisfied that the aggregate value at that time of the fixed assets of the company that have not actually been revalued is not less than the aggregate amount at which they are then stated in the company's accounts, and

(b) it is stated in a note to the accounts-

(i) that the directors have considered the value of some or all of the fixed assets of the company without actually revaluing them,

(ii) that they are satisfied that the aggregate value of those assets at the time of their consideration was not less than the aggregate amount at which they were then stated in the company's accounts, and

(iii) that accordingly, by virtue of this subsection, amounts are stated in the accounts on the basis that a revaluation of fixed assets of the company is treated as having taken place at that time.

(5) Where-

(a) on the revaluation of a fixed asset, an unrealised profit is shown to have been made, and

(b) on or after the revaluation, a sum is written off or retained for depreciation of that asset over a period,

an amount equal to the amount by which that sum exceeds the sum which would have been so written off or retained for the depreciation of that asset over that period, if that profit had not been made, is treated as a realised profit made over that period.

769. Determination of profit or loss in respect of asset where records incomplete

In determining for the purposes of this Part whether a company has made a profit or loss in respect of an asset where-

(a) there is no record of the original cost of the asset, or

(b) a record cannot be obtained without unreasonable expense or delay,

its cost is taken to be the value ascribed to it in the earliest available record of its value made on or after its acquisition by the company.

770. Treatment of development costs

(1) Where development costs are shown or included as an asset in a company's accounts, any amount shown or included in respect of those costs is treated for the purposes of section 761 (distributions to be made only out of profits available for the purpose) as a realised loss.

This is subject to the following exceptions.

(2) Subsection (1) does not apply to any part of that amount representing an unrealised profit made on revaluation of those costs.

(3) Subsection (1) does not apply if-

(a) there are special circumstances in the company's case justifying the directors in deciding that the amount there mentioned is not to be treated as required by subsection (1),

(b) it is stated in any note to the accounts, that the amount is not to be so treated, and

(c) the note explains the circumstances relied upon to justify the decision of the directors to that effect.

771. Distributions in kind: determination of amount

(1) This section applies for determining the amount of a distribution consisting of or including, or treated as arising in consequence of, the sale, transfer or other disposition by a company of a non-cash asset where-

(a) at the time of the distribution the company has profits available for distribution, and

(b) if the amount of the distribution were to be determined in accordance with this section, the company could make the distribution without contravening this Part.

(2) The amount of the distribution (or the relevant part of it) is taken to be-

(a) in a case where the amount or value of the consideration for the disposition is not less than the book value of the asset, zero,

(b) in any other case, the amount by which the book value of the asset exceeds the amount or value of any consideration for the disposition.

(3) For the purposes of subsection (1)(a) the company's profits available for distribution are treated as increased by the amount (if any) by which the amount or value of any consideration for the disposition exceeds the book value of the asset.

(4) In this section "book value", in relation to an asset, means-

(a) the amount at which the asset is stated in the relevant accounts, or

(b) where the asset is not stated in those accounts at any amount, zero.

(5) The provisions of Chapter 2 (justification of distribution by reference to accounts) have effect subject to this section.

772. Distributions in kind: treatment of unrealised profits

(1) This section applies where-

(a) a company makes a distribution consisting of or including, or treated as arising in consequence of, the sale, transfer or other disposition by the company of a non-cash asset, and

(b) any part of the amount at which that asset is stated in the relevant accounts represents an unrealised profit.

(2) That profit is treated as a realised profit for the purpose of determining the lawfulness of the distribution in accordance with this Part (whether before or after the distribution takes place).

773. Consequences of unlawful distribution

(1) This section applies where a distribution, or part of one, made by a company to one of its members is made in contravention of this Part.

(2) If at the time of the distribution the member knows or has reasonable grounds for believing that it is so made, he is liable-

(a) to repay it (or that part of it, as the case may be) to the company, or

(b) in the case of a distribution made otherwise than in cash, to pay the company a sum equal to the value of the distribution (or part) at that time.

(3) This is without prejudice to any obligation imposed apart from this section on a member of a company to repay a distribution unlawfully made to him.

(4) This section does not apply in relation to-

(a) financial assistance given by a company in contravention of section 617 or 618, or

(b) any payment made by a company in respect of the redemption or purchase by the company of shares in itself.

774. Restriction on application of unrealised profits

A company must not apply an unrealised profit in paying up debentures or any amounts unpaid on its issued shares.

775. Application of rules of law restricting distributions

(1) Except as provided in this section, the provisions of this Part are without prejudice to any law or regulation applicable in the Abu Dhabi Global Market restricting the sums out of which, or the cases in which, a distribution may be made.

(2) For the purposes of any law or regulation applicable in the Abu Dhabi Global Market requiring distributions to be paid out of profits or restricting the return of capital to members-

(a) section 771 (distributions in kind: determination of amount) applies to determine the amount of any distribution or return of capital consisting of or including, or treated as arising in consequence of the sale, transfer or other disposition by a company of a non-cash asset, and

(b) section 772 (distributions in kind: treatment of unrealised profits) applies as it applies for the purposes of this Part.

(3) In this section references to distributions are to amounts regarded as distributions for the purposes of any law or regulation applicable in the Abu Dhabi Global Market as is referred to in subsection (1).

776. Saving for other restrictions on distributions

The provisions of this Part are without prejudice to any law or regulation applicable in the Abu Dhabi Global Market, or any provision of a company's articles, restricting the sums out of which, or the cases in which, a distribution may be made.

777. Minor definitions

(1) The following provisions apply for the purposes of this Part.

(2) References to profit or losses of any description-

(a) are to profits or losses of that description made at any time, and

(b) except where the context otherwise requires, are to profits or losses of a revenue or capital character.

(3) "Capitalisation", in relation to a company's profits, means any of the following operations (whenever carried out)-

(a) applying the profits in wholly or partly paying up shares in the company to be allotted to members of the company as fully or partly paid bonus shares, or

(b) transferring the profits to capital redemption reserve.

(4) References to "realised profits" and "realised losses", in relation to a company's accounts, are to such profits or losses of the company as fall to be treated as realised in accordance with principles generally accepted at the time when the accounts are

prepared, with respect to the determination for accounting purposes of realised profits or losses.

(5) Subsection (4) is without prejudice to any specific provision for the treatment of profits or losses of any description as realised.

(6) "Fixed assets" means assets of a company which are intended for use on a continuing basis in the company's activities.

PART 23

A COMPANY'S ANNUAL RETURN

778. Duty to deliver annual returns

(1) Every company must deliver to the Registrar successive annual returns each of which is made up to the anniversary of the company's incorporation.

(2) Each return must–

(a) contain the information required by or under the following provisions of this Part, and

(b) be delivered to the Registrar within one month[66] after the date to which it is made up.

(3) Annual returns of restricted scope companies will not be subject to public disclosure by the Registrar.

779. Contents of annual return: general

(1) Every annual return must state the date to which it is made up and contain the following information–

(a) the address of the company's registered office,

(b) the type of company it is and its principal business activities,

(c) the required particulars (see section 780) of–

(i) the directors of the company, and

(ii) in the case of a private company with a secretary or a public company, the secretary or joint secretaries.

(d) if any company records are (in accordance with regulations under section 996 (rules about where certain company records to be kept available for inspection)) kept at a place other than the company's registered office, the address of that place and the records that are kept there.

(2) The information as to the company's type must be given by reference to the classification scheme prescribed for the purposes of this section.

[66] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(3) The information as to the company's principal business activities may be given by reference to one or more categories of any prescribed system of classifying business activities.

(4) In this Part "return period", in relation to an annual return, means the period beginning immediately after the anniversary of incorporation to which the last return was made up (or, in the case of the first return, with the incorporation of the company) and ending with the next anniversary of incorporation.

780. Required particulars of directors and secretaries

(1) For the purposes of section 779(1)(c) the required particulars of a director are–

(a) where the director is an individual, the particulars required by section 154 to be entered in the register of directors (subject to subsection (2) below), and

(b) where the director is a body corporate or a firm that is a legal person under the law by which it is governed, the particulars required by section 155 to be entered in the register of directors.

(2) The former name of a director who is an individual is a required particular in relation to an annual return only if the director was known by the name for business purposes during the return period.

(3) For the purposes of section 779(1)(c)(ii) the required particulars of a secretary are–

(a) where a secretary is an individual, the particulars required by section 294 to be entered in the register of secretaries (subject to subsection (4) below), and

(b) where a secretary is a body corporate or a firm that is a legal person under the law by which it is governed, the particulars required by section 295 (1) to be entered in the register of secretaries.

(4) The former name of a secretary who is an individual is a required particular in relation to an annual return only if the secretary was known by the name for business purposes during the return period.

(5) Where all the partners in a firm are joint secretaries, the required particulars are the particulars that would be required to be entered in the register of secretaries if the firm were a legal person and the firm had been appointed secretary.

781. Contents of annual return: information about shares and share capital

(1) The annual return of a company having a share capital must also contain the following information.

(2) The return must contain a statement of capital.

(3) The statement of capital must state with respect to the company's share capital at the date to which the return is made up–

(a) the total number of shares of the company,

(b) the aggregate value of those shares,

(c) for each class of shares–

(i) the voting rights attached to the shares,

(ii) the total number of shares of that class, and

(iii) the aggregate value of shares of that class, and

(d) the amount paid up and the amount (if any) unpaid on each share.

(4) If any of the company's shares were shares admitted to trading, the annual return must also state whether any of the company's shares were, at any time during the return period, shares admitted to trading on a recognised investment exchange, and state the name of each exchange.

782. Contents of annual return: information about shareholders

(1) The return must contain the name (as it appears in the company's register of members) of every person who was a member of the company at any time during the return period. The return must conform to the following requirements for the purpose of enabling the entries relating to any given person to be easily found–

(a) the entries must be listed in alphabetical order by name, or

(b) the return must have annexed to it an index that is sufficient to enable the name of the person in question to be easily found.

(2) The return must also state–

(a) the number of shares of each class held at the end of the date to which the return is made up by each person who was a member of the company at that time,

(b) the number of shares of each class transferred during the return period by or to each person who was a member of the company at any time during that period, and

(c) the dates of registration of those transfers.

(3) If either of the two immediately preceding returns has given the full particulars required by subsections (1) and (2), the return need only give such particulars as relate–

(a) to persons who became, or ceased to be, members during the return period, and

(b) to shares transferred during that period.

783. Failure to deliver annual return

(1) If a company fails to deliver an annual return before the end of the period of one month[67] after a return date, an offence is committed by–

(a) the company,

(b) subject to subsection (4)–

(i) every director of the company, and

[67] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(ii) in the case of a private company with a secretary or a public company, every secretary of the company,

(c) every other officer of the company who is in default.

For this purpose a shadow director is treated as a director.

(2) A person who commits a contravention of subsection (1) is liable to a level 2 fine.

(3) The contravention continues until such time as an annual return made up to that return date is delivered by the company to the Registrar.

(4) It is a defence for a director or secretary charged with an offence under subsection (1)(b) to prove that he took all reasonable steps to avoid the commission or continuation of the offence.

(5) In the case of continued contravention, an offence is also committed by every officer of the company who did not commit an offence under subsection (1) in relation to the initial contravention but is in default in relation to the continued contravention.

A person who commits a contravention of this subsection is liable is liable to a level 2 fine.

Part 24

COMPANY CHARGES

Chapter 1

REGISTRATION OF COMPANY CHARGES

784. Charges created by a company

(1) Subject to subsection (6), this section applies where a company creates a charge.

(2) The Registrar must register the charge against the name of the company and make such register available to the public if, before the end of the period allowed for delivery, the company or any person interested in the charge delivers to the Registrar for registration a charge filing statement (see section 787).

(3) Where the charge is created or evidenced by an instrument, the Registrar is required to register it only if a certified copy of the instrument is delivered to the Registrar with the charge filing statement.

(4) "The period allowed for delivery" is 21 days beginning with the day after the date of creation of the charge (see section 788), unless an order allowing an extended period is made under section 789(3).

(5) Where an order is made under section 789(3) a copy of the order must be delivered to the Registrar with the charge filing statement.

(6) This section does not apply to–

(a) a charge in favour of a landlord on a cash deposit given as a security in connection with the lease of land,

(b) a charge which is an international interest, as defined in Part 12 of the Insolvency Regulations 2015[68].

(c) a charge excluded from the application of this section by these Regulations, or any other law of the Abu Dhabi Global Market.[69]

(7) In this Part–

"cash" includes foreign currency,

"charge" includes a mortgage, and

"effective date" means the date that this Chapter comes into force.

785. Charge in series of debentures

(1) This section applies where–

(a) a company creates a series of debentures containing a charge, or giving a charge by reference to another instrument, and

(b) debenture holders of that series are entitled to the benefit of the charge pari passu.

(2) The Registrar must register the charge if, before the end of the period allowed for delivery, the company or any person interested in the charge delivers to the Registrar for registration, a charge filing statement which also contains the following–

(a) either–

(i) the name of each of the trustees for the debenture holders, or

(ii) where there are more than four such persons, the names of any four persons listed in the charge instrument as trustees for the debenture holders, and a statement that there are other such persons,

(b) the dates of the resolutions authorising the issue of the series,

(c) the date of the covering instrument (if any) by which the series is created or defined.

(3) Where the charge is created or evidenced by an instrument, the Registrar is required to register it only if a certified copy of the instrument is delivered to the Registrar with the charge filing statement.

(4) Where the charge is not created or evidenced by an instrument, the Registrar is required to register it only if a certified copy of one of the debentures in the series is delivered to the Registrar with the charge filing statement.

(5) For the purposes of this section a charge filing statement is not required to contain the names of the debenture holders.

(6) "The period allowed for delivery" is–

[68] Amended by Regulations to amend the Companies Regulations 2015, enacted on 9/10/2016.

[69] Amended by Regulations to amend the Companies Regulations 2015, enacted on 9/10/2016.

(a) if there is a deed containing the charge, 21 days beginning with the day after the date on which the deed is executed,

(b) if there is no deed containing the charge, 21 days beginning with the day after the date on which the first debenture of the series is executed.

(7) Where an order is made under section 789(3) a copy of the order must be delivered to the Registrar with the charge filing statement.

(8) In this section "deed" means–

(a) a deed governed by the law of the Abu Dhabi Global Market, or

(b) an instrument governed by a law other than the law of the Abu Dhabi Global Market which requires delivery under that law in order to take effect.

786. Charges existing on property or undertaking acquired

(1) This section applies where a company acquires property or undertaking which is subject to a charge of a kind which would, if it had been created by the company after the acquisition of the property or undertaking, have been capable of being registered under section 784.

(2) The Registrar must register the charge if the company or any person interested in the charge delivers to the Registrar for registration a charge filing statement.

(3) Where the charge is created or evidenced by an instrument, the Registrar is required to register it only if a certified copy of the instrument is delivered to the Registrar with the charge filing statement.

787. Particulars to be delivered to Registrar

(1) A statement of particulars relating to a charge created by a company is a "charge filing statement" if it contains the following particulars–

(a) the registered name and number of the company,

(b) the date of creation of the charge and (if the charge is one to which section 788 applies) the date of acquisition of the property or undertaking concerned,

(c) where the charge is created or evidenced by an instrument, the particulars listed in subsection (2),

(d) where the charge is not created or evidenced by an instrument, the particulars listed in subsection (3).

(2) The particulars referred to in subsection (1)(c) are–

(a) any of the following–

(i) the name of each of the persons in whose favour the charge has been created or of the security agents or trustees holding the charge for the benefit of one or more persons, or

(ii) where there are more than four such persons, security agents or trustees, the names of any four such persons, security agents or trustees listed in the

charge instrument, and a statement that there are other such persons, security agents or trustees,

(b) whether the instrument is expressed to contain a floating charge and, if so, whether (together with the charges referred to in subsections (2)(d) and (e)) it is expressed to cover the whole or substantially the whole of the property and undertaking of the company,

(c) whether any of the terms of the charge prohibit or restrict the company from creating further security that will rank equally with or ahead of the charge,

(d) whether (and if so, a short description of) any land, ship, aircraft or intellectual property that is registered or required to be registered in the Abu Dhabi Global Market, is subject to a charge (which is not a floating charge) included in the instrument,

(e) whether the instrument includes a charge (which is not expressed to be a floating charge) over any tangible or intangible property not described in subsection (2)(d).

(3) The particulars referred to in subsection (1)(d) are–

(a) a statement that there is no instrument creating or evidencing the charge,

(b) the names of each of the persons in whose favour the charge has been created or the names of any security agents or trustees holding the charge for the benefit of one or more persons,

(c) the nature of the charge,

(d) a short description of the property or undertaking charged,

(e) the obligations secured by the charge.

(4) In this section "intellectual property" includes–

(a) any patent, trade mark, registered design, copyright or design right,

(b) any licence under or in respect of any such right.

788. Date of creation of charge

(1) For the purposes of this Part, a charge of the type described in column 1 of the Table below is taken to be created on the date given in relation to it in column 2 of that Table.

1. Type of charge	*2. When charge created*
Charge created or evidenced by an instrument	If the instrument is a deed that has been executed and has immediate effect on execution and delivery, the date of delivery
	If the instrument is a deed that has been executed and held in escrow, the date of delivery into escrow
	If the instrument is a deed that has been executed and held as undelivered, the date of delivery
	If the instrument is not a deed and has immediate effect on execution, the date of execution
	If the instrument is not a deed and does not have immediate effect on execution, the date on which the instrument takes effect
Charge not created or evidenced by an instrument	The date on which the charge comes into effect.

(2) Where a charge is created or evidenced by an instrument made between two or more parties, references in the Table in subsection (1) to execution are to execution by all the parties to the instrument whose execution is essential for the instrument to take effect as a charge.

(3) This section applies for the purposes of this Chapter even if further forms, notices, registrations or other actions or proceedings are necessary to make the charge valid or effectual for any other purposes.

(4) For the purposes of this Chapter, the Registrar is entitled without further enquiry to accept a charge as created on the date given as the date of creation of the charge in a charge filing statement.

(5) In this section "deed" means–

(a) a deed governed by the law of the Abu Dhabi Global Market, or

(b) an instrument governed by a law other than the law of the Abu Dhabi Global Market which requires delivery under that law in order to take effect.

(6) References in this section to delivery, in relation to a deed, include delivery as a deed where required.

789. Extension of period allowed for delivery

(1) Subsection (3) applies if the Court is satisfied that–

(a) neither the company nor any other person interested in the charge has delivered to the Registrar the documents required under section 784 or (as the case may be) 785 before the end of the period allowed for delivery under the section concerned, and

(b) the requirement in subsection (2) is met.

(2) The requirement is–

(a) that the failure to deliver those documents–

(i) was accidental or due to inadvertence or to some other sufficient cause, or

(ii) is not of a nature to prejudice the position of creditors or shareholders of the company, or

(b) that on other grounds it is just and equitable to grant relief.

(3) The Court may, on the application of the company or a person interested, and on such terms and conditions as seem to the Court just and expedient, order that the period allowed for delivery be extended.

790. Personal information etc in certified copies

(1) The following are not required to be included in a certified copy of an instrument or debenture delivered to the Registrar for the purposes of any provision of this Chapter–

(a) personal information relating to an individual (other than the name of an individual),

(b) the number or other identifier of a bank or securities account of a company or individual,

(c) a signature.

(2) The Registrar is entitled without further enquiry, to accept the certified copy of an instrument whether or not any of the information in subsection (1) is contained within the instrument.

791. Consequence of failure to deliver charges

(1) This section applies if–

(a) a company creates a charge to which section 784 or 785 applies, and

(b) the documents required by section 784 or (as the case may be) 785 are not delivered to the Registrar by the company or another person interested in the charge before the end of the relevant period allowed for delivery.

(2) "The relevant period allowed for delivery" is–

(a) the period allowed for delivery under the section in question, or

(b) if an order under section 789(3) has been made, the period allowed by the order.

(3) Where this section applies, the charge is void (so far as any security on the company's property or undertaking is conferred by it) against–

(a) a liquidator of the company,

(b) an administrator of the company, and

(c) a creditor of the company.

(4) Subsection (3) is without prejudice to any contract or obligation for repayment of the money secured by the charge; and when a charge becomes void under this section, the money secured by it immediately becomes payable.

792. Entries on the register

(1) This section applies where a charge is registered in accordance with a provision of this Chapter.

(2) The Registrar must–

(a) allocate to the charge a unique reference code and place a note in the register recording that reference code, and

(b) include in the register any documents delivered under section 784(3) or (5), 785(3), (4) or (7), or 786(3).

(3) The Registrar must give a certificate of the registration of the charge to the person who delivered to the Registrar a charge filing statement relating to the charge.

(4) The certificate must state–

(a) the registered name and number of the company in respect of which the charge was registered, and

(b) the unique reference code allocated to the charge.

(5) The certificate must be signed by the Registrar or authenticated by the Registrar's official seal.

(6) In the case of registration under section 784 or 785, the certificate is conclusive evidence that the documents required by the section concerned were delivered to the Registrar before the end of the relevant period allowed for delivery.

(7) "The relevant period allowed for delivery" is–

(a) the period allowed for delivery under the section in question, or

(b) if an order under section 789(3) has been made, the period allowed by the order.

793. Registration of enforcement of security

(1) Subsection (2) applies where a person–

(a) obtains an order for the appointment of a receiver or manager of a company's property or undertaking, or

(b) appoints such a receiver or manager under powers contained in an instrument.

(2) The person must, within 14 days of the order or of the appointment under those powers–

(a) give notice to the Registrar of that fact, and

(b) if the order was obtained, or the appointment made, by virtue of a registered charge held by the person give the Registrar a notice containing–

(i) in the case of a charge created before the effective date, the information specified in subsection (4),

(ii) in the case of a charge created on or after the effective date, the unique reference code allocated to the charge.

(3) Where a person appointed receiver or manager of a company's property or undertaking under powers contained in an instrument ceases to act as such a receiver or manager, the person must, on so ceasing–

(a) give notice to the Registrar of that fact, and

(b) give the Registrar a notice containing–

(i) in the case of a charge created before the effective date, the information specified in subsection (4), or

(ii) in the case of a charge created on or after the effective date, the unique reference code allocated to the charge.

(4) The information referred to in subsections (2)(b)(i) and (3)(b)(i) is–

(a) the date of the creation of the charge,

(b) a description of the instrument (if any) creating or evidencing the charge,

(c) short particulars of the property or undertaking charged.

(5) The Registrar must include in the register–

(a) a fact of which notice is given under subsection (2)(a), and

(b) a fact of which notice is given under subsection (3)(a).

(6) A person who makes default in complying with the requirements of subsection (2) of this section commits a contravention of these Regulations.

(7) A person who commits a contravention referred to in subsection (6) is liable to a fine of up to level 4.

(8) A person who makes default in complying with the requirements of subsection (3) of this section commits a contravention of these Regulations.

(9) A person who commits a contravention referred to in subsection (8) is liable to a level 2 fine.

(10) This section applies only to a receiver or manager appointed–

(a) by a Court in the Abu Dhabi Global Market, or

(b) under an instrument governed by the law of the Abu Dhabi Global Market.

794. Entries of satisfaction and release

(1) Subsection (5) applies if the statement set out in subsection (2) and the particulars set out in subsection (4) are delivered to the Registrar with respect to a registered charge.

(2) The statement referred to in subsection (1) is a statement to the effect that–

(a) the debt for which the charge was given has been paid or satisfied in whole or in part, or

(b) all or part of the property or undertaking charged–

(i) has been released from the charge, or

(ii) has ceased to form part of the company's property or undertaking.

(3) Where a statement within subsection (2)(b) relates to part only of the property or undertaking charged, the statement must include a short description of that part.

(4) The particulars referred to in subsection (1) are–

(a) the name and address of the person delivering the statement and an indication of their interest in the charge,

(b) the registered name and number of the company that–

(i) created the charge (in a case within section 784 or 785), or

(ii) acquired the property or undertaking subject to the charge (in a case within section 786),

(c) in respect of a charge created before the effective date –

(i) the date of creation of the charge,

(ii) a description of the instrument (if any) by which the charge is created or evidenced,

(iii) short particulars of the property or undertaking charged,

(d) in respect of a charge created on or after the effective date, the unique reference code allocated to the charge.

(5) The Registrar must include in the register–

(a) a statement of satisfaction in whole or in part, or

(b) a statement of the fact that all or part of the property or undertaking has been released from the charge or has ceased to form part of the company's property or undertaking (as the case may be).

795. Rectification of register

(1) Subsection (3) applies if the Court is satisfied that–

(a) there has been an omission or mis-statement in any statement or notice delivered to the Registrar in accordance with this Chapter, and

(b) the requirement in subsection (2) is met.

(2) The requirement is that the Court is satisfied–

(a) that the omission or mis-statement–

(i) was accidental or due to inadvertence or to some other sufficient cause, or

(ii) is not of a nature to prejudice the position of creditors or shareholders of the company, or

(b) that on other grounds it is just and equitable to grant relief.

(3) The Court may, on the application of the company or a person interested, and on such terms and conditions as seem to the Court just and expedient, order that the omission or mis-statement be rectified.

(4) A copy of the Court's order must be sent by the applicant to the Registrar for registration.

796. Replacement of instrument or debenture

(1) Subsection (2) applies if the Court is satisfied that–

(a) a copy of an instrument or debenture delivered to the Registrar under this Chapter contains material which could have been omitted under section 790,

(b) the wrong instrument or debenture was delivered to the Registrar, or

(c) the copy was defective.

(2) The Court may, on the application of the company or a person interested, and on such terms and conditions as seem to the Court just and expedient, order that the copy of the instrument or debenture be removed from the register and replaced.

(3) A copy of the Court's order must be sent by the applicant to the Registrar for registration.

797. Companies to keep copies of instruments creating and amending charges

(1) A company must keep available for inspection a copy of every–

(a) instrument creating a charge capable of registration under this Chapter, and

(b) instrument effecting any variation or amendment of such a charge.

(2) In the case of a charge contained in a series of uniform debentures, a copy of one of the debentures of the series is sufficient for the purposes of subsection (1)(a).

(3) If the particulars referred to in section 787(1) or the particulars of the property or undertaking charged are not contained in the instrument creating the charge, but are instead contained in other documents which are referred to in or otherwise incorporated into the instrument, then the company must also keep available for inspection a copy of those other documents.

(4) It is sufficient for the purposes of subsection (1)(a) if the company keeps a copy of the instrument in the form delivered to the Registrar under section 784(3), 785(3) or (4) or 786(3).

(5) Where a translation has been delivered to the Registrar in accordance with Part 32, the company must keep available for inspection a copy of the translation.

798. Instruments creating charges to be available for inspection

(1) This section applies to documents required to be kept available for inspection under section 797 (copies of instruments creating and amending charges).

(2) The documents must be kept available for inspection–

(a) at the company's registered office, or

(b) at a place specified in rules made by the Board under section 996 (rules about where certain company records to be kept available for inspection).

(3) The company must give notice to the Registrar–

(a) of the place at which the documents are kept available for inspection, and

(b) of any change in that place,

unless they have at all times been kept at the company's registered office.

(4) The documents must be open to the inspection–

(a) of any creditor or member of the company, without charge, and

(b) of any other person, on payment of such fee as may be prescribed.

(5) A person who makes default in complying with the requirements of subsection (2) or (3) of this section commits a contravention of these Regulations.

(6) A person who commits the contravention referred to in in subsection (5) is liable to a level 2 fine.

(7) If default is made for 14 days in complying with subsection (3) or an inspection required under subsection (4) is refused, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(8) A person who commits the contravention referred to in in subsection (7) is liable to a fine of up to level 4.

(9) If an inspection required under subsection (4) is refused the Court may by order compel an immediate inspection.

(10) Where the company and a person wishing to carry out an inspection under subsection (4) agree, the inspection may be carried out by electronic means.

799. Notice of matters disclosed on the register

A person taking a charge over a company's property shall be taken to have notice of another charge disclosed on the register at the time the charge is created.

Chapter 2

POWERS OF THE BOARD

800. Power to make provision for effect of registration in special register

(1) In this section a "special register" means a register, other than the register, in which a charge to which Chapter 1 applies is required or authorised to be registered.

(2) The Board may make rules which make provision for facilitating the making of information-sharing arrangements between the person responsible for maintaining a special register ("the responsible person") and the Registrar that meet the requirement in subsection (4).

"Information-sharing arrangements" are arrangements to share and make use of information held by the Registrar or by the responsible person.

(3) If the Board is satisfied that appropriate information-sharing arrangements have been made, it may make rules which provide that–

(a) the Registrar is authorised not to register a charge of a specified description under Chapter 1,

(b) a charge of a specified description that is registered in the special register within a specified period is to be treated as if it had been registered (and certified by the Registrar as registered) in accordance with the requirements of Chapter 1, and

(c) the other provisions of Chapter 1 apply to a charge so treated with specified modifications.

(4) The information-sharing arrangements must ensure that persons inspecting the register–

(a) are made aware, in a manner appropriate to the inspection, of the existence of charges in the special register which are treated in accordance with provision so made, and

(b) are able to obtain information from the special register about any such charge.

(5) Rules under this section may–

(a) modify any law or regulation applicable to the Abu Dhabi Global Market or rule of law which would otherwise restrict or prevent the responsible person from entering into or giving effect to information-sharing arrangements,

(b) authorise the responsible person to require information to be provided to him for the purposes of the arrangements,

(c) make provision about–

(i) the charging by the responsible person of fees in connection with the arrangements and the destination of such fees (including provision modifying any law or regulation applicable to the Abu Dhabi Global Market which would otherwise apply in relation to fees payable to the responsible person), and

(ii) the making of payments under the arrangements by the Registrar to the responsible person,

(d) require the Registrar to make copies of the arrangements available to the public (in hard copy or electronic form).

(6) In this section "specified" means specified in rules under this section.

(7) A description of charge may be specified, in particular, by reference to one or more of the following–

(a) the type of company by which it is created,

(b) the form of charge which it is,

(c) the description of assets over which it is granted,

(d) the length of the period between the date of its registration in the special register and the date of its creation.

(8) Provision may be made under this section relating to registers maintained under the law of a country or territory outside the Abu Dhabi Global Market.

Part 25

ARRANGEMENTS AND RECONSTRUCTIONS

801. Application of this Part

(1) The provisions of this Part apply where a compromise or arrangement is proposed between a company and–

(a) its creditors, or any class of them, or

(b) its members, or any class of them.

(2) In this Part–

"arrangement" includes a reorganisation of the company's share capital by the consolidation of shares of different classes or by the division of shares into shares of different classes, or by both of those methods, and

"company", unless the context otherwise requires, means–

(a) in section 806 (powers of Court to facilitate reconstruction or amalgamation or merger or division):

(i) in the case of a compromise or arrangement falling within sections 806(1)(a) or 806(1)(c), a company formed or registered under these Regulations, and

(ii) in the case of a compromise or arrangement falling within section 806(1)(b), a company formed or registered under these Regulations and any non-ADGM company whose jurisdiction of incorporation permits such non-ADGM company to merge into a single company or body corporate or into a new company (or to become such a new company) as described in section 810(1)(a) or 810(1)(b), and

(b) elsewhere in this Part, any company liable to be wound up under the Insolvency Regulations 2015 and any non-ADGM company whose jurisdiction of

incorporation permits such non-ADGM company to merge into a single company or body corporate or into a new company (or to become such a new company) as described in section 810(1)(a) or 810(1)(b).

(3) The provisions of this Part have effect subject to Part 26 (mergers and divisions) where that Part applies (see sections 808 and 809).

802. Court order for holding of meeting

(1) The Court may, on an application under this section, order a meeting of the creditors or class of creditors, or of the members of the company or class of members (as the case may be), to be summoned in such manner as the Court directs.

(2) An application under this section may be made by–

(a) the company,

(b) any creditor or member of the company,

(c) if the company is being wound up, the liquidator, or

(d) if the company is in administration, the administrator.

(3) Section 341 (representation of corporations at meetings) applies to a meeting of creditors under this section as to a meeting of the company (references to a member of the company being read as references to a creditor).

803. Statement to be circulated or made available

(1) Where a meeting is summoned under section 802–

(a) every notice summoning the meeting that is sent to a creditor or member must be accompanied by a statement complying with this section, and

(b) every notice summoning the meeting that is given by advertisement must either–

(i) include such a statement, or

(ii) state where and how creditors or members entitled to attend the meeting may obtain copies of such a statement.

(2) The statement must–

(a) explain the effect of the compromise or arrangement, and

(b) in particular, state–

(i) any material interests of the directors of the company (whether as directors or as members or as creditors of the company or otherwise), and

(ii) the effect on those interests of the compromise or arrangement, in so far as it is different from the effect on the like interests of other persons.

(3) Where the compromise or arrangement affects the rights of debenture holders of the company, the statement must give the like explanation as respects the trustees of any deed for securing the issue of the debentures as it is required to give as respects the company's directors.

(4) Where a notice given by advertisement states that copies of an explanatory statement can be obtained by creditors or members entitled to attend the meeting, every such

creditor or member is entitled, on making application in the manner indicated by the notice, to be provided by the company with a copy of the statement free of charge.

(5) If a company fails to comply with this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

This is subject to subsection (7) below.

(6) For this purpose the following are treated as officers of the company–

(a) a liquidator or administrator of the company, and

(b) a trustee of a deed for securing the issue of debentures of the company.

(7) A person does not contravene this section if he shows that the default was due to the refusal of a director or trustee for debenture holders to supply the necessary particulars of his interests.

(8) A person who commits the contravention referred to in subsection (5) shall be liable to a level 3 fine.

804. Duty of directors and trustees to provide information

(1) It is the duty of–

(a) any director of the company, and

(b) any trustee for its debenture holders,

to give notice to the company of such matters relating to himself as may be necessary for the purposes of section 803 (statement to be circulated or made available).

(2) Any person who makes default in complying with this section commits a contravention of these Regulations.

(3) A person who commits the contravention referred to in subsection (2) shall be liable to a fine of up to level 8.

805. Court sanction for compromise or arrangement

(1) If:

(a) 75% in value of the creditors or class of creditors or if members or class of members (as the case may be) representing 75% of the voting rights of the members or class of members (as the case may be), present and voting either in person or by proxy at the meeting summoned under section 802, agree a compromise or arrangement, and

(b) where the compromise or arrangement relates to a non-ADGM company (as defined in section 1028 (minor definitions: general)), the Court is satisfied that the requirements of section 810(2) have been or are satisfied with respect to such company,

the Court may, on an application under this section, sanction the compromise or arrangement.

(2) An application under this section may be made by–

(a) the company,

(b) any creditor or member of the company,

(c) if the company is being wound up, the liquidator, or

(d) if the company is in administration, the administrator.

(3) A compromise or arrangement sanctioned by the Court is binding on–

(a) all creditors or the class of creditors or on the members or class of members (as the case may be), and

(b) the company or, in the case of a company in the course of being wound up, the liquidator and contributories of the company.

(4) The Court's order has no effect until a copy of it has been delivered to the Registrar.

(5) Section 341 (representation of corporations at meetings) applies to a meeting of creditors under this section as to a meeting of the company (references to a member of the company being read as references to a creditor).

806. Powers of Court to facilitate reconstruction or amalgamation or merger or division

(1) This section applies where application is made to the Court under section 805 to sanction a compromise or arrangement and it is shown that one or more of the following applies–

(a) the compromise or arrangement is proposed for the purposes of, or in connection with, a scheme:

(i) for the reconstruction of any company or companies, and

(ii) under which the whole or any part of the undertaking or the property of any company concerned in the scheme ("a transferor company") is to be transferred to another company ("the transferee company"),

(b) the compromise or arrangement is proposed for the purposes of, or in connection with, a scheme involving a merger or amalgamation under which two or more companies are to merge or amalgamate into a single company or body corporate or into a new company as described in section 810(1)(a) or 810(1)(b), or

(c) the compromise or arrangement is proposed for the purposes of, or in connection with, a scheme under which the undertaking, property and liabilities of a company are to be divided and transferred as mentioned in section 830(1).

(2) The Court may, either by the order sanctioning the compromise or arrangement or by a subsequent order, make provision for all or any of the following matters–

(a) the transfer to the transferee company of the whole or any part of the undertaking and of the property or liabilities of any scheme transferor company, or the merger of the two or more companies or the division of the company and its undertaking, property and liabilities,

(b) the issue or appropriation by the scheme transferee company or surviving company of any shares, debentures, policies or other like interests in that

scheme transferee company or surviving company which under the compromise or arrangement are to be allotted or appropriated by that scheme transferee company or surviving company to or for any person,

(c) the continuation by or against the scheme transferee company or surviving company of any legal proceedings pending by or against any scheme transferor company on such terms as the Court may order,

(d) the dissolution, without winding up, of any scheme transferor company,

(e) the provision to be made for any persons who, within such time and in such manner as the Court directs, dissent from the compromise or arrangement,

(f) such incidental, consequential supplemental or any other matters as the Court may, in its discretion think fit or may consider necessary to secure that the reconstruction, amalgamation, merger or division is fully and effectively carried out.

(3) If an order under this section provides for the transfer of property or liabilities–

(a) the property is by virtue of the order transferred to, and vests in, the scheme transferee company, and

(b) the liabilities are, by virtue of the order, transferred to and become liabilities of that company.

(4) The property (if the order so directs) vests freed from any charge that is by virtue of the compromise or arrangement to cease to have effect.

(5) In this section–

"liabilities" includes duties and obligations,

"merging company" has the meaning set out in section 810(3),

"property" includes property, rights and powers of every description,

"scheme transferee company" means (i) a transferee company; and (ii) any existing company or new company in the case of a scheme involving a division as mentioned in section 830,

"scheme transferor company" means (i) a transferor company, and (ii) any company whose undertaking, property and liabilities are to be divided and transferred under Chapter 3 of Part 26,

"surviving company" has the meaning set out in section 810(3),

"transferee company" has the meaning given to it in subsection (1)(a)(ii), and

"transferor company" has the meaning given to it in subsection (1)(a)(ii).

(6) Every company in relation to which an order is made under this section must cause a copy of the order to be delivered to the Registrar within seven days after its making.

(7) If default is made in complying with subsection 100(2), a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(8) A person who commits the contravention referred to in subsection (7) is liable to a level 3 fine.

807. Obligations of company with respect to articles etc

(1) This section applies–

(a) to any order under section 805 (Court sanction for compromise or arrangement), and

(b) to any order under section 806 (powers of Court to facilitate reconstruction or amalgamation or merger or division) that alters the company's constitution.

(2) If the order amends–

(a) the company's articles, or

(b) any resolution or agreement to which Chapter 3 of Part 3 applies (resolution or agreement affecting a company's constitution),

the copy of the order delivered to the Registrar by the company under section 805(4) or section 100(2) must be accompanied by a copy of the company's articles, or the resolution or agreement in question, as amended.

(3) Every copy of the company's articles issued by the company after the order is made must be accompanied by a copy of the order, unless the effect of the order has been incorporated into the articles by amendment.

(4) In this section:

(a) references to the effect of the order include the effect of the compromise or arrangement to which the order relates;

(b) in the case of a company not having articles, references to its articles shall be read as references to the instrument constituting the company or defining its constitution.

(5) If a company defaults in complying with this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(6) A person who commits the contravention referred to in subsection (5) is liable to a level 3 fine.

Part 26

MERGERS AND DIVISIONS

Chapter 1

INTRODUCTORY

808. Application of this Part

(1) This Part applies where–

(a) a compromise or arrangement is proposed between a company and–

(i) its creditors or any class of them, or

(ii) its members or any class of them,

for the purposes of, or in connection with, a scheme for the reconstruction of any company or companies or the amalgamation of any two or more companies or any one or more companies and one or more bodies corporate,

(b) the scheme involves–

(i) a merger (as defined in section 810(1)), or

(ii) a division (as defined in section 830).

(2) In this Part, unless the context otherwise requires–

(a) a "company" includes companies formed or registered under these Regulations and any non-ADGM company whose jurisdiction of incorporation permits such non-ADGM company: (i) to merge, in the case of a merger by absorption, into a single company or body corporate or, in the case of a merger by consolidation, into a new company (or to become such a new company), or (ii) to participate in a scheme involving a division under Chapter 3 of this Part,

(b) an "existing company" means a company involved in a scheme to which this Part applies other than a new company, and

(c) a "new company" means a company formed–

(i) to be the surviving company for the purposes of a merger by consolidation (as defined in section 810(1)(b)), or

(ii) as a new company (as mentioned in section 830(1)) for the purposes of, or in connection with, a scheme involving a division under Chapter 3 of this Part.

(3) This Part does not apply where the company in respect of which the compromise or arrangement is proposed is being wound up.

809. Relationship of this Part to Part 25

(1) The Court must not sanction under Part 25 (arrangements and reconstructions) the compromise or arrangement which relates to the relevant merger or division under this Part 26 unless the relevant requirements of this Part have been complied with.

(2) The relevant requirements applicable to a merger are specified in sections 810(2) and 811 to 823.

Certain of those requirements, and certain general requirements of Part 25, are modified or excluded by the provisions of sections 824 to 829.

(3) The relevant requirements applicable to a division are specified in sections 831 to 843.

Certain of those requirements, and certain general requirements of Part 25, are modified or excluded by the provisions of sections 844 to 848.

Chapter 2

MERGER

810. Mergers and merging companies

(1) The scheme involves a merger where under the scheme–

(a) any two or more companies merge into a single company which is an existing company (a "merger by absorption"), or

(b) any two or more companies amalgamate into a new company (a "merger by consolidation"),

and at least one of the constituent companies participating in the merger is a company formed or incorporated under these Regulations.

(2) Where one or more of the constituent companies participating in a merger is a non-ADGM company, a merger under this Part 26 shall not be approved unless:

(a) the non-ADGM company has obtained all necessary authorisations, if any, required under the laws of the jurisdiction in which it is incorporated or is presently registered in order to consummate a merger under this Part 26 and filed with the Registrar documentary proof of such authorisation,

(b) the jurisdiction in which the non-ADGM company is incorporated or is presently registered is:

(i) an appointed jurisdiction, or

(ii) approved by the Board, upon application by the non-ADGM company for the purpose of consummating a merger under this Part 26,

(c) not more than three months prior to the effective date of the merger the non-ADGM company shall advertise in a national newspaper in the jurisdiction in which it is incorporated or presently registered its intention to consummate a merger under this Part 26, and

(d) a statement of the solvency of the surviving company made in accordance with section 584 (solvency statement) shall have been made not more than 15 days before the beginning of the period specified in subsection (2)(c) and on the basis that the scheme as proposed has been sanctioned by the Court.

(3) References in this Part to

(a) "the constituent companies" is to both the merging companies and the surviving company,

(b) "the merging companies" are–

(i) in relation to a merger by absorption, to the companies participating in the merger by absorption,

(ii) in relation to a merger by consolidation, to the companies other than the new company, and

(c) "the surviving company" is to the merging company remaining following consummation of a merger by absorption or to the new company into which the merging companies amalgamate in a merger by consolidation.

811. Draft terms of scheme (merger)

(1) A draft of the proposed terms of the scheme must be drawn up and adopted by the directors or equivalent office holders of the merging companies.

(2) The draft terms must give particulars of at least the following matters–

(a) in respect of each constituent company–

(i) its name, and

(ii) the address of its registered office,

(b) the cash, non-cash assets (including shares or other securities) in any body corporate which the holders of shares in the merging companies are to receive,

(c) in the case of any non-cash asset mentioned in (b) above, the value to be attributed to such assets or, in the case of any consideration that comprises shares or other securities, the securities exchange ratio, for the purposes of the relevant merger,

(d) the terms relating to the issue of shares, if any, in the surviving company,

(e) any rights or restrictions attaching to shares or other securities in any body corporate to be issued under the scheme to the holders of shares or other securities in a merging company to which any special rights or restrictions attach, or the measures proposed concerning them,

(f) any amount of benefit paid or given or intended to be paid or given–

(i) to any of the experts referred to in section 816 (expert's report), or

(ii) to any director of a constituent company,

and the consideration for the payment of benefit.

(3) The requirements in subsection (2)(b) to 2(e) are subject to section 824 (circumstances in which certain particulars not required).

812. Publication of draft terms by Registrar (merger)

(1) The directors or equivalent office holders of each of the merging companies must deliver a copy of the draft terms to the Registrar.

(2) The Registrar must publish on the Registrar's website notice of receipt from that merging company of a copy of the draft terms.

(3) That notice must be published at least one month before the date of any meeting of that merging company summoned for the purpose of approving the scheme.

(4) The requirements in this section are subject to section 813 (publication of draft terms on merging company's website).

813. Publication of draft terms on company website (merger)

Section 812(2) and 812(3) do not apply in respect of a merging company if the conditions in subsections (1) to (5) are met.

(1) The first condition is that the draft terms are made available on a website which–

(a) is maintained by or on behalf of the merging company, and

(b) identifies the merging company.

(2) The second condition is that neither access to the draft terms on the website nor the supply of a hard copy of them from the website is conditional on payment of a fee or otherwise restricted.

(3) The third condition is that the directors or equivalent office holders of the merging company deliver to the Registrar a notice giving details of the website.

(4) The fourth condition is that the Registrar or, in the case of a merging company that is a non-ADGM company, the merging company publishes the notice in on its website at least one month before the date of any meeting of the merging company summoned for the purpose of approving the scheme.

(5) The fifth condition is that the draft terms remain available on the website throughout the period beginning one month before, and ending on, the date of any such meeting.

814. Approval of members of merging companies

(1) The scheme must be approved by members of each class of each of the merging companies representing 75% of the voting rights of the class of members, present and voting either in person or by proxy at a meeting.

(2) This requirement is subject to sections 826, 827 and 828 (circumstances in which meetings of members not required).

815. Directors' or equivalent office holders' explanatory report (merger)

(1) The directors or equivalent office holders of each of the merging companies must draw up and adopt a report.

(2) The report must consist of–

(a) the statement required by section 803 (statement to be circulated or made available), and

(b) insofar as that statement does not deal with the following matters, a further statement–

(i) setting out the legal and economic grounds for the draft terms and, where the holders of shares in the merging companies are to receive shares or other

securities in any body corporate, the number of shares or other securities to be issued ("the share exchange ratio"), and

(ii) specifying any special valuation difficulties.

(3) The requirement in this section is subject to section 824 (circumstances in which certain particulars and reports not required), section 825 (other circumstances in which reports and inspection not required) and section 829 (agreement to dispense with reports etc.).

816. Expert's report (merger)

(1) Where the holders of shares in the merging companies are offered consideration that includes a non-cash asset, an expert's report must be drawn up on behalf of each of the merging companies.

(2) The report required is a written report on the draft terms to the members of the merging company.

(3) The Court may on the joint application of all the merging companies approve the appointment of a joint expert to draw up a single report on behalf of all those merging companies.

If no such appointment is made, there must be a separate expert's report to the members of each merging company drawn up by a separate expert appointed on behalf of that merging company.

(4) The expert must be a person who–

(a) is eligible for appointment as an auditor, and

(b) meets the independence requirement in section 850.

(5) The expert's report must–

(a) indicate the method or methods used to value the non-cash asset or securities exchange ratio offered,

(b) give an opinion as to whether the method or methods used are reasonable in all the circumstances of the case, indicate the values arrived at using each such method and (if there is more than one method) give an opinion on the relative importance attributed to such methods in arriving at the value decided on,

(c) describe any special valuation difficulties that have arisen,

(d) state whether in the expert's opinion the valuation of the non-cash asset or, as the case may be, securities exchange ratio, is reasonable, and

(e) in the case of an expert valuation made by a person other than himself (see section 849), state that it appeared to him reasonable to arrange for it to be so made or to accept a valuation so made.

(6) The expert (or each of them) has–

(a) the right of access to all such documents of all the merging companies, and

(b) the right to require from the merging companies' officers all such information,

as he thinks necessary for the purposes of making his report.

(7) The requirement in this section is subject to section 824 (circumstances in which certain particulars and reports not required), section 825 (other circumstances in which reports

and inspection not required) and section 829 (agreement to dispense with expert's report)

817. Supplementary accounting statement (merger)

(1) this section applies if the last annual accounts of any of the merging companies relate to a financial year ending before–

(a) the date seven months before the first meeting of the merging company summoned for the purposes of approving the scheme, or

(b) if no meeting of the merging company is required (by virtue of any of sections 826 to 828), the date six months before the directors or equivalent office holders of the merging company adopt the draft terms of the scheme.

(2) If the merging company has not made public a half-yearly financial report relating to a period ending on or after the date mentioned in subsection (1), the directors or equivalent office holders of the merging company must prepare a supplementary accounting statement.

(3) That statement must consist of–

(a) a balance sheet dealing with the state of affairs of the merging company as at a date not more than three months before the draft terms were adopted by the directors or equivalent office holders, and

(b) where the merging company would be required under section 389 (duty to prepare group accounts) to prepare group accounts if that date were the last day of a financial year, a consolidated balance sheet dealing with the state of affairs of the merging company and the undertakings that would be included in such a consolidation.

(4) The requirements of these Regulations as to the balance sheet forming part of a company's annual accounts, and the matters to be included in notes to it, apply to the balance sheet required for an accounting statement under this section, with such modifications:

(a) as are necessary by reason of its being prepared otherwise than as at the last day of a financial year, and

(b) in the case of a non-ADGM company, as may be prescribed in any rules made by the Board.

(5) The provisions of section 399 (approval and signing of accounts) as to the approval and signing of accounts apply to the balance sheet required for an accounting statement of a company that is not a non-ADGM company under this section.

(6) In this section–

"annual accounts" has the meaning given to that term by section 444(1) (meaning of "annual accounts") in the case of a company formed or registered under these Regulations and, in the case of a non-ADGM company, has such meaning as may be prescribed by rules made by the Board for the purposes of this Part, and

"half-yearly financial report" means a report of that description required to be made public by any rules or regulations applicable in the Abu Dhabi Global Market to

listed companies or, in the case of a non-ADGM company, as may be prescribed by rules made by Board for the purposes of this Part.

(7) The requirement in this section is subject to section 825 (other circumstances in which reports and inspection not required) and section 829 (agreement to dispense with reports etc).

818. Inspection of documents (merger)

(1) The members of each of the merging companies must be able, during the period specified below–

(a) to inspect at the registered office or, in the case of a non-ADGM company, its equivalent or principal office, of that merging company copies of the documents listed below relating to that merging company and every other merging company, and

(b) to obtain copies of those documents or any part of them on request free of charge.

(2) The period referred to above is the period–

(a) beginning one month before, and

(b) ending on the date of,

the first meeting of the members, or any class of members, of the merging company for the purposes of approving the scheme.

(3) The documents referred to above are–

(a) the draft terms,

(b) the directors' or equivalent office holders' explanatory report,

(c) any statement required by subsection 810(2)(d),

(d) the expert's report,

(e) the merging company's annual accounts and reports for the last three financial years ending on or before the first meeting of the members, or any class of members, of the merging company summoned for the purposes of approving the scheme,

(f) any supplementary accounting statement required by section 817,

(g) if no statement is required by section 817 because the merging company has made public a recent half-yearly financial report (see subsection 817(2) of that section), that report,

(h) if a merging company is a non-ADGM company, a statement of all necessary authorisations, if any, required under the laws of the jurisdiction in which it is incorporated or is presently registered in order to consummate a merger under this Part 26 and documentary proof that such authorisations have been obtained.

(4) The requirement in subsection (1)(a) is subject to section 0 (publication of documents on merging company website).

(5) The requirements of subsection (3)(b) and (3)(c) are subject to section 824 (circumstances in which certain particulars and reports not required) and section 829 (agreement to dispense with reports etc).

(6) Section 1005 (right to hard copy version) does not apply to a document sent or supplied in accordance with subsection (1)(b) to a member who has consented to information being sent or supplied by the merging company by electronic means and has not revoked that consent.

(7) Part 4 of Schedule 5 (communications by means of a website) does not apply for the purposes of subsection (1)(b) (but see section 819(4)).

(8) The requirements in this section are subject to section 825 (other circumstances in which reports and inspection not required).

819. Publication of documents on merging company website (merger)

Section 818(1)(a) does not apply to a document if the conditions in subsections (1) to (3) are met in relation to that document.

This is subject to subsection (5).

(1) The first condition is that the document is made available on a website which–

(a) is maintained by or on behalf of the merging company, and

(b) identifies the merging company.

(2) The second condition is that access to the document on the website is not conditional on payment of a fee or otherwise restricted.

(3) The third condition is that the document remains available on the website throughout the period beginning one month before, and ending on, the date of any meeting of the merging company summoned for the purpose of approving the scheme.

(4) A person is able to obtain a copy of a document as required by section 818(1)(b) if–

(a) the conditions in subsections (1) and (2) are met in relation to that document, and

(b) the person is able, throughout the period specified in subsection (3)–

(i) to retain a copy of the document as made available on the website, and

(ii) to produce a hard copy of it.

(5) Where members of a merging company are able to obtain copies of a document only as mentioned in subsection (4), section 818(1)(a) applies to that document even if the conditions in subsections (1) to (3) are met.

820. Report on material changes of assets of merging companies

The directors or equivalent office holders of each of the merging companies must report–

(a) to every meeting of the members, or any class of members, of that merging company summoned for the purpose of agreeing to the scheme, and

(b) to the directors or equivalent office holders of every other merging company,

any material changes in the property and liabilities of that merging company between the date when the draft terms were adopted and the date of the meeting in question.

(2) The directors or equivalent office holders of each of the other merging companies must in turn–

(a) report those matters to every meeting of the members, or any class of members, of that merging company summoned for the purpose of agreeing to the scheme, or

(b) send a report of those matters to every member entitled to receive notice of such a meeting.

(3) The requirement in this section is subject to section 825 (other circumstances in which reports and inspection not required) and section 829 (agreement to dispense with reports etc).

821. Approval of articles of the surviving company (merger by consolidation)

In the case of a merger by consolidation, the articles of the surviving company, or a draft of them, must be approved by ordinary resolution of each of the merging companies.

822. Protection of holders of securities to which special rights attached (merger)

(1) The scheme must provide that where any securities of a merging company (other than shares) to which special rights are attached are held by a person otherwise than as a member or creditor of the company, that person is to receive rights in the surviving company of equivalent value.

(2) Subsection (1) does not apply if–

(a) the holder has agreed otherwise, or

(b) the holder is, or under the scheme is to be, entitled to have the securities purchased by the surviving company on terms that the Court considers reasonable.

823. No issue of shares to merging companies or surviving company (merger)

The scheme must not provide for any shares in the surviving company to be issued to–

(a) a merging company (or its nominee) in respect of shares in the merging company held by the merging company itself (or its nominee), or

(b) the surviving company (or its nominee) in respect of shares in a merging company held by the surviving company (or its nominee).

824. Circumstances in which certain particulars and reports not required (merger)

(1) This section applies in the case of a merger by absorption where all of the relevant securities of the merging company (or, if there is more than one merging company, of

each of them) other than the surviving company are held by or on behalf of the surviving company.

(2) The draft terms of the scheme need not give the particulars mentioned in section 811(2)(b), to 811(2)(e)(e) (particulars relating to allotment of shares to members of merging company).

(3) Section 803 (statement to be circulated or made available) does not apply.

(4) The requirements of the following sections do not apply–

(a) section 815 (directors' or equivalent office holders' explanatory report),

(b) section 816 (expert's report).

(5) The requirements of section 818 (inspection of documents) so far as relating to any document required to be drawn up under the provisions mentioned in subsection (4) above do not apply.

(6) In this section "relevant securities", in relation to a merging company, means shares or other securities carrying the right to vote at general meetings of the merging company.

825. Other circumstances in which reports and inspection not required (merger)

This section applies in the case of a merger by absorption where 90% or more (but not all) of the relevant securities of the merging company (or, if there is more than one transferor company, of each of them) which is not the surviving company are held by or on behalf of the surviving company.

(1) If the conditions in subsections (2) and (3) are met, the requirements of the following sections do not apply–

(a) subsection 810(2)(d) (directors' solvency statement),

(b) section 815 (directors' or equivalent office holders' explanatory report),

(c) section 816 (expert's report),

(d) section 817 (supplementary accounting statement),

(e) section 818 (inspection of documents), and

(f) section 820 (report on material changes of assets of merging company).

(2) The first condition is that the scheme provides that every other holder of relevant securities has the right to require the surviving company to acquire those securities.

(3) The second condition is that, if a holder of securities exercises that right, the consideration to be given for those securities is fair and reasonable.

(4) The powers of the Court under section 806(2) (power of Court to facilitate reconstruction or amalgamation or merger or division) include the power to determine, or make provision for the determination of, the consideration to be given for securities acquired under this section.

(5) In this section–

"other holder" means a person who holds securities of the merging company which is not the surviving company otherwise than on behalf of the surviving company (and does not include the surviving company itself),

"relevant securities", in relation to a merging company, means shares or other securities carrying the right to vote at general meetings of the merging company.

826. Circumstances in which meeting of members of surviving company not required (merger)

(1) This section applies in the case of a merger by absorption where 90% or more (but not all) of the relevant securities of the merging company (or, if there is more than one merging company, of each of them) other than the surviving company are held by or on behalf of the surviving company.

(2) It is not necessary for the scheme to be approved at a meeting of the members, or any class of members, of the surviving company if the Court is satisfied that the following conditions have been complied with.

(3) The first condition is that either subsection (4) or subsection (5) is satisfied.

(4) This subsection is satisfied if publication of notice of receipt of the draft terms by the Registrar took place in respect of the surviving company at least one month before the date of the first meeting of members, or any class of members, of the merging company which is not the surviving company summoned for the purpose of agreeing to the scheme.

(5) This subsection is satisfied if–

(a) the conditions in section 813(1) to 813(3) are met in respect of the surviving company,

(b) the Registrar published the notice mentioned in subsection 813(3) of that section on his website at least one month before the date of the first meeting of members, or any class of members, of the merging company which is not the surviving company summoned for the purpose of agreeing to the scheme, and

(c) the draft terms remained available on the website throughout the period beginning one month before, and ending on, that date.

(6) The second condition is that subsection (7) or (8) is satisfied for each of the documents listed in the applicable subsections 818(3)(a) to 818(3)(g) relating to the surviving company and the merging company (or, if there is more than one merging company, each of them) which is not the surviving company.

(7) This subsection is satisfied for a document if the members of the surviving company were able during the period beginning one month before, and ending on, the date mentioned in subsection (4) to inspect that document at the registered office of that surviving company.

(8) This subsection is satisfied for a document if–

(a) the document is made available on a website which is maintained by or on behalf of the surviving company and identifies the surviving company,

(b) access to the document on the website is not conditional on the payment of a fee or otherwise restricted, and

(c) the document remains available on the website throughout the period beginning one month before, and ending on, the date mentioned in subsection (4).

(9) The third condition is that the members of the surviving company were able to obtain copies of the documents mentioned in subsection (6), or any part of those documents, on request and free of charge, throughout the period beginning one month before, and ending on, the date mentioned in subsection (4).

(10) For the purposes of subsection (9)–

section 819(4) applies as it applies for the purposes of section 818(1)(b), and

(a) Part 4 of Schedule 5 (communications by means of a website) does not apply.

(11) The fourth condition is that–

(a) one or more members of the surviving company, who together held not less than 5% of the voting rights of the members of the surviving company entitled to vote at general meetings of the surviving company (excluding any shares in the surviving company held as treasury shares) would have been able, during that period, to require a meeting of each class of members to be called for the purpose of deciding whether or not to agree to the scheme, and

(b) no such requirement was made.

(12) In this section "relevant securities", in relation to a merging company, means shares or other securities carrying the right to vote at general meetings of the merging company.

827. Circumstances in which no meetings required (merger)

(1) This section applies in the case of a merger by absorption where all of the relevant securities of the merging company (or, if there is more than one merging company, of each of them) which is not the surviving company are held by or on behalf of the surviving company.

(2) It is not necessary for the scheme to be approved at a meeting of the members, or any class of members, of any of the merging companies if the Court is satisfied that the following conditions have been complied with.

(3) The first condition is that either subsection (4) or subsection (5) is satisfied.

(4) This subsection is satisfied if publication of notice of receipt of the draft terms by the Registrar took place in respect of all the merging companies at least one month before the date of the Court's order.

(5) This subsection is satisfied if–

(a) the conditions in section 813(1) to 813(3) are met in respect of each of the merging companies,

(b) in each case, the Registrar published the notice mentioned in subsection 813(3) of that section on the Registrar's website least one month before the date of the Court's order, and

(c) the draft terms remained available on the website throughout the period beginning one month before, and ending on, that date.

(6) The second condition is that subsection (7) or (8) is satisfied for each of the documents listed in the applicable subsections 818(3)(a) to 818(3)(g) relating to the surviving company and the merging company (or, if there is more than one merging company, each of them) which is not the surviving company.

(7) This subsection is satisfied for a document if the members of the surviving company were able during the period beginning one month before, and ending on, the date mentioned in subsection (4) to inspect that document at the registered office of that merging company.

(8) This subsection is satisfied for a document if–

(a) the document is made available on a website which is maintained by or on behalf of the surviving company and identifies the surviving company,

(b) access to the document on the website is not conditional on the payment of a fee or otherwise restricted, and

(c) the document remains available on the website throughout the period beginning one month before, and ending on, the date mentioned in subsection (4).

(9) The third condition is that the members of the surviving company were able to obtain copies of the documents mentioned in subsection (6), or any part of those documents, on request and free of charge, throughout the period beginning one month before, and ending on, the date mentioned in subsection (4).

(10) For the purposes of subsection (9)–

(a) section 819(4) applies as it applies for the purposes of section 818(1)(b), and

(b) Part 4 of Schedule 5 (communications by means of a website) does not apply.

(11) The fourth condition is that–

(a) one or more members of the surviving company, who together held not less than 5% of the voting rights of the members of the surviving company entitled to vote at general meetings of the surviving company (excluding any shares in the surviving company held as treasury shares) would have been able, during that period, to require a meeting of each class of members to be called for the purpose of deciding whether or not to agree to the scheme, and

(b) no such requirement was made.

(12) In this section "relevant securities", in relation to a merging company, means shares or other securities carrying the right to vote at general meetings of the merging company.

828. Other circumstances in which meeting of members of surviving company not required (merger)

(1) In the case of any merger by absorption, it is not necessary for the scheme to be approved by the members of the surviving company if the Court is satisfied that the following conditions have been complied with.

(2) The first condition is that either subsection (3) or subsection (4) is satisfied.

(3) This subsection is satisfied if publication of notice of receipt of the draft terms by the Registrar took place in respect of the surviving company at least one month before the date of the first meeting of members, or any class of members, of the merging company (or, if there is more than one merging company, any of them) which is not the surviving company summoned for the purposes of agreeing to the scheme.

(4) This subsection is satisfied if–

(a) the conditions in section 813(1) to 813(3) are met in respect of the surviving company,

(b) the Registrar published the notice mentioned in subsection 813(3) of that section on his website at least one month before the date of the first meeting of members, or any class of members, of the merging company (or, if there is more than one merging company, any of them) which is not the surviving company summoned for the purposes of agreeing to the scheme, and

(c) the draft terms remained available on the website throughout the period beginning one month before, and ending on, that date.

(5) The second condition is that subsection (6) or (7) is satisfied for each of the documents listed in the applicable subsection 818(3) relating to the surviving company and the merging company (or, if there is more than one merging company, each of them) which is not the surviving company.

(6) This subsection is satisfied for a document if the members of the surviving company were able during the period beginning one month before, and ending on, the date of any such meeting as is mentioned in subsection (3) to inspect that document at the registered office of that surviving company.

(7) This subsection is satisfied for a document if–

(a) the document is made available on a website which is maintained by or on behalf of the surviving company and identifies the surviving company,

(b) access to the document on the website is not conditional on the payment of a fee or otherwise restricted, and

(c) the document remains available on the website throughout the period beginning one month before, and ending on, the date of any such meeting as is mentioned in subsection (3).

(8) The third condition is that the members of the surviving company were able to obtain copies of the documents mentioned in subsection (5), or any part of those documents, on request and free of charge, throughout the period beginning one month before, and ending on, the date of any such meeting as is mentioned in subsection (3).

(9) For the purposes of subsection (8) –

section 819(4) applies as it applies for the purposes of section 818(1)(b), and

(a) Part 4 of Schedule 5 (communications by means of a website) does not apply.

(10) The fourth condition is that–

(a) one or more members of that surviving company, who together held not less than 5% of the voting rights of the members of the surviving company entitled to vote at general meetings of the surviving company (excluding any shares in the surviving company held as treasury shares) would have been able, during that period, to require a meeting of each class of members to be called for the purpose of deciding whether or not to agree to the scheme, and

(b) no such requirement was made.

829. Agreement to dispense with reports etc (merger)

If all members holding shares in, and all persons holding other securities of, the merging companies, being shares or securities that carry a right to vote in general meetings of the merging company in question, so agree, the following requirements do not apply .

(1) The requirements that may be dispensed with under this section are–

(a) the requirements of–

(i) section 815 (directors' or equivalent office holders' explanatory report),

(ii) section 816 (expert's report),

(iii) section 817 (supplementary accounting statement), and

(iv) section 820 (report on material changes of assets of merging company), and

(b) the requirements of section 818 (inspection of documents) so far as relating to any document required to be drawn up under sections 815, 816 or 817.

(2) For the purposes of this section–

(a) the members, or holders of other securities, of a merging company, and

(b) whether shares or other securities carry a right to vote in general meetings of the merging company,

are determined as at the date of the application to the Court under section 802.

Chapter 3

DIVISION

830. Divisions and companies involved in a division

(1) The scheme involves a division where under the scheme the undertaking, property and liabilities of a company formed or registered under these Regulations and in respect of which the compromise or arrangement is proposed are to be divided among and transferred to two or more companies each of which is either–

(a) an existing company, or

(b) a new company.

(2) References in this Part to the companies involved in the division are to the transferor company and any existing transferee companies.

831. Draft terms of scheme (division)

(1) A draft of the proposed terms of the scheme must be drawn up and adopted by the directors of each of the companies involved in the division.

(2) The draft terms must give particulars of at least the following matters–

(a) in respect of the transferor company and each transferee company–

(i) its name,

(ii) the address of its registered office, and

(iii) whether it is a company limited by shares or a company limited by guarantee and having a share capital,

(b) the number of shares in a transferee company to be allotted to members of the transferor company for a given number of their shares (the "share exchange ratio") and the amount of any cash payment,

(c) the terms relating to the allotment of shares in a transferee company,

(d) the date from which the holding of shares in a transferee company will entitle the holders to participate in profits, and any special conditions affecting that entitlement,

(e) the date from which the transactions of the transferor company are to be treated for accounting purposes as being those of a transferee company,

(f) any rights or restrictions attaching to shares or other securities in a transferee company to be allotted under the scheme to the holders of shares or other securities in the transferor company to which any special rights or restrictions attach, or the measures proposed concerning them,

(g) any amount of benefit paid or given or intended to be paid or given–

(i) to any of the experts referred to in section 836 (expert's report), or

(ii) to any director of a company involved in the division,

and the consideration for the payment of benefit.

(3) The draft terms must also–

(a) give particulars of the property and liabilities to be transferred (to the extent that these are known to the transferor company) and their allocation among the transferee companies,

(b) make provision for the allocation among and transfer to the transferee companies of any other property and liabilities that the transferor company has acquired or may subsequently acquire, and

(c) specify the allocation to members of the transferor company of shares in the transferee companies and the criteria upon which that allocation is based.

832. Publication of draft terms by Registrar (division)

(1) The directors of each company involved in the division must deliver a copy of the draft terms to the Registrar.

(2) The Registrar must publish on the registar's website notice of receipt from that company of a copy of the draft terms.

(3) That notice must be published at least one month before the date of any meeting of that company summoned for the purposes of approving the scheme.

(4) The requirements in this section are subject to section 833 (publication of draft terms on company website) and section 848 (power of Court to exclude certain requirements).

833. Publication of draft terms on company website (division)

Section 832 does not apply in respect of a company if the conditions in subsections (1) to (5) are met.

(1) The first condition is that the draft terms are made available on a website which–

(a) is maintained by or on behalf of the company, and

(b) identifies the company.

(2) The second condition is that neither access to the draft terms on the website nor the supply of a hard copy of them from the website is conditional on payment of a fee or otherwise restricted.

(3) The third condition is that the directors of the company deliver to the Registrar a notice giving details of the website.

(4) The fourth condition is that the Registrar publishes the notice on his website at least one month before the date of any meeting of the company summoned for the purpose of approving the scheme.

(5) The fifth condition is that the draft terms remain available on the website throughout the period beginning one month before, and ending on, the date of any such meeting.

834. Approval of members of companies involved in the division

(1) The scheme must be approved by members of each class of the companies involved in the division representing 75% of the voting rights of the class of members, present and voting either in person or by proxy at a meeting.

(2) This requirement is subject to sections 844 and 845 (circumstances in which meeting of members not required).

835. Directors' explanatory report (division)

(1) The directors of the transferor and each existing transferee company must draw up and adopt a report.

(2) The report must consist of–

(a) the statement required by section 803 (statement to be circulated or made available), and

(b) insofar as that statement does not deal with the following matters, a further statement–

(i) setting out the legal and economic grounds for the draft terms, and in particular for the share exchange ratio and for the criteria on which the allocation to the members of the transferor company of shares in the transferee companies was based, and

(ii) specifying any special valuation difficulties.

(3) The report must also state–

(a) whether a report has been made to any transferee company under section 550 (valuation of non-cash consideration for shares), and

(b) if so, whether that report has been delivered to the Registrar of companies.

(4) The requirement in this section is subject to section 846 (agreement to dispense with reports etc) and section 847 (certain requirements excluded where shareholders given proportional rights).

836. Expert's report (division)

(1) An expert's report must be drawn up on behalf of each of each company involved in the division.

(2) The report required is a written report on the draft terms to the members of the company.

(3) The Court may on the joint application of the companies involved in the division approve the appointment of a joint expert to draw up a single report on behalf of all those companies.

If no such appointment is made, there must be a separate expert's report to the members of each company involved in the division drawn up by a separate expert appointed on behalf of that company.

(4) The expert must be a person who–

(a) is eligible for appointment as an auditor, and

(b) meets the independence requirement in section 850.

(5) The expert's report must–

(a) indicate the method or methods used to arrive at the share exchange ratio,

(b) give an opinion as to whether the method or methods used are reasonable in all the circumstances of the case, indicate the values arrived at using each such method and (if there is more than one method) give an opinion on the relative importance attributed to such methods in arriving at the value decided on,

(c) describe any special valuation difficulties that have arisen,

(d) state whether in the expert's opinion the share exchange ratio is reasonable, and

(e) in the case of an expert valuation made by a person other than himself (see section 849), state that it appeared to him reasonable to arrange for it to be so made or to accept a valuation so made.

(6) The expert (or each of them) has–

(a) the right of access to all such documents of the companies involved in the division, and

(b) the right to require from the companies' officers all such information,

as he thinks necessary for the purposes of making his report.

(7) The requirement in this section is subject to section 846 (agreement to dispense with reports etc) and section 847 (certain requirements excluded where shareholders given proportional rights).

837. Supplementary accounting statement (division)

(1) This section applies if the last annual accounts of a company involved in the division relate to a financial year ending before–

(a) the date seven months before the first meeting of the company summoned for the purposes of approving the scheme, or

(b) if no meeting of the company is required (by virtue of section 844 or 845), the date six months before the directors of the company adopt the draft terms of the scheme.

(2) If the company has not made public a half-yearly financial report relating to a period ending on or after the date mentioned in subsection (1), the directors of the company must prepare a supplementary accounting statement.

(3) That statement must consist of–

(a) a balance sheet dealing with the state of affairs of the company as at a date not more than three months before the draft terms were adopted by the directors, and

(b) where the company would be required under section 389 (duty to prepare group accounts) to prepare group accounts if that date were the last day of a financial year, a consolidated balance sheet dealing with the state of affairs of the company and the undertakings that would be included in such a consolidation.

(4) The requirements of these Regulations as to the balance sheet forming part of a company's annual accounts, and the matters to be included in notes to it, apply to the balance sheet required for an accounting statement under this section, with such modifications as are necessary by reason of its being prepared otherwise than as at the last day of a financial year.

(5) The provisions of section 399 (approval and signing of accounts) as to the approval and signing of accounts apply to the balance sheet required for an accounting statement under this section.

In this section "half-yearly financial report" means a report of that description required to be made public by any rules or regulations applicable in the Abu Dhabi Global Market to listed companies or, in the case of a non-ADGM company, as may be prescribed by rules made by Board for the purposes of this Part.

(6) The requirement in this section is subject to section 846 (agreement to dispense with reports etc) and section 847 (certain requirements excluded where shareholders given proportional rights).

838. Inspection of documents (division)

(1) The members of each company involved in the division must be able, during the period specified below–

(a) to inspect at the registered office of that company copies of the documents listed below relating to that company and every other company involved in the division, and

(b) to obtain copies of those documents or any part of them on request free of charge.

(2) The period referred to above is the period–

(a) beginning one month before, and

(b) ending on the date of,

the first meeting of the members, or any class of members, of the company for the purposes of approving the scheme.

(3) The documents referred to above are–

(a) the draft terms,

(b) the directors' explanatory report,

(c) the expert's report,

(d) the company's annual accounts and reports for the last three financial years ending on or before the first meeting of the members, or any class of members, of the company summoned for the purposes of approving the scheme,

(e) any supplementary accounting statement required by section 837, and

(f) if no statement is required by section 837 because the company has made public a recent half-yearly financial report (see subsection 837(2) of that section), that report.

(4) The requirement in subsection (1)(a) is subject to section 0 (publication of documents on company website).

(5) The requirements in subsection (3)(b), (3)(c) and (3)(e) are subject to section 846 (agreement to dispense with reports etc), section 847 (certain requirements excluded where shareholders given proportional rights) and section 848 (power of Court to exclude certain requirements).

(6) Section 1005 (right to hard copy version) does not apply to a document sent or supplied in accordance with subsection (1)(b) to a member who has consented to information being sent or supplied by the company by electronic means and has not revoked that consent.

(7) Part 4 of Schedule 5 (communications by means of a website) does not apply for the purposes of subsection (1)(b) (but see section 839(4)).

839. Publication of documents on company website (division)

Section 838(1)(a) does not apply to a document if the conditions in subsections (1) to (3) are met in relation to that document.

This is subject to subsection (5).

(1) The first condition is that the document is made available on a website which–

(a) is maintained by or on behalf of the company, and

(b) identifies the company.

(2) The second condition is that access to the document on the website is not conditional on payment of a fee or otherwise restricted.

(3) The third condition is that the document remains available on the website throughout the period beginning one month before, and ending on, the date of any meeting of the company summoned for the purpose of approving the scheme.

(4) A person is able to obtain a copy of a document as required by section 838(1)(b) if–

(a) the conditions in subsections (1) and (2) are met in relation to that document, and

(b) the person is able, throughout the period specified in subsection (3)–

(i) to retain a copy of the document as made available on the website, and

(ii) to produce a hard copy of it.

(5) Where members of a company are able to obtain copies of a document only as mentioned in subsection (4), section 838(1)(a) applies to that document even if the conditions in subsections (1) to (3) are met.

840. Report on material changes of assets of transferor company (division)

(1) The directors of the transferor company must report–

(a) to every meeting of the members, or any class of members, of that company summoned for the purpose of agreeing to the scheme, and

(b) to the directors of each existing transferee company,

any material changes in the property and liabilities of the transferor company between the date when the draft terms were adopted and the date of the meeting in question.

(2) The directors of each existing transferee company must in turn–

(a) report those matters to every meeting of the members, or any class of members, of that company summoned for the purpose of agreeing to the scheme, or

(b) send a report of those matters to every member entitled to receive notice of such a meeting.

(3) The requirement in this section is subject to section 846 (agreement to dispense with reports etc) and section 847 (certain requirements excluded where shareholders given proportional rights).

841. Approval of articles of new transferee company (division)

The articles of every new transferee company, or a draft of them, must be approved by ordinary resolution of the transferor company.

842. Protection of holders of securities to which special rights attached (division)

(1) The scheme must provide that where any securities of the transferor company (other than shares) to which special rights are attached are held by a person otherwise than as a member or creditor of the company, that person is to receive rights in a transferee company of equivalent value.

(2) Subsection (1) does not apply if–

(a) the holder has agreed otherwise, or

(b) the holder is, or under the scheme is to be, entitled to have the securities purchased by a transferee company on terms that the Court considers reasonable.

843. No allotment of shares to transferor company or to transferee company (division)

The scheme must not provide for any shares in a transferee company to be allotted to–

(a) the transferor company (or its nominee) in respect of shares in the transferor company held by the transferor company itself (or its nominee), or

(b) a transferee company (or its nominee) in respect of shares in the transferor company held by the transferee company (or its nominee).

844. Circumstances in which meeting of members of transferor company not required (division)

(1) This section applies in the case of a division where all of the shares or other securities of the transferor company carrying the right to vote at general meetings of the company are held by or on behalf of one or more existing transferee companies.

(2) It is not necessary for the scheme to be approved by a meeting of the members, or any class of members, of the transferor company if the Court is satisfied that the following conditions have been complied with.

(3) The first condition is that either subsection (4) or subsection (5) is satisfied.

(4) This subsection is satisfied if publication of notice of receipt of the draft terms by the Registrar took place in respect of all the companies involved in the division at least one month before the date of the Court's order.

(5) This subsection is satisfied if–

(a) the conditions in section 833(1) to 833(3) are met in respect of each of the companies involved in the division,

(b) in each case, the Registrar published the notice mentioned in subsection 833(3) of that section on the registar's website at least one month before the date of the Court's order, and

(c) the draft terms remained available on the website throughout the period beginning one month before, and ending on, that date.

(6) The second condition is that subsection (7) or (8) is satisfied for each of the documents listed in the applicable subsection 838(3) relating to every company involved in the division.

(7) This subsection is satisfied for a document if the members of every company involved in the division were able during the period beginning one month before, and ending on, the date of the Court's order to inspect that document at the registered office of their company.

(8) This subsection is satisfied for a document if–

(a) the document is made available on a website which is maintained by or on behalf of the company to which it relates and identifies the company,

(b) access to the document on the website is not conditional on payment of a fee or otherwise restricted, and

(c) the document remains available on the website throughout the period beginning one month before, and ending on, the date of the Court's order.

(9) The third condition is that the members of every company involved in the division were able to obtain copies of the documents mentioned in subsection (6), or any part of those documents, on request and free of charge, throughout the period beginning one month before, and ending on, the date of the Court's order.

(10) For the purposes of subsection (9)–

section 839(4) applies as it applies for the purposes of section 838(1)(b), and

(a) Part 4 of Schedule 5 (communications by means of a website) does not apply.

(11) The fourth condition is that the directors of the transferor company have sent–

(a) to every member who would have been entitled to receive notice of a meeting to agree to the scheme (had any such meeting been called), and

(b) to the directors of every existing transferee company,

a report of any material change in the property and liabilities of the transferor company between the date when the terms were adopted by the directors and the date one month before the date of the Court's order.

845. Circumstances in which meeting of members of transferee company not required (division)

(1) In the case of a division, it is not necessary for the scheme to be approved by the members of a transferee company if the Court is satisfied that the following conditions have been complied with in relation to that company.

(2) The first condition is that either subsection (3) or subsection (4) is satisfied.

(3) This subsection is satisfied if publication of notice of receipt of the draft terms by the Registrar took place in respect of the transferee company at least one month before the date of the first meeting of members of the transferor company summoned for the purposes of agreeing to the scheme.

(4) This subsection is satisfied if–

(a) the conditions in section 833(1) to 833(3) are met in respect of the transferee company,

(b) the Registrar published the notice mentioned in subsection 833(3) of that section on the Registrar's website at least one month before the date of the first meeting of members of the transferor company summoned for the purposes of agreeing to the scheme, and

(c) the draft terms remained available on the website throughout the period beginning one month before, and ending on, that date.

(5) The second condition is that subsection (6) or (7) is satisfied for each of the documents listed in the applicable subsection 838(3) relating to the transferee company and every other company involved in the division.

(6) This subsection is satisfied for a document if the members of the transferee company were able during the period beginning one month before, and ending on, the date mentioned in subsection (3) to inspect that document at the registered office of that company.

(7) This subsection is satisfied for a document if–

(a) the document is made available on a website which is maintained by or on behalf of the transferee company and identifies the company,

(b) access to the document on the website is not conditional on payment of a fee or otherwise restricted, and

(c) the document remains available on the website throughout the period beginning one month before, and ending on, the date mentioned in subsection (3).

(8) The third condition is that the members of the transferee company were able to obtain copies of the documents mentioned in subsection (5), or any part of those documents, on request and free of charge, throughout the period beginning one month before, and ending on, the date mentioned in subsection (3).

(9) For the purposes of subsection (8)–

section 839(4) applies as it applies for the purposes of section 838(1)(b), and

(a) Part 4 of Schedule 5 (communications by means of a website) does not apply.

(10) The fourth condition is that–

(a) one or more members of that company, who together held not less than 5% of the voting rights of the members of the surviving company entitled to vote at general meetings of the surviving company (excluding any shares in the company held as treasury shares) would have been able, during that period, to require a meeting of each class of members to be called for the purpose of deciding whether or not to agree to the scheme, and

(b) no such requirement was made.

(11) The first, second and third conditions above are subject to section 848 (power of Court to exclude certain requirements).

846. Agreement to dispense with reports etc (division)

(1) If all members holding shares in, and all persons holding other securities of, the companies involved in the division, being shares or securities that carry a right to vote in general meetings of the company in question, so agree, the following requirements do not apply.

(2) The requirements that may be dispensed with under this section are–

(a) the requirements of–

(i) section 835 (directors' explanatory report),

(ii) section 836 (expert's report),

(iii) section 837 (supplementary accounting statement), and

(iv) section 840 (report on material changes in assets of transferor company), and

(b) the requirements of section 838 (inspection of documents) so far as relating to any document required to be drawn up under the provisions mentioned in subsection (a)(i), (a)(ii) or (a)(iii) above.

(3) For the purposes of this section–

(a) the members, or holders of other securities, of a company, and

(b) whether shares or other securities carry a right to vote in general meetings of the company,

are determined as at the date of the application to the Court under section 802.

847. Certain requirements excluded where shareholders given proportional rights (division)

This section applies in the case of a division where each of the transferee companies is a new company.

(1) If all the shares in each of the transferee companies are to be allotted to the members of the transferor company in proportion to their rights in the allotted share capital of the transferor company, the following requirements do not apply.

(2) The requirements which do not apply are–

(a) the requirements of–

(i) section 835 (directors' explanatory report),

(ii) section 836 (expert's report),

(iii) section 837 (supplementary accounting statement), and

(iv) section 840 (report on material changes in assets of transferor company), and

(b) the requirements of section 838 (inspection of documents) so far as relating to any document required to be drawn up under the provisions mentioned in subsection (a)(i), (a)(ii) or (a)(iii) above.

848. Power of Court to exclude certain requirements (division)

(1) In the case of a division, the Court may by order direct that–

(a) in relation to any company involved in the division, the requirements of–

(i) section 832 (publication of draft terms), and

(ii) section 838 (inspection of documents),

do not apply, and

(b) in relation to an existing transferee company, section 845 (circumstances in which meeting of members of transferee company not required) has effect with the omission of the first, second and third conditions specified in that section,

if the Court is satisfied that the following conditions will be fulfilled in relation to that company.

(2) The first condition is that the members of that company will have received, or will have been able to obtain free of charge, copies of the documents listed in section 838–

(a) in time to examine them before the date of the first meeting of the members, or any class of members, of that company summoned for the purposes of agreeing to the scheme, or

(b) in the case of an existing transferee company where in the circumstances described in section 845 no meeting is held, in time to require a meeting as mentioned in subsection 845(4) of that section.

(3) The second condition is that the creditors of that company will have received or will have been able to obtain free of charge copies of the draft terms in time to examine them–

(a) before the date of the first meeting of the members, or any class of members, of the company summoned for the purposes of agreeing to the scheme, or

(b) in the circumstances mentioned in subsection (2)(b) above, at the same time as the members of the company.

(4) The third condition is that no prejudice would be caused to the members or creditors of the transferor company or any transferee company by making the order in question.

Chapter 4

SUPPLEMENTARY PROVISIONS

849. Expert's report: valuation by another person

(1) Where it appears to an expert–

(a) that a valuation is reasonably necessary to enable him to draw up his report, and

(b) that it is reasonable for that valuation, or part of it, to be made by (or for him to accept a valuation made by) another person who–

(i) appears to him to have the requisite knowledge and experience to make the valuation or that part of it, and

(ii) meets the independence requirement in section 850,

he may arrange for or accept such a valuation, together with a report which will enable him to make his own report under section 816 or 836.

(2) Where any valuation is made by a person other than the expert himself, the latter's report must state that fact and must also–

(a) state the former's name and what knowledge and experience he has to carry out the valuation, and

(b) describe so much of the undertaking, property and liabilities as was valued by the other person, and the method used to value them, and specify the date of the valuation.

850. Experts and valuers: independence requirement

(1) A person meets the independence requirement for the purposes of section 816 or 836 (expert's report) or section 849 (valuation by another person) only if–

(a) he is not–

(i) an officer or employee of any of the companies or bodies corporate concerned in the scheme, or

(ii) a partner or employee of such a person, or a partnership of which such a person is a partner,

(b) he is not–

(i) an officer or employee of an associated undertaking of any of the companies or bodies corporate concerned in the scheme, or

(ii) a partner or employee of such a person, or a partnership of which such a person is a partner, and

(c) there does not exist between–

(i) the person or an associate of his, and

(ii) any of the companies or bodies corporate concerned in the scheme or an associated undertaking of such a company or body corporate,

a connection of any such description as may be specified by rules made by the Board.

(2) An auditor of a company or body corporate is not regarded as an officer or employee of the company for this purpose.

(3) For the purposes of this section–

(a) the "companies concerned in the scheme" means every merging company, transferor and existing transferee company,

(b) "associated undertaking", in relation to a company or body corporate, means–

(i) a parent undertaking or subsidiary undertaking of the company or body corporate, or

(ii) a subsidiary undertaking of a parent undertaking of the company or body corporate, and

(c) "associate" has the meaning given by section 851.

Expert's report and related matters

851. Experts and valuers: meaning of "associate"

(1) This section defines "associate" for the purposes of section 850 (experts and valuers: independence requirement).

(2) In relation to an individual, "associate" means–

(a) that individual's spouse or minor child or step-child,

(b) any body corporate of which that individual is a director, and

(c) any employee or partner of that individual.

(3) In relation to a body corporate, "associate" means–

(a) any body corporate of which that body is a director,

(b) any body corporate in the same group as that body, and

(c) any employee or partner of that body or of any body corporate in the same group.

Powers of the Court

852. Power of Court to summon meeting of members or creditors of existing merging company or transferee company

(1) The Court may order a meeting of–

(a) the members of an existing transferee company, or any class of them, or

(b) the creditors of an existing transferee company, or any class of them,

to be summoned in such manner as the Court directs.

(2) An application for such an order may be made by–

(a) the company concerned,

(b) a member or creditor of the company,

(c) if the company is being wound up, the liquidator, or

(d) if the company is in administration, the administrator.

(3) Section 341 (representation of corporations at meetings) applies to a meeting of creditors under this section as to a meeting of the company (references to a member being read as references to a creditor).

853. Court to fix date of merger or for transfer of undertaking etc of transferor company

(1) Where the Court sanctions the compromise or arrangement, it must–

(a) in the order sanctioning the compromise or arrangement, or

(b) in a subsequent order under section 806 (powers of Court to facilitate reconstruction or amalgamation or merger or division),

fix a date on which the merger by absorption, merger by consolidation or division is to take place.

(2) Any such order that provides for the dissolution of the transferor company must fix the same date for the dissolution.

(3) If it is necessary for the transferor company to take steps to ensure that the undertaking, property and liabilities are fully transferred, the Court must fix a date, not later than six months after the date fixed under subsection (1), by which such steps must be taken.

(4) In that case, the Court may postpone the dissolution of the transferor company until that date.

(5) The Court may postpone or further postpone the date fixed under subsection (3) if it is satisfied that the steps mentioned cannot be completed by the date (or latest date) fixed under that subsection.

Liability of transferee companies

854. Liability of transferee companies for each other's defaults

(1) In the case of a division, each transferee company is jointly and severally liable for any liability transferred to any other transferee company under the scheme to the extent that the other company has made default in satisfying that liability. This is subject to the following provisions.

(2) If 75% in value of the creditors or class of creditors or members or class of members (as the case may be) representing 75% of the voting rights of the members or class of members (as the case may be), present and voting either in person or by proxy at a meeting summoned for the purposes of agreeing to the scheme, so agree, subsection (1) does not apply in relation to the liabilities owed to the creditors or that class of creditors.

(3) A transferee company is not liable under this section for an amount greater than the net value transferred to it under the scheme.

The "net value transferred" is the value at the time of the transfer of the property transferred to it under the scheme less the amount at that date of the liabilities so transferred.

Disruption of websites

855. Disregard of website failures beyond control of company

A failure to make information or a document available on the website throughout a period specified in any of the provisions mentioned in subsection (2) is to be disregarded if–

(a) it is made available on the website for part of that period, and

(b) the failure to make it available throughout that period is wholly attributable to circumstances that it would not be reasonable to have expected the company to prevent or avoid.

(2) The provisions referred to above are–

(a) section 813(5),

(b) section 819(3),

(c) section 826(5) and 826(8),

(d) section 827(5) and 827(8),

(e) section 828(4) and 828(7),

(f) section 833(5),

(g) section 839(3),

(h) section 844(5) and 844(8), and

(i) section 845(4) and 845(7).

Interpretation

856. Meaning of "liabilities" and "property"

In this Part–

"liabilities" includes duties,

"property" includes property, rights and powers of every description.

Part 27

FRAUDULENT TRADING

857. Fraudulent trading

(1) If any business of a company is carried on with intent to defraud creditors of the company or creditors of any other person, or for any fraudulent purpose, a contravention of these Regulations is committed by every person who is knowingly a party to the carrying on of the business in that manner .

(2) This applies whether or not the company has been, or is in the course of being, wound up.

(3) A person who commits the contravention referred to in subsection (1) shall be liable for a fine of up to level 8.

(4) The provisions of this section are without prejudice to any other fine, censure or legal proceeding to which a director may be subject under these Regulations or any other law or regulation applicable in the Abu Dhabi Global Market.

Part 28

PROTECTION OF MEMBERS AGAINST UNFAIR PREJUDICE

Main provisions

858. Petition by company member

(1) A member of a company may apply to the Court by petition for an order under this Part on the ground–

(a) that the company's affairs are being or have been conducted in a manner that is unfairly prejudicial to the interests of members generally or of some part of its members (including at least himself), or

(b) that an actual or proposed act or omission of the company (including an act or omission on its behalf) is or would be so prejudicial.

(2) For the purposes of subsection (1)(a), a removal of the company's auditor from office–

on grounds of divergence of opinions on accounting treatments or audit procedures, or

(a) on any other improper grounds,

shall be treated as being unfairly prejudicial to the interests of some part of the company's members.

(3) The provisions of this Part apply to a person who is not a member of a company but to whom shares in the company have been transferred or transmitted by operation of law as they apply to a member of a company.

859. Petition by the Board

(1) This section applies to a company in respect of which–

(a) the Board has exercised its powers of investigation under these Regulations, or

(b) the Board has received a report from an investigator appointed by it under that Part.

(2) If it appears to the Board that in the case of such a company–

(a) the company's affairs are being or have been conducted in a manner that is unfairly prejudicial to the interests of members generally or of some part of its members, or

(b) an actual or proposed act or omission of the company (including an act or omission on its behalf) is or would be so prejudicial,

it may apply to the Court by petition for an order under this Part.

(3) The Board may do this in addition to, or instead of, presenting a petition for the winding up of the company.

(4) In this section, and so far as applicable for the purposes of this section in the other provisions of this Part, "company" means any body corporate that is liable to be wound up under the Insolvency Regulations 2015.

860. Powers of the Court under this Part

(1) If the Court is satisfied that a petition under this Part is well founded, it may make such order as it thinks fit for giving relief in respect of the matters complained of.

(2) Without prejudice to the generality of subsection (1), the Court's order may–

(a) regulate the conduct of the company's affairs in the future,

(b) require the company–

(i) to refrain from doing or continuing an act complained of, or

(ii) to do an act that the petitioner has complained it has omitted to do,

(c) authorise civil proceedings to be brought in the name and on behalf of the company by such person or persons and on such terms as the Court may direct,

(d) require the company not to make any, or any specified, alterations in its articles without the leave of the Court,

(e) provide for the purchase of the shares of any members of the company by other members or by the company itself and, in the case of a purchase by the company itself, the reduction of the company's capital accordingly.

Supplementary provisions

861. Application of general rule-making powers

The power of the Board to make rules under the Insolvency Regulations 2015 in so far as relating to a winding-up petition, applies for the purposes of a petition under this Part.

862. Copy of order affecting company's constitution to be delivered to Registrar

(1) Where an order of the Court under this Part–

(a) alters the company's constitution, or

(b) gives leave for the company to make any, or any specified, alterations to its constitution,

the company must deliver a copy of the order to the Registrar.

(2) It must do so within 14 days from the making of the order or such longer period as the Court may allow.

(3) If a company makes default in complying with this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a level 2 fine.

863. Supplementary provisions where company's constitution altered

(1) This section applies where an order under this Part alters a company's constitution.

(2) If the order amends–

(a) a company's articles, or

(b) any resolution or agreement to which Chapter 3 of Part 3 applies (resolution or agreement affecting a company's constitution),

the copy of the order delivered to the Registrar by the company under section 862 must be accompanied by a copy of the company's articles, or the resolution or agreement in question, as amended.

(3) Every copy of a company's articles issued by the company after the order is made must be accompanied by a copy of the order, unless the effect of the order has been incorporated into the articles by amendment.

(4) If a company makes default in complying with this section, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(5) A person who commits the contravention referred to in subsection (4) shall be liable to a level 2 fine.

Part 29

DISSOLUTION AND RESTORATION TO THE REGISTER

Chapter 1

STRIKING OFF

Registrar's power to strike off defunct company

864. Power to strike off company not carrying on business or in operation

(1) If the Registrar has reasonable cause to believe that a company is not carrying on business or in operation, the Registrar may send to the company a communication inquiring whether the company is carrying on business or in operation.

(2) If the Registrar does not within one month of sending the communication receive any answer to it, the Registrar must within 14 days after the expiration of that month send to the company a second communication referring to the first communication and stating–

(a) that no answer to it has been received, and

(b) that if an answer is not received to the second communication within one month from its date, a notice will be published on the Registrar's website with a view to striking the company's name off the register.

(3) If, within one month after sending the second communication, the Registrar–

(a) receives an answer to the effect that the company is not carrying on business or in operation, or

(b) does not receive any answer,

the Registrar may publish on the Registrar's website and send to the company, a notice that at the expiration of three months from the date of the notice the name of the company mentioned in it will, unless cause is shown to the contrary, be struck off the register and the company will be dissolved.

(4) At the expiration of the time mentioned in the notice the Registrar may, unless cause to the contrary is previously shown by the company, strike its name off the register.

(5) The Registrar must publish notice on the Registrar's website of the company's name having been struck off the register.

(6) On the publication of the notice on the Registrar's website the company is dissolved.

(7) However–

(a) the liability (if any) of every director, managing officer and member of the company continues and may be enforced as if the company had not been dissolved, and

(b) nothing in this section affects the power of the Court to wind up a company the name of which has been struck off the register.

865. Duty to act in case of company being wound up

(1) If, in a case where a company is being wound up–

(a) the Registrar has reasonable cause to believe–

(i) that no liquidator is acting, or

(ii) that the affairs of the company are fully wound up, and

(b) the returns required to be made by the liquidator have not been made for a period of 12 consecutive months,

the Registrar must publish on the Registrar's website and send to the company or the liquidator (if any), a notice that at the expiration of three months from the date of the notice the name of the company mentioned in it will, unless cause is shown to the contrary, be struck off the register and the company will be dissolved.

(2) At the expiration of the time mentioned in the notice the Registrar may, unless cause to the contrary is previously shown by the company, strike its name off the register.

(3) The Registrar must publish notice on the Registrar's website of the company's name having been struck off the register.

(4) On the publication of the notice on the Registrar's website the company is dissolved.

(5) However–

(a) the liability (if any) of every director, managing officer and member of the company continues and may be enforced as if the company had not been dissolved, and

(b) nothing in this section affects the power of the Court to wind up a company the name of which has been struck off the register.

866. Supplementary provisions as to service of communication or notice

(1) If the Registrar is not able to send a communication or notice under section 864 or 865 to a company in accordance with Schedule 4, the communication may be sent to an officer of the company at an address for that officer or agent that has been notified to the Registrar by the company.

(2) If there is no officer of the company whose name and address are known to the Registrar, the communication or notice may be sent to each of the initial shareholders (if their addresses are known to the Registrar).

(3) A notice to be sent to a liquidator under section 865 may be sent to the address of the liquidator's last known place of business or to an address specified by the liquidator to the Registrar for the purpose of receiving notices, or notices of that kind.

(4) In this section "address" has the same meaning as in section 1008(1).

Voluntary striking off

867. Striking off on application by company with notice to members, employees etc[70].

(1) On application by a company under this section, the Registrar of companies may strike the company's name off the register.

(2) An application under this section[71]–

(a) must be made on the company's behalf by its directors or by a majority of them, and

(b) must contain the prescribed information.

(3) The Registrar may not strike a company off under this section until after the expiration of three months from the publication by the Registrar on the Registrar's website of a notice–

(a) stating that the Registrar may exercise the power under this section in relation to the company, and

(b) inviting any person to show cause why that should not be done.

(4) The Registrar must publish notice on the Registrar's website of the company's name having been struck off.

(5) On the publication of the notice on the Registrar's website the company is dissolved.

[70] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017

[71] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(6) However–

(a) the liability (if any) of every director, managing officer and member of the company continues and may be enforced as if the company had not been dissolved, and

(b) nothing in this section affects the power of the Court to wind up a company the name of which has been struck off the register.

867A. Striking off on application by company supported by a prescribed statement

(1) On application by an eligible company (see section 867B) under this section, the Registrar may strike the company's name off the register.

(2) An application under this section–

(a) must be approved by all members of the company present at a meeting of members or by written resolution signed by each member of the company,

(b) must be supported by a prescribed statement (see section 867C) made not more than 15 days before the date on which the resolution is passed, and

(c) must contain the prescribed information.

(3) Where the resolution is proposed as a written resolution, a copy of the statement must be sent or submitted to every eligible member at or before the time at which the proposed resolution is sent or submitted to him.

(4) Where the resolution is proposed at a general meeting, a copy of the prescribed statement must be made available for inspection by members of the company throughout that meeting.

(5) The validity of a resolution is not affected by a failure to comply with subsection (3) or (4).

(6) The Registrar may not strike a company off under this section until after the expiration of two months from the publication by the Registrar on the Registrar's website of a notice–

(a) stating that the Registrar may exercise the power under this section in relation to the company, and

(b) inviting any person to show cause why that should not be done.

(7) The Registrar must publish notice on the Registrar's website of the company's name having been struck off.

(8) On the publication of the notice on the Registrar's website the company is dissolved.

(9) However–

(a) the liability (if any) of every director, managing officer and member of the company continues and may be enforced as if the company had not been dissolved, and

(b) nothing in this section affects the power of the Court to wind up a company the name of which has been struck off the register. [72]

[72] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

867B. Eligible company

(1) An eligible company for the purpose of section 867A (application for voluntary striking off supported by prescribed statement) is a company that-

(a) qualifies as a small company for the purpose of section 369 (companies qualifying as small) as modified by section 371 (companies excluded from small companies regime),

(b) meets such additional requirements as the Registrar may from time to time publish on the Registrar's website, and

(c) subject to subsection (2), is not and has not been either an Authorised Person (as defined in the Financial Services and Markets Regulations 2015) or carried out a Regulated Activity (as defined in the Financial Services and Markets Regulations 2015).

(2) Companies who:

(a) meet the criteria in paragraphs (a) and (b) of subsection (1),

(b) are licensed pursuant to the Commercial Licensing Regulations 2015 to carry on the Controlled Activity (as defined in the Commercial Licensing Regulations 2015) of developing Financial Technology Services within the RegLab, and

(c) have ceased to be an Authorised Person (as defined in the Financial Services and Markets Regulations 2015),

are eligible companies for the purpose of section 867A. [73]

867C. Prescribed statement

(1) A prescribed statement is a statement that each of the directors has formed the opinion, as regards the company's situation at the date of the statement that-

(a) the company is an eligible company,

(b) the company is not precluded by sections 868 and 869 from making an application under section 867A (application for voluntary striking off supported by prescribed statement),

(c) that the company has no employees, and

(d) that all creditors of the company have been paid or otherwise discharged in full and the company has no other liabilities (including any contingent or prospective liabilities and liabilities in respect of current or former directors, employees or clients).

(2) In forming those opinions-

(a) the directors must take into account-

(i) any payment to members proposed to be made prior to the company being dissolved, details of which must be stated on the prescribed statement, and

(ii) all of the company's liabilities (including any contingent or prospective liabilities),

[73] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(b) the directors may take into account any arrangement made by the company for the discharge of the company's contingent or prospective liabilities by a third party following its dissolution and striking off.

(3) The prescribed statement must be in the prescribed form and must state-

(a) the date on which it is made, and

(b) the name of each director of the company.

(4) If the directors make a prescribed statement without having reasonable grounds for the opinions expressed in it, and the statement is delivered to the Registrar, a contravention of these Regulations is committed by every director who is in default.

(5) If the directors make a prescribed statement and prior to an application made under section 867A being finally dealt with cease to have reasonable grounds for the opinions expressed in the prescribed statement or the opinions expressed in the prescribed statement cease to be true, the directors shall withdraw the company's application under section 873 (circumstances in which application to be withdrawn).

(6) A person who commits a contravention of subsection (4) is liable to a fine of up to level 8[74].

868. Circumstances in which application not to be made: activities of company

(1) An application under section 867 (application for voluntary striking off with notice to members, employees etc.) or under section 867A (application for voluntary striking off supported by prescribed statement[75]) on behalf of a company must not be made if, at any time in the previous three months, the company has–

(a) changed its name,

(b) traded or otherwise carried on business,

(c) made a disposal for value of property or rights that, immediately before ceasing to trade or otherwise carry on business, it held for the purpose of disposal for gain in the normal course of trading or otherwise carrying on business, or

(d) engaged in any other activity, except one which is–

(i) necessary or expedient for the purpose of making an application under that section, or deciding whether to do so,

(ii) necessary or expedient for the purpose of concluding the affairs of the company,

(iii) necessary or expedient for the purpose of complying with any statutory requirement, or

(iv) specified by rules made by the Board by resolution for the purposes of this sub-paragraph.

(2) For the purposes of this section, a company is not to be treated as trading or otherwise carrying on business by virtue only of the fact that it makes a payment in respect of a liability incurred in the course of trading or otherwise carrying on business.

[74] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.
[75] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(3) It is a contravention of these Regulations for a person to make an application in contravention of this section.

(4) It is a defence to such a contravention for the person who committed the contravention to prove that he did not know, and could not reasonably have known, of the existence of the facts that led to the contravention.

(5) A person who commits a contravention under this section shall be liable to a level 3 fine.

869. Circumstances in which application not to be made: other proceedings not concluded

(1) An application under section 867 (application for voluntary striking off) or under section 867A (application for voluntary striking off supported by prescribed statement)[76] on behalf of a company must not be made at a time when–

(a) an application to the Court under Part 25 has been made on behalf of the company for the sanctioning of a compromise or arrangement and the matter has not been finally concluded,

(b) the company is in administration under Part 1 (administration) of the Insolvency Regulations 2015,

(c) the company is being wound up under Part 3 (winding up) of the Insolvency Regulations 2015 whether voluntarily or by the Court, or a petition under that Part for winding up of the company by the Court has been presented and not finally dealt with or withdrawn,

(d) there is a receiver appointed in respect of the company's property.

(2) For the purposes of subsection (1)(a), the matter is finally concluded if–

(a) the application has been withdrawn,

(b) the application has been finally dealt with without a compromise or arrangement being sanctioned by the Court, or

(c) a compromise or arrangement has been sanctioned by the Court and has, together with anything required to be done under any provision made in relation to the matter by order of the Court, been fully carried out.

(3) It is a contravention of these Regulations for a person to make an application in contravention of this section.

(4) It is a defence to such a contravention for the person who committed the contravention to prove that he did not know, and could not reasonably have known, of the existence of the facts that led to the contravention.

(5) A person who commits a contravention of this section shall be liable to a level 3 fine.

[76] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

870. Copy of application to be given to members, employees, etc.

(1) A person who makes an application under section 867 (application for voluntary striking off) on behalf of a company must ensure that, within seven days from the day on which the application is made, a copy of it is given to every person who at any time on that day is–

(a) a member of the company,

(b) an employee of the company,

(c) a creditor of the company,

(d) a director of the company,

(e) a manager or trustee of any pension fund established for the benefit of employees of the company, or

(f) a person of a description specified for the purposes of this paragraph by an execution decision of the Registrar.

(2) Subsection (1) does not require a copy of the application to be given to a director who is a party to the application.

(3) The duty imposed by this section ceases to apply if the application is withdrawn before the end of the period for giving the copy application.

(4) A person who fails to perform the duty imposed on him by this section commits a contravention of these Regulations.

If he does so with the intention of concealing the making of the application from the person concerned, he commits an aggravated contravention.

(5) It is a defence to such a contravention for the person who committed the contravention to prove that he took all reasonable steps to perform the duty.

(6) A person who commits a contravention of this section (other than an aggravated contravention) shall be liable to a fine of up to level 7.

871. Copy of application to be given to new members, employees, etc.

(1) This section applies in relation to any time after the day on which a company makes an application under section 867 (application for voluntary striking off) and before the day on which the application is finally dealt with or withdrawn.

(2) A person who is a director of the company at the end of a day on which a person (other than himself) becomes–

(a) a member of the company,

(b) an employee of the company,

(c) a creditor of the company,

(d) a director of the company,

(e) a manager or trustee of any pension fund established for the benefit of employees of the company, or

(f) a person of a description specified for the purposes of this paragraph by rules made the Board by resolution,

must ensure that a copy of the application is given to that person within seven days from that day.

(3) The duty imposed by this section ceases to apply if the application is finally dealt with or withdrawn before the end of the period for giving the copy application.

(4) A person who fails to perform the duty imposed on him by this section commits a contravention of these Regulations.

If he does so with the intention of concealing the making of the application from the person concerned, he commits an aggravated contravention.

(5) It is a defence to such a contravention for the person who committed the contravention to prove-

(a) that at the time of the failure he was not aware of the fact that the company had made an application under section 867, or

(b) that he took all reasonable steps to perform the duty.

(6) A person who commits a contravention of this section shall be liable to a fine of up to level 7.

872. Copy of application: provisions as to service of documents

(1) The following provisions have effect for the purposes of–

section 870 (copy of application to be given to members, employees, etc.), and

section 871 (copy of application to be given to new members, employees, etc.).

(2) A document is treated as given to a person if it is–

(a) delivered to him in person, or

(b) left at his residential or service address, or

(c) sent by post to him at his service address.

(3) For the purposes of subsection (2)(c), service (whether the expression "serve" or the expression "give" or "send" or any other expression is used) of documents by post is, unless the contrary intention appears, deemed to be effected by properly addressing, pre-paying and posting a letter containing the document and, unless the contrary is proved, effected at the time at which the letter would be delivered in the ordinary course of post and, as it applies in relation to that subsection, the service address of a person is–

(a) in the case of a firm incorporated or formed in the Abu Dhabi Global Market, its registered office,

(b) in the case of a firm incorporated or formed outside the Abu Dhabi Global Market –

(i) if it has a place of business in the Abu Dhabi Global Market, its principal office in the Abu Dhabi Global Market, or

(ii) if it does not have a place of business in the Abu Dhabi Global Market, its registered or principal office,

(c) in the case of an individual, his last known service address.

(4) In the case of a creditor of the company a document is treated as given to him if it is left or sent by post to him–

(a) at the place of business of his with which the company has had dealings by virtue of which he is a creditor of the company, or

(b) if there is more than one such place of business, at each of them.

873. Circumstances in which application to be withdrawn

(1) This section applies where, at any time on or after the day on which a company makes an application under section 867 (application for voluntary striking off) or under section 867A (application for voluntary striking off supported by a prescribed statement)[77] and before the day on which the application is finally dealt with or withdrawn–

(a) the company–

(i) changes its name,

(ii) trades or otherwise carries on business,

(iii) makes a disposal for value of any property or rights other than those which it was necessary or expedient for it to hold for the purpose of making, or proceeding with, an application under that section, or

(iv) engages in any activity, except one to which subsection (4) applies,

(b) an application is made to the Court under Part 25 on behalf of the company for the sanctioning of a compromise or arrangement,

(c) an application to the Court for an administration order in respect of the company is made under sections 8 (administration application) or 17 (administration application to appoint specified person as administrators by holder of qualifying charge) of the Insolvency Regulations 2015,

(d) an administrator is appointed in respect of the company under Part 1 (administration) of the Insolvency Regulations 2015, or a copy of notice of intention to appoint an administrator of the company under any of those provisions is filed with the Court,

(e) there arise any of the circumstances in which, under Chapter 2 (voluntary winding up) of Part 3 (winding up) of the Insolvency Regulations 2015, the company may be voluntarily wound up,

(f) a petition is presented for the winding up of the company by the Court under Chapter 6 (compulsory winding up) of Part 3 (winding up) of the Insolvency Regulations 2015,

(g) a receiver is appointed in respect of the company's property is appointed,

(h) the circumstances set out in subsection (5) of section 867C (prescribed statement) apply.[78]

[77] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[78] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(2) A person who, at the end of a day on which any of the events mentioned in subsection (1) occurs, is a director of the company must secure that the company's application is withdrawn forthwith.

(3) For the purposes of subsection (1)(a)(ii), a company is not treated as trading or otherwise carrying on business by virtue only of the fact that it makes a payment in respect of a liability incurred in the course of trading or otherwise carrying on business.

(4) The excepted activities referred to in subsection (1)(a)(iv) are–

(a) any activity necessary or expedient for the purposes of–

(i) making, or proceeding with, an application under section 867 (application for voluntary striking off) or under section 867A (application for voluntary striking off supported by prescribed statement)[79],

(ii) concluding affairs of the company that are outstanding because of what has been necessary or expedient for the purpose of making, or proceeding with, such an application, or

(iii) complying with any statutory requirement,

(b) any activity specified in rules made by the Board by resolution for the purposes of this subsection.

(5) A person who fails to perform the duty imposed on him by this section commits a contravention of these Regulations.

(6) It is a defence to such a contravention for the person who committed the contravention to prove–

(a) that at the time of the failure he was not aware of the fact that the company had made an application under section 867 or under section 867A[80], or

(b) that he took all reasonable steps to perform the duty.

(7) A person who commits a contravention under this section shall be liable to a level 3 fine.

874. Withdrawal of application

An application under section 867 or under section 867A[81] is withdrawn by notice to the Registrar.

875. Meaning of "creditor"

In this Chapter "creditor" includes a contingent or prospective creditor.

[79] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[80] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[81] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

Chapter 2

PROPERTY OF DISSOLVED COMPANY

Property vesting as bona vacantia

876. Property of a dissolved company

(1) When a company is dissolved, all property and rights whatsoever vested in or held on trust for the company immediately before its dissolution (but not including property held by the company on trust for another person) are deemed to be *bona vacantia* and–

(a) accordingly belong to the Board, and

(b) vest and may be dealt with in the same manner as other *bona vacantia* accruing to the Board.

(2) Subsection (1) has effect subject to the possible restoration of the company to the register under Chapter 3 (see section 113).

877. Board disclaimer of property vesting as bona vacantia

(1) Where property vests in the Board under section 876, the Board's title to it under that section may be disclaimed by a notice signed by a person duly authorised by the Board.

(2) The right to execute a notice of disclaimer under this section may be waived by or on behalf of the Board either expressly or by taking possession.

(3) A notice of disclaimer must be executed within three years after–

(a) the date on which the fact that the property may have vested in the Board under section 876 first comes to the notice of the Board, or

(b) if ownership of the property is not established at that date, the end of the period reasonably necessary for the Board to establish the ownership of the property.

(4) If an application in writing is made to the Board by a person interested in the property requiring him to decide whether he will or will not disclaim, any notice of disclaimer must be executed within twelve months after the making of the application or such further period as may be allowed by the Court.

(5) A notice of disclaimer under this section is of no effect if it is shown to have been executed after the end of the period specified by subsection (3) or (4).

(6) A notice of disclaimer under this section must be delivered to the Registrar and retained and registered by him.

(7) Copies of it must be published on the website of the Registrar and sent to any persons who have given the Board notice that they claim to be interested in the property.

878. Effect of Board disclaimer

Where notice of disclaimer is executed under section 877 as respects any property, that property is deemed not to have vested in the Board under section 876.

Effect of Board disclaimer

879. General effect of disclaimer

(1) The Board's disclaimer operates so as to determine, as from the date of the disclaimer, the rights, interests and liabilities of the company in or in respect of the property disclaimed.

(2) It does not, except so far as is necessary for the purpose of releasing the company from any liability, affect the rights or liabilities of any other person.

880. Disclaimer of leasehold property

(1) The disclaimer of any property of a leasehold character does not take effect unless a copy of the disclaimer has been served (so far as Board is aware of their addresses) on every person claiming under the company as underlessee , sublessee or mortgagee, and either−

(a) no application under section 881 (power of Court to make vesting order) is made with respect to that property before the end of the period of 14 days beginning with the day on which the last notice under this paragraph was served, or

(b) where such an application has been made, the Court directs that the disclaimer shall take effect.

(2) Where the Court gives a direction under subsection (1)(b) it may also, instead of or in addition to any order it makes under section 881, make such order as it thinks fit with respect to fixtures, tenant's improvements and other matters arising out of the lease.

881. Power of Court to make vesting order

(1) The Court may on application by a person who–

(a) claims an interest in the disclaimed property, or

(b) is under a liability in respect of the disclaimed property that is not discharged by the disclaimer,

make an order under this section in respect of the property.

(2) An order under this section is an order for the vesting of the disclaimed property in, or its delivery to–

(a) a person entitled to it (or a trustee for such a person), or

(b) a person subject to such a liability as is mentioned in subsection (1)(b) (or a trustee for such a person).

(3) An order under subsection (2)(b) may only be made where it appears to the Court that it would be just to do so for the purpose of compensating the person subject to the liability in respect of the disclaimer.

(4) An order under this section may be made on such terms as the Court thinks fit.

(5) On a vesting order being made under this section, the property comprised in it vests in the person named in that behalf in the order without conveyance, assignment or transfer.

Chapter 3

RESTORATION TO THE REGISTER

Administrative restoration to the register

882. Application for administrative restoration to the register

(1) An application may be made to the Registrar to restore to the register a company that has been struck off the register under section 864 or 865 (power of Registrar to strike off defunct company).

(2) An application under this section may be made whether or not the company has in consequence been dissolved.

(3) An application under this section may only be made by a former director or former member of the company.

(4) An application under this section may not be made after the end of the period of six years from the date of the dissolution of the company.

For this purpose an application is made when it is received by the Registrar.

883. Requirements for administrative restoration

(1) On an application under section 882 the Registrar shall restore the company to the register if, and only if, the following conditions are met.

(2) The first condition is that the company was carrying on business or in operation at the time of its striking off.

(3) The second condition is that, if any property or right previously vested in or held on trust for the company has vested as *bona vacantia*, the Board has signified to the Registrar in writing consent to the company's restoration to the register.

(4) It is the applicant's responsibility to obtain that consent and to pay any costs of the Board –

(a) in dealing with the property during the period of dissolution, or

(b) in connection with the proceedings on the application,

that may be demanded as a condition of giving consent.

(5) The third condition is that the applicant has–

(a) delivered to the Registrar such documents relating to the company as are necessary to bring up to date the records kept by the Registrar, and

(b) paid any penalties under section 431 that were outstanding at the date of dissolution or striking off.

884. Application to be accompanied by statement of compliance

(1) An application under section 882 (application for administrative restoration to the register) must be accompanied by a statement of compliance.

(2) The statement of compliance required is a statement–

(a) that the person making the application has standing to apply (see subsection (3) of that section), and

(b) that the requirements for administrative restoration (see section 883) are met.

(3) The Registrar may accept the statement of compliance as sufficient evidence of those matters.

885. Registrar's decision on application for administrative restoration

(1) The Registrar must give notice to the applicant of the decision on an application under section 882 (application for administrative restoration to the register).

(2) If the decision is that the company should be restored to the register, the restoration takes effect as from the date that notice is sent.

(3) In the case of such a decision, the Registrar must–

(a) enter on the register a note of the date as from which the company's restoration to the register takes effect, and

(b) cause notice of the restoration to be published on the website of the Registrar.

(4) The notice under subsection (3)(b) must state–

(a) the name of the company or, if the company is restored to the register under a different name (see section 891), that name and its former name,

(b) the company's registered number, and

(c) the date as from which the restoration of the company to the register takes effect.

886. Effect of administrative restoration

(1) The general effect of administrative restoration to the register is that the company is deemed to have continued in existence as if it had not been dissolved or struck off the register.

(2) The company is not liable to a penalty under section 426 for a financial year in relation to which the period for filing accounts and reports ended–

(a) after the date of dissolution or striking off, and

(b) before the restoration of the company to the register.

(3) The Court may give such directions and make such provision as seems just for placing the company and all other persons in the same position (as nearly as may be) as if the company had not been dissolved or struck off the register.

(4) An application to the Court for such directions or provision may be made any time within three years after the date of restoration of the company to the register.

Restoration to the register by the Court

887. Application to Court for restoration to the register

(1) An application may be made to the Court to restore to the register a company–

(a) that has been dissolved under Part 10 (dissolution) of the Insolvency Regulations 2015,

(b) that is deemed to have been dissolved under Part 10 (dissolution) of the Insolvency Regulations 2015, or

(c) that has been struck off the register–

(i) under section 864 or 865 (power of Registrar to strike off defunct company),[82]

(ii) under section 867 (voluntary striking off), or

(iii) under section 867A (application for voluntary striking off supported by a prescribed statement)[83],

whether or not the company has in consequence been dissolved.

(2) An application under this section may be made by–

(a) the Board,

(b) any former director of the company,

(c) any person having an interest in property–

(i) that was subject to rights vested in the company, or

(ii) that was benefited by obligations owed by the company,

(d) any person who but for the company's dissolution would have been in a contractual relationship with it,

(e) any person with a potential legal claim against the company,

(f) any manager or trustee of a pension fund established for the benefit of employees of the company,

(g) any former member of the company (or the personal representatives of such a person),

(h) any person who was a creditor of the company at the time of its striking off or dissolution,

(i) any former liquidator of the company,

(j) where the company was struck off the register under section 867 (voluntary striking off), any person of a description specified by regulations under section 870(1)(e) or 871(2)(e) (persons entitled to notice of application for voluntary striking off),

or by any other person appearing to the Court to have an interest in the matter.

[82] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[83] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

888. When application to the Court may be made

(1) An application to the Court for restoration of a company to the register may be made at any time for the purpose of bringing proceedings against the company for damages for personal injury.

(2) No order shall be made on such an application if it appears to the Court that the proceedings would fail by virtue of any law or regulation applicable to the Abu Dhabi Global Market as to the time within which proceedings must be brought.

(3) In making that decision the Court must have regard to its power under section 890(3) (power to give consequential directions etc.) to direct that the period between the dissolution (or striking off) of the company and the making of the order is not to count for the purposes of any such law or regulation applicable to the Abu Dhabi Global Market.

(4) In any other case an application to the Court for restoration of a company to the register may not be made after the end of the period of six years from the date of the dissolution of the company, subject as follows.

(5) In a case where–

(a) the company has been struck off the register under section 864 or 865 (power of Registrar to strike off defunct company),

(b) an application to the Registrar has been made under section 882 (application for administrative restoration to the register) within the time allowed for making such an application, and

(c) the Registrar has refused the application,

an application to the Court under this section may be made within one month[84] of notice of the Registrar's decision being issued by the Registrar, even if the period of six years mentioned in subsection (4) above has expired.

(6) For the purposes of this section–

(a) "personal injury" includes any disease and any impairment of a person's physical or mental condition, and

(b) references to damages for personal injury include–

(i) any sum in respect of funeral expenses claimed for the benefit of the estate of a person injured, where the death of such person has been caused by an act or omission which gives rise to a cause of action arising on such person's death, and

(ii) damages arising where death of a person is caused by any wrongful act, neglect or default which is such as would (if death had not ensued) have entitled the person injured to maintain an action and recover damages in respect thereof, notwithstanding the death of the person injured.

[84] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

889. Decision on application for restoration by the Court

(1) On an application under section 887 the Court may order the restoration of the company to the register–

(a) if the company was struck off the register under section 864 or 865 (power of Registrar to strike off defunct companies) and the company was, at the time of the striking off, carrying on business or in operation,

(b) if the company was struck off the register under section 867 (voluntary striking off) and any of the requirements of sections[85] 868 to 873 was not complied with,

(c) if the company was struck off the register under section 867A (application for voluntary striking off supported by a prescribed statement) and any of the requirements of sections 867B to 873 was not complied with[86],

(d) [87]if in any other case the Court considers it just to do so.

(2) If the Court orders restoration of the company to the register, the restoration takes effect on a copy of the Court's order being delivered to the Registrar.

(3) The Registrar must cause to be published on the website of the Registrar notice of the restoration of the company to the register.

(4) The notice must state–

(a) the name of the company or, if the company is restored to the register under a different name (see section 891), that name and its former name,

(b) the company's registered number, and

(c) the date on which the restoration took effect.

890. Effect of Court order for restoration to the register

(1) The general effect of an order by the Court for restoration to the register is that the company is deemed to have continued in existence as if it had not been dissolved or struck off the register.

(2) The company is not liable to a penalty under section 426 for a financial year in relation to which the period for filing accounts and reports ended–

(a) after the date of dissolution or striking off, and

(b) before the restoration of the company to the register.

(3) The Court may give such directions and make such provision as seems just for placing the company and all other persons in the same position (as nearly as may be) as if the company had not been dissolved or struck off the register.

(4) The Court may also give directions as to–

(a) the delivery to the Registrar of such documents relating to the company as are necessary to bring up to date the records kept by the Registrar,

[85] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[86] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[87] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(b) the payment of the costs of the Registrar in connection with the proceedings for the restoration of the company to the register,

(c) where any property or right previously vested in or held on trust for the company has vested as *bona vacantia*, the payment of the costs of the Board–

(i) in dealing with the property during the period of dissolution, or

(ii) in connection with the proceedings on the application.

Supplementary provisions

891. Company's name on restoration

(1) A company is restored to the register with the name it had before it was dissolved or struck off the register, subject to the following provisions.

(2) If at the date of restoration the company could not be registered under its former name without contravening section 55 (name not to be the same as another in the Registrar's register of company names), it must be restored to the register–

(a) under another name specified–

(i) in the case of administrative restoration, in the application to the Registrar, or

(ii) in the case of restoration under a Court order, in the Court's order, or

(b) as if its registered number was also its name.

References to a company's being registered in a name, and to registration in that context, shall be read as including the company's being restored to the register.

(3) If a company is restored to the register under a name specified in the application to the Registrar, the provisions of–

section 68 (change of name: registration and issue of new certificate of incorporation), and

section 69 (change of name: effect),

apply as if the application to the Registrar were notice of a change of name.

(4) If a company is restored to the register under a name specified in the Court's order, the provisions of–

section 68 (change of name: registration and issue of new certificate of incorporation), and

section 69 (change of name: effect),

apply as if the copy of the Court order delivered to the Registrar were notice of a change a name.

(5) If the company is restored to the register as if its registered number was also its name–

(a) the company must change its name within 14 days after the date of the restoration,

(b) the change may be made by resolution of the directors (without prejudice to any other method of changing the company's name),

(c) the company must give notice to the Registrar of the change, and

(d) sections 68 and 69 apply as regards the registration and effect of the change.

(6) If the company fails to comply with subsection 5(a) or (c) a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(7) A person who commits a contravention of these Regulations under subsection 6 shall be liable to a level 2 fine.

892. Effect of restoration to the register where property has vested as bona vacantia

(1) The person in whom any property or right is vested by section 876 (property of a dissolved company) may dispose of, or of an interest in, that property or right despite the fact that the company may be restored to the register under this Chapter.

(2) If the company is restored to the register–

(a) the restoration does not affect the disposition (but without prejudice to its effect in relation to any other property or right previously vested in or held on trust for the company), and

(b) the Board shall pay to the company an amount equal to–

(i) the amount of any consideration received for the property or right or, as the case may be, the interest in it, or

(ii) the value of any such consideration at the time of the disposition,

or, if no consideration was received an amount equal to the value of the property, right or interest disposed of, as at the date of the disposition.

(3) There may be deducted from the amount payable under subsection (2)(b) the reasonable costs of the Board in connection with the disposition (to the extent that they have not been paid as a condition of administrative restoration or pursuant to a Court order for restoration).

PART 30

INVESTIGATION OF COMPANIES AND THEIR AFFAIRS

Chapter 1

REQUISITION OF DOCUMENTS

Appointment and functions of inspectors

893. Investigation of a company on its own application or that of its members

(1) The Registrar may appoint one or more competent inspectors to investigate the affairs of a company and to report the results of their investigations to it.

(2) The appointment may be made—

(a) in the case of a company having a share capital, on the application either of not less than 200 members or of members holding not less than one-tenth of the shares issued (excluding any shares held as treasury shares),

(b) in the case of a company not having a share capital, on the application of not less than one-fifth in number of the persons on the company's register of members, and

(c) in any case, on application of the company.

(3) The application shall be supported by such evidence as the Registrar may require for the purpose of showing that the applicant or applicants have good reason for requiring the investigation.

(4) The Registrar may, before appointing inspectors, require the applicant or applicants to give security, to an amount not exceeding 10,000 US dollars, or such other sum as it may by specify in rules made under this section, for payment of the costs of the investigation.

894. Other company investigations.

(1) The Registrar shall appoint one or more competent inspectors to investigate the affairs of a company and report the result of their investigations to it, if the Court by order declares that its affairs ought to be so investigated.

(2) The Registrar may make such an appointment if it appears to it that there are circumstances suggesting—

(a) that the company's affairs are being or have been conducted with intent to defraud its creditors or the creditors of any other person, or otherwise for a fraudulent or unlawful purpose, or in a manner which is unfairly prejudicial to some part of its members, or

(b) that any actual or proposed act or omission of the company (including an act or omission on its behalf) is or would be so prejudicial, or that the company was formed for any fraudulent or unlawful purpose, or

(c) that persons concerned with the company's formation or the management of its affairs have in connection therewith committed fraud, misfeasance or other misconduct towards it or towards its members, or

(d) that the company's members have not been given all the information with respect to its affairs which they might reasonably expect.

(3) Inspectors may be appointed under subsection (2) on terms that any report they may make is not for publication, and in such a case, the provisions of section 898(3) (availability and publication of inspectors' reports) do not apply.

(4) Subsections (1) and (2) are without prejudice to the powers of the Registrar under section 893, and the power conferred by subsection (2) is exercisable with respect to a body corporate notwithstanding that it is in course of being voluntarily wound up.

(5) The reference in subsection (3) to a company's members includes any person who is not a member but to whom shares in the company have been transferred or transmitted by operation of law.

895. Inspectors' powers during investigation.

If inspectors appointed under section 893 or 894 to investigate the affairs of a company think it necessary for the purposes of their investigation to investigate also the affairs of another body corporate which is or at any relevant time has been the company's subsidiary or holding company, or a subsidiary of its holding company or a holding company of its subsidiary, they have power to do so, and they shall report on the affairs of the other body corporate so far as they think that the results of their investigation of its affairs are relevant to the investigation of the affairs of the company first mentioned above.

896. Production of documents and evidence to inspectors.

(1) When inspectors are appointed under section 893 or 894, it is the duty of all officers and agents of the company, and of all officers and agents of any other body corporate whose affairs are investigated —

(a) to produce to the inspectors all documents of or relating to the company or, as the case may be, the other body corporate which are in their custody or power,

(b) to attend before the inspectors when required to do so, and

(c) otherwise to give the inspectors all assistance in connection with the investigation which they are reasonably able to give.

(2) If the inspectors consider that an officer or agent of the company or other body corporate, or any other person, is or maybe in possession of information relating to a matter which they believe to be relevant to the investigation, they may require him—

(a) to produce to them any documents in his custody or power relating to that matter,

(b) to attend before them, and

(c) otherwise to give them all assistance in connection with the investigation which he is reasonably able to give,

and it is that person's duty to comply with the requirement.

(3) An inspector may for the purposes of the investigation examine any person on oath, and may administer an oath accordingly.

(4) In this section a reference to officers or to agents includes past, as well as present, officers or agents (as the case may be), and "agents", in relation to a company or other body corporate, includes its bankers and solicitors and persons employed by it as auditors, whether these persons are or are not officers of the company or other body corporate.

(5) An answer given by a person to a question put to him in exercise of powers conferred by this section (whether as it has effect in relation to an investigation under any of sections 893 to 895, or as applied by any other section in this Part) may be used in evidence against him.

(6) In this section "document" includes information recorded in any form.

(7) The power under this section to require production of a document includes power, in the case of a document not in hard copy form, to require the production of a copy of the document—

(a) in hard copy form, or

(b) in a form from which a hard copy can be readily obtained.

(8) An inspector may take copies of or extracts from a document produced in pursuance of this section.

897. Obstruction of inspectors treated as contempt of Court

(1) If any person—

(a) fails to comply with section 896(1)(a) or 896(1)(c),

(b) refuses to comply with a requirement under section 896(1)(b) or 896(2), or

(c) refuses to answer any question put to him by the inspectors for the purposes of the investigation,

the inspectors may certify that fact in writing to the Court.

(2) The Court may thereupon enquire into the case, and, after hearing any witnesses who may be produced against or on behalf of the alleged offender and after hearing any statement which may be offered in defence, the Court may punish the offender in like manner as if he had committed contempt of the Court.

Inspectors' reports

898. Inspectors' reports

(1) The inspectors may, and if so directed by the Registrar shall, make interim reports to the Registrar, and on the conclusion of their investigation shall make a final report to it.

(2) Any persons who have been appointed under section 893 or 894 may at any time and, if the Registrar directs them to do so, shall inform it of any matters coming to their knowledge as a result of their investigations.

(3) If the inspectors were appointed under section 894 in pursuance of an order of the Court, the Registrar shall furnish a copy of any report of theirs to the Court.

(4) In any case the Registrar may, if it thinks fit—

(a) forward a copy of any report made by the inspectors to the company's registered office,

(b) furnish a copy on request and on payment of the prescribed fee to—

(i) any member of the company or other body corporate which is the subject of the report,

(ii) any person whose conduct is referred to in the report,

(iii) the auditors of that company or body corporate,

(iv) the applicants for the investigation,

(v) the Financial Services Regulator,

(vi) any other person whose financial interests appear to the Board to be affected by the matters dealt with in the report, whether as a creditor of the company or body corporate, or otherwise, and

(c) cause any such report to be printed and published.

899. Expenses of investigating a company's affairs

(1) The expenses of an investigation under any of the powers conferred by this Part shall be defrayed in the first instance by the Registrar, but it may recover those expenses from the persons liable in accordance with this section.

There shall be treated as expenses of the investigation, in particular, such reasonable sums as the Registrar may determine in respect of general staff costs and overheads.

(2) A person who is found to have committed a contravention of these Regulations in proceedings instituted as a result of the investigation may in the same proceedings be ordered to pay those expenses to such extent as may be specified in the order.

(3) A body corporate dealt with by an inspectors' report, where the inspectors were appointed otherwise than of the Registrar's own motion, is liable except where it was the applicant for the investigation, and except so far as the Registrar otherwise directs.

(4) Where inspectors were appointed—

(a) under section 893, or

(b) on an application under section 901(3),

the applicant or applicants for the investigation is or are liable to such extent (if any) as the Registrar may direct.

(5) The report of inspectors appointed otherwise than of the Registrar's own motion may, if they think fit, and shall if the Registrar so directs, include a recommendation as to the directions (if any) which they think appropriate, in the light of their investigation, to be given under subsection (4) or (5) of this section.

(6) Any liability to repay the Registrar imposed by subsection (2) above is (subject to satisfaction of his right to repayment) a liability also to indemnify all persons against liability under subsections (4) and (5).

(7) A person liable under any one of those subsections is entitled to contribution from any other person liable under the same subsection, according to the amount of their respective liabilities under it.

900. Inspectors' report to be evidence

(1) A copy of any report of inspectors appointed under this Part, certified by the Registrar to be a true copy, is admissible in any legal proceedings as evidence of the opinion of the inspectors in relation to any matter contained in the report and, in proceedings relating to disqualification of a company director, as evidence of any fact stated therein.

(2) A document purporting to be such a certificate as is mentioned above shall be received in evidence and be deemed to be such a certificate, unless the contrary is proved.

901. Power to investigate company ownership

(1) Where it appears to the Registrar that there is good reason to do so, it may appoint one or more competent inspectors to investigate and report on the membership of any company, and otherwise with respect to the company, for the purpose of determining the true persons who are or have been financially interested in the success or failure (real or apparent) of the company or able to control or materially to influence its policy.

(2) If an application for investigation under this section with respect to particular shares or debentures of a company is made to the Registrar by members of the company, and the number of applicants or the amount of shares held by them is not less than that required for an application for the appointment of inspectors under section 893(2)(a) or 893(2)(b), then, subject to the following provisions, the Registrar shall appoint inspectors to conduct the investigation applied for.

(3) The Registrar shall not appoint inspectors if it is satisfied that the application is vexatious, and where inspectors are appointed their terms of appointment shall exclude any matter in so far as the Registrar is satisfied that it is unreasonable for it to be investigated.

(4) The Registrar may, before appointing inspectors, require the applicant or applicants to give security, to an amount not exceeding 10,000 US dollars, or such other sum as it may by order specify, for payment of the costs of the investigation.

An order under this subsection shall be made by Resolution.

(5) If on an application under subsection (3) it appears to the Registrar that the powers conferred by section 903 are sufficient for the purposes of investigating the matters which inspectors would be appointed to investigate, it may instead conduct the investigation under that section.

(6) Subject to the terms of their appointment, the inspectors' powers extend to the investigation of any circumstances suggesting the existence of an arrangement or understanding which, though not legally binding, is or was observed or likely to be observed in practice and which is relevant to the purposes of the investigation.

902. Provisions applicable on investigation under section 901

(1) For purposes of an investigation under section 901, sections 895, 896, 897 and 898 apply with the necessary modifications of references to the affairs of the company or to those of any other body corporate, subject however to the following subsections.

(2) Those sections apply to—

(a) all persons who are or have been, or whom the inspector has reasonable cause to believe to be or have been, financially interested in the success or failure or the apparent success or failure of the company or any other body corporate whose membership is investigated with that of the company, or able to control or materially influence its policy (including persons concerned only on behalf of others), and

(b) any other person whom the inspector has reasonable cause to believe possesses information relevant to the investigation,

as they apply in relation to officers and agents of the company or the other body corporate (as the case may be).

(3) If the Registrar is of opinion that there is good reason for not divulging any part of a report made by virtue of section 901 and this section, it may under section 898 disclose the report with the omission of that part, and it may cause to be kept by the Registrar of companies a copy of the report with that part omitted or, in the case of any other such report, a copy of the whole report.

903. Power to obtain information as to those interested in shares, etc.

(1) If it appears to the Registrar that there is good reason to investigate the ownership of any shares in or debentures of a company and that it is unnecessary to appoint inspectors for the purpose, it may require any person whom it has reasonable cause to believe to have or to be able to obtain any information as to the present and past interests in those shares or debentures and the names and addresses of the persons interested and of any persons who act or have acted on their behalf in relation to the shares or debentures to give any such information to the Registrar.

(2) For this purpose a person is deemed to have an interest in shares or debentures if he has any right to acquire or dispose of them or of any interest in them, or to vote in respect of them, or if his consent is necessary for the exercise of any of the rights of other persons interested in them, or if other persons interested in them can be required, or are accustomed, to exercise their rights in accordance with his instructions.

(3) A person who fails to give information required of him under this section, or who in giving such information makes any statement which he knows to be false in a material particular, or recklessly makes any statement which is false in a material particular, commits a contravention of these Regulations.

(4) A person who is found to have committed a contravention under this section shall be liable to a fine of up to level 8.

904. Power to impose restrictions on shares and debentures

(1) If in connection with an investigation under either section 901 or 903 it appears to the Registrar that there is difficulty in finding out the relevant facts about any shares (whether issued or to be issued), it may by order direct that the shares shall until further order be subject to the restrictions of Chapter 2 of this Part.

(2) If the Registrar is satisfied that an order under subsection (1) may unfairly affect the rights of third parties in respect of shares then the Registrar, for the purpose of protecting such rights and subject to such terms as it thinks fit, may direct that such acts by such persons or descriptions of persons and for such purposes as may be set out in the order, shall not constitute a breach of the restrictions of Chapter 2 of this Part.

(3) This section, and Chapter 2 in its application to orders under it, apply in relation to debentures as in relation to shares save that subsection (2) shall not so apply.

905. General powers to give directions

(1) In exercising his functions an inspector shall comply with any direction given to him by the Registrar under this section.

(2) The Registrar may give an inspector appointed under section 893, 894(2)or 901(1) a direction–

(a) as to the subject matter of his investigation (whether by reference to a specified area of a company's operation, a specified transaction, a period of time or otherwise), or

(b) which requires the inspector to take or not to take a specified step in his investigation.

(3) The Registrar may give an inspector appointed under any provision of this Part a direction requiring it to secure that a specified report under section 898 –

(a) includes the inspector's views on a specified matter,

(b) does not include any reference to a specified matter,

(c) is made in a specified form or manner, or

(d) is made by a specified date.

(4) A direction under this section–

(a) may be given on an inspector's appointment,

(b) may vary or revoke a direction previously given, and

(c) may be given at the request of an inspector.

(5) In this section–

(a) a reference to an inspector's investigation includes any investigation he undertakes, or could undertake, under section 895 (power to investigate affairs of holding company or subsidiary),

(b) "specified" means specified in a direction under this section.

906. Direction to terminate investigation

(1) The Registrar may direct an inspector to take no further steps in his investigation.

(2) The Registrar may give a direction under this section to an inspector appointed under section 894(1)or 901(3) only on the grounds that it appears to it that–

(a) matters have come to light in the course of the inspector's investigation which suggest that a contravention of these Regulations or any other law of regulation applicable in the Abu Dhabi Global Market has been committed, and

(b) those matters have been referred to the appropriate prosecuting authority.

(3) Where the Registrar gives a direction under this section, any direction already given to the inspector under section 898(1) to produce an interim report, and any direction given to him under section 905(3) in relation to such a report, shall cease to have effect.

(4) Where the Registrar gives a direction under this section, the inspector shall not make a final report to the Registrar unless–

(a) the direction was made on the grounds mentioned in subsection (2) and the Board directs the inspector to make a final report to it, or

(b) the inspector was appointed under section 894(1)(appointment in pursuance of order of the Court).

(5) An inspector shall comply with any direction given to him under this section.

(6) In this section, a reference to an inspector's investigation includes any investigation he undertakes, or could undertake, under section 895 (power to investigate affairs of holding company or subsidiary).

Resignation, removal and replacement of inspectors

907. Resignation and revocation of appointment

(1) An inspector may resign by notice in writing to the Registrar.

(2) The Registrar may revoke the appointment of an inspector by notice in writing to the inspector.

908. Appointment of replacement inspectors

(1) Where–

(a) an inspector resigns,

(b) an inspector's appointment is revoked, or

(c) an inspector dies,

the Registrar may appoint one or more competent inspectors to continue the investigation.

(2) An appointment under subsection (1) shall be treated for the purposes of this Part (apart from this section) as an appointment under the provision of this Part under which the former inspector was appointed.

(3) The Registrar must exercise its power under subsection (1) so as to secure that at least one inspector continues the investigation.

(4) Subsection (3) does not apply if–

(a) the Registrar could give any replacement inspector a direction under section 906 (termination of investigation), and

(b) such a direction would (under subsection (4) of that section) result in a final report not being made.

(5) In this section, references to an investigation include any investigation the former inspector conducted under section 895 (power to investigate affairs of holding company or subsidiary).

Power to obtain information from former inspectors etc.

909. Obtaining information from former inspectors etc.

(1) This section applies to a person who was appointed as an inspector under this Part–

(a) who has resigned, or

(b) whose appointment has been revoked.

(2) This section also applies to an inspector to whom the Registrar has given a direction under section 906 (termination of investigation).

(3) The Registrar may direct a person to whom this section applies to produce documents obtained or generated by that person during the course of his investigation to–

(a) the Registrar,

(b) the Financial Services Regulator, or

(c) an inspector appointed under this Part.

(4) The power under subsection (3) to require production of a document includes power, in the case of a document not in hard copy form, to require the production of a copy of the document–

(a) in hard copy form, or

(b) in a form from which a hard copy can be readily obtained.

(5) The Registrar may take copies of or extracts from a document produced in pursuance of this section.

(6) The Registrar may direct a person to whom this section applies to inform it of any matters that came to that person's knowledge as a result of his investigation.

(7) A person shall comply with any direction given to him under this section.

(8) In this section–

(a) references to the investigation of a former inspector or inspector include any investigation he conducted under section 895 (power to investigate affairs of holding company or subsidiary), and

(b) "document" includes information recorded in any form.

910. Registrar's power to require production of documents

(1) The Registrar may act under subsections (2) and (3) in relation to a company.

(2) The Registrar may give directions to the company requiring it−

(a) to produce such documents (or documents of such description) as may be specified in the directions,

(b) to provide such information (or information of such description) as may be so specified.

(3) The Registrar may authorise a person (an investigator) to require the company or any other person−

(a) to produce such documents (or documents of such description) as the investigator may specify,

(b) to provide such information (or information of such description) as the investigator may specify.

(4) A person on whom a requirement under subsection (3) is imposed may require the investigator to produce evidence of his authority.

(5) A requirement under subsection (2) or (3) must be complied with at such time and place as may be specified in the directions or by the investigator (as the case may be).

(6) The production of a document in pursuance of this section does not affect any lien which a person has on the document.

(7) The Registrar or the investigator (as the case may be) may take copies of or extracts from a document produced in pursuance of this section.

(8) The power under this section to require production of a document includes power, in the case of a document not in hard copy form, to require the production of a copy of the document−

(a) in hard copy form, or

(b) in a form from which a hard copy can be readily obtained.

(9) Any person who fails without reasonable excuse to comply with any requirement imposed in accordance with this section commits a contravention of these Regulations.

(10) A person who commits a contravention under this section shall be liable to a fine of up to level 7.

(11) For the purposes of sections 912 and 915 (provision for security of information) documents obtained under this section shall be treated as if they had been obtained under the provision of this Part under which their production was or, as the case may be, could have been required.

(12) In this section "document" includes information recorded in any form.

(13) A statement made by a person in compliance with a requirement under section 910 may be used in evidence against him.

911. Protection in relation to certain disclosures: information provided to **Registrar**

(1) A person who makes a relevant disclosure is not liable by reason only of that disclosure in any proceedings relating to a breach of an obligation of confidence.

(2) A relevant disclosure is a disclosure which satisfies each of the following conditions–

(a) it is made to the Registrar otherwise than in compliance with a requirement under this Part,

(b) it is of a kind that the person making the disclosure could be required to make in pursuance of this Part,

(c) the person who makes the disclosure does so in good faith and in the reasonable belief that the disclosure is capable of assisting the Registrar for the purposes of the exercise of his functions under this Part,

(d) the information disclosed is not more than is reasonably necessary for the purpose of assisting the Registrar for the purposes of the exercise of those functions,

(e) the disclosure is not one falling within subsection (3) or (4).

(3) A disclosure falls within this subsection if the disclosure is prohibited by virtue of any law or regulation applicable in the Abu Dhabi Global Market whenever passed or made.

(4) A disclosure falls within this subsection if–

(a) it is made by a person carrying on the business of banking or by a lawyer, and

(b) it involves the disclosure of information in respect of which he owes an obligation of confidence in that capacity.

912. Provision for security of information obtained

(1) This section applies to information (in whatever form) obtained−

(a) in pursuance of a requirement imposed under section 910,

(b) by means of a relevant disclosure within the meaning of section 911(2),

(c) by an investigator in consequence of the exercise of his powers under section 918.

(2) Such information must not be disclosed unless the disclosure−

(a) is made to such persons as the Board may designate in rules made by resolution, or

(b) is of such a description as the as the Board may designate in rules made by resolution.

(3) A person who discloses any information in contravention of this section commits a contravention of these Regulations.

(4) A person who commits a contravention under this section shall be liable to a fine of up to level 7.

(5) Any information which may by virtue of this section be disclosed to a person specified in subsection 2(b) may be disclosed to any officer or employee of the person.

(6) This section does not prohibit the disclosure of information if the information is or has been available to the public from any other source.

(7) For the purposes of this section, information obtained by an investigator in consequence of the exercise of his powers under section 918 includes information obtained by a person accompanying the investigator in pursuance of subsection (4) of that section in consequence of that person's accompanying the investigator.

(8) Nothing in this section authorises the making of a disclosure in contravention of applicable data protection legislation.

913. Punishment for destroying, mutilating etc. company documents

(1) An officer or agent of a company who−

(a) destroys, mutilates or falsifies, or is privy to the destruction, mutilation or falsification of a document affecting, or relating to the company's property or affairs, or

(b) makes, or is privy to the making of, a false entry in such a document,

commits a contravention of these Regulations, unless he proves that he had no intention to conceal the state of affairs of the company or to defeat the law.

(2) Such a person as above mentioned who fraudulently either parts with, alters or makes an omission in any such document or is privy to fraudulent parting with, fraudulent altering or fraudulent making of an omission in, any such document, commits a contravention of these Regulations.

(3) A person who is found to have committed contravention under this section shall be liable to a fine of up to level 8.

(4) In this section "document" includes information recorded in any form.

914. Punishment for furnishing false information

(1) A person commits a contravention of these Regulations if in purported compliance with a requirement under section 910 to provide information−

(a) he provides information which he knows to be false in a material particular,

(b) he recklessly provides information which is false in a material particular.

(2) A person who commits a contravention of this section shall be liable to a fine of up to level 7.

915. Disclosure of information by Board or inspector

(1) This section applies to information obtained−

(a) under sections 896 to 909,

(b) by an inspector in consequence of the exercise of his powers under section 918.

(2) The Registrar may, if it thinks fit−

(a) disclose any information to which this section applies−

(i) to any person to whom, or for any purpose for which, disclosure is permitted under section 446, or

(ii) to the Financial Services Regulator,

(b) authorise or require an inspector appointed under this Part to disclose such information to any such person or for any such purpose.

(3) Information to which this section applies may also be disclosed by an inspector appointed under this Part to−

(a) another inspector appointed under this Part, or

(b) a person authorised to exercise powers under−

(i) section 910 of these Regulations, or

(ii) section 927 of these Regulations (exercise of powers to assist non-Abu Dhabi Global Market regulatory authority).

(4) Any information which may by virtue of subsection (3) be disclosed to any person may be disclosed to any officer or servant of that person.

(5) The Registrar may, if it thinks fit, disclose any information obtained under section 903 to—

(a) the company whose ownership was the subject of the investigation,

(b) any member of the company,

(c) any person whose conduct was investigated in the course of the investigation,

(d) the auditors of the company, or

(e) any person whose financial interests appear to the Registrar to be affected by matters covered by the investigation.

(6) For the purposes of this section, information obtained by an inspector in consequence of the exercise of his powers under section 918 includes information obtained by a person accompanying the inspector in pursuance of subsection (4) of that section in consequence of that person's accompanying the inspector.

(7) The reference to an inspector in subsection (2)(b) above includes a reference to a person accompanying an inspector in pursuance of section 918.

Supplementary

916. Privileged information.

(1) Nothing in sections 893 to 909 compels the disclosure by any person to the Registrar or to an inspector appointed by the Registrar of information in respect of which a claim to legal professional privilege could be maintained.

(2) Nothing in section 896, 901 or 903 requires a person (except as mentioned in subsection (3) below) to disclose information or produce documents in respect of which he owes an obligation of confidence by virtue of carrying on the business of banking unless—

(a) the person to whom the obligation of confidence is owed is the company or other body corporate under investigation,

(b) the person to whom the obligation of confidence is owed consents to the disclosure or production, or

(c) the making of the requirement is authorised by the Registrar.

(3) Subsection (2) does not apply where the person owing the obligation of confidence is the company or other body corporate under investigation under section 893, 894 or 895.

(4) Nothing in sections 910 to 914—

(a) compels the production by any person of a document or the disclosure by any person of information in respect of which a claim to legal professional privilege could be maintained,

(b) authorises the taking of possession of any such document which is in the person's possession.

(5) The Registrar must not under section 910 require, or authorise a person to require—

(a) the production by a person carrying on the business of banking of a document relating to the affairs of a customer of his, or

(b) the disclosure by it of information relating to those affairs,

unless one of the conditions in subsection (6) is met.

(6) The conditions are—

(a) the Registrar thinks it is necessary to do so for the purpose of investigating the affairs of the person carrying on the business of banking,

(b) the customer is a person on whom a requirement has been imposed under section 910,

(c) the customer is a person on whom a requirement to produce information or documents has been imposed by an investigator appointed by the Registrar.

(7) Despite subsections (1) and (2) a person who is a lawyer may be compelled to disclose the name and address of his client

917. Investigation of non-Abu Dhabi Global Market companies

(1) The provisions of this Part apply to bodies corporate incorporated outside the Abu Dhabi Global Market which are carrying on business in the Abu Dhabi Global Market under the auspices of a licence granted under the Commercial Licensing Regulations 2015, or have at any time carried on business there, as they apply to companies under these Regulations, but subject to the following exceptions, adaptations and modifications.

(2) The following provisions do not apply to such bodies—

(a) section 893 (investigation on application of company or its members),

(b) sections 901 to 903 (investigation of company ownership and power to obtain information as to those interested in shares, etc).

(3) The other provisions of this Part apply to such bodies subject to such adaptations and modifications as may be specified by rules made by the Board by resolution.

918. Power to enter and remain on premises

(1) An inspector or investigator may act under subsection (2) in relation to a company if–

(a) he is authorised to do so by the Registrar, and

(b) he thinks that to do so will materially assist him in the exercise of his functions under this Part in relation to the company.

(2) An inspector or investigator may at all reasonable times–

(a) require entry to relevant premises, and

(b) remain there for such period as he thinks necessary for the purpose mentioned in subsection (1)(b).

(3) Relevant premises are premises which the inspector or investigator believes are used (wholly or partly) for the purposes of the company's business.

(4) In exercising his powers under subsection (2), an inspector or investigator may be accompanied by such other persons as he thinks appropriate.

(5) A person who intentionally obstructs a person lawfully acting under subsection (2) or (4) commits a contravention of these Regulations and shall be liable to a fine of up to level 5.

(6) An inspector is a person appointed under section 893, 894 or 901.

(7) An investigator is a person authorised for the purposes of section 910.

919. Power to enter and remain on premises: procedural

(1) This section applies for the purposes of section 918.

(2) The requirements of subsection (3) must be complied with at the time an inspector or investigator seeks to enter relevant premises under section 918.

(3) The requirements are–

(a) the inspector or investigator must produce evidence of his identity and evidence of his appointment or authorisation (as the case may be),

(b) any person accompanying the inspector or investigator must produce evidence of his identity.

(4) The inspector or investigator must, as soon as practicable after obtaining entry, give to an appropriate recipient a written statement containing such information as to–

(a) the powers of the investigator or inspector (as the case may be) under section 918,

(b) the rights and obligations of the company, occupier and the persons present on the premises,

as may be prescribed by rules made by the Registrar.

(5) If during the time the inspector or investigator is on the premises there is no person present who appears to him to be an appropriate recipient for the purposes of subsection (8), the inspector or investigator must as soon as reasonably practicable send to the company–

(a) a notice of the fact and time that the visit took place, and

(b) the statement mentioned in subsection (4).

(6) As soon as reasonably practicable after exercising his powers under section 918, the inspector or investigator must prepare a written record of the visit and–

(a) if requested to do so by the company he must give it a copy of the record,

(b) in a case where the company is not the sole occupier of the premises, if requested to do so by an occupier he must give the occupier a copy of the record.

(7) The written record must contain such information as may be prescribed by regulations.

(8) If the inspector or investigator thinks that the company is the sole occupier of the premises an appropriate recipient is a person who is present on the premises and who appears to the inspector or investigator to be–

(a) an officer of the company, or

(b) a person otherwise engaged in the business of the company if the inspector or investigator thinks that no officer of the company is present on the premises.

(9) If the inspector or investigator thinks that the company is not the occupier or sole occupier of the premises an appropriate recipient is–

(a) a person who is an appropriate recipient for the purposes of subsection (8), and (if different)

(b) a person who is present on the premises and who appears to the inspector or investigator to be an occupier of the premises or otherwise in charge of them.

920. Failure to comply with certain requirements

(1) This section applies if a person fails to comply with a requirement imposed by an inspector, the Registrar or an investigator in pursuance of either of the following provisions–

(a) section 910,

(b) section 918.

(2) The inspector, Registrar or investigator (as the case may be) may certify the fact in writing to the Court.

(3) If, after hearing–

(a) any witnesses who may be produced against or on behalf of the alleged offender,

(b) any statement which may be offered in defence,

the Court is satisfied that the offender failed without reasonable excuse to comply with the requirement, it may deal with him as if he had committed contempt of the Court.

921. Contraventions by bodies corporate

Where a contravention of these Regulations occurs under any of sections 912, 914 and 918, is committed by a body corporate, every officer of the body who is in default also commits the contravention.

For this purpose—

(a) any person who purports to act as director, manager or secretary of the body is treated as an officer of the body, and

(b) if the body is a company, any shadow director is treated as an officer of the company.

Chapter 2

ORDERS IMPOSING RESTRICTIONS ON SHARES (SECTION 904)

922. Consequence of order imposing restrictions

(1) So long as any shares are directed to be subject to the restrictions of this Part then, subject to any directions made in relation to an order pursuant to section 904 or 924−

(a) any transfer of those shares or, in the case of unissued shares, any transfer of the right to be issued with them, and any issue of them, is void,

(b) no voting rights are exercisable in respect of the shares,

(c) no further shares shall be issued in right of them or in pursuance of any offer made to their holder, and

(d) except in a liquidation, no payment shall be made of any sums due from the company on the shares, whether in respect of capital or otherwise.

(2) Where shares are subject to the restrictions of subsection (1)(a), any agreement to transfer the shares or, in the case of unissued shares, the right to be issued with them is void (except such agreement or right as may be made or exercised under the terms of directions made by the Registrar or the Court under section 904 or 924 or an agreement to transfer the shares on the making of an order under section 924(4)(b) below).

(3) Where shares are subject to the restrictions of subsection (1)(c) or (d), an agreement to transfer any right to be issued with other shares in right of those shares, or to receive any payment on them (otherwise than in a liquidation) is void (except such agreement or right as may be made or exercised under the terms of directions made by the Registrar or the Court under section 904 or 924 or an agreement to transfer any such right on the transfer of the shares on the making of an order under section 924(4)(b) below).

923. Punishment for attempted evasion of restrictions.

(1) Subject to the terms of any directions made under section 904 or 924 a person commits a contravention of these Regulations if he −

(a) exercises or purports to exercise any right to dispose of any shares which, to his knowledge, are for the time being subject to the restrictions of this Part or of any right to be issued with any such shares, or

(b) votes in respect of any such shares (whether as holder or proxy), or appoints a proxy to vote in respect of them, or

(c) being the holder of any such shares, fails to notify of their being subject to those restrictions any person whom he does not know to be aware of that fact but does know to be entitled (apart from the restrictions) to vote in respect of those shares whether as holder or as proxy, or

(d) being the holder of any such shares, or being entitled to any right to be issued with other shares in right of them, or to receive any payment on them (otherwise than in a liquidation), enters into any agreement which is void under section 922(2) or 922(3).

(2) Subject to the terms of any directions made under section 904 or 924 if shares in a company are issued in contravention of the restrictions, a contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(3) A person who commits a contravention of these Regulations under this section shall be liable to a level 3 fine.

924. Relaxation and removal of restrictions.

(1) Where shares in a company are by order made subject to the restrictions of this Part, application may be made to the Court for an order directing that the shares be no longer so subject.

(2) Where the Court is satisfied that an order subjecting the shares to the restrictions of this Part unfairly affects the rights of third parties in respect of shares then the Court, for the purpose of protecting such rights and subject to such terms as it thinks fit and in addition to any order it may make under subsection (1), may direct on an application made under that subsection that such acts by such persons or descriptions of persons and for such purposes, as may be set out in the order, shall not constitute a breach of the restrictions of this Chapter.

Subsection (4) does not apply to an order made under this subsection.

(3) If the order applying the restrictions was made by the Registrar, or it has refused to make an order disapplying them, the application may be made by any person aggrieved.

(4) Subject as follows, an order of the Court or the Registrar directing that shares shall cease to be subject to the restrictions may be made only if—

(a) the Court or (as the case may be) the Registrar is satisfied that the relevant facts about the shares have been disclosed to the company and no unfair advantage has accrued to any person as a result of the earlier failure to make that disclosure, or

(b) the shares are to be transferred for valuable consideration and the Court (in any case) or the Registrar (if the order was made under section 904) approves the transfer.

(5) Without prejudice to the power of the Court to give directions under subsection (2), where shares in a company are subject to the restrictions, the Court may on application order the shares to be sold, subject to the Court's approval as to the sale, and may also direct that the shares shall cease to be subject to the restrictions.

An application to the Court under this subsection may be made by the Registrar or by the company.

(6) Where an order has been made under subsection (5), the Court may on application make such further order relating to the sale or transfer of the shares as it thinks fit.

An application to the Court under this subsection may be made—

(a) by the Registrar, or

(b) by the company, or

(c) by the person appointed by or in pursuance of the order to effect the sale, or

(d) by any person interested in the shares.

(7) An order (whether of the Registrar or the Court) directing that shares shall cease to be subject to the restrictions of this Part, if it is—

(a) expressed to be made with a view to permitting a transfer of the shares, or

(b) made under subsection (5) of this section,

may continue the restrictions mentioned in paragraphs (c) and (d) of section 924, either in whole or in part, so far as they relate to any right acquired or offer made before the transfer.

(8) Subsection (4) does not apply to an order directing that shares shall cease to be subject to any restrictions which have been continued in force in relation to those shares under subsection (7).

925. Further provisions on sale by Court order of restricted shares

(1) Where shares are sold in pursuance of an order of the Court under section 924(4) the proceeds of sale, less the costs of the sale, shall be paid into Court for the benefit of the persons who are beneficially interested in the shares, and any such person may apply to the Court for the whole or part of those proceeds to be paid to him.

(2) On application under subsection (1) the Court shall (subject as provided below) order the payment to the applicant of the whole of the proceeds of sale together with any interest thereon or, if any other person had a beneficial interest in the shares at the time of their sale, such proportion of those proceeds and interest as is equal to the proportion which the value of the applicant's interest in the shares bears to the total value of the shares.

(3) On granting an application for an order under section 924(4) or 924(5) the Court may order that the applicant's costs be paid out of the proceeds of sale, and if that order is made, the applicant is entitled to payment of his costs out of those proceeds before any person interested in the shares in question receives any part of those proceeds.

Chapter 3

INVESTIGATIONS AND POWERS TO OBTAIN INFORMATION

Powers exercisable to assist non-Abu Dhabi Global Market regulatory authorities

926. Request for assistance by non-Abu Dhabi Global Market regulatory authority

(1) The powers conferred by section 927[88] are exercisable by the Registrar for the purpose of assisting a non-Abu Dhabi Global Market regulatory authority which has requested his assistance in connection with inquiries being carried out by it or on its behalf.

(2) A "non-Abu Dhabi Global Market regulatory authority" means an authority which in a country or territory outside the Abu Dhabi Global Market exercises—

(a) any function corresponding to any function of the Registrar or the Board under these Regulations, or

(b) any function prescribed for the purposes of this subsection by order of the Board, being a function which in the opinion of the Board relates to companies or financial services.

(3) The Registrar shall not exercise the powers conferred by section 927[89] unless it and the corresponding Abu Dhabi Global Market regulatory body are is satisfied that the assistance requested by the non-Abu Dhabi Global Market regulatory authority is for the purposes of its regulatory functions.

An authority's "regulatory functions" means any functions falling within subsection (2) and any other functions relating to companies or financial services.

(4) In deciding whether to exercise those powers the Registrar may take into account, in particular—

(a) whether corresponding assistance would be given in that country or territory to an authority exercising regulatory functions in the Abu Dhabi Global Market,

(b) whether the inquiries relate to the possible breach of a law, or other requirement, which has no close parallel in the Abu Dhabi Global Market or involves the assertion of a jurisdiction not recognised by the Abu Dhabi Global Market,

(c) the seriousness of the matter to which the inquiries relate, the importance to the inquiries of the information sought in the Abu Dhabi Global Market and whether the assistance could be obtained by other means,

(d) whether it is otherwise appropriate in the public interest to give the assistance sought.

(5) The Registrar may decline to exercise those powers unless the non-Abu Dhabi Global Market regulatory authority undertakes to make such contribution towards the costs of their exercise as the Registrar considers appropriate.

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[88] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[89] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(6) References in this section to financial services include, in particular, investment business, insurance and banking.

927. Power to require information, documents or other assistance.

(1) The following powers may be exercised in accordance with section 926[90], if the Registrar considers there is good reason for their exercise.

(2) The Registrar may require any person—

(a) to attend before it at a specified time and place and answer questions or otherwise furnish information with respect to any matter relevant to the inquiries,

(b) to produce at a specified time and place any specified documents which appear to the Registrar to relate to any matter relevant to the inquiries, and

(c) otherwise to give it such assistance in connection with the inquiries as he is reasonably able to give.

(3) The Registrar may examine a person on oath and may administer an oath accordingly.

(4) Where documents are produced the Registrar may take copies or extracts from them.

(5) A person shall not under this section be required to disclose information or produce a document which he would be entitled to refuse to disclose or produce on grounds of legal professional privilege in Court proceedings, except that a lawyer may be required to furnish the name and address of his client.

(6) A statement by a person in compliance with a requirement imposed under this section may be used in evidence against him.

(7) Where a person claims a lien on a document, its production under this section is without prejudice to his lien.

(8) In this section "documents" includes information recorded in any form, and, in relation to information recorded otherwise than in legible form, the power to require its production includes power to require the production of a copy of it in legible form.

928. Exercise of powers by officer, etc.

(1) The Registrar may authorise any of its officers or any other competent person to exercise on his behalf all or any of the powers conferred by section 927.

(2) No such authority shall be granted except for the purpose of investigating—

(a) the affairs, or any aspects of the affairs, of a person specified in the authority, or

(b) a subject-matter so specified,

being a person who, or subject-matter which, is the subject of the inquiries being carried out by or on behalf of the non-Abu Dhabi Global Market regulatory authority.

[90] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(3) No person shall be bound to comply with a requirement imposed by a person exercising powers by virtue of an authority granted under this section unless he has, if required, produced evidence of his authority.

(4) A person shall not by virtue of an authority under this section be required to disclose any information or produce any documents in respect of which he owes an obligation of confidence by virtue of carrying on the business of banking unless—

(a) the imposing on him of a requirement with respect to such information or documents has been specifically authorised by the Registrar, or

(b) the person to whom the obligation of confidence is owed consents to the disclosure or production.

In this subsection "documents" has the same meaning as in section 927.

(5) Where the Registrar authorises a person other than one of his officers to exercise any powers by virtue of this section, that person shall make a report to the Registrar in such manner as it may require on the exercise of those powers and the results of exercising them.

929. Penalty for failure to comply with requirement, etc.

(1) A person who without reasonable excuse fails to comply with a requirement imposed on him under section 927 commits a contravention of these Regulations and shall be liable to a fine of up to level 7.

(2) A person who in purported compliance with any such requirement furnishes information which he knows to be false or misleading in a material particular, or recklessly furnishes information which is false or misleading in a material particular, commits a contravention of these Regulations and shall be liable to a fine of up to level 8.

930. Restrictions on disclosure of information

(1) This section applies to information relating to the business or other affairs of a person which—

(a) is supplied by a non-Abu Dhabi Global Market regulatory authority in connection with a request for assistance, or

(b) is obtained by virtue of the powers conferred by section 927, whether or not any requirement to supply it is made under that section.

(2) Except as permitted by section 931 below, such information shall not be disclosed for any purpose—

(a) by the primary recipient, or

(b) by any person obtaining the information directly or indirectly from him,

without the consent of the person from whom the primary recipient obtained the information and, if different, the person to whom it relates.

(3) The "primary recipient" means, as the case may be–

(a) the Registrar,

(b) the Board,

(c) any person authorised under section 928 to exercise powers on his behalf, and

(d) any officer or servant of any such person.

(4) Information shall not be treated as information to which this section applies if it has been made available to the public by virtue of being disclosed in any circumstances in which, or for any purpose for which, disclosure is not precluded by this section.

(5) A person who contravenes this section commits a contravention of these Regulations and shall be liable to a fine of up to level 8.

931. Exceptions from restrictions on disclosure

(1) Information to which section 930 applies may be disclosed−

(a) to any person with a view to the institution of, or otherwise for the purposes of, relevant regulatory proceedings as determined by the Registrar,

(b) for the purpose of enabling or assisting a relevant authority to discharge any relevant function (including functions in relation to proceedings),

(c) if the disclosure is made in the interests of investors or in the public interest,

(d) if the information is or has been available to the public from other sources,

(e) in a summary or collection of information framed in such a way as not to enable the identity of any person to whom the information relates to be ascertained,

(f) pursuant to an obligation imposed on the Registrar under the laws of the United Arab Emirates which is effective in the Abu Dhabi Global Market.

932. Contraventions by bodies corporate, partnerships and unincorporated associations

(1) Where a contravention under section 929 or 930 committed by a body corporate is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, a director, manager, secretary or other similar officer of the body, or a person purporting to act in any such capacity, he as well as the body corporate has committed a contravention and is liable to be proceeded against and fined accordingly.

(2) Where the affairs of a body corporate are managed by its members, subsection (1) applies in relation to the acts and defaults of a member in connection with his functions of management as to a director of a body corporate.

(3) Where a contravention under section 929 or 930 committed by a partnership is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, a partner, he as well as the partnership has committed a contravention and is liable to be proceeded against and fined accordingly.

(4) Where a contravention under section 929 or 930 committed by an unincorporated association (other than a partnership) is proved to have been committed with the consent or connivance of, or to be attributable to any neglect on the part of, any officer of the association or any member of its governing body, he as well as the association has committed a contravention and is liable to be proceeded against and fined accordingly.

933. Jurisdiction and procedure in respect of contraventions

(1) Proceedings for a contravention under section 929 may, without prejudice to any jurisdiction exercisable apart from this section, be taken against a body corporate or unincorporated association at any place at which it has a place of business and against an individual at any place where he is for the time being.

(2) Proceedings for a contravention alleged to have been committed under section 929 or 930 by an unincorporated association shall be brought in the name of the association (and not in that of any of its members), and for the purposes of any such proceedings any rules of Court relating to the service of documents apply as in relation to a body corporate.

(3) A fine imposed on an unincorporated association on its conviction of such a contravention shall be paid out of the funds of the association.

PART 31

THE REGISTRAR OF COMPANIES

Scheme of this Part

934. Scheme of this Part

(1) The scheme of this Part is as follows.

(2) The following provisions apply generally (to the Registrar, to any functions of the Registrar, or to documents delivered to or issued by the Registrar under any law or regulation applicable in the Abu Dhabi Global Market, as the case may be)−

sections 935 to 938 (the Registrar),

sections 942 to 945 (delivery of documents to the Registrar),

sections 946 to 950 (requirements for proper delivery),

sections 954(1), 954(4) and 954(5) and 966 (keeping and production of records),

section 957 (preservation of original documents),

sections 980 to 982 (language requirements: transliteration),

sections 983 and 986 to 989 (supplementary provisions).

(3) The following provisions apply in relation to companies (save as expressed therein) −

sections 939 and 940 (certificates of incorporation),

section 941 (companies' registered numbers),

sections 951 to 953 (public notice of receipt of certain documents),

sections 954(2), 955, 956 and 958 (the register),

sections 959 to 965 (inspection of the register),

sections 968 to 973 (correction or removal of material on the register), and

sections 984 and 985 (supplementary provisions).

(4) The following provisions apply as indicated in the provisions concerned−

sections 974 to 975 (the Registrar's register of company names),

sections 976 to 979 (language requirements: translation).

935. The Registrar

In accordance with Article 10 of the ADGM Founding Law, there shall be an Abu Dhabi Global Market registration bureau.

936. The Registrar's functions

(1) The Registrar shall−

(a) perform the functions conferred on the Registrar by or under the ADGM Founding Law, these Regulations, the Commercial Licensing Regulations 2015 or any other law or regulation applicable in the Abu Dhabi Global Market, and

(b) perform such functions on behalf of the Board, in relation to the registration of companies or other matters, as the Board may from time to time direct by resolution.

(2) Without limiting the generality of subsection 1(a) or (b), the functions of the Registrar shall include−

(a) the preparation indicative and non-binding guidance on these Regulations and advising the Board when any such guidance is issued;

(b) prescribing forms to be used for any of the purposes of these Regulations, the Commercial Licensing Regulations 2015 or any other regulations administered by the Registrar;

(c) any tasks and powers properly delegated to it by the Board or any other authority in the Abu Dhabi Global Market; and

(d) where it considers it appropriate to do so, delegating such of its functions and powers as may more efficiently and effectively be performed by its officers or employees and, with the approval of the Board, to any other Abu Dhabi Global Market authority (other than the Court).

(3) The Registrar shall assist the United Arab Emirates in complying with its obligations under any international treaty or other agreement to which the United Arab Emirates is a party through the exercise of its powers and functions.

(4) In exercising its powers and performing its functions the Registrar shall act in an independent manner.

(5) References in these Regulations to the functions of the Registrar are to functions within subsections (1) and (2).

937. The Registrar's official seal

The Registrar shall have an official seal for the authentication of documents in connection with the performance of the Registrar's functions.

938. Fees payable to Registrar

(1) The Board may make rules requiring the payment to the Registrar of fees in respect of–

(a) the performance of any of the Registrar's functions, or

(b) the provision by the Registrar of services or facilities for purposes incidental to, or otherwise connected with, the performance of any of the Registrar's functions.

(2) The matters for which fees may be charged include–

(a) the performance of a duty imposed on the Registrar or the Board,

(b) the receipt of documents delivered to the Registrar, and

(c) the inspection, or provision of copies, of documents kept by the Registrar.

(3) The rules may–

(a) provide for the amount of the fees to be fixed by or determined under the rules,

(b) provide for different fees to be payable in respect of the same matter in different circumstances,

(c) specify the person by whom any fee payable under the rules is to be paid,

(d) specify when and how fees are to be paid.

(4) Fees received by the Registrar are to be paid into the such account as the Registrar may direct, from time to time.

Certificates of incorporation

939. Public notice of issue of certificate of incorporation

(1) The Registrar must cause to be published–

(a) on its website, or

(b) in accordance with section 988 (alternative means of giving public notice),

notice of the issue by the Registrar of any certificate of incorporation of a company.

(2) The notice must state the name and registered number of the company and the date of issue of the certificate.

(3) This section applies to a certificate of incorporation issued under–

(a) section 67 (change of name), or

(b) any provision of Part 7 (re-registration),

as well as to the certificate issued on a company's formation.

940. Right to certificate of incorporation

Any person may require the Registrar to provide it with a copy of any certificate of incorporation of a company, signed by the Registrar or authenticated by the Registrar's seal.

Registered numbers

941. Company's registered numbers

(1) The Registrar shall allocate to every company a number, which shall be known as the company's registered number.

(2) Companies' registered numbers shall be in such form, consisting of one or more sequences of figures or letters, as the Registrar may determine.

(3) The Registrar may on adopting a new form of registered number make such changes of existing registered numbers as appear necessary.

(4) A change of a company's registered number has effect from the date on which the company is notified by the Registrar of the change.

(5) For a period of three years beginning with that date any requirement to disclose the company's registered number imposed by rules under section 70 (requirement to disclose company name etc.) is satisfied by the use of either the old number or the new.

Delivery of documents to the Registrar

942. Registrar's requirements as to form, authentication and manner of delivery

(1) The Registrar may impose requirements as to the form, authentication and manner of delivery of documents required or authorised to be delivered to the Registrar under any law or regulation applicable in the Abu Dhabi Global Market.

(2) As regards the form of the document, the Registrar may–

(a) require the contents of the document to be in a standard form,

(b) impose requirements for the purpose of enabling the document to be scanned or copied.

(3) As regards authentication, the Registrar may–

(a) require the document to be authenticated by a particular person or a person of a particular description,

(b) specify the means of authentication,

(c) require the document to contain or be accompanied by the name or registered number (or both) of the company (or other body) to which it relates.

(4) As regards the manner of delivery, the Registrar may specify requirements as to–

(a) the physical form of the document (for example, hard copy or electronic form),

(b) the means to be used for delivering the document (for example, by post or electronic means),

(c) the address to which the document is to be sent,

(d) in the case of a document to be delivered by electronic means, the hardware and software to be used, and technical specifications (for example, matters relating to protocol, security, anti-virus protection or encryption).

(5) The power conferred by this section does not authorise the Registrar to require documents to be delivered by electronic means (see section 943).

(6) Requirements imposed under this section must not be inconsistent with requirements imposed by any law or regulation applicable in the Abu Dhabi Global Market with respect to the form, authentication or manner of delivery of the document concerned.

943. Power to require delivery by electronic means

(1) The Registrar make rules requiring documents that are authorised or required to be delivered to the Registrar to be delivered by electronic means.

(2) Any such requirement to deliver documents by electronic means is effective only if Registrar's rules have been published with respect to the detailed requirements for such delivery.

944. Agreement for delivery by electronic means

(1) The Registrar may agree with a company (or other body) that documents relating to the company (or other body) that are required or authorised to be delivered to the Registrar–

(a) will be delivered by electronic means, except as provided for in the agreement, and

(b) will conform to such requirements as may be specified in the agreement or specified by the Registrar in accordance with the agreement.

(2) An agreement under this section may relate to all or any description of documents to be delivered to the Registrar.

(3) Documents in relation to which an agreement is in force under this section must be delivered in accordance with the agreement.

945. Document not delivered until received

(1) A document is not delivered to the Registrar until it is received by the Registrar.

(2) Provision may be made by Registrar's rules as to when a document is to be regarded as received.

Requirements for proper delivery

946. Requirements for proper delivery

(1) A document delivered to the Registrar is not properly delivered unless all the following requirements are met–

(a) the requirements of the provision under which the document is to be delivered to the Registrar as regards–

(i) the contents of the document, and

(ii) form, authentication and manner of delivery,

(b) any applicable requirements under–

(i) section 942 (Registrar's requirements as to form, authentication and manner of delivery),

(ii) section 943 (power to require delivery by electronic means), or

(iii) section 944 (agreement for delivery by electronic means),

(c) any requirements of this Part as to the language in which the document is drawn up and delivered or as to its being accompanied on delivery by a certified translation into English,

(d) in so far as it consists of or includes names and addresses, any requirements of this Part as to permitted characters, letters or symbols or as to its being accompanied on delivery by a certificate as to the transliteration of any element,

(e) any requirement of rules under section 956 (use of unique identifiers),

(f) any applicable requirements under section 983 (Registrar's requirements as to certification or verification),

(g) any requirements as regards payment of a fee in respect of its receipt by the Registrar.

(2) A document that is not properly delivered is treated for the purposes of the provision requiring or authorising it to be delivered as not having been delivered, subject to the provisions of section 947 (power to accept documents not meeting requirements for proper delivery).

947. Power to accept documents not meeting requirements for proper delivery

(1) The Registrar may accept (and register) a document that does not comply with the requirements for proper delivery.

(2) A document accepted by the Registrar under this section is treated as received by the Registrar for the purposes of section 951 (public notice of receipt of certain documents).

(3) No objection may be taken to the legal consequences of a document's being accepted (or registered) by the Registrar under this section on the ground that the requirements for proper delivery were not met.

(4) The acceptance of a document by the Registrar under this section does not affect–

(a) the continuing obligation to comply with the requirements for proper delivery, or

(b) subject as follows, any liability for failure to comply with those requirements.

(5) For the purposes of–

(a) section 428 (default in filing accounts), and

(b) any applicable law or regulation imposing a daily default fine for failure to deliver the document,

the period after the document is accepted does not count as a period during which there is default in complying with the requirements for proper delivery.

(6) But if, subsequently–

(a) the Registrar issues a notice under section 969(4) in respect of the document (notice of administrative removal from the register), and

(b) the requirements for proper delivery are not complied with before the end of the period of 14 days after the issue of that notice,

any subsequent period of default does count for the purposes of those provisions.

948. Documents containing unnecessary material

(1) This section applies where a document delivered to the Registrar contains unnecessary material.

(2) "Unnecessary material" means material that–

(a) is not necessary in order to comply with an obligation under these Regulations, and

(b) is not specifically authorised to be delivered to the Registrar.

(3) For this purpose an obligation to deliver a document of a particular description, or conforming to certain requirements, is regarded as not extending to anything that is not needed for a document of that description or, as the case may be, conforming to those requirements.

(4) If the unnecessary material cannot readily be separated from the rest of the document, the document is treated as not meeting the requirements for proper delivery.

(5) If the unnecessary material can readily be separated from the rest of the document, the Registrar may register the document either–

(a) with the omission of the unnecessary material, or

(b) as delivered.

949. Informal correction of document

(1) A document delivered to the Registrar may be corrected by the Registrar if it appears to the Registrar to be incomplete or internally inconsistent.

(2) This power is exercisable only–

(a) on instructions, and

(b) if the company (or other body) to which the document relates has given (and has not withdrawn) its consent to instructions being given under this section.

(3) The following requirements must be met as regards the instructions–

(a) the instructions must be given in response to an enquiry by the Registrar,

(b) the Registrar must be satisfied that the person giving the instructions is authorised to do so–

(i) by the person by whom the document was delivered, or

(ii) by the company (or other body) to which the document relates,

(c) the instructions must meet any requirements of Registrar's rules as to–

(i) the form and manner in which they are given, and

(ii) authentication.

(4) The consent of the company (or other body) to instructions being given under this section (and any withdrawal of such consent)–

(a) may be in hard copy or electronic form, and

(b) must be notified to the Registrar.

(5) This section applies in relation to documents delivered under Part 24 (company charges) by a person other than the company (or other body) as if the references to the company (or other body) were to the company (or other body) or the person by whom the document was delivered.

(6) A document that is corrected under this section is treated, for the purposes of any law or regulation applicable in the Abu Dhabi Global Market relating to its delivery, as having been delivered when the correction is made.

(7) The power conferred by this section is not exercisable if the document has been registered under section 947 (power to accept documents not meeting requirements for proper delivery).

950. Replacement of document not meeting requirements for proper delivery

(1) The Registrar may accept a replacement for a document previously delivered that–

(a) did not comply with the requirements for proper delivery, or

(b) contained unnecessary material (within the meaning of section 948).

(2) A replacement document must not be accepted unless the Registrar is satisfied that it is delivered by–

(a) the person by whom the original document was delivered, or

(b) the company (or other body) to which the original document relates,

and that it complies with the requirements for proper delivery.

(3) The power of the Registrar to impose requirements as to the form and manner of delivery includes power to impose requirements as to the identification of the original document and the delivery of the replacement in a form and manner enabling it to be associated with the original.

(4) This section does not apply where the original document was delivered under Part 24 (company charges) (but see section 838 (rectification of register)).

Public notice of receipt of certain documents

951. Public notice of receipt of certain documents

(1) The Registrar must cause to be published–

(a) on its website, or

(b) in accordance with section 988 (alternative means of giving public notice),

notice of the receipt by the Registrar of any document that, on receipt, is subject to the enhanced disclosure requirements (see section 952).

(2) The notice must state the name and registered number of the company, the description of document and the date of receipt.

(3) The Registrar is not required to cause notice of the receipt of a document to be published before the date of incorporation of the company to which the document relates.

952. Documents subject to enhanced disclosure requirements

(1) The documents subject to the "enhanced disclosure requirements" are as follows.

(2) In the case of every company–

Constitutional documents

1. The company's articles.
2. Any amendment of the company's articles (including the text of every resolution or agreement required to be embodied in or annexed to copies of the company's articles issued by the company).
3. After any amendment of the company's articles, the text of the articles as amended.
4. Any notice of a change of the company's name.

Registered office

1. The company's registered office.
2. Notification of any change of the company's registered office.

Winding up

1. Copy of any winding-up order in respect of the company.
2. Notice of the appointment of liquidators.
3. Order for the dissolution of a company on a winding up.
4. Return by a liquidator of the final meeting of a company on a winding up.

(3) In the case of every company that is not a restricted scope company or investment company[91].

Directors

1. The statement of proposed officers required on formation of the company.
2. Notification of any change among the company's directors.
3. Notification of any change in the particulars of directors required to be delivered to the Registrar.

Accounts, reports and returns

1. All documents required to be delivered to the Registrar under section 417 (annual accounts and reports).

[91] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

2. All documents delivered to the Registrar under sections 385(2)(e), 425(2)(e) and 454(2)(e) (qualifying subsidiary companies: conditions for exemption from the audit, preparation and filing of individual accounts).

3. The company's annual return.

(4) In the case of a public company–

Share capital

1. Any statement of capital and initial shareholdings.

2. Any return of allotment and the statement of capital accompanying it.

3. Copy of any resolution under section 524 or 531 (disapplication of preemption rights).

4. Copy of any report under section 577 or 558 as to the value of a non-cash asset.

5. Notice delivered under section 579 (notice of new name of class of shares) or 580 (notice of variation of rights attached to shares).

6. Statement of capital accompanying order delivered under section 587 (order of Court confirming reduction of capital).

7. Notification (under section 630) of the redemption of shares and the statement of capital accompanying it.

8. Statement of capital accompanying return delivered under section 650 (notice of cancellation of shares on purchase of own shares) or 673 (notice of cancellation of shares held as treasury shares).

9. Any statement of compliance delivered under section 702 (statement that company meets conditions for issue of trading certificate).

Mergers and divisions

1. Copy of any draft of the terms of a scheme required to be delivered to the Registrar under section 855 or 875.

2. Copy of any order under section 848 or 849 in respect of a compromise or arrangement to which Part 26 (mergers and divisions of public companies) applies.

(5) Where a private company re-registers as a public company (see section 79)–

(a) the last statement of capital relating to the company received by the Registrar under any provision of these Regulations becomes subject to the enhanced disclosure requirements, and

(b) section 951 (public notice of receipt of certain documents) applies as if the statement had been received by the Registrar when the re-registration takes effect.

953. Effect of failure to give public notice

(1) A company is not entitled to rely against other persons on the happening of any event to which this section applies unless–

(a) the event has been officially notified at the material time, or

(b) the company shows that the person concerned knew of the event at the material time.

(2) The events to which this section applies are–

(a) an amendment of the company's articles,

(b) where the company is not a restricted scope company, a change among the company's directors.

(c) (as regards service of any document on the company) a change of the company's registered office,

(d) the making of a winding-up order in respect of the company, or

(e) the appointment of a liquidator in a voluntary winding up of the company.

(3) If the material time falls–

(a) on or before the 15th day after the date of official notification, or

(b) where the 15th day was not a working day, on or before the next day that was,

the company is not entitled to rely on the happening of the event as against a person who shows that he was unavoidably prevented from knowing of the event at that time.

(4) "Official notification" means–

(a) in relation to an amendment of the company's articles, notification in accordance with section 951 (public notice of receipt by Registrar of certain documents) of the amendment and the amended text of the articles,

(b) in relation to anything else stated in a document subject to the enhanced disclosure requirements, notification of that document in accordance with that section,

(c) in relation to the appointment of a liquidator in a voluntary winding up, notification of that event in accordance with the Insolvency Regulations 2015.

The register

954. The register

(1) The Registrar shall continue to keep records of–

(a) the information contained in documents delivered to the Registrar under these Regulations, and any other law or regulation applicable in the Abu Dhabi Global Market, and

(b) certificates issued by the Registrar under any law or regulation applicable in the Abu Dhabi Global Market .

(2) The records relating to companies are referred to collectively in these Regulations as "the register".

(3) Information deriving from documents subject to the enhanced disclosure requirements must be kept by the Registrar in electronic form.

(4) Subject to that, information contained in documents delivered to the Registrar may be recorded and kept in any form the Registrar thinks fit, provided it is possible to inspect it and produce a copy of it where permitted to do so under these Regulations.

(5) Compliance with subsection (6) will satisfy any duty of the Registrar to keep, file or register the document or to record the information contained in it.

(6) The records kept by the Registrar must be such that information relating to a company or other registered body is associated with that body , in such manner as the Registrar may determine, so as to enable all the information relating to the body to be retrieved.

955. Annotation of the register

(1) The Registrar must place a note in the register recording–

(a) the date on which a document is delivered to the Registrar,

(b) if a document is corrected under section 949, the nature and date of the correction,

(c) if a document is replaced (whether or not material derived from it is removed), the fact that it has been replaced and the date of delivery of the replacement,

(d) if material is removed–

(i) what was removed (giving a general description of its contents),

(ii) under what power, and

(iii) the date on which that was done,

(e) if a document is rectified under section 838, the nature and date of rectification,

(f) if a document is replaced under section 839, the fact that it has been replaced and the date of delivery of the replacement.

(2) The Registrar may annotate the register in such other circumstances and manners as it may decide in rules made by it under this section.

(3) No annotation is required in the case of a document that by virtue of section 946(2) (documents not meeting requirements for proper delivery) is treated as not having been delivered.

(4) A note may be removed if it no longer serves any useful purpose.

(5) Any duty or power of the Registrar with respect to annotation of the register is subject to the Court's power under section 972 (powers of Court on ordering removal of material from the register) to direct–

(a) that a note be removed from the register, or

(b) that no note shall be made of the removal of material that is the subject of the Court's order.

(6) Notes placed in the register in accordance with subsection (1), or in pursuance of an rules made under subsection (2), are part of the register for all purposes of these Regulations.

956. Allocation of unique identifiers

(1) The Registrar may make rules for the use, in connection with the register, of reference numbers ("unique identifiers") to identify each person who–

(a) is a director of a company, or

(b) is secretary (or a joint secretary) of a company.

(2) The rules may–

(a) provide that a unique identifier may be in such form, consisting of one or more sequences of letters or numbers, as the Registrar may from time to time determine,

(b) make provision for the allocation of unique identifiers by the Registrar,

(c) require there to be included, in any specified description of documents delivered to the Registrar, as well as a statement of the person's name–

(i) a statement of the person's unique identifier, or

(ii) a statement that the person has not been allocated a unique identifier,

(d) enable the Registrar to take steps where a person appears to have more than one unique identifier to discontinue the use of all but one of them.

(3) The rules may make different provision for different descriptions of person and different descriptions of document.

957. Preservation of original documents

(1) The originals of documents delivered to the Registrar in hard copy form may, at the sole discretion of the Registrar, be destroyed (provided the information contained in them has been recorded) or returned to the party who delivered them to the Registrar.

This is subject to section 961(5) (extent of obligation to retain material not available for public inspection).

(2) The Registrar is under no obligation to keep the originals of documents delivered in electronic form, provided the information contained in them has been recorded

958. Records relating to companies that have been dissolved etc

(1) This section applies where a company is dissolved.

(2) At any time after two years from the date on which it appears to the Registrar that the company has been dissolved, the Registrar may direct that records relating to the company or institution may be removed to such place as is directed by the Board, or otherwise destroyed.

Inspection etc of the register

959. Inspection of the register

(1) Any person may inspect the register.

(2) This section has effect subject to section 961 (material not available for public inspection).

960. Right to copy of material on the register

(1) Any person may require a copy of any publicly available material on the register.

(2) The fee for any such copy of material derived from a document subject to the enhanced disclosure requirements (see section 952), whether in hard copy or electronic form, must not exceed the administrative cost of providing it.

(3) This section has effect subject to section 961 (material not available for public inspection).

961. Material not available for public inspection

(1) The following material must not be made available by the Registrar for public inspection–

(a) subject to sub-section (2) and (3), any document filed with the Registrar by a restricted scope company or investment company[92] that is not subject to the enhanced disclosure requirements,

(b) protected information within section 228(1) (directors' residential addresses: restriction on disclosure by Registrar),

(c) representations received by the Registrar in response to a notice under section 235(2) (notice of proposal to put director's usual residential address on the public record),

(d) any document or notice (other than a final notice issued under section 253) filed or prepared by the Registrar under chapter 9 (*Disqualification of Directors*) of Part 10,

(e) any application to the Registrar under section 889 (application for administrative restoration to the register) that has not yet been determined or was not successful,

(f) any document received by the Registrar in connection with the giving or withdrawal of consent under section 949 (informal correction of documents),

(g) any application or other document delivered to the Registrar under section 962 (application to make address unavailable for public inspection) and any address in respect of which such an application is successful,

(h) any application or other document delivered to the Registrar under section 970 (application for rectification of register),

(i) any Court order under section 971 (rectification of the register under Court order) that the Court has directed under section 972 (powers of Court on ordering removal of material from the register) is not to be made available for public inspection,

(j) any e-mail address, identification code or password deriving from a document delivered for the purpose of authorising or facilitating electronic filing procedures or providing information by telephone,

[92] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(k) any other material excluded from public inspection by or under any other law or regulation applicable in the Abu Dhabi Global Market.

(2) A restricted scope company or investment company[93] may at any time request in writing that the Registrar make available to specified person(s) or to the public some or all of the documents it has filed with the Registrar (a "disclosure request"). The disclosure request must specify:

(a) the person(s) entitled to such disclosure (or, if the disclosure is intended to be made to the public, a statement to that effect), and

(b) the documents to be so disclosed (or, if the disclosure relates to all filings made by the restricted scope company or investment company, as the case may be[94], a statement to that effect).

(3) Upon receipt of a disclosure request complying with sub-section (2) the Registrar shall make the documents specified in the disclosure notice available to the persons specified in the disclosure notice using such means as it sees fit.

(4) A restriction applying by reference to material deriving from a particular description of document does not affect the availability for public inspection of the same information contained in material derived from another description of document in relation to which no such restriction applies.

(5) Material to which this section applies need not be retained by the Registrar for longer than appears to the Registrar reasonably necessary for the purposes for which the material was delivered to the Registrar.

962. Application to Registrar to make address unavailable for public inspection

(1) The Registrar may make rules which provide for the Registrar, on application, to make an address on the register unavailable for public inspection.

(2) The rules may make provision as to–

(a) who may make an application,

(b) the grounds on which an application may be made,

(c) the information to be included in and documents to accompany an application,

(d) the notice to be given of an application and of its outcome, and

(e) how an application is to be determined.

(3) Provision under subsection (2)(e) may in particular–

(a) confer a discretion on the Registrar,

(b) provide for a question to be referred to a person other than the Registrar for the purposes of determining the application.

(4) An application must specify the address to be removed from the register and indicate where on the register it is.

(5) The rules may provide–

[93] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[94] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(a) that an address is not to be made unavailable for public inspection under this section unless replaced by a service address, and

(b) that in such a case the application must specify a service address.

963. Form of application for inspection or copy

(1) The Registrar may specify the form and manner in which application is to be made for–

(a) inspection under section 959, or

(b) a copy under section 960.

964. Form and manner in which copies to be provided

(1) The following provisions apply as regards the form and manner in which copies are to be provided under section 960.

(2) Copies of documents subject to the enhanced disclosure requirements must be provided in hard copy or electronic form, as the applicant chooses.

(3) Subject to the preceding provisions of this section, the Registrar may determine the form and manner in which copies are to be provided.

965. Certification of copies as accurate

(1) Copies provided under section 960 in hard copy form must be certified as true copies unless the applicant dispenses with such certification.

(2) Copies so provided in electronic form must not be certified as true copies unless the applicant expressly requests such certification.

(3) A copy provided under section 960, certified by the Registrar (whose official position it is unnecessary to prove) to be an accurate record of the contents of the original document, is in all legal proceedings admissible in evidence–

(a) as of equal validity with the original document, and

(b) as evidence of any fact stated in the original document of which direct oral evidence would be admissible.

(4) Except in the case of documents that are subject to the enhanced disclosure requirements (see section 952), copies provided by the Registrar may, instead of being certified in writing to be an accurate record, be sealed with the Registrar's official seal.

966. Issue of process for production of records kept by the Registrar

(1) No process for compelling the production of a record kept by the Registrar shall issue from any Court except with the permission of the Court.

(2) Any such process shall bear on it a statement that it is issued with the permission of the Court.

967. Provision of information to public authorities etc.

(1) The Registrar may disclose any material held where such disclosure is–

(a) is permitted or required to be made under the laws, regulations or rules of the Abu Dhabi Global Market,

(b) is made to–

(i) the Financial Services Regulator,

(ii) a governmental or regulatory authority exercising powers and performing functions relating to anti-money laundering,

(iii) a self-regulatory body or organization exercising and performing powers and functions in relation to financial services,

(iv) a civil or criminal law enforcement agency, or

(v) a governmental or other regulatory authority including a self regulatory body or organisation exercising powers and performing functions in relation to the regulation of auditors, accountants or lawyers,

for the purpose of assisting the performance by any such person of its regulatory functions, or

(c) is made in good faith for the purposes of performance and exercise of the functions and powers of the Registrar.

Correction or removal of material on the register

968. Registrar's notice to resolve inconsistency on the register

(1) Where it appears to the Registrar that the information contained in a document delivered to the Registrar is inconsistent with other information on the register, the Registrar may give notice to the company to which the document relates–

(a) stating in what respects the information contained in it appears to be inconsistent with other information on the register, and

(b) requiring the company to take steps to resolve the inconsistency.

(2) The notice must–

(a) state the date on which it is issued, and

(b) require the delivery to the Registrar, within 14 days after that date, of such replacement or additional documents as may be required to resolve the inconsistency.

(3) If the necessary documents are not delivered within the period specified, contravention of these Regulations is committed by–

(a) the company, and

(b) every officer of the company who is in default.

(4) A person who commits the contravention referred to subsection (3) is liable to a level 2 fine.

969. Administrative removal of material from the register

(1) The Registrar may remove from the register anything that there was power, but no duty, to include.

(2) This power is exercisable, in particular, so as to remove–

(a) unnecessary material within the meaning of section 948, and

(b) material derived from a document that has been replaced under–

section 950 (replacement of document not meeting requirements for proper delivery), or

section 968 (notice to remedy inconsistency on the register).

(3) This section does not authorise the removal from the register of–

(a) anything whose registration has had legal consequences in relation to the company as regards–

(i) its formation,

(ii) a change of name,

(iii) its re-registration,

(iv) a reduction of capital,

(v) a change of registered office,

(vi) the registration of a charge, or

(vii) its dissolution,

(b) an address that is a person's service address for the purposes of section 1000 (service of documents on directors, secretaries and others).

(4) On or before removing any material under this section (otherwise than at the request of the company) the Registrar must give notice–

(a) to the person by whom the material was delivered (if the identity, and name and address of that person are known), or

(b) to the company to which the material relates (if notice cannot be given under paragraph (a) and the identity of that company is known).

(5) The notice must–

(a) state what material the Registrar proposes to remove, or has removed, and on what grounds, and

(b) state the date on which it is issued.

970. Rectification of register on application to Registrar

(1) The Registrar may make rules providing for the Registrar, on application, to remove from the register material of a description specified in the rules that–

(a) derives from anything invalid or ineffective or that was done without the authority of the company, or

(b) is factually inaccurate, or is derived from something that is factually inaccurate or forged.

(2) The rules may make provision as to–

(a) who may make an application,

(b) the information to be included in and documents to accompany an application,

(c) the notice to be given of an application and of its outcome,

(d) a period in which objections to an application may be made, and

(e) how an application is to be determined.

(3) An application must–

(a) specify what is to be removed from the register and indicate where on the register it is, and

(b) be accompanied by a statement that the material specified in the application complies with this section and the rules.

(4) If no objections are made to the application, the Registrar may accept the statement as sufficient evidence that the material specified in the application should be removed from the register.

(5) Where anything is removed from the register under this section the registration of which had legal consequences as mentioned in section 969(3), any person appearing to the Court to have a sufficient interest may apply to the Court for such consequential orders as appear just with respect to the legal effect (if any) to be accorded to the material by virtue of its having appeared on the register.

971. Rectification of the register under Court order

(1) The Registrar shall remove from the register any material–

(a) that derives from anything that the Court has declared to be invalid or ineffective, or to have been done without the authority of the company, or

(b) that a Court declares to be factually inaccurate, or to be derived from something that is factually inaccurate, or forged,

and that the Court directs should be removed from the register.

(2) The Court order must specify what is to be removed from the register and indicate where on the register it is.

(3) The Court must not make an order for the removal from the register of anything the registration of which had legal consequences as mentioned in section 969(3) unless satisfied–

(a) that the presence of the material on the register has caused, or may cause, damage to the company, and

(b) that the company's interest in removing the material outweighs any interest of other persons in the material continuing to appear on the register.

(4) Where in such a case the Court does make an order for removal, it may make such consequential orders as appear just with respect to the legal effect (if any) to be accorded to the material by virtue of its having appeared on the register.

(5) A copy of the Court's order must be sent to the Registrar for registration.

(6) This section does not apply where the Court has other, specific, powers to deal with the matter, for example under–

(a) the provisions of Part 14 relating to the revision of defective accounts and reports, or

(b) section 803 (rectification of register) .

972. Powers of Court on ordering removal of material from the register

(1) Where the Court makes an order for the removal of anything from the register under section 971 (rectification of the register), it may give directions under this section.

(2) It may direct that any note on the register that is related to the material that is the subject of the Court's order shall be removed from the register.

(3) It may direct that its order shall not be available for public inspection as part of the register.

(4) It may direct–

(a) that no note shall be made on the register as a result of its order, or

(b) that any such note shall be restricted to such matters as may be specified by the Court.

(5) The Court shall not give any direction under this section unless it is satisfied–

(a) that–

(i) the presence on the register of the note or, as the case may be, of an unrestricted note, or

(ii) the availability for public inspection of the Court's order,

may cause damage to the company, and

(b) that the company's interest in non-disclosure outweighs any interest of other persons in disclosure.

973. Public notice of removal of certain material from the register

(1) The Registrar must cause to be published–

(a) on its website, or

(b) in accordance with section 988 (alternative means of giving public notice),

notice of the removal from the register of any document subject to the enhanced disclosure requirements (see section 952) or of any material derived from such a document.

(2) The notice must state the name and registered number of the company, the description of document and the date of receipt.

The Registrar's register of company names

974. The Registrar's register of company names

(1) The Registrar of companies must keep an alphabetically ordered electronic register of the names of the companies and other bodies to which this section applies.

This is "the Registrar's register of company names".

(2) This section applies to companies formed or registered under these Regulations.

(3) The Registrar may make rules providing that this section applies other bodies of any description.

975. Right to inspect register

Any person may inspect the Registrar's register of company names.

Language requirements: translation

976. Application of language requirements

(1) The provisions listed below apply to all documents required to be delivered to the Registrar under any provision of–

(a) these Regulations, or

(b) the Insolvency Regulations 2015.

(2) The Board may make rules applying all or any of the listed provisions, with or without modifications, in relation to documents delivered to the Registrar under any other law or regulation applicable in the Abu Dhabi Global Market.

(3) The provisions are–

section 977 (documents to be drawn up and delivered in English),

section 978 (documents that may be drawn up and delivered in other languages),

section 979 (certified translations).

977. Documents to be drawn up and delivered in English

(1) The general rule is that all documents required to be delivered to the Registrar must be drawn up and delivered in English.

(2) This is subject to section 978 (documents that may be drawn up and delivered in other languages).

978. Documents that may be drawn up and delivered in other languages

(1) Documents to which this section applies may be drawn up and delivered to the Registrar in a language other than English, but when delivered to the Registrar they must be accompanied by a certified translation into English.

(2) This section applies to–

(a) agreements required to be forwarded to the Registrar under Chapter 3 of Part 3 (agreements affecting the company's constitution),

(b) documents required to be delivered under section 394(2)(f) (company included in accounts of larger group: required to deliver copy of group accounts),

(c) certified copies delivered under Part 24 (company charges),

(d) documents of any other description specified in rules made by the Board.

979. Certified translations

(1) In this Part a "certified translation" means a translation certified to be a correct translation.

(2) In the case of any discrepancy between the original language version of a document and a certified translation–

(a) the company may not rely on the translation as against a third party, but

(b) a third party may rely on the translation unless the company shows that the third party had knowledge of the original.

(3) A "third party" means a person other than the company or the Registrar.

Language requirements: transliteration

980. Transliteration of names and addresses: permitted characters

(1) Names and addresses in a document delivered to the Registrar must contain only letters, characters and symbols (including accents and other diacritical marks) that are permitted.

(2) The Registrar may make rules –

(a) as to the letters, characters and symbols (including accents and other diacritical marks) that are permitted, and

(b) permitting or requiring the delivery of documents in which names and addresses have not been transliterated into a permitted form.

981. Transliteration of names and addresses: voluntary transliteration into Roman characters

(1) Where a name or address is or has been delivered to the Registrar in a permitted form using Arabic, or another form other than Roman characters, the company (or other body) to which the document relates shall deliver to the Registrar a transliteration into Roman characters.

(2) The power of the Registrar to impose requirements as to the form and manner of delivery includes power to impose requirements as to the identification of the original document and the delivery of the transliteration in a form and manner enabling it to be associated with the original.

982. Transliteration of names and addresses: certification

The Registrar may require the certification of transliterations and prescribe the form of certification.

Supplementary provisions

983. Registrar's requirements as to certification or verification

(1) Where a document required or authorised to be delivered to the Registrar under any applicable law or regulation is required–

(a) to be certified as an accurate translation or transliteration, or

(b) to be certified as a correct copy or verified,

the Registrar may impose requirements as to the person, or description of person, by whom the certificate or verification is to be given.

(2) The power conferred by section 942 (Registrar's requirements as to form, authentication and manner of delivery) is exercisable in relation to the certificate or verification as if it were a separate document.

(3) Requirements imposed under this section must not be inconsistent with requirements imposed by any law or regulation applicable in the Abu Dhabi Global Market with respect to the certification or verification of the document concerned.

984. General false statement contravention

(1) It is a contravention of these Regulations for a person knowingly or recklessly–

(a) to deliver or cause to be delivered to the Registrar, for any purpose of these Regulations, a document, or

(b) to make to the Registrar, for any such purpose, a statement,

that is misleading, false or deceptive in a material particular.

(2) A person who commits the contravention referred to in subsection (1) is liable to a fine of up to level 7.

985. Enforcement of company's filing obligations

(1) This section applies where a company has made default in complying with any obligation under these Regulations–

(a) to deliver a document to the Registrar, or

(b) to give notice to the Registrar of any matter.

(2) The Registrar, or any member or creditor of the company, may give notice to the company requiring it to comply with the obligation.

(3) If the company fails to make good the default within 14 days after service of the notice, the Registrar, or any member or creditor of the company, may apply to the Court for an order directing the company, and any specified officer of it, to make good the default within a specified time.

(4) The Court's order may provide that all costs of or incidental to the application are to be borne by the company or by any officers of it responsible for the default.

(5) This section does not affect the operation of any law or regulation applicable in the Abu Dhabi Global Market imposing a fine for the default.

986. Application of provisions about documents and delivery

(1) In this Part–

(a) "document" means information recorded in any form, and

(b) references to delivering a document include forwarding, lodging, registering, sending, producing or submitting it or (in the case of a notice) giving it.

(2) Except as otherwise provided, this Part applies in relation to the supply to the Registrar of information otherwise than in documentary form as it applies in relation to the delivery of a document.

987. Supplementary provisions relating to electronic communications

(1) Registrar's rules may require a company (or other body) to give any necessary consents to the use of electronic means for communications by the Registrar to the company (or other body) as a condition of making use of any facility to deliver material to the Registrar by electronic means.

(2) A document that is required to be signed or certified (including under section 965) or otherwise authenticated by the Registrar shall, if sent by electronic means, be authenticated in such manner as may be specified by Registrar's rules.

988. Alternative to publication on website

(1) Notices that would otherwise need to be published by the Registrar on its website may instead be published by such means as may from time to time be approved by the Registrar in accordance with rules made by the Board.

(2) The Board may make rules as to what alternative means may be approved.

(3) The rules may, in particular–

(a) require the use of other electronic means,

(b) require the same means to be used for all notices or for all notices of specified descriptions, and

(c) impose conditions as to the manner in which access to the notices is to be made available.

(4) Before starting to publish notices by means approved under this section the Registrar must publish at least one notice to that effect on its website.

(5) Nothing in this section prevents the Registrar from giving public notice both on its website and by means approved under this section. In that case, the requirement of public notice is met when notice is first given by either means.

989. Registrar's rules

(1) Where any provision of this Part enables the Registrar to make provision, or impose requirements, as to any matter, the Registrar may make such provision or impose such requirements by means of rules under this section. This is without prejudice to the making of such provision or the imposing of such requirements by other means.

(2) Registrar's rules–

(a) may make different provision for different cases, and

(b) may allow the Registrar to disapply or modify any of the rules.

(3) The Registrar must–

(a) publicise the rules in a manner appropriate to bring them to the notice of persons affected by them, and

(b) make copies of the rules available to the public (in hard copy or electronic form).

PART 32

CONTRAVENTIONS UNDER THE COMPANIES REGULATIONS

Liability of officer in default

990. Liability of officer in default

(1) This section has effect for the purposes of any provision of these Regulations to the effect that, in the event of contravention of these Regulations in relation to a company, a contravention is committed by every officer of the company who is in default.

(2) For this purpose "officer" includes–

(a) any director, manager or secretary, and

(b) any person who is to be treated as an officer of the company for the purposes of the provision in question.

(3) An officer is "in default" for the purposes of the provision if he authorises or permits, participates in, or fails to take all reasonable steps to prevent, the contravention.

991. Liability of company as officer in default

(1) Where a company is an officer of another company, it does not commit a contravention of these Regulations as an officer in default unless one of its officers is in default.

(2) Where any such contravention of these Regulations is committed by a company the officer in question also commits a contravention of these Regulations and is liable to be fined accordingly.

(3) In this section "officer" and "in default" have the meanings given by section 990.

(4) The provisions of this section are without prejudice to any other fine, censure or legal proceeding to which a director may be subject under these Regulations or any other law or regulation applicable in the Abu Dhabi Global Market.

992. Fines

(1) If all or any of the amount of a fine payable under these Regulations is outstanding 30 days after notice of that fine has been issued, the Registrar may recover the outstanding amount as a debt due to it.

(2) This section is subject to any direction of the Court.

993. Legal professional privilege

In proceedings against a person for a contravention of these Regulations, nothing in these Regulations is to be taken to require any person to disclose any information that he is entitled to refuse to disclose on grounds of legal professional privilege.

PART 33

COMPANIES: COMPANY RECORDS AND SUPPLEMENTARY PROVISIONS

Company records

994. Meaning of "company records"

In this Part "company records" means–

(a) any register, index, accounting records, agreement, memorandum, minutes or other document required by these Regulations to be kept by a company, and

(b) any register kept by a company of its debenture holders.

995. Form of company records

(1) Company records–

(a) may be kept in hard copy or electronic form, and

(b) may be arranged in such manner as the directors of the company think fit,

provided the information in question is adequately recorded for future reference.

(2) Where the records are kept in electronic form, they must be capable of being reproduced in hard copy form.

(3) If a company fails to comply with this section, a contravention of these Regulations is committed by every officer of the company who is in default.

(4) A person who commits the contravention referred to in subsection (3) is liable to a level 2 fine.

996. Rules about where certain company records to be kept available for inspection

(1) The Board may make rules specifying places other than a company's registered office at which company records required to be kept available for inspection under a relevant provision may be so kept in compliance with that provision.

(2) The "relevant provisions" are–

section 118 (register of members),

section 156 (register of directors' residential addresses),

section 292 (register of secretaries),

section 215 (directors' service contracts),

section 223 (directors' indemnities),

section 360 (records of resolutions etc),

section 642 (contracts relating to purchase of own shares),

section 660 (documents relating to redemption or purchase of own shares out of capital by private company),

section 682 (register of debenture holders),

section 737 (report to members of outcome of investigation by public company into interests in its shares),

section 740 (register of interests in shares disclosed to public company),

section 798 (instruments creating charges).

(3) The rules may specify a place by reference to the company's principal place of business, the place at which the company keeps any other records available for inspection or in any other way.

(4) The rules may provide that a company does not comply with a relevant provision by keeping company records available for inspection at a place specified in the rules unless conditions specified in the rules are met.

(5) The rules–

(a) need not specify a place in relation to each relevant provision,

(b) may specify more than one place in relation to a relevant provision.

(6) A requirement under a relevant provision to keep company records available for inspection is not complied with by keeping them available for inspection at a place specified in the rules unless all the company's records subject to the requirement are kept there.

997. Regulations about inspection of records and provision of copies

(1) The Board may make rules as to the obligations of a company that is required by any provision of these Regulations–

(a) to keep available for inspection any company records, or

(b) to provide copies of any company records.

(2) A company that fails to comply with the rules is treated as having refused inspection or, as the case may be, having failed to provide a copy.

(3) The rules may–

(a) make provision as to the time, duration and manner of inspection, including the circumstances in which and extent to which the copying of information is permitted in the course of inspection, and

(b) define what may be required of the company as regards the nature, extent and manner of extracting or presenting any information for the purposes of inspection or the provision of copies.

(4) Where there is power to charge a fee, the rules may make provision as to the amount of the fee and the basis of its calculation.

(5) Nothing in any provision of these Regulations or in the rules shall be read as preventing a company–

(a) from affording more extensive facilities than are required by the rules, or

(b) where a fee may be charged, from charging a lesser fee than that prescribed or none at all.

998. Duty to take precautions against falsification

(1) Adequate precautions must be taken by companies–

(a) to guard against falsification of company records, and

(b) to facilitate the discovery of falsification of company records.

(2) If a company fails to comply with this section, a contravention of these Regulations is committed by every officer of the company who is in default.

(3) A person who commits the contravention referred to in subsection (2) under this section is liable to a level 2 fine.

(4) This section does not apply to the documents required to be kept under–

(a) section 215 (copy of director's service contract or memorandum of its terms), or

(b) section 223 (qualifying indemnity provision).

Service addresses

999. Service of documents on company

(1) A document may be served on a company registered under these Regulations by leaving it at, or sending it by post to, the company's registered office.

(2) For the purposes of this section a person's "registered address" means any address for the time being shown as a current address in relation to that person in the part of the register available for public inspection.

(3) Further provision as to service and other matters is made in the company communications provisions (see section 1003).

1000. Service of documents on directors, secretaries and others

(1) A document may be served on a person to whom this section applies if it is–

(a) delivered to him in person, or

(b) left at his residential or service address, or

(c) sent by post to him at his service address.

(2) This section applies to a director, secretary or registered agent of a company.

(3) This section applies whatever the purpose of the document in question.

It is not restricted to service for purposes arising out of or in connection with the appointment or position mentioned in subsection (2) or in connection with the company concerned.

(4) For the purposes of subsection (3)(c), service (whether the expression "serve" or the expression "give" or "send" or any other expression is used) of documents by post is, unless the contrary intention appears, deemed to be effected by properly addressing, pre-paying and posting a letter containing the document and, unless the contrary is proved, effected at the time at which the letter would be delivered in the ordinary course of post and, as it applies in relation to that subsection, the proper address of a person is–

(a) in the case of a firm incorporated or formed in the Abu Dhabi Global Market, its registered or principal office, or the registered office of its registered agent

(b) in the case of a firm incorporated or formed outside the Abu Dhabi Global Market –

(i) if it has a place of business in the Abu Dhabi Global Market, its principal office in the Abu Dhabi Global Market, or

(ii) if it does not have a place of business in the Abu Dhabi Global Market, its registered or principal office,

(c) in the case of an individual, his last known address.

(5) In the case of a creditor of the company a document is treated as given to him if it is left or sent by post to him–

(a) at the place of business of his with which the company has had dealings by virtue of which he is a creditor of the company, or

(b) if there is more than one such place of business, at each of them.

(6) Further provision as to service and other matters is made in the company communications provisions (see section 1003).

(7) Nothing in this section shall be read as affecting any applicable law, regulation, or rule of law under which permission is required for service out of the jurisdiction.

1001. Service addresses

(1) In these Regulations a "service address", in relation to a person, means a post box or other address at which documents may be effectively served on that person by a postal service operating in the United Arab Emirates.

1002. Requirement to give service address

Any obligation under these Regulations to give a person's address is, unless otherwise expressly provided, to give a service address for that person.

Sending or supplying documents or information

1003. The company communications provisions

(1) The provisions of sections 1004 to 1008 and Schedules 4 and 5 ("the company communications provisions") have effect for the purposes of any provision of these Regulations that authorises or requires documents or information to be sent or supplied by or to a company.

(2) The company communications provisions have effect subject to any requirements imposed, or contrary provision made, by or under any law or regulation applicable in the Abu Dhabi Global Market.

(3) In particular, in their application in relation to documents or information to be sent or supplied to the Registrar, they have effect subject to the provisions of Part 36.

(4) For the purposes of subsection (2), provision is not to be regarded as contrary to the company communications provisions by reason only of the fact that it expressly

authorises a document or information to be sent or supplied in hard copy form, in electronic form or by means of a website.

1004. Sending or supplying documents or information

(1) Documents or information to be sent or supplied to a company must be sent or supplied in accordance with the provisions of Schedule 4.

(2) Documents or information to be sent or supplied by a company must be sent or supplied in accordance with the provisions of Schedule 5.

(3) The provisions referred to in subsection (2) apply (and those referred to in subsection (1) do not apply) in relation to documents or information that are to be sent or supplied by one company to another.

1005. Right to hard copy version

(1) Where a member of a company or a holder of a company's debentures has received a document or information from the company otherwise than in hard copy form, he is entitled to require the company to send him a version of the document or information in hard copy form.

(2) The company must send the document or information in hard copy form within 21 days of receipt of the request from the member or debenture holder.

(3) The company may not make a charge for providing the document or information in that form.

(4) If a company fails to comply with this section, a contravention of these Regulations is committed by the company and every officer of it who is in default.

(5) A person who commits the contravention referred to in subsection (4) is liable to a level 2 fine.

1006. Requirement of authentication

(1) This section applies in relation to the authentication of a document or information sent or supplied by a person to a company.

(2) A document or information sent or supplied in hard copy form is sufficiently authenticated if it is signed by the person sending or supplying it.

(3) A document or information sent or supplied in electronic form is sufficiently authenticated–

(a) if the identity of the sender is confirmed in a manner specified by the company, or

(b) where no such manner has been specified by the company, if the communication contains or is accompanied by a statement of the identity of the sender and the company has no reason to doubt the truth of that statement.

(4) Where a document or information is sent or supplied by one person on behalf of another, nothing in this section affects any provision of the company's articles under which the company may require reasonable evidence of the authority of the former to act on behalf of the latter.

1007. Deemed delivery of documents and information

(1) This section applies in relation to documents and information sent or supplied by a company.

(2) Where–

(a) the document or information is sent by post (whether in hard copy or electronic form) to an address in the Abu Dhabi Global Market, and

(b) the company is able to show that it was properly addressed, prepaid and posted,

it is deemed to have been received by the intended recipient 48 hours after it was posted.

(3) Where–

(a) the document or information is sent or supplied by electronic means, and

(b) the company is able to show that it was properly addressed,

it is deemed to have been received by the intended recipient 48 hours after it was sent.

(4) Where the document or information is sent or supplied by means of a website, it is deemed to have been received by the intended recipient–

(a) when the material was first made available on the website, or

(b) if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website.

(5) In calculating a period of hours for the purposes of this section, no account shall be taken of any part of a day that is not a working day.

(6) This section has effect subject to–

(a) in its application to documents or information sent or supplied by a company to its members, any contrary provision of the company's articles,

(b) in its application to documents or information sent or supplied by a company to its debentures holders, any contrary provision in the instrument constituting the debentures,

(c) in its application to documents or information sent or supplied by a company to a person otherwise than in his capacity as a member or debenture holder, any contrary provision in an agreement between the company and that person.

1008. Interpretation of company communications provisions

(1) In the company communications provisions–

"address" includes a number or address used for the purposes of sending or receiving documents or information by electronic means,

"company" includes any body corporate,

"document" includes summons, notice, order or other legal process and registers.

(2) References in the company communications provisions to provisions of these Regulations authorising or requiring a document or information to be sent or supplied include all such provisions, whatever expression is used, and references to documents or information being sent or supplied shall be construed accordingly.

(3) References in the company communications provisions to documents or information being sent or supplied by or to a company include references to documents or information being sent or supplied by or to the directors of a company acting on behalf of the company.

Requirements as to independent valuation

1009. Application of valuation requirements

The provisions of sections 1013 to 1016 apply to the valuation and report required by–

(a) section 558 (allotment of shares of public company in consideration of non-cash asset),

(b) section 564 (transfer of non-cash asset to public company).

1010. Valuation by qualified independent person

(1) The valuation and report must be made by a person ("*the valuer*") who–

(a) is eligible for appointment as an auditor (see Part 37), and

(b) meets the independence requirement in section 1011.

(2) However, where it appears to the valuer to be reasonable for the valuation of the consideration, or part of it, to be made by (or for him to accept a valuation made by) another person who–

(a) appears to him to have the requisite knowledge and experience to value the consideration or that part of it, and

(b) is not an officer or employee of–

(i) the company, or

(ii) any other body corporate that is that company's subsidiary or holding company or a subsidiary of that company's holding company,

or a partner of or employed by any such officer or employee,

he may arrange for or accept such a valuation, together with a report which will enable him to make his own report under this section.

(3) The references in subsection (2)(b) to an officer or employee do not include an auditor.

(4) Where the consideration or part of it is valued by a person other than the valuer himself, the latter's report must state that fact and shall also–

(a) state the former's name and what knowledge and experience he has to carry out the valuation, and

(b) describe so much of the consideration as was valued by the other person, and the method used to value it, and specify the date of that valuation.

1011. The independence requirement

(1) A person meets the independence requirement for the purposes of section 1010 only if–

(a) he is not–

(i) an officer or employee of the company, or

(ii) a partner or employee of such a person, or a partnership of which such a person is a partner,

(b) he is not–

(i) an officer or employee of an associated undertaking of the company, or

(ii) a partner or employee of such a person, or a partnership of which such a person is a partner, and

(c) there does not exist between–

(i) the person or an associate of his, and

(ii) the company or an associated undertaking of the company,

a connection of any such description as may be specified by rules made by the Board.

(2) An auditor of the company is not regarded as an officer or employee of the company for this purpose.

(3) In this section–

"associated undertaking" means–

(a) a parent undertaking or subsidiary undertaking of the company, or

(b) a subsidiary undertaking of a parent undertaking of the company, and

"associate" has the meaning given by section 1012.

1012. Meaning of "associate"

(1) This section defines "associate" for the purposes of section 1011 (valuation: independence requirement).

(2) In relation to an individual, "associate" means–

(a) that individual's spouse or minor child or step-child,

(b) any body corporate of which that individual is a director, and

(c) any employee or partner of that individual.

(3) In relation to a body corporate, "associate" means–

(a) any body corporate of which that body is a director,

(b) any body corporate in the same group as that body, and

(c) any employee or partner of that body or of any body corporate in the same group.

(4) In relation to a partnership that is a legal person under the law by which it is governed, "associate" means–

(a) any body corporate of which that partnership is a director,

(b) any employee of or partner in that partnership, and

(c) any person who is an associate of a partner in that partnership.

(5) In relation to a partnership that is not a legal person under the law by which it is governed, "associate" means any person who is an associate of any of the partners.

1013. Valuer entitled to full disclosure

(1) A person carrying out a valuation or making a report with respect to any consideration proposed to be accepted or given by a company, is entitled to require from the officers of the company such information and explanation as he thinks necessary to enable him to–

(a) carry out the valuation or make the report, and

(b) provide any note required by section 553(3) or 557 (3) (note required where valuation carried out by another person).

(2) A person who knowingly or recklessly makes a statement to which this subsection applies that is misleading, false or deceptive in a material particular commits a contravention of these Regulations.

(3) Subsection (2) applies to a statement–

(a) made (whether orally or in writing) to a person carrying out a valuation or making a report, and

(b) conveying or purporting to convey any information or explanation which that person requires, or is entitled to require, under subsection (1).

(4) A person who commits the contravention referred to in subsection (2) is liable to a level 2 fine.

Courts and legal proceedings

1014. Power of Court to grant relief in certain cases

(1) If in proceedings for negligence, default, breach of duty or breach of trust against–

(a) an officer of a company, or

(b) a person employed by a company as auditor (whether he is or is not an officer of the company),

it appears to the Court hearing the case that the officer or person is or may be liable but that he acted honestly and reasonably, and that having regard to all the circumstances of the case (including those connected with his appointment) he ought fairly to be excused, the Court may relieve him, either wholly or in part, from his liability on such terms as it thinks fit.

(2) If any such officer or person has reason to apprehend that a claim will or might be made against him in respect of negligence, default, breach of duty or breach of trust–

(a) he may apply to the Court for relief, and

(b) the Court has the same power to relieve him as it would have had if it had been a Court before which proceedings against him for negligence, default, breach of duty or breach of trust had been brought.

PART 34

COMPANIES: INTERPRETATION

Meaning of "subsidiary" and related expressions

1015. Meaning of "subsidiary" etc.

(1) A company is a "subsidiary" of another company, its "holding company", if that other company–

(a) holds a majority of the voting rights in it, or

(b) is a member of it and has the right to appoint or remove a majority of its board of directors, or

(c) is a member of it and controls alone, pursuant to an agreement with other members, a majority of the voting rights in it,

or if it is a subsidiary of a company that is itself a subsidiary of that other company.

(2) For the purposes of subsection (2) an undertaking shall be treated as a member of another undertaking–

(a) if any of its subsidiary undertakings is a member of that undertaking, or

(b) if any shares in that other undertaking are held by a person acting on behalf of the undertaking or any of its subsidiary undertakings.

(3) A company is a "wholly-owned subsidiary" of another company if it has no members except that other and that other's wholly-owned subsidiaries or persons acting on behalf of that other or its wholly-owned subsidiaries.

(4) Schedule 6 contains provisions explaining expressions used in this section and otherwise supplementing this section.

(5) In this section and that Schedule "company" includes any body corporate.

1016. Meaning of "subsidiary" etc: power to amend

(1) The Board may make rules amending the provisions of section 1015 (meaning of "subsidiary" etc) and Schedule 6 (meaning of "subsidiary" etc: supplementary provisions) so as to alter the meaning of the expressions "subsidiary", "holding company" or "wholly-owned subsidiary".

Meaning of "undertaking" and related expressions

1017. Meaning of "undertaking" and related expressions

(1) In these Regulations "undertaking" means–

(a) a body corporate or partnership, or

(b) an unincorporated association carrying on a trade or business, with or without a view to profit.

(2) In these Regulations references to shares–

(a) in relation to an undertaking with capital but no share capital, are to rights to share in the capital of the undertaking, and

(b) in relation to an undertaking without capital, are to interests–

(i) conferring any right to share in the profits or liability to contribute to the losses of the undertaking, or

(ii) giving rise to an obligation to contribute to the debts or expenses of the undertaking in the event of a winding up.

(3) Other expressions appropriate to companies shall be construed, in relation to an undertaking which is not a company, as references to the corresponding persons, officers, documents or organs, as the case may be, appropriate to undertakings of that description.

This is subject to provision in any specific context providing for the translation of such expressions.

(4) References in these Regulations to "fellow subsidiary undertakings" are to undertakings which are subsidiary undertakings of the same parent undertaking but are not parent undertakings or subsidiary undertakings of each other.

(5) In these Regulations "group undertaking", in relation to an undertaking, means an undertaking which is–

(a) a parent undertaking or subsidiary undertaking of that undertaking, or

(b) a subsidiary undertaking of any parent undertaking of that undertaking.

1018. Parent and subsidiary undertakings

(1) This section (together with Schedule 7) defines "parent undertaking" and "subsidiary undertaking" for the purposes of these Regulations.

(2) An undertaking is a parent undertaking in relation to another undertaking, a subsidiary undertaking, if–

(a) it holds a majority of the voting rights in the undertaking, or

(b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors, or

(c) it has the right to exercise a dominant influence over the undertaking–

(i) by virtue of provisions contained in the undertaking's articles, or

(ii) by virtue of a control contract, or

(d) it is a member of the undertaking and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the undertaking.

(3) For the purposes of subsection (2) an undertaking shall be treated as a member of another undertaking–

(a) if any of its subsidiary undertakings is a member of that undertaking, or

(b) if any shares in that other undertaking are held by a person acting on behalf of the undertaking or any of its subsidiary undertakings.

(4) An undertaking is also a parent undertaking in relation to another undertaking, a subsidiary undertaking, if–

(a) it has the power to exercise, or actually exercises, dominant influence or control over it, or

(b) it and the subsidiary undertaking are managed on a unified basis.

(5) A parent undertaking shall be treated as the parent undertaking of undertakings in relation to which any of its subsidiary undertakings are, or are to be treated as, parent undertakings, and references to its subsidiary undertakings shall be construed accordingly.

(6) Schedule 7 contains provisions explaining expressions used in this section and otherwise supplementing this section.

(7) In this section and that Schedule references to shares, in relation to an undertaking, are to allotted shares.

Other definitions

1019. "Non-cash asset"

(1) In these Regulations "non-cash asset" means any property or interest in property, other than cash.

For this purpose "cash" includes (without limitation) currency other than United Arab Emirates Dirhams.

(2) A reference to the transfer or acquisition of a non-cash asset includes–

(a) the creation or extinction of an estate or interest in, or a right over, any property, and

(b) the discharge of a liability of any person, other than a liability for a liquidated sum.

1020. Meaning of "banking company" and "banking group"

(1) This section defines "banking company" and "banking group" for the purposes of these Regulations.

(2) "Banking company" " means a person who has a Financial Services Permission to carry on the Regulated Activity of Accepting Deposits, other than —

(a) a person who is not a company; and

(b) a person who has such permission only for the purpose of carrying on another Regulated Activity in accordance with such permission[95],

(3) References to a banking group are to a group where the parent company is a banking company or where–

[95] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015.

(a) the parent company's principal subsidiary undertakings are wholly or mainly banking companies[96], and

(b) the parent company does not itself carry on any material business apart from the acquisition, management and disposal of interests in subsidiary undertakings.

"Group" here means a parent undertaking and its subsidiary undertakings.

(4) For the purposes of subsection (4)–

(a) a parent company's principal subsidiary undertakings are the subsidiary undertakings of the company whose results or financial position would principally affect the figures shown in the group accounts, and

(b) the management of interests in subsidiary undertakings includes the provision of services to such undertakings.

1021. "Employees' share scheme"

For the purposes of these Regulations an employees' share scheme is a scheme for encouraging or facilitating the holding of shares in or debentures of a company by or for the benefit of–

(a) the bona fide employees or former employees of–

(i) the company,

(ii) any subsidiary of the company, or

(iii) the company's holding company or any subsidiary of the company's holding company, or

(b) the spouses, surviving spouses, or minor children or step-children of such employees or former employees.

1022. Meaning of "prescribed"

Unless the context dictates otherwise, in these Regulations "prescribed" means prescribed by the Board or the Registrar, as the context dictates.

1023. Hard copy and electronic form and related expressions

(1) The following provisions apply for the purposes of these Regulations.

(2) A document or information is sent or supplied in hard copy form if it is sent or supplied in a paper copy or similar form capable of being read. References to hard copy have a corresponding meaning.

(3) A document or information is sent or supplied in electronic form if it is sent or supplied–

(a) by electronic means (for example, by e-mail or fax), or

(b) by any other means while in an electronic form (for example, sending a disk by post).

[96] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015.

References to electronic copy have a corresponding meaning.

(4) A document or information is sent or supplied by electronic means if it is–

(a) sent initially and received at its destination by means of electronic equipment for the processing (which expression includes digital compression) or storage of data, and

(b) entirely transmitted, conveyed and received by wire, by radio, by optical means or by other electromagnetic means.

References to electronic means have a corresponding meaning.

(5) A document or information authorised or required to be sent or supplied in electronic form must be sent or supplied in a form, and by a means, that the sender or supplier reasonably considers will enable the recipient–

(a) to read it, and

(b) to retain a copy of it.

(6) For the purposes of this section, a document or information can be read only if–

(a) it can be read with the naked eye, or

(b) to the extent that it consists of images (for example photographs, pictures, maps, plans or drawings), it can be seen with the naked eye.

(7) The provisions of this section apply whether the provision of these Regulations in question uses the words "sent" or "supplied" or uses other words (such as "deliver", "provide", "produce" or, in the case of a notice, "give") to refer to the sending or supplying of a document or information.

1024. Dormant companies

(1) For the purposes of these Regulations a company is "dormant" during any period in which it has no significant accounting transaction.

(2) A "significant accounting transaction" means a transaction that is required by section 379 to be entered in the company's accounting records.

(3) In determining whether or when a company is dormant, there shall be disregarded–

(a) any transaction arising from the taking of shares in the company by an initial member as a result of an undertaking of his in connection with the formation of the company,

(b) any transaction consisting of the payment of–

(i) a fee to the Registrar on a change of the company's name,

(ii) a fee to the Registrar on the re-registration of the company,

(iii) a fine under section 426 (default in filing accounts), or

(iv) a fee to the Registrar for the registration of an annual return.

(4) Any reference in these Regulations to a body corporate other than a company being dormant has a corresponding meaning.

1025. Receiver or manager and certain related references

(1) Any reference in these Regulations to a receiver or manager of the property of a company, or to a receiver of it, includes a receiver or manager or (as the case may be) a receiver of part only of that property and a receiver only of the income arising from the property or from part of it.

(2) Any reference in these Regulations to the appointment of a receiver or manager under powers contained in an instrument includes an appointment made under powers that by virtue of any law or regulation applicable in the Abu Dhabi Global Market are implied in and have effect as if contained in an instrument.

1026. Meaning of "contributory"

(1) In these Regulations "contributory" means every person liable to contribute to the assets of a company in the event of its being wound up.

(2) For the purposes of all proceedings for determining, and all proceedings prior to the final determination of, the persons who are to be deemed contributories, the expression includes any person alleged to be a contributory.

(3) The reference in subsection (1) to persons liable to contribute to the assets does not include a person so liable by virtue of a declaration by the Court under–

(a) section 251 (fraudulent trading) of the Insolvency Regulations 2015, or

(b) section 252 (wrongful trading) of the Insolvency Regulations 2015.

General

1027. References to requirements of these Regulations

References in the company law provisions of these Regulations to the requirements of these Regulations include the requirements of rules made under them.

1028. Minor definitions: general

(1) In these Regulations–

"body corporate" and "corporation" include a body incorporated other than under these Regulations, but do not include–

(a) a corporation sole, or

(b) a partnership that, whether or not a legal person, is not regarded as a body corporate under the law by which it is governed,

"conditional sale agreement" means an agreement for the sale of goods or land under which the purchase price or part of it is payable by instalments, and the property in the goods or land is to remain in the seller (notwithstanding that the buyer is to be in possession of the goods or land) until such conditions as to the payment of instalments or otherwise as may be specified in the agreement are fulfilled,

"financial institution" means-

(a) an Authorised Person;

(b) any person which carries out as its principal business an activity which would, if carried out in the Abu Dhabi Global Market, be a Regulated Activity; and

(c) is not one of the following-

A. a governmental organisation, including the Central Bank of any State; or

B. a multilateral development bank;[97]

"firm" means any entity, whether or not a legal person, that is not an individual and includes a body corporate, a corporation sole and a partnership or other unincorporated association,

"hire-purchase agreement" means an agreement, other than a conditional sale agreement, under which−

goods are bailed in return for periodical payments by the person to whom they are bailed, and

the property in the goods will pass to that person if the terms of the agreement are complied with and one or more of the following occurs−

(i) the exercise of an option to purchase by that person,

(ii) the doing of any other specified act by any party to the agreement,

(iii) the happening of any other specified event;

"non-ADGM company" means a body corporate not formed or registered under these Regulations.

"officer", in relation to a body corporate, includes a director, manager or secretary,

"parent company" means a company that is a parent undertaking (see section 1018 and Schedule 7), and

"working day", in relation to a company, means every day except Friday, Saturday and public holidays in the United Arab Emirates.

(2) Terms used in these Regulations which are defined in the Financial Services and Markets Regulations 2015 (including where the terms are capitalised in those regulations) shall have the meanings given to them in those regulations.[98]

1029. Index of defined expressions

Schedule 3 contains an index of provisions defining or otherwise explaining expressions used in these Regulations.

[97] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015.

[98] Amended by Regulations to amend the Companies Regulations 2015, enacted on 4/10/2015.

Part 35

AUDITORS

Chapter 1

INTRODUCTORY

1030. Main purposes of Part

The main purposes of this Part are–

(a) to secure that only persons who are properly supervised and appropriately qualified are appointed as auditors, and

(b) to secure that audits by persons so appointed are carried out properly, with integrity and with a proper degree of independence.

1031. Meaning of "auditor" etc.

(1) In this Part "auditor" means a person appointed as auditor under Part 15 of these Regulations and the expressions "audit" and "audit work" are to be construed accordingly.

(2) In this Part "audited person" means the person in respect of whom an audit is conducted.

Chapter 2

INDIVIDUALS AND FIRMS

1032. Eligibility for appointment as an auditor

(1) A firm is eligible for appointment as an auditor if the firm[99]–

(a) is recognised for the purposes of this section by the Registrar, and

(b) is a member of a recognised professional body and satisfies any additional requirements prescribed by rules made by the Board for the purposes of this section.

(2) In this Part a "recognised professional body" means a body which offers a professional qualification in accountancy and is recognised and approved pursuant to rules made by the Board.

[99] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

1033. Effect of ineligibility

(1) No person may act as an auditor of an audited person if he is ineligible for appointment as an auditor.

(2) If at any time during his term of office an auditor becomes ineligible for appointment as an auditor, he must immediately–

(a) resign his office (with immediate effect), and

(b) give notice in writing to the audited person that he has resigned by reason of his becoming ineligible for appointment.

(3) A person will commit a contravention of these Regulations if–

(a) he acts as an auditor in contravention of subsection (1), or

(b) he fails to give the notice mentioned in paragraph (b) of subsection (2) in accordance with that subsection.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to up to a level 6 fine.

(5) In proceedings against a person for any contravention under this section it is a defence for him to show that he did not know and had no reason to believe that he was, or had become, ineligible for appointment as an auditor.

1034. Independence requirement

(1) A person may not act as an auditor of an audited person if one (1) or more of subsections (2), (3) and (4) apply to him.

(2) This subsection applies if any individual responsible for audit work[100] is–

(a) an officer or employee of the audited person, or

(b) a partner or employee of such a person, or a partnership of which such a person is a partner.

(3) This subsection applies if any individual responsible for audit work[101] is–

(a) an officer or employee of an associated undertaking of the audited person, or

(b) a partner or employee of such a person, or a partnership of which such a person is a partner.

(4) This subsection applies if there exists, between–

(a) the person or an associate of his, and

(b) the audited person or an associated undertaking of the audited person,

a connection of any such description as may be specified by rules made by the Board.

[100] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[101] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(5) An auditor of an audited person is not to be regarded as an officer or employee of the person for the purposes of subsections (2) and (3).

(6) In this section "associated undertaking", in relation to an audited person, means–

(a) a parent undertaking or subsidiary undertaking of the audited person, or

(b) a subsidiary undertaking of a parent undertaking of the audited person.

1035. Effect of lack of independence

(1) If at any time during his term of office an auditor becomes prohibited from acting by section 1034(1), he must immediately–

(a) resign his office (with immediate effect), and

(b) give notice in writing to the audited person that he has resigned by reason of his lack of independence.

(2) A person will commit a contravention of these Regulations if –

(a) he acts as an auditor in contravention of section 1034(1), or

(b) he fails to give the notice mentioned in paragraph (b) of subsection (1) in accordance with that subsection.

(3) A person who commits the contravention referred to in subsection (2)(a) shall be liable to up to a level 4 fine.

(4) A person who commits the contravention referred to in subsection (2)(b) shall be liable to a level 3 fine.

(5) In proceedings against a person for any contravention under this section it is a defence for him to show that he did not know and had no reason to believe that he was, or had become, prohibited from acting as auditor of the audited person by section 1034(1).

1036. Effect of appointment of a partnership

(1) This section applies where a partnership constituted under the laws of–

(a) the Abu Dhabi Global Market, or

(b) any other country or territory in which a partnership is not a legal person,

is by virtue of this Chapter appointed as auditor of an audited person.

(2) Unless a contrary intention appears, the appointment is an appointment of the partnership as such and not of the partners.

(3) Where the partnership ceases, the appointment is to be treated as extending to–

(a) any appropriate partnership which succeeds to the practice of that partnership, or

(b) any other appropriate person who succeeds to that practice having previously carried it on in partnership.

(4) For the purposes of subsection (3)–

(a) a partnership is to be regarded as succeeding to the practice of another partnership only if the members of the successor partnership are substantially the same as those of the former partnership, and

(b) a partnership or other person is to be regarded as succeeding to the practice of a partnership only if it or he succeeds to the whole or substantially the whole of the business of the former partnership.

(5) Where the partnership ceases and the appointment is not treated under subsection (3) as extending to any partnership or other person, the appointment may with the consent of the audited person be treated as extending to an appropriate partnership, or other appropriate person, who succeeds to–

(a) the business of the former partnership, or

(b) such part of it as is agreed by the audited person is to be treated as comprising the appointment.

(6) For the purposes of this section, a partnership or other person is "appropriate" if it or he–

(a) is eligible for appointment as an auditor by virtue of this Chapter, and

(b) is not prohibited by section 1034(1) from acting as auditor of the audited person.

1037. Matters to be notified to the Registrar

(1) The Registrar may require a recognised professional body–

(a) to notify it immediately of the occurrence of such events as it may specify in writing and to give it such information in respect of those events as is so specified,

(b) to give him, at such times or in respect of such periods as he may specify in writing, such information as is so specified.

(2) The notices and information required to be given must be such as the Registrar may reasonably require for the exercise of its functions under these Regulations.

(3) The Registrar may require information given under this section to be given in a specified form or verified in a specified manner.

(4) Any notice or information required to be given under this section must be given in writing unless the Registrar specifies or approves some other manner.

1038. The Registrar's power to call for information

(1) The Registrar may by notice in writing require any person eligible for appointment as an auditor by virtue of this Chapter to give him such information as he may reasonably require for the exercise of his functions under this Part.

(2) The Registrar may require that any information which he requires under this section is to be given within such reasonable time and verified in such manner as he may specify.

Chapter 3

THE REGISTER OF AUDITORS ETC

1039. The register of auditors

(1) The Registrar may make rules which require a register of the persons eligible for appointment as an auditor to be kept.

(2) The rules may require each person's entry in the register to contain–

(a) a name and address[102],

(b) in the case of a firm eligible for appointment as an auditor, the specified information relating to the individuals responsible for audit work on its behalf,

(c) in the case of a firm eligible for appointment as an auditor by virtue of Chapter 2, the information mentioned in subsection (3).

(3) The information referred to in subsection (2)(d) is–

(a) in relation to a body corporate, the name and address of each person who is a director of the body or holds any shares in it,

(b) in relation to a partnership, the name and address of each partner.

(4) The rules may provide that different parts of the register are to be kept by different persons.

(5) The rules may impose such obligations as the Registrar thinks fit on–

(a) recognised professional bodies, and

(b) persons eligible for appointment as an auditor.

(6) The rules may include–

(a) provision requiring that specified entries in the register be open to inspection at times and places specified or determined in accordance with the rules,

(b) provision enabling a person to require a certified copy of specified entries in the register.

(7) In this section "specified" means specified by rules made under this section.

(8) The Board may make rules which make provision for the charging of fees for inspection, or the provision of copies of the register maintained under this section, such fees to be of such reasonable amount as may be specified or determined in accordance with those rules.

[102] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

1040. Information to be made available to public

(1) The Registrar may make rules requiring a person eligible for appointment as an auditor, or a member of a specified class of such persons, to keep and make available to the public specified information, including information regarding–

(a) the person's ownership and governance,

(b) the person's internal controls with respect to the quality and independence of its audit work,

(c) the person's turnover, and

(d) the audited persons of whom the person has acted as auditor.

(2) Rules under this section may–

(a) impose such obligations as the Registrar thinks fit on persons eligible for appointment as an auditor,

(b) require the information to be made available to the public in a specified manner.

(3) In this section "specified" means specified by rules made under this section.

Chapter 4

SUPPLEMENTARY AND GENERAL

1041. Registrar's power to require second audit of a company

(1) This section applies where a person appointed as auditor of a company was not an appropriate person for any part of the period during which the audit was conducted.

(2) The Registrar may direct the company concerned to retain an appropriate person–

(a) to conduct a second audit of the relevant accounts, or

(b) to review the first audit and to report (giving his reasons) whether a second audit is needed.

(3) For the purposes of subsections (1) and (2) a person is "appropriate" if he–

(a) is eligible for appointment as an auditor, and

(b) is not prohibited by section 1034(1) (independence requirement) from acting as auditor of the company.

(4) The company will commit a contravention of these Regulations if–

(a) it fails to comply with a direction under subsection (2) within the period of 21 days beginning with the date on which it is given, or

(b) it has previously committed a contravention under this subsection and the failure to comply with the direction which led to the contravention continues after the contravention.

(5) The company must–

(a) send a copy of a report under subsection (2)(b) to the Registrar of companies, and

(b) if the report states that a second audit is needed, take such steps as are necessary for the carrying out of that audit.

(6) The company will commit a contravention of these Regulations if–

(a) it fails to send a copy of a report under subsection (2)(b) to the Registrar within the period of 21 days beginning with the date on which it receives it,

(b) in a case within subsection (5)(b), it fails to take the steps mentioned immediately it receives the report, or

(c) it has previously committed a contravention under this subsection and the failure to send a copy of the report, or take the steps, which led to the contravention continues after the contravention.

(7) A company who commits a contravention under this section shall be liable to up to a level 4 fine.

1042. Supplementary provision about second audits

(1) If a person accepts an appointment, or continues to act, as auditor of a company at a time when he knows he is not an appropriate person, the company may recover from him any costs incurred by it in complying with the requirements of section 1041.

For this purpose "appropriate" is to be construed in accordance with subsection (3) of that section.

(2) Where a second audit is carried out under section 1041, any provision of these Regulations applying in relation to the first audit applies also, in so far as practicable, in relation to the second audit.

(3) A direction under section 1041(2) is, on the application of the Board, enforceable by injunction.

1043. Misleading, false and deceptive statements

(1) A person will commit a contravention of these Regulations if–

(a) for the purposes of or in connection with any application under this Part, or

(b) in purported compliance with any requirement imposed on him by or by virtue of this Part, he knowingly or recklessly furnishes information which is misleading, false or deceptive in a material particular.

(2) It is a contravention of these Regulations for a person whose name does not appear on the register of auditors kept under Resolutions under section 1039 to describe himself as a registered auditor or so to hold himself out as to indicate, or be reasonably understood to indicate, that he is a registered auditor.

(3) It is a contravention of these Regulations for a body which is not a recognised professional body to describe itself as so recognised or so to describe itself or hold itself out as to indicate, or be reasonably understood to indicate, that it is so recognised.

(4) A person who commits the contravention referred to under subsection (1) shall be liable to up to a level 6 fine.

(5) A person who commits the contravention referred to under subsection (2) or (3) shall be liable to up to a level 6 fine.

(6) It is a defence for a person charged with an offence under subsection (2) and (3) to show that he took all reasonable precautions and exercised all due diligence to avoid the commission of the contravention.

1044. Delegation of the Registrar's functions

(1) The Registrar may make an order under this section (a "delegation order") for the purpose of enabling functions of the Registrar under this Part to be exercised by another public authority in the Abu Dhabi Global Market.

(2) A delegation order has the effect of transferring to the body designated by it all functions of the Registrar under this Part–

(a) subject to such exceptions and reservations as may be specified in the order, and

(b) except his functions in relation to the body itself.

(3) A delegation order may confer on the body designated by it such other functions supplementary or incidental to those transferred as appear to the Registrar to be appropriate.

(4) A delegation order may be amended or, if it appears to the Registrar that it is no longer in the public interest that the order should remain in force, revoked by a further order under this section.

(5) Where functions are transferred or resumed, the Registrar may by order confer or, as the case may be, take away such other functions supplementary or incidental to those transferred or resumed as appear to him to be appropriate.

Interpretation

1045. Meaning of "associate"

(1) In this Part "associate", in relation to a person, is to be construed as follows.

(2) In relation to an individual, "associate" means–

(a) that individual's spouse or minor child or step-child,

(b) any body corporate of which that individual is a director, and

(c) any employee or partner of that individual.

(3) In relation to a body corporate, "associate" means–

(a) any body corporate of which that body is a director,

(b) any body corporate in the same group as that body, and

(c) any employee or partner of that body or of any body corporate in the same group.

(4) In relation to a partnership constituted under the laws of the Abu Dhabi Global Market, or the law of any other country or territory in which a partnership is not a legal person, "associate" means any person who is an associate of any of the partners.

1046. Minor definitions

(1) In this Part, unless a contrary intention appears–

"address" means–

(a) in relation to an individual, his usual residential or business address,

(b) in relation to a firm, its registered or principal office in the Abu Dhabi Global Market,

"company" means any company or other body the accounts of which must be audited in accordance with Part 15,

"director", in relation to a body corporate, includes any person occupying in relation to it the position of a director (by whatever name called) and any person in accordance with whose directions or instructions (not being advice given in a professional capacity) the directors of the body are accustomed to act,

"firm" means any entity, whether or not a legal person, which is not an individual,

"group", in relation to a body corporate, means the body corporate, any other body corporate which is its holding company or subsidiary and any other body corporate which is a subsidiary of that holding company,

"holding company" and "subsidiary" are to be read in accordance with section 1015 and Schedule 6,

"officer", in relation to a body corporate, includes a director, a manager, a secretary or, where the affairs of the body are managed by its members, a member,

*"*parent undertaking" and "subsidiary undertaking" are to be read in accordance with section 1018 and Schedule 7.

(2) The Board may make such modifications of this Part as appear to it to be necessary or appropriate for the purposes of its application in relation to any firm, or description of firm, which is not a body corporate or a partnership.

Part 36

CELL COMPANIES

Chapter 1

GENERAL PROVISIONS

1047. Cell companies

(1) A company is an incorporated cell company if its articles provide that it is an incorporated cell company.

(2) A company is a protected cell company if its articles provide that it is a protected cell company.

(3) A cell company may be–

(a) a public or private company, and

(b) a limited company (whether limited by shares or by guarantee) or an unlimited company.

(4) A cell company cannot be a restricted scope company and a restricted scope company cannot be or become a cell company.

1048. Cell companies may create cells

(1) A cell company may, by special resolution, resolve to create one or more cells.

(2) That special resolution−

(a) must assign to the cell a name that complies with these Regulations and rules made by the Registrar, and

(b) must specify the terms of the articles of the cell that will apply to the cell in compliance with Chapter 2 of Part 3 (articles of association) of these Regulations.

(3) A cell company may provide in the special resolution mentioned in subsection (1) that a cell it creates shall be wound up and dissolved upon−

(a) the bankruptcy, winding up, death, expulsion, insanity, resignation or retirement of any cellular member of the cell, or

(b) the happening of some other event that is not the expiration of a fixed period of time, or

(c) the expiration of a fixed period of time,

and this shall be taken to form part of the articles of that cell.

(4) A cell company may also provide in the special resolution mentioned in subsection (1)−

(a) that, in respect of the cell it creates, there may be issued shares in one or more classes, or

(b) that the cell it creates may have a guarantee member or guarantee members and this shall be taken to form part of the articles of that cell.

(5) There shall be taken to be included in the articles of a cell–

(a) a provision that the cell may not own shares in, or otherwise be a member of, its cell company, and

(b) unless the contrary intention appears in the articles, a provision that the cell may own shares in, or otherwise be a member of, any other cell of its cell company.

(6) The articles of a cell may be amended–

(a) in the manner set out in those articles, or

(b) in the absence of such a provision, by special resolution of both the cell and of the company of which it is a cell.

1049. Effect of filing of special resolution creating a cell

(1) When a cell company resolves by special resolution to create a cell, it shall file the resolution in accordance with section 27 (resolutions or agreements to be forwarded to Registrar) with the Registrar. The cell company must include with such filing such

evidence as the Registrar may require that the creation of such cell has been approved by the Financial Services Regulator.

(2) A special resolution filed in accordance with subsection (1) shall have effect as if it were an application for registration delivered to the Registrar in accordance with section 6 (registration documents) for the purposes of applying to form a company in accordance with that section.

(3) The cell shall be taken to have been created when the Registrar issues–

(a) in the case of a cell of an incorporated cell company, a certificate of incorporation in respect of the cell, or

(b) in the case of a cell of a protected cell company, a certificate of recognition in respect of the cell.

1050. Status of cells

(1) Subject to this section, a cell of a cell company–

(a) in the case of a cell of an incorporated cell company, is a company, and

(b) in the case of a cell of a protected cell company, is to be treated as a company registered under these Regulations for the purpose of the application to it of these Regulations.

(2) Accordingly, save as otherwise provided by this Part, the provisions of these Regulations shall apply to a cell of a cell company as if a reference in these Regulations–

(a) to a company were a reference to the cell,

(b) to the directors of a company were a reference to the directors of the cell,

(c) to the articles of a company were a reference to the articles of the cell,

(d) to members of a company were a reference to the members of the cell,

(e) to shares in a company were a reference to shares in the cell,

(f) to assets and liabilities of a company were a reference to the assets and liabilities of the cell, and

(g) to the share capital of a company were a reference to the share capital of the cell.

(3) A cell of a cell company shall have the same secretary and registered office as its cell company.

(4) The duties imposed on a company by section 157 (in relation to directors) and by section 293 (in relation to a secretary) shall, in the case of a cell of a protected cell company, be performed by its cell company.

(5) A cell of an incorporated cell company shall notify the incorporated cell company within 14 days of a director of the cell being appointed or of a director of the cell ceasing to be a director.

(6) If–

(a) a cell company fails to comply with subsection (4), or

(b) a cell fails to comply with subsection (5)

a contravention of these Regulations is committed by it and every officer of it who is in default.

(7) A director of a cell shall not be taken, by virtue only of being such a director, to have any duties or liabilities in respect of–

(a) the cell company in relation to the cell, or

(b) any other cell of the cell company.

(8) A director of a cell shall not be entitled, by virtue only of being such a director, to obtain from the cell company in relation to either the cell company or any other cell of the cell company, any information in respect of the cell company or any other cell of the cell company.

(9) A cell of a cell company is not a subsidiary of the cell company.

(10) Where a protected cell company –

(a) enters into a transaction in respect of a particular cell of the company, or

(b) incurs a liability arising from an activity or asset of a particular cell,

subject to the provisions of Chapter 2 relating to the liability of protected cell companies and their cells, a claim by any person in connection with the transaction or liability extends only to the cellular assets of the cell.

(11) Where a cell of an incorporated cell company–

(a) enters into a transaction, or

(b) incurs a liability arising from an activity or asset of that cell,

a claim by any person in connection with the transaction or liability extends only to the assets of the cell.

(12) Where a protected cell company–

(a) enters into a transaction in its own right and not in respect of any of its cells, or

(b) incurs a liability arising from an activity of the company in its own right and not in respect of any of its cells, or

(c) incurs a liability arising from an asset held by the company in its own right and not in respect of any of its cells,

subject to the provisions of Chapter 2 relating to the liability of protected cell companies and their cells, a claim by any person in connection with the transaction or liability extends only to the non-cellular assets of the protected cell company.

(13) Where an incorporated cell company–

(a) enters into a transaction, or

(b) incurs a liability arising from an activity of that company, or

(c) incurs a liability arising from an asset held by that company,

a claim by any person in connection with the transaction or liability extends only to the assets of the incorporated cell company and not to the assets of any of its cells.

1051. Register of members of cells

(1) The duties imposed on a company by Chapter 2 of Part 8 (register of members) and Part 20 (certification and transfer of securities) of these Regulations shall, in the case of a cell of a cell company, be performed by its cell company.

(2) Accordingly, a cell company must, in addition to keeping a register of its members, keep a register of the members of each of its cells, which it must keep in accordance with Chapter 2 of Part 8.

(3) If a cell company fails to comply with subsection (2), a contravention of these Regulations is committed by it and every officer of it who is in default.

(4) The only persons entitled under section 121 (rights to inspect and require copies) to inspect or require a copy of all or any part of any register of members of a cell shall be persons who are members of such cell.

(5) A person who commits the contravention referred to in subsection (3) shall be liable to a level 1 fine.

1052. Annual return in respect of cells

(1) Section 778 (duty to deliver annual returns) shall not apply to a cell of a cell company.

(2) However, the cell company must–

(a) include in its annual return the information required by sections 778 to 782 (inclusive) in respect of each cell of the company, and

(b) in respect of each of its cells – deliver to the Registrar a copy of so much of its annual return as relates to the cell.

(3) If a cell company fails to comply with subsection (2), a contravention of these Regulations is committed by it.

(4) The information specified in section 782 (contents of annual return: information about shareholders) which is contained in any annual return made by a cell company in respect of any cell shall not be made available by the Registrar to any person who is not a member or a director or the secretary of such cell.

(5) A cell company who commits the contravention referred to in subsection (3) shall be liable to a level 2 fine.

1053. Accounting records of cell companies

(1) Section 376 (duty to keep accounting records) shall not apply to a cell of a cell company.

(2) However, the cell company must keep accounting records in respect of each of its cells that are sufficient to show and explain the cell's transactions and are such as to–

(a) disclose with reasonable accuracy, at any time, the financial position of the cell at that time, and

(b) enable its directors to ensure that any accounts prepared by the company in respect of the cell comply with the requirements of these Regulations.

(3) The accounting records kept by a cell company under section 375 (duty to keep accounting records) may include matters included by it in any accounting records kept by the company under subsection (2).

(4) If a cell company fails to comply with subsection (2) a contravention of these Regulations is committed by it and every officer of the company who is in default.

(5) It is a defence for an officer charged with such an offence to show that he acted honestly and that in the circumstances in which the cell company's business was carried on the default was excusable.

(6) A person who commits the contravention referred to in subsection (4) shall be liable to a fine of up to level 5.

1054. Accounts of cell companies

(1) Subject to sub-section (2), section 383 (duty to prepare individual accounts) and sections 389 (duty to prepare group accounts) shall not apply to a cell of a cell company.

(2) However, the cell company must prepare separate accounts, in accordance with section 383 that–

(a) fairly present the profit or loss of each cell of the company for the period mentioned in section 383 and of the state of each cell's affairs at the end of that period taking into account only the assets and liabilities solely attributable to the cell, and

(b) comply with any other applicable requirement of these Regulations (including as to audit under Part 15 of these Regulations).

(3) The accounts of a cell company prepared by it in respect of the company in accordance with section 383 need not include matters included by it in any accounts prepared by it in accordance with subsection (2).

(4) Subject to any provision in the articles of a cell of a cell company or of the company to the contrary–

(a) a member of the cell company who is not a member of the cell shall only be entitled to be provided with so much of the accounts of the company as is required by subsection (3), and

(b) a member of a cell of the company shall only be entitled to be provided with so much of the accounts as is mentioned in subsection (2) as relate to the cell of which the member is a member.

(5) If a cell company fails to comply with subsection (2) a contravention of these Regulations is committed by it and every officer of the company who is in default.

(6) It is a defence for an officer charged with such an offence to show that he acted honestly and that in the circumstances in which the cell company's business was carried on the default was excusable.

(7) Section 421 (filing obligations of companies generally) shall not apply to any accounts required to be prepared in accordance with subsection (2).

(8) A person who commits the contravention referred to in subsection (5) shall be liable to a level 5 fine.

1055. Incorporation of a cell independent of a cell company

(1) A cell of a cell company may apply to the Registrar to be incorporated as a company independent of that cell company.

(2) If the articles of the cell are silent or do not provide otherwise, the application must be approved by a special resolution of the members of the cell or, if the cell has more than one class of members, a special resolution of each class of members.

(3) The application must include the information that would be required under Part 2 (company formation) were the cell being incorporated under these Regulations otherwise than by virtue of this section.

(4) In respect of an application under this section the Registrar has all the powers given under Part 2.

(5) Where a cell has made an application under this section, a member of the cell who objects to the cell being incorporated as a company independent of its cell company may apply to the Court for an order under section 858 (petition by company member) on the grounds that the incorporation or the terms of the incorporation unfairly prejudice his interests.

(6) An application may not be made under subsection (5) after the expiration of the period of 30 days following the application being made under subsection (1).

(7) When a cell is registered as a separate company by virtue of this section, that separate company shall no longer be a cell of the cell company, subject always to the following–

(a) where the cell was a cell of an incorporated cell company, all property and rights to which the cell was entitled immediately before its registration remain the property and rights of the separate company,

(b) where the cell was a cell of a protected cell company, all property and rights of that company in respect of the cell immediately before its registration become by virtue of such registration the property and rights of the separate company,

(c) where the cell was a cell of an incorporated cell company, the separate company remains subject to all civil liabilities, and all contracts, debts and other obligations, to which the cell was subject immediately before its registration,

(d) where the cell was a cell of a protected cell company, all contracts, debts and other obligations of that company in respect of the cell, to which the protected cell company was subject immediately before the registration of the separate company, become by virtue of such registration the contracts, debts and other obligations of the separate company,

(e) where the cell was a cell of an incorporated cell company, all actions and other legal proceedings which, immediately before the registration of the separate company, were pending by or against the cell may be continued by or against the separate company, and

(f) where the cell was a cell of a protected cell company, all actions and other legal proceedings which, immediately before the registration of the separate company, were pending by or against the protected cell company in respect of the cell may by virtue of such registration be continued by or against the separate company.

(8) The operation of subsection (7)(b) and (d) shall not be regarded as giving rise to any–

(a) breach of contract or confidence or otherwise as a civil wrong,

(b) breach of any contractual provision prohibiting, restricting or regulating the assignment or transfer of rights or liabilities, or

(c) remedy by a party to a contract or other instrument, as an event of default under any contract or other instrument or as causing or permitting the termination of any contract or other instrument, or of any obligation or relationship.

1056. Transfer of cells of cell companies

(1) A cell of a cell company may be transferred to another cell company.

(2) The cell companies shall enter into a written agreement that sets out the terms of the transfer (in this section referred to as the "transfer agreement").

(3) A transfer of a cell is approved when the directors of each cell company have approved the transfer agreement and the agreement is approved by a special resolution of the cell company to which the cell is being transferred and–

(a) when the transfer agreement is consented to by all the members of the cell being transferred and all the creditors (if any) of that cell, or

(b) if the agreement of all the creditors of the cell cannot be obtained, when the transfer is authorised by a special resolution of the cell and sanctioned by the Court on it being satisfied that no creditor of the cell will be materially prejudiced by the transfer.

(4) Within 14 days of a transfer agreement being approved, the cell company to which the cell is being transferred must deliver to the Registrar in accordance with section 27 (resolutions or agreements to be forwarded to Registrar) a copy of the special resolution of that company approving the transfer agreement together with–

(a) a copy of the transfer agreement,

(b) a copy of any new articles of the cell being transferred,

(c) such evidence as the Registrar may require that the transfer of such cell has been approved by the Financial Services Regulator, and

(d) a declaration made in accordance with subsection (5), signed by each director of the cell company transferring the cell.

(5) The declaration must state that each such director believes on reasonable grounds that–

(a) the cell being transferred is able to discharge its liabilities as they fall due,

(b) there are no creditors of the cell company from which the cell is being transferred whose interests will be unfairly prejudiced by the merger, and

(c) the transfer agreement has been approved in accordance with this section.

(6) If a cell company fails to deliver the documents set out in subsection (4) within the period mentioned in that subsection, a contravention of these Regulations is committed by it and every officer of it in default.

(7) A person who commits the contravention referred to in subsection (6) shall be liable to a level 2 fine.

(8) If a director makes a declaration under subsection (5) without having the grounds to do so, a contravention of these Regulations is committed by him.

(9) A person who commits the contravention referred to in subsection (8) shall be liable to a fine of up to level 5.

(10) Section 1049(2) shall apply in respect of the documents delivered to the Registrar in accordance with subsection (4) as if the documents were a special resolution filed in accordance with section 1049(1).

(11) Upon delivery to the Registrar of the documents referred to in subsection (4), the Registrar shall, if those documents comply with this section–

(a) register the transfer of the cell and any new articles of the cell,

(b) issue to the cell a new certificate of incorporation or recognition in accordance with section 1049(1), and

(c) record that the cell has ceased to be a cell of the company that transferred the cell.

(12) Upon the issue of the new certificate of incorporation or recognition, by virtue of such issue–

(a) the cell ceases to be a cell of the cell company that transferred it,

(b) the cell becomes a cell of the company to which it has been transferred,

(c) the articles of the cell shall be as provided for in the transfer agreement,

(d) where the cell was a cell of an incorporated cell company, all property and rights to which the cell was entitled immediately before the issue of the new certificate remain the property and rights of the cell if the transfer is to an incorporated cell company or, if the transfer is to a protected cell company, become the property and rights of that company in respect of the cell,

(e) where the cell was a cell of an incorporated company, the liabilities, and all contracts, debts and other obligations to which the cell was subject immediately before the issue of the new certificate remain the liabilities, contracts, debts and other obligations of the cell if the transfer is to an incorporated cell company or if the transfer is to a protected cell company, become the liabilities, contracts, debts and other obligations of that company in respect of the cell,

(f) where the cell was a cell of an incorporated cell company, all actions and other legal proceedings which, immediately before the issue of the new certificate were pending by or against the cell may be continued by or against the cell if the transfer is to an incorporated cell company or, if the transfer is to a protected cell company by or against that company in respect of the cell,

(g) where the cell was a cell of a protected cell company, all property and rights of that company in respect of the cell immediately before the issue of the new certificate become the property and rights of the cell if the transfer is to an incorporated cell company or, if the transfer is to a protected cell company, the property and rights of that company in respect of that cell,

(h) where the cell was a cell of a protected cell company, all liabilities, contracts, debts and other obligations of that company in respect of the cell, to which the protected cell company was subject immediately before the issue of the new certificate, become the liabilities, contracts, debts and other obligations of the

cell if the transfer is to an incorporated cell company or, if the transfer is to a protected cell company, the liabilities, contracts, debts and other obligations of that company in respect of the cell, and

(i) where the cell was a cell of a protected cell company, all actions and other legal proceedings that, immediately before the issue of the new certificate, were pending by or against the protected cell company in respect of the cell may be continued by or against the cell if the transfer is to an incorporated cell company or, if the transfer is to a protected cell company, against that company is respect of the cell.

(13) The operation of subsection (12) shall not be regarded as giving rise to any –

(a) breach of contract or confidence or otherwise as a civil wrong,

(b) breach of any contractual provision prohibiting, restricting or regulating the assignment or transfer of rights or liabilities, or

(c) remedy by a party to a contract or other instrument, as an event of default under any contract or other instrument or as causing or permitting the termination of any contract or other instrument, or of any obligation or relationship.

(14) A cell may not be transferred under this section if the transfer would be inconsistent with the articles of the cell, the cell company transferring the cell or the cell company to which it is to be transferred.

(15) A company that is not a cell company and a cell company may enter into an agreement to provide that the company that is not a cell company shall become a cell of the cell company.

(16) Where subsection (15) applies–

(a) the agreement mentioned in that paragraph shall have effect for the purpose of this section as if it were a transfer agreement, and

(b) this section shall otherwise apply in respect of the transfer as if the company that is not a cell company were a cell of an incorporated cell company.

1057. Application of the Insolvency Regulations 2015 to cell companies

(1) Where a cell company with one or more cells is being wound up under the Insolvency Regulations 2015 the company shall not be taken to have no assets and no liabilities while the company continues to have any such cell.

(2) Accordingly, in the course of the winding up of the company, each cell of the company must–

(a) be transferred to another cell company,

(b) be wound up,

(c) be continued as a body corporate or cell under the law of another jurisdiction,

(d) be incorporated independently of the cell company, or

(e) be merged with another company.

1058. Names of incorporated cell companies

(1) The name of an incorporated cell company must end with the words 'Incorporated Cell Company' or with the abbreviation 'ICC'.

(2) A company that is registered with a name that ends with the words 'Incorporated Cell Company' or the abbreviation 'ICC' may, in setting out or using its name for any purpose under these Regulations, do so in full or in abbreviation form, as it determines.

(3) An incorporated cell company must assign a distinctive name to each of its cells that–

(a) distinguishes the cell from any other cell of the company, and

(b) ends with the words 'Incorporated Cell' or with the abbreviation 'IC'.

(4) Sections 52 and 53 (specifying how the name of a limited company must end) shall not apply to a cell of an incorporated cell company where the cell is a limited company.

1059. Restriction on amendment of articles

(1) The powers conferred by sections 19 and 20 (relating to the alteration of articles) on a company to amend its articles shall not be exercisable by a company to provide for it to be a cell company unless–

(a) the amendment is consented to by all the members of the company and all the creditors of the company, or

(b) if the consent of all the creditors of the company cannot be obtained, the amendment is authorised by a special resolution of the company and sanctioned by the Court on it being satisfied that no creditor will be materially prejudiced by the amendment.

(2) The powers conferred by sections 19 and 20 on a cell company to amend its articles shall not be exercisable by a cell company to provide for it to cease to be a cell company, or for it to convert from an incorporated cell company to a protected cell company or from a protected cell company to an incorporated cell company, unless–

(a) the amendment is consented to by all the members of the company, all the members of the each cell of the company, and all the creditors of the company and of each cell of the company, or

(b) where the consent of all the creditors of the company and of each cell of the company cannot be obtained, the amendment is authorised by a special resolution of the company and of each cell of the company, and sanctioned by the Court on it being satisfied that no such creditor will be materially prejudiced by the amendment.

(3) Where a company seeks to change its status in accordance with subsection (1) or subsection (2) the Registrar shall issue under section 12 (issue of certificate of incorporation) a certificate of incorporation that is appropriate to the amended status of the company if there is delivered to the Registrar–

(a) a copy of the special resolution that amends its constitution and its name, and

(b) evidence satisfactory to the Registrar that the requirements of subsection (1) or subsection (2), as appropriate, have been met.

(4) Where a company changes its status in accordance with subsection (1) or subsection (2) the change of status shall take effect when the Registrar issues a certificate of incorporation in accordance with subsection (3).

(5) Where a company changes its status in accordance with subsection (1) or subsection (2) the special resolution and/or other provision required under sections 19 and/or 20 for it to do so must include any change of name of the company necessary for it to comply with these Regulations.

(6) Where, in accordance with subsection (2), a protected cell company changes its status to an incorporated cell company–

(a) the Registrar shall, at the same time, issue in relation to each cell of the cell company a certificate of incorporation as if he had received an application for the creation of the cell under section 1049,

(b) the previous certificate of recognition issued to each cell of the cell company shall cease to have effect, and

(c) section 1056(12) shall apply in relation to each cell as if the cell had been transferred to the incorporated cell company under section 1056.

(7) Where, in accordance with subsection (2), an incorporated cell company changes its status to a protected cell company–

(a) the Registrar shall, at the same time, issue in relation to each cell of the cell company a certificate of recognition as if he had received an application for the creation of the cell under section 1049,

(b) the previous certificate of incorporation issued to each cell of the cell company shall cease to have effect, and

(c) section 1056(12) shall apply in relation to each cell as if the cell had been transferred to the protected cell company under section 1056.

(8) A body that is incorporated outside the Abu Dhabi Global Market may, with the approval of the Board by resolution, change its status in the manner set out in this section as part of the process of obtaining the issue of a certificate of continuance in accordance with Chapter 2 of Part 7 (continuance).

(9) A change of status of a company to which subsection (6) applies shall have effect on the issue of the certificate of continuance in accordance with section 106 (certificate of continuance within the Abu Dhabi Global Market).

Chapter 2

PROTECTED CELL COMPANIES

1060. Status of cells of protected cell companies

(1) A cell of a protected cell company is not a body corporate and has no legal identity separate from that of its cell company.

(2) However, a cell of a protected cell company may enter into an agreement with its cell company or with another cell of the company that shall be enforceable as if each cell of

the company were a body corporate that had a legal identity separate from that of its cell company.

1061. Membership of protected cell company

(1) In a protected cell company–

(a) its non-cell members are members of the company but are not, by virtue of being such members, members of any cell of the company, and

(b) the cell members of a cell created by the company are members of that cell but are not, by virtue of being such members, members of the company or of any other cell of the company.

(2) In subsection (1)–

"cell member", in respect of a protected cell company, means–

(a) a registered holder of a share in a cell of the company, or

(b) a guarantee member of a cell of the company,

"non-cell member", in respect of a protected cell company, means–

(a) a registered holder of a share in the company that is not a share in a cell of the company, or

(b) a guarantor member of the company who is not a guarantor member of the company by virtue of being a guarantee member of a cell of the company.

1062. Additional duties of directors of protected cell companies

(1) A director of a protected cell company must exercise his powers and must discharge his duties in such a way as shall best ensure that–

(a) the cellular assets of the company are kept separate and are separately identifiable from the non-cellular assets of the company, and

(b) the cellular assets attributable to each cell of the company are kept separate and are separately identifiable from the cellular assets attributable to other cells of the company.

(2) A director of a protected cell company must ensure, when the company enters into an agreement in respect of a cell of the company–

(a) that the other party to the transaction knows or ought reasonably to know that the cell company is acting in respect of a particular cell, and

(b) that the minutes of any meeting of directors held with regard to the agreement clearly record the fact that the company was entering into the agreement in respect of the cell and that the obligation imposed by subsection (a) was or will be complied with.

(3) If a director fails to comply with the requirements of subsection (1) or subsection (2), a contravention of these Regulations is committed by him.

(4) A person who commits the contravention referred to in subsection (3) shall be liable to a fine of up to level 4.

(5) The duties of a director of a protected cell company under this section are in addition to those under Chapters 2 and 3 of Part 10 (general duties of directors, etc.) of these Regulations.

1063. Names of protected cell companies

(1) The name of a protected cell company must end with the words 'Protected Cell Company' or with the abbreviation 'PCC'.

(2) A company that is registered with a name that ends with the words 'Protected Cell Company' or the abbreviation 'PCC' may, in setting out or using its name for any purpose under these Regulations, do so in full or in the abbreviated form, as it determines.

(3) A protected cell company must assign a distinctive name to each of its cells that–

(a) distinguishes the cell from any other cell of the company, and

(b) ends with the words 'Protected Cell' or with the abbreviation 'PC'.

(4) Sections 52 and 53 (specifying how the name of a limited company must end) shall not apply to a cell of a protected cell company where the cell has the features of a limited company.

1064. Liability of protected cell company and its cells

(1) Except as provided by subsections (2) and (4), a protected cell company has no power–

(a) to meet any liability attributable to a particular cell of the company from the non-cellular assets of the company, or

(b) to meet any liability, whether attributable to a particular cell or not, from the cellular assets of another cell of the company.

(2) If–

(a) a protected cell company is permitted to do so under its articles, and

(b) the requirement set out in subsection (3) is satisfied,

the company may meet any liability attributable to a particular cell of the company from the company's non-cellular assets.

(3) The requirement mentioned in subsection (2)(b) is that prior to the protected cell company meeting any liability attributable to the particular cell from the company's non-cellular assets the directors who are to authorise the liability being met in such a way must make a statement that, having made full enquiry into the affairs and prospects of the company, they reasonably believe–

(a) that the company will be able to discharge its liabilities as they fall due, and

(b) that, having regard to–

(i) the prospects of the company,

(ii) the intentions of the directors with respect to the management of the company's business, and

(iii) the amount and character of the financial resources that will in the directors' view be available to the company,

the company will be able to–

A. continue to carry on business, and

B. discharge its liabilities as they fall due,

until the expiry of the period of 12 months immediately following the date on which the statement is signed.

(4) A protected cell company may meet any liability, whether attributable to a particular cell or not, from the cellular assets of another cell if–

(a) it is permitted to do so by the articles of that other cell, and

(b) the requirement set out in subsection (5) is satisfied.

(5) The requirement mentioned in subsection (4)(b) is that prior to the protected cell company meeting any liability from the cellular assets of that other cell the directors who are to authorise the liability being met in such a way must make a statement that, having made full enquiry into the affairs and prospects of that cell, they reasonably believe–

(a) that the cell will be able to discharge its liabilities as they fall due, and

(b) that, having regard to–

(i) the prospects of the cell,

(ii) the intentions of the directors with respect to the management of the cell's business, and

(iii) the amount and character of the financial resources that will in the directors' view be available to the cell,

the company will be able to–

A. continue to carry on business, and

B. discharge its liabilities as they fall due,

until the expiry of the period of 12 months immediately following the date on which the statement is signed.

(6) If a director makes a statement under subsection (3) or subsection (5) without having reasonable grounds for the opinion expressed in the statement, a contravention of these Regulations is committed by him.

(7) A person who commits the contravention referred to in subsection (6) shall be liable to a fine of up to level 4.

1065. Protection of cellular and non-cellular assets of protected cell companies

(1) Where a creditor of a protected cell company has a claim against the company in respect of a particular cell of the company (in this section called "the relevant cell") by virtue

of a transaction to which section 1050(10) applies, only the cellular assets of the company held by it in respect of the relevant cell shall be available to the creditor.

(2) Where a creditor of a protected cell company has a claim against the company by virtue of a transaction to which section 1050(10) does not apply, the cellular assets of the company shall not be available to the creditor.

(3) Accordingly–

(a) a creditor of the company to whom subsection (1) applies only has the right to seek by proceedings or by any other means, whether in the Abu Dhabi Global Market or elsewhere, to make or attempt to make the cellular assets of the company held by it in respect of the relevant cell available for all or any part of the amount owed to the creditor, and

(b) a creditor of the company to whom subsection (2) applies has no right to seek by proceedings or by any other means, whether in the Abu Dhabi Global Market or elsewhere, to make or attempt to make the cellular assets of the company available for all or any part of the amount owed to the creditor.

(4) If a creditor of a protected cell company to whom subsection (1) applies succeeds, whether in the Abu Dhabi Global Market or elsewhere, in making available for all or any part of the amount owed to the creditor any assets of the company that are not its cellular assets held by it in respect of the relevant cell, the creditor shall be liable to pay to the company an amount equal to the benefit so obtained.

(5) If a creditor of a protected cell company to whom subsection (2) applies succeeds, whether in the Abu Dhabi Global Market or elsewhere, in making available for all or any part of the amount owed to the creditor any cellular assets of the company, the creditor shall be liable to pay to the company an amount equal to the benefit so obtained.

(6) Any amount recovered by a protected cell company in respect of a cell of the company by virtue of subsection (4) or subsection (5), and the right to claim that amount, shall form part of the cellular assets of the company held by it in respect of the cell.

(7) If a creditor of a protected cell company to whom subsection (1) applies succeeds, whether in the Abu Dhabi Global Market or elsewhere in seizing or attaching or otherwise levying execution against any assets of the company, that are not its cellular assets held by it in respect of the relevant cell, for all or any part of the amount owed to the creditor, the creditor shall hold those assets or their proceeds on trust for the company or, as the case may be, the cell of the company whose cellular assets were wrongfully seized or attached.

(8) If a creditor of a protected cell company to whom subsection (2) applies succeeds, whether in the Abu Dhabi Global Market or elsewhere in seizing or attaching or otherwise levying execution against any cellular assets of the company for all or any part of the amount owed to the creditor, the creditor shall hold those assets or their proceeds on trust for the cell of the company whose cellular assets were wrongfully seized or attached.

(9) Where subsection (7) or subsection (8) applies, the creditor must–

(a) keep the assets so held on trust separated and identifiable as trust property, and

(b) pay or return them on demand to the protected cell company.

(10) If a creditor fails to comply with the provisions of subsection (9), a contravention of these Regulations is committed by him.

(11) A person who commits the contravention referred to in subsection (10) shall be liable to a level 3 fine.

(12) Any amount recovered by a protected cell company by virtue of a trust mentioned in subsection (7) shall form part of the non-cellular assets of the company or, as the case may be, the cellular assets of the cell of the company whose cellular assets were wrongfully seized or attached.

(13) Any amount recovered by a protected cell company by virtue of a trust mentioned in subsection (8) shall form part of the cellular assets of the cell of the company whose cellular assets were wrongfully seized or attached.

(14) If a creditor becomes liable to pay an amount or to return assets to a protected cell company under subsection (4), subsection (5) or subsection (9)(b) and no amount or an insufficient amount is received, or no assets or less than all the assets are recovered, the company must cause or procure an auditor, acting as an expert and not as an arbitrator, to certify the loss suffered by the company and then, as the case may be–

(a) transfer to the company from the cellular assets of the relevant cell, if the liability was attributable to it, an amount sufficient to make good the loss suffered by the company's cellular or non-cellular assets, as the case may be, or

(b) transfer from its non-cellular assets, if the liability was attributable to them an amount sufficient to make good the loss suffered by its the cellular assets.

(15) Where an amount transferred by virtue of subsection (14)(a) was in respect of a loss suffered by the company's cellular assets, the amount transferred shall be transferred to the cell of the company whose cellular assets were wrongfully made available to a creditor or seized, attached or executed against.

(16) An amount transferred by virtue of subsection (14)(b) shall be transferred to the cell of the company whose cellular assets were wrongfully made available to a creditor or seized, attached or executed against.

(17) If a company fails to comply with subsection (14), (15) or (16), a contravention of these Regulations is committed by the company and every officer of it who is in default.

(18) A person who commits the contravention referred to in subsection (17) shall be liable to a level 3 fine.

(19) Subsections (4) to (16) do not apply to any payment made to a creditor by a protected cell company in accordance with section 1064(2) or section 1064(4).

1066. Effect of commencement of summary winding up of protected cell company

(1) Where a protected cell company is being wound up, section 195(1) (effect on business and status of company) of the Insolvency Regulations 2015 (effect on business and status of company) shall not apply in respect of any cell of the company.

(2) Where a cell of a protected cell company is being wound up, section 195(1) (effect on business and status of company) of the Insolvency Regulations 2015 shall not apply in respect of the company or any other cell of the company.

1067. Court may determine liability of protected cells companies

The Court, on the application of a protected cell company, may determine, in accordance with this Part, if a liability of the company is to be met by its non-cellular assets, by the cellular assets of a specific cell of the company or by a combination of those assets.

1068. Definitions relevant to this Part

In this Part:

"cell" means a cell of a cell company,

"cell company" means a company that is an incorporated cell company or a protected cell company,

"cellular assets", in respect of a protected cell company, means the assets of the company attributable solely to the cell or cells of the company,

"cellular liabilities", in respect of a protected cell company, means the liabilities of the company attributable solely to a cell or cells of the company,

"class of members", in respect of a protected cell company, includes–

(a) the members of a cell of the company, and

(b) any class of members of a cell of the company,

"incorporated cell company" means a company to which section 1047(1) applies,

"non-cellular assets", in respect of a protected cell company, means its assets that are not its cellular assets,

"non-cellular liabilities", in respect of a protected cell company, means its liabilities that are not its cellular liabilities.

"protected cell company" means a company to which section 1047(2) applies.

Part 36A[103]

INVESTMENT COMPANIES

1068A. Application and interpretation, powers of the Board

(1) Without limiting the generality of subsection (2) below, the provisions of this Part are additional to any other legislation which may apply to the incorporation, operation, or winding up of an investment company.

(2) Except as far as otherwise provided by this Part, any provision of any Rules made by the Financial Services Regulator relating to Collective Investment Funds[104], or any

[103] Introduced by the Regulations to amend the Companies Reguluations 2015, enacted on 4/10/2015.

[104] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

other enactment, the provisions of these Regulations shall apply in their entirety to investment companies.

(3) The Board shall have authority from time to time to make, issue, amend and rescind such Rules as are necessary or appropriate in relation to the incorporation, operation or winding up of investment companies.

1068B. Formation of investment companies

(1) A company is an investment company if its articles provide that it is an investment company, and it has been established for the sole purpose of collective investment.

(2) An investment company may be-

(a) a public or private company, and

(b) a limited company (whether limited by shares or by guarantee), and

(c) a cell company (or a cell of a cell company).

(3) An investment company cannot be a restricted scope company and a restricted scope company cannot be or become an investment company.

1068C. Names of investment companies

(1) The name of an investment company must include the words 'Close-Ended Investment Company' or the abbreviation 'CEIC', if it is a closed-ended investment company, or must include the words ‘Open-Ended Investment Company’ or the abbreviation ‘OEIC’ if it is an open-ended investment company. [105]

(2) A company that is registered with a name that includes the words 'Close-Ended Investment Company' ‘Open-Ended Investment Company’ or the abbreviations 'CEIC' or OEIC[106] may, in setting out or using its name for any purpose under these Regulations, do so in full or in abbreviation form, as it determines.

1068D. Directors

(1) Sections 144 and 145 of these Regulations shall not apply to investment companies.

(2) An investment company must have at least one director.

(3) The directors of an investment company must be fit and proper persons to act as such.

(4) If an investment company has only one director, that director must be a body corporate which is an Authorised Person and which holds the Financial Services Permission in the Abu Dhabi Global Market or in a Recognised Jurisdiction authorising it to carry on the Regulated Activity of Managing a Collective Investment Fund.

(5) If an investment company has two or more directors, they must ensure that, at all times, there is appointed to the investment company an entity which holds the Financial

[105] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[106] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

Services Permission in the Abu Dhabi Global Market or in a Recognised Jurisdiction authorising it to carry on the Regulated Activity of Managing a Collective Investment Fund.

1068E. Statutory pre-emption rights

(1) Sections 519 to 537 of these Regulations shall not apply to investment companies.

1068F. Issue and allotment of shares

(1) Sections 508 to 512 of these Regulations shall not apply to investment companies.

(2) The directors of an investment company may exercise any power of the investment company to-

(a) allot shares in the investment company; or

(b) grant rights to subscribe for or to convert any security into shares in the investment company, to the extent permitted by the investment company's articles.

1068G. Share transfers

(1) The articles of an investment company may contain provision as to share transfers in respect of any matter for which provision is not made in these Regulations or any other enactment.

1068H. Redemptions

(1) Sections 623 to 628 of these Regulations shall not apply to investment companies.

(2) The directors of an investment company may exercise any power of the investment company to-

(a) issue shares that are redeemable at the option of the investment company or the shareholder; and

(b) determine the terms, conditions and manner of the redemption of such shares, to the extent permitted by the investment company's articles.

(3) Any redemption of shares of an investment company is also subject to the provisions of any Rules made by the Financial Services Regulator regarding Collective Investment Funds[107].

(4) No closed-ended investment company shall purchase any shares of any class of which it is the issuer except by a market purchase on a Recognised Investment Exchange or such other open market as the Financial Services Regulator may prescribe.

[107] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

1068I. Definitions relevant to this Part

In this Part-

"body corporate" means any body corporate, including limited liability partnership and a body corporate constituted under the law of a country or territory outside of the Abu Dhabi Global Market, "cell" has the meaning given in section 1068 of these Regulations,

"cell company" has the meaning given in section 1068 of these Regulations,

"incorporated cell company" means a company to which section 1047(1) of these Regulations applies,

"investment company" means an open or closed ended company established for the sole purpose of collective investment (and any such cell of such company) which is incorporated under these Regulations,

"limited liability partnership" means a partnership incorporated under the Limited Liability Partnership Regulations 2015 or under the law of a country, jurisdiction or territory outside the Abu Dhabi Global Market,

"market purchase" has the meaning given to it in section 632(4) of these Regulations,

"partnership" means any partnership, including a partnership constituted under the law of a country, jurisdiction or territory outside the Abu Dhabi Global Market, but not including a limited liability partnership, and

"protected cell company" means a company to which section 1047(2) of these Regulations applies.

Part 37

GENERAL SUPPLEMENTARY PROVISIONS

Resolutions

1069. Resolutions and subordinate legislation

(1) The Board shall have a general power to make rules amending any of the provisions of these Regulations by adding, altering or repealing provisions.

(2) The Board may make rules, containing such terms and conditions as the Board may in its discretion specify, delegating to the Registrar or the Financial Services Regulator any power that the Board has under any Part of these Regulations to make or issue any rules or other subordinate legislation.

(3) Any power or powers delegated by the Board under subsection (2) shall be exercised by the Registrar or the Financial Services Regulator by means of subordinate legislation made or issued by the Registrar or Financial Services Regulator (as the case may be).

(4) Any subordinate legislation made or issued by the Registrar or the Financial Services Regulator (as the case may be) under subsection (3) shall have the same force and effect as if it were and shall otherwise be treated under these Regulations as being rules made by the Board.

(5) Subordinate legislation under these Regulations may-

(a) make different provision for different cases or circumstances,

(b) include supplementary, incidental and consequential provision,

(c) make transitional provision and savings, and

(d) revoke or amend any rules or other subordinate legislation, provided that, unless the Board specifies otherwise in accordance with section 1069(2), only the Board may revoke or amend by rules any previous rules or any other subordinate legislation made or issued by the Board.

Consequential and transitional provisions

1070. Power to make consequential amendments etc.

(1) The Board may make rules which make provision for the amendment, repeal or revocation of any provision of these Regulations or of any subordinate legislation made under these Regulations as it considers necessary or expedient in consequence of any provision made by or under these Regulations.

(2) Without prejudice to the generality of the power conferred by subsection (1), rules made under this section may−

(a) make provision extending to other forms of organisation any provision made by or under these Regulations in relation to companies, or

(b) make provision corresponding to that made by or under these Regulations in relation to companies,

in either case with such adaptations or other modifications as appear to the Board (or, as the case may be, the other person referred to in section 1069(2)) to be necessary or expedient.

(3) The references in subsection (3) to provision made by these Regulations include provision conferring power to make provision by rules or other subordinate legislation.

(4) Amendments and repeals made under this section are additional, and without prejudice, to those made by or under any other provision of these Regulations.

Part 38

FINAL PROVISIONS

1071. Short title, extent and commencement

(1) These Regulations may be cited as the Companies (Amendment) Regulations 2017[108].

(2) These Regulations shall apply in the Abu Dhabi Global Market. [109]

(3) These Regulations shall come into force on the date of their publication[110].

[108] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[109] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

[110] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

SCHEDULE 1

CONNECTED PERSONS: REFERENCES TO AN INTEREST IN SHARES OR DEBENTURES

1. Introduction

(1) The provisions of this Schedule have effect for the interpretation of references in sections 276 and 277 (directors connected with or controlling a body corporate) to an interest in shares or debentures.

(2) The provisions are expressed in relation to shares but apply to debentures as they apply to shares.

2. General provisions

(1) A reference to an interest in shares includes any interest of any kind whatsoever in shares.

(2) Any restraints or restrictions to which the exercise of any right attached to the interest is or may be subject shall be disregarded.

(3) It is immaterial that the shares in which a person has an interest are not identifiable.

(4) Persons having a joint interest in shares are deemed each of them to have that interest.

3. Rights to acquire shares

(1) A person is taken to have an interest in shares if he enters into a contract to acquire them.

(2) A person is taken to have an interest in shares if-

(a) he has a right to call for delivery of the shares to himself or to his order, or

(b) he has a right to acquire an interest in shares or is under an obligation to take an interest in shares,

whether the right or obligation is conditional or absolute.

(3) Rights or obligations to subscribe for shares are not to be taken for the purposes of sub-paragraph (2) to be rights to acquire or obligations to take an interest in shares.

(4) A person ceases to have an interest in shares by virtue of this paragraph-

(a) on the shares being delivered to another person at his order-

(i)in fulfilment of a contract for their acquisition by him, or

(ii)in satisfaction of a right of his to call for their delivery;

(b) on a failure to deliver the shares in accordance with the terms of such a contract or on which such a right falls to be satisfied;

(c) on the lapse of his right to call for the delivery of shares.

4. Right to exercise or control exercise of rights

(1) A person is taken to have an interest in shares if, not being the registered holder, he is entitled-

(a) to exercise any right conferred by the holding of the shares, or

(b) to control the exercise of any such right.

(2) For this purpose a person is taken to be entitled to exercise or control the exercise of a right conferred by the holding of shares if he-

(a) has a right (whether subject to conditions or not) the exercise of which would make him so entitled, or

(b) is under an obligation (whether or not so subject) the fulfilment of which would make him so entitled.

(3) A person is not by virtue of this paragraph taken to be interested in shares by reason only that-

(a) he has been appointed a proxy to exercise any of the rights attached to the shares, or

(b) he has been appointed by a body corporate to act as its representative at any meeting of a company or of any class of its members.

5. Bodies corporate

(1) A person is taken to be interested in shares if a body corporate is interested in them and-

(a) the body corporate or its directors are accustomed to act in accordance with his directions or instructions, or

(b) he is entitled to exercise or control the exercise of more than one-half of the voting power at general meetings of the body corporate.

(2) For the purposes of sub-paragraph (1)(b) where-

(a) a person is entitled to exercise or control the exercise of more than one-half of the voting power at general meetings of a body corporate, and

(b) that body corporate is entitled to exercise or control the exercise of any of the voting power at general meetings of another body corporate,

(c) the voting power mentioned in paragraph (b) above is taken to be exercisable by that person.

6. Trusts

(1) Where an interest in shares is comprised in property held on trust, every beneficiary of the trust is taken to have an interest in shares, subject as follows.

(2) So long as a person is entitled to receive, during the lifetime of himself or another, income from trust property comprising shares, an interest in the shares in reversion or remainder shall be disregarded.

(3) A person is treated as not interested in shares if and so long as he holds them as a bare trustee or custodian trustee under the laws and regulatiaons applicable in the Abu Dhabi Global Market.

SCHEDULE 2

MATTERS FOR DETERMINING UNFITNESS OF DIRECTORS

PART 1

MATTERS APPLICABLE IN ALL CASES

(1) Any misfeasance or breach of any fiduciary or other duty by the director in relation to the company, including in particular any breach by the director of a duty under Chapter 2 of Part 10 of the Regulations (general duties of directors) owed to the company.

(2) Any misapplication or retention by the director of, or any conduct by the director giving rise to an obligation to account for, any money or other property of the company.

(3) The extent of the director's responsibility for any failure by the company to comply with any of the following provisions of the Regulations-

(a) section 118 (register of members),

(b) section 119 (register to be kept available for inspection),

(c) section 153 (register of directors),

(d) section 156 (register of directors' residential addresses),

(e) section 157 (duty to notify Registrar of changes: directors),

(f) section 292 (register of secretaries),

(g) section 293 (duty to notify Registrar of changes: secretaries),

(h) section 375 (duty to keep accounting records),

(i) section 377 (where and for how long accounting records to be kept),

(j) section 770 (duty to make annual returns), and

(k) section 798 (inspection of charge instruments).

(4) The extent of the director's responsibility for any failure by the directors of the company to comply with the following provisions of the Regulations-

(a) section 383 or 389 (duty to prepare annual accounts),

(b) section 399 or 404 (approval and signature of accounts),

(c) section 409 (name of signatory to be stated in published copy of accounts).

PART 2

MATTERS APPLICABLE IN INSOLVENCY

(1) The extent of the director's responsibility for the causes of the company becoming insolvent.

(2) The extent of the director's responsibility for any failure by the company to supply any goods or services which have been paid for (in whole or in part).

(3) The extent of the director's responsibility for the company entering into any transaction or giving any preference, being a transaction or preference falling within under Part 4 (protection of assets in liquidation and administration) of the Insolvency Regulations 2015, or

(4) The extent of the director's responsibility for any failure by the directors of the company to comply with section s186(1)(a) (meetings of members and creditors) of the Insolvency Regulations 2015.

(5) Any failure by the director to comply with any obligation imposed on him by or under any of the following provisions of the Insolvency Regulations 2015-

(a) section 51 (statement company's affairs) (administration),

(b) section 165 (statement company's affairs) (administrative receiver),

(c) section 186(2) (meetings of members and creditors),

(d) section 231 (statement of affairs) (winding up by the Court),

(e) section 254 (getting in the company's property),

(f) section 255 (duty to co-operate with office-holder).

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SCHEDULE 4

DOCUMENTS AND INFORMATION SENT OR SUPPLIED TO A COMPANY

PART 1

INTRODUCTION

1. Application of this Schedule

(1) This Schedule applies to documents or information sent or supplied to a company.

(2) It does not apply to documents or information sent or supplied by another company (see section 1003 and Schedule 5).

PART 2

COMMUNICATIONS IN HARD COPY FORM

1. Introduction

A document or information is validly sent or supplied to a company if it is sent or supplied in hard copy form in accordance with this Part of this Schedule.

2. Method of communication in hard copy form

(1) A document or information in hard copy form may be sent or supplied by hand or by post to an address (in accordance with paragraph 4).

(2) For the purposes of this Schedule, a person sends a document or information by post if he posts a prepaid envelope containing the document or information.

3. Address for communications in hard copy form

(1) A document or information in hard copy form may be sent or supplied-

(a) to an address specified by the company for the purpose,

(b) to the company's registered office, or

(c) to an address to which any provision of these Regulations authorises the document or information to be sent or supplied.

PART 3

COMMUNICATIONS IN ELECTRONIC FORM

5. Introduction

A document or information is validly sent or supplied to a company if it is sent or supplied in electronic form in accordance with this Part of this Schedule.

6. Agreement to communications in electronic form

A document or information may only be sent or supplied to a company in electronic form if-

(a) the company has agreed (generally or specifically) that the document or information may be sent or supplied in that form (and has not revoked that agreement), or

(b) the company is deemed to have so agreed by a provision in these Regulations.

7. Address for communications in electronic form

(1) Where the document or information is sent or supplied by electronic means, it may only be sent or supplied to an address-

(a) specified for the purpose by the company (generally or specifically), or

(b) deemed by a provision in these Regulations to have been so specified.

(2) Where the document or information is sent or supplied in electronic form by hand or by post, it must be sent or supplied to an address to which it could be validly sent if it were in hard copy form.

PART 4

OTHER AGREED FORMS OF COMMUNICATION

8. A document or information that is sent or supplied to a company otherwise than in hard copy form or electronic form is validly sent or supplied if it is sent or supplied in a form or manner that has been agreed by the company.

SCHEDULE 5

COMMUNICATIONS BY A COMPANY

PART 1

INTRODUCTION

1. Application of this Schedule

This Schedule applies to documents or information sent or supplied by a company.

PART 2

COMMUNICATIONS IN HARD COPY FORM

2. Introduction

A document or information is validly sent or supplied by a company if it is sent or supplied in hard copy form in accordance with this Part of this Schedule.

3. Method of communication in hard copy form

(1) A document or information in hard copy form must be-

(a) handed to the intended recipient, or

(b) sent or supplied by hand or by post to an address (in accordance with paragraph 4).

(2) For the purposes of this Schedule, a person sends a document or information by post if he posts a prepaid envelope containing the document or information.

4. Address for communications in hard copy form

(1) A document or information in hard copy form may be sent or supplied by the company-

(a) to an address specified for the purpose by the intended recipient;

(b) to a company at its registered office;

(c) to a person in his capacity as a member of the company at his address as shown in the company's register of members;

(d) to a person in his capacity as a director of the company at his address as shown in the company's register of directors;

(e) to an address to which any provision of these Regulations authorises the document or information to be sent or supplied.

(2) Where the company is unable to obtain an address falling within sub-paragraph (1), the document or information may be sent or supplied to the intended recipient's last address known to the company.

PART 3

COMMUNICATIONS IN ELECTRONIC FORM

5. Introduction

A document or information is validly sent or supplied by a company if it is sent in electronic form in accordance with this Part of this Schedule.

6. Agreement to communications in electronic form

A document or information may only be sent or supplied by a company in electronic form-

(a) to a person who has agreed (generally or specifically) that the document or information may be sent or supplied in that form (and has not revoked that agreement), or

(b) to a company that is deemed to have so agreed by a provision in these Regulations.

7. Address for communications in electronic form

(1) Where the document or information is sent or supplied by electronic means, it may only be sent or supplied to an address-

(a) specified for the purpose by the intended recipient (generally or specifically), or

(b) where the intended recipient is a company, deemed by a provision of these Regulations to have been so specified.

(2) Where the document or information is sent or supplied in electronic form by hand or by post, it must be-

(a) handed to the intended recipient, or

(b) sent or supplied to an address to which it could be validly sent if it were in hard copy form.

PART 4

COMMUNICATIONS BY MEANS OF A WEBSITE

8. Use of website

A document or information is validly sent or supplied by a company if it is made available on a website in accordance with this Part of this Schedule.

9. Agreement to use of website

A document or information may only be sent or supplied by the company to a person by being made available on a website if the person-

(a) has agreed (generally or specifically) that the document or information may be sent or supplied to him in that manner, or

(b) is taken to have so agreed under-

(i) paragraph 10 (members of the company etc), or

(ii) paragraph 11 (debenture holders),

and has not revoked that agreement.

10. Deemed agreement of members of company etc to use of website

(1) This paragraph applies to a document or information to be sent or supplied to a person-

(a) as a member of the company, or

(b) as a person nominated by a member in accordance with the company's articles to enjoy or exercise all or any specified rights of the member in relation to the company.

(2) To the extent that-

(a) the members of the company have resolved that the company may send or supply documents or information to members by making them available on a website, or

(b) the company's articles contain provision to that effect,

a person in relation to whom the following conditions are met is taken to have agreed that the company may send or supply documents or information to him in that manner.

(3) The conditions are that-

(a) the person has been asked individually by the company to agree that the company may send or supply documents or information generally, or the documents or information in question, to him by means of a website, and

(b) the company has not received a response within the period of one month[111] beginning with the date on which the company's request was sent.

(4) A person is not taken to have so agreed if the company's request-

(a) did not state clearly what the effect of a failure to respond would be, or

(b) was sent less than twelve months after a previous request made to him for the purposes of this paragraph in respect of the same or a similar class of documents or information.

(5) Chapter 3 of Part 3 (resolutions affecting a company's constitution) applies to a resolution under this paragraph.

[111] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

11. Deemed agreement of debenture holders to use of website

(1) This paragraph applies to a document or information to be sent or supplied to a person as holder of a company's debentures.

(2) To the extent that-

(a) the relevant debenture holders have duly resolved that the company may send or supply documents or information to them by making them available on a website, or

(b) the instrument creating the debenture in question contains provision to that effect,

a debenture holder in relation to whom the following conditions are met is taken to have agreed that the company may send or supply documents or information to him in that manner.

(3) The conditions are that-

(a) the debenture holder has been asked individually by the company to agree that the company may send or supply documents or information generally, or the documents or information in question, to him by means of a website, and

(b) the company has not received a response within the period of one month[112] beginning with the date on which the company's request was sent.

(4) A person is not taken to have so agreed if the company's request-

(a) did not state clearly what the effect of a failure to respond would be, or

(b) was sent less than twelve months after a previous request made to him for the purposes of this paragraph in respect of the same or a similar class of documents or information.

(5) For the purposes of this paragraph-

(a) the relevant debenture holders are the holders of debentures of the company ranking pari passu for all purposes with the intended recipient, and

(b) a resolution of the relevant debenture holders is duly passed if they agree in accordance with the provisions of the instruments creating the debentures.

12. Availability of document or information

(1) A document or information authorised or required to be sent or supplied by means of a website must be made available in a form, and by a means, that the company reasonably considers will enable the recipient-

(a) to read it, and

(b) to retain a copy of it.

(2) For this purpose a document or information can be read only if-

[112] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

(a) it can be read with the naked eye, or

(b) to the extent that it consists of images (for example photographs, pictures, maps, plans or drawings), it can be seen with the naked eye.

13. Notification of availability

(1) The company must notify the intended recipient of-

(a) the presence of the document or information on the website,

(b) the address of the website,

(c) the place on the website where it may be accessed, and

(d) how to access the document or information.

(2) The document or information is taken to be sent-

(a) on the date on which the notification required by this paragraph is sent, or

(b) if later, the date on which the document or information first appears on the website after that notification is sent.

14. Period of availability on website

(1) The company must make the document or information available on the website throughout-

(a) the period specified by any applicable provision of these Regulations, or

(b) if no such period is specified, the period of one month[113] beginning with the date on which the notification required under paragraph 13 is sent to the person in question.

(2) For the purposes of this paragraph, a failure to make a document or information available on a website throughout the period mentioned in sub-paragraph (1) shall be disregarded if-

(a) it is made available on the website for part of that period, and

(b) the failure to make it available throughout that period is wholly attributable to circumstances that it would not be reasonable to have expected the company to prevent or avoid.

15. Other forms of communication

A document or information that is sent or supplied otherwise than in hard copy or electronic form or by means of a website is validly sent or supplied if it is sent or supplied in a form or manner that has been agreed by the intended recipient.

[113] Amended by Regulations to amend the Companies Regulations 2015, enacted on 12/6/2017.

PART 5

SUPPLEMENTARY PROVISIONS

16. Joint holders of shares or debentures

(1) This paragraph applies in relation to documents or information to be sent or supplied to joint holders of shares or debentures of a company.

(2) Anything to be agreed or specified by the holder must be agreed or specified by all the joint holders.

(3) Anything authorised or required to be sent or supplied to the holder may be sent or supplied either-

(a) to each of the joint holders, or

(b) to the holder whose name appears first in the register of members or the relevant register of debenture holders.

(4) This paragraph has effect subject to anything in the company's articles.

17. Death or bankruptcy of holder of shares

(1) This paragraph has effect in the case of the death or bankruptcy of a holder of a company's shares.

(2) Documents or information required or authorised to be sent or supplied to the member may be sent or supplied to the persons claiming to be entitled to the shares in consequence of the death or bankruptcy-

(a) by name, or

(b) by the title of representatives of the deceased, or trustee of the bankrupt, or by any like description,

at the address in the Abu Dhabi Global Market supplied for the purpose by those so claiming.

(3) Until such an address has been so supplied, a document or information may be sent or supplied in any manner in which it might have been sent or supplied if the death or bankruptcy had not occurred.

(4) This paragraph has effect subject to anything in the company's articles.

SCHEDULE 6

MEANING OF "SUBSIDIARY" ETC: SUPPLEMENTARY PROVISIONS

1. Introduction

The provisions of this Schedule explain expressions used in section 1015 (meaning of "subsidiary" etc) and otherwise supplement that section.

2. Voting rights in a company

In section 1015(1)(a) and (c)the references to the voting rights in a company are to the rights conferred on shareholders in respect of their shares or, in the case of a company not having a share capital, on members, to vote at general meetings of the company on all, or substantially all, matters.

3. Right to appoint or remove a majority of the directors

(1) In section 1015(1)(b) the reference to the right to appoint or remove a majority of the board of directors is to the right to appoint or remove directors holding a majority of the voting rights at meetings of the board on all, or substantially all, matters.

(2) A company shall be treated as having the right to appoint to a directorship if-

(a) a person's appointment to it follows necessarily from his appointment as director of the company, or

(b) the directorship is held by the company itself.

(3) A right to appoint or remove which is exercisable only with the consent or concurrence of another person shall be left out of account unless no other person has a right to appoint or, as the case may be, remove in relation to that directorship.

4. Rights exercisable only in certain circumstances or temporarily incapable of exercise

(1) Rights which are exercisable only in certain circumstances shall be taken into account only-

(a) when the circumstances have arisen, and for so long as they continue to obtain, or

(b) when the circumstances are within the control of the person having the rights.

(2) Rights which are normally exercisable but are temporarily incapable of exercise shall continue to be taken into account.

5. Rights held by one person on behalf of another

(1) Rights held by a person in a fiduciary capacity shall be treated as not held by him.

(2) Rights held by a person as nominee for another shall be treated as held by the other.

(3) Rights shall be regarded as held as nominee for another if they are exercisable only on his instructions or with his consent or concurrence.

6. Rights attached to shares held by way of security

(1) Rights attached to shares held by way of security shall be treated as held by the person providing the security-

(a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in accordance with his instructions, and

(b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in his interests.

7. Rights attributed to holding company

(1) Rights shall be treated as held by a holding company if they are held by any of its subsidiary companies.

(2) Nothing in paragraph 5(2), 5(3) or 6 shall be construed as requiring rights held by a holding company to be treated as held by any of its subsidiaries.

(3) For the purposes of paragraph 6 rights shall be treated as being exercisable in accordance with the instructions or in the interests of a company if they are exercisable in accordance with the instructions of or, as the case may be, in the interests of-

(a) any subsidiary or holding company of that company, or

(b) any subsidiary of a holding company of that company.

8. Disregard of certain rights

The voting rights in a company shall be reduced by any rights held by the company itself.

9. Supplementary

References in any provision of paragraphs 5 to 8 to rights held by a person include rights falling to be treated as held by him by virtue of any other provision of those paragraphs but not rights which by virtue of any such provision are to be treated as not held by him.

SCHEDULE 7

PARENT AND SUBSIDIARY UNDERTAKINGS: SUPPLEMENTARY PROVISIONS

1. Introduction

The provisions of this Schedule explain expressions used in section 1018 (parent and subsidiary undertakings) and otherwise supplement that section.

2. Voting rights in an undertaking

(1) In section 1018(2)(a) and (d) the references to the voting rights in an undertaking are to the rights conferred on shareholders in respect of their shares or, in the case of an undertaking not having a share capital, on members, to vote at general meetings of the undertaking on all, or substantially all, matters.

(2) In relation to an undertaking which does not have general meetings at which matters are decided by the exercise of voting rights the references to holding a majority of the voting rights in the undertaking shall be construed as references to having the right under the constitution of the undertaking to direct the overall policy of the undertaking or to alter the terms of its constitution.

3. Right to appoint or remove a majority of the directors

(1) In section 1018(2)(b) the reference to the right to appoint or remove a majority of the board of directors is to the right to appoint or remove directors holding a majority of the voting rights at meetings of the board on all, or substantially all, matters.

(2) An undertaking shall be treated as having the right to appoint to a directorship if-

(a) a person's appointment to it follows necessarily from his appointment as director of the undertaking, or

(b) the directorship is held by the undertaking itself.

(3) A right to appoint or remove which is exercisable only with the consent or concurrence of another person shall be left out of account unless no other person has a right to appoint or, as the case may be, remove in relation to that directorship.

4. Right to exercise dominant influence

(1) For the purposes of section 1018(2)(c) an undertaking shall not be regarded as having the right to exercise a dominant influence over another undertaking unless it has a right to give directions with respect to the operating and financial policies of that other undertaking which its directors are obliged to comply with whether or not they are for the benefit of that other undertaking.

(2) A "control contract" means a contract in writing conferring such a right which-

(a) is of a kind authorised by the articles of the undertaking in relation to which the right is exercisable, and

(b) is permitted by the law under which that undertaking is established.

(3) This paragraph shall not be read as affecting the construction of section 1018(4)(a).

5. Rights exercisable only in certain circumstances or temporarily incapable of exercise

(1) Rights which are exercisable only in certain circumstances shall be taken into account only-

(a) when the circumstances have arisen, and for so long as they continue to obtain, or

(b) when the circumstances are within the control of the person having the rights.

(2) Rights which are normally exercisable but are temporarily incapable of exercise shall continue to be taken into account.

6. Rights held by one person on behalf of another

(1) Rights held by a person in a fiduciary capacity shall be treated as not held by him.

(2) Rights held by a person as nominee for another shall be treated as held by the other.

(3) Rights shall be regarded as held as nominee for another if they are exercisable only on his instructions or with his consent or concurrence.

7. Rights attached to shares held by way of security

(1) Rights attached to shares held by way of security shall be treated as held by the person providing the security-

(a) where apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in accordance with his instructions, and

(b) where the shares are held in connection with the granting of loans as part of normal business activities and apart from the right to exercise them for the purpose of preserving the value of the security, or of realising it, the rights are exercisable only in his interests.

8. Rights attributed to parent undertaking

(1) Rights shall be treated as held by a parent undertaking if they are held by any of its subsidiary undertakings.

(2) Nothing in paragraph 6(2), 6(3) or 7 shall be construed as requiring rights held by a parent undertaking to be treated as held by any of its subsidiary undertakings.

(3) For the purposes of paragraph 7 rights shall be treated as being exercisable in accordance with the instructions or in the interests of an undertaking if they are exercisable in accordance with the instructions of or, as the case may be, in the interests of any group undertaking.

9. Disregard of certain rights

The voting rights in an undertaking shall be reduced by any rights held by the undertaking itself.

10. Supplementary

References in any provision of paragraphs 6 to 9 to rights held by a person include rights falling to be treated as held by him by virtue of any other provision of those paragraphs but not rights which by virtue of any such provision are to be treated as not held by him.

Exhibit D—THE AUTOMATED TRADING SYSTEM

ICE Futures Abu Dhabi Application: Exhibit D-1

A description of (or where appropriate, documentation addressing) the following, separately labeling each description:

(1) The order matching/trade execution system, including a complete description of all permitted ways in which members or other participants (or their customers) may connect to the trade matching/execution system and the related requirements (for example, authorisation agreements).

[redacted]

[redacted]

(2) System Architecture

The architecture of the systems, including hardware and distribution network, as well as any pre- and post-trade risk-management controls that are made available to system users.

[redacted]

[redacted]

[redacted]

(3) The security features of the ICE Platform and Trading Systems.

[redacted]

[redacted]

(4) The length of time such systems have been operating.

[redacted]

(5) Any significant system failures or interruptions.

[redacted]

[redacted]

(6) The nature of any technical review of the order matching/trade execution system performed by IFAD, the home country regulator, or a third party.

[redacted]

(7) Trading Hours.

IFAD's trading hours will be 01:00 London time to 23:00 London time (20:00 ET to 18:00 ET). On Mondays, the market will open two hours earlier than this time.

IFAD will close on Saturdays, Sundays, and public holidays in the ADGM, as well as any day on which trading is suspended or banks are not open. IFAD may also choose to close on other dates or holidays, as it determines from time to time, and will publish this information by circular.

(8) Types and duration of orders accepted.

IFAD will make available the same order types as ICE Futures Europe makes available for its Brent futures contract. These include:

- **Limit Order** - A bid or offer at a specified price. It can trade at or better than original limit price. Unfilled portion rests in the book.
- **Market Order** - A bid or offer with no specified price that can trade at best available price(s) within market reasonability limit. Unfilled portion is canceled immediately.

- **Market Order w/protection** - A bid or offer with no specified price that can trade at the best available price(s), up to the NCR (No Cancellation Range). The unfilled portion canceled immediately.
- **Stop Limit** - A buy or sell stop specified with both a stop (trigger) price and limit price. When stop price is triggered, order converts to limit and is submitted to the market.
- **Stop w/protection** - A buy or sell stop specified only with a stop (trigger) price. The system will set the limit price to the stop price +/- the NCR. Follows the same rules for election as Stop Limit.

The following order modifiers are also permissible:

- **Day** - limit or stop order that persists for the trading day and is automatically canceled when user logs out or is disconnected. All orders are Day Orders unless otherwise specified.
- **GTC** - limit or stop order that persists until cancelled by the user, or until the contract expiry.
- **GTD** - similar to GTC, but the user is able to specify a date and time for expiry.
- **FOK (fill or kill) aka IOC** – Fill the order in its entirety or cancel
- **FAK (fill and kill)** - Fill all or part of the order immediately, then cancel any part that cannot be filled.
- **Reserve Quantity (iceberg)** - An order that specifies a total quantity that is hidden from the market, and a visible quantity increment. The system displays the visible quantity increment, and when the order is filled up to the visible quantity, the system reveals more quantity to the market up to the visible quantity increment.

9) Information that must be included on orders.

[redacted]

[redacted]

(10) Trade Confirmation and Error Trade Procedures.

[redacted]

IFAD will address trade adjustments and cancellations in Section 11 of its Trading Procedures, and in its Trade Adjustment Policy, attached as Annex D-1(7). Trades may be investigated by the Exchange when the price of the trade is in question, either by a market participant or the Exchange itself. IFAD will have defined No Cancellation Ranges ("**NCRs**") for all futures and options contracts, and trades inside the NCR are not normally eligible for consideration as an error. Trades outside the defined NCRs may be considered for price adjustment or cancellation. Adjustment is typically favored over cancellation, in particular with regard to options.

In making the decision as to whether a trade stands or is adjusted/cancelled, the Exchange considers a variety of factors, including: the time elapsed between the trade and the allegation of an error; the presence or absence of consequential trades (such as spread legs); the number of ticks outside the NCR of the alleged

error; and, in the case of options, the theoretical value of the option in question and other similar options trading at or around the same time. The Exchange Rules provide the Exchange with absolute authority to make a final determination on any alleged error.

(11) Anonymity of Participants

[redacted]

(12) Trading system connectivity with clearing system.

[redacted]

(13) Response Time

[redacted]

[redacted]

(14) Ability to determine depth of market.

[redacted]

(15) Market continuity provisions.

[redacted]

[redacted]

(16) Reporting and recordkeeping requirements

[redacted]

ICE Futures Abu Dhabi Application: Exhibit D-2

A description of the manner in which the foreign board of trade assures the following with respect to the trading system, separately labeling each description:

(1) Algorithm. The trade matching algorithm matches trades fairly and timely.

[redacted]

(2) IOSCO Principles. The trading system complies with the Principles for the Oversight of Screen-Based Trading Systems for Derivative Products developed by the Technical Committee of the International Organization of Securities Commissions (IOSCO Principles). Provide a copy of any independent certification received or self-certification performed and identify any system deficiencies with respect to the IOSCO Principles.

[redacted]

(3) Audit Trail

(i) The audit trail timely captures all relevant data, including changes to orders.

(ii) Audit trail data is securely maintained and available for an adequate time period.

[redacted]

[redacted]

(4) Public Data. Adequate and appropriate trade data is available to users and the public.

[redacted]

(5) Reliability. The trading system has demonstrated reliability.

[redacted]

(6) Secure Access. Access to the trading system is secure and protected.

[redacted]

(7) Emergency Provisions. There are adequate provisions for emergency operations and disaster recovery.

[redacted]

(8) Data Loss Prevention

[redacted]

(9) Contracts Available. Mechanisms are available to ensure that only those futures, option or swap contracts that have been identified to the Commission as part of the application or permitted to be made available for trading by direct access pursuant to the procedures set forth in § 48.10 are made available for trading by direct access.

[redacted]

(10) Predominance of the Centralized Market. Mechanisms are available that ensure a competitive, open, and efficient market and mechanism for executing transactions.

[redacted]

ICE Futures Abu Dhabi Trade Adjustment and Cancellation Framework

July 2020

Version Control

Version	Date	Overview of amendments made
1.0	July 2020	New Framework

ICE Futures Abu Dhabi Framework on Trade Adjustment and Cancellation

1. DETERMINANTS OF THE TRADE ADJUSTMENT AND CANCELLATION FRAMEWORK

ICE Futures Abu Dhabi ("the Exchange") considers the main determinants of its Trade Adjustment and Cancellation Framework to be:

a) While wholly accepting that trades executed substantially away from the prevailing Market price may damage user's confidence in the Market, the Exchange also considers it essential to the integrity of the Market that transactions, once executed, will stand and not be adjusted or cancelled arbitrarily.

b) The Exchange is also mindful that trades, once executed, may trigger further trades and the subsequent adjustment or cancellation of the trigger may cause confusion and loss to other Market users who have acted in good faith.

c) It is critical that decisions as to the validity of trades are made by the Market Supervision Department ("Market Supervision") within narrow time frames and that the decision is communicated to the market without undue delay.

It should be noted that the Exchange has the unilateral right to cancel or adjust the price of any trade which is clearly unrepresentative, including in instances where there has been no request from a market participant.

The trade adjust facility will be the preferred method to resolve instances whereby transactions have taken place at an unrepresentative price. Trades reported to, or placed under investigation by the Exchange within a designated time period since execution (see 5 (a) (i) below), that are more than three times the No Cancellation Range from market value, will be subject to a preferred automatic cancellation. Trades reported, or placed under investigation outside of this time period will be subject to a preferred price adjustment as a method of dispute resolution.

The Exchange reserves the right to consider all trade investigations on their individual merits. In doing so it shall endeavour to ensure that the framework set out is adhered to, but reserves the right to amend this framework in consideration of the circumstances of each individual case in the interest of maintaining a fair and orderly Market.

The decision of the Exchange will be final.

2. EXCHANGE CONTROLS

The Exchange considers that systems and controls are important in reducing the likelihood of orders entered in error, preventing the execution of trades at unrepresentative prices and reducing the Market impact of such trades. The Exchange considers that such systems and controls ideally should be present at both Exchange level (on the ICE Platform itself and within the Exchange Regulations) and at Member level. The Exchange considers that many of these systems and controls already exist at the Exchange level.

These include:

a) ICE Platform configuration facilities:

   i. price reasonability limits, set by the Exchange, which prevent the execution of trades outside the upper level of these limits;

   ii. volume reasonability limits, set by the Exchange, which prevent volumes above a certain level to be either designated for trading or traded;

   iii. optional pre-confirmation messages which appear before the execution of all trades; and

   iv. an option to designate the quantity that a user may wish to trade rather than trading the total quantity that is available to be traded at a specified price.

b) The Regulations which provide the Exchange with an absolute discretion to delete orders, adjust trade prices, cancel trades or suspend the Market in the interests of maintaining a fair and orderly Market.

c) The Regulations which require adequate systems and controls at Member level.

The Exchange considers it to be prudent to articulate fully guidance related to:

1. Preventing execution of trades at unrepresentative prices.
2. Any policies and procedures for the price adjustment or cancellation of trades. This includes clear guidance on criteria for price adjustment or trade cancellation and establishing proposed time limits for the identification, investigation and resolution of trade disputes.

3. DEFINED NO CANCELLATION RANGE

A component of Market integrity is the assurance that once executed, except in exceptional circumstances, a trade will stand and not be subject to adjustment or cancellation. Any trades that do not have an adverse effect on the Market should be allowed to stand, even if executed in error.

The Exchange determines parameters above or below an Exchange set anchor price for each Contract within which a disputed trade will stand. Such parameters are known as **‘no** cancellation ranges**’ (“NCR”)**

If a trade takes place within the NCR and is disputed by a market participant, the trade will stand, subject to 5 (f) below.

The Exchange retains the right to double the NCR for any future or option contract during the trading day and in such cases a notification will be broadcast to the market accordingly.

4. PRICE REASONABILITY LIMITS

The ICE Platform incorporates a price reasonability limit to prevent **'fat finger'** type errors and is the amount the price may change in one trading sequence from the anchor price. These limits are set by the Exchange and may be varied without notice according to Market conditions. Beyond these limits, the ICE Platform will not execute limit or Market orders unless the Market moves to bring them within the reasonability limit.

Any trade executed at a price within this price reasonability limit but outside of the NCR for that Contract, if notified to the Exchange within the designated time period, shall be investigated by Market Supervision.

The price reasonability limits for each Contract will necessarily be flexible to take account of prevailing market conditions. It remains at the discretion of the Exchange to determine when such conditions apply.

5. TRADE INVESTIGATIONS

Commencement of Investigation

a) Market Supervision may, in its absolute discretion, investigate a trade where:

   i. a market participant (who may or may not be party to the trade) disputes the price of a trade and has notified the dispute to market supervision within 8 minutes from the time of the original trade (nb the contracts listed on the 'Transitioned Futures' tab of the Exchange's NCR spreadsheet are subject to a 30 minute threshold); or

   ii. Market Supervision determines that a trade may have been made at an unrepresentative price and where no notification has been received from a market participant.

b) Market Supervision will notify the Market immediately, via the WebICE broadcast message, that a trade is under investigation; that a trade has been cancelled or the price of a trade has been adjusted, giving details of the trade including contract month, price and volume.

c) The Exchange shall not investigate a trade when a dispute has been notified in respect of the volume only. In such an event, the trade may be referred to the Compliance Department, which may make further enquiries as to the validity of the trade.

d) For each contract, there is a defined NCR. Trades executed within this price range will not, under normal circumstances, be adjusted or cancelled (see below).

e) Trades executed within the price reasonability limit but outside the defined NCR may be reported to Market Supervision and investigated in accordance with the Regulations.

f) The Exchange's trading platform incorporates mechanisms which imply prices into markets from orders in outright, spread and composite contracts. It is possible for trades to occur which involve a combination of legs, some of which may be inside the NCR whilst others fall outside of it.

   Where possible, the Exchange will apply the preferred adjustment framework to resolve trades which occur under these circumstances. However, scenarios can occur whereby it is not practicable for the Exchange to adjust all legs in a manner that satisfies each and every leg's NCR.

The Exchange will consider any such scenario on its individual merits in the interests of maintaining a fair and orderly Market; however, it is possible in such a scenario that individual legs which ordinarily fall within the NCR are subject to cancellation; conversely, trades ordinarily falling outside of the NCR might not be cancelled.

Final Determination by Market Supervision

a) Where Market Supervision has made the decision that the trade being investigated, or any such consequential trades, were executed at an unrepresentative price, it may, in its absolute discretion:

   i. adjust the price of the trade under investigation and consequential trades to a price that Market Supervision evaluates as fair market value at the time of execution, plus or minus the NCR for that Contract

   ii. cancel the trade under investigation and any such consequential trades; or

   iii. let the trade under investigation and any such consequential trades stand

b) If the Exchange determines that the price of the trade under investigation or any such consequential trades is to be adjusted, the adjusted price may be:

   i. outside the terms of the Limit Order for which the trade under investigation or any such consequential trades were executed, and, in such instances, the adjusted price shall be applied to the Limit Order despite being outside the order terms; or

   ii. below the stop price of a buy Stop Order or above the stop price of a sell Stop Order, and, in such instances, the adjusted price shall be applied to the Stop Order despite the fact that the trade price sequence after any price adjustments would not have elected the Stop Order.

c) In the event that there are a significant number of counterparties, transactions or contracts associated with the trade being investigated, or any other factor deemed relevant by the Exchange, Market Supervision has the authority to allow trades to stand or cancel trades rather than adjust prices. The decision of Market Supervision is final.

   i. If the Exchange determines that the price differential of a spread trade under investigation is unrepresentative of the market then the trade will be adjusted to the price differential at the time of execution plus or minus the no cancellation range for that contract. The Exchange maintains the authority to allow spread trades to stand or be cancelled.

d) The Exchange will make every attempt to ensure that a decision on whether a trade under investigation will be adjusted, cancelled, or left to stand, will be notified to the parties involved in the trade(s), and to the Market, as soon as reasonably possible after the time of the original trade.

e) Orders related to deals which have been cancelled will not be resubmitted by the Exchange. Participants must resubmit all orders; any priority held by the original (cancelled) order will be lost.

f) All post trade administrative actions, such as claims and allocations, will need to be completed as normal on any trade that has been subject to a price adjustment.

g) Any trade, which is under investigation and the price of which is subsequently adjusted or the trade is cancelled due to the determination that it has been executed at an unrepresentative price, may be investigated by the Exchange.

h) Participants are advised that any trade, whether adjusted, cancelled or allowed to stand, may be the subject of further investigation and possible disciplinary action if the Exchange suspects the trade was conducted for an improper purpose or otherwise in breach of the Regulations.

6. FACTORS CONSIDERED WHEN INVESTIGATING A TRADE

A swift resolution is paramount when investigating a trade. This preserves Market integrity and limits the possibility of consequential trades executed as a direct result of a trade executed at an unrepresentative price.

In determining whether a trade has taken place at an unrepresentative price, certain factors will be taken into account. They may include, but not be limited to:

- price movement in other delivery months of the same contract;
- current market conditions, including levels of activity and volatility;
- time period between different quotes and between quoted and traded prices;
- information regarding price movement in related contracts, the release of economic data or other relevant news just before or during electronic trading hours;
- manifest error;
- whether there is any indication that the trade in question triggered stops or resulted in the execution of spread trades;
- whether another Market user or client relied on the price;
- any other factor which the Exchange, at its sole discretion, may deem relevant.

The Exchange will not disclose to the counterparties to the trade under investigation the identity of their counterparty. The identities of the counterparties to the trade will not be disclosed to any Market practitioner it may consult with. The Exchange believes that the identity of the counterparties to such trade should not affect the determination of whether a price is representative of Market value or not.

7. CONSEQUENTIAL TRADES

One of the factors taken into consideration by the Exchange will be whether the trade under investigation triggered contingent orders or resulted in the execution of spread trades or whether another Market user or client relied on the price to execute consequential trades.

When resolving a situation involving consequential trades, the Exchange will consider these on a case by case basis, evaluating each situation on its individual circumstances and merits. When considering its approach, the Exchange will consider those consequential trades directly related to the trade under investigation and consider reasonably any trades (specifically spread trades) which have been derived from the trade itself and those executed as a result of it.

In circumstances where trades are executed as a consequence of the trade under investigation after Market Supervision has notified the Market of such trade, should the trade subsequently be adjusted or cancelled, these consequential trades will not be cancelled.

8. OFF-EXCHANGE TRADES

Off-Exchange transactions submitted to the Exchange for clearing purposes will not be subject to this Trade Adjustment and Cancellation Framework. Rather, those trades may be adjusted or cancelled by the submitting broker or by the Exchange upon mutual agreement of and per the instructions of the two counterparties.

9. MARKET SUPERVISION – CONTACT WITH RESPONSIBLE INDIVIDUALS/USERS

There may be occasions during the trading day when Members' clients who are order-routing through WebICE have reason to make direct contact with Market Supervision (+44 (0)20 7382 8200). Whilst the Exchange is pleased to assist all users of the system by providing advice and information, it is not the policy of the Exchange to take any instructions from such clients/users in respect of the removal of quotes or the cancellation of trades.

All such instructions must, without exception, be directed to the Market Supervision via the Responsible Individual or senior management of the Member firm submitting the order. It is the responsibility of Member firms to ensure that they are able to respond to their client's instructions at all times.

Members are also advised that any request for the removal of orders made to Market Supervision by the Responsible Individual or senior management of the Member firm shall always be actioned on a best endeavours basis by the Market Supervision.

EXHIBIT E—THE TERMS AND CONDITIONS OF CONTRACTS PROPOSED TO BE MADE AVAILABLE IN THE UNITED STATES

Exhibit E–1

A description of the terms and conditions of futures, option or swap contracts intended to be made available for direct access. With respect to each contract, indicate whether the contract is regulated or otherwise treated as a futures, option or swap contract in the regulatory regime(s) of the foreign board of trade's home country.

ICE Futures Abu Dhabi Application: Exhibit E-1

A description of the terms and conditions of futures, option or swap contracts intended to be made available for direct access. With respect to each contract, indicate whether the contract is regulated or otherwise treated as a futures, option or swap contract in the regulatory regime of Abu Dhabi.

1. At the time of this writing, ICE Futures Abu Dhabi intends to list for trading at launch the following:
   1.1. The **ICE Murban Futures** contract— a crude oil futures contract which is physically deliverable in the UAE.

   1.2. The following cash-settled futures contracts related to Murban crude:

Crude Outrights	**Crude Differentials**	**Refined Product Cracks**
Murban 1st Line Future	Murban Singapore Marker 1st Line vs Brent 1st Line Future	Singapore Gasoil (Platts) vs Murban 1st Line Future
Murban Singapore Marker 1st Line Future	Murban 1st Line Future vs Brent 1st Line Future	Fuel Oil 380 cst Singapore (Platts) vs Murban 1st Line Future
Murban 1st Line Balmo Future	Murban 1st Line vs Dated Brent (Platts) Future	Singapore Mogas 92 Unleaded (Platts) vs Murban 1st Line Future
Murban Singapore Marker 1st Line Balmo Future	Murban Singapore Marker 1st Line vs Brent 1st Line Balmo Future	Naphtha C+F Japan (Platts) vs Murban 1st Line Future
	Murban Singapore Marker 1st Line vs Brent Singapore Marker 1st Line Future	
	Murban Singapore Marker 1st Line vs Brent Singapore Marker 1st Line Balmo Future	
	Murban 1st Line vs WTI 1st Line Future	
	Murban 1st Line Future vs Brent 1st Line Balmo Future	
	Murban 1st Line vs Dated Brent (Platts) Balmo Future	

	Murban 1st Line vs WTI 1st Line Balmo Future	

2. Specifications for these products are attached as Annex A-4. Such specifications are termed the ICE Futures Abu Dhabi Contract Terms and Procedures under the Rules of the Exchange ("**Exchange Rules**").

3. ICE Futures Abu Dhabi also intends to list the following spread products for trading at launch, in conjunction with the relevant ICE Futures Europe products:

    - Murban / Brent Futures Spread
    - Murban / WTI Futures Spread
    - Murban / Permian WTI Futures Spread
    - Low Sulphur Gasoil / Murban Futures
    - Crack Spread

4. ICE Futures Abu Dhabi intends to make all such contracts available for direct access.

5. Further information on each contract (including the trading schedule, reasonability limits, etc.) may be published by Circular.

6. Each contract is regulated or otherwise treated as an "Option" or a "Future" pursuant to paragraphs 94 and 95 (respectively) of Schedule 1 to the Financial Services and Markets Regulations 2015 ("**FSMR**") and the ADGM Market Infrastructure Rules ("**MIR**") (referred to in Exhibit A-5).

EXHIBIT E—THE TERMS AND CONDITIONS OF CONTRACTS PROPOSED TO BE MADE AVAILABLE IN THE UNITED STATES

Exhibit E–2

Demonstrate that the contracts are not prohibited from being traded by United States persons, *i.e.,* the contracts are not prohibited security futures or single stock contracts or narrow-based index contracts. For non- narrow based stock index futures contracts, demonstrate that the contracts have received Commission certification pursuant to the procedures set forth in § 30.13 and Appendix D to part 30 of this chapter.

ICE Futures Abu Dhabi Application: Exhibit E-2

Demonstrate that the contracts are not prohibited from being traded by United States persons, i.e., the contracts are not prohibited security futures or single stock contracts or narrow-based index contracts. For non-narrow based stock index futures contracts, demonstrate that the contracts have received Commission certification pursuant to the procedures set forth in § 30.13 and Appendix D to part 30 of this chapter.

1. None of the contracts are prohibited from being traded by United States persons under the Act. All of the proposed contracts are futures relating to Murban crude oil and other crude oil related commodities. The contracts do not relate to securities, and thus are not security futures, single stock contracts, narrow-based stock index futures contracts or non-narrow-based stock index futures contracts.

EXHIBIT E—THE TERMS AND CONDITIONS OF CONTRACTS PROPOSED TO BE MADE AVAILABLE IN THE UNITED STATES

Exhibit E–3

Demonstrate that the contracts are required to be cleared.

ICE Futures Abu Dhabi Application: Exhibit E-3

A demonstration that the contracts are required to be cleared.

1. Pursuant to MIR 3.8 (referred to in Exhibit A-5), ICE Futures Abu Dhabi must make arrangements satisfactory to the FSRA for the safe and efficient clearing and settlement of trades concluded on any market operated by the Exchange. Pursuant to Part F of the Exchange Rules, each Contract shall be cleared by ICE Clear Europe (which is defined as the "Clearing House" in Exchange Rule A.1.1).

2. The ICE Clear Europe Rules have been amended to provide that ICE Clear Europe is a party as principal to each Contract arising on IFAD, whether as Buyer or Seller and that its counterparty is the relevant Clearing Member. As such, ICE Clear Europe acts as the central counterparty for trades conducted on the Exchange. This enables it to guarantee the financial performance of every contract registered with it by Clearing Members up to and including exercise and/or settlement.

3. Rule B.3.1(g) of the ICE Futures Abu Dhabi Rules (see Annex A-6(1)) requires all Members to either be a Clearing Member of ICE Clear Europe, or be a party to a clearing agreement with a Clearing Member in respect of all types of Contract covered by its trading and/or clearing permissions under Rule B.6 from time to time.

EXHIBIT E—THE TERMS AND CONDITIONS OF CONTRACTS PROPOSED TO BE MADE AVAILABLE IN THE UNITED STATES

Exhibit E–4

Identify any contracts that are linked to a contract listed for trading on a United States-registered entity, as defined in section 1a(40) of the Act. A linked contract is a contract that settles against any price (including the daily or final settlement price) of one or more contracts listed for trading on such registered entity.

ICE Futures Abu Dhabi Application: Exhibit E-4

Identify any contracts that are linked to a contract listed for trading on a United States-registered entity, as defined in section la(40) of the Act. A linked contract is a contract that settles against any price (including the daily or final settlement price) of one or more contracts listed for trading on such registered entity.

1. No contracts meet the definition of a linked contract under Section 1a(40) of the CEA.

[redacted]

EXHIBIT E—THE TERMS AND CONDITIONS OF CONTRACTS PROPOSED TO BE MADE AVAILABLE IN THE UNITED STATES

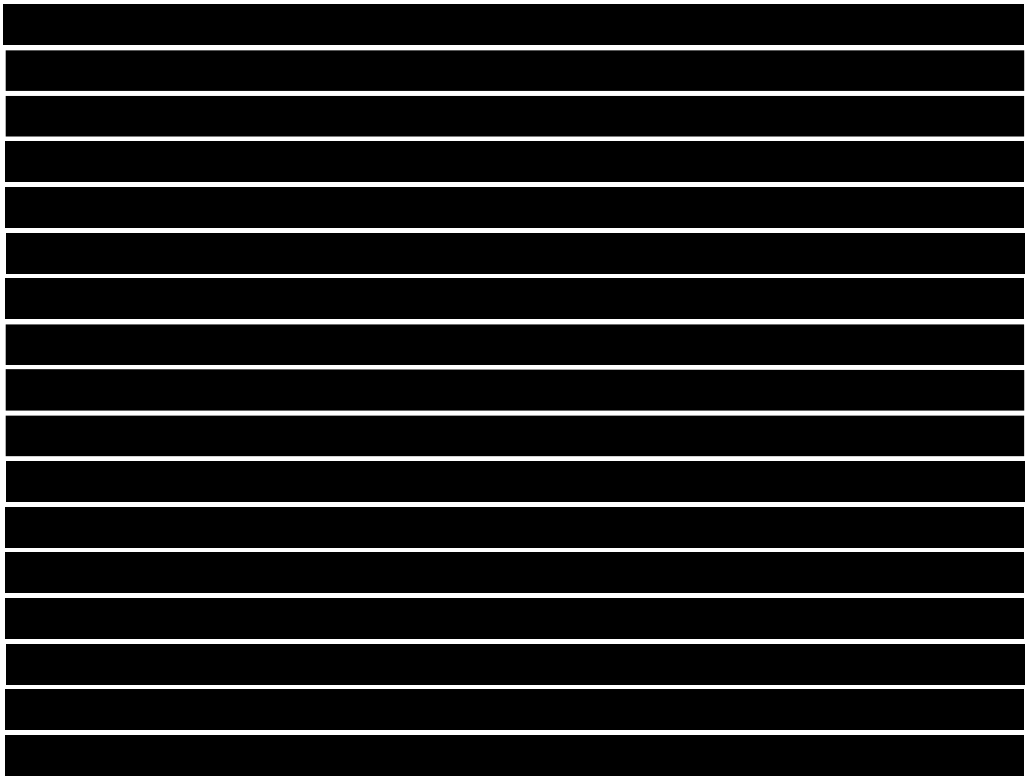
Exhibit E–5

Identify any contracts that have any other relationship with a contract listed for trading on a registered entity, *i.e.,* both the foreign board of trade's and the registered entity's contract settle to the price of the same third party-constructed index.

ICE Futures Abu Dhabi Application: Exhibit E-5

Identify any contracts that have any other relationship with a contract listed for trading on a registered entity, i.e., both the foreign board of trade's and the registered entity's contract settle to the price of the same third party-constructed index.

1. Certain of the IFAD differential and crack contracts incorporate, as the component other than Murban, the price of a contract traded on a registered entity or the price of a third party index that is also used in contracts traded on registered entities, including ICE Futures U.S. and NYMEX. These include differential contracts between Murban and each of WTI, Brent and Dated Brent (a Platts index), and crack contracts between each of Singapore Gasoil, Fuel Oil 380 CST, Singapore Mogas 92 and Naphtha C+F Japan (all indexes published by Platts) and Murban. It bears noting that the contracts of such other registered entities do not reference Murban as the other component of a differential or crack contract, and so are fundamentally different as an economic matter from the proposed IFAD contracts. In addition, as noted in paragraph 3 of Exhibit E-1, there will be spreads made available for trading between the IFAD Murban futures contract and certain futures contracts of ICE Futures Europe. As the Commission is aware, ICE Futures Europe is also registered as a Foreign Board of Trade.



[redacted]

[redacted]

[redacted]

EXHIBIT E—THE TERMS AND CONDITIONS OF CONTRACTS PROPOSED TO BE MADE AVAILABLE IN THE UNITED STATES

Exhibit E–6

Demonstrate that the contracts are not readily susceptible to manipulation. In addition, for each contract to be listed, describe each investigation, action, proceeding or case involving manipulation and involving such contract in the three years preceding the application date, whether initiated by the foreign board of trade, a regulatory or self-regulatory authority or agency or other government or prosecutorial agency. For each such action, proceeding or case, describe the alleged manipulative activity and the current status or resolution thereof.

ICE Futures Abu Dhabi Application: Exhibit E-6

Demonstrate that the contracts are not readily susceptible to manipulation. In addition, for each contract to be listed, describe each investigation, action, proceeding or case involving manipulation and involving such contract in the three years preceding the application date, whether initiated by ICE Futures Abu Dhabi, a regulatory or self-regulatory authority or agency or other government or prosecutorial agency. For each such action, proceeding or case, describe the alleged manipulative activity and the current status or resolution thereof.

[redacted]

1. [redacted]

2. [redacted]

3. [redacted]

4. [redacted]

   4.1. [redacted]

4.2. [redacted]

4.3. [redacted]

4.4. [redacted]

4.5. [redacted]

4.6. [redacted]

4.7. [redacted]

4.7.1. [redacted]

4.7.2. [redacted]

4.7.3. [redacted]

4.7.3.1. [redacted]

4.7.3.2. [redacted]

4.8. [redacted]

4.9. [redacted]

4.10. [redacted]

4.11. [redacted]

4.12. [redacted]

[redacted]

3.13. [redacted]

5. [redacted]

5.1. [redacted]

5.2. [redacted]

5.3. [redacted]

5.4. [redacted]

6. [redacted]

7. [redacted]

8. [redacted]

[redacted]

9. [redacted]

9.1. [redacted]

9.2. [redacted]

9.3. [redacted]

9.4. [redacted]

9.5. [redacted]

9.6. [redacted]

9.7. [redacted]

9.8. [redacted]

9.8.1 [redacted]

9.8.2 [redacted]

10. [redacted]

11. [redacted]

11.1. [redacted]

11.2. [redacted]

12. [redacted]

[redacted]

13. [redacted]

14. [redacted]

15. [redacted]

16. [redacted]

17. [redacted]

    17.1. [redacted]

    17.2. [redacted]

    17.3. [redacted]

18. [redacted]

19. [redacted]

20. [redacted]

21. [redacted]

22. [redacted]

23. The Exchange Rules have been drafted to incorporate a prohibition of all behaviours which are prohibited under applicable market abuse rules. Exchange Rule E.2.2A states: "Members and other Persons Subject to the Rules whose behaviour amounts to market abuse as defined in section 92(1) of the Financial Services and Markets Regulations 2015 and any relevant FSRA Requirements shall be in breach of the Rules."

24. The Exchange Rules also set out specific requirements and prohibitions relating to trading practices. These include:

    24.1. a prohibition on pre-arranging contracts or engaging in pre-execution communications except under specified circumstances (see Exchange Rule G.4);

24.2. a prohibition on withholding a client order which is capable of immediate and full execution (see Exchange Rule G.5);

24.3. rules regarding the submission of cross trades (see Exchange Rule G.6A);

24.4. a rule requiring that client orders are given priority over proprietary orders (see Exchange Rule G.7);

24.5. prohibitions on a person withdrawing or withholding client orders for such person's own benefit or for the benefit of another client (see Exchange Rule G.8.1);

24.6. anti-abuse rules (see Exchange Rule G.9);

24.7. prohibitions on knowingly disseminating false, misleading or inaccurate reports concerning any Product (See Exchange Rule E.2.2(a)(v));

24.8. prohibitions on making or reporting a false or fictitious trade (see Exchange Rule E.2.2(a)(vii));

22.9. prohibitions on entering into a contract or failing to close it out with the intention of going into default in performance (see Exchange Rule E.2.2(a)(viii));

22.10. prohibitions on misleading other market participants (see Exchange Rule E.2.2(a)(xi)) and disrupting the orderly conduct of trading or the fair execution of transactions (see Exchange Rule E.2.2(a)(xiii)).

25. [redacted]

EXHIBIT F – THE REGULATORY REGIME GOVERNING THE FOREIGN BOARD OF TRADE IN ITS HOME COUNTRY OR COUNTRIES

EXHIBIT F – THE REGULATORY REGIME GOVERNING THE FOREIGN BOARD OF TRADE IN ITS HOME COUNTRY OR COUNTRIES

(1) A description of the regulatory regime/authority's structure, resources, staff, and scope of authority; the regulatory regime/authority's authorizing statutes, including the source of its authority to supervise the foreign board of trade; the rules and policy statements issued by the regulator with respect to the authorization and continuing oversight of markets, electronic trading systems, and clearing organizations; and the financial protections afforded customer funds.

(2) A description of and, where applicable, copies of the laws, rules, regulations and policies applicable to:

(i) The authorization, licensure or registration of the foreign board of trade.

(ii) The regulatory regime/authority's program for the ongoing supervision and oversight of the foreign board of trade and the enforcement of its trading rules.

(iii) The financial resource requirements applicable to the authorization, licensure or registration of the foreign board of trade and the continued operations thereof.

(iv) The extent to which the IOSCO Principles are used or applied by the regulatory regime/authority in its supervision and oversight of the foreign board of trade or are incorporated into its rules and regulations and the extent to which the regulatory regime/authority reviews the applicable trading systems for compliance therewith.

(v) The extent to which the regulatory regime/authority reviews and/or approves the trading rules of the foreign board of trade prior to their implementation.

(vi) The extent to which the regulatory regime/authority reviews and/or approves futures, option or swap contracts prior to their being listed for trading.

(vii) The regulatory regime/authority's approach to the detection and deterrence of abusive trading practices, market manipulation, and other unfair trading practices or disruptions of the market.

(3) A description of the laws, rules, regulations and policies that govern the authorization and ongoing supervision and oversight of market intermediaries who may deal with members and other participants located in the United States participants, including:

(i) Recordkeeping requirements. Regulatory regime/authority's structure

(ii) The protection of customer funds.

(iii) Procedures for dealing with the failure of a market intermediary in order to minimize damage and loss to investors and to contain systemic risk.

(4) A description of the regulatory regime/authority's inspection, investigation and surveillance powers; and the program pursuant to which the regulatory regime/authority uses those powers to inspect, investigate, and enforce rules applicable to the foreign board of trade.

(5) For both the foreign board of trade and the clearing organization (unless addressed in Supplement S-1), a report confirming that the foreign board of trade and clearing organization are in regulatory good standing, which report should be prepared subsequent to consulting with the regulatory regime/authority governing the activities of the foreign board of trade and any associated clearing organization. The report should include: (i) Confirmation of regulatory status (including proper authorization, licensure and registration) of the foreign board of trade and clearing organization. (ii) Any recent oversight reports generated by the regulatory regime/authority that are, in the judgment of the regulatory regime/authority, relevant to the foreign board of trade's status as a registered foreign board of trade. (iii) Disclosure of any significant regulatory concerns, inquiries or investigations by the regulatory regime/authority, including any concerns, inquiries or investigations with regard to the foreign board of trade's arrangements to monitor trading by members or other participants located in the United States or the adequacy of the risk management controls of the trading or of the clearing system. (iv) A description of any investigations (formal or informal) or disciplinary actions initiated by the regulatory regime/authority or any other self-regulatory, regulatory or governmental entity against the foreign board of trade, the clearing organization or any of their respective senior officers during the past year.

(6) For both the foreign board of trade and the clearing organization (unless addressed in Supplement S-1), a confirmation that the regulatory regime/authority governing the activities of the foreign board of trade and the clearing organization agree to cooperate with a Commission staff visit subsequent to submission of the application on an "as needed basis," the objectives of which will be to, among other things, familiarize Commission staff with supervisory staff of the regulatory regime/authority; discuss the laws, rules and regulations that formed the basis of the application and any changes thereto; discuss the cooperation and coordination between the authorities, including, without limitation, information sharing arrangements; and discuss issues of concern as they may develop from time to time (for example, linked contracts or unusual trading that may be of concern to Commission surveillance staff).

ICE Futures Abu Dhabi Application: EXHIBIT F(1)

A description of the regulatory regime/authority's structure, resources, staff, and scope of authority; the regulatory regime/authority's authorizing statutes, including the source of its authority to supervise the foreign board of trade; the rules and policy statements issued by the regulator with respect to the authorization and continuing oversight of markets, electronic trading systems, and clearing organizations; and the financial protections afforded customer funds.

Background of Abu Dhabi and ADGM Regulatory Regime

1. The ICE Futures Abu Dhabi (the "**Exchange**") is subject to a comprehensive regulatory regime in Abu Dhabi, one of the United Arab Emirates ("**UAE**").

2. The UAE was founded in 1971 as a federation of seven emirates including Abu Dhabi, which is the capital. Under the Constitution of the UAE (the "**Constitution**"), each emirate is governed by an absolute monarch. Together, they jointly form the Federal Supreme Council, which has an elected chairman and vice-chairman. By convention, the ruler of Abu Dhabi is the President of the UAE (the head of state) and the ruler of Dubai is the Prime Minister (the head of government). In addition to the Federal Supreme Council, the Constitution provides that the Prime Minister will lead a cabinet, called the Council of Ministers. Further, there is a 40-member national assembly, called the Federal National Council, which is a consultative body whose members are partially appointed by the emirate rulers and partially elected. There is an independent judiciary which includes the Federal Supreme Court.

Authorizing Statutes

3. Under the Constitution, matters not specifically allocated to the federal level are under the jurisdiction of each emirate. Federal jurisdiction extends to matters such as foreign affairs, security and defense, currency, banking, major legislation relating to the Penal Code, Civil & Commercial Transactions Code, companies law, and codes of procedure before the civil and penal courts.

4. The Constitution provides for a two-level allocation of legal competence. The federal level covers matters expressly listed in the Constitution and the emirates have jurisdiction over residual matters. Article 121 of the Constitution was amended in 2004 to provide for the establishment of Financial Free Zones ("**FFZs**"). This permitted the establishment of zones and the creation by such zones of their own laws on matters which would otherwise be governed by federal law, including matters such as currency, banking, company law and civil law more generally. The constitutional amendment was followed by legislation setting out the mechanism and operation of FFZs:

    - UAE Law No. 8 establishes the federal-level machinery for the establishment of a FFZ and sets out what activities may be carried out in FFZs. This Law provides that an FFZ may only be established by Federal Decree. Once established, FFZs are exempt from federal, civil and commercial laws;

- Federal Decree No. 15 of 2013 establishes the Abu Dhabi Global Market ("**ADGM**") as an FFZ in Abu Dhabi. Al Maryah Island is designated by Cabinet Resolution No. 4 of 2013 as the geographical location of the ADGM;

- Abu Dhabi Law No. 4 establishes the organs of governance in the ADGM, including the Board of Directors, the Registration Authority, the Financial Services Regulatory Authority (the "**Regulator**" or "**FSRA**") and ADGM courts, including setting out their powers and duties; and

- a series of regulations, passed by the ADGM, pursuant to these authorities.

Abu Dhabi Global Market

5. As regards the allocation of powers between Abu Dhabi and the ADGM, the remit of the ADGM's legislative jurisdiction is prescribed in Abu Dhabi Law No. 4, which allocates specific spheres of legislative competence to the ADGM and fleshes out more of the tripartite allocation of competences (federal-level, emirate-level and FFZ-level) established in the UAE constitutional amendment.

6. The government authorities that govern the ADGM may pass their own civil and commercial laws and regulations to regulate the market in the ADGM.

7. The ADGM legal system is based on English common law, in contrast to the existing system in the UAE which is heavily influenced by civil law systems, namely, French, Roman, Egyptian and Islamic law. In ADGM, the English common law has been adopted in its entirety rather than in codified form such that the statutory regime fits in with the UK system and benefits from interactions with the common law case law so far as possible. In practice, this means that, for instance, the enactment of a set of companies regulations utilizing the latest UK Companies Act benefits from English case law clarifying provisions of that text, thereby reducing legal uncertainty. This approach is designed to allow the ADGM to tap into the significant numbers of qualified common law lawyers from around the world. They can review and advise on ADGM law and, if suitably qualified, argue cases in ADGM courts. In a situation where its decision irreconcilably conflicts with a decision of English courts, however, ADGM court decisions would prevail over the latest English common law.

8. Pursuant to Abu Dhabi Law No. 4, the objectives of the ADGM are to promote Abu Dhabi as a global financial center, to develop the economy of the Emirate and make it an attractive environment for financial investments and an effective contributor to the international financial services industry.

Structure

9. The ADGM Board of Directors (the "**Board**") is the supreme authority in the ADGM. It is responsible for laying down the general ADGM strategies and policies and follows up on

their implementation to achieve the objectives of the ADGM. Among other matters, the Board issues regulations; proposes and submits draft laws to the Executive Council of the Emirate; appoints, sets terms and remuneration for, and specifies duties of, the head of the ADGM's Registration Bureau, the head of the Financial Services Regulation Bureau and the Chief Justice and judges of the ADGM's Court; forms advisory committees and establishes administrative bodies; proposes the establishment operation, management and supervision of non-financial free zones in the Emirate that may be necessary to enable the ADGM to achieve its objectives; manages financial matters relating to the ADGM; issues resolutions determining financial fees and considerations charged by the ADGM; and issues by-laws relating to the powers and delegation within the ADGM and the ADGM's Authorities (defined below).

10. The Board must appoint one or more accredited independent auditors in the State to audit the accounts and financial statements of the ADGM and of each of the ADGM Authorities who shall submit the reports to the Board.

11. Pursuant to Abu Dhabi Law No. 4, the ADGM established the following authorities ("**Authorities**"): (1) the ADGM's Registration Bureau; (2) the FSRA; and (3) the ADGM's Courts.

12. Each of the Authorities has an independent legal personality and an independent budget, and exercise their respective competences independently in accordance with the provisions. Each Authority issues executive resolutions within the limits of its functions and competencies as stated in Abu Dhabi Law No. 4 and the ADGM regulations.

Financial Resources

13. The financial resources of the ADGM consist of: (1) annual appropriations allocated to it by the Abu Dhabi government; (2) income derived from the services provided by the ADGM or any of the ADGM Authorities and the activities they exercise; and (iii) any other resources that may be approved by the Board in line with the ADGM objectives. Abu Dhabi Law No. 4 also sets out the range of fines permitted to be imposed for violations.

Financial Services Regulatory Authority

14. The FSRA was established under Abu Dhabi Law No. 4. Its address is: Abu Dhabi Global Market Authorities Building, ADGM Square, Al Maryah Island, PO Box 111999, Abu Dhabi, UAE.

Structure

15. The Board appoints the head or board of management of the FSRA which supervises the activities of the FSRA and has duties and powers which include the following: register and license companies and supervise such companies; formulate and approve policies, strategies and objectives related to the organization of financial services; propose draft regulations relating to the organization of the financial services and related activities; propose fees and financial considerations for services rendered by the FSRA and submit to

the Board; collect applicable fees and sanctions; and manage financial and administrative matters.

Scope of Authority

16. Pursuant to Abu Dhabi Law No. 4, the FSRA is solely responsible for the regulation of financial services and related activities in the ADGM. It is responsible for recognizing and supervising entities regulated under the Financial Services and Markets Regulations 2015 (as amended, the "**FSMR**"). The FSMR is issued by the Board which is supplemented by various rulebooks, including the Market Infrastructure Rules (MIR) as well as other guidance issued by the FSRA. It has adopted a risk-based approach to regulation, focusing its efforts on those activities that it perceives as posing the greatest risk to the furtherance of our objectives.

Source of its Authority to Supervise the Foreign Board of Trade

17. ICE Futures Abu Dhabi Limited (the Exchange) was recognised on 3 October 2019 as an investment exchange (a "**Recognized Investment Exchange**" or "**RIE**"), by the FSRA pursuant to Part 12 of the FSMR.

18. The FSMR establishes the overall framework for regulation of financial services in the ADGM. It is modelled on the UK Financial Services and Markets Act 2000 and related legislation. The FSMR generally addresses authorization and recognition of regulated entities, regulation market infrastructure bodies, enforcement and information gathering powers, listing requirements, disclosure requirements and other matters.

19. The FSMR contains two general restrictions which broadly set out the range of financial services that would trigger a licensing requirement for activities undertaken within and from the ADGM. The first prohibits persons from carrying on a regulated activity (specified in Sch.1 to the FSMR) without either authorization or the benefit of an exemption: termed the "General Prohibition". The second requires that all financial promotions (as defined in Sch.2 to the FSMR) either be made by a firm that is licensed by the FSRA (a "**Regulated Firm**") or have their content approved by a Regulated Firm: the Financial Promotion Restriction. The FSRA may take disciplinary action, such as imposing a public censure or financial penalty, against any corporate or individual which breaches either restriction. There could also be further commercial consequences following breach of either restriction, such as agreements being rendered unenforceable.

20. Schedule 1 to the FSMR defines the scope of regulated activities. It is largely modelled on the United Kingdom Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (SI 2001/544) (RAO). Regulated activities are activities carried on by way of business which relate to a specified investment. As with the RAO, specified investments under the FSMR include futures, contracts of insurance, deposits and government securities. They also extend to geographic-specific investments such as *Sharia* compliant specified investments and *sukuk*.

21. There are two levels of regulatory supervision within the ADGM: one for regulated firms and one for individuals employed by those regulated firms. The first level comprises the assessment and authorization by the FSRA of firms seeking to perform regulated activities in the ADGM and the ongoing supervision of such firms. Once a Regulated Firm is authorized, it will have permission to carry out its relevant regulated activities.

22. The second level relates to the individuals working within a Regulated Firm. Individuals who perform certain controlled functions (i.e. chief executive officer and all directors) in the businesses of regulated firms must be assessed and approved by the FSRA. Once approved, such individuals are known as "Approved Persons". Rather than having the FSRA police and approve other senior managerial appointments, the regulated firms themselves are responsible for assessing and approving compliance customer-facing and senior managerial staff who perform "Recognized Functions" (for example, senior managers, customer-facing staff, compliance officers, money laundering reporting officers), although these persons must be notified to the FSRA. These individuals are known as "Recognized Persons". Recognized Persons are still required to abide by the same principles as Approved Persons, including integrity and due care and diligence. This approach places the responsibility on Regulated Firms to initially assess the individuals that they employ in these roles and to continually assess their competence, fitness and propriety.

General rules applicable to all authorized firms

23. The FSRA's general monitoring and supervisory powers are set out in the *General Rulebook* (GEN), attached as Annex A-5(4). The GEN applies to all FSMR-regulated entities, namely Regulated Firms, Approved Persons, Recognized Persons and Recognized Bodies (i.e. recognized clearing houses and recognized investment exchanges established in the ADGM). The GEN also deals with processing regarding applications for amendments and variations of permission, requests for information by the FSRA and the approval/notification requirements for change of control over Regulated Firms. In addition, a set of general regulatory requirements (Principles) are set out in the GEN. These Principles apply to regulated firms, Approved Persons and Recognized Persons. They are designed to reflect similar standards of conduct to those outlined in the UK's general principles. The Principles work in conjunction with the Rules by providing legally binding standards of conduct. A breach in the Principles may, for instance, result in administrative disciplinary action, including a suspension or withdrawal of a regulated firm, Approved Person or Recognized Person status. The ADGM regulatory framework also prescribes rules on systems and controls. Senior managers of a regulated firm must be entrusted with responsibility for internal management, organization and compliance. Approved Persons are tasked with ensuring the appropriate allocation of management responsibilities and that effective systems and controls over the affairs of the regulated firm are implemented. The GEN further provides guidance on complaints-handling.

ICE Futures Abu Dhabi Application: EXHIBIT F(2)

A description of and, where applicable, copies of the laws, rules, regulations and policies applicable to the foreign board of trade.

Market Infrastructure Rules

1. The ADGM's rules for financial market infrastructures, referred to as Recognized Bodies (including exchanges and clearing organizations) are set out in the FSMR and MIR. The rules have been modelled on IOSCO principles and European and English regulatory standards. The MIR supplements the FSMR and applies to exchanges and clearing houses incorporated or operating in the ADGM. They prescribe special conduct and organizational rules.

2. The regulatory structure under MIR includes requirements relating to: capital levels; fair and orderly trading; pre- and post- trade transparency; public disclosure; settlement and clearing services; admission of financial instruments to trading; default rules; suitability; governance; financial resources; systems, controls and conflicts; operational systems and controls; transaction recording; membership criteria and access; financial crime and market abuse; custody; rules and consultation; discipline; complaints; and outsourcing.

3. To acquire and maintain recognition status as a Recognized Body, the Exchange must at all times comply with the requirements of Chapter 2 of MIR (the "Recognition Requirements") to the satisfaction of the FSRA. Among other things, the Exchange is required to:

    - Demonstrate that it is a fit and proper person to perform the regulatory functions of a Recognized Body, having regard to, among other things, its demonstrated commitment, its arrangements for fulfilling relevant obligations including conflicts of interest, its governance and any legal breaches by the applicant or key personnel;

    - Comply with applicable governance requirements;

    - Maintain financial resources sufficient for the proper performance of its regulatory functions, including sufficient capital;

    - Ensure systems and controls are adequate and appropriate for the scale and nature of its business;

    - Have rules, procedures and appropriate surveillance to ensure its facilities sufficiently protect investors;

    - Establish a robust operational risk management framework with appropriate systems and controls to identify, monitor and manage operational risks that key participants, other Recognized Bodies, service providers and utility providers might pose;

- Ensure that access to its facilities is subject to criteria intended to protect the orderly functioning of the market and the interests of investors;

- Operate a market surveillance program and immediately report to the FSRA any suspected market misconduct, financial crime or money laundering, along with full details in writing;

- Ensure that, where its facilities include making provision for the safeguarding and administration of assets belonging to users of those facilities, satisfactory arrangements are made for that purpose with an appropriate custodian or settlement facility;

- Adopt procedures to make and amend rules, including procedures to consult users where appropriate; and

- Effect arrangements for the investigation and resolution of complaints arising in connection with the performance of, or failure to perform, any of its regulatory functions.

4. The FSRA is charged with ensuring that RIEs (such as the Exchange) continue to comply with the recognition criteria. In this regard, the FSRA has authority to, and does, engage in ongoing regulatory supervision and oversight of the RIE. Under MIR, the FSRA takes a risk-based approach to supervision and conducts a periodic risk assessment of the RIE, taking into account the position of the RIE under the FSMR and regulations, the nature of the RIE's members, the position of other users and the overall business environment. (MIR 6.3.1) The risk assessment is designed to systematically review the main supervisory risks and concerns for the regulated entity. The FSRA would expect to discuss the risk assessment with relevant personnel of the RIE and may send a detailed letter to the RIE with proposals for further action, among other steps.

5. Under this risk-based approach, as outlined in further detail in the the FSRA's Guidance and Policies Manual ("**GPM**"; Annex A-5(7)), the frequency and intensity of supervisory assessments depends on the regulated entity's size, complexity, risk profile and other relevant factors. Supervision may include on-site visits, discussion between FSRA staff and relevant personnel (including the board and senior management, business and compliance heads, auditors and risk managers). (GPM 3.1) Particular supervisory arrangements for an RIE are determined on a case-by-case basis, according to the specific risks identified for that RIE. Supervisory arrangements may include a process to be agreed upon by the RIE, the FSRA and other relevant regulators, and the FSRA may take into account supervision to which an RIE or its affiliate group may be subject in other jurisdictions. (GPM 3.4)

6. To facilitate supervision, the RIE has broad obligations to provide information, documents, data and other material to the FSRA, to make its employees available for meetings with the FSRA, to provide the FSRA access to relevant data and systems and generally to answer questions posed by the FSRA. (GEN 8.1.2)

7. In addition, as a new RIE, the Exchange has entered into a supervisory protocol (the "**Supervisory Protocol**") with the FSRA providing for enhanced supervisory oversight of the Exchange (which is intended to apply for a period of two years, and may be extended by the FSRA and the Exchange). A copy of the Supervisory Protocol is attached as Annex F-2(1). Among other provisions, the Supervisory Protocol will:

    - Establish regular points of contact and escalation at the Exchange and FSRA;
    - Require Exchange to make staff of appropriate seniority available to the FSRA during UAE and Exchange trading hours, make senior management of the Exchange available for meetings with FSRA in ADGM upon request, and generally facilitate supervisory meetings with FSRA personnel;
    - Require the Exchange to provide the FSRA detailed agendas, minutes and materials from the Exchange board and relevant committee, and permit the FSRA to attend and observe board meetings within ADGM on request;
    - Require FSRA approval for appointment of key individuals by the Exchange;
    - Require the Exchange to provide the FSRA with its master risk register and position dashboard;
    - Provide details of ownership of Holdings; and
    - Facilitate an annual meeting between the FSRA and the Exchange's external auditor.

8. In addition, the FSRA, in order to protect investors or the orderly functioning of markets, has specific powers in relation to the supervision of recognized bodies. The trigger events for the exercise of such powers, as well as their scope and processes, are set out in detail in MIR and related regulations and guidance. The powers available to the FSRA include:

    - Suspending or removing of financial instruments from trading;
    - Requiring the Recognized Body to provide the FSRA with information;
    - Taking action following the receipt of a complaint about the Recognized Body;
    - Supervising action by Recognized Bodies under their default rules (including directing a Recognized Body to take or not to take action under its default rules under certainly tightly-defined circumstances);
    - Giving directions to a Recognized Body to take specified steps in order to secure its compliance with its obligations;
    - Directing controllers of a Recognized Body; and
    - Revoking recognition of a Recognized Body. (MIR 6, GEN 8, GPM 4)

9. The FSRA also has the power under MIR 6.6.1 to give directions to a Recognized Body to take certain steps to comply with the Recognition Requirements, including granting the FSRA access to its premises for inspection of the premises or any documents and the suspension of the carrying on of any for the period specified in the direction. The FSRA is likely to exercise this power if it considers that: (a) there has been, or is likely to be, a failure to satisfy one or more of the Recognition Requirements which has serious consequences; (b) compliance with the direction would ensure compliance with such recognition requirement(s); and (c) the Recognized Body is capable of complying with the direction.

10. The FSRA also has the power to revoke a recognition order if: (a) a Recognized Body is failing or has failed to satisfy one or more of the Recognition Requirements and that failure has or will have serious consequences; (b) it would not be possible for the Recognized Body to comply with a direction from the FSRA under MIR 6.6.1; (c) for some other reason, it would not be appropriate for the FSRA to give a direction under its power to give directions under MIR 6.6.1; or (d) the Recognized Body has not carried on the business of a Recognized Body during the 12 months since effectiveness of its recognition order or at any time during the period of six months prior to revocation of the recognition order.

11. Recognized Bodies must notify the FSRA of certain important events, so that the regulator has all the information it requires to monitor, oversee and supervise the Recognized Body. The MIR Rules set out the applicable trigger events and timing requirements. The scope of the information required to be notified includes:

    - Changes to a Recognized Body's committees;
    - Disciplinary action and events relating to key individuals;
    - Changes to a Recognized Body's constitution and governance;
    - Changes to a Recognized Body's auditors;
    - Publication of financial information;
    - Changes to a Recognized Body's fees and incentive schemes;
    - Complaints;
    - Insolvency events and other legal proceedings;
    - Delegation of functions by a Recognized Body;
    - Changes to a Recognized Body's products, services or hours of operation;
    - Suspension of services and inability to operate facilities;
    - Changes or events affect a Recognized Body's IT systems;

- Inability to discharge regulatory functions;
- Admission of new members;
- Investigations by any other regulatory body into the Recognized Body;
- Disciplinary actions taken against members;
- Evidence of criminal or civil offences by its members;
- Restriction of, or instruction to close out, open positions;
- Events and declarations of default;
- Significant rule breaches or disorderly trading conditions;
- Changes to its rules; and
- In certain cases, capital falling below a "notification threshold". (MIR 5.4)

Rules and Policy Statements

12. The MIR Rules are the primary source of rules issued by the FSRA with respect to the authorization and continuing oversight of investment exchanges and Recognized Bodies. A copy of the MIR Rules is attached as Annex A-5(2). The GEN rules, which are generally applicable to every person to whom the FSMR or MIR applies, are attached as Annex A-5(4). The FSMR is attached as Annex A-5(1).

Financial protections afforded customer funds

13. The FSRA is responsible for regulating the financial soundness and conduct of Exchange that are regulated in the ADGM. (Members in other jurisdictions are subject to applicable regulatory authorities and requirements in those jurisdictions.)

14. MIR 2.10 sets out the requirements on Recognized Bodies in relation to safeguarding and administration of customer assets. These include requirements such as ensuring that satisfactory arrangements are made for that purpose with an appropriate custodian or settlement facility. What would be considered satisfactory is based on factors including the level of protection against loss and an evaluation of transfer and segregation requirements.

15. As discussed herein, all transactions effected on the Exchange will be cleared at ICE Clear Europe. ICE Clear Europe is registered with the Commission as a derivatives clearing organization ("**DCO**") and is authorized as a central counterparty under the European Market Infrastructure Regulation (EMIR), having been recognized as a clearing house and central counterpart under the UK Financial Services and Markets Act 2000, supervised by the Bank of England. As such, transactions cleared at ICE Clear Europe have the benefit of protections for customer funds under applicable US, UK and EU law. Specifically, transactions cleared through a registered futures commission merchant ("**FCM**") clearing

member of ICE Clear Europe will be subject to applicable customer protection requirements under the US Commodity Exchange Act and Commission regulations. Transactions cleared through a clearing member located in the UK or EU will be subject to applicable customer protection requirements under EMIR and the laws of the relevant jurisdiction for that clearing member. ICE Clear Europe's rules also provide for segregation of customer positions and assets, consistent with these regulatory requirements.

Authorization, licensure or registration of the foreign board of trade

16. See discussion above under Market Infrastructure Rules for the background to the MIR Rules, the formal approval of the Exchange as an Investment Exchange and how the FSRA regulates the Exchange.

The regulatory regime/authority's program for the ongoing supervision and oversight of the foreign board of trade and the enforcement of its trading rules

17. See discussion above at paragraphs 4-11 for an overview of the FSRA approach to supervision and oversight of Recognized Bodies and the enforcement of its trading rules.

The financial resource requirements applicable to the authorization, licensure or registration of the foreign board of trade and the continued operations thereof

18. MIR specifies that a Recognized Body must have financial resources sufficient for the proper performance of its regulatory functions as a Recognized Body. In considering whether this requirement is satisfied, the FSRA must take into account all the circumstances, including the Recognized Body's connection with any person, and any activity carried on by the Recognized Body, whether or not it is an exempt activity.

19. In determining whether a Recognized Body has sufficient financial resources, the FSRA will consider the various factors set out in MIR 2, including the Recognized Body's operational and other risks, guarantees provided by the Recognized Body, the amount and composition of the Recognized Body's capital, liquid and other financial assets, the financial benefits, liabilities, risks and exposures arising from the Recognized Body's connection with any person, the likely availability of liquid financial resources during periods of major turbulence, and the nature and extent of transactions concluded on an RIE.

20. As part of the general financial resources requirements, an RIE must hold capital in an amount equal to 6 months' operational expenses plus, unless otherwise directed by the FSRA, an additional buffer equal to six months' operational expenses. The FSRA may require an RIE to hold an additional capital buffer, which may be used only in times of market stress or financial difficulty. Capital must be considered Tier 1 capital pursuant to Abu Dhabi Prudential – Investment, Insurance Intermediation and Banking Rules (PRU) Rule 3.9.

The extent to which the IOSCO Principles are used or applied by the regulatory regime/authority in its supervision and oversight of the foreign board of trade or are

incorporated into its rules and regulations and the extent to which the regulatory regime/authority reviews the applicable trading systems for compliance therewith.

21. In general, the ADGM's rules for financial market infrastructures have been modelled on IOSCO principles, as well as European and English regulatory standards.

The extent to which the regulatory regime/authority reviews and/or approves the trading rules of the foreign board of trade prior to their implementation.

22. In order to make and amend its rules, a Recognized Body must consult users of its facilities when appropriate. Any amendment to its business rules must, prior to becoming effective, be made available for public consultation in the manner required under MIR 2.11 and approved by the FSRA. Any amendment to a Recognized Body's guidance to its business rules must, prior to effectiveness, be notified to the FSRA. The FSRA may waive the public consultation requirement in cases of emergency, force majeure, typographical errors, minor administrative matters, or to comply with applicable laws. The Recognized Body must also have procedures for notifying users of these amendments.

The extent to which the regulatory regime/authority reviews and/or approves futures, option or swap contracts prior to their being listed for trading.

23. The MIR Rules require that RIEs make clear and transparent rules concerning the admission of financial instruments to trading on any markets they operate and ensure that all such admitted instruments are capable of being traded in a fair, orderly and efficient manner and are freely negotiable. Derivatives contracts must allow for their orderly pricing and effective settlement conditions. The RIE must follow additional requirements relating to the admission of financial instruments set out in MIR 3.9, including as to such matters as clear and unambiguous terms, reliable and publicly available pricing, availability of relevant information, arrangements for determining the settlement price, and adequacy of arrangements for delivery (MIR 3.9.4). Contracts are not, however, generally required to be specifically approved by the FSRA prior to listing, although in practice the FSRA would be expected to be aware of a proposed new contract before it is admitted to trading and have an opportunity to address any regulatory concerns.

The regulatory regime/authority's approach to the detection and deterrence of abusive trading practices, market manipulation, and other unfair trading practices or disruptions of the market.

24. The FSMR prohibits market abuse, which it defines to include insider misuse of nonpublic material information, inappropriate insider disclosure of nonpublic material information, the creation of false or misleading market impressions, market distortion and dissemination of false or misleading information. MIR 3.3 further specifies a number of matters for an RIE to address in its rules and procedures to facilitate fair and orderly trading, including prohibitions on abusive trading practices and false reporting, wash trades, improperly prearranged trades and other deceptive or manipulative practices.

25. In addition, pursuant to MIR Rule 2.9, a Recognized Body is required to: (a) operate an effective market surveillance program and put in place appropriate measures to identify, monitor, deter and prevent conduct which may amount to market misconduct, financial crime and money laundering on and through the Recognized Body's facilities; and (b) immediately report to the FSRA any suspected market misconduct, financial crime or money laundering, along with full details in writing. A Recognized Body must also have appropriate procedures and protections for enabling its employees to disclose any information to the FSRA or to other appropriate bodies involved in the prevention of market misconduct, money laundering or other financial crime or any other breaches of relevant legislation.

26. If the FSRA considers it desirable or expedient because of possible market abuse, it may direct a Recognized Body to terminate, suspend or limit the scope of any inquiry which the Recognized Body is conducting under its rules or not to conduct an inquiry which the Recognized Body proposes to conduct under its rules.

27. In cases of market abuse, FSMR provides that the ADGM Court, on application by the FSRA, may make one of a range of orders in relation to a person, irrespective of whether a contravention has occurred, if it is satisfied that it is in the interests of the ADGM for such an order to be made. The range of orders include: (a) an order requiring that trading in any particular investments cease, either permanently or for such period as is specified in the order; (b) an order requiring that a disclosure be made to the market; (c) an order prohibiting a person from making offers of securities in or from the ADGM; or (d) an order prohibiting a person from being involved in reporting entities, listed funds or securities within the ADGM.

EXHIBIT F(3): A description of the laws, rules, regulations and policies that govern the authorization and ongoing supervision and oversight of market intermediaries who may deal with members and other participants located in the United States

1. The ADGM laws, rules, regulations and policies that govern the authorization and ongoing supervision and oversight of market intermediaries are primarily set out in the FSMR and related regulations.

2. Persons located outside the ADGM may apply to be granted a recognition order to become a "Remote Member" for purposes of access to an RIE. Among other requirements, a Remote Member must submit unconditionally to the jurisdiction of the FSRA in relation to any matters which arise out of or which relate to its use of the facilities of the RIE. It must also be licensed or otherwise authorized to trade on, or use the facilities of, an exchange or clearing house in a jurisdiction acceptable to the FSRA and regulated in respect of the trading, or use of facilities by a non-ADGM financial services regulator to a standard acceptable to the RIE. The law and practice under which it is licensed must be broadly equivalent to the ADGM regulatory regime and adequate arrangements must exist for cooperation between the regulator and the non-ADGM regulator. When dealing with a Recognized Body, the Remote Member may do so only for non-ADGM clients.

3. With respect to supervision, the FSRA will rely upon a Remote Member's non-ADGM financial services regulator in its home jurisdiction to supervise the Remote Member. The focus of the FSRA's interest will be on the ADGM and those activities of the Remote Member that may impact the ADGM.

4. The Remote Member must also provide the FSRA with notice of name and address changes as well as notice of anything that may cause it to fail to satisfy Remote Member requirements, becoming aware of an investigation or the imposition of disciplinary measures from a non-ADGM financial services regulator, any significant event which the Recognized Body would reasonably expect to be notified of, and receipt of a client order that it has reasonable grounds to suspect may constitute market abuse.

5. Remote Members are, of course, subject to regulation in their home jurisdiction. As noted above, all transactions on the Exchange will be cleared at ICE Clear Europe. Clearing members of ICE Clear Europe include FCMs subject to regulation under the CEA and Commission regulations, as well as clearing members located in the UK or other EU jurisdictions. Any non-FCM transacting or clearing for a US market participant with respect to Exchange contracts would need to comply with applicable requirements under Commission regulations, including Part 30 thereof.

Recordkeeping requirements for market intermediaries who may deal with members and other participants located in the United States

6. In addition to any other requirements applicable to the intermediary under the laws of its jurisdiction, the Exchange requires all of its members to retain records for a minimum of five years.

The protection of customer funds by market intermediaries who may deal with members and other participants located in the United States

7. As discussed above, transactions on the Exchange will be cleared at ICE Clear Europe, which is a registered DCO as well as an authorized central counterparty under EMIR and UK law. Accordingly, customer funds of US market participants will have the benefit of applicable protections under ICE Clear Europe rules and applicable US, EU and UK laws. ICE Clear Europe facilitates the protection of customer funds (including funds originating from United States customers) by offering its clearing members the ability to clear customer transactions in one or more customer accounts of the appropriate regulatory category, which are kept separate from, and not subject to aggregation or set-off with, the clearing member's proprietary account or accounts of other customer categories.

8. Specifically, where the clearing member of ICE Clear Europe is an FCM, customer funds will be subject to the relevant secured amount requirements of Rule 30.7. (Alternatively, if ICE Clear Europe and the FCM are eligible to, and elect to, commingle such customer funds with futures customer funds pursuant to an order of the Commission, such customer funds would be subject to the protections of Section 4d of the Commodity Exchange Act and Commission regulations thereunder.)[1]

9. Where the clearing member is a non-US intermediary, protections for customer funds will apply depending on the particular clearing arrangement. Where the position is carried through a US FCM (even if not the direct clearing member), the secured amount requirements of Commission Rule 30.7 would apply. Alternatively, if the position is carried directly through a non-US intermediary in reliance on Commission Rule 30.10, customer funds would be subject to the particular customer property protection regime in the jurisdiction for that intermediary and any additional requirements of the particular Rule 30.10 order. Because neither Abu Dhabi nor ADGM, nor any exchange in that jurisdiction, is currently the subject of a Rule 30.10 order, it would be expected that US customer positions will not be directly cleared through intermediaries located in that jurisdiction.

Procedures for dealing with the failure of a market intermediary in order to minimize damage and loss to investors and to contain systemic risk for market intermediaries who may deal with members and other participants located in the United States

10. As stated above, all Exchange transactions will be cleared through ICE Clear Europe. ICE Clear Europe has adopted default rules intended to protect its ability to minimize potential losses to other market participants in the case of the default of a clearing member (or its customer). These default rules are required by, and are consistent with, applicable requirements of the legal framework governing ICE Clear Europe, including under the Commodity Exchange Act, EMIR and other relevant law and regulation.

[1] It is expected that ICE Clear Europe will submit rules for CFTC approval pursuant to CFTC Rules 39.15(b)(2) and 40.5 to permit commingling in the 4d account.

11. Accordingly, a default with respect to a market participant involved in Exchange transactions would be handled by ICE Clear Europe in a manner similar to other futures and option contracts cleared by ICE Clear Europe, including procedures for liquidating the relevant positions of the defaulter (through a default auction or other relevant manner), transfer or "porting" of customer positions and assets, where feasible, calculation of a net sum owed to or by the defaulter with respect to each relevant account class, and application of the defaulter's margin, guaranty fund and other resources to cover losses. ICE Clear Europe also maintains a default waterfall, consisting of its own default resources and contributions of non-defaulting clearing members, to cover losses in excess of the defaulter's resources.

12. ICE Clear Europe's default rules are set out in Part 9 of its Clearing Rules, which is available at https://www.theice.com/publicdocs/clear_europe/rulebooks/rules/Clearing_Rules.pdf).

13. The default rules of the Exchange are contained in Section D of the Exchange Rules and set out, among other things, the circumstances under which the Exchange may declare a member to be in default, and the actions that the Exchange may take in the event of a default.

ICE Futures Abu Dhabi Application: EXHIBIT F(4)

A description of the regulatory regime/authority's inspection, investigation and surveillance powers; and the program pursuant to which the regulatory regime/authority uses those powers to inspect, investigate, and enforce rules applicable to the foreign board of trade.

1. The FSRA has a range of powers to investigate and monitor market activity and enforce relevant regulations. Its supervisory oversight is supplemented with information-gathering and investigatory powers, balanced by procedural protections. It also has a range of enforcement and remedial powers, which it may choose to exercise if any of the regulatory requirements are breached. Although the FSRA may take enforcement action at various stages in the regulatory process, the general structure of any formal enforcement action is to provide written notices: a warning notice followed by a decision notice and, where necessary, a final notice.

2. For each Recognized Body, the FSRA will conduct a periodic risk assessment. The FSRA is required to have arrangements to investigate complaints which it considers relevant to the question of whether a Recognized Body should continue to be recognized. The FSRA may direct a Recognized Body to take, or not to take, action under its default rules after consulting with it.

3. The FSRA may give directions to a Recognized Body to take specified steps to secure its compliance with the Recognition Requirements. This may include granting the FSRA access to its premises for the purposes of inspecting those premises or any documents on the premises and the suspension of the carrying on of any activity by the Recognized Body for the period specified in the direction. The FSRA is likely to exercise this power if it considers that: (a) there has been, or was likely to be, a failure to satisfy one or more of the Recognition Requirements which has serious consequences; (b) compliance with the direction would ensure that one or more of the Recognition Requirements is satisfied; and (c) the Recognized Body is capable of complying with the direction. The FSRA may also, to protect investor interests or the orderly functioning of the ADGM financial system, require an RIE to suspend or remove a financial instrument from trading.

4. The FSRA has the power to revoke an entity's recognition order. The FSRA will usually consider revoking a recognition order if: (a) the Recognized Body is failing or has failed to satisfy one or more of the Recognition Requirements which has or will have serious consequences; (b) it would not be possible for the Recognized Body to comply with a direction from the FSRA; (c) it would not be appropriate for the FSRA to give a direction; or (d) the Recognized Body has not carried on the business of a Recognized Body during the 12 months or it has not carried on the business of a Recognized Body at any time during the six months before revocation of the recognition order.

5. Administrative measures the FSRA may take if a breach or violation of applicable rules has occurred include issuing a private warning, public censure, imposing financial penalties, suspension or disqualification of auditors, and prohibiting individuals from undertaking certain types of activities and enforceable undertakings. Various remedies are also available to the FSRA by way of civil action in ADGM courts (as applicable) for

contravention of the FSMR, including injunctions, restitution, compulsory winding-up and actions for damages. To ensure due process and procedural fairness, two independent decision-making bodies have been created for the ADGM: the Regulatory Committee and the Appeals Panel. Any decision made by the FSRA under the FSMR may be referred to the Regulatory Committee for a full merits review. The Appeals Panel can then review any decision of the Regulatory Committee. A decision of the Appeals Panel may then be only judicially reviewed by ADGM courts on a point of law.

EXHIBIT F(5): For both the foreign board of trade and the clearing organization (unless addressed in Supplement S-1), a report confirming that the foreign board of trade and clearing organization are in regulatory good standing.

1. A letter confirming that the Exchange is in good standing under the FSMR is attached as Annex A-7(3).

ICE Futures Abu Dhabi Application: EXHIBIT F(6)

For both the foreign board of trade and the clearing organization (unless addressed in Supplement S-1), a confirmation that the regulatory regime/authority governing the activities of the foreign board of trade and the clearing organization agree to cooperate with a Commission staff visit subsequent to submission of the application on an "as needed basis," the objectives of which will be to, among other things, familiarize Commission staff with supervisory staff of the regulatory regime/authority; discuss the laws, rules and regulations that formed the basis of the application and any changes thereto; discuss the cooperation and coordination between the authorities, including, without limitation, information sharing arrangements; and discuss issues of concern as they may develop from time to time (for example, linked contracts or unusual trading that may be of concern to Commission surveillance staff).

1. [redacted]

Exhibit G - Rules and Enforcement

ICE Futures Abu Dhabi Application: Exhibit G-1

A description of ICE Futures Abu Dhabi's regulatory or compliance department, including its size, experience level, competencies, duties and responsibilities.

[redacted]

Committee oversight

The Rules of the Exchange ("**Exchange Rules**") C.10 provides for the creation of an Authorisation Rules and Conduct Committee ("**ARC Committee**").

- [redacted]
- [redacted]
- [redacted]
- [redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

[redacted]

(i) [redacted]
(ii)
(iii)
(iv)

[redacted]

[redacted]

(i) [redacted]

(ii) [redacted]

[redacted]

(i) [redacted]

(ii) [redacted]

(iii) [redacted]

(iv) [redacted]

(v) [redacted]

(vi) [redacted]

(vii) [redacted]

(viii) [redacted]

(ix) [redacted]

(x) [redacted]

[1] Production and content of COT report will be dependent upon volume and participation on IFAD products, similar to the approach taken by the CFTC.

(xi) [redacted]

(xii) [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

(i) [redacted]

(ii) [redacted]
(iii)
(iv)
(v)
(vi)
(vii)
(viii)
(ix)

Market Supervision will apply the following policies, functionality and tools in its day-to-day responsibilities:

(i) Trade Adjustment Policy

In summary, the Exchange will determine parameters above or below the anchor price for each Contract, within which any disputed trade will stand. Such parameters are known as "No Cancellation Ranges" ("NCR"). Under Section 11.4 of the Exchange Trading Procedures, trades can be placed under investigation by Market Supervision for review. Furthermore, a trade which takes place outside of the NCR is subject to adjustment or cancellation by Market Supervision. All trades investigated under this policy will be routinely referred to Compliance.

The NCR levels for the IFAD Murban are not yet determined, but will be set in advance of the product launch.

(ii) Reasonability Limits ("**RL**")

ICE's RL functionality is designed to prevent unreasonable prices from occurring on the Exchange. All orders in all Futures and Options markets are subject to checks that will prevent such trades, as further described in the . As with the NCRs, the levels of RLs for Murban are not yet determined, but will be set in advance of launch, and will be published on the ICE website.

(iii) IPL

ICE's circuit breaker functionality ensures that prices cannot move more than a pre-determined amount above or below the current market price within a specified time period.
https://www.theice.com/publicdocs/technology/IPL_Circuit_Breaker.pdf

The implementation of IPLs for IFAD Murban is currently under review, and will be determined prior to launch.

(iv) [redacted]

[redacted]

ICE Futures Abu Dhabi Application: Exhibit G-2

A description of ICE Futures Abu Dhabi's trade practice rules, including but not limited to rules that address the following:

(1) Capacity of ICE Futures Abu Dhabi to detect, investigate, and sanction persons who violate foreign board of trade rules.

Detection of potential rule violations is the primary responsibility of Compliance staff, using the various tools and procedures set out in Exhibit G-1 above.

[redacted]

IFAD Rules C.10 and C.11 provide for the creation of, and prescribe the powers attendant to, the Authorisation and Rules Committee ("**ARC Committee**") and its related panels. [redacted]

Rule C.12 sets out the course of action that the Exchange may take during, and subsequent to, any such inspection or inquiry a report be created for review.

Investigations into alleged non-compliance with the Exchange Rules will be conducted by the Exchange in accordance with Exchange Rules C.12 and E.3. When a matter proceeds to investigation, a Notice of Investigation will be issued, notifying the Member or Person concerned that an investigation has been commenced. The Notice of Investigation will contain a brief description of the issue under investigation and will be sent to the Member. As per Exchange Rule E.3.4, Members and other Persons Subject to the Rules must co-operate fully with the investigation (whether or not such Member or Person is the direct subject of such investigation) and must:

(a) promptly furnish to the Compliance Officer, or, if the Compliance Officer so directs, provide the Compliance Officer with access to, such information and documentary and other material (including, without limitation, any information in electronic form) as may reasonably be requested (including, without limitation, in the case of Members, details of the Member's own and clients' accounts);

(b) permit those Persons appointed to carry out or assist in carrying out the investigation on reasonable notice, such notice being commensurate with the seriousness of the potential or alleged breach of the Rules and to enter any premises in any part of the world where the Member or other Person subject to the Rules carries on its business or maintains its records during normal business hours for the purpose of carrying out such investigation. Each Member and other Person Subject to the Rules hereby irrevocably grants the Compliance Officer a licence for this purpose and shall procure a licence to the Compliance Officer from any Affiliate, agent or third party under its control that is necessary for this purpose;

(c) make available for interview itself (if the Member or Person Subject to the Rules is a natural person) and such of its Member's Representatives as may reasonably be requested; and itself answer, and procure that its Member's Representatives answer, truthfully and fully any question put by or on behalf of the Compliance Officer. If a Member, Member's Representative or Person Subject to the Rules fails to attend an interview with the Compliance Officer or a scheduled hearing of , an ARC Committee Panel or Appeal Panel, the Member and/or Member's Representative or Person Subject to the Rules may be fined USD 1300 per day of non-attendance and may be suspended or restricted access to the Market by the ARC Committee or the Exchange until they take reasonable steps to make themselves available on an alternative date;

(d) make available for inspection, or provide access to, such documents, records or other material in its possession, power or control as may reasonably be required and, upon request, provide copies of the same; and

(e) use its best endeavours to ensure that so far as possible its agents give similar co-operation."

As per Exchange Rule E.3.8, upon completion of an investigation, the Compliance Officer may:

(a) decide that no further action should be taken and notify any Member or other Person concerned in writing accordingly;

(b) in the event of a minor breach, issue a written warning (which shall be private save as provided for in paragraph (f) below) to the Member concerned (or, in the case of such a breach by some other Person, that Person with a copy to any Member with whom it was associated at the time of such breach);

(c) commence disciplinary proceedings pursuant to Rule E.4 or Summary Enforcement Proceedings under Rule E.2;

(d) refer the matter back to the Persons conducting the investigation for further enquiry;

(e) [Not used.]

(f) report such findings of the investigation and hand over any documents or communicate any information they have acquired whether during the course of their investigation or otherwise to such Exchange Body, Clearing Organisation or other Regulatory Authority as they think fit;

(g) publish such findings and in such detail as they deem appropriate where the matter under investigation is considered of relevance to the market in general or in the public interest; or

(h) any combination of the foregoing,

and may take more than one of the above actions or different actions in relation to different Members or other Persons concerned in the same investigation."

These decisions will occur after an ad-hoc meeting is held between the Compliance Officer / Head of Market Oversight; the Head of Regulation & Compliance, the President; the COO; and the

Senior Director of Market Regulation.

If it is determined that disciplinary proceedings should occur, a Notice is sent to the respondent, setting out the alleged violations and facts upon which the allegations are based. The respondent is provided the opportunity to file a statement of defence within 20 business days, indicating their responses to the allegations. The ARC Committee is then empowered to (a) continue with disciplinary proceedings, either via Summary Hearing or Full Hearing, (b) discontinue the proceedings, or (c) amend the Notice under the provisions of Rule E.4.3.

The sanctions available as part of the disciplinary process in a Full Hearing are set out in Rule E.5.3, and include one or more of the following:

- Public or private warnings and reprimands
- Public or private censures
- Disqualification from serving in various capacities with the Exchange
- Fines of any amount
- Suspension of market access for up to 36 months
- Expulsion from membership

Rule E.5.2 provides for a Summary Hearing process for certain violations, or may authorize compliance staff to take such summary action.

As noted in Rule E.2.2, the Exchange may prescribe procedures to govern Summary Enforcement Proceedings. These procedures are set out in Annexes G-2(1) and G-2(2). The alleged violations that are subject to Summary Enforcement are set out in Rule E.2.1 and include:

- Actions that, in the judgement of the Compliance Officer, is likely to amount to market abuse as defined in Applicable Law; ;
- Any violation of the rules pertaining to trading (Section G of the Rules)
- Any violation of the rules pertaining to position reporting and limits (Section J of the Rules)
- Rules and procedures relating to off-exchange transactions such as EFRPs and Block Trades.

The sanctions which may be imposed at a Summary Hearing are the same as those set forth in Rule E.5.3, save that:

(i) the sanction of expulsion or permanent removal of access shall not be available for summary sanctions;

(ii) the maximum sanction of suspension which may be imposed on an individual is limited to three calendar months; and

(iii) the maximum fine which may be imposed is limited to USD 32,500 for a Member in respect of each offence for an individual and USD 325,000 for a Member in respect of each offence.

quorum of the ARC Committee.

Rule E.6 gives respondents the right to appeal any finding or determination, within 14 days of receiving notice of a finding, and sets out the mechanism by which such appeal will occur. The Appeal Panel may dismiss the appeal; allow the appeal; confirm the original finding; amend the original finding; substitute its own finding; and/or award costs to either the appellant or the Exchange.

(2) **Prohibition of fraud and abuse, as well as abusive trading practices including, but not limited to, wash sales and trading ahead, and other market abuses**

Rule E.1 sets out breaches of the IFAD rules and other misconduct. Rule E.1.2 describes trading activities which are prohibited, noting that members and other persons subject to the Rules shall not:

(i) commit any act of fraud or bad faith;

(ii) act dishonestly;

(iii) engage or attempt to engage in extortion;

(iv) continue (otherwise than to liquidate existing positions) to trade or enter into such Contracts or Corresponding Contracts or provide margin to or accept margin from the Clearing House when not in compliance with the minimum financial requirement currently in force in relation to the category of membership to which it belongs;

(v) knowingly disseminate false, misleading or inaccurate reports concerning any Product or market information or conditions that affect or tend to affect prices on the Market;

(vi) manipulate or attempt to manipulate the Market, nor create or attempt to create a disorderly Market, nor assist its clients, or any other Person to do so;

(vii) make or report a false or fictitious trade;

(viii) enter into any Contract or Corresponding Contract or fail to close out the same either intending to default in performance of the same or having no reasonable grounds for thinking that it would be able to avoid such default (provided that it shall not be sufficient to have intended to comply with any contractual or other provision governing the consequences of default);

(ix) use or reveal any information confidential to the Exchange or another Person obtained by reason of participating in any investigation or disciplinary proceedings;

(x) enter an order or market message or cause an order or market message to be entered which is then cancelled or modified before execution, for the purposes of misleading market participants, for his own benefit, or the benefit of any other Person;

(xi) mislead other market participants;

(xii) overload, delay or disrupt the systems of the Exchange or other market participants;

(xiii) disrupt the orderly conduct of trading or the fair execution of transactions; or

(xiv) enter an order or market message or cause an order or market message to be entered with reckless disregard for the adverse impact of the order or market message.

Rule E.1.2A also makes it a violation to commit acts of market abuse, as defined in applicable law including the Abu Dhabi Global Market Financial Services and Markets Regulations 2015, which are as follows:

(1) For the purposes of these Regulations, Market Abuse is Behaviour (whether by one person alone or by two or more persons jointly or in concert) which—

(a) occurs in relation to—

(i) Financial Instruments admitted to trading on a—

(A) Prescribed Market; or
(B) a similar market or trading venue situated inside or outside the Abu Dhabi Global Market and accessible electronically, or otherwise, from within the Abu Dhabi Global Market;

(ii) Financial Instruments in respect of which a request for admission to trading on such a market has been made;

(iii) in the case of subsection (2) or (3) Behaviour, instruments which are Related Instruments in relation to such Financial Instruments; or

(iv) an Accepted Crypto Asset admitted to trading on a Crypto Asset Exchange; and

(b) falls within any one or more of the types of Behaviour set out in subsections (2) to (6).

(2) The first type of Behaviour is where an Insider deals, or attempts to deal, in a Financial Instrument, Related Instrument or an Accepted Crypto Asset on the basis of Inside Information relating to the Financial Instruments, Related Instruments or Accepted Crypto Assets in question.

(3) The second is where an Insider discloses Inside Information to another person otherwise than in the proper course of the exercise of his employment, profession or duties.

(4) The third is where the Behaviour consists of effecting transactions or orders to trade (otherwise than for legitimate reasons and in conformity with Accepted Market Practices on the relevant market) which—

(a) give, or are likely to give, a false or misleading impression as to the supply of, or demand for, or as to the price of, one or more Financial Instruments or Accepted Crypto Assets; or

(b) secure the price of one or more such instruments at an abnormal or artificial level.

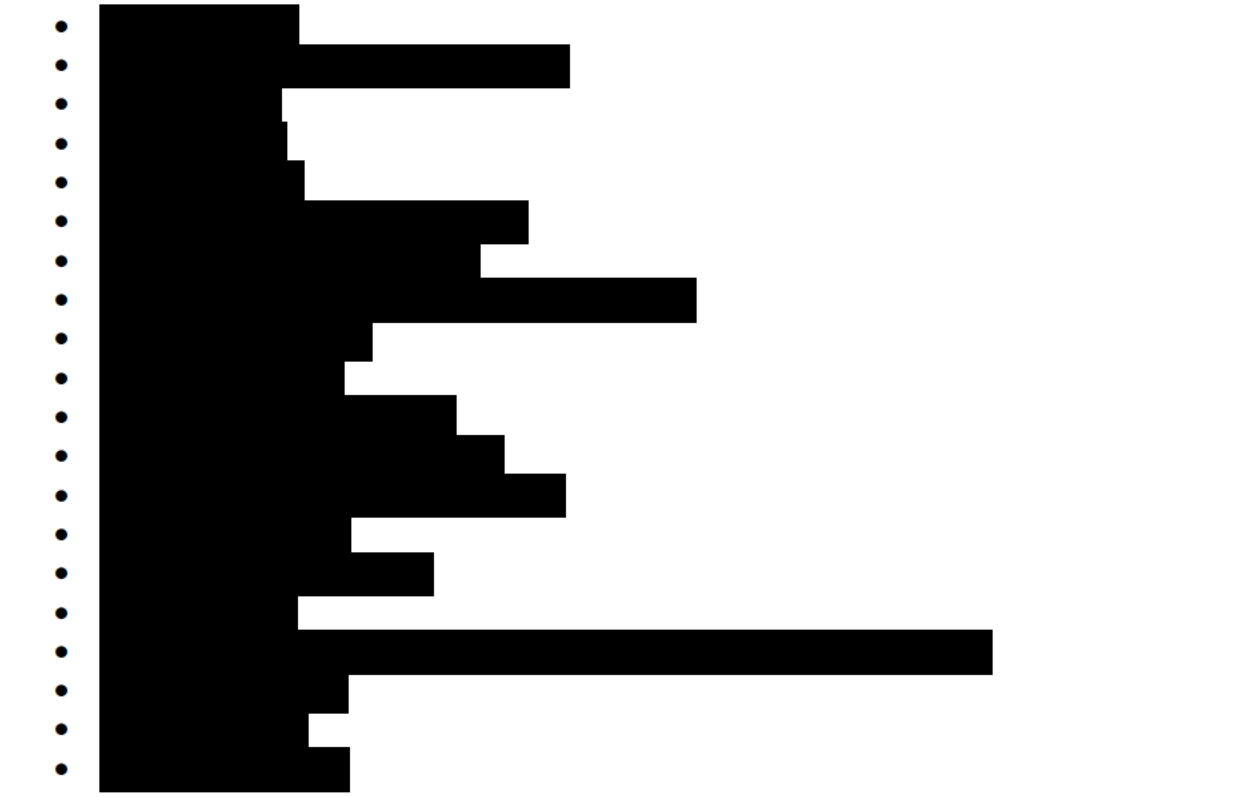
(5) The fourth is where the Behaviour consists of effecting transactions or orders to trade which employ fictitious devices or any other form of deception or contrivance.

(6) The fifth is where the Behaviour consists of the dissemination of information by any means which gives, or is likely to give, a false or misleading impression as to a Financial Instrument or an Accepted Crypto Asset by a person who knew or could reasonably be expected to have known that the information was false or misleading.

(3) A trade surveillance system appropriate to ICE Futures Abu Dhabi and capable of detecting and investigating potential trade practice violations.

[redacted]

[redacted]



[redacted]

(4) An audit trail that captures and retains sufficient order and trade-related data to allow the compliance staff to detect trading and market abuses and to reconstruct all transactions within a reasonable period of time.

The Exchange and the Clearing House will together have a full audit trail of all orders and transactions, including:

(i) originating trade and linkage back to order placement;

(ii) all post-trade changes that have been affected such as allocations, splits, account references and assignments; and

(iii) settlement and close-out instructions.

As noted in Exhibit D-1, all orders in the ICE platform will contain substantial and wide-ranging information about the order's origin, owner, and specifications. [redacted]

[redacted]

(5) Appropriate resources to conduct real-time supervision of trading.

The resources available for surveillance of IFAD trading are set out in Exhibit G-1 above, and are sufficient and appropriate for the anticipated activity in IFAD products.

(6) Sufficient compliance staff and resources, including those outsourced or delegated to third parties, to fulfill regulatory responsibilities.

The resources available for surveillance of IFAD trading are set out in Exhibit G-1 above, and are sufficient and appropriate for the anticipated activity in IFAD products.

(7) Rules that authorize compliance staff to obtain, from market participants, information and cooperation necessary to conduct effective rule enforcement and investigations.

As noted in Exhibit G-2(1) above, Rules E.3.4 and Rule C.12.2 obligate market participants to co-operate with Exchange staff with respect to investigations, and provide any documents or other materials requested of them.

(8) Staff investigations and investigation reports demonstrating that the compliance staff investigates suspected rule violations and prepares reports of their finding and recommendations.

IFAD will conduct investigations, and produce reports, as described above. While there are no historical investigation reports yet for IFAD, the CFTC is familiar with the process conducted by IFEU, who is a registered FBOT, for both itself and for ICE Endex.

(9) Rules determining access requirements with respect to the persons that may trade on ICE Futures Abu Dhabi, and the means by which they connect to it.

As described more fully in Exhibit B of this FBOT application, ICE Futures Abu Dhabi has four distinct membership categories, which provide for different types of market access. Two membership categories may only access ICE Block or the ICE Platform for the purpose of entering Cross Trades, whereas two other categories may access the ICE Platform for all transaction types, provided they meet the other requirements under the Rules. All members must also either be Clearing Members themselves, or have a clearing arrangement with a Clearing Member. As set out in Exchange Rule B.3.1:

> "An applicant for access to trading on the ICE Platform as a Member must, at the time of its application and at all times thereafter:

(a) be able to demonstrate, to the satisfaction of the Exchange, that the applicant, its Member's Representatives and substantial shareholders are each fit and proper in order for it to be a Member;

(b) be able to demonstrate, to the satisfaction of the Exchange, that the applicant has sufficient systems and controls in place to ensure that all the Member's Representatives who may act on its behalf or in its name in the conduct of business on the ICE Platform are fit and proper, suitable, adequately trained and properly supervised to perform such functions, including ensuring compliance with Rule A.11;

(c) maintain a properly established office (in a location which is acceptable to the Exchange as it may determine in its discretion) for the conduct of its business on the ICE Platform;

(d) satisfy the minimum financial standing requirements for the time being stipulated by the Exchange in relation to the relevant category of membership, supporting its claim to do so by copies of its last three years of audited accounts (or in the case of an ICE Block Member, a copy of its last audited accounts) and by a copy of its latest audited accounts from time to time as they become available, or such other evidence as the Exchange may require;

(e) be party to a Membership Agreement, and any other such agreements as the Exchange may require from time to time, which is in full force and effect, in the form prescribed by the Exchange from time to time for use by the Member of the ICE Platform at the address(es) notified to the Exchange;

(f) be able to access the Trading Server via a Front End Application which meets the Exchange's Conformance Criteria;

(g) if it is to transact business: (i) in respect of Own Business, be a Clearing Member; (ii) in respect of the account of a client which is not a Sponsored Principal, be a Clearing Member; or (iii) in respect of the account of a client which is a Sponsored Principal, be a Sponsor or ensure appropriate arrangements are in place between it and the relevant Sponsor; or (iv) if it is not a Clearing Member in the case of (i) or (ii), be a party to or satisfy the Exchange that it will become a party to a Clearing Agreement with a Clearing Member or an indirect clearing agreement with a client of a Clearing Member, in either case in respect of all types of Product covered by its trading and/or clearing permissions under Rule B.6 from time to time, in each case as permitted by the Rules, and any such clearing agreement must comply with the requirements of the Clearing House Rules, including Rule 202(b), and any such indirect clearing agreement must comply with the Clearing House Rules, including Rule 202(b), which as a result of this Rule B.3.1(g) will apply to the client for these purposes in the same way as it applies to Clearing Members under the Clearing House Rules;

(h) hold all necessary Authorisations so as to allow it to carry on business as a Member on the ICE Platform, including ICE Block, in accordance with all Applicable Laws;

(i) in relation to a Person located in a jurisdiction other than the Abu Dhabi Global Market, have been granted a Recognition Order under Section 138A of the Financial Services and Market Regulations 2015 declaring that Person to be a “Remote Member” (as defined in the Financial Services and Market Regulations 2015).

(j) be able to demonstrate, to the satisfaction of the Exchange, that the applicant is permitted under Applicable Law, these Rules and any applicable Circulars to engage in transactions in relevant Contracts, in particular, in respect of restrictions or requirements imposed by the Exchange in respect of activities in specific jurisdictions;

(k) have arrangements, systems, controls, policies and procedures in place in accordance with Rule A.11 and be able to demonstrate the same to the Exchange's satisfaction in accordance with Rule A.11.3."

In addition to meeting the general criteria above, and as set out in Exchange Rule B.3.2:

"In addition to meeting the general criteria above:

(a) [Not used.]

(b) an applicant to be a General Participant or Trade Participant must, at the time of its application and at all times thereafter, be a body corporate;

(c) an applicant to be a General Participant or Trade Participant must satisfy any other specific criteria or other requirements stipulated by the Exchange from time to time in relation to the particular category of membership applicable to it, supplying such documents in support thereof as they may require;

(d) an applicant for any category of membership, or an existing Member, which seeks a permission to trade Oil Contracts must obtain an Oil Trading Privilege prior to carrying on such activities;

(e) where access is granted by a Member to clients and the client orders are placed and/or trades are executed under an ITM assigned to a Responsible Individual registered to a Member, the Exchange will, and will be entitled to, rely on representations and warranties, deemed automatically to arise pursuant to these Rules from a Member, that the Member acknowledges its obligation in Rules B.1.4(a) and/or B.1.4(b) and that compliance with Applicable Laws includes, without limitation, compliance with Applicable Laws relating to customer due diligence to the standards set out under the Anti-Money Laundering Legislation and related FSRA Requirements in respect of its customer; and

(f) each Member that provides any trading services to third parties or which acts for any third party hereby consents to the Exchange, the Clearing House and the operator of any transaction reporting facility (to which the Exchange transfers data related to the Member's trades) each relying upon the Member's customer due diligence in relation to its clients and all other "beneficial owners" (as defined under Anti-Money Laundering Legislation) in respect of any client orders, trades, and/or Contracts. Relevant supporting documentation demonstrating such customer due diligence shall be provided by any Member to the Exchange upon request."

Connection methods for members and customers, to the ICE Platform, are set out in Exhibit D-1(1) and D-1(2) of this FBOT application. Those members providing direct electronic access

(DEA) are subject to additional membership criteria, as set out in Rule B.3A. The IFAD membership agreement itself is attached as Annex A-3(1).

(10) The requirement that market participants submit to ICE Futures Abu Dhabi's jurisdiction as a condition of access to the market.

As with IFEU, IFAD asserts jurisdiction through its member firms and other registrants (and their employees). Section A.1 of the Rules defines a 'Person Subject to the Rules' as follows:

> ""Person Subject to the Rules" means each and all of the following Persons:
>
> (a) a Member;
> (b) a Responsible Individual (including individuals who should have been registered with the Exchange as a Responsible Individual);
> (c) other staff of the Member registered with the Exchange as a Member's Representative (or who should have been so registered with the Exchange), who have access to the Trading Facilities of the Exchange;
> (d) a Liquidity Provider; and
> (e) Persons participating in a Liquidity Provider Program"

In addition, the Exchange requires each Member to monitor all trading activity that takes place through its trading systems, including that of its clients, for signs of potential market manipulation, and to establish, review and maintain an automated surveillance system for these purposes (Exchange Rule A.11A.2(f)). Furthermore, as per Exchange Rule E.3.4, Members and other Persons Subject to the Rules must co-operate fully with the investigation (whether or not such Member or Person is the direct subject of such investigation).

ICE Futures Abu Dhabi Application: Exhibit G-3

A description of ICE Futures Abu Dhabi's disciplinary rules, including but not limited to rules that address the following:

(1) Disciplinary authority and procedures that empower staff to recommend and prosecute disciplinary actions for suspected rule violations and that provide the authority to fine, suspend, or expel any market participant pursuant to fair and clear standards.

As noted in Exhibit G-2(1), compliance staff are authorised to make inquiries or commence an investigation where a breach is suspected. The Rules govern what actions it can take when it has come to a conclusion on the events that took place. These are described in Rule E.3.8, and Exhibit G-2(1) above. In brief, the Compliance Officer may determine to recommend closure of an investigation, or may recommend taking one of a variety of disciplinary measures set out in RuleE.5.3, in consultation with other senior members of IFAD management. Fines, suspension, and expulsion are all potential actions that may be taken.

(2) The issuance of warning letters and/or summary fines for specified rule violations.

Upon receiving a written investigation report, Rule E.3.8(b) allows the Compliance Officer to:

> …in the event of a minor breach, issue a written warning (which shall be private save as provided for in paragraph (f) below) to the Member concerned (or, in the case of such a breach by some other Person, that Person with a copy to any Member with whom it was associated at the time of such breach);

Rule 3.8(f) states that the Compliance Officer may:

> …report such findings of the investigation and hand over any documents or communicate any information they have acquired whether during the course of their investigation or otherwise to such Exchange Body, Clearing Organisation or other Regulatory Authority as they think fit;

With respect to summary fines, as described in Exhibit G-2(1) above, Rule E.2.1 enables Summary Hearings for certain violations, and which includes all potential sanctions as exist for regular disciplinary actions, other than expulsions, suspensions of longer than three calendar months, or fines above certain pre-determined amounts.

(3) The review of investigation reports by a disciplinary panel or other authority for issuance of charges or instructions to investigate further, or findings that an insufficient basis exists to issue charges.

Rule C.12.4 requires that, upon the conclusion of an investigation, compliance staff are to provide a written report to the Compliance Officer, from which the Compliance Officer will make the determination to take one of the steps set out in Rule E.3.8, as set out in Exhibit G-2(1), in

consultation with senior members of IFAD management.

(4) Disciplinary committees of ICE Futures Abu Dhabi that take disciplinary action via formal disciplinary processes.

Rule E.4 describes the hearing proceedings for IFAD. As described in Exhibit G-2(1), once the Compliance Officer is satisfied that a prima facie breach of the Rules has occurred, the Compliance Officer issues a formal written Notice, to which the respondent is permitted within 20 business days to file a statement of defense. Upon receiving this statement, or upon expiry of the 20 business days, the ARC Committee may then choose to appoint a Disciplinary Panel to continue disciplinary proceedings. Rule C.11 describes the appointment process for ARC sub-panels, and contains suitable provisions for the avoidance of conflict of interest.

If a matter goes to disciplinary proceedings, the hearing process set out in Rule E.4takes place. This process is the same as that which occurs at IFEU, and adheres to generally-accepted principles of civil legal proceedings.

As noted in Exhibit G-2(1), upon determination that a Rule breach has occurred, the Panel may impose one of the sanctions set out in Rule E.5.3. The findings of the Panel are subject to Appeal by the respondent, under the provisions of Rule E.6. The appeal process involves a separate Appeal Panel.

(5) Whether and how ICE Futures Abu Dhabi articulates its rationale for disciplinary decisions.

Rule E.4.10 states:

> The findings and decisions made at the ARC Hearing shall be notified in writing to the Member (or Person Subject to the Rules and any associated Member). Such notification will include: (i) any act or practice which the Member or Person Subject to the Rules has been found to have carried out or omitted; (ii) a citation of the relevant provisions which are considered to have been breached; and (iii) the proposed sanction to be imposed and the reasons therefor. Such findings and decision shall be deemed conclusive and binding upon expiry of the time permitted for the service of a notice of appeal or receipt by the Exchange of any earlier written notice that such right of appeal will not be exercised.

Upon the conclusion of a disciplinary hearing, the respondent is advised of the reasons for the decision. This forms part of the official transcript of the hearing, with copies provided to the respondent.

(6) The sanctions for particular violations and a discussion of the adequacy of sanctions with respect to the violations committed and their effectiveness as a deterrent to future violations.

In determining the appropriateness of sanctions, case law is reviewed from other regulatory authorities and exchanges, globally, and in particular IFEU. There is a substantial volume of

precedents that may be relied upon, and will be reviewed by compliance and any disciplinary panel before making a final determination.

ICE Futures Abu Dhabi Application: Exhibit G-4

A description of the market surveillance program (and any related rules), addressing the following:

The dedicated market surveillance department or the delegation or outsourcing of that function, including a general description of the staff; the data collected on traders' market activity; data collected to determine whether prices are responding to supply and demand; data on the size and ownership of deliverable supplies; a description of the manner in which ICE Futures Abu Dhabi detects and deters market manipulation; for cash-settled contracts, methods of monitoring the settlement price or value; and any ICE Futures Abu Dhabi position limit, position management, large trader or other position reporting system.

ICE Futures Abu Dhabi has a Market Oversight Programme which includes the monitoring of positions and related market information. The rules which govern limits, and limit enforcement, are set out in Rule J. As with IFEU energy contracts, the applicability of limits varies by their relevance to each product. As described more fully below, for the Murban futures contract, there will be a Delivery Limit of 6,000 contracts.

As noted in Rule J.1, position limits at IFAD may be set as follows:

- "Delivery Limit" means the maximum permitted holding upon the expiry of a designated physically-deliverable Contract and net of EFP and EFS positions given up post-expiry;
- "Expiry Limit" means the maximum permitted holding in the expiring Contract Month of a designated Contract which if exceeded may trigger enhanced reporting requirements;
- "Position Limit" means the maximum permitted holding in a designated Contract or Contract Month either by a single account or across multiple accounts controlled by the same entity;

In addition, as noted in Rule J.2, there may be single-month and all-month reportable position levels, similar to the structure in place at ICE Futures U.S. and IFEU. These levels will be published on the IFAD website.

The Murban futures contract will have a Delivery Limit of 6,000 contracts at the time of launch. This figure was determined through examination of the cash market, and of other related markets. [redacted]

1. [redacted]
2. [redacted]
3. [redacted]

[redacted]

As described in Rule J.2, all entities with positions above a reportable level will be obligated to submit information as follows:

(a) Each Member or Person that owns, controls, or carries for another Person a Reportable Position Account in any Exchange Contract, as specified by the Exchange, in a single Contract Month of a Future or a single Contract Month for a put or call Option (regardless of strike price), shall submit to the Exchange:

(i) an account identification form as specified by the Exchange for each Reportable Position Account in accordance with Rule J.2A; and

(ii) a daily report with respect to such positions, in a form acceptable to the Exchange, containing the account numbers and the number of open contracts in each such Futures Contract Month and each such Option Contract Month that equals or exceeds the applicable reporting level specified in paragraph (c), and such other information as the Exchange may require.

(b) In addition, with respect to any Person that owns, controls or carries positions that meet or exceed the All Month Accountability Level or Single Month Accountability Level of any Future or Option, the Member shall report to the Exchange the positions carried by such Person in all Contract Months of that Future and Option, regardless of size. Without limiting any provision of the Rules, Members shall provide such additional information with respect to positions, and the ownership of such positions, as may be requested by the Exchange.

This information must be submitted in the form, and via the means, described in Rule J.2A. Rule J.2A.3 states:

At a minimum, information regarding the names of the owner(s) and controller(s), account number and account type for each Reportable Position Account and each Volume Threshold Account shall be submitted to the Exchange by the close of business on the Business Day following the date on which the Reportable Position Account or Volume Threshold Account, as applicable, reached or exceeded the applicable reportable threshold, and all supplemental information shall be submitted no later than the close of business on the third Business Day following the date on which the account reached or exceeded the applicable reportable level. All information shall be submitted to the Exchange in a format or manner as specified by the Exchange.

For those contracts with position limits, the Exchange will monitor market participants' adherence

to position limits, but will also proactively engage with entities in the run-up to a limit period. A firm which holds a position either over, or close to, the applicable limit in the two to three days prior to the limit period will be contacted by Compliance and advised of the need to reduce the position in time in order to remain in compliance with the applicable limit.

Rule J.3 provides for exemptions to position limits, in certain circumstances. Persons seeking an exemption must apply in writing, and indicate the type and size of exemption sought, as well as the rationale. Permissible exemptions are set out in Rule J.3.2, and include:

(i) bona fide hedges that are economically appropriate and necessary or advisable as an integral part of the Person's business and comply with all Exchange requirements relating to hedging;

(ii) risk management positions as described in Rule J.5; or

(iii) arbitrage or spread positions;

Entities wishing to apply for an exemption to a Delivery Limit or Expiry Limit have additional requirements, as follows:

For the purposes of Expiry Limits, a statement that:

(i) the intended positions are economically appropriate and necessary or an integral part of the Person's business; and

(ii) the Person will either supply the Exchange with all information it may request in relation to the Person's other related positions, including physical cargoes, over the counter and bilateral swaps positions, and positions held on or cleared by other Exchange Bodies or Clearing Organisations; or will relinquish the Expiry Limit exemption with immediate effect;

For the purposes of Delivery Limits, a statement that the intended position:

(i) is further to a commercial need for a delivery above the Delivery Limit;

(ii) is consistent with the Person's existing business; and

(iii) can be supported through delivery by the applicant's operational capacity.

[redacted]

EXHIBIT H–INFORMATION SHARING AGREEMENTS AMONG THE COMMISSION, THE FOREIGN BOARD OF TRADE, THE CLEARING ORGANIZATION, AND RELEVANT REGULATORY AUTHORITIES

EXHIBIT H—INFORMATION SHARING AGREEMENTS AMONG THE COMMISSION, THE FOREIGN BOARD OF TRADE, THE CLEARING ORGANIZATION, AND RELEVANT REGULATORY AUTHORITIES

(1) A description of the arrangements among the Commission, the foreign board of trade, the clearing organization, and the relevant foreign regulatory authorities that govern the sharing of information regarding the transactions that will be executed pursuant to the foreign board of trade's registration with the Commission and the clearing and settlement of those transactions. This description should address or identify whether and how the foreign board of trade, clearing organization, and the regulatory authorities governing the activities of the foreign board of trade and clearing organization agree to provide directly to the Commission information and documentation requested by Commission staff that Commission staff determines is needed:

(i) To evaluate the continued eligibility of the foreign board of trade for registration.

(ii) To enforce compliance with the specified conditions of the registration.

(iii) To enable the CFTC to carry out its duties under the Act and Commission regulations and to provide adequate protection to the public or registered entities.

(iv) To respond to potential market abuse associated with trading by direct access on the registered foreign board of trade.

(v) To enable Commission staff to effectively accomplish its surveillance responsibilities with respect to a registered entity where Commission staff, in its discretion, determines that a contract traded on a registered foreign board of trade may affect such ability.

(2) A statement as to whether and how the foreign board of trade has executed the International Information Sharing Memorandum of Understanding and Agreement.

(3) A statement as to whether the regulatory authorities governing the activities of the foreign board of trade and clearing organization are signatories to the International Organization of Securities Commissions Multilateral Memorandum of Understanding. If not, describe any substitute information- sharing arrangements that are in place.

(4) A statement as to whether the regulatory authorities governing the activities of the foreign board of trade and clearing organization are signatories to the Declaration on Cooperation and Supervision of International Futures Exchanges and Clearing Organizations.

If not, a statement as to whether and how they have committed to share the types of information contemplated by the International Information Sharing Memorandum of Understanding and Agreement with the Commission, whether pursuant to an existing memorandum of understanding or some other arrangement.

ICE Futures Abu Dhabi Application: Exhibit H

A description of the arrangements among the Commission, ICE Futures Abu Dhabi, ICE Clear Europe Ltd., and the Financial Services Regulatory Authority that govern the sharing of information regarding the transactions that will be executed pursuant to ICE Futures Abu Dhabi's registration with the Commission and the clearing and settlement of those transactions. This description addresses whether and how ICE Futures Abu Dhabi, ICE Clear Europe., and the Financial Services Regulatory Authority agree to provide directly to the Commission information and documentation requested by Commission staff that Commission staff determines is needed:

(i) To evaluate the continued eligibility of ICE Future Abu Dhabi for registration.

(ii) To enforce compliance with the specified conditions of the registration.

(iii) To enable the CFTC to carry out its duties under the Act and Commission regulations and to provide adequate protection to the public or registered entities.

(iv) To respond to potential market abuse associated with trading by direct access on ICE Futures Abu Dhabi.

(v) To enable Commission staff to effectively accomplish its surveillance responsibilities with respect to a registered entity where Commission staff, in its discretion, determines that a contract traded on a registered foreign board of trade may affect such ability.

1. ICE Futures Abu Dhabi (the "**Exchange**") stands equipped and disposed to share with the Commission all information that the Commission determines to be necessary to conduct oversight of the Exchange as a foreign board of trade and represents that it will provide to the Commission periodic and event-specific reports required of it under the rules and regulations issued by the Commission. We are not aware of any restrictions under the laws of Abu Dhabi Global Markets that impede the Exchange's ability to provide user information to the Commission. Furthermore, ICE Futures Abu Dhabi believes that the Commission will be able to obtain the relevant information through or with the permission of relevant market participants or the Financial Services Regulatory Authority.

2. The arrangements between the Commission, the Exchange, ICE Clear Europe and the Financial Services Regulatory Authority ("**FSRA**") that govern or will govern the sharing of information regarding transactions executed on the Exchange pursuant to the Exchange's registration with the Commission as a foreign board of trade and the clearing and settlement of those transactions are set out below. Terms used but not defined herein shall have the meaning ascribed to them in the rules of the Exchange ("**Exchange Rules**", Annex A-6(1)).

3. Under the FSRA Market Infrastructure Rules (MIR), attached as Annex A-5(2) the Exchange is required to cooperate, by the sharing of information or otherwise, with its regulators (MIR 2.5.5). Exchange Rule A.4.3(a) permits the Exchange to disclose confidential information to a Governmental Authority: "…where a request is formally made to the Exchange by or on behalf of the same or pursuant to Applicable Laws, where disclosure is required under Applicable Laws or is necessary for the making of a complaint or report under Applicable Laws for an offence alleged or suspected to have been committed under Applicable Laws…". The Commission will constitute a Governmental Authority for the purposes of the Exchange Rules, the definition of which in Exchange Rule A.1.1 includes "any national, federal, supranational, state, regional, provincial, local or other government, government department, ministry, governmental or administrative authority, regulator, committee, council, agency, board, bureau, unit, commission, secretary of state, minister, court, tribunal, judicial body or arbitral body or any other Person exercising judicial, executive, interpretative, enforcement, regulatory, investigative, fiscal, taxing or legislative powers or authority anywhere in the world with competent jurisdiction". To the extent that such disclosures are not permitted under Abu Dhabi Global Market ("**ADGM**") law, the Exchange believes that the Commission will be able to obtain the relevant information through or with the permission of relevant market participants or the FSRA.

4. The Exchange will cooperate with its regulators through meetings, regular reports and the general exchange of information in accordance with regulatory and supervisory processes. Its ability to cooperate with its regulators is supported by its constitution and its Rules (including its agreements with Members) which will enable it to obtain information from members and to disclose otherwise confidential information to its regulators. In particular, in addition to Exchange Rule A.4.3(a) discussed in paragraph 3 above:

   4.1. the Exchange, has various information gathering powers in respect of, or can impose information obligations on, members of the Exchange ("**Members**"),

including the power to access Members' premises, and conduct routine inspection visits to Members (see Exchange Rules C.12 and E.3); and

4.2. the Exchange may make arrangements with any Person for monitoring compliance with and investigating alleged breaches of the Exchange Rules and may co-operate generally with any other Governmental Authority having responsibility for the regulation of investment, Exchange Bodies, Clearing Organisations or any other financial business or the enforcement of law and take any action required by such Governmental Authority (see Exchange Rules A.3.1 and A.4).

5. The Exchange proposes to agree a set schedule of meetings with its regulators each year. These would be supplemented by additional meetings, conference calls and information requests as needed. The Exchange will also have a formal policy document which sets out the approved approach for logging Regulatory Data Requests. Any data request can then be tracked and a deadline assigned to it to ensure timely completion of the request.

6. The Exchange may share information protected by the confidentiality provisions its Rules (which implement the systems and controls requirements in relation to confidential information under the FSMR and the MIR) with other exchanges and clearing houses for audit, compliance, delivery facilitation, market surveillance or disciplinary purposes, or if such information is pertinent to an arbitration proceeding or relates to any possible or actual default or grounds for suspension or termination. (See Rule A.4.3(e) in Annex A-6(1)).

7. The ICE Clear Europe Clearing Rules provide that ICE Clear Europe may disclose or share information with a Governmental Authority that is subject to the protection of the confidentiality provisions under ADGM law on grounds equivalent to those on which ICE Futures Abu Dhabi may do under Exchange Rule A.4.3. (See ICE Clear Europe Rule 106(a)). The Commission will constitute a "Governmental Authority" under the ICE Clear Europe Rules, the definition of which is equivalent to that under the Exchange Rules, but also names the Commission specifically as such an authority. To the extent that such disclosures are not permitted under ADGM law, ICE Futures Abu Dhabi believes that the Commission will be able to obtain the relevant information through or with the permission of relevant market participants or the FSRA.

8. The FSRA is empowered pursuant to sections 1(4)(e) and 215 of the FSMR to cooperate and provide assistance to the Commission (or any other foreign regulatory

authority) of a nature that may include transmitting materials in the possession of the FSRA, ordering any person to furnish such materials or ordering any person to make oral statements. Pursuant to section 216(3) of the FSMR, the Regulator will take into account the following factors:

7.1. whether corresponding assistance would be given to the FSRA in the U.S. by the Commission;

7.2. whether the case concerns the breach of a law, or other requirement, which has no close parallel in the ADGM or involves the assertion of a jurisdiction not recognised by the ADGM;

7.3. the seriousness of the case and its importance to persons in the ADGM;

7.4. whether it is otherwise appropriate in the public interest to give the assistance sought; and

7.5. whether it would further one or more of the FSRA's objectives.

9. The FSRA is a signatory to the IOSCO Memoranda of Understanding ("**MOU**"), as noted below. Furthermore, FSRA has indicated to the CFTC by letter dated December 17, 2019 (Annex H-1) that it is committed and able to fulfill the exchange of information contemplated under the MOU and the International Information Sharing Agreement The MOU documents and provisions collectively provide for an effective sharing of information between the FSRA and the Commission regarding the transactions that will be executed, cleared and settled pursuant to ICE Futures Abu Dhabi's registration as a foreign board of trade.

A statement as to whether and how ICE Futures Abu Dhabi has executed the International Information Sharing Memorandum of Understanding and Agreement.

10. The Exchange has executed the International Information Sharing Memorandum of Understanding and Agreement (the "**Information Sharing Agreement**"), attached as Annex H-2.

A statement as to whether the Financial Services Regulatory Authority is a signatory to the International Organization of Securities Commissions Multilateral Memorandum of Understanding.

11. The FSRA is a signatory to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information, May 2002 (version revised May 2012) ("**IOSCO MMOU**").

A statement as to whether the FSRA is a signatory to the Declaration on Cooperation and Supervision of International Futures Exchanges and Clearing Organizations.

12. The FSRA has, by letter to the Commission dated December 17, 2019, confirmed its commitment to information sharing in accordance with the Information Sharing Agreement and the IOSCO MMOU.

APPENDIX B

JOINDER AGREEMENT

The undersigned, having given notice of its intent to participate in the MOU and having received the consent of all Parties thereto, hereby agrees to be bound by the terms of the MOU, as now in effect and as may be from time to time amended. This Declaration of Joinder shall be effective as of the date first written below.

Date: August 20th, 2020

By: Jamal Oulhadj

Title: President (IFAD)

THE INTERNATIONAL INFORMATION SHARING MEMORANDUM OF UNDERSTANDING AND AGREEMENT (MOU)

APPENDIX A

JOINDER AGREEMENT

The undersigned, having participated in the Futures Industry Association Global Task Force on Financial Integrity and having given notice of its intent to participate in the MOU, hereby agrees to be bound by the terms of the MOU, as now in effect and as may be, from time to time, amended. This Declaration of Joinder shall be effective as of the date first written below.

Date: August 20th, 2020

By: Jamal Oulhadj

Title: President (IFAD)

EXHIBIT I – ADDITIONAL INFORMATION AND DOCUMENTATION

Any additional information or documentation necessary to demonstrate that the requirements for registration applicable to the foreign board of trade set forth in Commission regulation 48.7 are satisfied.

The Exchange believes that all the information necessary to demonstrate that the requirements for registration applicable to the foreign board of trade set forth in Commission regulation 48.7 are satisfied is set out in the covering letter, Form FBOT and Exhibits A-H and stands ready to respond to any queries or information requests the Commission may have.

[redacted]