



CONSULTATION PAPER NO. 52

4 DECEMBER 2007

KEY POLICY REVIEW

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Why are we issuing this paper?

1. This Consultation Paper seeks public comments on the DFSA's proposals to develop its regulatory regime in three key areas: client classification and access; the regime for collective investment funds (CIFs); and convergence with international regulatory developments. The proposals are far-reaching, and involve changes to the following modules of the DFSA Rulebook:

CIR	Collective Investment Rules (Appendix 1)
COB	Conduct of Business (Appendix 2)
GEN	General (Appendix 3)
PIB	Prudential – Investment, Insurance Intermediation and Banking (Appendix 4)
PIN	Prudential – Insurance Business (Appendix 5)
ISF	Islamic Financial Business (Appendix 6)
OSR	Offered Securities Rules (Appendix 7)
GLO	Glossary (Appendix 8)

The paper also foreshadows further changes, which will be the subject of later consultation.

Who should read this paper?

2. The proposals in this paper would be of interest to Persons conducting, or considering conducting, Financial Services in or from the DIFC, to their professional advisers, and to those who deal with such firms.

How is this paper structured?

3. In this paper, we set out:
 - (a) the background and overview of the proposals (paragraphs 8 to 26); and
 - (b) a detailed description of the drafting (paragraphs 27 to 92)

How to provide comments?

4. All comments should be forwarded to the person specified below. You may, if relevant, identify the organisation you represent in providing your comments. The DFSA reserves the right to publish, including on its website, any comments you provide, unless you expressly request otherwise at the time of making comments.

What happens next?

5. Because these proposals are far-reaching, we shall be organising briefing sessions for firms and their advisers. If you are interested in attending one of these, please watch our website for details.
6. The deadline for providing comments on the proposals is **7 February 2008**. Once we receive your comments, we will consider if any further refinements are required to these proposals. We will then proceed to enact the changes to the DFSA's Rulebook. You should not act on these proposals until the relevant changes to the DFSA Rulebook are made. We will issue a notice on our website telling you when this happens.
7. As mentioned above, we expect to consult on some further changes later. These may affect the detail of some of the current proposals, but are unlikely to change their general substance.

Comments to be addressed to:

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or e-mailed to: pcasey@dfsa.ae

Definitions

8. In this paper, generally, capitalised terms are defined in the GLO module of the DFSA Rulebook. Some proposed changes to GLO are in Appendix 8.

Background

9. The DFSA's vision is to be an internationally respected regulator and a role model for financial services regulation in the Middle East. We therefore continuously monitor regulatory developments in other advanced jurisdictions to ensure that we remain in the forefront of international best practice. We also monitor developments in the market, and maintain close contact with market participants.
10. One major international development of recent years has been the adoption in Europe of the Markets in Financial Instruments Directive (MiFID). Much of the business done in the DIFC is in areas which, in Europe, are covered by MiFID. It is therefore appropriate to examine our own regime in the light of MiFID, with the aim of making it easier for firms who are subject to MiFID to enter the DIFC without major changes to their compliance regimes. One particular aspect we have considered is the basic structure for classifying clients. We have also looked at other European legislation, such as the Insurance Mediation Directive (IMD).
11. Another international trend is towards principles-based regulation, focusing on outcomes rather than the way in which these are to be achieved. The DFSA is committed to such an approach, in which a high standard of supervision allows less detailed requirements hard-coded into rules. In considering how we might more closely align with MiFID in particular, we have focused on the high level principles rather than attempting to replicate some of its detailed prescription.
12. A related development is reliance on clear disclosure, combined where appropriate with suitability requirements, rather than prescribed restrictions on products in particular. This has always been part of the DFSA's approach, but it has been reinforced in these proposals.
13. A further trend is increasing convergence between financial services. Indeed, this has been one of the drivers for the creation of integrated regulators like the DFSA. In formulating our proposals, we have wherever possible taken a cross-sectoral approach, though recognising that this will not always be appropriate.

14. Another highly relevant factor in these proposals is the increasing maturity of the DIFC, and of the DFSA itself. At the outset, the DFSA adopted a set of restrictions on the customers with which firms could deal, sometimes described in the language of being a “wholesale” centre. This also reflected the practice of many advanced jurisdictions in applying a lighter regulatory regime to transactions with wealthier or more sophisticated customers. By restricting the types of customers with whom Authorised Firms could deal, the DFSA was able to adopt a lighter regime overall. This was appropriate to a regulator which was still building its capability. That stage is now substantially past, as recognised in the recent evaluations by the International Monetary Fund and World Bank, published on the IMF’s website¹.
15. Indeed, in many areas, the existing DFSA regime is already at or close to the strength of those in retail markets elsewhere, partly reflecting the fact that products created in the DIFC may be sold to customers in other markets. Authorised Firms in the DIFC therefore bear many of the costs of retail-strength regulation, without the ability to address the full range of potential customers. Our contacts with current and potential Authorised Firms indicate that, while some firms are content to concentrate on institutional and high net worth business, others would welcome access to a wider customer base. We consider that in some areas there is scope to allow this, with relatively limited enhancements to our regulatory regime and within the constraints of Federal law.

Overview of the proposals

16. In the light of the factors set out above, the policy proposals in this paper fall into three broad, and sometimes overlapping, areas:
 - a review of the regime for client classification, and broader access to financial services through firms in the DIFC;
 - a review of our collective investment regime, in the light of experience and comment from the market; and
 - convergence with international regulatory developments, including those mentioned above.
17. In line with the general approach taken in MiFID, the proposals set out in the attachments introduce a new classification of customers into Retail Clients and Professional Clients. Market Counterparties are defined as a subset of Professional Clients. For an individual to be classed as a Professional Client, he would need to have \$500,000 in net assets (excluding his principal residence) and satisfy a sophistication test. There is a limited exemption for Employees of Authorised Firms. Details are in paragraph 26 onwards. Firms who wish to deal only with Professional Clients will be able to do so within substantially the present regulatory regime. In most areas, Authorised Firms will also have the option of dealing with Retail Clients, with enhanced regulatory protections. This classification will also apply to insurance business, in place of the existing division between individuals and Commercial Customers.

¹ <http://www.imf.org/external/pubs/cat/longres.cfm?sk=21433.0> and <http://www.imf.org/external/pubs/cat/longres.cfm?sk=21456.0>.

18. Two exceptions are credit and accepting deposits. A fully retail credit regime would involve a large extension to the current rulebook, and there has been no indication from the market that such an extension would be justified. We do, however, propose to allow credit for commercial purposes to be extended to Retail Clients who are Undertakings (not individuals). As regards accepting deposits, the additional market available from an extended Client definition is severely limited by the restrictions in the Federal law. This market would not justify the creation of a full banking regime.
19. We have examined our regime against the standards which prevail in advanced jurisdictions, including in particular MiFID and other European Directives, and propose a number of enhancements. In general these will apply only where Authorised Firms deal with Retail Clients. In line with our commitment to principles-based regulation, we have implemented these where possible through high-level requirements focusing on outcomes rather than processes. There are a small number of areas where we have taken the opportunity to reduce some of the more prescriptive provisions which currently apply.
20. Apart from those set out above, the main areas of change are, in summary:
 - flexibility for firms to do business with only one type of Client or all types of Clients;
 - clarification of the position of Clients who hold assets through personal investment vehicles such as trusts;
 - requirements for Authorised Firms to have internal complaints handling procedures for Retail Clients;
 - allowing enhanced access to Public Funds, while restricting Private Funds to Professional Clients;
 - allowing Foreign Funds to be marketed to Retail Clients where they may be so marketed in their home jurisdictions (subject to the other restrictions on the funds that may be marketed);
 - a small enhancement to the existing training and competence provisions;
 - an enhanced regime for financial promotions and marketing, especially in relation to statements about past performance;
 - some further disclosures to Clients about the financial services and products offered, including enhanced disclosures in respect of the Profit Sharing Investment Accounts offered by Islamic financial institutions;
 - provision of information to prospective Clients about financial services offered before signing the Client Agreement;
 - further disclosures for Retail Clients on inducements; and
 - an enhanced insurance conduct of business regime.
21. We have taken the opportunity of these changes to simplify the structure of the COB Module.
22. The DFSA is also examining the possibility of an external dispute resolution scheme for Retail Clients, and may be bringing forward proposals for this at a later date.

23. We are also taking the opportunity of the revisions to the CIR Rules to bring forward a number of other changes resulting from our experience of the first year's operation of the CIF regime, and from informal consultation with a number of industry participants. The most important of these are:
- removing the current restrictions that Domestic Funds must have asset pricing and Fund valuation, issue and redemption of Fund Units and record keeping and maintenance of the Unitholder register conducted in the DIFC;
 - simplifying the Rules relating to delegation and outsourcing, including removing the requirement for prior DFSA approval of certain delegation arrangements in favour of a "due diligence" requirement;
 - providing greater flexibility with regard to Eligible Custodians, including reducing the base capital requirement from \$10 million to \$4 million;
 - providing greater flexibility for the marketing of Foreign Funds, by relaxing some aspects of the current eligibility criteria for custodians and investment managers;
 - limiting the lifetime of the initial Prospectus, and introducing the concept of a Supplementary Prospectus;
 - removal of Trustees from the categories of Persons responsible for disclosure in a Prospectus;
 - clarifying the independence requirement for Shari'a Supervisory Boards; and
 - removing some restrictions on single property funds in favour of enhanced disclosure.
24. We have substantially restructured the CIR Rules to make them easier to navigate, and we have standardised some of our terminology.
25. In the context of developing international practice including the standards papers produced by the Islamic Financial Services Board, the DFSA has been examining its prudential regime for Islamic finance. This also reflects another aspect of convergence, in that conventional firms may invest in Islamic instruments, and may require guidance on their treatment for capital purposes. A separate Consultation Paper on this will be issued in due course.
26. Details of the proposals are set out in the paragraphs that follow.

Client classification

27. As explained earlier, the DFSA is proposing to introduce a new classification of Clients. The proposals are contained in COB chapter 2 and constitute extensive amendments to section 3.2 of the current COB module.
28. Under proposed COB Rule 2.3.1, an Authorised Firm will need to determine prior to carrying on a Financial Service with a Person whether such Person is a Professional Client unless it treats a Person as a Retail Client.

29. Proposed COB Rule 2.3.2 provides that to be classified as a Professional Client, a Person must have \$500,000 in net assets and satisfy a sophistication test. For individuals, the principal residence is excluded from the net asset test. There is an exemption from this test for certain Employees of Authorised Firms. Under the current regime, for an individual to be treated as a Client (which effectively equates with the proposed Professional Client classification) he must have at least \$1 million in liquid assets and sufficient financial experience and understanding to participate in financial markets. For an Undertaking, the current minimum requirement is called up share capital or net assets of at least \$5 million.
30. Certain types of entities such as Authorised Firms, public authorities, government agencies and supranational organisations do not have to pass the sophistication test as they are deemed to possess the necessary sophistication to do business in financial markets. The same type of Person, once classified as a Professional Client, can also be treated as a Market Counterparty if it expressly consents to such treatment. See proposed COB Rules 2.3.2(2) and 2.3.5.
31. A Professional Client will have the option to be treated as a Retail Client if he so wishes. If an Authorised Firm only deals with Professional Clients, then it must inform the Person of such fact and any relevant consequences thereof. See proposed COB Rule 2.3.3.
32. We have clarified the treatment of Persons who hold part or all of their assets through personal investment vehicles. Firstly, the reference to “held directly or indirectly” in proposed COB Rule 2.4.1(b) allows an individual to include assets held in a personal investment vehicle in calculating net assets for the purpose of classification as a Professional Client. Secondly, proposed COB Rule 2.3.4 provides that a personal investment vehicle of an existing Professional Client will not need to meet the net asset test to qualify as a Professional Client.
33. We note that in MiFID the financial resources test for an individual is based on the size of his “financial portfolio”. Our draft proposals provide for a test based on net assets. This has the advantages of being more readily applicable to both individuals and businesses, and as being more appropriate to non-investment services such as insurance or credit. However, there are arguments for a test based on financial portfolio as this is closer to MiFID and also serves as a closer proxy for the individual’s ability to bear financial risk. We are keen to receive comments on this point.

Issues for consideration

Do these changes allow firms to do business more effectively than under the current requirements?

Would you prefer, instead of a "net asset" test, a test based on the client's investment portfolio (to be defined as including cash deposits and financial instruments)?

Is the \$500,000 net asset threshold appropriate as the dividing line between a retail client and a professional client? Would your view of the appropriate level change if the test were based on investment portfolio?

Do you see any anomalies or ambiguities in the application of these provisions?

Should a Professional Client be required to give express consent to be treated as a Market Counterparty? If not, why not?

Would firms welcome some relief from having to provide disclosure documents more than once when dealing with individuals and their personal investment vehicles, or is this not an issue in practice?

Does the reference to “directly or indirectly” in proposed 2.4.1(b) achieve the intended purpose, or would additional Guidance be useful? If so, what should it say?

Changes to Financial Services of Accepting Deposits and Providing Credit

(a) Decoupling of Providing Credit

34. Currently, COB section 3.3 and the definition of “Banking Business” provide that an Authorised Firm which carries on Accepting Deposits or Providing Credit or both of those activities is to be considered as carrying on Banking Business and accordingly subject to restrictions against accepting deposits from the State’s markets, and against accepting deposits, providing credit, or undertaking currency and foreign exchange transactions in the UAE dirham. These restrictions are designed to safeguard against contraventions of Federal Law No. 8 of 2004.
35. The DFSA recognises that in the normal course of business, credit may be extended by financial institutions which are not banks. Accordingly, it is proposed to delete the definition of Banking Business and to amend the definition of a Bank to capture only the Financial Service of Accepting Deposits. This would have the effect of permitting Authorised Firms, which are not Banks, to Provide Credit subject to the restrictions proposed in COB chapter 4.

(b) Different treatment of Accepting Deposits and Providing Credit

36. Proposed COB section 4.2 retains the existing prohibitions on an Authorised Firm that Accepts Deposits from doing so from State’s markets or in the UAE dirham. In addition, a restriction is imposed against accepting deposits from a Retail Client.
37. Proposed COB section 4.3 retains the existing prohibition on an Authorised Firm that Provides Credit from doing so in the UAE dirham. The section also provides that a firm may only Provide Credit to a Retail Client if that Client is an Undertaking (that is, not an individual) and for a business purpose.

Issues for consideration

Do the proposed requirements pose any practical difficulties? If so, what are they and how should they be addressed?

Other changes to the conduct of business (COB) regime

(a) Application of the Client classification

38. Earlier we explained the new Client classification provisions in COB chapter 2. The remaining chapters of COB are revised to reflect the differing obligations of an Authorised Firm as they apply to a Retail Client, Professional Client and Market Counterparty.
39. In relation to Insurance Business and the Financial Services of Insurance Intermediation and Insurance Management, it is proposed to delete the current classification of “Commercial Customer” and to replace this with the new Client classification regime. In terms of the regime applied, the existing “Commercial Customer” will broadly equate with the proposed Professional Client.

Issues for consideration

Do any practical problems arise from the new Client classifications? If so, what are they and how should they be addressed?

(b) Communication of information and marketing material

40. Currently, Rules in COB 6.1 and 18.6 (for Investment related activities) and 11.1 – 11.3 and 16.1 – 16.3 (for insurance) govern the manner of disclosure in marketing materials. It is proposed to consolidate these Rules into COB 3.2 (Investment related) and 7.3 - 7.7 (insurance).
41. The provisions have been enhanced to reflect the differing needs of Retail Clients and Professional Clients, and to augment the existing obligation that communications must be clear, fair and not misleading. For instance, in relation to Investment Business, if the marketing material is intended only for Professional Clients, an Authorised Firm must make disclosures to that effect and indicate that the material is not to be relied upon by any other type of Client. Material containing representations based on past performance and targeted to Retail Clients must contain warnings that past performance is not necessarily a reliable indicator of future results. In insurance, the Rules require additional disclosures to Retail Clients, including as to the nature of advice provided by an Insurance Intermediary (proposed Rule 7.5.2) and as to interest, profits and charges payable by a Retail Client for premium payments made through a credit facility (proposed Rule 7.6.2).

Issues for consideration

Do the proposed requirements pose any practical difficulties? If so, what are they and how should they be addressed?

(c) Key information and Client Agreements

42. Currently, COB 8.1 requires the execution of a Client Agreement before conducting Investment Business for a Client. This will relocate to COB 3.3 under the new proposals. The provision of key information in respect of Providing Trust Services is currently required by COB 18.6, and this requirement will be embraced within the new COB 3.3.
43. The current requirements relating to Client Agreements have been enhanced to ensure that prospective Retail and Professional Clients are given key information relating to the financial service on offer in good time to enable them to make a well informed decision about the service. This is consistent with the MiFID approach. We also provided flexibility for a Client to obtain Financial Services from a firm without first having to sign a Client Agreement where it is either impracticable to do so (for example when obtaining time critical transaction execution services) or where the Client agrees to dispense with the requirement in regard to a personal investment vehicle (see Rule 3.3.2). We have also drawn a distinction between the level of disclosure required to be included in a Client Agreement, with less detailed information required for agreements with Professional Clients. See COB App2, A2.1.2(1) and (2).

Issues for consideration

Do the proposed requirements pose any practical difficulties? If so, what are they and how should they be addressed?

(d) Assessments of suitability

44. Currently, Rules in COB 6.2 and Guidance under COB 11.6 govern the obligation of an Authorised Firm to assess suitability of a financial product or service for a particular Client or Commercial Customer. It is proposed to revise and relocate these provisions as Rules in sections 3.4 and 7.8 of COB. The revised requirements will apply in relation to Retail Clients and Professional Clients but not Market Counterparties. Consistent with the current requirements, a Professional Client may agree to dispense with the suitability assessment either completely or partially provided the firm gives the Client a prior written warning, and the Client acknowledges receipt of the warning (see Rule 3.4.2(2)).
45. In line with the MiFID approach, we have recast the suitability assessment as requiring a firm to have 'a reasonable basis' for considering a Transaction or recommendation to be suitable for the particular Client for whom the Transaction is executed on a discretionary basis or the recommendation is made (see Rule 3.4.2(1)).

Issues for consideration

Do the proposed requirements pose any practical difficulties? If so, what are they and how should they be addressed?

(e) Conflicts of interests and inducements

46. We have retained the current prohibition relating to giving and receiving inducements likely to conflict with a firm's duties to the Clients with only some minor drafting amendments. These provisions will apply to both Retail and Professional Clients. In addition, we propose to impose a requirement that when making a recommendation to or undertaking a Transaction for a Retail Client, a firm must make prior disclosure to the Client of any commissions and other direct or indirect benefit which the firm or any of its Employees or Associates may or will receive from any third party in connection with the recommendation or Transaction. In line with the MiFID approach, we have provided flexibility so that a firm may provide such disclosure in summary form with detailed disclosure only upon request of the Client.

Issues for consideration

Do firms see any practical difficulties in making disclosure of inducements to Retail Clients? If so, what are they and how should they be addressed?

(f) Right to cancellation (“cooling off”)

47. In Europe, there are provisions, deriving principally from the Distance Marketing Directive, which provide certain rights of cancellation in relation to insurance contracts. The DFSA does not currently propose to provide such rights, but it would be possible to do so by further amending the proposed COB section 7.11 to confer new rights of cancellation on Retail Clients. If we followed the European pattern the rights might be exercisable within 30 days of contract in relation to a Long-Term Insurance Contract, and within 14 days in respect of a General Insurance Contract.

Issues for consideration

Would such an initiative be appropriate? If not, why not?

The structural framework of the conduct of business (COB) regime

48. The framework of COB is considerably revised. As mentioned earlier, the Client classification provisions are located in chapter 2 with the refinements necessary to allow firms to deal with Retail Clients. Conduct rules that apply to firms when dealing with high net worth and sophisticated individuals and institutional clients (i.e. Professional Clients under the proposals) remain substantially unchanged, with further flexibility introduced in some areas.
49. The remainder of COB is configured into two parts, segregated largely along the lines of investment-related and insurance-related Financial Services. Chapter 3 contains a set of common Rules for Investment Business, and Financial Services of Accepting Deposits, Providing Credit and Providing Trust Services. Additional chapters address specific aspects of these Financial Services. These will be followed in chapter 7 with a set of common Rules relating to the insurance-related Financial Services.

50. The DFSA considers these changes to the framework of COB will provide long term benefits in promoting the better understanding of regulation in the Centre, and that any short term transitional costs will be outweighed by that benefit. The MiFID-related changes make this an opportune time to implement this more general structural initiative.
51. Annexure A to this paper contains a COB Transition Map to assist in understanding the transition of existing COB Rules to the proposed version.

Issues for consideration

Will the above changes in framework of COB, and the new definitions, assist in your navigation and understanding of the Rulebook? If not, where do you see need for improvement, or retention of existing provisions?

Changes to specific provisions within the collective investments (CIR) regime

(a) Enhanced access for Clients

52. Under the proposals, a Public Fund is not restricted as to the types of Client that may be Unitholders. Therefore a Retail Client may invest in a Public Fund. In this regard, proposed CIR section 3.2 removes the effect of current COB Rule 6.8.2. Amendments to the prescribed contents of a Public Fund Prospectus (see CIR App6) reflect the need for appropriate levels of disclosure for Retail Clients.
53. It is proposed that only a Professional Client may invest in a Private Fund. See proposed CIR Rules 3.3.1 and 18.3.1, which effectively substitute existing COB Rules 6.8.4 to 6.8.6. It is also proposed to amend the mandatory statement in CIR Rule 19.3.1 to warn that the Prospectus is not intended for distribution to Retail Clients.
54. As a consequence of the above changes, the concept of “Qualified Investor” would have no ongoing relevance to CIR.

Issues for consideration

Is this division of Funds into two classes, with Public Funds accessible to all investors, and Private Funds restricted to Professional Clients, appropriate?

Will these proposals operate effectively in practice?

Should we include additional protection for Retail Clients, and if so, what? Should we include additional protection for high net worth individuals who are Professional Clients?

(b) Prospectuses

55. It is proposed to introduce the concept of Supplementary Prospectus partly based on the regime in OSR section 5.6. This new regime amends the existing provisions in CIR sections 15.2 and 19.2 and allows a Supplementary Prospectus to be issued as either a supplementary or replacement document.

56. It is also proposed to introduce an expiry date of a Prospectus being no later than 12 months after the date of the Prospectus. Our review of a range of comparable jurisdictions indicates that Prospectus expiry dates are accepted practice for both open and closed ended vehicles, and the timeframe is based on benchmarking of the expiry dates in those jurisdictions.
57. It is proposed to remove a Trustee from the category of Persons responsible for disclosure in, and approval of, a Prospectus, except to the extent that the Trustee agrees to provide any disclosure in the Prospectus. The DFSA is of the view that these changes will better align the respective responsibilities of the Operator and Trustee, and are consistent with international benchmarking. See proposed CIR Rules 11.2.1 and 11.3.2, and proposed deletion of current CIR Rules 15.2.1(4) and 19.2.1(4).

Issues for consideration

Do you see benefit in the introduction of an expiry date for a Fund Prospectus? If so, is 12 months an appropriate period?

Is the removal of Trustee responsibility for a Prospectus appropriate? If not, why not?

(c) Removal of restrictions for certain functions to be located in the DIFC

58. It is proposed to remove the current requirement under CIR Rule 6.2.2(1) that asset pricing and fund valuation, issue and redemption of units, and record keeping and the maintenance of the Unitholder Register for a Domestic Fund must be conducted in the DIFC. The proposal will allow greater flexibility for fund administration to be undertaken from centres of excellence both inside and outside the DIFC.
59. This increased flexibility is subject to a range of safeguards. The centres outside the DIFC are limited to “Zone 1” jurisdictions (as defined in the Basel Accord) and those that are Recognised Jurisdictions pursuant to Article 20 of the Collective Investments Law. Under proposed Rules 7.3.2(2) and 7.3.3(2), a Service Provider located in such a jurisdiction must be authorised to carry out those relevant functions by a Financial Services Regulator. It is proposed that this should not only apply to delegation of certain activities of fund administration, but also to an Operator’s delegation of Managing Assets under proposed CIR 7.3.2(2)(c) with the addition of Guidance to convey that the DFSA may grant waivers from that restriction where appropriate. Also, the terms of the Delegation Agreement with the Service Provider must contain the provisions prescribed in CIR A1.2, including obligations to maintain and provide access to information for those who carry out functions in relation to the Fund and to the DFSA.

Issues for consideration

Is it appropriate to remove the restrictions under current CIR 6.2.2(1) and allow provision of fund administration by entities outside the DIFC? Will this cause any disadvantages to the DIFC and its market participants?

Is it appropriate to apply the same Zone 1 and Recognised Jurisdiction restrictions in relation to a delegation of Managing Assets? If not, why not?

Is the requirement for such a Service Provider to be authorised in its home jurisdiction to carry on the relevant functions appropriate? Are there any practical difficulties in this regard? What are the alternative means through which an adequate level of regulation in the home jurisdiction of the Service Provider can be delivered?

(d) Changes relating to delegation and outsourcing

60. We propose to clarify and streamline the processes to be followed by Operators and Trustees when delegating their activities and outsourcing their functions. These changes are designed to provide greater flexibility and efficiencies for Operators and Trustees to do business.
61. It is proposed to remove the requirement currently within CIR Rules 7.3.1, 7.3.3 and 7.4.1 for prior approval of the DFSA for delegation of Financial Service activities. Proposed Rule 7.4.1 will impose an obligation on the Operator or Trustee to carry out appropriate due diligence on the Service Provider. It is also proposed to enhance Prospectus disclosure of such arrangements.
62. The proposals streamline and simplify the requirements relating to outsourcing and delegation agreements under CIR. In particular, see the revisions to App1. We have not, however, conducted a fundamental review of all the outsourcing or delegation provisions throughout the Rulebook, including the more general provisions applied to all Authorised Persons in GEN.
63. In relation to the structure of the CIR Rules, we propose to relocate the outsourcing and delegation provisions from various locations in CIR, in particular from existing CIR 6.3.1(2)-(4), to a single location in chapter 7. In addition, the proposals remove some unintended consequences and anomalies, and Guidance in section 7.2 has been revised to better express the intended effect of chapter 7. These proposals would result in extensive changes to existing CIR sections 6.3 and 7.3 – 7.5 and App1.

Issues for consideration

These proposals are designed to simplify these provisions and to remove unnecessary restrictions and anomalies. Are these objectives met? If not, are there any areas for improvement?

(e) Fund property and custodians

64. CIR section 6.3 is extensively revised to clarify the duties of an Operator or Trustee in relation to Fund Property.
65. Current CIR Rule 6.3.1(2) requires an Operator to register the legal title of Fund Property with an Eligible Custodian under a Safekeeping Agreement, and Rule 6.3.1(1) provides that the Operator remains responsible for the safety of that property. In the case of an Investment Trust, under CIR Rule 6.3.1(5), the Trustee holds the Fund Property and is responsible for its safety, but is permitted by Rule 7.3.3(1) and (3) to delegate the activity of Providing Custody.
66. It is proposed to recast the Operator's obligations under Rule 6.3.1(2) as a required delegation of the activity of Providing Custody under proposed CIR Rule 7.3.1, to provide structural consistency with the Trustee's ability to delegate that activity. To clarify that the Operator and Trustee are initially vested with these activities in order to so delegate, it is proposed to amend the Financial Services of Operating a Collective Investment Fund and Acting as the Trustee of a Fund in GEN Rules 2.12 and 2.25 to incorporate within the scope of these activities the activity of Providing Custody in relation to a Fund, among others. This also has the effect of streamlining the authorisation process for Operators and Trustees, by allowing conferral of a single authorisation to cover all the necessary attributes for the conduct of each Financial Service.
67. Proposed Rule 6.3.2 permits flexibility in safekeeping arrangements for a Property Fund. This reflects previous relief granted by the DFSA by way of waiver and modification to existing Rule 6.3.2.
68. It is also proposed to amend the definition of "Eligible Custodian" and relocate it from existing Rule 6.3.2 into GLO. Paragraph (5) of that definition reflects relief previously granted by the DFSA.
69. It is proposed to reduce the base capital requirement for a custodian of Fund Property from \$10 million to \$4 million. See PIB 2.4.1. Similarly, the minimum capital requirement for a foreign custodian within the definition of "Eligible Custodian" in GLO is proposed to reduce from \$10 million to \$4 million. This proposal arises from public consultation with industry, relief requests made by market participants, and our comparison of this capital requirement with similar requirements in comparable jurisdictions. It will provide greater access to Service Providers.

Issues for consideration

These proposals are designed to simplify these provisions and to remove unnecessary restrictions and anomalies. Are these objectives met? If not, are there any areas for improvement?

Current CIR Rule 6.3.1 and proposed 7.3.1 require an Operator to appoint an Eligible Custodian to hold Fund Property. Should an Operator be required to delegate custody? Does this create any issues for responsibility to Unitholders and regulators? Is there a preferable approach?

(f) Single property funds

70. It is proposed to delete current Rule 13.5.5. This Rule stipulates the conditions under which a Public Property Fund may invest in a single property, and requires both tenant and trade sector diversification. This could prove onerous, given the wide definition of what constitutes a single property. The DFSA now believes that the more appropriate course may be to enhance disclosure of the risks associated with single property investments of a Public Fund, including a REIT. Accordingly it is proposed to introduce a new CIR Rule 15.7.3 requiring enhanced disclosure. It is not intended to require a similar level of disclosure under CIR section 19.7 in relation to a Private Property Fund.

Issues for consideration

Is it appropriate to adopt the principle of disclosure-based approach to single property funds? If not, why not?

Should the disclosure requirements extend to Private Funds? If so, why?

(g) Independence of Shari'a Supervisory Board members

71. Current CIR Rule 13.1.7 requires an Operator to ensure the independence of a Shari'a Supervisory Board and to ensure that it is not subject to conflicts of interest with respect to the Fund, Operator, or Trustee (where relevant). The broad language of this Rule has caused difficulty due to the limited number of Persons with relevant expertise to act as Shari'a Supervisory Board members. Recognising this, but also the need for appropriate safeguards, it is proposed to replace Rule 13.1.7 with a conflicts of interest disclosure and management regime, consistent with similar conflict of interest treatment elsewhere in the Rulebook.
72. Similar amendments are proposed to ISF Rule 5.1.4.

Issues for consideration

Does the proposed amendment provide the degree of flexibility and adequate safeguards to ensure independence of Shari'a board members? If not, how should these aims be achieved?

The structural framework of the collective investments (CIR) regime

73. It is proposed to make a range of amendments to the structural framework of CIR to allow easier navigation. In particular, it is proposed to relocate conduct standards relating to distribution of Units, including of Foreign Funds, from sections 6.8 to 6.10 of COB to chapter 3 and App7 of CIR.

74. Additionally, provisions in chapter 19 of COB relating to Fund Administration will relocate to chapter 4 of CIR (which apply directly to an Authorised Firm carrying on the activity of Fund Administration in or from the DIFC, including for a Foreign Fund) and App7 of CIR (which prescribes mandatory provisions for an agreement between an Operator or Trustee and a Service Provider delegated to carry on Fund Administration, whether the provider is located in or outside the DIFC).
75. As a consequence of these changes, while current CIR is structured to apply only to Domestic Funds (see current Rule 1.1.3), proposed Rule 1.1.4 widens the scope to include Foreign Funds.
76. It is also proposed to amend terminology to assist comprehension and to better explain concepts. For example, more consistent use of “Unitholder” and consolidation of the terms “Eligible Person” and “Permitted Third Party” into “Service Provider” will better convey the intended concepts. It is proposed to make a range of new definitions in GLO and to amend some other definitions.
77. It is also proposed to relocate some prescriptive detail from the core of the Rules to appendices. For instance, the prescribed contents of a Fund’s Constitution would relocate from section 5.4 to App4, and the prescribed contents of a Public Fund Prospectus would move from section 15.4 to App6.
78. It is proposed to relocate the contents of current chapter 2 (overview) into chapter 1 (introduction), and current chapter 4 (arrangements not constituting a fund) into proposed chapter 2 (arrangements amounting to collective investment). This involves no substantive changes to text, except that proposed Rules 2.3.2(c) and 2.3.7 are redrafted to better express their intended purpose. This permits provisions from COB to be relocated into chapter 3, and provisions relating to fund administration into chapter 4, as discussed earlier.
79. Other changes are proposed to enhance navigation and relevance. For instance, it is proposed to remove Chapter 21 (“Appeals”) which merely contains Guidance which restates the effect of the Collective Investment Law. It is also proposed to remove copies of Articles of the Law where these are considered unnecessary – for example from existing CIR section 5.5.
80. The DFSA considers these changes to the framework of CIR will provide long term benefits in promoting the better understanding of regulation in the Centre, and that any short term transitional costs will be outweighed by that benefit.
81. Annexure B to this paper contains a CIR Transition Map to assist in understanding the transition of existing Rules from CIR and COB into the redrafted CIR Rules.

Issues for consideration

Will the above changes in framework of CIR, and the new definitions, assist in your navigation and understanding of the Rulebook? If not, where do you see need for improvement, or retention of existing provisions?

Offered Securities Rules

82. We also propose certain amendments to the OSR module to align these provisions with the treatment of Offers of Units of Domestic Funds. Under the proposals, an Exempt Offer may be made to a Professional Client and a Prospectus Offer may be made to any investor including a Retail Client. As a consequence, the concept of “Qualified Investor” is replaced with the Professional Client definition in the Rulebook.

Issues for consideration

Is this alignment appropriate? If not, why not?

Training and competency

83. It is proposed to enhance the current obligations in GEN section 5.3 to reflect the skills, knowledge and experience required by Employees to provide Financial Services across the spectrum of the new Client classifications.
84. To that end, it is proposed to amend GEN Rule 5.3.19(1)(b) to reflect the desired outcome of competence and capability. It is also proposed to amend the Guidance to that Rule in order to provide further assistance to an Authorised Firm in considering whether its Employees are fit and proper, and competent and capable in performing the functions which are assigned to them.

Issues for consideration

Are there any qualifications or training requirements you consider appropriate or necessary for an Employee interfacing with a Retail Client to have?

Dispute resolution

85. It is proposed to introduce a new GEN chapter 9 addressing processes for internal dispute resolution and complaints handling. In essence, these new provisions will require an Authorised Firm to have written policies and procedures for the investigation and resolution of complaints made against it by Retail Clients and the manner of redress. The Rules stipulate the manner and timeframe in which such complaints will be handled and resolved. Minor amendments have also been made to the existing definition of Customer Complaint (now defined as a Complaint in GLO).
86. In relation to complaints received from a Professional Client, proposed GEN section 9.3 requires an Authorised Person to have adequate policies and procedures to record such complaints. This proposed section is based on the current requirements in relation to Customer Complaints contained in GEN Rule 5.3.24.
87. As noted at the outset, the DFSA is also examining the possibility of an external dispute resolution scheme for Retail Clients, and may bring forward proposals for this at a later date. Other such avenues for redress may be expanded upon in the ultimate drafting of proposed GEN Rule 9.2.6.

Issues for consideration

Do you have any comments on the new definition of Complaint?

Do you think the procedures and timeframes are appropriate and will work in practice?

Profit Sharing Investment Accounts (PSIAs)

88. The Islamic Financial Business module (ISF) imposes disclosure requirements on Authorised Firms that undertake Islamic Financial Business.
89. Some structural changes have been made to this module by merging chapter 6 into chapter 2.
90. Enhancements have been made to the disclosure requirements relating to PSIAs in view of the intended wider access to these accounts. These enhancements can be found in Rules 2.2.2 (current Rule 6.12) and 2.2.3 (current Rule 6.13). Minor changes have been made to Rules 2.1.3 (current Rule 6.1.4) and 2.2.1 (current Rule 6.1.1); these are purely for added clarity and do not change the effect or application of the current requirements.
91. Guidance is inserted under Rule 2.2.1 to ensure that Authorised Firms remain aware that a PSIA does not constitute a Deposit and that great care should be taken to ensure that a PSIA is not represented as a Deposit. This is to ensure that the firm is not at risk of being characterised as engaging in the activity of Accepting Deposits.

Issues for consideration

Are the new disclosure requirements appropriate in view of the wider access to Islamic finance through the Centre?

Keeping of records

92. Provisions of the Rulebook generally require the keeping of records for a period of at least 6 years. Article 25 of MiFID Directive 2004/39/EC proposes member states to require firms to keep records for at least 5 years. The DFSA proposes to retain the 6 year requirement, due in large part to the 6 year period of limitation of actions under Article 38 of the DIFC Courts Law.

Issues for consideration

Comments are sought on the merits of either course, of retaining the current 6 year requirement or moving to a 5 year requirement.

Annexure A

COB TRANSITION MAP

Current Rules		Proposed CIR
From current COB to proposed COB		
Application of the COB module		
Introduction		
1.1	Application	1.1
General		
1.2	General	-
PART 1 – Restrictions on Business		
Insurance Business		
2.1	Application	7.1.1
2.2	Restrictions	7.2.1 – 7.2.5
Investment Business and Banking Business		
3.1	Application	2.1
3.2.1 (1),(2)	Restrictions	-
3.2.1(3)		2.3.1(3)
3.2.2	Client	2.3.1 – 2.3.5
3.2.3	Liquid Assets	- (cf: 2.4)
3.2.4	Analysis	2.5
3.2.5	Verification Systems and Controls	-
3.2.6	Record Keeping	2.6
3.3	Additional Restrictions for banking business	4.1 – 4.3
Insurance Intermediation Business		
4.1	Application	7.1.1
4.2	Restrictions	7.2.1 – 7.2.5
PART 2 –Conduct of Investment Business		
Introduction		
5.1	Application	-
Responsible Conduct		
6.1	Communication of information and marketing material	3.2.1 – 3.2.5
6.2	Suitability	3.4.1 – 3.4.3
6.3	Conflicts and material interest	3.5.1
6.4	Personal account transactions	6.2.1 – 6.2.5
6.5	Investment research and offers of securities	6.3.1 – 6.3.8
6.6	Inducements	3.5.3
6.7	Soft dollar agreements	3.5.4 – 3.5.7
6.8	Marketing and selling Units of a Domestic Fund	CIR 3.1 – 3.3, 3.8 & 18.4
6.9	Marketing and selling Units of a Foreign Fund	CIR 3.4 – 3.7
6.10	Record Keeping	CIR 3.9

Dealing

7.1	Best execution	6.4.1 – 6.4.4
7.2	Non-market price transactions	6.5
7.3	Aggregation and allocation	6.6
7.4	Record keeping – transactions and orders	6.7
7.5	Other dealing rules	6.8

Documentation

8.1	Client agreement	3.3.1 – 3.3.3
8.2	Confirmation notes	6.9
8.3	Periodic statements	6.10

Client Assets

9.1	Application	6.11.1
9.2	General requirements	6.11.2
9.3	Client money	6.12
9.4	Client investments	6.13
9.5	Record keeping	6.14

PART 3 – Conduct of Insurance Intermediation and Insurance Management Business

Introduction

10.1	Application	7.1.1
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Responsible Conduct

11.1	Communication of information and marketing material	7.3.1
11.2	Authorised Firm's duty of disclosure	7.5.2
11.3	Customers duty of disclosure	7.4
11.4	Costs and remuneration	7.6
11.5	Information about the proposed insurance	7.7
11.6	Suitability	7.8
11.7	Conflicts of interest	7.9

Placement of Insurance

12.1	Applications	7.10.1
12.2	Instructions	7.10.2
12.3	Quotations	7.10.3
12.4	Confirmation of cover	7.10.4

Providing an ongoing service

13.1	Application	-
13.2	Amendments to and renewal of insurance	7.11.1 – 7.11.3
13.3	Claims	7.11.4

Insurance Monies

14.1	Application	7.12.1
14.2	General	7.12.2 – 7.12.4
14.3	Insurance money segregation	7.12.5 – 7.12.15

PART 4 – Conduct of Insurance Business

Introduction

15.1	Application	7.3
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Responsible Conduct

16.1	Communication of information	7.3.1
16.2	Customers duty of disclosure	7.4
16.3	Information about the proposed insurance	7.7
16.4	Confirmation of cover	7.10.4
16.5	Amendments to and renewal of insurance	7.11.1 – 7.11.3
16.6	Claims	7.11.5

PART 5 – ATS Operator

ATS Operators

17.1	Application	6.15.1 – 6.15.2
17.2	Client Disclosures	6.15.3
17.3	Systems and controls	6.15.4
17.4	Information	6.15.5 – 6.15.6
17.5	Monitoring and Disclosure	6.15.7 – 6.15.8
17.6	Record Keeping	6.15.9

PART 6 – Conduct of Trust Service Providers

Trust Service Providers

18.1	Application	5.1
18.2	General	5.2
18.3	Conflicts of interest	3.5.1
18.4	Reviews	5.3
18.5	Communications	3.2.1 – 3.2.3
18.6	Marketing material	3.2.4
18.7	Professional indemnity insurance cover	5.4
18.8	Dual control	5.5
18.9	Internal reporting	5.6
18.10	Recording of Selection Criteria	5.7
18.11	Qualification and experience of Trust Service Provider staff	5.8
18.12	Books and records	5.9
18.13	Due diligence	5.10
18.14	Suitability	3.4.2
18.15	Attribution of Knowledge and Inducements	3.5.2 – 3.5.3
18.16	Documentation	3.3.2 – 3.3.3
18.17	Fitness and Propriety of Persons acting as trustees	5.11

PART 7 – Fund Administration

Fund Administrators

19.1	Application	CIR 4.1
19.2	Compliance with the AML Rules	CIR 4.2
19.3	Compliance with the CIR Rules	-
19.4	Client Money and Assets	CIR 4.3, A1.4
19.5	Service Level Agreements	CIR A1.2.1
19.6	Record Keeping	CIR 4.5

PART 8 – Conduct of Banking Business

Conflict of Interests

20.1	Application	-
20.2	Managing Conflict of Interests	3.5.1

App1 – Records of Orders and Transactions

A1.1	Minimum contents of transaction records	A1.1
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App2 – Client Agreement

A2.1	Application	-
A2.2	Content of client agreement	A2.1

App3 – Confirmation of Transactions

A3.1	Content of confirmation notes	A3.1
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App4 – Periodic Statements

A4.1	Content of periodic statements: investment management	A4.1
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App5 – Client Money Provisions

A5.1 – A5.14	Requirements	A5.1 – A5.14
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App6 – Safe Custody Provisions

A6.1 – A6.10	Requirements	A6.1 – A6.10
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App7 – Additional Prospectus Disclosures for Foreign Funds

A7.1	Shari'a approval process statement	CIR A7.2
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Annexure B

CIR TRANSITION MAP

Current Rules		Proposed CIR
From current CIR to proposed CIR		
Application of the CIR module		
1.1 - 1.2	Application, Interpretation	1.1 - 1.2
Overview		
2.1 – 2.2	General, Overview of module	1.3
Arrangements amounting to collective investment		
3.1	Definition of Collective Investment Fund	2.2
Arrangements not constituting a fund		
4.1	Application	2.1
4.2	Prescribed arrangements	2.3
Constitution		
5.1 – 5.3	Application, Instrument constituting the fund, Name of the fund	5.1 – 5.3
5.4	Table of contents	App4
5.5	Alterations to the constitution	5.4
Operation of the fund		
6.1 – 6.2	Application, General management duties	6.1 – 6.2
6.3.1	Duties in relation to fund property	6.3.1, 7.3.1
6.3.2		GLO
-		6.3.2
6.4 – 6.12	Conflict of interest, Valuation of fund, Determination of single price, Issue and redemption of Public Fund Units, Unitholder register, Meetings of governing body and unitholders, Approvals and notifications, Maintenance of records, Capital	6.4 – 6.12
Delegation and Outsourcing		
7.1 – 7.2	Application, General	7.1 – 7.2
7.3 - 7.4	Delegation of activities by operator and the trustee, Approval of proposed delegation	7.3 - 7.4, A1.2
7.5 – 7.7	Outsourcing of functions, Systems and controls, Review	7.5 – 7.7
Accounting Standards		
8.1 – 8.3	Application, Accounting standards for funds, Accounting records	8.1 – 8.3

Periodic Reports

9.1 – 9.9	Application, Annual and interim reports, Interim report, Contents of the annual report, Operator's report, Comparative table, Oversight report, Report of the auditor, Annual report table	9.1 – 9.9
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Charges and expenses

10.1 – 10.6	Application, Charges, levies and payments, Remuneration and reimbursement expenses, Promotional payments, performance fees, and set up costs, Allocation of payments to capital or income, Payments of liabilities on transfer of assets,	10.1 – 10.6
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Responsibility for Prospectus

11.1 – 11.4	Application, Prescribed persons, Exceptions from liability, Experts	11.1 – 11.4
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Auditors

12.1 – 12.4	Application, Appointment and termination of auditors, Co-operation with auditors, Function of the auditor	12.1 – 12.4
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Specialist Funds

13.1 – 13.2	Islamic funds, Fund of funds	13.1 – 13.2
13.3.1 – 13.3.3	Feeder funds	13.3.1 – 13.3.3
13.3.4		13.3.2
13.3.5		13.3.4
13.4	Private equity funds	13.4
13.5.1 – 13.5.4	Property funds	13.5.1 – 13.5.4
13.5.5		15.7.3
13.5.6 -13.5.30		13.5.6 -13.5.30
13.6	Hedge funds	13.6

Registration of Public Funds

14.1 – 14.2	Application, the application for registration	14.1 – 14.2
14.3.1- 14.3.2	Requirements for registration	14.3.1 - 14.3.2
14.3.3		7.4.4
14.4 - 14.7	Rejection of an application, Withdrawal of registration, Reinstatement	14.4 - 14.7

Public Fund Prospectus

15.1	Application	15.1
15.2.1	Drawing up and availability of prospectus	15.2.1
15.2.2		15.2.3 - 15.2.5
15.2.3		15.2.2
15.3	Drawing up a prospectus – mandatory statement	15.3
15.4	Contents of a prospectus	App6
15.5 - 15.9	Drawing up a prospectus for Islamic funds, Drawing up a prospectus for a feeder fund, Drawing up a prospectus for a property fund, Drawing up a prospectus for a private equity fund, Drawing up a prospectus for a hedge fund	15.5 - 15.9

Investment and Borrowing Powers

16.1 – 16.7		16.1 - 16.7
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Oversight Arrangements

17.1 – 17.2	Application, General	17.1 – 17.2
17.3.1 - 17.3.2	Permitted arrangements	17.3.1 - 17.3.2
17.3.3		17.3.2(3), 17.3.5
17.3.4		17.3.4 - 17.3.5
17.4 – 17.7	General oversight duties, Proceedings, Principles and disclosure of interests, Management systems and controls	17.4 – 17.7
17.8	Eligible custodians	-
17.9 – 17.11	Criteria for appointment of individuals, Persons appointed to oversee, Record keeping	17.9 – 17.11

Private Funds

18.1 – 18.3	Application, Notification, Criteria to be classified as a private fund	18.1 – 18.3
18.4	Umbrella funds	18.5
18.5	Winding up	-

Private Fund Prospectus

19.1	Application	19.1
19.2.1	Drawing up and availability of a short form prospectus	19.2.1
19.2.2		19.2.3 – 19.2.5
19.2.3		19.2.2
19.3 – 19.9	Drawing up a prospectus – mandatory statement, Contents of a short form prospectus, Drawing up a prospectus for Islamic funds, Drawing up a prospectus for a feeder fund, Drawing up a prospectus for a property fund, Drawing up a prospectus for a private equity fund, Drawing up a prospectus for a hedge fund	19.3 – 19.9

Suspension and Termination

20.1 – 20.5	Application, Suspension of dealings, Winding up a fund, Funds that are not commercially viable, Transfer schemes	20.1 – 20.5
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Fees

21	(Note that this chapter will be repealed from 1 December 2007)	-
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Appeals

22	(Guidance only)	-
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App 1 – Service Level Agreements

A1.1	Application	A1.1
A1.2.1	Mandatory provisions	A1.2.1
A1.2.2		A1.3.1
A1.2.3		A1.3.2
A1.2.4		A1.2.1(3)

App2 – Approvals and Notifications

A2.1 – A2.3	Fundamental Change requiring prior approval by unitholder meeting, Significant change requiring pre-event notification to the unitholders, Pre-event or post-event notifiable changes to unitholders	A2.1 – A2.3
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App3 – Guidance on Asset Valuation and Pricing

App3	(Guidance only)	App3
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App4 - Fees

App4	(Note that this appendix will be repealed from 1 December 2007. Also see CIR 5.4 above.)	-
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App5 – Guidance on Fitness and Propriety

App5	(Guidance only)	App5
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App6 - Additional Prospectus Disclosure for Islamic Funds

A6.1	Shari'a approval process statement	A7.1
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From current COB to proposed CIR

Conduct of Investment Business – Responsible Conduct

-		CIR 3.1
COB 6.8.1 - 6.8.3	Marketing and selling units of a domestic fund	CIR 3.2
COB 6.8.4		CIR 3.3.1
COB 6.8.5 - 6.8.6		CIR 18.4
COB 6.8.7		CIR 3.8
COB 6.9	Marketing and selling units of a foreign fund	CIR 3.4 – 3.7
COB 6.10	Record keeping	CIR 3.9

Fund Administrators

COB 19.1 – 19.2	Application, Compliance with the AML Rules	CIR 4.1 – 4.2
COB 19.3	Compliance with the CIR Rules	-
COB 19.4	Client money and assets	CIR 4.3, A1.4
COB 19.5	Service level agreements	CIR A1.2.1
COB 19.6	Record keeping	CIR 4.5

App7 – Additional Prospectus Disclosures for Foreign Funds

COB A7.1	Shari'a approval process statement	CIR A7.2
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