

**Appendix 2**

In this appendix underlining indicates new text and striking through indicates deleted text.



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# The DFSA Rulebook

General Module

**(GEN)**

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## **8.6 Function of the auditor**

**8.6.1** An Authorised Firm or Authorised Market Institution, as applicable, must in writing require its auditor to:

- (a) conduct an audit of the Authorised Person's accounts .....
- (b) produce a report on the audited accounts.....
- (c) produce an Auditor's Annual Report .....
- (d) produce, if the Authorised Firm controls or holds Client Money, a Client Money Auditor's Report which states whether, in the opinion of the auditor:
  - (i) the Authorised Firm has maintained throughout the year systems and controls to enable it to comply with the relevant provisions of COB ~~chapter 9~~ chapter 6 and, if applicable, COB App5;
  - (ii) the Authorised Firm's controls are such as to ensure that Client Money is identifiable and secure at all times;
  - (iii) any of the requirements in COB ~~chapter 9~~ chapter 6 and the Client Money Provisions have not been met;
  - (iv) if applicable, Client Money belonging to Segregated Clients has been segregated in accordance with the Client Money Provisions;
  - (v) if applicable, the Authorised Firm was holding and controlling an appropriate amount of Client Money in accordance with COB ~~chapter 9~~ chapter 6 and with the Client Money Provisions as at the date on which the Authorised Firm's audited balance sheet was prepared; and
  - (vi) if applicable, there have been any material discrepancies in the reconciliation of Client Money;
- (e) produce, if the Authorised Firm controls or holds Insurance Monies, an Insurance Monies Auditor's Report which states whether, in the opinion of the auditor:
  - (i) the Authorised Firm has maintained throughout the year systems and controls to enable it to comply with the relevant provisions of COB ~~chapter 14~~ section 7.12;
  - (ii) the Authorised Firm's controls are such as to ensure that Insurance Monies are identifiable and secure at all times;

- (iii) any of the requirements in COB ~~chapter 14~~ section 7.12 have not been met;
  - (iv) if applicable, the Authorised Firm was holding and controlling an appropriate amount of Insurance Monies in accordance with COB ~~chapter 14~~ section 7.12 as at the date on which the Authorised Firm's audited balance sheet was prepared; and
  - (v) if applicable, there have been any material discrepancies in the reconciliation of Insurance Monies;
- (f) produce, if the Authorised Firm holds or controls Client Investments, Arranges Custody or Provides Custody in or from the DIFC, a Safe Custody Auditor's Report in respect of such business as applicable, which states whether, in the opinion of the auditor:
- (i) the Authorised Firm has, throughout the year, maintained systems and controls to enable it to comply with the Safe Custody Provisions in COB App6;
  - (ii) the Safe Custody Investments are registered, recorded or held in accordance with the Safe Custody Provisions;
  - (iii) there have been any material discrepancies in the reconciliation of Safe Custody Investments; and
  - (iv) any of the requirements of the Safe Custody Provisions have not been met;
- (g) submit the reports produced pursuant to Rules 8.6.1(b)-8.6.1(f) above to the Authorised Person; and
- (h) notify the DFSA in writing if he resigns due to significant concerns which have previously been raised with senior management of the Authorised Person and which have not been addressed.

**8.6.2** An Authorised Person must submit any auditor's reports and financial statements required by this chapter to the DFSA within four months of the Authorised Person's financial year end.

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