

**Appendix 2**

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

---

**REGULATORY LAW**  
**DIFC LAW No.1 of 2004**

---

## **PART 3: LICENCES, AUTHORISATION, REGISTRATION AND RECOGNITION**

### **CHAPTER 1 - THE FRAMEWORK OF REGULATION**

#### **41. The Financial Services Prohibition**

- (1) Subject to Article 41 (6), (7) and (9) and Article 42(3), a person shall not carry on a Financial Service in or from the DIFC.
- (2) The DFSA shall make Rules prescribing the activities which constitute a Financial Service.
- (3) The prohibition in Article 41(1) is referred to in the Law as the "Financial Services Prohibition".
- (4) The DFSA may make Rules adding to, removing activities from, or otherwise modifying the list of Financial Services made under Article 41(2).
- (5) A person shall, in engaging in activity constituting a Financial Service, or in engaging in any like activity that may constitute a Financial Service except for the form and manner in which the activity is carried out, comply with Federal Law to the extent that such law applies in the DIFC.
- (6) A Recognised Body is exempt from the Financial Services Prohibition with respect to any Financial Service specified in its Recognition Notice:
  - (a) which is carried on as a part of the Recognised Body's business as an investment exchange; or
  - (b) which is carried on for the purposes of, or in connection with, the provision of clearing services by the Recognised Body.
- (7) A Recognised Member is exempt from the Financial Services Prohibition with respect to any Financial Service which is carried on for the purposes of, or in connection with, trading on or using the facilities of an Authorised Market Institution of which it is a remote member.
- (8) A Recognised Body or Recognised Member shall:
  - (a) act within the scope of its authority under its Recognition Notice; and
  - (b) comply with any condition or restriction applicable to its Recognition Notice.
- (9) A Fund is exempt from the Financial Services Prohibition with respect to any Financial Service which is carried on for the purposes of, or in connection with, the Fund if the

Fund has a Fund Manager or External Fund Manager that falls n-Operator and he is a person within Article 42(3)(a) or (b). This exemption applies to a Fund even where it does not have legal personality.

#### 42 **Authorised Firms, Authorised Market Institutions and Financial Services**

- (1) The DFSA shall make Rules prescribing which kinds of Financial Services, with such modifications or limitations as may be specified may be carried on by:
  - (a) an Authorised Firm; and
  - (b) an Authorised Market Institution.
- (2) The DFSA may make Rules adding to, removing activities from, or otherwise modifying the lists of Financial Services prescribed under Article 42(1).
- (3) A person may carry on one or more Financial Services in or from the DIFC if such person is:
  - (a) an Authorised Firm whose Licence authorises it to carry on the relevant Financial Services;
  - (b) an External Fund Manager as defined in Article 20(5) of the Collective Investment Law [2010], in so far as its activities relate to a particular Domestic Fund that falls within Article 41(9); or
  - (c) ~~(b)~~ an Authorised Market Institution whose Licence authorises it to carry on the relevant Financial Services.
- (4) An Authorised Firm or Authorised Market Institution shall:
  - (a) act within the scope of its authority under its Licence; and
  - (b) comply with any condition or restriction applicable to its Licence.
- (5) A person who is not an Authorised Firm or Authorised Market Institution shall not represent that he is such a person.

.....

## 75. Imposing Restrictions on Business

- (1) Subject to Article 77, the DFSA may by written notice:
  - (a) prohibit an Authorised Firm or Authorised Market Institution from:
    - (i) entering into certain specified transactions or types of transaction;
    - (ii) soliciting business from certain specified persons or types of person;
    - (iii) carrying on business in a specified manner or other than in a specified manner; or
    - (iv) using a particular name for a Fund or a sub-fund of a Fund; or
  - (b) require an Authorised Firm or Authorised Market Institution to carry on business in, and only in, a specified manner.
- (2) The prohibitions or requirement in Article 75(1) may be imposed on the Fund Manager Operator of a Fund in relation to the operation of a Fund or on the Fund itself, even where the Fund has no legal personality.

.....

## 108. 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 firm concerned;
  - (b) the transferee; or
  - (c) both.
- (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 Operator, Trustee or auditor of the Fund concerned; or
  - (c) the transferee.
- (3) The Court may grant such orders if it considers that, in all the circumstances of the case, it is appropriate to sanction the transfer scheme.

.....

**SCHEDULE 1  
INTERPRETATION**

.....

**3. Defined Terms**

In the Law, unless the context indicates otherwise, the defined terms listed below shall have the corresponding meanings:

.....

<b>Term</b>	<b>Definition</b>
<del>Operator</del> <u>Fund Manager</u>	has the meaning given in Article 20(4) of <del>Schedule 1 to</del> the Collective Investment Law <del>2006</del> <u>[2010]</u>

.....