

Appendix 1

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

REGULATORY LAW AMENDMENT LAW

DIFC LAW NO. x of 2011

PART 1: GENERAL

1. **Title**

This Law may be cited as the “Regulatory Law Amendment (No.3) Law 2011”.

2. **Legislative Authority**

This Law is made by the Ruler of Dubai.

3. **Date of enactment**

This Law is enacted on the date specified in the Enactment Notice in respect of this Law.

4. **Commencement**

This Law comes into force on the date specified in the Enactment Notice in respect of this Law.

PART 2: AMENDMENTS TO REGULATORY LAW 2004

5. The Regulatory Law 2004 is amended as prescribed in this Part.

6. In Article 23 insert the underlined text and delete the struck through text as follows:

23. Power to Make Rules

- (1) The DFSA Board of Directors may make Rules in respect of any matters related to the objectives, powers or functions of the DFSA or which facilitate the administration of, or further the purpose of, any law administered by the DFSA. This power shall be exercised by the DFSA Board of Directors.
- (2) In particular, the DFSA Board of Directors when exercising the power in Article 23(1) may make Rules in respect of:
 - (a) procedures and requirements in relation to licensing, authorisation, and registration ~~and recognition~~;
 - (b) levels and types of financial resources to be maintained by particular persons in the DIFC;
 - (c) standards of practice and business conduct of persons in dealing with their customers and clients and prospective customers and clients;
 - (d) the resolution of disputes;
 - (e) the conduct of particular persons in the DIFC;
 - (f) the operation of an Authorised Market Institution in the DIFC, including but not limited to:
 - (i) notification to and approval by the DFSA of any rules or guidance issued by an Authorised Market Institution;

- (ii) the prescribing of regulatory functions of an Authorised Market Institution; and
 - (iii) the conduct of and supervision of any such regulatory function; and
 - (g) the conduct of the DFSA and its officers, employees and agents in relation to the exercise of powers and performance of functions, including the exercise of discretionary powers and powers to conduct investigations and hearings.
- (3) Where the DFSA Board of Directors issues a standard or code of practice, the DFSA Board of Directors may incorporate such a standard or code into the Rules by reference and in such circumstances, except to the extent that the Rules otherwise provide, a person who is subject to the provisions of any such standard or code must comply with such provisions as if they were provisions of the Rules.
- (4) Where any legislation made under this Law purports to be made in exercise of a particular power or powers, it shall be taken also to be made in the exercise of all powers under which it may be made.

7. In Article 27 insert the underlined text and delete the struck through text as follows:

27. Jurisdiction of the Regulatory Appeals Committee

- (1) In Article 27(2):
- (a) ‘applicant’ means a person who has applied to the DFSA for a decision; and
 - (b) ‘officer, employee or agent’ of a person includes a person who proposes to become an officer, employee or agent of a person.
- (2) The Regulatory Appeals Committee has jurisdiction to hear and determine any appeal where:
- (a) an applicant appeals the decision of the DFSA in relation to an application for a Licence ~~or Recognition Notice~~ or for an extension to the scope of a Licence ~~or Recognition Notice~~;
 - (b) an applicant, Authorised Firm or Authorised Market Institution, ~~Recognised Body or Recognised Member~~ appeals the decision of the DFSA to impose or vary or withdraw a condition or restriction to its Licence ~~or Recognised Notice~~;
 - (c) an Authorised Firm, or Authorised Market Institution ~~or Recognised Body or Recognised Member~~ appeals a decision of the DFSA in relation to the exercise of its power to withdraw a Licence, ~~revoke a Recognition Notice~~ or to withdraw an authorisation in relation to a Financial Service;
 - (d) an officer, employee or agent of an Authorised Firm appeals a decision of the DFSA in relation to his application for Authorised Individual status or for extension of his status;
 - (e) an Authorised Individual appeals the decision of the DFSA to impose or vary or withdraw a condition or restriction to the grant of Authorised Individual status;

- (f) a person appeals a decision of the DFSA to:
 - (i) issue a written notice, or vary or withdraw a written notice to which he is subject, under Article 58(1); or
 - (ii) refuse to vary or withdraw a written notice following his request pursuant to Article 58(8);
 - (g) an Authorised Individual appeals a decision of the DFSA to:
 - (i) issue a written notice, or vary or withdraw a written notice to which he is subject, under Article 58(2);
 - (ii) refuse to vary or withdraw a written notice following his request or the request of an Authorised Firm pursuant to Article 58(8); or
 - (iii) suspend or withdraw his Authorised Individual status under Article 58(2), (3) or (5);
 - (h) an Authorised Firm or Authorised Market Institution appeals the decision of the DFSA to issue a notice to it or make a requirement of it under Article 74, 75, 76 or 88;
 - (i) a person seeking to acquire or who has acquired control of an Authorised Firm or Authorised Market Institution appeals the decision of the DFSA to notify under Article 64 that a controller is unacceptable;
 - (j) an applicant appeals a decision of the DFSA in relation to an application for registration as an auditor; or
 - (k) an appeal is brought under such other jurisdiction as the DFSA Board of Directors may provide in the Rules or as may be conferred by or under any other DIFC Law.
- (3) Subject to the Law and Rules, the Regulatory Appeals Committee may make rules of procedure governing the commencement, hearing and determination of appeals, including as to:
- (a) the rules as to evidence;
 - (b) the manner in which a power under Article 29 may be exercised;
 - (c) the manner in which conflicts of interest of members of the Regulatory Appeals Committee may be prevented;
 - (d) notification to the Chief Executive of the commencement of an appeal; and
 - (e) the manner in which the Chief Executive may appear and be heard in the appeal.
- (4) Proceedings and decisions of the Regulatory Appeals Committee shall be heard and given in public unless:
- (a) the Regulatory Appeals Committee hearing an appeal orders otherwise; or

- (b) the rules of procedure of the Regulatory Appeals Committee provide otherwise.
- (5) No person may appeal or review a decision of the Regulatory Appeals Committee other than by way of judicial review proceedings before the Court on a point of law.
- (6) Where:
 - (a) an appeal is commenced in accordance with Article 28 of the Law before the Regulatory Appeals Committee and a proceeding is commenced before the Financial Markets Tribunal in accordance with Article 32 of the Law or Article 56 of the Markets Law; and
 - (b) there is a common question of law or fact in the appeal and the Tribunal proceeding and it is in the interests of the DIFC, justice and efficiency;

the chairman of the Regulatory Appeals Committee, on his own motion or that of a party to the appeal and with the consent of the parties and president of the Financial Markets Tribunal, may direct that the appeal be:

 - (c) referred to the Financial Markets Tribunal for determination on such terms as the chairman may direct;
 - (d) heard at the same time or following the Financial Markets Tribunal proceeding; or
 - (e) stayed until the determination of the Financial Markets Tribunal proceeding.
- (7) Where an appeal has been referred to the Financial Markets Tribunal for determination under this Article, the Financial Markets Tribunal has the same powers the Regulatory Appeals Committee has under Article 29 of the Law to hear and determine the appeal.
- (8) No person may appeal or review a decision of the Financial Markets Tribunal on an appeal that has been referred to the Tribunal under this Article other than by way of judicial review proceedings before the Court on a point of law.

8. In Article 36 insert the underlined text and delete the struck through text as follows:

36. The Powers and Functions of the Chief Executive

The powers and functions of the Chief Executive are, so far as is reasonably practicable, to:

- (a) exercise the executive power of the DFSA by taking such steps as are reasonable and which he considers appropriate to meet the objectives of the DFSA;
- (b) license, authorise, register, recognise, regulate and supervise the conduct of activities required to be regulated under the Law or under any other legislation administered by the DFSA carried on by Authorised Firms, Authorised Market Institutions, Ancillary Service Providers, Authorised Individuals, and Recognised Persons. ~~Recognised Bodies and Recognised Members;~~

- (c) prepare or cause to be prepared in a timely and efficient manner:
 - (i) draft Rules; and
 - (ii) draft standards or codes of practice;

reasonably required to enable the DFSA to perform its statutory functions, and submit such drafts to the DFSA Board of Directors;
- (d) make and issue Guidance which does not constitute a standard or code of practice, and which is reasonably required to enable the DFSA to perform its statutory functions, and advise the DFSA Board of Directors of such Guidance;
- (e) grant waivers and modifications to the application of Rules;
- (f) exercise any power to grant waivers or modifications to the application of other legislation applying in the DIFC where such a power is conferred on the DFSA by that legislation, and advise the DFSA Board of Directors of any such exercise of power;
- (g) investigate or cause to be investigated matters capable of investigation under the Law and, where appropriate, commence proceedings before the Financial Markets Tribunal and any other tribunals or courts of appropriate jurisdiction;
- (h) where appropriate to do so, delegate such of his functions and powers as may more efficiently and effectively be performed by officers or employees of the DFSA and, with the approval of the DFSA Board of Directors either generally or in relation to any particular matter, by any other person; and
- (i) exercise and perform such other powers and functions as may be delegated to the Chief Executive by the DFSA Board of Directors from time to time.

9. In Article 41 insert the underlined text and delete the struck through text as follows:

PART 3: LICENCES, AUTHORISATION, AND 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) ~~[DELETED]~~

~~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) ~~[DELETED]~~

~~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) ~~[DELETED]~~

~~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 within Article 42(3) (a) or (b). This exemption applies to a Fund even where it does not have legal personality.

10. In Article 61 insert the underlined text and delete the struck through text as follows:

CHAPTER 9 – [DELETED] RECOGNISED STATUS

61. [DELETED] Applications and other matters in relation to recognised status

~~(1) Any body corporate, partnership or unincorporated association may apply to the DFSA for a notice (a 'Recognition Notice') declaring it to be:~~

~~(a) a Recognised Body; or~~

~~(b) a Recognised Member.~~

~~(2) A Recognised Body may apply to the DFSA to extend the scope of its Recognition Notice to Financial Services other than those in respect of which the Recognised Body is already Recognised.~~

~~(3) The DFSA shall make Rules setting out the recognition criteria:~~

- ~~(a) — an applicant must satisfy to obtain a Recognition Notice from the DFSA under this Part; and~~
- ~~(b) — which it must continue to satisfy if it is to remain a Recognised Body or Recognised Member.~~
- ~~(4) — The DFSA may make Rules requiring a Recognised Body or Recognised Member to give it notice of, and information about, such events as may be specified where such notice or information is reasonably required for the exercise of the DFSA’s functions under this Law.~~
- ~~(5) — At any time after receiving an application and before determining it, the DFSA may require the applicant to provide such further information as it reasonably considers necessary to enable it to determine the application.~~
- ~~(6) — If at any time between the filing of an application and the issue of a Recognition Notice the applicant becomes aware of a material change reasonably likely to be relevant to the application under consideration, it shall inform the DFSA in writing of such change without delay.~~
- ~~(7) — The DFSA may in its absolute discretion refuse to grant an application for a Recognition Notice or for an extension to the scope of a Recognition Notice. Upon refusing such an application, the DFSA shall without undue delay, inform the applicant in writing of such refusal and, where requested by the applicant, the reasons for such refusal.~~
- ~~(8) — The DFSA may grant an application for a Recognition Notice or for an extension to the scope of a Recognition Notice with or without conditions and restrictions. The DFSA shall without undue delay inform the relevant applicant in writing of:
 - ~~(a) — such decision;~~
 - ~~(b) — the date on which the Recognition Notice or for an extension to the scope of a Recognition Notice shall be deemed to take effect; and~~
 - ~~(c) — any conditions and restrictions applicable to the Recognition Notice.~~~~
- ~~(9) — The DFSA may revoke a Recognition Notice by a notice (a “Revocation Notice”) issued on its own initiative or at the request of a Recognised Body or Recognised Member.~~
- ~~(10) — The DFSA may exercise its power under Article 61 (9) in the following circumstances:
 - ~~(a) — the Recognised Body or Recognised Member is in breach of, or has been in breach of, one or more restrictions or conditions applicable to its Recognition Notice;~~
 - ~~(b) — the Recognised Body or Recognised Member is otherwise in breach of, or has otherwise been in breach of, the Law or Rules or other legislation administered by the DFSA;~~
 - ~~(c) — the Recognised Body or Recognised Member is no longer fit and proper;~~
 - ~~(d) — the Recognised Body or Recognised Member is failing, or has failed, to satisfy the recognition criteria;~~~~

- ~~(e) — the Recognised Body or Recognised Member requests the Revocation Notice; or~~
- ~~(f) — the DFSA considers that the exercise of the power is necessary or desirable in the pursuit of its objectives.~~
- ~~(11) — Subject to Articles 61(11) and (12), the DFSA may only exercise its power under Article 61(9) if it has given the relevant recognised undertaking a suitable opportunity to make representations in person and in writing to the DFSA in relation to the proposed revocation.~~
- ~~(12) — The restriction imposed on the DFSA under Article 61(11) shall not apply if:

 - ~~(a) — the DFSA concludes that any delay likely to arise as a result of such requirement is prejudicial to the interests of the DIFC; or~~
 - ~~(b) — the Recognised Body or Recognised Member requests the DFSA to revoke its Recognition Notice.~~~~
- ~~(13) — Where the DFSA takes steps to exercise its powers under Articles 61(8) in relation to a Recognised Body or Recognised Member following a determination of the Financial Markets Tribunal or a decision of the Court in relation to the conduct of such recognised undertaking, the obligation upon the DFSA to afford that recognised undertaking an opportunity to make representations to the DFSA shall not apply in relation to findings of fact of that tribunal or the Court as the case may be.~~
- ~~(14) — Where the DFSA has received a representation from a Recognised Body or Recognised Member under this Article, the DFSA shall without undue delay inform such Recognised Body or Recognised Member in writing of its response to such representation.~~
- ~~(15) — Upon deciding to issue a revocation notice, the DFSA shall without undue delay inform the relevant Recognised Body or Recognised Member in writing of:

 - ~~(a) — such decision; and~~
 - ~~(b) — the date on which such revocation shall be deemed to take effect.~~~~

11. In Article 62 insert the underlined text and delete the struck through text as follows:

CHAPTER 10 - OTHER MATTERS RELATING TO LICENSING

62. Public Registers

- (1) The DFSA shall publish and maintain a register of current and past grants, withdrawals and suspensions of Licenses and authorisations of all Authorised Firms, Authorised Market Institutions and Authorised Individuals in such manner as may be prescribed in the Rules.
- (2) The DFSA shall publish and maintain a register of current and past grants and withdrawals of registration of all Ancillary Service Providers in such manner as may be prescribed in the Rules.
- (3) The DFSA shall publish and maintain registers of:

- (a) all persons in relation to whom written notices have been issued under Article 58(1); and
- (b) all persons in relation to whom written notices have been issued under Article 58(2);

indicating whether any such notice is of past effect or current, in such manner as may be prescribed in the Rules.

- ~~(4)~~ ~~The DFSA shall publish and maintain a register of current and past grants and revocations of recognition of all Recognised Bodies and Recognised Members, in such manner as may be prescribed in the Rules.~~
- ~~(5)~~ (4) The DFSA shall publish and maintain a register of current and past registrations, suspensions and withdrawals of registrations of auditors in such manner as may be prescribed in the Rules.
- ~~(6)~~ (5) The DFSA shall publish and maintain a register of all Domestic Funds.
- ~~(7)~~ (6) The DFSA shall make a reasonably current version of any registers maintained under Article 62(1), (2), (3), (4); and (5) ~~and (6)~~ readily available for viewing by the public during the normal business hours of the DFSA.

12. In Article 63 insert the underlined text and delete the struck through text as follows:

63. Extended jurisdiction

- (1) Any power which the DFSA may exercise in relation to an Authorised Firm, Authorised Market Institution, Ancillary Service Provider, Registered Auditor, Authorised Individual, ~~Recognised Body~~, ~~Recognised Member~~ or Domestic Fund under the Law or Rules or other legislation administered by the DFSA may continue to be exercised for a period of two years after the date on which:
 - (a) the Licence of such Authorised Firm or Authorised Market Institution;
 - (b) the registration of an Ancillary Service Provider or Registered Auditor;
 - (c) the Authorised Individual status of such Authorised Individual;
 - ~~(d) the Recognition Notice for the Recognised Body or Recognised Member; or~~
 - (d) the registration of the Principal Representative; or
 - (e) the registration of a Domestic Fund;

is withdrawn by the DFSA under the Law or other legislation administered by the DFSA.

- (2) If, pursuant to the Law, proceedings are commenced before a Financial Markets Tribunal or the Regulatory Appeals Committee before the expiry of the period of two years referred to in Article 63(1) then the provisions of Article 63(1) shall remain in force until such time as the proceedings and any related appeals and proceedings are completed.

13. In Articles 97 -105 insert the underlined text and delete the struck through text as follows:

97. Qualification and application

- (1) In this Part, unless expressed otherwise, an auditor means:
- (a) in relation to an Authorised Firm, Authorised Market Institution or a Public Listed Company incorporated or formed in the DIFC, an auditor who is registered under this Law; or
 - (b) in relation to an Authorised Firm incorporated or formed in a jurisdiction other than the DIFC, an auditor appointed by the Authorised Firm.
- (2) For the purposes of this Part a person is a Public Listed Company if that person is incorporated or formed in the DIFC and is admitted to an official list of securities in the DIFC or is admitted to an equivalent list of securities in another jurisdiction.
- ~~(2)~~(3) The DFSA shall make Rules setting out the requirements an auditor must meet to become registered by the DFSA. Such Rules may include requirements relating to the qualifications, experience and fitness and propriety of applicants.
- ~~(3)~~ (4) The DFSA may make Rules providing for a variation of the requirements referred to in Article 97(2) where an application is made by a firm that is, at the time of application, regulated in a jurisdiction other than the DIFC.

98. Registration and cancellation of registration

- (1) The DFSA may in its absolute discretion grant or refuse to grant an application for registration.
- (2) Upon refusing to grant an application for registration, the DFSA shall without undue delay, inform the applicant in writing of such refusal and, where requested by the applicant, the reasons for such refusal.
- (3) The DFSA may withdraw the registration of an Auditor on such grounds and manner as prescribed in the Rules.

99. Appointment and removal of auditors

- ~~(1) The appointment of a firm as an auditor of an Authorised Firm, or an Authorised Market Institution is taken to be an appointment of all persons who are partners of the firm.~~
- ~~(2)~~ (1) An Authorised Firm, ~~or an~~ Authorised Market Institution or a Public Listed Company shall:
- (a) at each annual general meeting appoint an auditor to hold office from the conclusion of that meeting to the conclusion of the next annual general meeting; or
 - (b) at the beginning of each financial year appoint an auditor to hold office until the beginning of the next financial year.

- (3) (2) A person who becomes An Authorised Firm, or an Authorised Market Institution or a Public Listed Company which is granted a License after the beginning of a financial year must appoint an auditor who shall hold office to the conclusion of that financial year.
- (4) (3) An Authorised Firm, or the Authorised Market Institution or a Public Listed Company may fill any ~~casual~~ vacancy in the office of auditor and fix the auditor's remuneration.
- (5) (4) An Authorised Firm, or an Authorised Market Institution or a Public Listed Company shall not appoint an auditor under this Article unless:
- (a) the auditor has, prior to the appointment, consented in writing to the Authorised Firm, or the Authorised Market Institution or a Public Listed Company to hold such office; and
 - (b) the Authorised Firm, or the Authorised Market Institution or a Public Listed Company is not, on reasonable inquiry, aware of any matter which should preclude the auditor from giving his consent under Article 99(6).
- (6) (5) An auditor shall not consent to an appointment as an auditor of an Authorised Firm, or an Authorised Market Institution or a Public Listed Company if:
- (a) the auditor has, or may reasonably be perceived to have, a conflict of interest of a nature prescribed in the Rules;
 - (b) the auditor does not have, or may reasonably be perceived not to have, a requisite degree of independence from the Authorised Firm, or the Authorised Market Institution or a Public Listed Company as prescribed in the Rules; or
 - (c) the auditor or any associate of the auditor in a firm or business undertaking has acted as an auditor of the Authorised Firm, or the Authorised Market Institution or a Public Listed Company within such earlier period or frequency as prescribed in the Rules.
- (7) (6) An Authorised Firm, or an Authorised Market Institution or a Public Listed Company may at any time remove an auditor notwithstanding anything in any agreement between it and the auditor.
- (8) (7) The DFSA may order the removal of an Auditor from an Authorised Firm, or an Authorised Market Institution or a Public Listed Company on such grounds and in such manner as prescribed in the Rules.
- (8) The appointment of a firm as an auditor of an Authorised Firm, Authorised Market Institution or a Public Listed Company is taken to be an appointment of all persons who are partners of the firm.
- (9) Nothing in this Article is to be taken as depriving an auditor removed under it of compensation or damages payable to the auditor in respect of the termination of appointment as auditor.

100. Auditor's report to the Authorised Firm, or the Authorised Market Institution or a Public Listed Company

The DFSA may make Rules in relation to:

- (a) the functions to be carried out by an auditor when auditing the accounts of an Authorised Firm, ~~or~~ Authorised Market Institution² or a Public Listed Company accounts;
- (b) the scope of the auditor's report; and
- (c) the scope of ad-hoc reports of the auditor.

101. Auditors' duties

- (1) An auditor of an Authorised Firm, ~~or an~~ Authorised Market Institution or a Public Listed Company auditor shall, in preparing the report in relation to accounts of an Authorised Firm, ~~or an~~ Authorised Market Institution or a Public Listed Company, carry out such investigations as will enable the auditor to form an opinion as to the following matters:
 - (a) whether proper accounting records have been kept by the Authorised Firm, ~~or the~~ Authorised Market Institution or a Public Listed Company and proper returns adequate for the audit have been received from branches not visited by the auditor;
 - (b) whether the Authorised Firm, ~~or the~~ Authorised Market Institution or a Public Listed Company accounts are in agreement with the accounting records and returns;
 - (c) whether the Authorised Firm, ~~or the~~ Authorised Market Institution or a Public Listed Company accounts have been prepared in compliance with the applicable accounting standards; and
 - (d) whether the accounts of the Authorised Firm, ~~or the~~ Authorised Market Institution or a Public Listed Company represent a true and fair view of the state and affairs of the Authorised Firm, or the Authorised Market Institution or a Public Listed Company.
- (2) If the auditor is of the opinion that proper accounting records have not been kept, or that proper returns adequate for the audit have not been received from branches not visited by the auditor, or if the accounts are not in agreement with the accounting records and returns, or that the accounts do not comply with accounting standards, the auditor shall state that fact in the report.
- (3) If the auditor fails to obtain all the information and explanations which, to the best of the auditor's knowledge and belief are necessary for the purposes of the audit, the auditor shall state that fact in the report.

102. Resignation of an auditor

- (1) An auditor of an Authorised Firm, ~~or an~~ Authorised Market Institution or a Public Listed Company may resign from office by depositing a notice in writing to that effect together with a statement under Article 102(2) at the registered office of the Authorised Firm, ~~or the~~ Authorised Market Institution² or the Public Listed Company registered office; and any such notice operates to bring its term of office to an end on the date on which the notice is deposited, or on such later date as may be specified in it.

- (2) When an auditor ceases for any reason to hold office the auditor shall deposit at the registered office of the Authorised Firm, ~~or the~~ Authorised Market Institution's or the Public Listed Company registered office:
- (a) a statement to the effect that there are no circumstances connected with the ceasing to hold office which the auditor considers should be brought to the notice of the members or creditors of the Authorised Firm, ~~or the~~ Authorised Market Institution or a Public Listed Company; or
- (b) a statement of any circumstances as are mentioned above.
- (3) Where a statement under Article 102(2) falls within sub-paragraph (b) of that Article, the Authorised Firm, ~~or the~~ Authorised Market Institution or a Public Listed Company shall send a copy of the statement to the DFSA.

103. Co-operation with auditors

- (1) An Authorised Firm, ~~or an~~ Authorised Market Institution or a Public Listed Company, and any director, officer or employee of an Authorised Firm, ~~or an~~ Authorised Market Institution or a Public Listed Company, shall not knowingly or recklessly make to the auditor of an Authorised Firm, ~~or an~~ Authorised Market Institution's or a Public Listed Company auditor a statement (whether written or oral) which:
- (a) conveys or purports to convey any information or explanation which the auditor requires, or is entitled to require, as auditor of the Authorised Firm, ~~or the~~ Authorised Market Institution or a Public Listed Company; and
- (b) is either or both:
- (i) false, misleading or deceptive in a material particular; or
- (ii) is such that it omits information where the omission of such information is likely to mislead or deceive the auditor.
- (2) An Authorised Firm, ~~or an~~ Authorised Market Institution or a Public Listed Company, or any director, officer or employee of an Authorised Firm, ~~or an~~ Authorised Market Institution or a Public Listed Company, or any person acting under the direction or authority of such an Authorised Firm, ~~or an~~ Authorised Market Institution or a Public Listed Company, or director, officer or employee, shall not without reasonable excuse engage in conduct, including without limitation the:
- (a) destruction or concealment of documents;
- (b) coercion, manipulation, misleading, or influencing of the auditor;
- (c) failure to provide access to information or documents specified by the auditor; or
- (d) failure to give any information or explanation which the person is able to give;

where the Authorised Firm, ~~or the~~ Authorised Market Institution or a Public Listed Company, director, officer, employee or other person knows or ought to know that such conduct could, if successful:

- (e) obstruct the auditor in the performance of his duties under this Chapter; or
- (f) result in the rendering of the accounts of the Authorised Firm, ~~or the~~ Authorised Market Institution or a Public Listed Company, or the auditor's report materially misleading.

104. Obligation of Disclosure to the DFSA

- (1) An auditor is subject to the obligations of disclosure under Article 104(3).
- (2) Without limiting the application of any other provision of this Law, an auditor does not contravene any duty to which the auditor is subject merely because the auditor gives to the DFSA:
 - (a) a notification as required under Article 104; or
 - (b) any other information or opinion in relation to any such matter;

if the auditor is acting in good faith and reasonably believes that the notification, information or opinion is relevant to any functions of the DFSA.

- (3) Subject to Article 104(4), an auditor shall disclose to the DFSA any matter which reasonably tends to show one of the following:
 - (a) a breach, or likely breach of a provision of the Law or other legislation administered by the DFSA;
 - (b) a failure, or likely failure, to comply with any obligation to which a person is subject under such legislation; or
 - (c) any other matter as the DFSA may prescribe in Rules;

which may be attributable to the conduct of the relevant Authorised Firm, ~~or an~~ Authorised Market Institution or a Public Listed Company, or of its directors, officers, employees or agents.

- (4) Article 104(3) shall not apply to the extent that compliance with such requirement would disclose a Privileged Communication.
- (5) An Authorised Firm, ~~or an~~ Authorised Market Institution or a Public Listed Company shall establish and implement appropriate systems and internal procedures to enable it and its auditor to comply with Article 104(3).
- (6) Any provision in an agreement between an Authorised Firm, ~~or an~~ Authorised Market Institution or a Public Listed Company, and a director, officer, employee, agent or auditor is void in so far as it purports to hinder any person from causing or assisting the auditor to comply with an obligation under Article 104(3).

- (7) No person shall be subjected to detriment or loss or damage merely by reason of undertaking any act to cause or assist an auditor to comply with an obligation under Article 104(3).
- (8) A Court may, on application of an aggrieved person, make any order for relief where the person has been subjected to any such detriment or loss or damage referred to in Article 104(7).

105. Supervision of auditors

- (1) The DFSA may in its absolute discretion suspend the registration of an Auditor.
- (2) The DFSA may make Rules setting out the grounds and manner in which registration may be suspended by the DFSA.

14. In Schedule 1, Interpretation, Defined Terms insert the underlined text and delete the struck through text as follows:

Term	Definition
Authorised Firm	a person who holds a Licence to carry on one or more Financial Services prescribed pursuant to Article 42(1)(a).
Authorised Market Institution	a person who is licensed by the DFSA in relation to the carrying on of one or more Financial Services prescribed pursuant to Article 42(1)(b).
Recognised Body	a person who holds a Recognition Notice, issued to it pursuant to Article 61 of the Law, recognising it as a Recognised Body.
Recognised Member	a person who holds a Recognition Notice, issued to that person pursuant to Article 61 of the Law, recognising it as a Recognised Member.
Recognition Notice	a notice issued by the DFSA pursuant to Article 61 of the Law.
Revocation Notice	a notice issued by the DFSA pursuant to Article 61(8) of the Law.
<u>Recognised Person</u>	<u>has the meaning given in Article 37(3) of the Markets Law [2011].</u>
<u>Public Listed Company</u>	<u>has the meaning given to that term in Article 97(2) of this Law.</u>