

Appendix 2

This appendix proposes additional changes to those consulted upon in Consultation Papers No. 75 and 76. Changes proposed in those consultation papers have been incorporated into these Rules and the additional changes proposed in this consultation paper are indicated by way of underlining indicating new text and striking through indicating deleted text.



The DFSA Rulebook

General Module

(GEN)

5 MANAGEMENT, SYSTEMS AND CONTROLS

5.1 Application

- 5.1.1** (1) Subject to (5), this chapter applies to every Authorised Person with respect to the Financial Services carried on in or from the DIFC.
- (2) It also applies in a Prudential Context to a Domestic Firm with respect to all its activities wherever they are carried on.
- (3) Section 5.3 also applies to an Authorised Firm in a Prudential Context with respect to its entire DIFC branch's activities wherever they are carried on.
- (4) This chapter also applies to an Authorised Market Institution, if it has an endorsed Licence authorising it to maintain an Official List of Securities, with respect to such maintenance.
- (5) Rules 5.3.13, 5.3.14, 5.3.15, 5.3.23, 5.3.24, 5.3.30 and 5.3.31 do not apply to an Authorised ISPV.
- (6) This chapter does not apply to a Representative Office.

Guidance

1. The purpose of this chapter is to set out the requirements for the Governing Body and the senior management within an Authorised Person who are to take direct responsibility for their Authorised Person's arrangements on matters likely to be of interest to the DFSA wherever they may give rise to risks to the DFSA's objectives or they affect the DFSA's functions under the legislation applicable in the DIFC. See also the requirements relating to organisation in Rules 5.3.2 and 5.3.3.
2. In relation to an Authorised Market Institution, this chapter should be read in conjunction with the AMI module.
3. In relation to an Authorised Firm which is a Fund Manager or the Trustee, this chapter should be read in conjunction with the CIR module and construed to take into account any Fund which the Authorised Firm operates or for which it acts as the Trustee.
4. In relation to an Authorised Person which carries on Islamic Financial Business in or from the DIFC, this chapter should be read in conjunction with the IFR module.

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8 ACCOUNTING AND AUDITING

8.1 Application

- 8.1.1** (1) This chapter applies subject to (2) to every:
- (a) Authorised Person other than a Representative Office;
 - (b) applicant for registration as an auditor with the DFSA; and
 - (c) Auditor registered with the DFSA.
- (2) This chapter does not apply to applicants for registration as Auditors in relation to Public Listed Companies.

Guidance

1. Chapter 4 of the Islamic Finance Rules (IFR) contains additional accounting and audit requirements that are specific to Islamic Financial Business.
2. Chapter 5 of the Markets Rules (MKT) contains the audit requirements that are specific to a Public Listed Company including registration criteria etc

8.2 Accounting standards

- 8.2.1** An Authorised Person must prepare and maintain all financial accounts and statements in accordance with the International Financial Reporting Standards (IFRS), ~~except to the extent it complies with section 4.2 of the Islamic Finance Rules (IFR) module with respect of its Islamic Financial Business.~~

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10 TRANSITIONAL RULES

10.1 Application

- 10.1.1** This chapter applies as follows:

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- (d) Rule 10.7.2 applies to every Authorised Person in respect of the corporate governance requirement in Rule 5.3.30 and the remuneration related requirement Rule 5.3.31; and

- (e) Rule 10.8.1 applies to an Authorised Person who has been authorised to conduct Islamic Financial Business as an Islamic Financial Institution or to operate an Islamic Window.

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10.8 Specific relief – IFR Module - Accounting Standards

- 10.8.1** Authorised Persons who were authorised to conduct Islamic Financial Business as an Islamic Financial Institution or to operate an Islamic Window immediately prior to the date on which the rule-making instrument No [x] came into force may for a period of not more than 2 years from such date continue to apply the accounting and auditing standards specified in the Rules in force immediately prior to that date.