



ANNEX A

In this Annex, underlining indicates new text and striking through indicates deleted text.



The DFSA Rulebook

Recognition

(REC)

7 RECOGNITION

7.1 Application

7.1.1 This chapter applies to a Recognised Member and an applicant for Recognition as a Recognised Member.

7.2 Application for recognition as a Recognised Member

7.2.1 A Person, referred to in this chapter as an applicant, who intends to carry on Financial Services in the DIFC for the purposes of, or in connection with, trading on or using the facilities of an Authorised Market Institution must apply for Recognition in accordance with the Rules in this chapter.

Guidance

An applicant, or potential applicant, to be a Recognised Member in relation to the activities prescribed by Rule 7.2.1 is advised to contact the DFSA to discuss their application at the earliest possible notice and prior to the submission of any written documentation. In particular, the appropriateness of such recognition will be discussed in relation to the proposed business activities.

~~**7.2.2** An applicant for Recognition must not be:~~

- ~~(a) an Authorised Firm or an applicant to be an Authorised Firm; or~~
- ~~(b) an Authorised Market Institution or an applicant to be an Authorised Market Institution;~~

~~and must:~~

- ~~(c) be licensed or authorised to perform the financial services it will be carrying on in the DIFC in another jurisdiction outside of the DIFC;~~
- ~~(d) be regulated in respect of those activities in (c) by a Financial Services Regulator to a standard satisfactory to the DFSA;~~
- ~~(e) have its head and registered offices outside of the DIFC; and~~
- ~~(f) be a Member of, or authorised to use the facilities of, an Authorised Market Institution, subject to being granted Recognition by the DFSA.~~

Guidance

1. ~~In determining whether the Financial Services Regulator is satisfactory to the DFSA, the DFSA will consider whether there are adequate arrangements in place for co-operation between the DFSA and the Financial Services Regulator. These arrangements will normally take the form of a memorandum of understanding between the DFSA and the Financial Services Regulator.~~
2. ~~The DFSA will accept an agreement in principle from the Authorised Market Institution under 7.2.2(f).~~

7.2.3 ~~An applicant for Recognition must submit a written application to the DFSA with:~~

- (a) ~~evidence of its licensed or authorised status outside of the DIFC jurisdiction; and~~
- (b) ~~the information required by chapter 8.~~

Guidance

~~Upon determination of an application for Recognition the DFSA will without undue delay notify the applicant in writing of its decision.~~

7.2.2 An applicant for Recognition must:

- (a) not be:
 - (i) an Authorised Firm or an applicant to be an Authorised Firm; or
 - (ii) an Authorised Market Institution or an applicant to be an Authorised Market Institution.
- (b) be able to comply with the requirements in either Rule 7.2.3(a) or Rule 7.2.3(b);
- (c) have its head and registered offices outside of the DIFC; and
- (d) subject to being granted Recognition by the DFSA, be a Member of, or authorised to use the facilities of, an Authorised Market Institution.

Guidance

The DFSA will accept an agreement in principle from the Authorised Market Institution for the purposes of the requirement in 7.2.2(d).

7.2.3 For the purposes of Rule 7.2.2(b), an applicant must:

(a) be:

- (i) licensed or authorised to perform the financial services it will be carrying on in the DIFC in a jurisdiction other than the DIFC; and
- (ii) regulated in respect of those activities in (i) by a Financial Services Regulator to a standard satisfactory to the DFSA; or,

(b) satisfy the DFSA that it:

- (i) is a Body Corporate of good standing and repute;
- (ii) will only conduct the Financial Service of Dealing in Investments as Principal in relation to Commodity Derivatives on an Authorised Market Institution, which is licensed to operate a market in Derivatives;
- (iii) has adequate and relevant expertise relating to dealing in Investments, which are Commodity Derivatives;
- (iv) has a Person, resident within the DIFC, authorised to accept service of notice and process on behalf of the applicant; and
- (v) will have in place adequate contractual arrangements to subject itself to the jurisdiction of the DFSA and DIFC Court relating to all matters arising out of its activities in or from the DIFC;

and the DFSA does not otherwise object.

Guidance

1. In determining whether the Financial Services Regulator is satisfactory to the DFSA for the purposes of Rule 7.2.3(a), the DFSA will consider whether there are adequate arrangements in place for co-operation between the DFSA and the Financial Services Regulator. These arrangements will normally take the form of a memorandum of understanding between the DFSA and the Financial Services Regulator.
2. Recognition under Rule 7.2.3(b) will not be available to persons proposing to conduct the Financial Service of Dealing in Investments as Agent relating to Commodity Derivatives.
3. Matters that the DFSA may take into account when assessing whether an applicant is of good standing and repute for the purposes of Rule 7.2.3(b)(i) include the reputation, high business integrity and good standing of the applicant and its members, directors and employees.
4. Matters that the DFSA may take into account when assessing whether an applicant has adequate and relevant expertise for the purposes of Rule 7.2.3(b)(iii) include any applicable minimum membership requirements of the relevant Authorised Market Institution.



7.2.4 An applicant for Recognition must submit a written application to the DFSA together with:

(a) either:

(i) evidence of its licensed or authorised status outside of the DIFC jurisdiction, if relying on Rule 7.2.3(a); or

(ii) sufficient evidence to demonstrate to the DFSA's satisfaction of its ability to meet the requirements in Rule 7.2.3(b) if relying on that Rule; and

(b) the information required by chapter 8; and

(c) any other additional information as required by the DFSA.

Guidance

Upon determination of an application for Recognition the DFSA will without undue delay notify the applicant in writing of its decision.