

Annex C

In this annex underlining indicates text which has been drawn from the OSR module of the DFSA Rulebook and inserted into this module with some minor modification where necessary. Striking through indicates deleted text.



The DFSA Rulebook

Authorised Market Institutions

(AMI)

1 INTRODUCTION

1.1 Application

- 1.1.1**
- (1) Subject to (2), this module applies to every Person who carries on, or intends to carry on, either or both of the Financial Services of Operating an Exchange or Operating a Clearing House in or from the DIFC.
 - (2) This module does not apply to a Recognised Body or a Person who intends to carry on a Financial Service as a Recognised Body.
- 1.1.2**
- (1) Chapter 6 also applies to a Person who is, or proposes to become, a Controller as specified in Rule 6.1.2.
 - (2) Chapter 11 also applies to an Authorised Market Institution's Money Laundering Reporting Officer.

Guidance

Interpretations

1. References to Articles in this module are references to Articles in the Regulatory Law unless stated otherwise.

The Regulatory Law 2004 and the Markets Law 2011

2. The Regulatory Law establishes a principle based framework for the licensing and supervision of Authorised Market Institutions and for taking regulatory action against those licensed institutions. This framework is supplemented by some supervisory powers and other requirements in relation to Authorised Market Institutions in the Markets Law 2011. The Laws provide for the creation of Rules in relation to these activities. This module contains those Rules.
3. The Markets Law 2011 further establishes a framework in relation to how an Authorised Market Institution administers and operates an Official List of Securities and stipulates some specific ~~Rule~~ requirements in respect of this, for example an Authorised Market Institution must have a set of listing rules that meet certain requirements.

1.2 Financial Services, ancillary services, official lists of securities and Authorised Market Institutions

Guidance

Financial Services

1. ~~Articles 41 and 42 prohibit a Financial Service from being carried on in or from the DIFC unless it is carried on by an Authorised Firm or an Authorised Market Institution whose Licence authorises it to do so or by a Recognised Body in respect of those Financial Services set out in its Recognition Notice. The Financial Services Prohibition under Article 41 of the Regulatory Law 2004 prohibits a Person from carrying on a Financial Service in or from the DIFC unless authorised to do so under a Licence. Recognised Bodies are exempted from the prohibition and the REC module provides the relevant Rules in respect of Recognised Bodies and, accordingly, Recognised Bodies are not the subject of this module.~~

2. The GEN module prescribes the Financial Services which may be carried on by an Authorised Firm or Authorised Market Institution.

Ancillary Services

3. Article 44(1) of the Regulatory Law 2004 prohibits a Person from carrying on Ancillary Services ~~from being carried on~~ in or from the DIFC unless they are carried on by an Ancillary Services Provider whose registration allows it to do so.
4. ~~The ASP module prescribes the Ancillary Services which may be carried on by an Ancillary Services Provider. An Authorised Market Institution, clearing house or settlement operator already established outside of the DIFC may, if not carrying on a Financial Service in or from the DIFC, instead apply to register to conduct the Ancillary Service of Operating a Management Office, Operating a Local Services Office or both in or from the DIFC.~~

Authorised Market Institutions and regulatory processes

- ~~5.4.~~ In addition to this module, the RPP Sourcebook sets out some of the regulatory process, in relation to Authorised Market Institutions. The regulatory processes contained here supplement other Rules that relate to Authorised Market Institutions. These are set out in the GEN, RPP SUP, ENF and Markets OSR modules of the Rulebook.
- ~~6.5.~~ The following modules of the Rulebook, in addition to this module, apply to Authorised Market Institutions:

Module	Applicable chapters
General (GEN)	1, 2, 3, 5, 6, 7 and 8
Supervision (SUP)	Chapters 2 – 8
Enforcement (ENF)	All chapters
Markets Offered Securities Rules (OSR)	7
Islamic Finance Rules (IFR)	2, 3 and 4

The AMI module

- ~~7.6.~~ Chapters 2 to 5 and chapter 7 set out the requirements for a new Licence application and also an application by an existing Authorised Market Institution to change the scope of its existing Licence.
- ~~8.7.~~ Chapters 8, 9, 10 and 11 contain Rules relating to the ongoing obligations and supervision of Authorised Market Institutions and are in addition to those set out in SUP and include a series of notification requirements, anti money laundering provisions and supervisory directions that may be made by the DFSA to Authorised Market Institutions under Article ~~9.26~~ of the Markets Law 2011.
- ~~9.8.~~ Chapter 12 refers to ENF which describes the DFSA’s enforcement powers under the Regulatory Law and outlines the policy for using these powers. ENF also establishes the framework for the DFSA’s decision making process and the giving of notice in relation to enforcement powers.
- ~~10.~~ ~~[Deleted] [RM69] [VER9/03-10].~~

Change in control

- ~~11.9.~~ Chapter 6 of this module covers the requirements with regard to changes and proposed changes to an Authorised Market Institution’s Controllers.

Official lists of securities

~~42_10~~ Chapter 7 contains a specific Licensing Requirement for applicants who wish to maintain an Official List of Securities. Chapter 10 contains some disclosure requirements in respect of listing decisions by an Authorised Market Institution and also some supervisory powers in relation to listings. Other Rules in respect of Authorised Markets Institutions and Official Lists of Securities are contained in OSR chapter 7.

.....

7 LICENSING REQUIREMENTS**7.2 Licensing requirements**

- 7.2.1** (1) An Authorised Market Institution must be able to satisfy the Licensing Requirements to the satisfaction of the DFSA at the time a Licence is granted and at all times thereafter.
- (2) The Licensing Requirements referred to in (1) are set out in this section and contain requirements relating to:
- (a) fitness and propriety;
 - (b) proper markets;
 - (c) financial resources;
 - (d) human and technology resources;
 - (e) systems and controls;
 - (f) Members' access to facilities;
 - (g) general safeguards for investors;
 - (h) identification, deterrence and prevention of Market Misconduct, financial crime and money laundering
 - (i) promotion and maintenance of standards;
 - (j) whistle blowing;
 - (k) clearing and settlement;
 - (l) transaction recording;
 - (m) safeguarding and administration of assets;
 - (n) Business Rules;

- (o) compliance with Business Rules;
- (p) complaints;
- (q) default rules;
- (r) an Official List of Securities; and
- (s) compliance with Listing Rules.

Proper markets

- 7.2.3** (1) An Exchange must have systems, policies and procedures which ensure that only:
- (a) Investment in which there is a proper market; or
 - (b) those Securities which are admitted to its Official List of Securities;
- are admitted to trading.
- (2) For a proper market to exist:
- (a) arrangements must be in place for relevant market information to be made available to Persons engaged in dealing on an equitable basis;
 - (b) Investments must serve an economic purpose;
 - (c) there must be a sufficient range and number of investors willing and able to generate adequate supply and demand in the Investments;
 - (d) where applicable, there must be a sufficiently liquid underlying cash market;
 - (e) where appropriate, there must be capacity to make and take delivery of the Investments; and
 - (f) the Business Rules and Listing Rules of an Exchange must allow for the discontinuance or suspension of trading in Investments when disclosure obligations have not been complied with and in other appropriate circumstances.
- (3) Securities in which there is a proper market and which are listed in a jurisdiction acceptable to the DFSA meet the requirements of ~~Article 17(1)(b) of the Markets Law 2004~~ in this Rule relating to proper markets.

Guidance

1. Before admitting to trading, Securities listed in jurisdictions elsewhere to trading, or any other type of Investment such as a derivative product, the Exchange the Authorised Market Institution should consider the following factors to determine whether a proper market exists in that Investment:

- a. any restrictions whether legal or physical on Persons who may hold the Investment;
 - b. the liquidity or anticipated liquidity of the Securities Investment;
 - c. the number of persons already holding the Securities Investment or interested in dealing in the Securities Investment;
 - d. whether there is sufficient relevant information available to allow market participants to make an informed judgement on the value of assets and underlying assets;
 - e. how the information required by market participants to make an informed assessment of the value of the Securities Investment ~~can be~~ is accessed; and
 - f. whether there are adequate settlement and delivery procedures in relation to the Securities Investment.
2. In determining whether ~~material~~ Inside Information is disclosed to allow investors to make an informed judgement of the value of the Securities Investment, the DFSA may consider the extent to which persons can obtain information about Securities Investments through acceptable channels of communication such as through third party information vendors. Where there is no alternative way to obtain information about a Security Investment, the Authorised Market Institution will need to provide those services.

.....

Market misconduct, financial crime and money laundering

7.2.9 An Authorised Market Institution must:

- (a) operate appropriate measures to identify, deter and prevent Market Misconduct, financial crime and money laundering on and through the Authorised Market Institution's facilities; and
- (b) report to the DFSA any Market Misconduct, financial crime and money laundering.

Guidance

1. In determining whether an Authorised Market Institution's measures are appropriate to reduce the extent to which its facilities can be used for Market Misconduct, financial crime or money laundering, the DFSA will consider:
 - a. whether the Authorised Market Institution has appropriate staff, surveillance systems, resources and procedures for this purpose;
 - b. the monitoring conducted for possible patterns of normal, abnormal or improper use of those facilities;
 - c. how promptly and accurately information is communicated about Market Misconduct, financial crime and money laundering to the DFSA and other appropriate organisations;

- d. how the Authorised Market Institution co-operates with relevant bodies in the prevention, investigation and pursuit of Market Misconduct, financial crime and money laundering; and
 - e. whether the Authorised Market Institution is able to demonstrate that it can comply with the applicable DIFC Laws and Rules and in particular:
 - i. the Markets Law ~~2004~~ 2011;
 - ii. the Regulatory Law ~~2004~~ 2011;
 - iii. the Federal Law No. 4 of 2002 “Criminalisation of Money Laundering” of the United Arab Emirates; and
 - iv. the Law Regulating Islamic Financial Business.
2. An Authorised Market Institution is also subject to the anti money laundering requirements in chapter 11.

.....

Business rules

- 7.2.15** An Authorised Market Institution must have clear and fair Business Rules which are legally enforceable against its Members, published and made freely available.

Guidance

The Business Rules should not include or approve any restrictive practices which may prevent effective competition for business in ~~Investments~~ Securities.

Compliance with business rules

- 7.2.16** (1) An Authorised Market Institution must have compliance procedures in place to ensure:
- (a) its Business Rules are monitored and enforced;
 - (b) complaints regarding Persons granted access to its facilities are investigated;
 - (c) appeal procedures are in place; and
 - (d) where appropriate, disciplinary action resulting in financial and other types of penalties is available.
- (2) An Exchange must have arrangements for monitoring compliance with its Business Rules in relation to the provision of clearing and settlement services in respect of transactions effected by its facilities.

Guidance

1. In determining whether an Authorised Market Institution can effectively monitor its Business Rules, the DFSA will consider:

- a. the oversight of activity conducted on its facilities;
 - b. the range of powers it retains over Persons granted access to its facilities, which should include the ability to modify, revoke or suspend access; and
 - c. the disciplinary procedures which have been established to take disciplinary action, including a fair and clear policy on any financial penalties which may be imposed, and the appeal processes.
2. In determining whether an Authorised Market Institution can effectively oversee the activities conducted on its facilities the DFSA will consider how non-compliance is identified and how the significance of any non-compliance is assessed.

Amendments to business rules

- 7.2.17** (1) Any amendment to an Authorised Market Institution's Business Rules must, prior to the amendment being effective, have been:
- (a) made available for a reasonable period of time to the market for consultation; and
 - (b) approved by the DFSA.
- (2) In urgent cases, the DFSA may, on written application by the Authorised Market Institution, dispense with the requirement in (1)(a).

- 7.2.18** An Authorised Market Institution must have procedures for notifying users of the amendments referred to in Rule 7.2.17.

Guidance

1. Amendments include the introduction of new Business Rules as well as changes to existing Business Rules.
2. Any consultation on Business Rules should include:
 - a. informal discussions at an early stage with users of the facilities and appropriate representative bodies;
 - b. publication of a formal consultation paper which includes clearly expressed reasons for the changes and an appropriately detailed assessment of the likely costs and benefits;
 - c. adequate time for users of its facilities to respond to the consultation paper and for the Authorised Market Institution to take responses properly into account;
 - d. adequate arrangements for making responses to the consultation available for inspection by users of its facilities unless the respondent requests otherwise;
 - e. adequate arrangements for ensuring that the Authorised Market Institution has proper regard to the comments received; and
 - f. publication, no later than the publication of the amended rules, of a reasoned account of the Authorised Market Institution's decision to amend its rules.
3. The DFSA expects that an Authorised Market Institution will submit proposed changes at least 28 days before the proposed effective date. Furthermore, when submitting amendments of the Business Rules to the DFSA, the Authorised Market Institution will need to:

- a. set out the text of the amendment (including a marked-up version for comparison);
 - b. provide an explanation for the amendment; and
 - c. provide the DFSA with the proposed effective date.
4. In urgent cases, the DFSA may dispense with the requirement for market consultation but will still require the Authorised Market Institution to seek approval prior to making any amendment effective.

Default rules

7.2.18 7.2.19 An Authorised Market Institution must have default rules which in the event of a Member being, or appearing to be, unable to meet his obligations in respect of one or more contracts, enables action to be taken in respect of unsettled market contracts to which the Member is a party.

Guidance

The DFSA requires all Authorised Market Institutions to have default rules under Article 11 of the Markets Law. Default rules allow an Authorised Market Institution to close-out open positions by discharging the appropriate rights and liabilities of transactions which a person granted access to its facilities can not, or may not, be able to fulfil.

Official list of securities

- ~~7.2.19~~ (1) ~~An Exchange wishing to admit Securities to its own Official List of Securities must have Listing Rules.~~
- ~~(2) Listing rules must be made by an Exchange in accordance with Article 18 of the Markets Law 2004 and must also be approved by the DFSA.~~
- ~~(3) Listing Rules must be clear and fair, legally enforceable and published and made freely available.~~
- ~~(4) The Listing Rules of an Authorised Market Institution must include, where appropriate to the type the Securities being admitted to the Official List of Securities, requirements in respect of:~~
- ~~(a) an Issuer's financial reporting and, in particular how regular reports are made and the international accounting standards to which they comply;~~
 - ~~(b) auditing standards;~~
 - ~~(c) an Issuer's track record in terms of profit or operating history;~~
 - ~~(d) the amount of Securities in the class of Securities which can be considered as in free float;~~
 - ~~(e) any restrictions that may exist on transferability; and~~
 - ~~(f) any other matter deemed necessary by the DFSA~~

Guidance

1. ~~Securities that have been admitted to an Official List of Securities by an Authorised Market Institution may be admitted to trading under Rule 7.2.3 subject to no further conditions.~~
2. ~~It may not be appropriate for all types of Exchange to administer its own Official List of Securities. For example, an Exchange that only trades derivatives may not administer an Official List of Securities. In addition, an Exchange that only wishes to trade Securities on its facilities without listing Securities need not operate an Official List of Securities. An Exchange that does maintain an Official List of Securities must have its Licence endorsed in accordance with Article 17.2 of the Markets Law 2004.~~

- 7.2.20** (1) An Authorised Market Institution wishing to maintain its own Official List of Securities must have listing rules that meet the requirements in section 8.
- (2) An Authorised Market Institution must have adequate systems and controls to comply with the requirements that are applicable to it in respect of an Official List of Securities maintained by itself or by the DFSA for the purposes of trading of Securities using its facilities.

Complaints

- ~~7.2.17~~ **7.2.21** (1) An Authorised Market Institution must have effective arrangements in place for the investigation and resolution of complaints made against it.
- (2) An Authorised Market Institution must establish and maintain a register of complaints made against it and their resolution. Records of the complaints must be maintained for a minimum of six years.

Guidance

1. Procedures should be in place to acknowledge a complaint promptly, for making an objective consideration of the complaint and for a timely response to be sent to the complainant. The response should inform the complainant that, if he is not satisfied with the response, he should contact the DFSA.
2. Complaints should be fairly and impartially investigated by a person not involved in the conduct about which the complaint has been made. At the conclusion of the investigation a report should be prepared and provided to the relevant Key Individuals.

Compliance with listing rules

~~7.2.20~~ An Exchange must have procedures in place to ensure:

- (a) ~~its Listing Rules are monitored and enforced; and~~
- (b) ~~complaints regarding persons subject to the Listing Rules are investigated.~~

~~7.2.21~~ An Exchange must ensure that:

- (a) ~~where appropriate, disciplinary action may be carried out and financial and other types of penalties can be imposed on persons subject to the Listing Rules; and~~

~~(b) — appeal procedures are in place.~~

Guidance

~~In determining whether an Exchange can effectively monitor its Listing Rules, the DFSA will consider amongst other things:~~

- ~~a. — the oversight of the Official List of Securities;~~
- ~~b. — the range of powers the Exchange retains over Persons with Securities admitted to its Official List of Securities which should include the ability to suspend, restore from suspension and de-list Securities from the Official List of Securities in accordance with this module; and~~
- ~~c. — the disciplinary procedures which have been established to take disciplinary action, including a fair and clear policy on any financial penalties which may be imposed, and the appeal processes.~~

8 LISTING RULES

8.1 Application

8.1.1 This chapter applies to an Authorised Market Institution.

8.2 General requirements relating to listing rules

Prior approval of the DFSA

- 8.2.1** (1) An Authorised Market Institution wishing to admit Securities to its own Official List of Securities must obtain the prior approval of the DFSA for its listing rules.
- (2) Any amendment to an Authorised Market Institution's listing rules must, prior to the amendment becoming effective, have been:
- (a) made available for a reasonable period of time to the market for consultation; and
 - (b) approved by the DFSA.
- (3) In urgent cases, the DFSA may, on written application by the Authorised Market Institution, dispense with the requirement in (2)(a).

Publication of listing rules

- 8.2.2** (1) An Authorised Market Institution must publish, and make freely available, its listing rules.
- (2) Where an Authorised Market Institution has made any amendments to its listing rules, it must have adequate procedures for notifying users of such amendments.

Content of listing rules

- 8.2.3** (1) The listing rules of an Authorised Market Institution must be clear, fair and legally enforceable and contain provisions dealing with:
- (a) procedures for admission of Securities to its Official List of Securities including:
 - (i) requirements to be met before Securities may be granted admission to its Official List of Securities; and
 - (ii) agreements in connection with admitting Securities to its Official List of Securities;
 - (b) effective enforcement of the agreements referred to in (a)(ii);
 - (c) procedures for suspension and delisting of Securities from its Official List of Securities;
 - (d) the imposition on any Person of obligations to observe specific standards of conduct or to perform, or refrain from performing, specified acts, reasonably imposed in connection with the admission of Securities to its Official List of Securities or continued admission of Securities to its Official List of Securities;
 - (e) penalties or sanctions which may be imposed by an Authorised Market Institution or the DFSA for a breach of the listing rules;
 - (f) procedures or conditions which may be imposed, or circumstances which are required to exist, in relation to matters which are provided for in the listing rules;
 - (g) actual or potential conflicts of interest that have arisen or might arise when a Person seeks to have Securities admitted to its Official List of Securities; and
 - (h) such other matters as are necessary or desirable for the proper operation of the listing rules and process.
- (2) Without limiting the generality of the requirements in (1), the listing rules of its Authorised Market Institution must also include, where appropriate to the type the Securities being admitted to its Official List of Securities, requirements in respect of:

- (a) an issuer's financial reporting and, in particular how regular reports are made and the international accounting standards to which they comply;
- (b) auditing standards;
- (c) an issuer's track record in terms of profit or operating history;
- (d) the percentage of Securities in a class of Securities which can be considered as in free float;
- (e) any restrictions that may exist on transferability; and
- (f) any other matter deemed necessary by the DFSA.

Compliance with listing rules

8.2.4 An Authorised Market Institution must have procedures in place to ensure that:

- (a) its listing rules are monitored and enforced; and
- (b) complaints regarding Persons subject to the listing rules are investigated.

8.2.5 An Authorised Market Institution must ensure that:

- (a) where appropriate, disciplinary action can be carried out and financial and other types of penalties can be imposed on Persons subject to the listing rules; and
- (b) appeal procedures are in place.

Guidance

In determining whether an Authorised Market Institution can effectively monitor its listing rules, the DFSA will consider amongst other things:

- a. the oversight of the Official List of Securities;
- b. the range of powers the Authorised Market Institution retains over Persons with Securities admitted to its Official List of Securities which should include the ability to suspend, restore from suspension and de-list Securities from the Official List of Securities in accordance with this module; and
- c. the disciplinary procedures which have been established to take disciplinary action, including a fair and clear policy on any financial penalties which may be imposed, and the appeal processes.

8.3 Admission to an Official List of Securities

Guidance

1. The DFSA has powers under Article 32 of the Markets Law 2011 in relation to the admission of Securities to an Official List of Securities maintained by an Authorised Market Institution. Under that Article the DFSA may:
 - a. object to an admission of Securities to an Official List of Securities; or
 - b. impose conditions or restrictions on an admission of Securities to an Official List of Securities .
2. Where the DFSA objects to an application for an admission of Securities to an Official List of Securities, the Authorised Market Institution is prohibited from admitting Securities to its Official List of Securities by virtue of Article 34 of the Markets Law 2011.
3. Where the DFSA does so, the applicant may make representations within fourteen days of the date of the notification. If representations are made, the DFSA shall provide a response and make any consequential variants or withdrawals without undue delay.
4. Pursuant to Article 36 of the Markets Law 2011, the Regulatory Appeals Committee has jurisdiction to hear and determine any appeal in relation to a decision by the DFSA to object or impose conditions or restrictions upon an admittance of Securities to an Official List of Securities.
5. The DFSA expects to exercise these powers rarely. An Authorised Market Institution is responsible for assessing applications to its Official List of Securities. This section sets out the process for dealing with applications for admission.

8.3.1 (1) Applications for the admission of Securities to an Official List of Securities must be made by the issuer of the Securities, or by a third party on behalf of and with the consent of the issuer of the Securities.

- (2) An Authorised Market Institution must, before granting admission of any Securities to an Official List of Securities maintained by it:
- (a) be satisfied that the applicable requirements including those in its listing rules have been or will be fully complied with in respect of those Securities; and
 - (b) comply with the requirements relating to notification to the DFSA in Rule 8.3.2(1).

(3) An Authorised Market Institution must notify an applicant in writing of its decision in relation to the application for admission of Securities to an Official List of Securities.

8.3.2 (1) Subject to (2), at least 5 business days prior to an admission of Securities to an Official List of Securities, an Authorised Market Institution must provide the DFSA with notice of the decision and include the following information in the notification:

- (a) a copy of the listing application;

- (b) a copy of the assessment of the listing application carried out by the Authorised Market Institution; and
 - (c) any information requested by the DFSA.
- (2) An Authorised Market Institution must immediately notify the DFSA of any decision to suspend, restore from suspension or de-list any Securities from its Official List of Securities and the reasons for the decision.

8 9. ONGOING OBLIGATIONS OF AN AUTHORISED MARKET INSTITUTION

8 9.1 Application

8 9.1.1 This chapter applies to an Authorised Market Institution.

8 9.2 General obligations

8 9.2.1 An Exchange must at all times do all things necessary to ensure that its market is fair, orderly and efficient.

8 9.2.2 A Clearing House must at all times do all things necessary to ensure that its facilities are operated in a fair and efficient way and which reduces systemic risk.

8 9.3 Reports

8 9.3.1 For the purposes of Article 74(2) of the Regulatory Law 2004, an Authorised Market Institution must deliver to the DFSA a report in writing at such times as the DFSA may direct addressing those matters contained in Article 74(2)(a)-(d) and such other matters as the DFSA may reasonably require.

~~**9 AMENDMENTS TO BUSINESS RULES AND LISTING RULES**~~

~~**9.1 Application**~~

~~**9.1.1** This chapter applies to an Authorised Market Institution.~~

~~**9.2 Amendments**~~

~~**9.2.1** (1) Any amendment to an Authorised Market Institution's Business Rules or Listing Rules must, prior to the amendment being effective, be:~~

(a) ~~available for market consultation; and~~

(b) ~~approved by the DFSA.~~

(2) ~~In urgent cases, the DFSA may, on written application by the Authorised Market Institution, dispense with the requirement in (1)(a).~~

9.2.2 ~~An Authorised Market Institution must have procedures for notifying users of these amendments.~~

Guidance

1. ~~Amendments include the introduction of new Business Rules or Listing Rules as well as changes to existing Business Rules and Listing Rules.~~

2. ~~Any Business Rules and Listing Rules consultation should include:~~

~~g. informal discussions at an early stage with users of the facilities and appropriate representative bodies;~~

~~h. publication of a formal consultation paper which includes clearly expressed reasons for the changes and an appropriately detailed assessment of the likely costs and benefits;~~

~~i. adequate time for users of its facilities to respond to the consultation paper and for the Authorised Market Institution to take responses properly into account;~~

~~j. adequate arrangements for making responses to the consultation available for inspection by users of its facilities unless the respondent requests otherwise;~~

~~k. adequate arrangements for ensuring that the Authorised Market Institution has proper regard to the comments received; and~~

~~l. publication, no later than the publication of the amended rules, of a reasoned account of the Authorised Market Institution's decision to amend its rules.~~

3. ~~The DFSA expects that an Authorised Market Institution will submit proposed changes at least 28 days before the proposed effective date. Furthermore, when submitting amendments of the Business Rules or Listing Rules to the DFSA, the Authorised Market Institution will need to:~~

~~a. set out the text of the amendment (including a marked up version for comparison);~~

~~b. provide an explanation for the amendment; and~~

~~c. provide the DFSA with the proposed effective date.~~

4. ~~In urgent cases, the DFSA may dispense with the requirement for market consultation but still requires the Authorised Market Institution to seek approval prior to making any amendment effective.~~

10 SUPERVISION OF AUTHORISED MARKET INSTITUTIONS

.....

10.8 Notification in respect of trading

~~10.8.1~~ Where an Authorised Market Institution proposes to remove from trading or admit to trading, by means of its facilities a class of Investment which it has not previously traded, but is licensed to do so, it must give the DFSA notice of that event, at the same time as the proposal is communicated to persons granted access to its facilities or shareholder, with the following information;

- ~~(a)~~ a description of the Investment to which the proposal relates;
- ~~(b)~~ where that Investment is a derivative product, the proposed terms of that derivative; and
- ~~(c)~~ the name of any clearing or settlement facility in respect of that Investment.

~~10.8.2~~ Where an Authorised Market Institution decides to suspend, restore from suspension or cease trading any Investment it must immediately notify the DFSA and any person granted access to its facilities of the decision.

~~10.8.3~~ Where a Clearing House proposes to cease clearing or settling, or to clear or settle by means of its facilities a class of Investment which it has not previously traded, but is licensed to do so, it must give the DFSA notice of that event, at the same time as the proposal is communicated to persons granted access to its facilities or shareholder, with the following information;

- ~~(a)~~ a description of the Investment to which the proposal relates;
- ~~(b)~~ where that Investment is a derivative product, the proposed terms of that derivative; and
- ~~(c)~~ the name of any trading facility in respect of that Investment.

10.8 Notification in respect of delisting or suspension

Delisting or suspension of Securities by an Authorised Market Institution

Guidance

An Authorised Market Institution has the power under Article 35(1) of the Markets Law 2011 to delist or suspend Securities from its Official List of Securities.

10.8.1 Where an Authorised Market Institution delists, suspends or restores from suspension any Securities on its Official List of Securities, it must immediately notify the DFSA of its decision and the reasons for the decision.

.....

10.10 Investigations and disciplinary action

.....

Directions by an Exchange Authorised Market Institution

10.10.5 Where an Exchange Authorised Market Institution:

- (a) decides to limit the open position of any Person in ~~Investments~~ Securities; or
- (b) issues directions to any Person to close out his position in any Investment;

that Exchange Authorised Market Institution must immediately give the DFSA notice of that event, and the Person's name, the Investment and size of any position to be limited or closed-out and the reasons for the Exchange Authorised Market Institution's decision.

.....

10.11 Supervisory directions

Guidance

1. Article 9 of the Markets Law provides as follows:

“(1) Without limiting the application of the Regulatory Law, the DFSA may by written notice direct an Authorised Market Institution to do or not do specified things that the DFSA considers are necessary or desirable to comply with the Law or ensure the integrity of the financial services industry in the DIFC, including but not limited to directions:

- (a) requiring compliance with any duty, requirement, prohibition, obligation or responsibility applicable to an Authorised Market Institution; or*
- (b) requiring an Authorised Market Institution to act in a specified manner in relation to transactions conducted on or through the facilities operated by an Authorised Market Institution, or in relation to a specified class of transactions.*

(2) Without limiting the application of Article 75 of the Regulatory Law 2004, the DFSA may, with the approval of the Council, by written notice direct an Authorised Market Institution to:

- (a) close the market or facilities operated by an Authorised Market Institution in a particular manner or for a specified period;*
- (b) suspend transactions on the market or through the facilities operated by an Authorised Market Institution;*

-
- (c) *suspend transactions in ~~Investments~~ Securities conducted on the market or through the facilities operated by an Authorised Market Institution;*
 - (d) *prohibit trading in ~~Investments~~ Securities conducted on the market or through the facilities operated by an Authorised Market Institution;*
 - (e) *defer for a specified period the completion date of transactions conducted on the market or through the facilities operated by an Authorised Market Institution; or*
 - (f) *do any act or thing, or not do any act or thing, in order to ensure an orderly market, or reduce risk to the DFSA's objectives.*
- (3) *The Regulatory Appeals Committee has jurisdiction to hear and determine any appeal in relation to a decision to issue a direction under this Article.*
- (4) *Where an Authorised Market Institution has made rules for the purpose of persons using its facilities and has not exercised powers under those Rules and where the DFSA reasonably considers it necessary and desirable to do so, the DFSA may exercise the powers contained in the Rules as though it was the Authorised Market Institution."*
2. The DFSA expects to use these powers only in exceptional circumstances. Factors the DFSA will consider in exercising these powers include:
- a. what steps the Authorised Market Institution has taken or is taking in respect of the issue being addressed in the planned direction;
 - b. the impact on the DFSA's objectives if a direction were not issued; or
 - c. whether it is in the interests of the DIFC.
3. The written notice given by the DFSA will specify what an Authorised Market Institution is required to do under the exercise of such powers. Though the DFSA is not required to do so under the Markets Law, in most cases, the DFSA will contact the Authorised Market Institution prior to issuing such a direction.

.....

10.13 Public disclosures of decisions in relation to an Official List of Securities and traded investments

- 10.13.1** (1) An ~~Exchange~~ Authorised Market Institution must make a market disclosure:
- (a) on the website of the ~~Exchange~~ Authorised Market Institution;
 - (b) to NASDAQ Dubai Limited for public dissemination; and
 - (c) to the DFSA
- of decisions in relation to the following events:
- (d) an admission of Securities to an Official List of Securities,
-

- (e) a suspension of Securities from an Official List of Securities;
 - (f) a restoration from suspension of Securities from an Official List of Securities;
 - (g) a delisting of Securities from an Official List of Securities; and
 - (h) a suspension, restoration from suspension or decision to cease trading of any Investment.
- (2) The disclosure made in accordance with (1) should also indicate whether the event was made under a direction made to the Exchange Authorised Market Institution by the DFSA.

Guidance

Disclosures made in accordance with Rule 10.13.1 are designed to help ensure that an orderly market exists in relation to Securities admitted to an Official List of Securities.

.....

11 ANTI MONEY LAUNDERING RULES FOR AUTHORISED MARKET INSTITUTIONS

.....

11.10 Money laundering risks

.....

Suspicious transactions and transaction monitoring

- 11.10.3** An Authorised Market Institution must establish and maintain policies, procedures, systems and controls in order to monitor and detect suspicious transactions.

Guidance

1. An Authorised Market Institution should apply an intensified and ongoing monitoring programme over higher risk transactions and accounts.
2. Various risk aspects about transaction monitoring and about the detection of suspicious transactions, which the Authorised Market Institution should take into account, are set out as further Guidance in App3 section A3.3.
3. An Exchange Authorised Market Institution may have transaction monitoring arrangements which are less sophisticated than those for clearing houses.

.....

14 APPEALS OF EXCHANGE AUTHORISED MARKET INSTITUTION DECISIONS

14.1 Application

- 14.1.1** (1) Pursuant to Article ~~56~~ 68(2)(d) of the Markets Law, any ~~p~~Person who:
- (a) is aggrieved by a decision of the ~~Exchange~~ Authorised Market Institution;
 - (b) has a right to a further appeal of the ~~Exchange~~ Authorised Market Institution decision to a tribunal under the Business ~~or Listing~~ Rules of that ~~Exchange~~ Authorised Market Institution; and
 - (c) has exhausted the internal appeal process of that ~~Exchange~~ Authorised Market Institution;
- may appeal the ~~Exchange~~ Authorised Market Institution decision to the Financial Markets Tribunal by a notice in writing sent to the Financial Markets Tribunal within 30 days after the date on which the ~~Exchange~~ Authorised Market Institution sent the notice of the decision to the person.
- 14.1.2** (2) The grounds on which an appeal may lie under this Rule are limited to the following:
- (a) an error of law or jurisdiction;
 - (b) a breach of the rules of natural justice; or
 - (c) the decision is manifestly unreasonable.
- 14.1.3** (3) The Financial Markets Tribunal has jurisdiction to hear and determine an appeal of an ~~Exchange~~ Authorised Market Institution decision filed under this Rule and may uphold, vary or reverse the ~~Exchange~~ Authorised Market Institution decision under appeal or refer the matter back to the ~~Exchange~~ Authorised Market Institution for further reconsideration.
- 14.1.4** (4) The powers of the Financial Markets Tribunal prescribed under Article ~~57~~ 69 of the Markets Law 2011 apply to appeals brought under this Rule.

.....

APP3 Money laundering risks

A3.1 Risk assessment

Guidance relating to Rule 11.10.1

1. The securities sector on a global scale is characterised by its diversity, the ease with which trading can take place (through electronic trading for example) and the ability to perform transactions in markets with little regard to national borders. These characteristics, along with the sheer volume of transactions, also make the securities sector potentially vulnerable to the laundering of funds. The securities sector is to be understood in the broader sense and shall include all trading and related activities relating to ~~Investments~~ Securities.

.....