

## MODIFICATION NOTICE

<b>To</b>	<b>E*TRADE Securities Limited</b>
<b>Address</b>	Level 12, The Gate Building, DIFC, P.O. Box 121208, Dubai, UAE
<b>DFSA Firm Reference No.</b>	<b>F000396</b>
<b>Notice No.</b>	<b>W230/2006</b>

### THE DFSA HEREBY GIVES NOTICE THAT:

The Rules specified in the table herein do not apply to the above mentioned Person in the form appearing in the Rulebook but instead apply to that Person in the modified form prescribed in that table below.

This notice is issued by the DFSA under Article 25 of the Regulatory Law 2004.

**Effective date:** This notice comes into effect on 11 January 2007 and remains in effect until 29 November 2008, or the date on which any Rule specified herein is amended, whichever is the earlier.

### RULES MODIFIED

The Rules listed in the left hand column of the table below are modified as shown in the right hand column of the table. In this table, underlining indicates new text and striking through indicates deleted text.

The version of Rules to which this notice relates is GEN/VER12/11-06.

Rule	Modified Text
GEN 8.2.1	<p>(1) An Authorised Person must prepare and maintain all financial accounts and statements in accordance with:</p> <p>(a) <u>the International Financial Reporting Standards (IFRS);</u> or</p> <p>(b) <u>the generally accepted accounting principles of the United Kingdom (UK GAAP);</u></p>

	<p>unless (2) or (3) applies.</p> <p>(2) If an Authorised Firm is an Islamic Financial Institution it must prepare and maintain all financial accounts and statements in accordance with the accounting standards of the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).</p> <p>(3) If an Authorised Person operates an Islamic Window it must prepare and maintain all financial accounts and statements in accordance with the IFRS, as supplemented by AAOIFI FAS 18 in respect of its Islamic Financial Business.</p>
<p>GEN 8.6.1</p>	<p>An Authorised Firm or Authorised Market Institution, as applicable, must in writing require its auditor to:</p> <p>(a) conduct an audit of the Authorised Person's accounts in accordance with the requirements of the relevant standards published:</p> <ul style="list-style-type: none"> <li>(i) <u>the International Auditing and Assurance Standards Board (IAASB) or the Auditing Standards issued by the UK Auditing Practices Board (APB)</u>, in respect of conventional financial business; and</li> <li>(ii) the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) in respect of any Islamic Financial Business undertaken;</li> </ul> <p>(b) produce a report on the audited accounts which states:</p> <ul style="list-style-type: none"> <li>(i) whether, in the auditor's opinion, the accounts have been properly prepared in accordance with the requirements imposed by this chapter;</li> <li>(ii) in particular, whether the accounts give a true and fair view of the financial position of the Authorised Person for the financial year and of the state of the Authorised Person's affairs at the end of the financial year end;</li> </ul>

	<p>and</p> <p>(iii) any other matter or opinion relating to the requirements of this chapter;</p> <p>(c) produce an Auditor's Annual Report which states whether:</p> <p>(i) the auditor has audited the Authorised Person's annual financial statements in accordance with the IAASB or <u>APB and AAOIFI</u> in respect of Islamic Financial Business;</p> <p>(ii) the auditor has carried out any other procedures considered necessary, having regard to the IAASB <u>or APB</u> and to AAOIFI auditing standards in respect of Islamic Financial Business;</p> <p>(iii) the auditor has received all necessary information and explanations for the purposes of preparing this report to the DFSA;</p> <p>(iv) .....<i>and so on up to and including (h)</i>.....</p>

**CONDITIONS**

None.

**INTERPRETATION**

The provisions in this notice are to be construed in accordance with GEN section 6.2 as if these provisions are provisions of the Rulebook.

Defined terms are identified in this notice by the capitalisation of the initial letter of a word or of each word in a phrase and are defined in the Glossary (GLO). Unless the context otherwise requires, where capitalisation of the initial letter is not used, an expression has its natural meaning.

This notice was issued by:

Name: David Knott

Position: Chief Executive

Date: 11 January 2007