

WAIVER AND MODIFICATION NOTICE

To	Smart Crowd Limited
Address	The FinTech HIVE at DIFC, Level 4, Gate Precinct 5, DIFC, Dubai, UAE
DFSA Firm Reference No.	F004285
Notice No.	W582/2018

THE DFSA HEREBY GIVES NOTICE THAT:

The previous Waiver and Modification Notice No. W563/2018 is revoked and replaced by this Notice.

The Rules specified in Table 1 to this notice are waived in relation to SmartCrowd Limited.

The Rules specified in the left hand column of Table 2 to this notice do not apply to SmartCrowd Limited in the form appearing in the Rulebook but instead apply as modified in the right hand column of that table.

RULES WAIVED

TABLE 1	
Module	Rules
COB	Rules 11.3.2 and 11.3.5
GEN	Section 5.2, Rules 5.3.4, 5.3.5, 5.3.6, 5.3.13, 5.3.14, 5.3.15, 5.3.16, 5.3.17, 5.3.30, 5.3.31, 7.4.5, 7.4.6, 7.4.8 and Section 8
AML	Rules 11.2.1, 11.2.3 and 11.2.4

RULES MODIFIED

TABLE 2	
Rule	Modified Text
GEN 2.2.10F	A Crowdfunding Operator must not Operate a Crowdfunding Platform that facilitates a Person investing in the following kinds of Investments through the platform: (a) Warrants, Certificates , Units or Structured Products; or

	(b) Derivatives.
GEN 2.29.1	<p>(1) In Rule 2.2.2, a Person carries on the activity of Operating a Crowdfunding Platform if the Person:</p> <p>(a) Operates a Loan Crowdfunding Platform; or</p> <p>(b) Operates an Investment Crowdfunding Platform.</p> <p>(2) A Person Operates a Loan Crowdfunding Platform under (1)(a) if it does both of the following:</p> <p>(a) operates an electronic platform that facilitates the bringing together of potential lenders and borrowers; and</p> <p>(b) administers a loan agreement that results from operating the electronic platform.</p> <p>(3) If the Person referred to in (2) also provides a facility that assists a lender to transfer his rights and obligations under a loan agreement referred to in that paragraph, that activity is also included within Operating a Loan Crowdfunding Platform.</p> <p>(4) A Person Operates an Investment Crowdfunding Platform under (1)(b) if it does both of the following:</p> <p>(a) operates an electronic platform that facilitates the bringing together of potential investors and Persons who wish to <u>sell property</u> obtain funding for a business or project, resulting in an investor making an Investment <u>in property with the Person seeking funding</u>; and</p> <p>(b) administers an Investment that results from operating the electronic platform.</p> <p>(5) If the Person referred to in (4) also provides a facility that assists an investor to sell an investment referred to in that paragraph, that activity is also included within Operating an Investment Crowdfunding Platform.</p> <p>(6) In this Rule:</p> <p>(a) “administer a loan agreement” means:</p> <p>(i) provide information or perform other duties under the loan agreement on behalf of the borrower or lender;</p> <p>(ii) take steps to obtain the repayment of the loan; or</p> <p>(iii) exercise rights or perform obligations under the loan agreement on</p>

	<p>behalf of the borrower or lender;</p> <p>(b) “administer an Investment” means:</p> <p>(i) provide information or perform other duties relating to the <u>property or Investment on behalf of the issuer or investor</u>;</p> <p>(ii) take steps to obtain the payment of any amount payable by the issuer to an investor; or</p> <p>(iii) exercise rights or perform obligations relating to the Investment on behalf of the issuer or investor;</p> <p>(iv) <u>arrange for any services to be provided relating to the property; or</u></p> <p>(v) <u>arrange for the sale of the property at the end of the investment period;</u></p> <p>(c) “electronic platform” means a website or other form of electronic media; <u>and</u></p> <p>(d) <u>“property” means a house, villa or apartment including if applicable, any land attached to the house, villa or apartment.</u></p> <p>(7) A Person (A) administers a loan agreement or an Investment for the purposes of this Rule if A performs a function itself or through another Person who has been appointed by A, acts under an arrangement with A or acts at A’s direction.</p> <p>(8) <u>In this Rule, a reference to an investor making an Investment in property includes making an investment in a legal vehicle that owns the property (whether directly or indirectly).</u></p>
GEN 5.3.9	An Authorised Person must ensure that the Compliance Officer has access to it <u>allocates sufficient resources to compliance</u> , including an adequate number of competent staff, to perform his and that compliance duties can be carried out objectively and independently of operational and business functions.
GEN 5.3.10	An Authorised Person must ensure that <u>persons performing compliance duties have</u> the Compliance Officer has unrestricted access to relevant records and to the Authorised Person’s Governing Body and senior management.
GEN 7.4.2	The Senior Executive Officer function is carried out by an individual who:
	<p>(a) has, either alone or jointly with other Authorised Individuals, ultimate responsibility for:</p> <p>(i) the day-to-day management, supervision and control of one or more (or all) parts of an Authorised Firm’s Financial Services carried on in or from the DIFC;</p> <p>(ii) <u>compliance matters in relation to the Authorised Firm’s Financial Services; and</u></p>

	<p>(iii) <u>implementation of the Authorised Firm's anti-money laundering policies, procedures, systems and controls and oversight of its compliance with the Rules in AML and any relevant anti money laundering legislation applicable in the DIFC; and</u></p> <p>(b) is a Director, Partner or Senior Manager of the Authorised Firm.</p>
GEN 7.5.1	<p>(1) An Authorised Firm must, subject to (2), make the following appointments appoint a Senior Executive Officer and ensure that the position is they are held by one or more an Authorised Individuals at all times:</p> <p>(a) Senior Executive Officer;</p> <p>(b) Finance Officer;</p> <p>(c) Compliance Officer; and</p> <p>(d) Money Laundering Reporting Officer.</p> <p>(2)</p>
GEN 7.6.13	<p>An Authorised Firm must ensure, in the case of <u>an</u> individuals seeking to perform the Licensed Functions of Senior Executive Officer, Money Laundering Reporting Officer, or Compliance Officer, that such the individuals are <u>is</u> able to demonstrate sufficient knowledge of relevant anti money laundering requirements.</p>
COB 11.2.2	<p>In this chapter:</p> <p>(a) “borrower” means a Person that has borrowed or is seeking to borrow money using a Loan Crowdfunding Platform;</p> <p>(b) “commitment period” means the period specified by the operator during which lenders may commit to lending money to a particular borrower or investors may commit to investing with a particular Issuer <u>in a particular property</u>;</p> <p>(c) “cooling-off period”, for Investment Crowdfunding, means the period referred to in Rule 11.5.2 when an investor may withdraw his commitment to invest with an Issuer <u>in a particular property</u>;</p> <p>(d) “investor” means an investor or potential investor using an Investment Crowdfunding Platform;</p> <p>(e) “lender” means a Person who:</p> <p>(i) lends money under a loan agreement; or</p> <p>(ii) by assignment has assumed the rights and obligations of a Person who has lent money under a loan agreement;</p>

	<p>(f) “loan agreement” means a loan agreement between a borrower and lender referred to in Rule 11.4.1;</p> <p>(g) “operator” means a Crowdfunding Operator;</p> <p>(h) “platform” means the website or other electronic media used to provide the service;</p> <p><u>(ha) “property” means a house, villa or apartment including, if applicable, any land attached to the house, villa or apartment.</u></p> <p><u>(hb) “seller” means a person selling property using a Real Estate Crowdfunding Platform;</u></p> <p>(i) “service” means Operating a Crowdfunding Platform; and</p> <p>(j) “transfer”, in relation to a loan agreement, means the assignment by the lender of his rights and obligations under the agreement to another Person.</p>
COB 11.3.1	<p>An operator must disclose prominently on its website the main risks to lenders or investors of using a Crowdfunding Platform, including that:</p> <p>(a) the lender or investor may lose all or part of their money or may experience delays in being paid <u>investment in real estate is speculative, the market value of property can fall and rental income is not guaranteed;</u></p> <p>(b) borrowers or Issuers on the platform may include new businesses and, as many new businesses fail, a loan to such a borrower or an investment with such an Issuer may involve high risks;</p> <p>(c) the lender may not be able to transfer their loan, or the investor may not be able to sell their investment, when they wish to, or at all; and</p> <p><u>(b) the investor will not own the property; rather the investor will have an interest in another legal entity that owns the property;</u></p> <p><u>(c) as the investor’s interest in that entity is not listed or traded, it is likely to be an ‘illiquid’ investment; that is, it may be difficult to sell the interest because of a lack of investors willing to buy such an interest. So the investor must be prepared to commit to investing for the full investment period;</u></p> <p><u>(d) as real estate is an ‘illiquid asset’; that is, an asset that cannot always be easily sold, it may be difficult to sell the property at the end of the investment period, resulting in a delay in investors receiving their capital or in the property being sold at a loss; and</u></p> <p>(e) if for any reason the operator ceases to carry on its business, the lender or investor may lose their money, incur costs or experience delays in the investment being wound up <u>being paid.</u></p>

COB 11.3.3	<p>An operator must disclose prominently on its website key information about how its service operates, including:</p> <ul style="list-style-type: none"> (a) details of how the platform functions; (b) details of how and by whom the operator is remunerated for the service it provides, including fees and charges it imposes; (c) any financial interest of the operator or a Related Person that may create a conflict of interest; (d) the eligibility criteria for borrowers or Issuers <u>sellers</u> that use the service; (e) the minimum and maximum amounts, if any, of loans or Investments that may be sought by a borrower or an Issuer <u>a seller</u> using the service; (f) what, if any, security is usually sought from borrowers or Issuers, when it might be exercised and any limitations on its use; (g) the eligibility criteria for lenders or investors that use the service; (h) any limits on the amounts a lender may lend or an investor may invest using the service, including limits for individual loans or investments and limits that apply over any 12 month period; (i) when a lender or an investor may withdraw a commitment to provide funding, and the procedure for exercising such a right; (j) what will happen if loans sought by a borrower or funds sought by an Issuer for a property either fail to meet, or exceed, the target level; (k) steps the operator will take if there is a material change in a borrower's or an Issuer's circumstances and the rights of the lender and borrower or Issuer and investor in that situation; <u>(k) the precise nature of the legal interest investors will receive in relation to the property;</u> <u>(ka) what, if any, rights, obligations or role an investor has in relation to the property after he has invested;</u> <u>(kb) the term of the Investment, what happens at the end of the term, the circumstances if any in which the property may be sold before the end of the term or the term may be extended and if there are any circumstances in which the property may be sold contrary to the wishes of some investors, for example, if a majority of investors agree or at the operator's direction;</u> (l) how the operator will deal with overdue payments or a default by a borrower or an Issuer <u>relating to a property</u>;
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	<p><u>(la) the expenses likely to be incurred in relation to the property, including valuation, management, maintenance, insurance expenses and taxes and how they will be paid for;</u></p> <p><u>(lb) who will arrange valuation, management, maintenance and insurance services, how the provider of those services is chosen and remunerated, their role and how potential conflicts of interest will be prevented or managed;</u></p> <p>(m) which jurisdiction's laws will govern the loan agreement between the lender and borrower;</p> <p><u>(m) arrangements for the holding of title to property on behalf of investors, including any Special Purpose Vehicle that is used for that purpose and the role and duties of the Special Purpose Vehicle and how the interests of investors are protected;</u></p> <p>(n) arrangements and safeguards for Client <u>Assets Money</u> held or controlled by the operator, including details of any legal arrangements (such as nominee companies) that may be used to hold Client <u>Assets Money</u>;</p> <p>(o) any facility it provides to facilitate the transfer of loans or the sale of Investments, the conditions for using the facility and any risks relating to the use of that facility;</p> <p>(p) measures it has in place to ensure the platform is not used for money-laundering or other unlawful activities;</p> <p>(q) measures it has in place for the security of information technology systems and data protection; and</p> <p>(r) contingency arrangements it has in place to ensure the orderly administration of loans or Investments if it ceases to carry on business.</p>
COB 11.3.6	<p>(1) An operator must conduct due diligence on each borrower or Issuer <u>seller</u> <u>before allowing it to use its service and on each property that is to be sold using the service.</u></p> <p>(2) The due diligence under (1) must include, as a minimum, taking reasonable steps to verify in relation to the borrower or Issuer <u>seller</u>:</p> <p>(a) its identity, including <u>if it is a Body Corporate</u> details of its incorporation and business registration;</p> <p>(b) the identity and place of domicile of each of its directors, officers and controllers <u>if it is a Body Corporate; and</u></p> <p><u>(c) the fitness and propriety of the seller.</u></p> <p>(c) its fitness and propriety and that of each of the Persons referred to in (b);</p>

	<p>(d) its financial strength, including checking financial statements;</p> <p>(e) its financial history and past performance and its credit history, including checking with external credit agencies;</p> <p>(f) any credentials or expertise it claims to have;</p> <p>(g) the valuation of its business, current borrowing or funding levels (if any) and the source of any existing borrowing or funding;</p> <p>(h) its business proposal;</p> <p>(i) its commitment and that of its directors, officers and controllers to the business, including how much capital they have provided and any potential flight risk; and</p> <p>(j) that its business is being carried on in accordance with applicable laws in the jurisdiction where it is based.</p> <p><u>(3) The due diligence under (1) must include, as a minimum, the operator taking reasonable steps to verify in relation to the property that:</u></p> <p><u>(a) the seller holds valid legal title to the property and is able to sell the property free of any encumbrance;</u></p> <p><u>(b) construction of the property is fully completed; and</u></p> <p><u>(c) the property is available for letting or, if it is not available for letting because it requires renovation, refurbishment or alteration, that planning permission for the renovation, refurbishment or alteration can be readily obtained.</u></p> <p><u>(4) The due diligence under (1) must include the operator obtaining an independent valuation report on the property.</u></p>
COB 11.3.7	<p>An operator must disclose prominently on its website relevant information about each <u>property and seller borrower or issuer</u>, including as a minimum:</p> <p><u>(a) full details about the property, including the location and condition of the property and whether it is currently rented;</u></p> <p><u>(b) the information about the property referred to in Rule 11.3.6(3);</u></p> <p><u>(c) information about the seller referred to in Rule 11.3.6(2);</u></p> <p><u>(d) an independent valuation report on the property referred to in Rule 11.3.6(4);</u></p> <p><u>(e) the precise nature of the legal interest that investors will receive in relation to the property;</u></p> <p><u>(f) the estimated charges and expenses relating to the property; and</u></p>

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| <p><u>(g) the estimated annual rental income on the property, after deducting charges and expenses and setting out key assumptions made.</u></p> <p>(a) the name of the borrower or Issuer, the full name and position of each of its directors and officers and the full name of each controller;</p> <p>(b) the place of incorporation of the borrower or Issuer and the place of domicile of each director, officer and controller;</p> <p>(c) a description of the borrower's or Issuer's business;</p> <p>(d) the most recent financial statements, if any, of the borrower or Issuer and a warning that the operator gives no assurances about their accuracy;</p> <p>(e) the valuation of the borrower's or Issuer's business, its current borrowing levels and the source of its borrowing and its liquidity;</p> <p>(f) a detailed description of the proposal for which it is seeking funding including:</p> <p>(i) the total funding sought;</p> <p>(ii) how the funds will be used; and</p> <p>(iii) the target level of funding sought and what will happen if that level is not met or is exceeded;</p> <p>(g) the results of the due diligence carried out by the operator on the borrower or Issuer and any limits on the due diligence that could be carried out;</p> <p>(h) any grading or rating by the operator of the borrower's or Issuer's creditworthiness, including:</p> <p>(i) how the grading or rating has been assessed;</p> <p>(ii) an explanation of what the different grading or rating levels mean; and</p> <p>(iii) a clear statement that this should not be taken as advice about whether money should be lent to the borrower or invested with the Issuer;</p> <p>(i) for a loan or Debenture, the duration of the loan or Debenture, details of interest payable and any other rights attaching to the loan or Debenture;</p> <p>(j) for a Share issue, any rights attaching to the Share, such as dividend, voting or pre-emption rights;</p> <p>(k) whether any security is being provided and, if so, the circumstances in which it might be exercised and any limitations on its use;</p> <p>(l) if applicable, any other reward or benefit attaching to the loan or Investment and the terms on which it is available;</p> |
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	<p>(m) for a Share issue, whether investors have any protection from their shareholding being diluted by the issue of further Shares; and</p> <p>(n) that the borrower or Issuer, and information provided about the borrower or Issuer, are not checked or approved by the DFSA.</p>
COB 11.3.8	<p>An operator must:</p> <p>(a) not advertise a specific lending or Investment proposal that is available on its platform; and</p> <p>(b) take reasonable steps to ensure that borrowers and Issuers <u>sellers</u> that use its platform do not advertise the lending or Investment proposal,</p> <p>unless the advertisement is made on the platform and is accessible only to existing Clients who use the platform.</p>
COB 11.3.9	<p>(1) This Rule applies if a material change occurs relating to a <u>property or Investments in a property</u> borrower or Issuer, its business, its proposal or the carrying out of its proposal.</p> <p>(2) In this Rule, a “material change” means any change or new matter that may significantly affect the <u>value of the property, the ability to rent the property, the return on the property or the value of the Investment</u> borrower’s ability to meet its payment obligations under the loan agreement or that may significantly affect an Issuer’s business or its ability to carry out its proposal.</p> <p>(3) If the material change occurs during the commitment period, the operator must:</p> <p>(a) disclose prominently on its website details of the material change;</p> <p>(b) notify committed lenders or investors of the material change and require them to reconfirm their commitment within 5 business days; and</p> <p>(c) if reconfirmation is not provided within the period specified in (b), cancel the commitment.</p> <p>(4) If the material change occurs after the commitment period, the operator must disclose prominently on its website:</p> <p>(a) details of the material change;</p> <p>(b) any change in the rights of the lenders and the borrower, or the investors and the Issuer, arising from the material change; and</p> <p>(c) what steps, if any, the operator is proposing to take as a result of the change.</p> <p>(5) A disclosure or notification under (3) or (4) must be made as soon as practicable</p>

	after the operator becomes aware of the material change.
COB 11.3.10	An operator must take reasonable steps to restrict a seller borrower or an Issuer from seeking funding on another crowdfunding platform during the commitment period.
COB 11.3.11	An operator must ensure that lenders or investors who use its service are able to have access to the same information on its website about a <u>seller, property borrower</u> or an Issuer or a lending or investment proposal, and that access to the information is provided at the same time.
COB 11.3.12	If an operator provides an auto-lending system or auto-investing system, or any other facility that provides some lenders or investors with the opportunity to lend or invest money ahead of other lenders or investors, it must disclose prominently on its website that some lenders or investors may have preferential access to better proposals.
COB 11.3.13	If an operator provides an auto-lending system or auto-investing system, it must disclose prominently to lenders or investors who use the facility that no assessment is made that any loan or Investment selected by the system is suitable for the lender or investor.
COB 11.3.14	<p>(1) An operator must take reasonable steps to ensure that its officers and employees and their family members do not:</p> <p>(a) lend money or provide finance to a borrower or an Issuer</p> <p>(b) borrow money from a lender or receive funding from an investor; or</p> <p>(c) hold any direct or indirect interest in the capital or voting rights of a borrower or lender or an Issuer or investor.</p> <p><u>(a) invest in a property using the platform;</u></p> <p><u>(b) rent a property that has been purchased using the platform; or</u></p> <p><u>(c) sell a property or any interest in a property using the platform.</u></p> <p><u>(2) The restriction in (1)(a) does not apply to an investment that has been made by an officer, employee or family member from 19 April 2018 until the date of issue of this Notice.</u></p>
COB 11.3.15	<p>If an operator provides a means of communication (a “forum”) for lenders and borrowers or Issuers and investors to discuss funding proposals made using the service, it must:</p> <p>(a) refer lenders or investors to the forum as a place where they can find, or take part in, further discussion about proposals, while clearly stating that the operator does not conduct due diligence on information on the forum;</p>

	<p>(b) restrict posting of comments on the forum to Persons who are Clients using the service;</p> <p>(c) ensure that all Clients using the forum have equal access to information posted on the forum;</p> <p>(d) require a Person posting a comment on the forum to disclose clearly if he is affiliated in any way with a borrower or an Issuer <u>seller</u> or is being compensated, directly or indirectly, to promote a proposal <u>to purchase a property</u> by a borrower or an Issuer;</p> <p>(e) take reasonable steps to monitor and prevent posts on the forum that are potentially misleading or fraudulent;</p> <p>(f) immediately take steps to remove a post, or to require a post to be deleted or amended, if the operator becomes aware that (d) or (e) have not been complied with; and</p> <p>(g) not participate in discussions on the forum except to moderate posts or to take steps referred to in (f).</p>
<p>COB 11.3.16</p>	<p>If an operator provides a facility that assists the transfer of rights or obligations under a loan agreement or the sale of Investments, it must ensure that:</p> <p>(a) the facility relates only to loans or Investments originally facilitated using its service;</p> <p>(b) transfers can take place only between lenders or investors who are already Clients using the service and have initially lent money under loan agreements or initially subscribed for Investments <u>invested in property</u> using the service;</p> <p>(c) in the case of a loan agreement, the facility allows only a lender (and not the borrower) to transfer rights and obligations under the agreement;</p> <p>(d) in the case of a loan agreement, a lender must transfer the rights and obligations relating to the whole of a loan made (and not just a part of the loan);</p> <p>(e) potential transferees or buyers have access to all information on the website about the <u>property and investment</u> borrower or Issuer that was available to earlier lenders or investors; and</p> <p>(f) fees it charges for the use of the facility are designed to recover its costs of providing the facility, rather than generating additional income.</p>
<p>COB 11.3.18</p>	<p>The operator must:</p> <p>(a) maintain a business cessation plan that sets out appropriate contingency arrangements to ensure the orderly administration of <u>property and loan agreements</u> or Investments in the event that it ceases to carry on its business;</p>

	<p>and</p> <p>(b) ensure, as far as reasonably practicable, that the contingency arrangements can be implemented if necessary.</p>
COB 11.5.2	<p>(1) An Investment Crowdfunding Operator must ensure that investors who have committed to <u>investing in a property</u> providing funding to a particular Issuer may withdraw that commitment, without any penalty and without giving a reason, during the cooling-off period.</p> <p>(2) In (1), “cooling-off period” means the period of at least 48 hours starting at the end of the commitment period.</p>
COB 11.5.3	<p><u>(1) An Investment Crowdfunding Operator must maintain effective systems and controls to ensure that a Retail Client does not invest more than US\$ 50,000 in total in any calendar year using its service.</u></p> <p><u>(2) The restriction in (1) does not apply to an investment that has been made by a Retail Client from 19 April 2018 until the date of issue of this Notice.</u></p>
COB A2.1.5	<p>The following terms must be included in a Client Agreement between a Crowdfunding Operator and a Client that is a lender or an investor:</p> <p>(a) the operator’s obligations to administer the loan or Investment, including:</p> <p>(i) how payments made by the borrower or Issuer <u>tenant</u> will be transferred to the lender or investor; and</p> <p>(ii) steps that will be taken if payments by a borrower or an Issuer <u>tenant</u> are overdue or the borrower or Issuer is in default;</p> <p>(b) if the Client is a Retail Client, the steps that will be taken by the operator and lender or investor to ensure that the lender or investor complies with any applicable limits relating to the amounts of loans or investments that may be made using the platform;</p> <p>(c) for Investment Crowdfunding, if the Client is a Retail Client, that the Client agrees to sign a risk acknowledgement form each time before he makes an Investment using the platform; and</p> <p>(d) the contingency arrangements that the operator will put in place to deal with a platform failure or if the operator ceases to carry on its business.</p>
COB A2.1.6	<p>The following terms must be included in a Client Agreement between a Crowdfunding Operator and a Client that is a borrower or an Issuer:</p> <p>(a) a restriction on the borrower or Issuer using any other crowdfunding service to raise funds during the commitment period;</p> <p>(b) a restriction on the borrower or Issuer or any Person that is Connected to the</p>

	<p>borrower or Issuer, lending or financing, or arranging lending or finance for a lender or an investor using the service;</p> <p>(c) a restriction on the borrower or Issuer advertising its proposal, or soliciting potential lenders or investors, outside the platform during the commitment period;</p> <p>(d) a requirement on the borrower or Issuer to give reasonable advance notice to the operator of any material change affecting the borrower or Issuer, its business or the carrying out of its proposal;</p> <p>(e) the obligations of the borrower or Issuer if there is any material change after funds have been provided; and</p> <p>(f) an obligation on the borrower or Issuer to produce financial statements at least annually.</p>																
<p>PIB 3.6.2</p>	<p>The table below sets out the Base Capital Requirement for each Category of an Authorised Firm.</p> <table border="1" data-bbox="358 947 1430 1875"> <thead> <tr> <th>Category</th> <th>Base Capital Requirement</th> </tr> </thead> <tbody> <tr> <td>Category 1</td> <td>US \$10 million</td> </tr> <tr> <td>Category 2</td> <td>US \$2 million</td> </tr> <tr> <td>Category 3A</td> <td>US \$500,000</td> </tr> <tr> <td>Category 3B</td> <td>US \$4 million</td> </tr> <tr> <td>Category 3C</td> <td> <p>US \$500,000</p> <p>Except if the only Financial Service referred to in Rule 1.3.5(a) that the Authorised Firm is authorised to carry on is Managing a Collective Investment Fund in which case its Base Capital Requirement is:</p> <p>(a) US \$140,000 if it manages any Public Fund; or</p> <p>(b) US \$70,000 otherwise.</p> </td> </tr> <tr> <td>Category 4</td> <td> <p>US \$ 10,000</p> <p>Except if the Authorised Firm is authorised to Operate a Crowdfunding Platform and it holds Client Assets, in which case its Base Capital Requirement is <u>US \$ 30,000</u> 140,000.</p> </td> </tr> <tr> <td>Category 5</td> <td>US \$10 million</td> </tr> </tbody> </table>	Category	Base Capital Requirement	Category 1	US \$10 million	Category 2	US \$2 million	Category 3A	US \$500,000	Category 3B	US \$4 million	Category 3C	<p>US \$500,000</p> <p>Except if the only Financial Service referred to in Rule 1.3.5(a) that the Authorised Firm is authorised to carry on is Managing a Collective Investment Fund in which case its Base Capital Requirement is:</p> <p>(a) US \$140,000 if it manages any Public Fund; or</p> <p>(b) US \$70,000 otherwise.</p>	Category 4	<p>US \$ 10,000</p> <p>Except if the Authorised Firm is authorised to Operate a Crowdfunding Platform and it holds Client Assets, in which case its Base Capital Requirement is <u>US \$ 30,000</u> 140,000.</p>	Category 5	US \$10 million
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Category 3B	US \$4 million																
Category 3C	<p>US \$500,000</p> <p>Except if the only Financial Service referred to in Rule 1.3.5(a) that the Authorised Firm is authorised to carry on is Managing a Collective Investment Fund in which case its Base Capital Requirement is:</p> <p>(a) US \$140,000 if it manages any Public Fund; or</p> <p>(b) US \$70,000 otherwise.</p>																
Category 4	<p>US \$ 10,000</p> <p>Except if the Authorised Firm is authorised to Operate a Crowdfunding Platform and it holds Client Assets, in which case its Base Capital Requirement is <u>US \$ 30,000</u> 140,000.</p>																
Category 5	US \$10 million																

CIR 2.1.18 (new)	<p><u>An arrangement does not constitute a Collective Investment Fund if:</u></p> <p>(a) <u>the arrangement consists of an Investment made through a Real Estate Crowdfunding Platform operated by a Crowdfunding Operator;</u></p> <p>(b) <u>the Investment is made only by investors who are Clients of the Crowdfunding Operator; and</u></p> <p>(c) <u>the underlying property in which investors are investing is a single apartment, villa or house in Dubai .</u></p>
GLO (new)	<p><u>Real Estate Crowdfunding Platform: An Investment Crowdfunding Platform that facilitates Investments in property (as defined in GEN 2.29.1(6)).</u></p>
GLO	<p>Special Purpose Vehicle:</p> <p>(1) In FER 1.2.7(3) and MKT App 5, a legal entity the object and purpose of which is primarily to issue Securities; and</p> <p>(2) In any other case, a Body Corporate whose sole purpose, either generally or when acting in a particular capacity, is to carry out one or more of the following functions:</p> <p>(a) issuing Investments;</p> <p>(b) redeeming or terminating or repurchasing, whether with a view to re-issue or to cancellation, an issue, in whole or par, of Investments; or</p> <p>(c) entering into transactions or terminating transactions involving Investments in connection with the issue, redemption, termination or re-purchase of Investments;</p> <p>and has been explicitly established for the purpose of:</p> <p>(d) securitising assets; or.</p> <p>(e) investing in Real Property <u>or property (as defined in GEN 2.29.1(6)).</u></p> <p>and, in the case of (d), has been assessed by a rating agency.</p>
AML 11.2.5	<p>A Relevant Person may outsource the role of MLRO <u>anti-money laundering functions</u> to an individual outside the Relevant Person provided that the relevant individual under the outsourcing agreement is and remains suitable to perform <u>that function the MLRO role.</u></p>
AML 11.3.1	<p>A Relevant Person must ensure that its MLRO <u>any individual performing anti-money laundering functions for the Relevant Person</u> has:</p>

	<ul style="list-style-type: none"> (a) direct access to its senior management; (b) sufficient resources including, if necessary, an appropriate number of appropriately trained Employees to assist in the performance of his duties in an effective, objective and independent manner; (c) a level of seniority and independence within the Relevant Person to enable him to act on his own authority; and (d) timely and unrestricted access to information sufficient to enable him to carry out his responsibilities in Rule 11.4.1.
AML 11.4.1	<p>A Relevant Person must ensure that its MLRO <u>Senior Executive Officer</u> implements and has oversight of and is responsible for the following matters:</p> <ul style="list-style-type: none"> (a) the day-to-day operations for compliance by the Relevant Person with its AML policies, procedures, systems and controls; (b) acting as the point of contact to receive notifications from the Relevant Person's Employees under Rule 13.2.2; (c) taking appropriate action under Rule 13.3.1 following the receipt of a notification from an Employee ; (d) making, in accordance with Federal Law No. 4 of 2002, Suspicious Activity Reports; (e) acting as the point of contact within the Relevant Person for competent U.A.E. authorities and the DFSA regarding money laundering issues; (f) responding promptly to any request for information made by competent U.A.E. authorities or the DFSA; (g) receiving and acting upon any relevant findings, recommendations, guidance, directives, resolutions, sanctions, notices or other conclusions described in chapter 10; and (h) establishing and maintaining an appropriate money laundering training programme and adequate awareness arrangements under chapter 12.

AML 12.1.1	<p>A Relevant Person must:</p> <ul style="list-style-type: none"> (a) provide AML training to all relevant Employees at appropriate and regular intervals; (b) ensure that its AML training enables its Employees to: <ul style="list-style-type: none"> (i) understand the relevant legislation relating to money laundering, including Federal Law No. 4 of 2002, Federal Law No. 1 of 2004 and any other relevant Federal laws; (ii) understand its policies, procedures, systems and controls related to money laundering and any changes to these; (iii) recognise and deal with transactions and other activities which may be related to money laundering; (iv) understand the types of activity that may constitute suspicious activity in the context of the business in which an Employee is engaged and that may warrant a notification to the <u>MLRO Senior Executive Officer</u> under Rule 13.2.2; (v) understand its arrangements regarding the making of a notification to the <u>MLRO Senior Executive Officer</u> under Rule 13.2.2; (vi) be aware of the prevailing techniques, methods and trends in money laundering relevant to the business of the Relevant Person; (vii) understand the roles and responsibilities of Employees in combating money laundering, including the identity and responsibility of the Relevant Person's MLRO and deputy, where applicable; and (viii) understand the relevant findings, recommendations, guidance, directives, resolutions, sanctions, notices or other conclusions described in chapter 10; and (c) ensure that its AML training: <ul style="list-style-type: none"> (i) is appropriately tailored to the Relevant Person's activities, including its products, services, customers, distribution channels, business partners, level and complexity of its transactions; and (ii) indicates the different levels of money laundering risk and vulnerabilities associated with the matters in (c)(i).
AML 13.2.2	<p>A Relevant Person must have policies, procedures, systems and controls to ensure that whenever any Employee, acting in the ordinary course of his employment, either:</p>

	<p>(a) knows;</p> <p>(b) suspects; or</p> <p>(c) has reasonable grounds for knowing or suspecting;</p> <p>that a person is engaged in or attempting money laundering or terrorist financing, that Employee promptly notifies the Relevant Person's MLRO <u>Senior Executive Officer</u> and provides the MLRO <u>Senior Executive Officer</u> with all relevant details.</p>
AML 13.3.1	<p>A Relevant Person must ensure that where the Relevant Person's MLRO <u>Senior Executive Officer</u> receives a notification under Rule 13.2.2, the MLRO <u>Senior Executive Officer</u>, without delay:</p> <p>(a) investigates and documents the circumstances in relation to which the notification made under Rule 13.2.2 was made;</p> <p>(b) determines whether in accordance with Federal Law No. 4 of 2002 a Suspicious Activity Report must be made to the AMLSCU and documents such determination;</p> <p>(c) if required, makes a Suspicious Activity Report to the AMLSCU as soon as practicable; and</p> <p>(d) notifies the DFSA of the making of such Suspicious Activity Report immediately following its submission to the AMLSCU.</p>
AML 13.3.2	<p>Where, following a notification to the MLRO <u>Senior Executive Officer</u> under 13.2.2, no Suspicious Activity Report is made, a Relevant Person must record the reasons for not making a Suspicious Activity Report.</p>
AML 13.3.3	<p>A Relevant Person must ensure that if the MLRO <u>Senior Executive Officer</u> decides to make a Suspicious Activity Report, his decision is made independently and is not subject to the consent or approval of any other person.</p>

CONDITIONS

None.

EFFECTIVE PERIOD

This notice comes into effect on the date of issue.

The waivers in GEN Section 5.2, Rules 5.3.4, 5.3.5, 5.3.6, 5.3.13, 5.3.14, 5.3.15, 5.3.16, 5.3.17, 5.3.30, 5.3.31, 7.4.5, 7.4.6, 7.4.8, Section 8 and AML Rules 11.2.1, 11.2.3, 11.2.4 will remain in force until the Test Period ends. The other waivers will remain in force until revoked by the DFSA.

The modifications in GEN Rules 5.3.9, 5.3.10, 7.4.2, 7.5.1, 7.6.13, PIB Rule 3.6.2 and AML Rules 11.2.5, 11.3.1, 11.4.1, 12.1.1, 13.2.2, 13.3.1, 13.3.2, 13.3.3 will remain in force until the Test Period ends. The other modifications will remain in force until revoked by the DFSA.

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 (other than any terms that are specifically defined above in lower case) 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.

“Test Period” means the period specified on the Licensee’s Licence during which the Licensee may test its Real Estate Crowdfunding Platform.

THIS NOTICE IS ISSUED UNDER ARTICLE 25 OF THE REGULATORY LAW 2004 BY:

Name: Bryan Stirewalt

Position: Chief Executive

DATE OF ISSUE: 30 October 2018