

# DECISION No. (157\R) OF 2005 CONCERNING THE REGULATIONS AS TO LISTING AND TRADING OF COMMODITIES AND COMMODITIES CONTRACTS

The Chairman of the Board of Directors of the Securities & Commodities Authority,

Having considered the provisions of Federal Law No. (4) of 2000 concerning the Emirates Securities & Commodities Authority and Market,

Federal Decree No. (51) of 2004 issued on 1/11/2004 concerning the re-constituting of the Council of Ministers,

Council of Ministers Resolution No. (216/16) of 2003 concerning the re-constituting of the Board of Directors of the Securities & Commodities Authority, Council of Ministers Resolution No. (13) of 2000 concerning the Regulations as to the Functioning of the Securities & Commodities Authority and its amendments,

Resolution of the Board of Directors of the Authority No. (1) of 2001 as to the Regulations as to the Arbitration of Disputes arising from the Trading of Securities & Commodities,

After consultation and coordination with the bodies concerned in the State, and Pursuant to the Resolution of the Board of Directors of the Authority at its 9th session of the second round held on 26/4/2005, and

Pursuant to the approval of the Board of Directors of the Authority at its 11th session of the second round held on 17/10/2005,

Has decided to approve the following as to the Listing and Trading of Commodities and Commodities Contracts:

## **Part One: Definitions**

### **Article (1-1) <sup>[1]</sup>**

In the application of the provisions of this Regulation, the following words and expressions shall have the meanings set forth opposite each of them, unless the context of the provision indicates otherwise:

Law: The Federal Law No. 4 of 2000 concerning the Emirates Securities and Commodities Authority and Market.

State: The United Arab Emirates.

Authority: The Emirates Securities and Commodities Authority (SCA).

Board: The Board of Directors of the Authority.

Market: The commodities market licensed in the State by the Authority.

Clearing House: The entity that conducts the clearing and settlement operations for all orders that are executed in the Market, and that is the counterparty to all clearing operations.

Floor: The trading floor in the Market.

Trading: Buying and selling commodities, Options Contracts or Futures listed in the Market.

Brokerage: Acting as intermediary in the purchase or sale transactions of Commodities, Options Contracts or Futures in the Market in accordance with the provisions of these Regulations.

Execution of Orders: Entering and executing purchase or sale orders whilst the electronic trading system in the Market.

Brokerage Firm: A corporate person licensed to undertake Brokerage.

Trading Member: Every person who executes purchase or sale transactions for Commodities, Options Contracts or Futures for his own account, excluding the performance of clearing and settlement operations.

Brokerage Firm (Trading Member): The Brokerage Firm that receives and executes orders to buy or sell Commodities, Options Contracts or Futures for the account of its clients or its own account without performing clearing and settlement operations.

Brokerage Firm (Trading and Clearing Member): The Brokerage Firm that receives and executes orders to buy or sell Commodities, Options Contracts or Futures for the account of its clients or its own account, and performs the clearing and settlement operations for such transactions.

Brokerage Firm (General Trading and Clearing Member): The Brokerage Firm that performs the functions of the Brokerage Firm (Trading and Clearing Member) in addition to the clearing and settlement operations for other Trading Members and Brokerage Firms (Trading Members).

Introducing Broker: The person who has entered into an agreement with a Brokerage Firm for the purpose of soliciting clients that will be Trading in the Market.

Commodities: Agricultural products, minerals, natural resources, and any other commodities traded in contracts.

Options Contracts: Contracts owner is granted the right to buy or sell a specific amount of Commodities, indices, currencies or other financial instruments approved by the Board, on a specified date or within a certain period of time at an agreed price.

Futures Contracts: Contracts to buy or sell Commodities, indices, currencies or any other financial instruments approved by the Board, on a specified date at a price agreed upon at the time of the entering of the contract. The Futures shall stipulate the quality, quantity, date and place of delivery, in line with the Market's

regulations.

Free Zone Companies: Companies and their branches established in or licensed in a free zone engaged in financial activities and established in the State.

## **Part Two : Oversight, Structure and Operations of the Market**

### **Authority Oversight Supervision by the Authority Article (2-1) [2]**

The Market shall operate under the supervision and oversight of the Authority. The Authority may, in coordination with the Markets where required, conduct inspections and investigations necessary to ascertain the application of the Law and the regulations and resolutions relating to Commodities, Options Contracts, or Futures issued in implementation thereof, provided that the Authority determines the scope of investigations, and designates the person to perform such investigations on its behalf.

### **Enforcement of Market Regulations**

#### **Article (2-2)**

The Market Regulations, and any amendments thereto, shall be approved by the Authority. The Authority authorizes each Market to enforce the relevant Market Regulations. The Authority may take actions on its own accord to enforce Market Regulation, and may at its discretion consult with the Market.

### **License Required for the Market**

#### **Article (2-3)**

No Trading shall be permitted on a Market in the State unless such Market is licensed by the Authority.

### **Conditions for Licensing**

#### **Article (2-4)**

The granting of a license to any Market shall require the following conditions to be satisfied:

2-4-1 It is in the form of a local public establishment where local public establishment shall mean a State government establishment, a State quasi-government establishment or an establishment sanctioned by the Authority.

2-4-2 It occupies an appropriate building equipped with the technology necessary for its activity to be conducted electronically.

# **Disclosure of Market Finances to the Authority**

## **Article (2-5)**

The Market shall furnish the Authority with the balance sheet and the annual financial statements audited by an internationally recognized auditor, within three months from the end of its financial year. The Authority may request any additional financial information from time to time as it may deem appropriate. The Market shall immediately notify the Authority of any material adverse change affecting the Market's finances prior to the next due financial statements.

## **Market to Provide Reports on Trading to the Authority**

### **Article (2-6)**

2-6-1 The Market shall submit the following periodic reports to the Authority in relation to the Trading of Commodities, Options Contracts, or Futures listed in the Market:

[3]

a- A daily report on Trading, including a statement of the types of Commodities, Options Contracts or Futures traded on that day and the prices thereof, and the total number of transactions on that day.

[4]

b- A monthly report on Trading, including a statement on the volume of Trading, the gross value thereof, the number of transactions and the last closing price.

c- An annual report on Trading, including a statement of the volume of Commodities, Options Contracts, or Futures traded, their price, the number of transactions compared with the previous year, the distribution of Trading amongst the various sectors of activity, the most significant events occurring in the year, the extent of their impact on the Market and the proposals of the board of directors of the Market on the remediation of any adverse effects of such events.

[5]

The Market shall enable the Authority to access information to At facilitate the monitoring of the activities in the Market.

## **Authority Oversight**

## **Markets to Cooperate in Enforcement Proceedings**

### **Article (2-7)**

At the direction of the Authority, the Market shall cooperate with other Markets and foreign regulators as needed in connection with investigations or enforcement proceedings that span multiple markets.

## **Suspension of Trading, Bylaws, or Regulations Relating to the Market Article (2-8)**

2-8-1 The Board may decide, by a majority of its members present, to direct the Market to temporarily suspend trading in the Market or in any Commodities, Options Contracts, or Futures upon the occurrence of exceptional circumstances that threaten the proper and regular operation of that Market.  
[6]

2-8-2 The Board may also decide, by the same majority, to freeze, suspend, or resume the application of bylaws, regulations, or operations.

## **Imposing Penalties Article (2-9)**

In the event a Market fails to pay any amounts due to the Authority, the Board may levy any of the following penalties in the following order:

- 1- Send a warning to the Market detailing the financial default.
- 2- Send a notice to the Market informing it of the necessity to cure the default within thirty days of the notice date.
- 3- Impose a fine in the amount of:
  - a- 1% of the due amount for the first month of the delay.
  - b- 2% of the due amount for the second month of the delay.
  - c- 5% of the due amount for the periods following the second month.Each fraction of a month shall be considered a full month in calculating the penalty above.
- 4- In addition, halt the trading on the Market temporarily in the event that the default continues after thirty days of the notice date.

## **Market Structure The Adherence of the Market's Board of Directors and Director General to Law and Regulations**

# **Procedures for Meetings**

## **Article (2-10)**

2-10-1 The members of the Market's board of directors and its director general shall be subject to the constraints and conditions stated in the provisions of the Law and the regulations and resolutions relating to commodities issued in implementation thereof.

2-10-2 The Market's internal regulations shall specify the procedure for calling its board of directors to meet, the place of the meeting, the quorum for the validity thereof, the passing of resolutions and the remuneration of the members.

## **Authority of the Market's Board of Directors**

### **Article (2-11)**

2-11-1 The Market's board of directors shall have the competence to deal with the Market's affairs and to take, within the limits of general policy, the steps necessary to achieve the objectives for which it has been established. In particular, it shall have competence to:

- a- Appoint the Market's director general and determine his/her powers.
- b- Establish the Market's organizational structure and the ancillaries thereto, the internal regulations and all administrative bylaws and instructions, and enforce the compliance of Members and other participants in the Market with such regulations, bylaws and instructions, provided that they are approved by the Authority.
- c- Draft the Propose necessary amendments to the Market regulations and present the same to the Authority.
- d- Monitor Trading so as to ensure fairness between transacting parties.
- e- Present reports and data to the Authority and issue the press releases necessary to ensure transparency and adherence to disclosure standards.
- f- Approve the annual balance sheet of the Market's income and expenditures.
- g- Levy Impose penalties on Market Members in accordance with the applicable Market regulations, and recommend to the Authority the removal of a Broker from the register of licensed Brokerage Firms, where applicable.
- h- Consult with the Authority with Discuss transaction fees charged by the Market with the Authority.
- i- Handle applications for the admission of Market Members.
- j- Conduct inspections of Members regarding their compliance with capitalisation and reserve requirements, books and records requirements, and any other regulations, bylaws and instructions of the Market and inspect their activity in the Market.
- k- If the situation so requires, enter into memoranda of understanding with the

Authority regarding the exercise of the Market of its authorities, the application by the Market of its regulations, bylaws, and instructions, and the Market's responsibility towards the Authority with respect to sharing information with the Authority and any other matters.

I- Any other matters that shall ensure the proper and regular operation of the Market.

2-11-2 The Market's board of directors may delegate some of its powers to the Market's director general or his deputy or to any committee established by the Market.

2-11-3 The internal regulations, administrative bylaws, and instructions of the Market shall consist of bylaws, regulations, and instructions including but not limited to:

a- Promoting fair competition and prohibiting anti-competitive practices among members.

b- Ensuring that the Market exercises its own powers objectively so as to promote fairness among members and between members and their clients.

c- Prohibiting any criminal activity involving the market or its Members including, but not limited to, money laundering; and imposing requirements to report any criminal conduct to law enforcement authorities.

d- Prohibiting any fraudulent or deceptive transaction, practice, conduct, or work, as well as prohibiting the use of any device, scheme or artifice to defraud.

e- Establishing on going capital and reserve requirements for Market members.

f- Requiring members to maintain adequate books and records, promptly report any Trading to the Market, and create an electronic audit system accessible for inspection by the Market and Authority.

g- Providing for clear and effective standards relating to the obligations of a Brokerage Firm towards its client, including the fair valuation of a client's assets, and the protection and proper segregation of client's assets and their safekeeping in the event that the Brokerage Firm becomes insolvent.

h- Requiring Brokerage Firms that are members of the Market to enter into written terms of engagement (in paper or electronic form) with their clients, and clearly and comprehensively disclose to their clients the risks which accompany Trading in Commodities, Options Contracts, and Futures.

[7]

i- Requiring Brokerage Firms which are members of the Market to collect information from their clients regarding their client's financial position, tax status, investment experience, trading objectives, and other information relevant to the conduct of Trading activities with respect to Commodities, Options Contracts, and Futures.<sup>[8]</sup>

# **Additional Powers of the Market's Board of Directors**

## **Article (2-12)**

To achieve the objects of the Market, the board of directors of the Market may exercise the following powers:

2-12-1 Establish specialist technical functions for the Market to perform its tasks, including:

- a- A function for Trading, clearing and settlement.
- b- A function for the monitoring of prices.
- c- A function for monitoring and investigation.
- d- A function for research and studies.
- e- Financial and administrative functions.

2-12-2 Work to develop, train and render qualified the necessary cadres in accordance with the most modern technical and administrative methods.

2-12-3 Form permanent or interim specialist committees.

## **Membership of the Market's Board of Directors**

### **Article (2-13)**

No member of the board of directors of a Market Member or a representative of a Market Member may hold membership of the board of directors of the Market.

The Market must notify the Authority if any member of the board of directors of any public joint stock company also holds membership of the board of directors of the Market. The Market must notify the Authority if any member of the board of directors of the Market has a personal interest that may cause conflict.

## **Termination of Membership of the Market's Board of Directors**

### **Article (2-14)**

Membership of the board of directors of the Market shall terminate if the member is convicted of an offence of dishonour or breach of trust or declares bankruptcy.

## **The Market's Financial Resources**

### **Article (2-15)**

The Market may determine from time to time the sources of financing for its operations, which may include the following sources:

2-15-1 Fees levied on Trading (as approved by the Authority).

2-15-2 Fees for the services rendered by the Market.

2-15-3 Fees levied on Members.



## **Market Operations**

### **Trading of Commodities, Options, or Futures Contracts Article (2-16)**

No Trading of listed Commodities, Options Contracts, or Futures may occur on a Market other than through a registered member of the Market and in accordance with the relevant Market Regulations.<sup>[9]</sup>

### **Membership and Registration Article (2-17)**

2-17-1 Each Market shall prepare a membership register to record its members following the issuance of the Authority's approval (in cases which so necessitate). The Authority shall be notified of an entry in the register within one week from each such entry.

2-17-2 Members shall be subject to the instructions of the Market, the provisions of the Law and the regulations and resolutions relating to Commodities, Options Contracts, or Futures issued in implementation thereof.<sup>[10]</sup>

### **Daily Price Bulletins Article (2-18)**

The Market shall prepare a daily price bulletin on Trading, that shall include the following particulars:

2-18-1 The Commodities, Options Contracts, or Futures Traded.  
[11]

2-18-2 The highest and lowest daily prices at which transactions were effected.

2-18-3 The settlement prices of the listed Commodities, Options Contracts, or

Futures whether or not they were the subject of trade.  
[12]

2-18-4 A comparison of the day's settlement prices with the settlement prices of the preceding day.

## **Market Operations Corporate Governance**

### **Article (2-19)**

It is the declared policy of the Authority that the Market must enact and implement the highest standards of corporate governance, independence and transparency. To this end, the Market shall (a) prepare draft charters for review and approval by the Authority, including charters for the Board and such committees as the members of the Board shall establish from time to time, and (b) annually assess and evaluate its corporate governance system and operations of such committees and prepare a report to the Authority thereon including identification of weaknesses and proposed improvements.

## **Market's Provision to the Authority of Reports and Data**

### **Article (2-20)**

The Market shall be obligated to provide the Authority with the reports and data it requests and shall report promptly all transactions electronically to the Authority.

## **Electronic Data Processing System**

### **Article (2-21)**

The Market shall make the arrangements necessary to secure the proper performance of the electronic data processing system and the system for recovery of the data saved in it in case of failure thereof.

## **Risk Mitigation**

### **Article (2-22)**

The Market shall make arrangements to ensure that the financial failure of a Market Member does not create systematic risk concerns for the Market, which may include procuring appropriate collateral to mitigate such risks.

## **Recording Transactions**

### **Article (2-23)**

record all Trading effected in listed Commodities, Options Contracts, or Futures in the Market's records. Any Trading shall be null and void unless recorded in accordance with the provisions of the Law, the regulations, and resolutions relating to Commodities, Options Contracts or Futures issued in implementation thereof. The Market shall provide for the prompt publication of information relating to Trading in order to encourage efficient pricing and to promote confidence in the Market.<sup>[13]</sup>

## **Recording the Weight of Records as Evidence of Trades**

### **Article (2-24)**

Unless the contrary is proved, entries registered in the Market's records, whether entered manually or electronically, and any documents issued by the Market, shall be deemed legal evidence of the Trading therein appearing as of the date of such records or documents.

## **Dispute Resolution by Arbitration**

### **Article (2-25) <sup>[14]</sup>**

Disputes arising out of Trading in Commodities, Future Contracts, or Options are resolved by arbitration in cases where the concerned parties consent to arbitration. The Arbitration of Disputes Arising from the Trading of Securities and Commodities Regulation issued by the Authority shall apply in this regard.<sup>[15]</sup>

## **Opening Hours of Floors – Operations of the Clearing House**

### **Article (2-26)**

The Market shall make the rules relating to the fixing of the opening hours for the Floor and the operations of the Clearing Agency, the rules as to admittance thereto and the instructions to be observed by those present therein.

## **Allocation of Numbers**

## **Article (2-27)**

The Market shall allocate a unique number to each Member and each Broker Member shall allocate a unique number to each of its clients.

## **Settlement Intervals**

### **Article (2-28)**

Settlement and clearing of Trading in a Market shall be carried out in accordance with the relevant Clearing Regulations.

## **Market Fiscal Market's Financial Year**

### **Article (2-29)**

The Market's fiscal year shall commence on the first day of January and end on the last day of December of the same year. Notwithstanding the foregoing, the Market's first fiscal year shall commence on the date the Market's work commences and end on the thirty-first of December of the year following the date work commences.

## **Part Three: Licensing Brokerage**

### **Chapter I: General Provisions**

#### **Article (3-1) [16]**

1- Brokerage may only be practiced after obtaining a license from the Authority that should be renewed on an annual basis , and after registration in the Brokerage Firms' register with the Authority.

2- The Authority may issue a decision to suspend unauthorized Brokerage operations. Such decision may include the closure of the place of business where the activity is practiced.

#### **Article (3-2) [17]**

1. A Brokerage Firm may not be a partner in another Brokerage Firm. It may only be a partner in any other company after obtaining the approval of the Authority and in accordance with the controls set by the Authority.

2. A partner in a Brokerage Firm may neither be a partner in another Brokerage Firm for more than (20%) of its capital, nor may it be a member of that other Brokerage Firm's board of directors or its board of management, and may not

hold a position in its executive management.

3. Partners, board members, the members of the management board, and any employees of a Brokerage Firm may not undertake any sale or purchase transaction of Commodities, Options Contracts, or Futures for their own account or for the account of their spouses, ascendants or descendants up to the second degree or for the account of the spouses of such relatives or their minor children, or as agents for any other person, without prior disclosure to the Market of each such transaction ahead of its execution.

## **Chapter II: Licensing**

### **License Requirements Article (3-3) [18]**

I. Market membership shall be as follows:

1. Trading Member.
2. Brokerage Firm (Trading Member).
3. Brokerage Firm (Trading and Clearing Member).
4. Brokerage Firm (Trading and General Clearing Member).

II. The Market shall determine the conditions and requirements of membership (Trading Member).

III. To license a Brokerage Firm (Trading Member/ Trading and Clearing Member/ Trading and General Clearing Member), the following conditions must be met:

1. The applicant should be a corporate person taking one of the following forms:
  - a. A company established in the State in accordance with the provisions of the Commercial Companies Law.
  - b. A company licensed by the Authority to operate in the field of securities in accordance with the regulations issued by the Authority to prevent conflicts between activities.
  - c. A commercial or investment bank, an investment company or a finance company licensed by the United Arab Emirates Central Bank, subject to obtaining a no-objection letter from the United Arab Emirates Central Bank to practice the activity.
  - d. A foreign company or a branch of a foreign company licensed to practice Brokerage in its country of incorporation.
  - e. A foreign bank or a branch of a foreign bank licensed to practice Brokerage in its country of incorporation subject to obtaining a no-objection letter from the United Arab Emirates Central Bank.

- f. An individual establishment or a Free Zone Company if the Market is established in a free zone.
2. Payment of the prescribed license fees.
  3. Provide a financial guarantee as determined by the Market and in accordance with the established procedures therein, and to comply with any additional guarantee requirements as determined by the Market at any later time. Such guarantee shall be, in whole or in part, at the disposal of the Market in coordination with the Authority to ensure the settlement of all transactions of the Brokerage Firm and to perform its obligations towards the Authority, the Market or its clients arising from carrying out Brokerage business.
  4. The capital must not be less than one (1) million United Arab Emirates Dirhams for a Brokerage Firm (Trading Member) and two (2) million Emirati Dirhams for a Brokerage Firm (Trading and Clearing Member) and a Brokerage Firm (Trading and General Clearing Member).
  5. Appoint the required technical and administrative staff to practice Brokerage in accordance with the controls issued by the Authority concerning the requirements of Brokerage and the conditions and requirements for the accreditation of certain positions.
  6. Maintain adequate head offices, software and technical systems necessary to conduct Brokerage.
  7. Any additional conditions or requirements as determined by the Authority in accordance with the requirements of public interest.
- IV. Foreign companies licensed by equivalent regulatory bodies in their countries of incorporation to practice Brokerage shall be exempt from clauses (4) to (6), provided that they have no less than (5) years of experience in this field.
- V. A Brokerage Firm must continuously meet all license requirements. In the event of breaching any condition specified herein, the Authority shall have the right to revoke the license.

## **Technical and Administrative Staff**

### **Article (3-4) <sup>[19]</sup>**

1. Any person appointed as technical or administrative staff of a Brokerage Firm must meet the following conditions:
  - a. be a natural person.
  - b. be fully qualified.
  - c. exhibit good conduct and behaviour and has never been sentenced to prison in a crime involving dishonesty or breach of trust, unless that person is rehabilitated.
  - d. to not have ceased payment of his debts regardless whether that was associated with a declaration of his bankruptcy; and not having been declared bankrupt unless that person is rehabilitated.

2. The compliance officer may not combine his position and one of the accredited positions at the same time.

## **License Application**

### **Article (3-5) [20]**

1. An application for license to practice Brokerage must be submitted to the Market on the form prescribed by the Authority. The application must fulfil the conditions required for a license, enclosing the information, data and documents supporting the application and be signed by a person authorized by the license applicant.
2. The Market shall send the complete application after it has reviewed it and signed it to indicate its initial approval, to the Authority. The Authority will issue its decision to approve or reject the license application within a period not exceeding (30) days from the date of receipt of the complete application from the Market. If the Authority's decision is not issued within such period, this will be deemed a rejection of the application.
3. The Authority may subject its approval to such conditions or restrictions determined necessary by it to serve the requirements of the public interest.

## **Term and Renewal of the License**

### **Article (3-6) [21]**

The term of the license shall be one year expiring at the end of December of each year, and may be renewed by submitting an application to the Authority one month before the end of the license term, subject to verifying the continuous compliance of the Brokerage Firm with the provisions of these Regulations and payment of the fees for the annual renewal of the license. The Authority may suspend the Brokerage Firm from practicing Brokerage in the event of a failure to submit a complete renewal application within the prescribed period.

## **Registration with the Authority**

### **Article (3-7) [22]**

A register for Brokerage Firms shall be established in the Authority to record their names, addresses, numbers and dates of registration.

## **Temporary Suspension of the Practice**

### **Article (3-8) [23]**

.... [24]

## **License Cancellation**

### **Article (3-9) [25]**

1. A Brokerage Firm wishing to permanently cease operations must apply to the Market.
2. The Market shall send the Brokerage Firm's application for the cessation of operations to the Authority within a period of five (5) working days after verifying the completion of the procedures and documents in a manner that does not conflict with the interests of clients. The Market must attach its notes on the application. The Brokerage Firm must meet the requirements for the cancellation of the license as determined by the Authority. The cancellation decision shall be issued by the Authority after verifying that there are no obligations on the Brokerage Firm as a result of Brokerage towards the Authority, Markets, or clients and shall be immediately published in two daily newspapers, one of which is in Arabic, circulated in the State at the expense of the Brokerage Firm..
3. The financial guarantee deposited with the Market shall be released after (3) months from the date of publication in two daily newspapers, if approved by the Market after the settlement of all transactions of the Brokerage Firm and ensuring that there are no obligations towards the Authority, the Markets or clients arising from practising Brokerage. In the case of any such obligations exists, the guarantee shall be retained, in whole or in part. If the guarantee is a bank guarantee, it may be called, in whole or in part, at the discretion of the Authority.

## **Chapter III: Obligations of the Brokerage Firms**

### **Internal Regulations of the Brokerage Firm**

#### **Article (3-10) [26]**

The Brokerage Firm must take all administrative and technical actions required to commence the licensed activity in accordance with the provisions of these Regulations, in particular the following:

1. Prepare an operational manual for risk management within a period of three (3) months from the commencement of its business. The manual shall include the identification and definition of current or potential risks that the Brokerage



Firm may encounter and how to address, respond to, report, and control such risks, so that the Brokerage Firm can continue to practice its activities if such risks materialize. The manual must be continuously updated as commensurate with the nature of the business and in accordance with applicable standards in this field.

2. Develop written internal bylaws within three (3) months from the date of obtaining the license, and provide the Authority with a copy thereof, including the notification of the Authority of any amendments to the provisions of such bylaws following any amendments in the Law, or in the regulations or decisions issued pursuant thereto. The internal bylaws must include the following information:

a. The organizational structure of the Brokerage Firm showing the actual authorities and responsibilities of management exercised by the directors and the other employees thereof.

b. The documentary cycle to be followed from the date on which the investor transacts with the Brokerage Firm up until the completion of such transaction, and receipt by the investor of a notification confirming such completion.

c. Mail registration system.

d. Internal record-keeping system.

e. Clients complaints recording system.

f. The internal control system and periodic review applied to the managers and employees to ensure the proper application of the Law, regulations and decisions applicable and the internal bylaws applicable in the Market.

g. The system to remedy errors caused when the brokerage firm conducts Brokerage.

h. The client order processing system in the case of default in payment and other events of breach of their obligations towards the Brokerage Firm.

i. Administrative and accounting procedures followed, and the necessary arrangements to control and maintain the information processing systems.

j. The procedures that will ensure compliance with the laws, regulations and resolutions applicable in the State concerning anti-money laundering and counter terrorist financing

3. Not to disclose to other Brokerage Firms or other transacting parties the names and particulars of their clients, or give any details or information on their orders.

4. Cooperation and coordination with the internal auditor in a manner enabling him to perform his duties; and notifying the Authority of any violation of its laws, regulations or decisions issued pursuant thereto, or the internal bylaws applied by the Markets.

5. Not to dismiss the compliance officer except by a decision of the board of directors/ management board of the Brokerage Firm provided that both the Authority and the compliance officer are notified at least thirty (30) days prior to such dismissal setting out the reasons and justifications for such dismissal.

## **Obligations of the Brokerage Firm towards the**

# Authority and the Market

## Article (3-11) [27] [28]

A Brokerage Firm shall adhere to the following obligations towards the Authority and the Market:

1. Continuously maintain the capital adequacy required to conduct Brokerage in a manner that enables it to satisfy its obligations in accordance with the standards issued by the Market in this regard.

2. Provide the Authority with the following reports:

A. Interim financial reports (quarterly reports) reviewed by the external auditor within (45) days from the end of the quarter and signed by the authorized signatory in the Company's Memorandum of Association.

B. An annual financial report audited by the external auditor within (three months) from the end of fiscal year and signed by the authorized signatory in the Company's Memorandum of Association.

C. Interim reports (quarterly reports) within (45) days from the end of the quarter and an annual report within (three months) from the end of fiscal year, which include the Company's profits, losses and business related to the activity, using the form designed by the Authority. Such reports shall be signed by the director in charge of the activity if the Company is licensed by the Authority for more than an activity or if the licensee is a local or foreign bank, branch of a foreign bank or a finance company.

D. Local and foreign banks, branches of the foreign banks and finance companies shall be excluded from reports required in paragraphs (A & B) of this Clause.

E. Any financial statements or other reports required by the Authority.

3. Provide the Market with an annual Net Current Tangible Assets (NCTA) report approved by the chairman of the board and audited by an external auditor within a period not exceeding thirty (30) days from the end date of the financial year.

4. Immediately notify the Authority and the Market of the following:

a. In the event of any material changes or developments in the Brokerage Firm, or any deficit that affects the stability of its financial position.

b. Any changes to the information or data provided when applying for the license.

c. Any lien or mortgage on the assets of the Brokerage Firm, and any legal actions where the Brokerage Firm or any of its Authority-accredited staff is a party, which would financially impact the position of the Brokerage Firm.

d. Any violations committed by the Brokerage Firm's staff against the laws, regulations, bylaws, decisions applied by the Authority and the Markets.

5. Provide the Authority with the name of the Introducing Broker and enclose copies of the following:

a. The agreement entered into between the Brokerage Firm and the Introducing Broker including all their mutual obligations and rights and in particular the undertaking by the Introducing Broker not to receive or collect

funds or commissions from the clients, not to enter into agreements or Trade on behalf of clients, and not to enter into agreements with another Brokerage Firm, in addition to its obligation not to assign his duties or obligations to another person.

b. An undertaking from the Brokerage Firm regarding its responsibilities for any violations or irregularities committed by the Introducing Broker.

6. Satisfy all obligations arising from Trading, which the Brokerage Firm has brokered in the specified time periods.

7. Obtain the prior approval of the Authority before making any changes on the Brokerage Firm's board of directors / management board or any of the key positions in the Brokerage Firm and explain the reason for the change.

8. Provide proof that Execution of Orders have been approved by the client, including the recording and archiving of orders made by phone or via the internet in accordance with the controls and technical requirements set by the Authority; and ensure the accuracy of orders received by fax, via e-mail or through other electronic means and keep copies of such orders; and issue confirmations on the same day on which the Execution of Orders has occurred. In all cases, the onus of proof falls on the Brokerage Firm towards the Authority and the Market.

9. Maintain commercial books and records or use computers and other modern technologies in accordance with the International Financial Reporting Standards (IFRS), and retain client orders whether written, recorded through telephone or received by any other electronic means approved by the Authority for a period of ten (10) years. Backup copies of such data and documents must be retained for the same period in order to preserve the client's data and transactions and to avoid any causes of damage to them.

10. Maintain, at all times in the Brokerage Firm's head office, the records, documents, accounts and financial statements that show its financial position and its clients' financial positions, transactions, and agreements to open accounts for each of them. The Authority must be provided with access thereto and must be enabled to review all information related thereto immediately upon request.

11. Compliance with all regulatory rules, procedures and requirements determined by the Authority with respect to internal controls and the functions of the compliance officer.

## **Obligations of the Brokerage Firm towards its Clients**

### **Article (3-12) [29]**

The Brokerage Firm and its staff shall comply with the ethics of the profession and shall refrain from any action that would be detrimental to the reputation of the Market, its members or dealers therein and in particular the following:

1. The Brokerage Firm should not combine its role as a Brokerage Firm and the role of an agent in a contract it has brokered.

2. Not to execute any client orders prior to the conclusion of the account opening agreement, dated and signed by the persons legally authorized by the parties to do so. The agreement shall set out the rights and obligations of both parties. Such data must be updated periodically.
3. Refrain from dealing with third parties on behalf of clients unless authorized by a power of attorney authenticated from inside or outside the State in accordance with the procedures adopted by the competent bodies, or authorized by powers of attorney deposited with the Market within the limits set by the power of attorney, and the financial dues of the client must be disbursed only in the client's name.
4. Refrain from disposing clients' monies in any manner contrary to their instructions or in violation of the activity for which the Brokerage Firm is authorised to practice.
5. Notify the client in writing or by the agreed means of communications of the executed transactions in his account upon the execution thereof. The client may object to any transaction by notifying the Brokerage Firm through the same means of any error or objection to the transactions that have been executed for his account during a period determined by the Market.
6. Provide the client with a detailed statement of account on a periodic basis as per the period determined by the Market in the event of executing Trading orders during that period, without prejudice to the right of the client to request a detailed statement of account or a statement of his Commodities contracts balance or of any financial instruments at any time.
7. Not to utilize client data to achieve benefits or gains for the Brokerage Firm, or any of its staff, affiliates or related parties.
8. Observe the principles of honesty and integrity, and avoid conflict of interest situations when practicing Brokerage; not to favour personal interests or third party interests over the interests of clients and refrain from prejudice among clients; and execute their orders on a first received first served basis.
9. Practice the licensed activity while exerting the care of a prudent person in accordance with the provisions of the Law and the regulations issued in implementation thereof and the conditions and controls based on which the license was issued; and observe the business norms in this regard and the principles of trust, fairness, equality and care for the interests of clients.

## **Article (3-12/bis) [30]**

Foreign companies and banks are exempt from the obligations mentioned in this Decision that related to the following:

1. The controls and mechanism for segregation of accounts with brokers.
2. Financial solvency standards.
3. Financial statements.

They shall be licensed to practice the brokerage activity by a regulatory authority similar to the Authority - ordinary member or associate member with International Organization of Securities Commissions (IOSCO) - and subject to its requirements relating to those obligations

## **Chapter IV: Control, Inspection and Penalties**

### **Control and Inspection**

#### **Article (3-13) [31]**

The Authority may supervise and inspect on a periodic basis and it may conduct unannounced inspections without prior notice to those licensed to conduct Brokerage activities to ensure their compliance with the Law, regulations and decisions of the Authority, and to investigate any irregularities revealed by the inspection or contained in complaints received by the Authority. The Authority may request all information and documents from the licensees, their staff or clients that it deems necessary for the purposes of conducting inspections and investigations

### **Penalties**

#### **Article (3-14) [32]**

1. In the event of a significant change in the management of a Brokerage Firm, or in case of not practicing Brokerage for a period of fifteen (15) working days without an acceptable justification to the Market, or failure to satisfy one of the license conditions, the Market may suspend the Brokerage Firm from operating for a period that does not exceed five (5) working days, or refer the matter to the Authority to take the appropriate decision if there are reasons that justify the suspension of the Brokerage Firm for a longer period.
2. In the event that the Brokerage Firm violates the provisions of the Law, regulations, decisions or controls issued pursuant thereto, the Authority may apply any of the following penalties:
  - a. Serve a warning.
  - b. Impose a fine that does not exceed the maximum fine limit stipulated in the Law and the regulations issued pursuant thereto.
  - c. Suspend the Brokerage Firm from operating for a period that does not exceed (1) year.
3. The Authority may cancel the license of a Brokerage Firm in any of the following cases:
  - a. Breach of one of the license conditions set forth in these Regulations.
  - b. Material breach of any of the duties or obligations.

- c. Default in the payment of the annual licence renewal fees or prescribed fines.
- d. A final court judgment is passed declaring the Brokerage Firm bankrupt.
- e. Winding up and liquidating the Brokerage Firm.

The decision to cancel the Brokerage Firm's license and to remove it from the register kept by the Authority shall be published at the expense of the Brokerage Firm immediately after its issuance in two daily newspapers, one of which is in Arabic, circulated in the State. The Market may pay such expenses from the Brokerage Firm's financial guarantee.

4. The Authority may cancel Trades that occurred in violation of the Law, regulations, decisions or controls issued pursuant thereto, and may order the restoration of things to their state prior to Trading.

5. In case of a violation of the Law, regulations, decisions or controls issued pursuant thereto by Authority-accredited staff of the Brokerage Firm, the Authority may impose any of the following penalties:

- a. Warning.
- b. Suspension from practicing for a period not exceeding two months.
- c. Cancellation of the accreditation in the case of a serious breach of the Law, regulations, decisions or controls issued pursuant thereto.

## **Part Four: Membership of the Market**

### **Registration of Members**

#### **Article (4-1)**

The Market shall determine the conditions required to be satisfied for the registration of Members, provided that such conditions are not less than what is required by the Law and the regulations and resolutions relating to commodities issued in implementation thereof and provided that said conditions have been approved by the Authority. The Market shall also prescribe the model format for applications for the registration of Members and shall specify the procedures for the submission thereof, the Market being bound not to consider any application before ascertaining that the applicant has obtained a license from the Authority.

### **Obligations of Members to Comply with the Law and Regulations**

#### **Article (4-2)**

Members shall comply with the provisions of the Law and the regulations and resolutions relating to commodities issued in implementation thereof and the Market Regulations of the Market in which they are Market Members.

## **Part Five: Listing of Commodities, Options Contracts,**

## or Futures

### **Authority's Approval Article (5-1)**

5-1-1 No Commodities, Options Contract, or Futures may be listed in the Market without the prior approval of the Authority.  
[33]

5-1-2 Article 5-1-1 does not apply to the listing of additional delivery months or options series for a Commodities Contract that has already been approved for listing by the Authority in accordance with Article 5-1-1.

### **Trading in Listed Commodities, Options Contracts, or Futures**

#### **Article (5-2)**

Trading in the Markets shall be restricted to listed Commodities, Options Contracts, or Futures and shall be conducted in accordance with the relevant Market regulations.<sup>[34]</sup>

### **Application for Listing of Commodities, Options Contracts, or Futures**

#### **Article (5-3)**

Listing shall take place upon the approval of the Authority of the listing following an application by the relevant Market.

### **Listing Conditions Article (5-4) [35]**

The Board may from time to time establish conditions for the listing of Commodities, Options Contracts, or Futures for Trading in the Market.

## **Format for Forms of Listing Applications**

### **Article (5-5) [36]**

Applications for listing shall be submitted to the Authority in the prescribed form, supported by the documents required for the type of Commodities, Options Contracts, Futures for which listing is being applied for.

## **Signatures for Signing Listing Applications**

### **Article (5-6)**

The application for listing shall be signed by an authorized signatory of the Market for which the listing is applied for, or by whomever is authorized under applicable laws and regulations to do so.

## **Market to Supervise Market's Supervision on the Accuracy of the Listing Applications**

### **Article (5-7)**

The members of the board of directors of the Market shall be responsible for the completeness and accuracy of all information submitted to the Authority.

## **Exempting the Authority from Liability Regarding the Accuracy of the Data**

### **Article (5-8)**

The Authority shall not be responsible for the data, information, reports and documents submitted by the Market, whether submitted for the purposes and objectives of the Market or for publication.

The fact that the Authority is cognizant of them or has confirmed them in its publications shall not be taken as an admission of the accuracy of their contents or as an admission of the legality of action taken by any person on the basis of them.

## **Processing the Listing Applications**

### **Article (5-9)**

5-9-1 The Authority shall prepare a register in which shall be entered the applications for listing with serial numbers according to the date each is received. Each application shall be given its own file in which the documents and any related procedures shall be filed.

5-9-2 The Authority shall provide the person submitting the application with a receipt evidencing submission of the application, its date and its entry number in the said register.



# **Standards for Review of Listing Applications**

## **Article (5-10)**

In evaluating an application for listing, the Authority may consider:

5-10-1 Whether such listing is appropriate for a particular Market.

5-10-2 Whether Trading in such Commodities, Options Contracts, or Futures may be expected to serve the public interest.  
[37]

5-10-3 Whether Trading in such Commodities, Options Contracts, or Futures may be unjust or violates clients' rights. [38]

5-10-4 The extent to which such Commodities, Options Contracts, or Futures have the potential for abuse as part of a device, scheme or artifice to defraud other persons.  
[39]

5-10-5 Such other criteria as the Authority may, in its discretion, apply.

## **Committee Review of Listing Applications**

### **Article (5-11)**

5-11-1 A committee composed of technical and legal members shall be formed by resolution of the chairman of the Board to examine the applications for listing.

5-11-2 If the application is complete, the committee shall make its decision thereon within a period not exceeding fifteen days from date of its submission. If it is incomplete, the concerned parties shall be notified of the necessity of completing it within a period not exceeding fifteen days from the date of the notification, otherwise the applicant shall be deemed to have abandoned its application.

## **Board Review of Applications for Listing**

### **Article (5-12)**

5-12-1 The decisions of the committee shall be placed before the Board within fifteen days of the decision of the committee under Article 5-11-2. The Board shall make its decision on the application within a period not exceeding thirty days from the date the applications were placed before the Board.

5-12-2 The Board may, before determining the application for listing, request any particulars it deems necessary in order to issue its decision.

## **Notification of Board Decisions regarding Listing**

### **Applications**

#### **Article (5-13)**

The concerned parties shall be notified of the Board's decision within a period not exceeding one week from the date it is issued.

## **Effect of Board Decision Regarding Listing**

### **Applications**

#### **Article (5-14)**

The Board's decision to approve the listing of any Commodities, Options Contracts, or Futures shall entitle the relevant Market to list such Commodities, Options Contracts, or Futures for Trading. The Market shall inform the Authority within (1) week of effecting such listing.<sup>[40]</sup>

## **Market to Establish Trading Codes and Abbreviated**

### **Names**

#### **Article (5-15) [41]**

The Market shall assign to all Commodities, Options Contracts, or Futures approved for Trading on such Market individual trading codes and abbreviated names. The trading code and abbreviated name shall be assigned at the Market's discretion, provided that there are no similar names used in other Markets\*.

## **Register of Listed Commodities, Options, or Futures**

### **Contracts**

#### **Article (5-16)**

The Market shall maintain a register of the Commodities, Options Contracts, or Futures listed therein, and inform the Authority of logging the entry of any Commodities, Options Contracts, or Futures therein within (1) week from the date of logging such entry in the register. It shall also inform the Authority of all amendments relating to information previously entered in said register immediately upon such amendments taking effect.<sup>[42]</sup>

## **Suspension or Cancellation of Listing**

### **Article (5-17)**

5-17-1 The Authority may, after conducting investigations and in consultation with a Market, suspend or cancel the listing of any Commodity, Option Contract, or Future from Trading in the Market on the occurrence of exceptional circumstances or circumstances that threaten the proper operations of the Market, or if it considers that Trading in such Commodity, Options Contract, or Future does not serve the public interest or is unjust or violates clients' rights, or for any other reasons.  
[43]

5-17-2 The Market may appeal the decision of the Authority within (30) days from the date of the decision if it was issued in the presence of the Market, or from the date of notification if the decision was issued in absentia.

## **Suspension of Listing – Revocation**

### **Article (5-18)**

The Authority may, at the Market's request, revoke its decision to suspend the listing of any Commodities, Options Contracts, or Futures where the cause(s) of the suspension no longer exist.<sup>[44]</sup>

## **Part Six - Trading**

### **Market Controls Regarding Trading**

#### **Article (6-1)**

The Market shall make rules regarding the fixing of working hours on the Floor, the rules as to admittance thereto and the instructions to be observed by those present therein.

## **Trading**

# **Trading in the Market**

## **Article (6-2)**

6-2-1 Trading shall be carried out on the Floor over at least five working days in the week, excluding official holidays. Trading activity shall not be for less than two hours in the day.

6-2-2 The Market shall advise the Authority of the days and hours of work it approves. The Market may vary such days and hours and shall advise the Authority accordingly.

## **The Electronic Trading System**

### **Article (6-3)**

Trading on a Market may be through an electronic Trading system in which case shall provide for online monitoring and control of Members' Trading activities including withdrawal of Trading rights where trading by the Member exceeds collateral commitment provided.

## **Clearing Members**

### **Article (6-4)**

A Member shall not be permitted to trade on a Market unless the Member is a Clearing Member or is guaranteed by a Clearing Member.

## **Entry of Orders**

### **Article (6-5)**

A Broker shall enter sale or purchase orders in good faith through the channels provided by the Market. All orders must be executed in the Market on a competitive basis in accordance with the Market Regulations.

## **Trading Through Electronic Trading System or Otherwise**

### **Article (6-6)**

Unless otherwise authorized under the relevant Market Regulations, Trading in the Market shall be carried out through an electronic Trading system made available by the Market and in accordance with the provisions as to Trading in the Law and the regulations and instructions relating to commodities issued in implementation thereof.

## **Price Limits on Trading**

### **Article (6-7)**

The Market shall set in its contract specifications a price limit on Trading per type of listed Commodity, Options Contract, or Future.<sup>[45]</sup>

## **Regulations for Display of Prices**

### **Article (6-8)**

Quotes for listed Commodities, Options Contracts, or Futures shall be displayed in accordance with the Market regulations.<sup>[46]</sup>

## **Role of Market Controller**

### **Article (6-9)**

6-9-1 The Market Controller shall oversee the opening of Trading sessions and the proper functioning thereof. He or she shall be assisted by a number of officers. The Market Controller shall be responsible for managing the Floor of the Market and observing the Members compliance with the Trading practices on the Floor.

6-9-2 The Market Controller shall forthwith inform the director general of the Market of any irregularity in order to take the action that the director general deems appropriate thereon.

## **Recording Transactions**

### **Article (6-10)**

Any transactions which purport to constitute Trading in listed Commodities, Options Contracts, or Futures which are not recorded in the relevant Market shall be null and void.<sup>[47]</sup>

## **Deceptive Trading**

## Article (6-11)

6-11-1 Any fraudulent or deceptive transaction, practice, conduct or course of business or the use of any device, scheme or artifice to defraud, including, but not limited to any of the following actions, shall be punishable by one or more of the penalties provided for in Article 6-11-3:

a- Entering or purporting to enter into false or fictitious transactions.

b- Purporting to make, or reporting or purporting to report, any false or fictitious transaction.

c- Directly or indirectly using, or knowingly facilitating or participating in the use of, any manipulative or deceptive method of Trading whereby the trade or trades could reasonably be expected to create a false or misleading appearance of Trading activity, or an artificial price for the Commodities contract, the underlying Commodity or any related contracts.

d- Manipulating or attempting to manipulate prices of any listed Commodities, Options Contract, or Future.  
[48]

e- cornering or squeeze or an opportunity for the manipulation of prices of any Commodities, Options Contracts, or Futures. [49]

f- Disseminating any false, misleading or knowingly inaccurate information, including information concerning crops or market information or conditions that may affect or tend to affect the price of any listed Commodities, Options Contracts, or Futures traded in the Market.  
[50]

g- Purchasing or selling or offering to purchase or sell Commodities, Options Contracts or Futures in a manner which may have the effect of destabilising the Market, or resulting in a loss of confidence in the Market, so that prices will not properly reflect reasonable commercial values.  
[51]

h- Making, or facilitating, such purchases or sales, or offering to purchase or sell, with the knowledge or intent to or assist in the carrying out of any plan or scheme that is in violation of the Law or any regulations or resolutions relating to Commodities, Options Contracts or Futures issued in implementation thereof.

6-11-2 Where a partner, director, officer, agent, employee, messenger or clerk of any Market member commits any violation of the Law or any regulations or resolutions relating to Commodities issued in implementation thereof, the Market member shall also be deemed to have committed such violation(s).

6-11-3 Without prejudice to the custodial sentences or fines, civil penalties or damages under the applicable laws and regulations of the State and penalties imposed by the applicable Market regulations, the Board may impose administrative penalties on any corporate person violating the provisions of this

Article (6-11). The penalized person may appeal the Authority's decision to the arbitration panel as set forth in the Authority's resolutions within (30) days from the date of the issue of the decision if present at the decision, or from the date of receiving notice of such decision if issued in absentia. The decision of said arbitration panel shall be final.

## **Market Suspension of Trading**

### **Article (6-12)**

The director general of the Market may decide to temporarily suspend Trading in the Market or suspend Trading in any listed Commodities, Options Contracts, or Futures upon the occurrence of exceptional circumstances or events that threaten the proper operation of, and order in, the Market. The director general shall immediately advise the Authority of said decision.<sup>[52]</sup>

## **Daily, Weekly and Monthly Market Bulletins**

### **Article (6-13)**

6-13-1 The Market shall prepare a daily and a weekly bulletin regarding the Commodities, Options Contracts and Futures Traded. The bulletin shall be approved by the director general of the Market, or whoever he or she authorizes to do so, and shall be made available regularly in a minimum of two daily newspapers in the State in both languages; Arabic and English.<sup>[53]</sup>

6-13-2 The Market shall also prepare a monthly bulletin containing information as to the Commodities, Options Contracts and Futures listed during the month, the total monthly volume of Trading in the various sectors of activity compared to the previous month, and a statement of the Trading indices, if any.<sup>[54]</sup>

## **Publication of Data**

## **Article (6-14)**

What the Market publishes shall be restricted to aggregated statistical data, without reference to names of transacting parties or Members; provided, however, that the Authority shall be entitled to receive any information it requests from the Market, including the names of transacting parties and/or Members.

## **Market Provision of Information Requested by the Authority**

### **Article (6-15)**

The Market shall furnish to the Authority the data as to Trading on the model formats prepared by the Authority in this respect.

## **Part Seven: Clearing and Settlement**

### **Role of Clearing House**

#### **Article (7-1)**

The Clearing Agency shall undertake a number of principal tasks, which shall include but not be limited to:

7-1-1 Allocating numbers to Clearing Members and to supervise the same.

7-1-2 Operating the Market's clearing system.

7-1-3 Issuing orders for payment of residual amounts due to Clearing Members (if any).

7-1-4 Issuing orders for collection of net amounts due from Clearing Members (if any).

7-1-5 Keeping and administering collateral posted by Clearing Members pursuant to applicable Clearing Regulations.

### **Authority to Approve The Authority's Approval of Clearing Regulations**

#### **Article (7-2)**

The Authority must approve the regulations for the settlement and clearing of Listed Commodities which shall be put in place by the Clearing Agency.

### **Netting of Payments**

#### **Article (7-3)**

Settlement of payments will occur on a daily basis in accordance with the



## **Demands on Collateral**

### **Article (7-4)**

The Clearing Agency may require a Clearing Member to post cash or other collateral in accordance with the Clearing Regulations.

## **Reports to the Authority**

### **Article (7-5)**

The Clearing Agency shall provide such regular reports to the Authority as it may request and shall comply promptly with all Authority requests for information.

## **Part Eight : Disclosure and Transparency**

### **Purpose of Rules**

#### **Article (8-1)**

To secure the integrity and accuracy of transactions and the interaction of the forces of supply and demand so as to ensure the natural setting of prices and protection of the Markets and participants in the Markets by establishing the bases for sound and just dealings, the following rules for disclosure and transparency in Articles 8-2 to 8-5 shall be observed.

### **Authority to Regulate Disclosure and Transparency**

#### **Article (8-2)**

The Authority shall ensure that disclosure and transparency are subsisting and regulated in the manner prescribed in the Law and the regulations and the resolutions relating to commodities issued in implementation thereof.

### **Board Inspection of Members**

#### **Article (8-3)**

8-3-1 The Board may order the performance of an inspection of Market Members periodically or upon request by a concerned party, in order to ascertain the extent of compliance with the Law and the rules and regulations relating to commodities issued in implementation thereof, in accordance with the regulations which it makes in this respect.

8-3-2 The inspection shall be conducted in coordination with the management of the Market in cases where that is appropriate.

# **Board May Order Disclosure and Order Investigations**

## **Article (8-4)**

8-4-1 The Board may compel any Juristic Person believed by the Board to have a connection with activities in a Commodities Contract traded on a Market, to make a disclosure to the Authority and to submit any information related to such Commodity Contracts to the Authority.

8-4-2 In the performance of its duties, the Board may also order the performance of any investigation it deems necessary in applying the provisions of the Law and the regulations and resolutions relating to commodities issued in implementation thereof.

## **Market to Ensure Disclosure and Transparency**

### **Article (8-5)**

The board of directors of the Market shall present reports and data to the Authority and issue the press notices necessary to ensure transparency of information and disclosure.

## **Part Nine : Final Provisions**

### **Fees**

#### **Article (9-1)**

The Market and the Brokers shall pay fees to the Authority as prescribed by the Authority from time to time.

## **Application of Authority's Resolutions to this regulation**

### **Article (9-2)**

9-2-1 The following Board Resolutions (and its amendments) shall not apply to any Commodities, Commodities Contracts or Markets as defined in this Regulation:

- a- Resolution No 1 of 2000 as to the Regulation of Brokers.
- b- Resolution No 2 of 2000 as to Membership of the Market.
- c- Resolution No 3 of 2000 as to the Disclosure and Transparency (as amended by Resolutions No 75 of 2004 and 63 of 2005).

- d- Resolution No 11 of 2000 as to Market Licensing and Supervision.
- e- Resolution No 12 of 2000 as to the Listing of Securities and Commodities.
- f- Resolution No 2 of 2001 as to Trading, Clearing, Settlement, Transfer or Ownership and Custody of Securities.
- g- Resolution No 3 of 2001 as to the Functioning of the Market.
- h- Resolution No 7 of 2002 concerning the Listing of Foreign Companies.
- i- Resolution No 18 of 2002 concerning the Fees due to the Authority.
- j- Resolution No 70 of 2003 concerning Opening of Trading Halls.
- k- Resolution No 93 of 2005 as to Listing of Islamic Sukuks.
- l- Resolution No 94 of 2005 as to Listing of Debt Instruments.

9-2-2 Any references in any of the above Resolutions to a "Market" shall be interpreted as a reference to securities markets only.

9-2-3 All Future resolutions issued by the Authority shall clearly specify whether they apply to securities, commodities or both. Any regulations or resolutions issued by the Board shall not apply to Regulations unless otherwise clearly specified.

## **Effective Date**

### **Article (9-3)**

This Regulation shall be published in the Official Gazette and shall be effective from the date of their issuance.

Lubna bint Khalid Al Qasimi  
Chairman of the Board of Directors

Issued in Abu Dhabi  
On 28 Ramadan 1422 Hijri  
Corresponding to 31/10/2005 AD

- 
- [1] - \* Article (1) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
  - [2] - Article (2-1) has been amended pursuant to the Authority's Board Decision

No, (56) of 2012.

- [3] - Article (2-6-1) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [4] - Article (2-6-1-a) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [5] - Article (2-6-1-c) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [6] - Article (2-8-1) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [7] - Article (2-11-3-h) has been amended pursuant to the Authority's Board of Directors Decision No. (56) of 2012.
- [8] - Article (2-11-3-i) has been amended pursuant to the Authority's Board of Directors Decision No. (56) of 2012.
- [9] - Article (2-16) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [10] - Article (2-17-2) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [11] - Article (2-18-1) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [12] - Article (2-18-3) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [13] - Article (2-23) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [14] - Article (2-25) has been amended according to Decision No. (35/R) of 2008.
- [15] - Article (2-25) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [16] - The Articles of Part Three starting from Article (3-1) until (3-14) have been amended pursuant to the Authority's Board of Directors No. (56) of 2012.
- [17] - The Articles of Part Three starting from Article (3-1) until (3-14) have been amended pursuant to the Authority's Board of Directors No. (56) of 2012.
- [18] - The Articles of Part Three starting from Article (3-1) until (3-14) have been amended pursuant to the Authority's Board of Directors No. (56) of 2012.
- [19] - The Articles of Part Three starting from Article (3-1) until (3-14) have been amended pursuant to the Authority's Board of Directors No. (56) of 2012.
- [20] - The Articles of Part Three starting from Article (3-1) until (3-14) have been amended pursuant to the Authority's Board of Directors No. (56) of 2012.
- [21] - The Articles of Part Three starting from Article (3-1) until (3-14) have been amended pursuant to the Authority's Board of Directors No. (56) of 2012.
- [22] - The Articles of Part Three starting from Article (3-1) until (3-14) have been amended pursuant to the Authority's Board of Directors No. (56) of 2012.
- [23] - The Articles of Part Three starting from Article (3-1) until (3-14) have been amended pursuant to the Authority's Board of Directors No. (56) of 2012.
- [24] - Article (3-8) has been cancelled according to Authority's Board No 30 /

Rm of 2017

- [25] - The Articles of Part Three starting from Article (3-1) until (3-14) have been amended pursuant to the Authority's Board of Directors No. (56) of 2012.
- [26] - The Articles of Part Three starting from Article (3-1) until (3-14) have been amended pursuant to the Authority's Board of Directors No. (56) of 2012.
- [27] - The Articles of Part Three starting from Article (3-1) until (3-14) have been amended pursuant to the Authority's Board of Directors No. (56) of 2012.
- [28] - The Article has been amended by virtue of Decision No.35/R.M OF 2019
- [29] - The Articles of Part Three starting from Article (3-1) until (3-14) have been amended pursuant to the Authority's Board of Directors No. (56) of 2012.
- [30] - Article (3-12/bis ) has been added by Board decision NO 4/R.M of 2020
- [31] - The Articles of Part Three starting from Article (3-1) until (3-14) have been amended pursuant to the Authority's Board of Directors No. (56) of 2012.
- [32] - The Articles of Part Three starting from Article (3-1) until (3-14) have been amended pursuant to the Authority's Board of Directors No. (56) of 2012.
- [33] - Article (5-1-1) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [34] - Article (5-2) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [35] - Article (5-4) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [36] - Article (5-5) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [37] - Article (5-10-2) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [38] - Article (5-10-3) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [39] - Article (5-10-4) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [40] - Article (5-14) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [41] - Article (5-15) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [42] - Article (5-16) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [43] - Article (5-17-1) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [44] - Article (5-18) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [45] - Article (6-7) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [46] - Article (6-8) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [47] - Article (6-10) has been amended pursuant to the Authority's Board

Decision No. (56) of 2012.

- [48] - Article (6-11-1-d) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [49] - Article (6-11-1-e) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [50] - Article (6-11-1-f) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [51] - Article (6-11-1-g) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [52] - Article (6-12) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [53] - Article (6-13-1) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.
- [54] - Article (6-13-2) has been amended pursuant to the Authority's Board Decision No. (56) of 2012.