

**DECISION NO (11) OF 2000  
CONCERNING  
THE REGULATIONS AS TO MARKET LICENSING  
AND SUPERVISION**

The Council of Ministers,  
Having considered the Constitution,  
Federal Law No. 1 of 1972 concerning the Competences of the  
Ministries and the Powers of the Ministers, and the laws in  
amendment thereof,  
Federal Law No. 4 of 2000 concerning the Emirates Securities &  
Commodities Authority and Market,  
Council of Ministers Resolution No. 193/18 of 2000 of 13/3/2000  
concerning the constituting of the Board of Directors of the  
Securities & Commodities Authority,  
The Resolution of the Authority's Board of Directors at its meeting  
No. 1 of the year 2000 on 25/3/2000 on the approval of the  
Regulations as to Market Licensing and Supervision,  
Council of Ministers Resolution No. 384/10 of 2000 on the  
Regulations as to Market Licensing and Supervision, and  
On the basis of the proposal of the Minister of Economy &  
Commerce - Chairman of the Authority's Board of Directors - and  
the approval of the Council of Ministers,  
Has resolved:

**Article (1)**

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

**The State:** The State of the United Arab Emirates.

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

**The Authority:** The Securities & Commodities Authority.

**Market:** A securities and commodities market licensed in the State  
by the Authority.

**The Board:** The board of directors of the Authority.

**Article (2)**

No market may undertake the activity of trading in securities and  
commodities in the State unless licensed by the Authority.

### **Article (3)**

For the grant of a license to any market, the following conditions shall be met:

1. It is in the form of a local public establishment.
2. It occupies an appropriate building fitted out with the technical equipment necessary to conduct its activity electronically.
3. It is electronically linked with the State's other Markets so as to give effect to a common trading system as between the Markets.

### **Article (4)**

**License applications shall be submitted to the Authority on the model format prepared therefore, supported by the following documents:**

- 1- The Local Resolution establishing the market.
- 2- A statement of the names of the members of the market's board of directors, with accompanying submission from each of them of the following:
  - a. An acknowledgment signed by him stating therein that he is not a member of the board of directors of a public joint stock company, and that he is not a partner in a financial brokerage company or a representative of a financial broker.
  - b. A written declaration made by him to the Authority as to the securities owned by him or by his spouse and minor children, and also the holdings of his spouse and minor children with any broker.
  - c. An undertaking by him to declare in writing to the Authority any change occurring in what he has previously declared under paragraph b within one week at most from the date he becomes aware of the change.
- 3- A statement in the name of the market's director general and his deputy, with accompanying submission from both of them of the following:
  - a. A written declaration made by him to the Authority as to the securities owned by him or by his spouse and minor children and also his holdings and the holdings of his spouse and minor children with any broker.
  - b. An undertaking by him to declare in writing to the Authority any change occurring in what he has previously declared as to the securities owned by him or by his spouse and minor children, and also as to his holdings and the holdings of his

spouse and minor children with any broker, within one week at most from the date he becomes aware of the change.

- 4- The organizational structure of the market and a statement of its specialist technical and administrative organs.
- 5- The internal regulations of the market which indicate the manner of appointing its director general and his powers, the procedure for calling meetings of the board of directors of the market, the place, quorum and validity of meetings and passing of resolutions.
- 6- The electronic registration system for trading, deposit, clearing, and settlement operations and the capacity for electronic linking with the other Markets in the State.

#### **Article (5)**

The Authority shall prepare a register in which shall be entered the license applications of Markets with serial numbers according to the date each is received. Each application shall be given its own file in which the documents and any other procedures shall be filed.

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

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

The Authority shall examine the license application within a period not exceeding fifteen days from the date of submission of the application.

If the application is complete, a recommendation shall be made as to the placing of it before the Board to take a decision thereon. If not, the concerned parties shall be notified of the necessity of completing the application within a period not exceeding fifteen days from the date of notification.

#### **Article (7)**

The application shall be placed before the Board which shall take a decision thereon within a period not exceeding thirty days from the date the complete applications were placed before it.

The Board may, before determining the application, request any particulars it deems necessary in order to make its decision.

### **Article (8)**

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

### **Article (9)**

A decision of the Authority to reject a license application shall state reasons. The applicant for the license shall have the right to re-submit the application when the reasons no longer subsist.

### **Article (10)**

The Authority may, in coordination with the Markets, in cases where this is requisite, conduct the inspections and investigations necessary to ensure that the regulations mentioned in Article 4 of the Law are being applied. It shall define the scope of the investigation, and designate the person to conduct it on its behalf.

### **Article (11)**

The Authority may take receipt of information laid and complaints made relating to Market or broker activity, conduct the necessary investigation, require any person to submit a written statement as to the circumstances and concomitant factors relating to the contravention which is the subject-matter of the information or complaint, and take appropriate decisions pursuant to the provisions of this Law and the regulations issued in application thereof.

### **Article (12)**

The inspection team appointed by the Authority may enter the Market and brokers' offices during working hours, have sight of records and documents, and require that it be provided with any document or information it deems necessary to perform its task.

### **Article (13)**

The Authority may, while it is investigating and inspecting, order the party under investigation by it not to dispose of the securities in his possession and to refrain from withdrawing any funds or securities deposited with another party.

### **Article (14)**

Investigation and inspection operations shall be deemed confidential documents which may not be made public.

### **Article (15)**

The Market shall present its balance sheet, profit and loss account and annual financial statements certified by an auditor entered on the roll of practicing auditors within one month from the end of its financial year.

### **Article (16)**

The Market shall provide the Authority with such reports and data as it requests and shall issue the press releases necessary to ensure transparency of information and disclosure.

### **Article (17)**

The Authority may adjudicate upon appeals submitted to it against decisions of the board of directors of the Market relating to the imposing of penalties by way of warning and monetary fine not exceeding one hundred thousand Dirhams.

### **Article (18)**

The Board may resolve, by a majority of its members present, temporarily to halt trading in the securities Market, or the shares of any company, or transactions in any securities, upon the occurrence of exceptional circumstances or that which threatens the proper and regular working of that Market.

### **Article (19)**

The Board may resolve, by a majority of its members present, to freeze, suspend or bring back into force any rules or regulations relating to the Market or any of its operations.

### **Article (19) Bis \***

The Board may impose any of the following sanctions in the event that the Market fails to pay the financial amounts prescribed for it and due to the Authority, in accordance with the following ranking:

- (1) The giving of a warning to the Market stating the financial contravention.
- (2) The giving of notice to the Market as to the necessity of rectifying the contravention within (30) thirty days of the date of the notice.

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\* Article (19 Bis) has been added according to Council of Ministers Decision No. (15) of 2004.

- (3) The levying of a penalty for delay at the rate of:
- a- (1%) of the amount due in respect of the first month.
  - b- (2%) of the amount due in respect of the following month.
  - c- (5%) of the amount due, in respect of the period subsequent to the second month.
- A part-month shall be considered an entire month in computing such penalty.
- (4) The temporary suspension of Market operation in the event of the contravention continuing, or the placing of the matter before the Board for action as it sees fit.

### **Article (20)**

This resolution shall be gazetted in the Official Gazette and shall come into force as from the date of its gazetting.

**The Prime Minister**

Issued by Us in Abu Dhabi  
On 1 Rabi' Al-Akhar 1421 Hijri  
Corresponding to 3 July 2000 AD