

**DECISION No (13) of 2000
CONCERNING
THE REGULATIONS AS TO
THE FUNCTIONING OF THE SECURITIES &
COMMODITIES AUTHORITY**

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. 3 of 2000 on 14/5/2000 on the approval of the Regulations as to
the Functioning of the Authority,
Council of Ministers Resolution No. 384/10 of 2000 concerning the
Regulations as to the Functioning of the Securities & Commodities
Authority, 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 as follows

Definitions

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
requires:

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

The State: The State of the United Arab Emirates.

The Ministry: The Ministry of Economy & Commerce.

The Minister: The Minister of Economy & Commerce.

The Authority: The Securities & Commodities Authority.

The Board: The board of directors of the Authority.

The Administrative Apparatus: The administrative apparatus of the Authority.

The Chief Executive: The chief executive of the Authority's Administrative Apparatus.

Chapter One What the Authority Is

Article (2)

The Securities & Commodities Authority and Market shall be a public authority enjoying juristic personality, financial and administrative independence, and the supervisory and executive powers necessary to perform its functions. It shall be adjunct to the Minister.

Article (3)

The seat of the Authority shall be in the capital of the State. It may establish subordinate branches or offices to carry out the functions of supervision and control over the Markets.

Article (4)

The Authority shall, within the scope of the objects for which it has been established, enjoy the exemptions and facilities enjoyed by State institutions.

Article (5)

The Authority shall not conduct commercial activities, or have an interest of its own in any undertaking, or own or issue any securities.

Article (6)

The prior-control provisions prescribed in Federal Law No. (7) of 1976 establishing the Audit Diwan shall not apply to the Authority.

Chapter Two The Authority's Objectives and Powers

Article (7)

The Authority shall have as its purpose the achieving of the following objects:

1. To provide a suitable climate for the investment of savings and funds in securities and commodities in a manner that serves

the interest of the national economy, secures integrity of transactions and protects investors.

2. To work to secure financial and economic stability.
3. To protect holders of securities, investors and the public in a manner that secures integrity and accuracy of transactions.
4. To regulate, develop and monitor the securities and commodities markets.
5. To develop investment awareness by conducting studies and presenting recommendations.

Article (8)

In the achieving of its objects, the Authority may exercise the following powers:

1. To propose and make regulations as provided for in the Law.
2. To supervise and monitor the functioning of the markets.
3. To license markets and brokers and authorize the listing of securities and commodities for trading in the market.
4. To determine, in consultation with the markets, the fees charged in order to implement the provisions of the Law and the regulations issued pursuant thereto.
5. To remove brokers from the registers of the brokers licensed in the market.
6. To regulate and monitor the disclosure of information relating to securities.
7. To form specialist technical committees and to specify the scope of their work and remuneration therefore.
8. To be in contact with international markets in order to obtain and exchange information and expertise, and to join relevant Arab and international organizations and federations.
9. To receive brokers' appeals against decisions by way of warning and monetary fine rendered by the market's board of directors pursuant to the provisions of the Law, and to render the final decision thereon.
10. To receive written declarations from all members of the Authority's board of directors, the director general of each market, his deputy and all members of the market's board of directors, forthwith upon any of them assuming his duties, as to the securities owned by himself or by his spouse and minor children and his holdings and the holdings of his spouse and minor children with any broker, and also any change occurring

therein, within one week at most from the date he becomes aware of the change.

11. To perform all other acts which assist in the achieving of the Authority's objects or the exercise of its powers pursuant to the Law.

Chapter Three

The Organs of the Authority and their Competences

Article (9)

The Authority's organizational structure shall be composed of:

1. A board of directors.
2. An administrative apparatus.

Article (10) *

In order to perform its tasks, the Authority may seek the assistance of whoever it deems suitable from amongst those who are not its own employees. Engagement in terms stating the task and the funds allocated shall be effected by decision of the Chief Executive after approval by the President of the Board.

Article (11)

The Board shall have governance over the Authority's affairs and the conduct of its business in accordance with the provisions of the Law and the regulations issued pursuant thereto, and it shall in particular:

1. Exercise the competences referred to in Article (12) of the Law, and ensure the application of the regulations specified in Article (4) thereof and compliance with their provisions.
2. Take receipt of information laid and complaints made relating to the market or to brokers and take the appropriate decisions thereon, including the ordering of investigation to be made and the imposing of penalties in accordance with the provisions of the Law and the regulations issued pursuant thereto.
3. Approve the annual budget of the Authority.
4. Appoint one or more auditors for the Authority from amongst the statutory auditors entered on the roll of practicing auditors, and determine the fees for him or them, as the case may be.
5. Halt trading temporarily in the securities market, or in the shares of any company, or in any securities, upon the

* Article (10) has been amended according to Council of Ministers Decision No. (17) Of 2004

- occurrence of exceptional circumstances or that which threatens proper and regular working in the market.
6. Freeze, suspend or bring back into force any rules and regulations relating to the market or any of its operations.
 7. Compel natural or juristic persons having a connection with activities in securities to make public disclosure and submit any information related to their activities.
 8. Set and amend scales for salaries, increments, allowances, bonuses, privileges and any other entitlements of employees in the Authority.
 9. Make regulations for the Authority's employees.
 10. Issue the resolutions necessary for the implementation of the provisions of the Law.

Article (12)*

The President of the Board shall be the head of the Authority. He, or whoever he deposes, shall represent it in relation to the third parties and before the courts. It shall be he who invites the Board to meet, presides over the meetings, directs the discussion, and issues the resolutions appointing experts, consultants and office-holders of the special and the first grades, terminating their services with the Authority and all other matters in connection with them.

Article (13)*

The Board delegates any of its competences to its president, and the President of the Board may delegate any of his competences to his deputy or to any member of the Board or to the Chief Executive, provided that the delegation is specific and in writing.

Article (14)

The deputy-chairman shall as a matter of course take the place of the Chairman in his absence or when he is unable to perform his duties or his post becomes vacant.

* Article (12) has been amended according to Council of Ministers Decision No. (17) Of 2004.

* Article (13) has been amended according to Council of Ministers Decision No. (17) Of 2004 .

Article (15)

The Board shall convene, on the Chairman's invitation, at least once every two months, and whenever the same is necessary. The invitation shall be addressed to the members in writing in sufficient time prior to the date of the meeting, accompanied by the agenda. The Board shall also meet upon request by at least four members. In emergency cases the invitation may be sent by any means of communication.

Article (16)

A meeting of the Board shall be valid if attended by the majority of its members, provided that the Chairman or his deputy is amongst them.

Resolutions shall be passed by a majority of the votes of those present, and in the case of an equality of votes, the side which prevails shall be that which includes the person presiding over the meeting. Voting by proxy or by letter shall not be permitted.

Article (17)

The Chairman shall direct the proceedings, maintain order, oversee the process of voting when resolutions are being passed, and announce the results thereof. The deputy-chairman shall take the place of the Chairman in his absence.

Article (18)

The Chairman may, in exceptional emergency cases that necessitate quick decision and where it is impossible to hold a meeting of the Board, take the requisite decision, provided that the decision is laid before the Board in its first meeting, for a final resolution thereon. The Board may affirm the decision or amend it or revoke it as to the future.

Article (19)

The Board may form from amongst its members permanent or interim committees and determine their competences. The board and the committees emanating there from may invite any person to attend whose opinion they consider it appropriate to hear on a specific issue, without that person having a vote in the deliberations.

Article (20)

The Board may form advisory and other committees as accords with working requirements, and in particular in the following fields:

1. The proposing of ways and means to develop the working of the Market.
2. The evolving and determining of the regulations necessary to combat fraud, deception and influence on the working of the market.
3. The determining of all requirements relating to publication, disclosure and transparency.

The Board shall specify how such committees are to be formed and their competences exercised.

Article (21)

Minutes of each Board meeting shall be drawn up, which minutes shall be approved by the Board and signed by the Chairman and the rapporteur. Recorded in them shall be the resolutions passed and the names of those present and those absent with and without excuse. The minutes shall be entered in a special register prepared therefore.

The Administrative Apparatus

Article (22)

The Authority shall have an administrative apparatus set in place and ordered pursuant to resolution of the Board. The Administrative Apparatus shall have as its head a person of ability and experience as a full-time chief executive appointed by the Board.

Article (23)*

The Chief Executive shall report to the President of the Board, and shall exercise the competences specified by the President or the Board.

The Chief Executive or whoever is acting in his place in his absence shall be competent as to the appointing of employees of the second grade and below, terminating their services, promoting them, awarding them bonuses and all other matters in connection with them.

* Article (23) has been amended according to Council of Ministers Decision No. (17) Of 2004

Article (24)

The Authority's employees shall be subject to their own regulations issued by the Board, in which shall be specified their salaries, increments, allowances, bonuses, privileges and any other entitlements.

Article (25)

The Chairman of the Board shall issue, with the approval of the Board, a resolution as to the Authority's organizational structure and internal regulations, including the competences of the departments and the sections therein.

Article (26)

The Administrative Apparatus shall comprise a number of departments, under the direction of a manager appointed by the Board on the nomination of its Chairman. Amongst such departments shall be the:

1. Licensing and Disclosure Department.
2. Follow-up and Inspection Department.
3. Systems and Information Department.
4. Administrative and Financial Affairs Department.
5. Legal Affairs Office.

Article (27)

The Chairman shall issue a resolution as to the official working days and hours of the Authority's employees.

Chapter Four The Authority's Finances

Article (28)

The Federal Government shall bear the expenses of establishing the Authority.

Article (29)

The Authority's fiscal year shall commence on first January and end at the end of December each year.

Exceptionally, the Authority's first fiscal year shall commence on the date when the Law comes into force and shall end at the end of the following fiscal year.

Article (30)

The Chief Executive shall prepare the draft budget and submit it to the Board for approval at least one month before the commencement of the new fiscal year.

He shall also prepare the Authority's final accounts within the ninety days following the end of the fiscal year, and shall present them to the Board, supported by the auditor's report.

Article (31)

The Board shall approve the budget after it has been prepared, and it shall then be issued as an annexe to the general budget of the State.

Article (32)

The Chief Executive shall, under the supervision of the Chairman of the Board, implement the Authority's budget and order its accounts.

Article (33)

The auditor may at any time have sight of the Authority's records and financial documents. He may request any information he deems it necessary to obtain, and may ascertain the Authority's assets and liabilities. If he is prevented from performing his duties, or if he is not able to carry them out fully, he shall document the same in a report to be submitted by him to the Board.

Article (34)

The Authority's sources of income shall consist of the following:

1. Annual funds allotted to the Authority by the Federal Government.
2. That which accrues to the Authority from the following:
 - a. Listing fees and annual fees levied on the companies and brokers in the market.
 - b. Fees levied on trading and on services rendered by the market.
 - c. Fines levied on brokers and companies whose securities are listed for trading, and any other fines.

Article (35)

The Authority shall keep regular books of account in order to monitor its operations and reflect its true financial position in accordance with the bases of accounting employed in the State.

Article (36)

This resolution shall be published 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