



Dear Licensed Companies

After Greetings

**Subject: Circular No (1/2024) on Contracting with individuals or Unlicensed Entities for soliciting Clients**

The Securities and Commodities Authority (SCA) extends its greetings to you, wishing you continued progress and prosperity. With reference to the captioned subject, the SCA wishes to inform you that it has come to its attention that some licensed entities have engaged in contracts with individuals or unlicensed companies for the purpose of soliciting Clients to deal with the licensed entity.

Since these services fall under the scope of the SCA license for introducing activity, the practice referred to above is considered a clear violation of the SCA's applicable regulations and decisions. Therefore, the Authority urges all licensed companies not to contract with independent individuals or unlicensed companies for the purpose of soliciting clients, limiting such contracts to be only with companies licensed by the Authority to engage in introducing activity. This is to ensure that all parties involved in providing financial services and introducing them, including contacting new clients, are provided through entities that are competent to operate within the legal framework established to protect investors, maintaining professional conduct, and the integrity of the financial market.

Based on the above, all companies are kindly requested to comply with the following:

1. Providing the Authority with a list of the entities contracted for soliciting clients along with copies of all current contracts related to this matter, by email to [Licensing@sca.ae](mailto:Licensing@sca.ae) within 5 working days from the date of this circular.
2. Terminating any current contracts with individuals or unlicensed entities.
3. Prior to entering into any new contracts for attracting clients, it is required to ensure that these contracts are signed with companies that have a proper license from the Authority, and to exercise the due diligence in this regard.

The authority emphasizes that non-compliance with the rules and regulations may subject the violating entities to legal accountability, including financial fines, suspension or cancellation of the license, or other administrative penalties deemed appropriate by the authority.

Thank you for your cooperation in upholding market integrity.

Sincerely,