

Section (2): Licensing of the financial activities and jobs approval

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Section (2): The financial activities and jobs approval

Chapter 1: Introduction

Article (1): Preamble

This section aims to regulate the provisions related to licensing categories and practicing financial activities as included therein, along with regulating approval of professional jobs in order to be able to practice any of those financial activities legally and appropriately, and some of the obligations related to the licensed body and the members of its board of directors, partners, senior management or employees thereof.

Article (2): Scope of application

- 1- The provisions of this section shall apply to any person who practices any of the financial activities or professional jobs specified in this section inside the state. Moreover, the same shall apply to the licensed body, its partners, members of its board of directors, senior management and employees thereof.
- 2- No financial activity may be practiced unless after obtaining a license and / or approval on practicing the financial activity from the Authority. Furthermore, no approved job shall be practiced unless after obtaining an approval from it. The Authority may issue a decision of cancellation of the license and / or the approval related to practicing any non-licensed or non-approved financial activity. That decision may include closing the headquarters where those activities are practiced. It may also cancel practicing any job tasks that are practiced without approval by the Authority. In all cases, it may enforce attachment against any money, documents, electronic or non-electronic data, programs, systems, devices, or any other electronic or non-electronic tools related to those practices and to enforce the suitable sanction against the violating party or referring him to the public prosecution.
- 3- Practicing financial activity or the professional job specified in this section is represented by any of the following:
 - A- Performing or participating in any work or completing any transaction related to a financial activity or a professional job of other

persons or for the purpose of achieving profit, except when a natural person performs this for his own account or for the account of his own company or institution, in the event that he is a guardian, trustee or custodian, or in the event that the bank or the foreign bank's branch invests the banking deposits of his clients under its banking activity and within the limits of its license by the Central Bank of the UAE.

- B- Any actions that shall result in announcement or showing by any means that reflects to the public that there is ability to practice a work or terminate any transactions or procedures related to a financial activity or professional job.

Chapter 2: Financial Activities & License categories

Article (1): Financial activities

The Authority shall be competent to license the following financial activities:

- 1- Trading broker.
- 2- Trading and clearing broker.
- 3- Trading broker in the international markets.
- 4- Trading broker of OTC derivatives and currencies in the spot market.
- 5- Securities dealer.
- 6- Financial Consultations.
- 7- Financial advisor (issuance manager).
- 8- Listing advisor.
- 9- Promotion.
- 10- Definition.
- 11- General clearing.
- 12- Securities portfolios management.
- 13- Investment funds foundation and management (the management company).
- 14- Management of investment funds' investments.

- 15- Administrative services of investment funds.
- 16- Safe Custody.
- 17- Registrar of private joint stock companies.
- 18- Issuer of covered warrants.
- 19- Deposit bank.
- 20- Deposit bank's agent.
- 21- Credit rating.

Article (2): License categories

The financial activities license is divided into five categories as stated below and as detailed in Annex No. (1):

First category: Dealing in securities.

Second category: Dealing in investment.

Third category: Keeping, clearing and registration.

Fourth category: Credit rating agencies.

Fifth category: Arrangement and advice.

Section 3: Initial approval

Article (1): Request for initial approval

- 1- The license applicant shall file a request before the Authority in order to obtain the initial request. That request shall specify the license category and the financial activity that he desires to practice according to the form prepared by the Authority. It shall be accompanied by the documents and information that support the request and evidence confirming meeting the initial approval conditions.
- 2- Payment of the fee of the request of financial activity licensing as per decided by the Authority as this is a non-refundable fee.
- 3- The Authority shall issue its decision of approval or dismissal of the request within a period not exceeding (30) business days from the date of filing the request in accordance to its requirements, provided that, in the

event of dismissal of the request, the Authority shall clarify the reasons behind dismissal.

- 4- The Authority's initial approval shall not be deemed as license or approval on practicing the financial activity. Thus, it is not permitted to practice the financial activity unless after obtaining a license to do this. Every work or procedure related to practicing the financial activity based on such initial approval shall be invalid.
- 5- The license applicant shall meet the license conditions and requests within a period not exceeding (6) months from issuance of the initial approval. The Authority may extend such period for another one similar period only. In the event of not meeting the license conditions within that period, it shall be required to re-evaluate the initial approval request.

Article (2): Conditions for initial approval & Bases of valuation of license applicant

The license applicant shall meet the initial approval conditions represented by the following evaluation bases:

- 1- **Financial eligibility:** Non-refrainment from payment of commercial debts even if this is not accompanied by bankruptcy declaration, rehabilitation in the event of bankruptcy declaration, establishing compliance with payment of banking loans for commercial purposes and the financial obligations resulting from a judicial decision or judgment, non-existence of returned cheques because of commercial works repeatedly and clarifying the extent of financial capability to meet the incidental and future obligations.
- 2- **Experience and efficiency:** Availability of the required experience, establishment of previous experience and clarifying the extent of being related to the required experience in the same field, along with clarifying the ability to practice the financial activity and managing risks effectively.
- 3- **Honesty and integrity:** Provision of valid and complete information and documents. Moreover, the relevant records shall not include any matters that may cause prejudice or damage to the safety or reputation of the Authority or the state. There shall not be judicial lawsuit, reports or

investigations of the prosecution whether inside or outside the state concerning honesty and integrity. There shall not be a judgment or decision issued by courts or prosecutions on breach of honesty, fraud or deception.

- 4- **Compliance:** Clarifying the extent of compliance with legislations whether the legislations related to practicing the financial activity or the relevant applicable legislations. Furthermore, the professional record issued by the Authority or any other controlling or regulating authority inside or outside the state shall not include any administrative sanctions. The name of the entity shall not be listed in the sanctions lists issued by the UN and the other foreign organizations particularly those who are concerned with encountering money laundering, terrorism financing and illegal organizations. Moreover, the licensed body, its partners or the members of its board of directors shall not commit any crime or serious violation inside or outside the state within the five years that are before filing the request, not commit any moderate violation inside or outside the state within two years before filing the request, and not be subject to any administrative or criminal investigations inside or outside the state while the request is being filed or studied.
- 5- **There shall not be dismissal or sanction of license cancellation** by other supervisory authorities or governmental institutions whether local or foreign. This shall be ensured by obtaining a copy of the professional record or by direct communication with those authorities.
- 6- **Feasibility study & work plan:** Submission of realistic and logical study and work plan for practicing the financial activity. This shall be evaluated by analyzing the logic of the bases, assumptions and plans that are relied upon in comparison with the same sector.
- 7- **Availability of sufficient resources:** The financial allocation according to the feasibility study and the work plan related to the potential or future obligations shall be sufficient and the required means shall be available for management of the risks related to financial activity practice.

- 8- **Appropriateness of the company, the members of the board of directors and the senior management - except the banks and the foreign bank's branches:** by meeting the efficiency and appropriateness standards specified in chapter 6 of this section, except the qualification and the professional license tests.
- 9- Any other relevant matters that the Authority deems appropriate.

Chapter 4: Licensing

Article (1) Application for Licensing

- 1- The license applicant shall file a request to the Authority as per the form prepared for this purpose by the Authority. It shall be accompanied by the documents and information that support the request and evidence confirming that it meets the conditions and requirements of licensing of the category and the financial activity that he desires to practice.
- 2- The Authority may request any clarification, information or additional documents.
- 3- The Authority shall issue its decision of approval or dismissal of the request within a period not exceeding (60) business days from the date of filing the request according to the required conditions, provided that the Authority provided that, in the event of dismissal of the request, shall clarify the reasons behind dismissal.
- 4- The Authority may attach to its approval the conditions or restrictions decided by it or dismiss the request despite meeting the conditions thereof that are mentioned in this section as per its evaluation of the public interest, provided that the Authority shall clarify the dismissal reasons.
- 5- The licensed body shall continuously meet all the conditions of licensing of the category and the financial activity.
- 6- Payment of the financial activity licensing fees that is decided by the Authority.

Article (2): Licensing conditions and requirements

1- Legal Form

The license applicant shall have one of the legal forms stipulated in the Commercial Companies Law, a foreign company's branch or a company in a financial free zone, unless the financial activity requires a specified legal form according to the Annex No. (1). This is provided that the commercial purpose of the license applicant shall be limited to practicing the financial activities except the bank and the branch of the foreign bank that is licensed by the Central Bank of the UAE.

2-Capital

The license applicant shall comply with meeting the paid capital that is specified under Annex No. (1). In the event of licensing more than one category, the higher capital shall be sufficient.

3-Guarantee

The license applicant shall fulfil the guarantee if required by the Authority or any of the capital market institutions, provided that the guarantee shall in all cases meet the following conditions:

- 1- The guarantee shall be in the form of a bank guarantee letter or a cash amount or both of them jointly.
- 2- In the event that the guarantee is in the form of a bank guarantee letter, it shall be issued by one of the banks working in the state. It shall not be conditional and unrestricted and it shall be payable upon request – by the Authority and / or by any of the capital market institutions as the case may be – at any time. It shall also include the guarantee purposes in a clear form and the guarantee letter shall not be cancelled unless under approval of the entity that the guarantee was issued in favor of it and / or the Authority.
- 3- The guarantee shall be issued for the purposes of guaranteeing settlement of the transactions of the contracting entities and their clients and settlement of all transactions of the licensed body that are resulted from practicing its financial activity towards its clients or any of the capital market institutions or as execution of the Authority's decisions. The priority shall go to settlement of the capital market institutions' transactions, then to the clients' rights.

- 4- The entity for which the guarantee is issued and the Authority shall be entitled to fully or partially liquidate the guarantee at any time to guarantee settlement of the transactions in the market and to meet the obligations payable by the licensed body that resulted from practicing its financial activity towards its clients or any of the capital market institutions or as execution of the Authority's decisions.
- 5- The trading and clearing broker may increase the guarantee value as directly proportional to the increase of its business volume as decided by the market and / or the central clearing. He may also – under approval by the relevant market and / or the central clearing– mortgage all or some of the securities owned by him or deposited with the market and / or the deposit center as guarantee of the increase of his guarantee value. This is provided that the securities value shall be calculated at percentage of (50%) of their market value. Moreover, the market and / or the central clearing shall be authorized to sell those securities or part thereof at the market price to cover any claims or financial obligations that may arise out of failure to meet his obligations towards his clients or any of the capital market institutions or as execution of the Authority's decisions.

4- Approved jobs

The license applicant shall comply with employing the minimum limit of approved jobs as specified in chapter 6 of this section.

5- Requirements of capital market institutions

The license applicant shall comply with filing evidence proving that he has met the requirements of membership at the capital market institutions in the event that the financial activity requires membership at any of them.

6- Governance regulation

- 1- The license applicant shall provide a governance guide that shall include the following:
 - A- The number of the members of the board of directors or the board of managers and the senior management, provided that it shall be formed of sufficient number of members who shall have knowledge, skill, and various experiences to perform their tasks effectively. This

is provided that they shall meet the efficiency and appropriateness standards – except banks and the foreign banks' branches – that are specified in chapter 6 of this section except the qualification and the professional license tests.

B- Duties and responsibilities of the members of the board of directors clearly including application of governance and according to the nature and volume of works.

C- The commercial targets of the license applicant that are previously specified and the strategies for achieving such targets along with effective supervision on management thereof.

D- The framework according to the best standards and as suitable to the nature and volume of the financial activity and as sufficient to enhance sound and wise management and to protect the interests of clients and stakeholders.

2- The license applicant shall comply with obtaining an acknowledgment from the members of the board of directors or the board of managers and the senior management upon appointment, that they have knowledge and full awareness of the limits of their duties and responsibilities.

7- Administration regulation

The license applicant shall provide a regulatory structure and a management work regulatory guide including the following:

1- The administrative hierarchy among the members of the senior management board and the main and approved jobs including specification of the persons responsible for works clearly.

2- The mechanism of separating between tasks and approved jobs in order to avoid conflict of interests.

4- Specifying and clarifying the senior management's responsibility for managing the license applicant's daily works according to the commercial targets and strategies approved by the board of directors along with observing the employees' works and supervising them effectively.

- 5- Specifying the senior officer who represents the senior management and who bears responsibility for mistakes resulting from practicing the financial activity that are represented as follows:
 - A- Distribution of tasks and responsibilities among employees.
 - B- Supervising works and tasks and the extent of complying with them
 - C- Observing the work of the employees and workers of the licensed body and supervising them appropriately.

8- Employees regulation

The license applicant shall provide a guide for the required rules and regulations for ensuring that all its employees meet the efficiency and appropriateness standards mentioned in chapter 6 of this section whether concerning the employees employed with him or persons that it seeks their assistance for a limited term to perform specific tasks or natural persons with the outsourcer who performs tasks in it, provided that the evidence shall include the following:

- 1- The mechanism of revising and updating the rules and regulations related to the employees.
- 2- The mechanism of keeping the employees' data in a record that shall be continuously updated and certified on the website that shall include the tasks and responsibilities of every one of them and the date of practicing his tasks.
- 3- Keeping the employees' data with it for period of (10) years from the date of the last update thereof.

9- Behavior regulation

The license applicant shall provide the following:

- 1- (Professional code of ethics) that shall include detection of committing, participating in, or contributing to any behavior that may represent any of the following:
 - A- A financial crime under the applicable legislations.
 - B- Wrong practices and violations of the applicable legislations.

C- Practices or rumors that shall affect the reputation of the Authority or any of the capital market institutions.

2- (Regulatory rules guide) that shall include the procedures of regulating the trading of its clients at any of the entities providing it with the services.

10- Bonuses regulation

The license applicant shall provide evidence clarifying the mechanism of bonuses regulation according to the work goals, the strategies, the specified risk factors, the nature of jobs and roles and the results thereof and the long term interests according to the nature of the financial activity.

11- Bylaws & internal regulations

The license applicant shall provide the bylaws & internal regulations provided they shall include clarification of the mechanism of their periodical revision and update if necessary to ensure an effective management.

12- Technical systems

The license applicant shall provide the technical systems and technical and electronic programs required to practice the financial activity along with clarifying the mechanism of updating them continuously including the information safety and protection system for encountering and managing cyber risks, along with provision of a guide including the following:

- 1- The mechanism of encountering cyber risks and the method of dealing with them and managing them.
- 2- The procedures of immediate notification of the Authority and the entities concerned with cyber security in the state of any hack or breach of cyber security.

13- Risks management regulation

1- The license applicant shall submit a risks management guide that shall include the following:

A- Development and implementation of policies and procedures of managing risks encountering him or his clients so that the risks officer

becomes able to provide advisory to the board of directors and senior management concerning those risks.

B- Clarify, evaluate, manage, observe and control risks along with counting and defining potential risks that may encounter him and the method of dealing with them if they exist. Moreover, control and report on them in order to be able to continue practicing his financial activity.

2- The license applicant shall acknowledge that he has knowledge and awareness of the risks and effects resulting therefrom out of his relation with any of his financial group and that he is aware of the rules followed by each of them.

14- Compliance regulation

1- The license applicant shall provide a compliance regulation guide that shall include the policies and procedures that clarify programs, mechanism, procedures, and periodicity of ensuring compliance with all relevant applicable legislations, namely:

A- The procedures and mechanisms required to enable the compliance officer to have access to sufficient resources in order to perform his task and work independently including the provision of sufficient number of qualified employees for working under his supervision.

B- The procedures and mechanisms that ensure that the compliance officer shall have access to all records and to the board of directors and the senior management without any restrictions.

C- The procedures of immediate reporting on compliance violations and the proposed mechanisms for rectifying them.

2- The license applicant, his partners, any of the members of its board of directors or board of managers or any of its senior management members, shall not commit any crime or serious violation inside or outside the state within the five years that are before filing the license request. Moreover, they shall not commit any moderate violation inside or outside the state within two years before filing the request and he shall not be subject to

any administrative or criminal investigations inside or outside the state while the request is being filed or studied.

15- Internal audit regulation

The license applicant shall provide a guide regulating the internal audit processes in order to observe the extent of appropriateness and efficiency of the rules, procedures and bylaws, provided that it shall include the following:

- 1- The procedures and mechanisms required to enable the internal auditor to act independently, not to interfere with his duties and obligations and not to merge his job with any other job.
- 2- The procedures followed to ensure that the internal auditor shall at all time have access to the relevant records and information and to produce photocopies thereon, moreover, if required, to resort to the board of directors, the senior officer or the relevant committee formed by its board of directors for this purpose.
- 3- The mechanism of informing the financial auditor immediately of any matter that may affect the financial position of the licensed body.
- 4- Documentation of the structure, responsibilities and procedures of the internal auditor position.

16- Business continuity & Disaster recovery regulation

The license applicant shall provide a guide regulating the business continuity plan to reduce potentiality of encountering any potential risks or threats and to limit their negative effects. The guide shall include a disaster recovery plan and a mechanism of forming the crisis management team in order to meet the obligations under the relevant applicable legislations, to maintain the reputation and rights of the clients and continuity of practicing the financial activity and to ensure efficiency of this.

17- Information confidentiality maintenance regulation

The license applicant shall provide a guide clarifying the mechanism of information confidentiality maintenance and protection and to ensure non-leakage or non-disclosure of them, except any of the following cases:

- 1- If disclosure thereof is required under applicable legislations in the state.

- 2- If the client agrees to disclose them.
- 3- If disclosure thereof is reasonably necessary to perform particular financial service for the client.
- 4- If the information is no longer confidential.
- 5- If the disclosure is made upon request of judicial or supervisory entities in the state such as the Authority or the capital market institutions.

18- Regulation of fraud, forgery and deception confrontation

The license applicant shall provide a guide clarifying the procedures of observing potential fraud, forgery and deception processes against the license applicant or against its client and to limit them and report on them.

19- Regulation of reporting violations and laws breaches

The license applicant shall provide a guide clarifying policies to encourage employees therein to inform the senior management and the Authority about any essential violations that may know while performing their job tasks (Whistleblowing), provided that these policies shall include a mechanism and bases for protecting the reporter (Whistleblower) and to ensure not causing prejudice to him and the policies that should be followed to deal with the reported violation as for keeping confidentiality of the reporter person and the body responsible for following up and dealing with the violation. Furthermore, informing the Authority of any violation of the relevant legislations applicable by any of the employees working with him and reporting on any violation or breach of the rules, regulations, technical rules or the used technique.

20- Complaints regulation

The license applicant shall provide a guidance clarifying the procedures and policies of dealing and investigation on the complaint filed by the client in order to deal with it justly, orderly and immediately. The guide shall include the following:

- 1- The mechanism of recording any complaint immediately after receiving it along with providing the complainant with contact details, name of the employee in charge, the procedures of complaints handling services, the

durations and the mechanism of keeping all its details, documents, correspondences, along with the procedures taken concerning it according to the legal periods.

- 2- The mechanism of notifying the complainant periodically of the procedures taken to handle the complaint.
- 3- The mechanism of notifying the complainant under a letter dated on the date of the decision made in the complaint.
- 4- The other settlement mechanisms for handling any complaint that the complainant who filed it was not satisfied for the settlement thereof, and the mechanism of providing him with the suitable contact details upon request.
- 5- The mechanism of providing a copy of the complaints handling procedures for free to any client upon request.
- 6- The mechanism of ensuring that the employee to him the complaint was referred did not participate in managing and providing the financial services concerning which the complaint was filed and ensuring that he is able to handle the complaint appropriately, justly and impartiality.
- 7- The mechanism of ensuring that the employee to him the complaint was referred has sufficient powers to settle the complaint or is able to communicate with the decision maker.
- 8- The mechanism of referring the complaint to another body in the event that it becomes apparent that is fully or partially responsible for the complaint subject. It is necessary that this mechanism shall include the following procedures:
 - A- Notifying the complainant that the complaint will be referred to another body because of being responsible for it, under a dated letter.
 - B- In the event that the complainant agrees, the complaint shall be immediately referred along with notifying the complainant in writing of the complaint referral date, the person responsible for the complaint in the body to which the complaint was referred and the contact and communication details.

- C- Continue handling any part of the complaint that was not referred.
- D- In the event that the complaint refuses referral or does not respond within a period of not more than (10) business days, the complaint shall be considered within the limits of the available documents and information or it shall be returned to the complainant along with provision of evidence proving the same in order to file the complaint to the relevant or competent body.

21- Outsourcing regulation

The license applicant shall provide an outsourcing guide that shall include the mechanism of outsourcing some of his tasks to a specialized legal personality (the outsourced party) inside or outside the state as the case may be, taking into account to not to assign any approved job or any tasks related thereto unless as expressly allowed. The guide shall include the following:

First: General outsourcing provisions:

- 1- The required procedures to exert due diligence effort in choosing the appropriate outsourced party.
- 2- The required procedures for effective supervision on outsourced jobs and tasks and to ensure that the outsourced party will maintain the outsourcing conditions along with effective handling of any failure by it, default or breach of relevant applicable legislations.
- 3- The procedures followed for outsourcing jobs or tasks along with ensuring that there are plans of emergency and management of outsourcing risks according to the Emergency Crisis and Disasters Management Authority.
- 4- Procedures shall be set for ensuring that the outsourcing arrangements shall not affect meeting the obligations towards the clients and the Authority and shall not impede the supervision and control operations.
- 5- It is required to ensure that the outsourced party shall undertake to maintain confidentiality of data and information.

- 6- There shall not be outsourcing concerning all the main tasks of the license applicant entity to other party so that the entity shall remain without any essential tasks.
- 7- Document establishing compliance with the following:
 - A- Entering into a written outsourcing contract with the outsourced party and providing the Authority with a copy thereof immediately after entering into the same and with any subsequent amendment or change. Moreover, the contract shall include a provision that grants the Authority the right to enter the headquarters of the outsourced party if required concerning the financial activity, to review the relevant documents and data and to take any of them.
 - B- Providing the Authority with the required information and documents upon request and immediately.
 - C- Full cooperation and coordination with the Authority whether by the outsourced party or the licensed body.
 - D- Bearing full responsibility for any failure in performing the tasks or responsibilities or any breach of the obligations or violation of the relevant applicable legislations.
 - E- Ensuring that the outsourced party has no outsourcing agreement terminated with any other licensed body for reasons related to breach of its obligations or violation by it of the applicable legislations in the year before the outsourcing.
 - F- Ensuring that the outsourced party obtained the Authority's approval according to its conditions in the event that it desires to provide its services for more than one licensed body.

Second: Additional provisions on outsourcing using (cloud computing):

The license applicant shall do the following upon using the cloud computing represented in providing or giving computer services and resources by the internet (such as server, databases, programs, networks, storage spaces, applications, etc):

- 1- Confirm his clear understanding of the risks arising out of (cloud computing).
- 2- Ensure that the servers of (cloud computing) of the outsourced party and all the servers and computer resources are inside the state.
- 3- Ensure that the outsourced party shall comply with non-reviewing the information and data and shall keep them confidential.
- 4- Ensure that the outsourced party will comply with providing an audit report from an (external auditor) on the data and information security annually, provided that the licensed body shall comply with sending a copy thereof to the Authority for its information and a copy for the capital market institutions - in the event that it is a member therein or at any of them – in order to revise the same.
- 5- Ensure that the outsourced party is able to keep and not lose or miss the data and information (zero data loss) and protect them from any violation for (10) years as for every piece of data or information, along with keeping backup copies of those data and information during that period.
- 6- Ensure that the outsourced party is able to meet any additional requirements specified by the capital market institutions if the licensed body is a member at any of them.
- 7- Provide an exit strategy plan to handle the cases of contracts termination with the outsourced party in order to ensure maintenance of all data and information and valid transfer thereof without being missed or infringed.

Third: Additional provisions on outsourcing of a party outside the state:

The license applicant shall comply with following in the event of outsourcing of a party working outside the state (cross border):

- 1- Not outsourcing any approved jobs, tasks or services to any abroad entity unless as expressly allowed, provided that the economic or legislative conditions of the state where that entity works shall not prevent the outsourced party from perfectly performing its obligations towards the licensed body.

- 2- Informing the Authority and the capital market institutions - in the event that the licensed body is a member therein or at any of them - if the supervisory authority, to which the outsourced party is subject, requests to review the data of the licensed body.

22- Records regulation

The license applicant shall provide a guide clarifying the mechanisms and procedures of keeping all electronic and non-electronic records related to the licensed body, the required technical guides and regulations, the practice of works, the clients' transactions and data, the account opening agreements made with them, and everything related to practicing the works and practicing the financial activity. This is provided that those mechanisms and procedures shall enable it to recover any of those records or data from the archive within a period not exceeding (3) business days. The guide shall include the following:

- 1- The power of every job to review the records according to the competence, responsibilities and legal duties.
- 2- Clarification of the mechanism of keeping the records in a safe place for a period of not less than (10) years and keeping backup copies thereof for the same period and protecting them from being exposed to any damage reason.

Chapter 5: General obligations

Article (1): General Principles of licensed bodies

- 1- **Honesty and integrity**: There shall be integrity in performing the works in order to keep reputation, along with taking care of the clients' interests and giving priority to their interests, keeping their assets and funds and keeping confidentiality of the information and data related to them, and provision of valid, clear, fair and non-misleading information.
- 2- **Administration, control and regulation**: All required means shall be used to ensure effective administration. Furthermore, appropriate policies and regulations shall be adopted for risks management by the senior management along with sufficient regulations and rules to ensure

practicing the financial activity according to the relevant applicable legislations.

- 3- **Resources sufficiency**: Sufficient resources shall be provided to manage the financial and administrative affairs required to practice the financial activity.
- 4- **Good behavior**: The applicable behavioral standards in any of the capital market institutions shall be complied with.
- 5- **Management of the conflict of interests**: The required procedures shall be taken to ensure limitation, management and detection of the clients' conflict of interests.
- 6- **Appropriateness**: Due diligence effort shall be exerted to ensure appropriateness of the recommendations, advices and discretionary decisions of the practiced financial activity in favor of the clients' interests.
- 7- **Good behavior in dealing with the Authority**: The dealing with the Authority shall be in an appropriate, transparent and cooperative behavior.

Article (2) Meeting the required conditions in the event of adding financial activity

The licensed body shall comply with the below conditions if it desires to add a financial activity:

1- If the financial activity is included in the same category:

- A- Filing an application for the Authority on the form prepared for this purpose, in order to obtain the Authority's consent.
- B- Taking into account the legal form required for practicing the financial activity according to Annex no. (1).
- C- Updating the licensing requirements mentioned in Chapter 4 of this Section, in accordance with the requirements of the financial activity that will be added.
- D- Payment of the financial activity fee as decided by the Authority.

2- If the financial activity is included in another category:

Obtaining a license from the Authority for that category by meeting the requirements mentioned in Chapters 3 and 4 of this Section and payment of the financial activity fee as decided by the Authority.

Article (3): Ensuring the employees' competence and appropriateness

The licensed body shall comply with ensuring that all its employees are able to practice the tasks and that they, the partners, the members of the board of directors and its senior management shall meet the competence and appropriateness standards issued by the Authority and mentioned in Chapter 6 of this Section.

Article (4): Change of employment position

The licensed body shall comply with immediately notifying the Authority in the following events:

- 1- Dismissal or resignation of any member of the board of directors - except the foreign banks and banks branches - or the board of managers, any of the senior management employee or any of the approved employees, or in the event that any of them stop practicing his work for any reason, along with clarifying the reasons behind this.
- 2- If any of the members of its board of directors or board of managers, any of its senior management employees or any of its employees who are related to practicing the financial activity, failed to meet any of the competence and appropriateness standards.
- 3- Any change in the job description or job title, tasks, or contact data of its employees who are related to practicing the financial activity or any data related to personal identity.

Article (5) Tasks of approved employee

- 1- The licensed body may not appoint a non-approved person to perform the tasks of an approved employee.
- 2- As exception from clause (1) of this article, it is permitted to appoint a non-approved natural person to perform the tasks of an approved employee temporarily for a period not exceeding three separate or consecutive months in the same year in the event the absence of the

approved employee for any reason, and after notifying the Authority and provision of the name, data and identity of the temporary employee.

- 3- The licensed body shall, in the event of vacancy of any approved job representing the minimum limit of the required jobs, appoint an alternative employee within a period of no more than three (3) months. This is provided that the approval requirements shall be met no later than (6) months from the appointment date.
- 4- The licensed body shall practice the same authority and powers towards the appointed non-approved employee according to the provisions of this article.

Article (6) Memorandum of association & ownership

First: The licensed body shall comply with the following:

- 1- Obtain the Authority's consent before making any amendment to the memorandum of association and / or the articles of association except the public joint stock companies and the foreign company branches.
- 2- Refrain from being a partner or shareholder in another licensed body of the same category at a percentage exceeding (5%) of the company's capital.
- 3- Obtain the Authority's consent before being a partner or shareholder in another licensed body of another category.
- 4- Obtain the Authority's consent before performing any merger process.
- 5- Refrain - except banks - from being a partner in another - non-licensed - company or being a partner in another - non-licensed - company - at percentage exceeding (30%) of the capital of any company.

Second: A partner in the licensed body may not be a partner in another licensed body of the same category at percentage exceeding (5%) of its capital, to be a shareholder in any of them at percentage exceeding (20%) of its capital, to be a manager or member of the board of director of any of them or the board of its managers, or to hold a position in its executive administration.

Article (7) Financial reports

The licensed body shall prepare financial reports as stated below and shall provide the Authority with them:

- 1- Progressive (quarterly) reports within (45) days from the end of the quarterly term as they shall be signed by the authorized signatory.
- 2- A financial annual report audited by the external accounts auditor within (three months) from the end of the financial year as it shall be signed by the authorized signatory.
- 3- Progressive (quarterly) reports within (45) days from the end of the quarterly term and an annual report within (three months) from the end of the financial year on the company's works as for practicing the financial activity including the profits and losses, on the form prepared by the Authority. Those reports shall be signed by the manager who is responsible for the category if the company is licensed for more than one financial activity or more than one category by the Authority or in the event that the licensed body is a local bank or a foreign bank branch or if its activity is limited to credit rating.
- 4- The local banks, the foreign banks branches and the entities practicing an activity that is limited to credit rating, shall be excluded from the reports required under paragraphs (1, 2) of this article.
- 5- Any financial statements of other reports required by the Authority.
- 6- Every company founded in the state and licensed by the Authority shall have a financial year specified in its articles of association, provided that the first financial year shall not be more (18) eighteen months and shall not be less than (6) months as it shall start from the date of being registered in the commercial register before the competent authority. The Authority shall be notified of the end date specified for the first financial year.
- 7- The subsequent financial years shall be deemed as consecutive durations as each of them shall be of twelve years starting **directly** after end of the preceding financial year.

Article (8) Accounting records

The licensed body shall comply with the following:

- 1- The international accounting standards.
- 2- The records shall be sufficient to show and explain the transactions, for example but not limited to:
 - A- They shall show its financial position on continuous basis.
 - B- They shall show and record the financial position at the end of the year.
 - C- They shall show the financial position and transactions of their financial position.
- 3- Keep the accounting records in a way that shall enable its board of directors to ensure preparation of the statements and financial reports according to the approved international accounting standards.
- 4- Provide accounting electronic system for managing the accounts of the first category licensed body and the accounts of its clients (Centralized Back Office System) according to Annex No. (2).

Article (9) External audit

The licensed body shall comply with the following:

- 1- Appoint an external auditor who has the required skills and resources and sufficient experience and who shall be approved and licensed by the relevant authorities, unless the licensed body is exempted from the condition of submitting financial reports.
- 2- Agree with the external auditor in writing on the audit conditions, form of the required report and the audit bases and standards according to the international accounting standards and bases.
- 3- Ensure that the external audit is able to practice his activity throughout the term of his appointment.
- 4- Notify the Authority immediately after the external audit is appointed or changed.

Article (10) Notifications

The licensed body shall immediately notify the Authority of the following:

- 1- Change of the main office or the headquarters of any branch related to practicing the financial activity, the addresses or the contact numbers (phone, mail, etc).
- 2- Close of the branch related to practicing the financial activity.
- 3- Any significant changes in the governance system and the bonuses strategy.
- 4- Invitation for meeting to consider the matter of making a decision of winding up or liquidation.
- 5- A decision made by any other supervisory authority on approval or dismissal of any license application or suspension, amendment or cancellation of the license.
- 6- A decision by any other supervisory authority on approval or dismissal of any request filed to approve an employee or suspension, amendment or cancellation of the approval.
- 7- If any other supervisory authority conducts investigation on its affairs or on the affairs of any of its employees or appoints investigators to investigate concerning its affairs as for practicing the financial activity.
- 8- If any disciplinary measure or penalties are imposed against it or against any of its employees by another supervisory authority.
- 9- If any administrative penalty is imposed by it against any of its approved employees as for practicing the tasks.
- 10- In the event of filing civil or penal lawsuit against it or against any of its approved employees if they are related to claims related to practicing the financial activity or the tasks or that include fraud, breach of trust or tax evasion.
- 11- Any incidents that took place or expected to take place and that shall have negative effect on its reputation or that shall cause to it or its clients serious financial consequences.
- 12- Any essential change in the capital sufficiency or the financial solvency.

- 13- If it has reasonable grounds for suspicion that any order or transaction represents manipulation in the market, provided that the notification shall include the following:
 - A- The sufficient details for the order or the transaction
 - B- The reasons behind the suspicion that the order or the transaction may represent manipulation in the market.
 - C- Not informing the client or any other person participating in the order or the transaction of any notification in this regard.
- 14- In the event that it becomes aware or has reasonable grounds concerning committing fraud and cheat as for practicing the financial activity as follows:
- 15- If there is suspicion that one of the approved employees committed a serious bad behavior related to his honesty and integrity.
- 16- Any other notifications that the licensed body deems important or any other notifications required by the Authority and in the time that it specifies.

Article (11) Appointment of independent expert

The licensed body shall appoint an independent expert at its expense as approved by the Authority in the cases that it deems necessary such as the cases of manipulation, fraud and cheat, provided that he shall prepare his report according to the conditions and form and within the period as specified by the Authority.

Article (12) Term of license and renewal thereof

- 1- The category license term shall be for one year from the license issuance date. The license shall be renewed annually within one month at least before expiration of its term.
- 2- The Authority shall receive a license fee for every financial activity that the licensed body desires to practice within the category.
- 3- The financial activity's license shall be renewed upon renewal of the category license and after payment of the license renewal fee related to every licensed financial activity within the category.

- 4- It is not permissible to practice any financial activity within a particular category unless the license of the category and the financial activity is valid.

Article (13) Cancellation of the license or the financial activity

First: The licensed body shall, if it desires to cancel the license of a category or a financial activity within a category, file a written request to the Authority as that request shall include the following:

- 1- Reasons of the request.
- 2- Clarification of whether it has stopped or will stop practicing the financial activity along with clarifying the date thereof.
- 3- Declaration about the request in two daily newspapers issued in the state as one of them shall be in Arabic and the other shall be in English, within (3) business days from filing the request so that the clients manage to adjust their positions accordingly.
- 4- A report signed by the external accounts auditor stating that it has liquidated the clients' accounts whether they are cash or securities and that there are no existing obligations towards them.
- 5- A report signed by the legal advisory and accompanied by a certificate issued by judicial authorities clarifying the attitude of the main office and its branches (if any) as for the lawsuits filed by the clients against the licensed body or the lawsuits filed by the licensed body against its clients.
- 6- A discharge from the Authority, the capital market institutions in the state - if it is a member at any of them - and the financial free zones - if it is licensed by any of them - stating that there are no accounts or obligations that are not met.
- 7- Filing an undertaking by the licensed body stating continuous obligation to pay any subsequent obligation after cancellation of the license of the category or the financial activity according to the form prepared for this purpose by the Authority.

Second: The financial activity's guarantee - that is provided to the Authority or any of the capital market institutions - shall not be recovered unless after

(3) months from the publication date of the license cancellation decision, after making sure that all the licensed body's transactions are settled concerning the financial activity practice and after making sure that there are no obligations payable by it to its clients, to any of the capital market institutions or to the Authority, or as implementation of its decisions.

Third: Payment of the license cancellation fee of every financial activity according to the fee decided by the Authority.

Fourth: Publication of the Authority's decision stating the cancellation of the license of the category or the financial activity immediately after issuance thereof in two daily newspapers issued in the state as one of them shall be in the Arabic language and the other shall be in the English language.

Fifth: Depositing a cash amount of AED 5000 for completion of the procedures of notification of cancellation of the license of the category and / or the financial activity. The guarantee shall be recoverable if the body complies with publishing the license cancellation decision within seven days from the date of receiving the cancellation decision.

Sixth: The Authority may request the licensed body to do the following before approving the license cancellation request:

- 1- Notify the contracting parties of the request of cancellation of the category or the financial activity license before (3) months at least from the date specified for cancellation, along with continuing **practicing** its works until those contracting parties enter into contracts with another alternative licensed body within that specified period.
- 2- Prove settlement of its obligations with the contracting parties according to the procedures specified by the Authority.
- 3- Transfer the records and data of the contracting parties or of the clients and their accounts and securities to another licensed body or to any one of the capital market institutions.

Seventh: The licensed body shall meet the required cancellation conditions within a period not exceeding (6) months from the date of filing the request to the Authority. The Authority may extend that period for another similar period for one time only.

Article (14) Voluntary liquidation

1- The Authority shall supervise the voluntary liquidation of the licensed body and it shall have the power to take any appropriate steps to ensure provision of suitable protection for the rights of the licensed body's clients.

2-The licensed body shall comply with the following if it desires to carry out voluntary liquidation:

A- Notify the Authority of the liquidation and the suggested date for the meeting of the board of directors, the general assembly or the creditors concerning the liquidation procedures.

B- Provide the Authority with any documents required by it as for the liquidation procedures.

C- Cooperate with the Authority before commencement of the liquidation procedures, to ensure completion of all obligations related to clients, returning their money and assets, settlement of their accounts with it and to ensure completion of all transactions, accounts and obligations related to practicing the financial activity with the Authority and the capital market institutions.

Article (15) Bankruptcy composition

1- The licensed body shall, in the event of requesting bankruptcy composition, notify the Authority thereof in writing within (10) business days from the request filing date. The Authority may submit its documents and pleadings in this regard to the court.

2- The Authority may request the court to appoint a supervisor to supervise the implementation of the bankruptcy composition.

Article (16) Bankruptcy procedures

1- The licensed body shall notify the Authority of its desire to file a request for opening the bankruptcy procedures within (15) business days before the date of filing the request to the court. The Authority may submit its documents and pleadings related thereto to the court.

- 2- The Authority may file the request for opening the bankruptcy procedures of the licensed body to the court accompanied by the required documents and evidence stating that the license body is indebted.
- 3- The Authority may request adjournment of declaration of bankruptcy for a period not exceeding one year, if it is potential that its financial position will be supported and if this is necessary for the interest of the national economy.
4. The Authority may request the court to appoint a supervisor to supervise the bankruptcy procedures.

Chapter 6: Approval of natural persons

Article (1) Approved jobs

First: The jobs approved by the Authority are as follows:

- 1- Category manager or officer
- 2- Compliance officer
- 3- Risks management officer
- 4- Operations manager
- 5- Trading manager
- 6- Broker representative
- 7- Financial analyst
- 8- Senior financial analyst
- 9- Credit rating analyst
- 10- Credit rating analysis officer
- 11- Funds investment manager or portfolio manager
- 12- Investment operations manager
- 13- Promotion manager

Second: Merger of approved jobs:

- 1- If the licensed body of a particular category practices more than one financial activity within the same category and if every one of those

financial activities require the same approve job, it shall be sufficient to appoint one approved employee for all the financial activities practiced by the licensed body as a minimum limit except the (broker representative) job.

- 2- In the event that the licensed body obtained a license for more than one category and if every one of these categories requires the same senior job, it shall be sufficient to appoint one approved employee for every senior job for all licensed categories as a minimum limit.

Article (2) Request for approval and renewal thereof

- 1- The approval applicant shall file a request to the Authority as per the form prepared by the Authority for this purpose. That request shall be accompanied by the documents and information supporting the request along with evidence confirming that the approval conditions are met including the university equivalency certificate from the concerned entity in the state if it is issued by an educational institution outside the state.
- 2- The Authority shall issue its decision of approval or dismissal of the request within a period not exceeding (30) business days from the date of filing the request in accordance to its requirements, provided that, in the event of dismissal of the request, the Authority shall clarify the reasons behind dismissal.
- 3- The Authority may attach to its approval the conditions or restrictions decided by it or dismiss the request despite meeting the conditions thereof that are mentioned in this section as per its evaluation of the public interest, provided that the Authority shall clarify the dismissal reasons.
- 4- The approved employee shall continuously meet all the approval requirements.
- 5- Payment of the approval fees decided by the Authority in the event of approval thereon. The approval shall be annually renewed according to the annual fee decided by the Authority within at least one month before expiration of its term.

Article (3) Approval conditions and evaluation bases

A natural person who desires to have any approval of any of the jobs specified in chapter 6 of this section shall meet the following competence and appropriateness standards:

- 1- **Full capacity**: By establishing that there is no one of capacity obstacles (shortage or lack of legal capacity) and non-declaration of bankruptcy unless he is rehabilitated.
- 2- **Experience and efficiency**: By establishing that the university qualification or the specialized professional certificates are appropriate and are related to the nature of the approved job tasks. Moreover, availability of practical experience that is suitable to the nature of the job tasks, passing the professional licensing tests specified by the Authority, continuous professional development and being acquainted with the legislations related to the work of the Authority and the capital market institutions and the professional field in general.
- 3- **Honesty and integrity**: By providing valid and complete information and documents to the Authority. Moreover, the relevant records and the previous professional record shall not include anything that may result in prejudice or damage to the safety or reputation of the Authority or the state. There shall not be judicial lawsuits, reports or prosecution investigations whether inside or outside the state concerning honesty and integrity. There shall not be any judgment or decision issued by courts, prosecutions concerning the breach of trust, fraud or deception, along with non-failure in payment of any financial obligations. Furthermore, there shall not be returned cheques repeatedly.
- 4- **Compliance**: By clarifying the compliance with the legislations whether concerning the financial activity practice or the applicable relevant legislations inside or outside the state. Moreover, the professional record issued the Authority or by any other supervisory or regulatory entity inside or outside the state shall not include administrative sanctions. The name of the person shall not be listed in the sanctions lists issued by the UN and the other foreign organizations particularly those who are concerned with encountering money laundering, terrorism financing and illegal organizations. Moreover, the person shall not commit any crime

or serious violation inside or outside the state within the five years that are before filing the request, he shall not commit any moderate violation inside or outside the state within two years before filing the request, and shall not be subject to any administrative or criminal investigations inside or outside the state while the request is being filed or studied.

- 5- **There shall not be dismissal or cancellation of the approval by other supervisory authorities** or governmental institutions whether local or foreign. This shall be ensured by obtaining a copy of the **professional** record or by direct communication with those authorities.

Article (4) General principles of approved jobs

- 1- **Honesty and integrity**: Refrain from participating in any activity that shall conflict with the interests of the company or the clients, that shall **affect** the work or regularity of the work of the capital market institutions, or that shall represent illegal or unacceptable work according to the professional standards or the company's instructions. Moreover, maintain confidentiality of the information and data related to the clients and professional tasks and practicing the jobs that are allowed to be practiced together after obtaining the Authority's approval and without conflict of interests and tasks.
- 2- **Skills, due diligence and care**: Practicing the works skillfully and exerting due diligence efforts and due effective care when performing the job.
- 3- **Good behavior**: The applicable professional behavioral standards in any of the capital market institutions shall be complied with when practicing the job.
- 4- **Dealing with the Authority**: The dealing with the Authority shall be in an appropriate, transparent and cooperative method such as notifying the Authority immediately of any essential information or significant and necessary data.
- 5- **Effective administrative**: Exerting due and reasonable efforts to ensure regulation, administration and control of the licensed body's works in an effective manner when practicing the administration tasks.

- 6- **Compliance:** Exerting due efforts to comply with the applicable legislations in the state.

Article (5) Requirements and tasks of approved jobs

1- Category manager or officer

A- Tasks:

The manager shall perform the tasks of management, general supervision and daily control of the licensed body and all the employees therein, along with the procedures and mechanisms of its performance of its activities. He shall also bear the manager responsibilities according to the applicable laws in the state.

As for the category officer, he shall perform the same tasks and responsibilities of the manager, but they shall be limited to the financial activities of the category for which he is responsible and the employees working in those financial activities.

B- Qualification and experience:

- 1- A university certificate along with experience for not less than (5) years in financial markets or in the relevant fields.
- 2- Or diploma certificate or less certificate along with experience for not less than (15) years in financial markets and / or in the relevant fields.

C- Alternative qualification and experience:

Experience of not less than (5) years in financial markets or in the relevant fields and having any of the below alternative qualifications:

1. Certified Management Accountant (CMA)
2. Accredited Financial Analyst
3. Certified Investment Professional
4. Certified Treasury Professional
5. Chartered Financial Analyst
6. Master Financial Controller
7. Chartered Financial Consultant (ChFC)

8. Development Finance Analyst Certified Interior Auditor (CIA) Chartered

D- Exceptions:

- 1- If the licensed body has obtained a license for more than one category, it may have one manager and an officer for every category.
- 2- The manager may practice his tasks as a manager and as an officer of only one category.
- 3- In the event that the licensed body is an official establishment licensed by the Central Bank of the UAE, it shall be allowed to not appoint a manager and to only have a category officer for every category.

2- Compliance officer:

A- Tasks:

He shall perform the tasks of following up the performance of the licensed body and its employees and the extent of their compliance with the applicable legislations in the state and the bylaws and the evidence of the work of the licensed body. He shall also perform the tasks of updating those bylaws and evidences and regulating them along with managing non-conflict of interests of the licensed body with its clients in order to ensure continuity of the financial activity practice in a legal valid manner. Moreover, he shall perform the tasks of follow up and supervision of the application of the procedures of encountering money laundering, terrorism financing and illegal organizations financing in accordance with the relevant legislations.

B- Qualification and experience:

- 1- A university certificate along with experience for not less than (5) years in financial markets or in the relevant fields.
- 2- Or diploma certificate or less certificate along with experience for not less than (10) years in financial markets or in the relevant fields.

C- Alternative qualification and experience:

Experience of not less than (5) years in financial markets or in the relevant fields along with any of the below alternative qualifications:

1. Master Financial Controller
2. Certified Internal Auditor (CIA)
3. Chartered Development Finance Analyst
4. Certified Management Accountant (CMA)
5. Certified Public Accountant (CPA)
6. ICA Certificate in Compliance
7. ICA International Advanced Certificate in Regulatory Compliance
8. ICA Advanced Certificate in Legal Compliance
9. ICA Certificate in Regulatory

Along with having any of the below qualifications as for the money laundering tasks:

1. ICA International Advanced Certificate in Anti Money Laundering
2. ICA Advanced Certificate in Practical Client Due Diligence
3. ICA Advanced Certificate in Managing Fraud
4. ICA Advanced Certificate in Managing Sanctions Risk
5. ICA Specialist Certificate in Financial Crime Risk in Global Banking and Markets
6. ICA Specialist Certificate in Money Laundering Risk in New Technology
- 7- Certified Anti-Money Laundering Specialist (ACAMS)

3- Exceptions:

One compliance officer shall be appointed for every category in the event that the licensed body has obtained a license for more than one category, except the foreign banks and banks branches that are licensed by the Central Bank of the UAE, the compliance officer may be one of the compliance officers of the bank.

3- Risks management officer

A- Tasks:

He shall perform the tasks of specifying and evaluating potential risks as for the licensed body that may arise out of the operational factors therein. Moreover, he shall make suitable decisions for handling them if they arise along with observing them, reporting thereon, working to avoid them, and reviewing and updating the risks management guide according to the financial activity of the licensed body, its purposes and risks.

B- Qualification and experience:

- 1- A university certificate along with experience for not less than (5) years in financial markets or in the relevant fields.
- 2- Or diploma certificate or less certificate along with experience for not less than (10) years in financial markets or in the relevant fields.

C- Alternative qualification and experience:

Experience of not less than (5) years in financial markets or in the relevant fields along with any of the below alternative qualifications:

1. Master Financial Risk Manager (FRM)
2. Master Financial Controller
3. Certified Internal Auditor (CIA)
4. Chartered Development Finance Analyst
5. Certified Management Accountant (CMA)
6. ICA Specialist Certificate in Conduct Risk

D- Exceptions:

- 1- One risks management officer may be appointed in the event that the licensed body has obtained a license for more than one category, except the foreign banks and banks branches that are licensed by the Central Bank of the UAE, the compliance officer may be one of the compliance officers of the bank.
- 2- It shall be permissible to outsource the risks management job after obtaining the Authority's consent.

4- Operations manager

A- Tasks

He shall perform the tasks related to financial procedures, accounting restrictions and daily settlements of the licensed body's clients. He shall also perform the tasks of reviewing the clients' contracts and ensuring their validity and the validity of their contents along with coordination with the compliance officer in this regard in order to ensure that the licensed body shall meet its obligations.

B- Qualification and experience:

- 1- A university certificate along with experience for not less than (5) years in financial markets or in the relevant fields.
- 2- Or diploma certificate or less certificate along with experience for not less than (10) years in financial markets or in the relevant fields.

C- Alternative qualification and experience:

Experience of not less than (5) years in financial markets or in the relevant fields and having any of the below alternative qualifications:

Certified Management Accountant (CMA)

Certified Public Accountant (CPA)

5- Trading manager

A- Tasks

He shall perform the tasks of supervising the trading operations conducted by the broker representative.

B- Qualification and experience:

- 1- A university certificate along with experience for not less than (5) years in financial markets or in the relevant fields.
- 2- Or diploma certificate or less certificate along with experience for not less than (10) years in financial markets or in the relevant fields.

C- Alternative qualification and experience:

Experience of not less than (5) years in financial markets or in the relevant fields along with any of the below alternative qualifications:

1. Certified Investment Professional
2. Certified Treasury Professional

D- Exceptions

1. The trading manager may perform the tasks of the broker representative.
2. It shall be permissible not to appoint a broker in the event that the licensed body's clients use an online trading mechanism (online trading).

6- Broker representative

A- Tasks:

He shall perform the tasks of receiving and listing purchase and sale orders for implementing them in the market by the online trading system of the market.

B- Qualification and experience:

- 1- A university certificate along with experience for not less than (2) years in financial markets or in the relevant fields.
- 2- Or diploma certificate or less certificate along with experience for not less than (5) years in financial markets or in the relevant fields.

C- Exceptions:

It shall be permissible not to appoint a broker representative in the event that the licensed body's clients use an online trading mechanism (online trading).

7- Financial analyst

A- Tasks:

He shall perform the tasks and works of financial analysis.

B- Qualification and experience:

- 1- A university certificate along with experience for not less than (3) years whether in financial analysis or in the relevant fields.
- 2- Or diploma certificate or less certificate along with experience for not less than (8) years in financial analysis or in the relevant fields.

C- Alternative qualification and experience:

Experience for not less than (3) years in financial analysis or in the relevant fields along with any of the below alternative qualifications:

1. Accredited Financial Analyst
2. Certified Investment Professional
3. Certificate in Quantitative Finance
4. Chartered Financial Analyst

8- Senior financial analyst

A- Tasks:

He shall perform the tasks and works of supervising the financial analysis operations.

B- Qualification and experience:

- 1- A university certificate along with experience for not less than (5) years in financial analysis, financial services and consultations in financial markets field or in the relevant fields.
- 2- Or diploma certificate or less certificate along with experience for not less than (10) years in financial analysis, financial services and consultations in financial markets field or in the relevant fields.

C- Alternative qualification and experience:

Experience for not less than (5) years in financial analysis, financial services and consultations in financial markets field, along with any of the below alternative qualifications:

1. Accredited Financial Analyst
2. Certified Investment Professional
3. Certificate in Quantitative Finance
4. Chartered Financial Analyst
5. Certified International Investment Analyst

9- Credit rating analyst

A- Tasks:

He shall perform the tasks and work of analysis related to credit rating.

B- Qualification and experience:

- 1- A university certificate along with experience for not less than (3) years in credit rating or in the relevant fields.
- 2- Or diploma certificate or less certificate along with experience for not less than (8) years in credit analysis or in the relevant fields.

C- Alternative qualification and experience:

Experience for not less than (3) years in credit rating or in the relevant fields along with any of the below alternative qualifications:

1. Accredited Financial Analyst
2. Certificate in Quantitative Finance
3. Chartered Financial Analyst

D- Exceptions:

The licensed body may, if it is a foreign company's branch, outsource a credit rating analysis job after obtaining the body's consent, provided that the outsourcing shall be limited to the mother company.

10- Credit rating analysis officer

A- Tasks:

He shall perform the tasks of supervising the analysis works related to credit rating.

B- Qualifications and experience:

- 1- A university certificate along with experience for not less than (5) years in credit rating, financial services and consultations in financial markets field or in the relevant fields.
- 2- Or diploma certificate or less certificate along with experience for not less than (10) years in credit rating, financial services and consultations in financial markets field or in the relevant fields.

C- Alternative qualification and experience:

Experience for not less than (5) years in credit rating, financial services and consultations in financial markets field, or in the relevant fields along with any of the below alternative qualifications:

1. Accredited Financial Analyst
2. Certificate in Quantitative Finance
3. Chartered Financial Analyst

D- Exceptions:

The licensed body may, if it is a foreign company's branch, outsource a credit rating analysis officer job after obtaining the body's consent, provided that the outsourcing shall be limited to the mother company.

11- Funds investment manager or portfolio manager

A- Tasks:

He shall perform the tasks of managing the clients' portfolios or the tasks of managing the investment fund's investments.

B- Qualification and experience:

- 1- A university certificate along with experience for not less than (4) years in the field of assets management.
- 2- Or diploma certificate or less certificate along with experience for not less than (8) years in the field of assets management.

C- Alternative qualification and experience:

Experience for not less than (4) years in the field of assets management along with any of the below alternative qualifications:

1. Accredited Financial Analyst
2. Certificate in Financial Planner
3. Certified Investment Professional
4. Certified Treasury Professional
5. Chartered Alternative Investment Analyst
6. Certificate in Quantitative Finance

7. Certified International Investment Analyst
8. Chartered Financial Analyst
9. Fellow Chartered Financial Practitioner
10. Master Financial Planner
11. Registered Financial Planner
12. Chartered Financial Consultant (ChFC)
13. Certified International Investment Analyst

12- Investment operations manager

A- Tasks:

He shall perform the tasks of the works of back offices of investment funds or securities portfolios along with the works related thereto such as evaluation of the funds unit or the securities portfolios as for keeping books records, keeping documents, carrying out financial settlements, following up orders implementation and their financial, paper, and documentary settlement. Moreover, keeping the record of the investment funds units owners, preparation of financial statements, periodical financial reports and other reports sent to investors, the Authority and the relevant authorities, evaluation of the assets and obligations of the investment fund and securities portfolios, thus, calculation of the value of the fund unit, the securities portfolios and the detailed works related thereto.

B- Qualification and experience:

- 1- A university certificate along with experience for not less than (4) years in financial analysis or in the field of financial markets or investment.
- 2- Or diploma certificate or less certificate along with experience for not less than (8) years in the field of assets management.

C- Alternative qualification and experience:

Experience for not less than (4) years in the field of assets management along with any of the below alternative qualifications:

1. Certified Management Accountant (CMA)

2. Certificated Public Accountant (CPA)

13- Promotion manager

A- Tasks:

He shall perform the tasks of financial products promotion, collection of required information and data, and evaluation of the clients' capability and tendency to afford risks (Risk Profile) along with the detailed works related thereto.

B- Qualification and experience:

- 1- A university certificate along with experience for not less than (3) years in financial analysis or in the field of financial markets, investment, wealth management or financial planning.
- 2- Or diploma certificate or less certificate along with experience for not less than (7) years in financial analysis or in the field of financial markets, investment, wealth management or financial planning.

C- Alternative qualification and experience:

Experience for not less than (3) years in financial analysis or in the field of financial markets, investment, wealth management or financial planning along with any of the below alternative qualifications:

1. Accredited Financial Analyst
2. Certified Investment Professional
3. Certificate in Quantitative Finance
4. Chartered Financial Analyst
5. Certified International Investment Analyst
6. Master Financial Risk Manager (FRM)
7. ICA Specialist Certificate in Conduct Risk

Annex No. (1) License categories and requirements

First Category (Dealing in Securities)				
Legal form of category license	Category license capital	Main functions of the Category License	Financial activities within the Category	Approved jobs for each financial activity
A legal person incorporated within the state or a branch of a foreign company in accordance with the Commercial Companies Law.	The paid-up capital is not less than AED 30 million.	1. Category Manager or Official. 2. Compliance Officer. 3. Risk Management Officer.	Trading and clearing broker.	Trading manager. Operations manager. Broker representative.
			Trading broker in global markets.	
			Broker for trading non-exchange Traded derivative contracts and currencies in the spot market.	
			Trading broker.	Broker representative.
			Securities dealer.	Trading manager.

Second Category (Dealing in Investment)				
Legal form of category licensing	Category license capital	Main functions of the Category License	Financial activities within the category	Approved jobs for each financial activity

A legal person incorporated within the state, or a branch of a foreign company according to the Commercial Companies Law, with the exception of the investment management activity of the Investment Fund and the management of securities portfolios. Whereas, the legal form is required to be a joint-stock company established within the state in accordance with the provisions of the Commercial Companies Law.	The paid-up capital is not less than AED 50 million.	1. Category Manager or Official. 2. Compliance Officer. 3. Risk Management Officer. 4. Investment Operations Manager.	Managing investment funds investments.	1. Fund Investment Manager or Portfolio Manager. 2. Principal Financial Analyst. 3. Financial Analyst.
			Managing securities portfolios.	
			Administrative services for investment funds	-----

Third category (Custody, Clearing and Recording)

Legal form of category licensing	Category license capital	Main functions of the Category License	Financial activities within the category	Approved jobs for each financial activity
<ul style="list-style-type: none"> A joint stock company established within the state operating in the field of securities, or a bank or a branch of a foreign bank licensed by the UAE Central Bank. 	The paid-up capital is not less than AED 50 million	1. Category Manager or Official. 2. Compliance Officer. 3. Risk Management Officer.	Save Custody	-----
			General clearing	-----
			Covered Warrants Issuer	-----
			Depository Bank of Depository Receipt	-----

<ul style="list-style-type: none"> • The legal form of the public clearing activity may be a brokerage firm – a trading and clearing member – or a foreign clearing member licensed at its headquarters to practice the public clearing activity, provided that it is subject to a regulatory authority similar to the Authority, and has obtained the approval of the relevant authority in accordance with the Commercial Companies Law. • The activity of the Depository Bank or Depository Bank Agent is limited to the form of a bank or a foreign bank branch licensed by the UAE Central Bank. • Any of the capital market institutions may practice the activity of a registrar of private joint-stock companies. 		<p>4. Operations Manager, <u>with the exception of</u> the Registrar of Private Joint-Stock Companies.</p>	Depository Bank Agent of Depository Receipt	-----
			Registrar of the private joint stock companies	-----

Fourth Category (Credit Rating Agencies)		
Legal form of category licensing	Category license capital	Main functions of the Category License

<ul style="list-style-type: none"> • A legal person incorporated within the state or a branch of a foreign company in accordance with the Commercial Companies Law. • A body licensed to work in one of the financial free zones in the state, provided that it adheres to the following: <ol style="list-style-type: none"> 1. Provisions of the Companies Law related to the conduct of business by free zone companies within the state. 2. Carry out the activity through its headquarters in the financial free zone or within the state. 3. Submit proof of agreement with the regulatory authority in the financial free zone on the following: <ol style="list-style-type: none"> a) The implementation of the legislations issued by the Authority when practicing credit rating activity in the state. b) Restricting the judicial jurisdiction related to any dispute that arises based on the license issued thereto by the Authority to the courts of the state, excluding the courts of the Financial Free Zone, provided that its agreements with its clients shall include evidence to this effect. 	<p>The paid-up capital is not less than AED 5 million</p>	<ol style="list-style-type: none"> 1. Category Manager or Official. 2. Compliance Officer. 3. Credit rating analyst. 4. Credit Rating analysis official.
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<p>c) The approval of the regulatory authority in the Financial Free Zone to enable the Authority to carry out its regulatory and supervisory role without any restriction or condition on the company's business related to the license issued thereto by the Authority.</p> <ul style="list-style-type: none"> The credit rating analyst and the credit rating official may be accredited by the Authority, approved, or registered by a regulatory authority similar to the Authority. 		
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Fifth Category (Ranking and Advice)

Legal form of Category Licensing	Category license capital	Main functions of the Category License	Financial activities within the category	Approved jobs for each financial activity
A body licensed by the Authority for another category or a branch of a foreign company licensed by a regulatory authority similar to the Authority or a bank or foreign bank branch licensed by the Central Bank of the Emirates.	There is no capital	1. Category Manager or Official. 2. Compliance Officer. 3. Risk Management Officer.	Financial Consulting	Financial Analyst
			Financial Consultant (Issue Manager)	Financial Analyst
			Listing Consultant	Financial Analyst
			Definition	-----
			Promotion	Promotion Manager

Annex No. (2) Accounting System Controls

First: The licensed body for the first category shall be obligated to provide an electronic accounting system for managing the accounts of the licensed body and the accounts of its clients (Unified Centralized Back Office System), provided that it meets - at a minimum - the following technical conditions:

1. A password and separate powers that suit the functional tasks of each user of the system.
2. The Archive Audit Trail Log feature for the following:
 - a) Entries movements of and financial movements.
 - b) Powers movements.
 - c) Traffic monitoring of entry and exit processes from the system.
3. The feature of separating tasks between setting the entry and posting.
4. The feature of setting time of the server device for the back office system according to the local time of the country.
5. A mechanism for maintaining backup copies of the back office system on a daily basis (Incremental Backup) and on a monthly basis (Full Backup) on storage media away from the back office system server for a period of (10) years.
6. The feature of creating an automatic serial number (Auto Generated Number) when registering the entry – non-adjustable - including the date and local time automatically, provided that they are modified in exceptional cases.
7. The feature of printing reports that include the entries whose date or time has been modified, indicating the automatic date and time of those entries.
8. **The ability to print daily reports and convert the same into (PDF) and (Excel) format, in particular the following reports:**
 - a) A statement of the client's securities balances.
 - b) The client's account statement including all the movements that take place on his account with the company in terms of buying, selling, receiving, disbursing, registering, transferring ownership and other movements.
 - c) The multi-level trial balance.

- d) Analytical data for the items of the trial balance, in particular bank statements of accounts, and a statement of debit and credit balances for clients.
- e) A statement of the clients' zero balances.
- f) Cheque movement statement (collected, canceled, bounced).
- g) A statement of the terms of receivables related to clients in compliance with the minimum requirements of the Authority in the form of (Excel Sheet as per SCA template).
- h) Financial position.
- i) Income statement.

9. The possibility of implementing the requirements described below - at a minimum -:

- a) Posting the entries at the end of the day, and preventing the amendment of the entries after posting the same.
- b) Show the commission separately in the client's account statement.
- c) Uploading the data of transactions executed in the markets in real time to the accounting system, in order to control clients' cash and paper balances through real-time settlement by linking the accounting system to the Client Order Management System (OMS).

Second: The licensed body that uses the accounting system is obligated to:

1. Keeping an updated copy of the User Manual for the used accounting system.
2. Providing continuous technical support for the accounting system to ensure that all technical problems that may occur are addressed.
3. Notifying the Authority immediately in the event of any sudden malfunctions in the accounting system, indicating the expected period its continuation, and providing the Authority with a technical report from the system manufacturer, stating the reasons for the malfunction.
4. Notifying the Authority in the event of a change in the accounting system used therein, with an explanation of the reasons for the same.