



Investor Rights When dealing with Financial Services Companies



The Securities and Commodities Authority (SCA) has developed this brief overview to introduce investors to the optimal conduct they should expect from financial services providers and to educate them about their rights in these companies.

Undoubtedly, such rights reflect the key principles adopted by SCA in the practices enforced and expected from licensed companies that deal with investors. They involve products and services provided by financial services companies in general, namely brokerage, trading in stocks or commodities, investment management, research and consultations, promotion and introduction, etc.

Generally, investors have the right to demand licensed persons, who provide them with financial services or products, to observe their rights and treat them accordingly, which would enhance confidence between investors and licensed companies and ensure the maintenance of high levels of integrity in the transactions executed in local capital markets.

Below is an overview of key investor rights when dealing with these companies:

1. Introduce investors to their rights and obligations in a clear manner pursuant to the service or product provision contract when dealing with a company, in addition to giving them adequate time to study the terms and conditions of the contract and decide whether to accept it or not.
2. Explain all fees, commissions, and costs expected in exchange for the service or product received.
3. Protect investor assets and funds and make all arrangements required to ensure they are safeguarded against any misuse, loss, etc.
4. Treat all customers fairly and equally without any discrimination based on the size of their investments, their relationship with the company, or any other considerations.
5. Exhibit a high level of professional customer service in terms of replying and responding to inquiries and requests and providing customers with high quality services.
6. Ensure that all communications between investors and the company—verbal or in writing—are clear, accurate, complete, and timely. Correspondence should use simple and direct language to effectively provide the required information.
7. Use transparency and disclose any existing or potential conflict of interest between investors and the company. Provide investors with the opportunity to make decisions, including whether to proceed with the service obtained.
8. Make complete and accurate disclosure of any potential risks involved in the financial services or products prior to their provision to investors and provide them with sufficient time for consideration.
9. Ensure public disclosure by any person, natural or corporate, engaged in securities-related activities to guarantee the flow of information to all investors equally.
10. The right to complain: every investor has the right to file a complaint with SCA against any natural or corporate person so long as such complaint is related to matters falling under SCA's jurisdictions as established by the law.
11. Ensure the appropriateness of the investments proposed to investors, depending on their circumstances, goals, and investment restrictions. This is done when providing investment advice or making investment decisions on investors' behalf, where permitted by legislation.
12. Adopt the highest levels of efficiency, eligibility, professionalism, and care when dealing with investors.
13. Maintain integrity, credibility, and honesty.
14. Be objective and honest in providing



consultation, opinion, or information on which investment decisions will be based. Such consultation, opinion, or information must be based on sound, adequate study and knowledge.

15. Give priority to investors' interest over the financial services providers' interest.
16. Assist in enhancing investors' awareness in an impartial and professional manner on issues they may not be aware of when it comes to the nature of investment or other matters that can help them make sound, well-informed investment decisions.
17. Maintain the confidentiality of all information provided by investors.
18. Maintain investor rights and protect investor interests.
19. Comply with the law and the relevant regulations.

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