

SECURITIES & COMMODITIES AUTHORITY

United Arab Emirates

ATS Module

Module: Alternative Trading System

Part One: Preliminary
Introduction
Article (1): Definitions

Operation of Alternative Trading Systems: The operation of a Multilateral Trading Facility (MTF) or an Organized Trading Facility (OTF).

Multilateral Trading Facility (MTF): A system that matches the buy and sell orders of multiple third parties in financial products, based on non-discretionary rules, resulting in the conclusion of a transaction in such financial products.

Organized Trading Facility (OTF): A system that matches the buy and sell orders of multiple third parties in securities, commodity contracts, tokenized securities, or tokenized commodity contracts, based on discretionary rules, resulting in the conclusion of a transaction in such securities or contracts.

Licensed Entity: An entity that has obtained a license to operate one or more alternative trading systems, unless otherwise stated in the text.

Official List of Securities: A list that includes the securities registered with the Authority for the purpose of listing in the market.

Financial Products: Securities, tokenized securities, commodity contracts, tokenized commodity contracts, virtual assets, and any other financial instruments accepted by the Authority. References to securities or commodity contracts shall include tokenized securities and tokenized commodity contracts, unless the context indicates otherwise.

Direct Electronic Access: Any arrangement, such as the use of a member's trading code, that enables the member or that member's clients to submit orders related to financial products directly to the licensed entity's facility.

Short Selling: The sale of securities, tokenized securities, or virtual assets by a person who does not own such securities, tokenized securities, or virtual assets at the time of entering into the sale contract.

Liquidity Incentive Program: Any arrangement designed to provide liquidity in relation to a specific financial product or category of financial products.

Digital Wallet: A software application or other tool used to control, protect, or manage public and private cryptographic keys (or their equivalents).

Digital Wallet Service Provider: The market or the licensed entity operating the alternative trading system that provides custody services for tokenized securities or tokenized commodity contracts by controlling public and private cryptographic keys.

Third-Party Digital Wallet Service Provider:

1. An entity licensed by the Authority — other than the entity licensed to operate alternative trading systems — to provide custody services for tokenized securities, tokenized commodity contracts, or virtual assets through control of public and private cryptographic keys.
2. An entity licensed by an equivalent regulatory authority in another jurisdiction to provide custody services for tokenized securities, tokenized commodity contracts, or virtual assets through control of public and private cryptographic keys.

Self-Custody (Non-Custodial Wallet): The holding and control of a tokenized security or commodity contract by its owner through possession of public and private cryptographic keys.

Facility: Refers to the alternative trading system unless the context indicates otherwise.

Direct Participant: A natural or legal person, other than a licensed entity, who may access the facility directly for the purpose of trading financial products.

White Paper: A document (Concept Paper) prepared by virtual asset developers that outlines the general concept and proposed value of the virtual asset. It typically includes a roadmap for the development of the virtual asset and the main objectives that developers aim to achieve.

Controller: A person who, alone or with others, owns 10% or more of the shares in the licensed company or its holding company, or has the right to exercise or control 10% or more of the voting rights therein, or is capable of significantly influencing its management due to ownership of shares, voting rights, or ability to exercise such rights.

Reference to "Shares" in the Context of a Controller:

- a. In the case of a licensed company or its holding company with share capital, it refers to allocated shares.
- b. In the case of a licensed company or its holding company with capital other than share capital, it refers to rights to a portion of its capital.
- c. In the case of a licensed company or its holding company with no capital, it refers to any interest that entitles the holder to share in its profits or losses or obligates them to contribute to its debts or expenses upon liquidation.

Reference to "Holding" in the Context of a Controller: Refers, in relation to a person, to ownership or the right to own shares or voting rights in a licensed company or its holding company, whether alone or with another party.

Price Information Provider: An agency or provider that regularly and systematically creates, aggregates, evaluates, or reports on the prices of investments, indices, commodities, or figures, and makes them available to users.

Article (2): Scope of Application

The provisions of this module apply to:

1. Any person who engages or intends to engage in the activity of operating an alternative trading system in and/or from within the State.
2. Any approved key individual or any person who intends to become an approved key individual in a licensed entity.
3. Any person who is or intends to become a controller of the licensed entity.

Article (3): General Provisions

1. A person who wishes to obtain a license to operate an alternative trading system in and/or from within the State shall be a legal entity.
2. An Organized Trading Facility (OTF) may not be used for the purpose of trading and settling virtual assets in and/or from within the State.

Article (4): Overview

1. **Part 2:** This chapter addresses the conditions and procedures for obtaining preliminary approval to operate an alternative trading system within the State. It defines the scope of application and the requirements for such preliminary approval, including financial eligibility, experience and competence, honesty and integrity, compliance with legislation, and a clean professional record with no sanctions or penalties. It also requires the submission of a clear business plan and adherence to the legal form prescribed by the Authority. Applications shall be submitted using an approved form and accompanied by the applicable fees. The Authority evaluates financial resources, competence, and compliance before issuing a decision within 45 working days. Preliminary approval does not constitute final licensing; the applicant shall meet the final conditions within six months, with a possible one-time extension.

2. **Part 3:** This chapter outlines the general and ongoing licensing requirements for operating an alternative trading system and for key individuals. It includes organizational structure, human resources, the need for competence and fitness, and the implementation of effective corporate governance. It addresses the appointment of key individuals to specific roles, the requirement for them to reside in the State, and the prohibition and systematic management of conflicts of interest. The chapter also includes operational competency, financial resources, technology, asset protection, and regulatory rules related to market organization, such as member admission standards, transaction integrity, compliance monitoring, and risk management. Strict controls are imposed on trading operations, especially in virtual assets, requiring risk disclosure and continuous information reporting, with clear rules for dispute resolution and regulatory updates. Operators shall adhere to specific requirements when operating systems for virtual assets, tokenized securities, or tokenized commodity contracts, including the use of distributed ledgers, key protection, and the integrity of technological operations. Periodic reports to the Authority are required, along with compliance with disclosure and governance standards, and the implementation of effective systems to prevent abuse or money laundering, ensuring transparency and market integrity.
3. **Part 4:** This chapter specifies the procedures and requirements for obtaining a license to operate an alternative trading system in and/or from within the State or to obtain "approved key individual" status. It includes the submission of a complete application meeting ongoing requirements and compliance with the legal form prescribed. Licensed capital market institutions may apply for approval instead of a license to operate an alternative trading system if they meet the criteria. The Authority evaluates applications by reviewing financial resources, competence, fitness, and the ability to meet regulatory requirements, with additional inquiries and assurances. The Authority shall decide on the application within 60 working days and may impose conditions or restrictions or reject the application for public interest considerations. The chapter also outlines requirements for key individuals, including submission of a specific form demonstrating their integrity, competence, and financial soundness. Applications are assessed against defined criteria, with the possibility of inquiries or requests for additional information. The specified fees shall be paid upon submission of applications, whether for licensing or for approved key individual status.

4. **Part 5:** This chapter addresses the general obligations of the licensed entity and the framework for dealings with controllers. The first section provides for temporary coverage of key individual functions under certain conditions, such as competence and duration. It also includes the requirement to report changes in the memorandum of association, financial reports, and accounting records in accordance with international standards. The licensed entity shall appoint an approved external auditor, report material changes, and follow procedures related to license revocation, liquidation, and bankruptcy. Regarding controllers, the chapter outlines procedures for obtaining prior approval from the Authority before acquiring or increasing control. It explains the evaluation criteria for controllers, such as fitness and competence, and the procedures for notifications and periodic reporting. The Authority has the power to reject controllers in cases of non-compliance or if they are no longer fit, while giving them an opportunity to appeal. The chapter also includes requirements for submitting annual reports on controllers and documenting control changes.

Part Two: Preliminary Approval

Scope of Application and Request for Approval

Article (5): Scope of Application

1. The provisions of this section apply to any person who engages or intends to engage in the activity of operating an alternative trading system in and/or from within the State.
2. The provisions of this section do not apply to capital market institutions licensed by the Authority that wish to operate an alternative trading system in and/or from within the State.

Article (6): Conditions for Obtaining Preliminary Approval

1. **Financial Eligibility:** The applicant shall not have ceased payment of commercial debts, even if this has not resulted in a declaration of bankruptcy; shall have been rehabilitated if previously declared bankrupt; shall demonstrate a commitment to repaying commercial bank loans and financial obligations resulting from court judgments or decisions; shall not have a pattern of issuing dishonored cheques in the course of business; and shall demonstrate the financial capacity to meet unexpected and future obligations.
2. **Experience and Competence:** The applicant shall have the required experience, demonstrate prior relevant experience, and show how it relates to the specific financial activity in question. The applicant shall also demonstrate the ability to conduct financial activities and manage risks effectively.
3. **Honesty and Integrity:** The applicant shall provide accurate and complete information and documentation to the Authority. The applicant's records shall be free from any issues that may damage the integrity or reputation of the Authority or the State. There shall be no ongoing or past legal claims, complaints, or investigations—domestically or internationally—relating to honesty or integrity, and no criminal or prosecutorial judgments or decisions related to breach of trust, fraud, or deception.
4. **Compliance:** The applicant shall demonstrate compliance with applicable financial legislation and related laws, with no administrative penalties in the professional record issued by the Authority or any other regulatory body within or outside the State. The applicant shall not be listed on sanctions lists issued by the United Nations or other foreign entities, particularly those related to anti-money laundering, combating the financing of terrorism, or illicit organizations. Neither the applicant, its partners, nor its board members should have committed any felonies, misdemeanors, or violations related to the Authority's activities, and they shall not be subject to any administrative or criminal investigations—domestically or internationally—at the time of application.
5. **No Prior Rejection or Sanction:** The applicant shall not have previously been denied or had a license revoked by any other regulatory authority or government body, whether local or foreign. Verification shall be conducted by obtaining a copy of the applicant's professional record or through direct communication with the relevant authority.
6. **Business Plan:** The applicant shall submit a realistic and logical business plan for carrying out the financial activity, including projected revenues and expenses for the first three years of operations, the underlying assumptions and methodologies used, and a comparison with industry benchmarks.
7. **Legal Form:** The Authority may, by notification, specify the legal form that the applicant shall adopt in order to obtain a license.

Article (7): Submission of the Preliminary Approval Request

1. **Submission of the Request:** When submitting a request for preliminary approval, the applicant shall specify the financial activity intended to be carried out using the application form prepared by the Authority, along with all supporting documents and information proving compliance with the conditions set out in Article (6) of this module.
2. **Payment of the Fee:** The applicant shall pay a non-refundable fee for the review of the preliminary approval request.

Article (8): Evaluation of the Preliminary Approval Application

When evaluating the preliminary approval application, the Authority may do the following:

1. **Verify the sufficiency of resources**, including but not limited to financial resources:
 - a. The ability to meet financial solvency standards.
 - b. The ability to fulfill obligations without exposing clients or stakeholders to undue risks.
 - c. Compliance with regulatory capital or liquidity requirements.
2. **Assess competence and suitability**, including but not limited to:
 - a. The competence and suitability of board members or their equivalents.
 - b. The suitability of the controller or any other relevant person.
 - c. The potential impact of the controller on the applicant's ability to comply with applicable requirements.
 - d. The applicant's activities and any associated risks that may hinder the achievement of the Authority's objectives.
 - e. Any matter that may have harmed or may harm the integrity or reputation of the Authority or the State.
3. **Verify the ability to comply with applicable requirements**, including but not limited to:
 - a. Clarifying how the applicant will meet the requirements specified in Chapter Two and any other applicable requirements.
 - b. Conducting any inquiries deemed appropriate, including independent inquiries regarding the applicant.
 - c. Requesting additional information from the applicant.
 - d. Requesting clarifications or confirmations from the applicant on how compliance with specific requirements will be ensured.
 - e. Requiring the applicant to verify any provided information in any manner specified by the Authority.
 - f. Taking into consideration any other information the Authority deems relevant.

Article (9): Approval or Rejection

1. The Authority shall issue its decision to approve or reject the preliminary approval application within no more than **45 business days** from the date of submission, provided it is complete. In the event of rejection, the Authority shall state the reasons.
2. The Authority's preliminary approval does **not** constitute a license or permission to engage in financial activities. Financial activities may **not** be conducted unless a formal license is obtained. Any actions based solely on preliminary approval shall be considered invalid.
3. The applicant shall fulfill the ongoing requirements outlined in **Chapter Three** of this guidebook in order to obtain the license within a maximum period of **6 months** from the date of the preliminary approval. The Authority may extend this period **once only** for an equivalent duration.
4. If the ongoing requirements are not met within the specified timeframes stated in Clause (2) of this Article, the applicant shall reapply for preliminary approval.

Part Three: General and Ongoing Licensing Requirements

Chapter One: Introduction

Article (10): Scope of Application

The provisions of this chapter apply to the activity of operating an alternative trading system and to key individuals.

Chapter Two: Organizational Structure Requirements

Article (11): Organizational Structure

The licensed entity shall establish an organizational structure that meets the following criteria:

1. The structure shall be appropriate and capable of meeting the licensing requirements and carrying out regulatory functions.
2. It shall have sufficient human and other resources to effectively operate and oversee its business activities.

Article (12): Human Resources

1. The licensed entity shall:
 - a. Provide adequate human resources to operate, supervise, and maintain its facilities.
 - b. Ensure, to the extent possible, that its employees are competent and suitable, receive proper training to perform their duties, and are familiar with applicable laws and regulations in the State, including the rules and decisions of the Authority and the licensed entity itself.
2. The licensed entity shall implement appropriate arrangements to ensure that employees maintain their competence and suitability on an ongoing basis and shall retain performance assessment records for each employee for at least **ten years** from the date their employment ends.

Article (13): Corporate Governance

1. The licensed entity shall ensure the following:
 - a. A governance framework appropriate to the nature, size, complexity of its operations, and structure, adequate to promote sound management, effective oversight, and protection of stakeholders' interests.
 - b. A compensation structure aligned with the licensed entity's long-term plans and interests, and proportionate to the size and complexity of its business and structure.
2. The licensed entity shall ensure that a sufficient number of independent members are present on its Board of Directors at all times.

Chapter Three: Functions and Key Individuals

Article (14): Regulatory Functions and Key Individuals

1. To perform regulatory functions appropriately, the licensed entity shall at all times have individuals appointed to perform the following roles:
 - a. Members of the Board of Directors or their equivalents.
 - b. Chief Executive Officer (CEO).
 - c. Chief Financial Officer (CFO).
 - d. Compliance Officer.
 - e. Anti-Money Laundering Reporting Officer.
 - f. Risk Officer.
 - g. Internal Auditor.
2. Any member of the licensed entity's Board of Directors shall be considered a **key individual** if they perform any of the key individual functions.

Article (15): Individuals Holding Key Positions

1. The position of **Chief Executive Officer (CEO)** shall be held by an individual who is either a board member or a senior manager of the licensed entity. This individual bears ultimate responsibility—either individually or jointly with other key individuals—for the day-to-day management, oversight, and control of the licensed entity.
2. The position of **Chief Financial Officer (CFO)** shall be held by an individual who is either a board member or a senior manager of the licensed entity. This individual holds full responsibility for ensuring the licensed entity's compliance with financial requirements.
3. The position of **Compliance Officer** shall be held by an individual who is either a board member or a senior manager of the licensed entity. This individual bears full responsibility for ensuring the licensed entity's compliance with the applicable laws and regulations in the State.
4. The position of **Risk Officer** shall be held by an individual who is either a board member or a senior manager of the licensed entity. This individual holds full responsibility for risk management.
5. The position of **Anti-Money Laundering and Counter-Terrorism Financing Reporting Officer** shall be held by an individual who is either a board member or a senior manager of the licensed entity. This individual bears full responsibility for ensuring the entity's compliance with AML/CFT regulations.
6. The position of **Internal Auditor** shall be held by an individual who bears full responsibility for audit-related matters concerning the licensed entity.

Article (16): Residency of Key Individuals

Key functions referred to in **Article (2)** of this section shall be carried out by individuals who reside within the State.

Article (17): Combining Roles

1. To the extent practically possible, the licensed entity shall ensure that no key individual is assigned commercial functions that conflict with their key function responsibilities or could affect their ability to effectively perform those functions.
2. Before assigning a key individual any commercial responsibilities, the licensed entity shall:
 - a. Form a reasonably-based view that the commercial duties assigned do not, as far as practically possible, conflict with their responsibilities as a key individual and do not hinder their effectiveness.
 - b. Where there is an inherent conflict between the roles, the entity shall implement adequate procedures and controls to mitigate such conflict.
3. The licensed entity shall retain records of its decisions and procedures as specified in Clause (2) of this Article.

Chapter Three: Conflict of Interest

Article (18): Managing Conflicts of Interest and Obligations of the Licensed Entity

1. Without prejudice to the obligations set out in Chapter Four of Part Three of the Business Regulation Unit, the licensed entity shall take all reasonable steps to ensure the absence of any conflicts of interest, including but not limited to:
 - a. Conflicts between the entity and its shareholders, members, or users of its services and other facilities.
 - b. Conflicts between its members, between users of its facilities, or between members and users of its facilities.
2. If any conflict of interest is identified pursuant to Clause (1), the licensed entity shall take the necessary measures to prevent, manage, or disclose such conflict in a way that does not negatively impact the performance and proper operation of its facilities.

Article (19): Policies and Procedures to Prevent Conflicts in Employees' Personal Transactions

Without prejudice to Article (1) of this Chapter, the licensed entity shall establish and maintain adequate policies and procedures to ensure that its employees do not conduct personal transactions in securities, virtual assets, or derivatives in a way that creates or may create a conflict of interest.

Article (20): Code of Conduct and Conflict of Interest Standards

Without prejudice to Article (18) of this Chapter, the licensed entity shall establish a **Code of Conduct** that outlines the professional behavior standards for its employees, including clear procedures for managing conflicts of interest. This Code shall:

1. Be binding on all employees.
2. Be made publicly available to the extent appropriate and practically feasible.

Article (21): Performance of Regulatory Functions

1. The licensed entity shall take all necessary steps to ensure that the performance of its regulatory functions is not adversely affected by its commercial interests.
2. For the purposes of Clause (1), the licensed entity shall implement adequate systems and controls—including policies and procedures—to ensure that the pursuit of commercial interests (including profitability) does not negatively impact the performance of its regulatory functions.

Chapter Four: Operational Efficiency and Resilience

Article (22): Systems and Controls

1. Without prejudice to Chapter Two of Part Two of the General Framework Unit, the licensed entity shall take all necessary steps to ensure that its systems and controls are:
 - a. Adequate to ensure that operations are conducted at all times in accordance with applicable laws and regulations.
 - b. Flexible and robust enough to ensure continuity and consistency in performing its functions related to facility operations.
 - c. Proportionate to the nature, size, and complexity of its operations.
2. For the purposes of Clause (1), the licensed entity's systems and controls shall be sufficient to enable it to continuously meet licensing requirements. In particular, the systems and controls shall include adequate arrangements concerning:
 - a. Risk assessment and management.
 - b. Financial and technological resources.
 - c. Staff competence and suitability.
 - d. Operational functioning of its activities.
 - e. Outsourcing.
 - f. Safeguarding and managing assets of its members and other participants.
 - g. Information sharing with members and other facility participants.
 - h. Monitoring and tracking transactions within its facilities.
3. The licensed entity shall periodically review its systems and controls to ensure their continued adequacy and effectiveness.

Article (23): Risk Management

Without prejudice to the provisions of **Article (31)** of the General Framework Unit, the licensed entity shall maintain a comprehensive risk assessment and management system that clearly assigns responsibilities for risk management, identifies types of risks, outlines measurement mechanisms, and details how they will be addressed. This includes, but is not limited to:

1. Identifying all general, operational, and legal risks across all its activities.
2. Accurately measuring and monitoring the various types of risks.
3. Assigning risk management responsibilities to individuals with appropriate knowledge and experience.
4. Providing sufficient and reliable information to key individuals and, where appropriate, to the board of directors.

Article (24): Outsourcing

Without prejudice to the provisions of **Article (39)** of the General Framework Unit, the licensed entity shall, before entering into any outsourcing arrangements with a service provider, specifically ensure the following:

1. Perform due diligence in selecting service providers and monitoring the performance of the outsourced functions.
2. Establish legally binding contracts with service providers.
3. Provide for business continuity arrangements and disaster recovery plans.
4. Ensure the security and confidentiality of information provided to the service provider in accordance with applicable legislation.
5. Avoid concentration of outsourced functions with a single service provider.
6. Clearly define agreed-upon procedures for terminating outsourcing arrangements.
7. Ensure it has rights of access to the books and records of the service providers.
8. Ensure that the Authority has rights of access to the books and records of the service providers and may conduct inspections.

Article (25): Financial Resources

1. The licensed entity shall maintain financial resources that are proportionate to the nature, size, and complexity of its operations at all times. At a minimum, it shall hold an amount equivalent to **half of its estimated total operating costs for the upcoming 12-month period**, or any other capital amount determined by the Authority in accordance with the entity's nature, size, and complexity, to ensure no risk to its ability to meet due obligations.
2. The assets held to meet the financial obligations referred to in Clause (1) shall be:
 - a. Of **high quality and sufficient liquidity**, enabling the entity to meet current and anticipated operating expenses under a range of adverse scenarios, including unfavorable market conditions.
 - b. If the assets are cash, they shall be held in a **licensed bank within the State**.
3. The licensed entity shall implement systems and controls that enable it to identify and monitor the adequacy of its financial resources to meet the requirements under Clause (1). These systems and controls shall address relevant and appropriate factors related to its business model, including:
 - a. The nature, size, and complexity of its activities and associated risks.
 - b. Operational risk, counterparty risk, market risk, and settlement risk exposures.
 - c. The size, composition, and condition of its available financial resources.
 - d. Its ability to access additional financial resources if necessary.
4. The licensed entity shall monitor and manage its concentration of credit and liquidity exposures to commercial banks and clearing members.

Article (26): Technological Resources

1. The licensed entity shall provide sufficient technological resources to operate, maintain, and supervise its facilities.
2. The licensed entity shall ensure that its members and other participants in its facilities possess adequate and compatible technological resources.
3. To meet the requirement in Clause (1), the licensed entity shall establish adequate procedures and arrangements to continuously assess, select, and monitor its IT systems. These procedures and arrangements shall include, at a minimum:
 - a. Issue management and system change management.
 - b. Pre-operational testing of IT systems in accordance with Clauses (5) and (6) of this Article.
 - c. Monitoring system performance, availability, and integrity, and reporting thereon.
 - d. Adequate measures to ensure:
 - i. Resilience of IT systems and protection against failure.
 - ii. Business continuity in the event of IT system failure.
 - iii. Integrity of data forming part of or processed through the IT system.
4. The licensed entity shall comply with the applicable requirements in **Annex (1)** of this Unit for the purposes of:
 - a. Testing the adequacy and effectiveness of its IT systems.
 - b. Evaluating the adequacy and effectiveness of its members' IT systems.
5. The licensed entity shall conduct periodic reviews and continuous updates of its IT systems and controls in line with the nature, size, and complexity of its operations.
6. For the purposes of Clause (5), the licensed entity shall adopt clearly documented and defined development and testing methodologies that comply with **internationally recognized testing standards**.

Chapter Five: Business Rules

Article (27): Content of the Rules

1. The licensed entity shall establish and maintain business rules that include:
 - a. Rules and standards governing the acceptance of members and any other persons granted access to the facility.
 - b. Rules and standards governing the acceptance of financial products for trading, clearing, and settlement, as appropriate for the facility.
 - c. Rules governing cases of failure or default in transactions.
 - d. Any other matters contributing to the proper operation and smooth functioning of the facility.
2. The business rules shall meet the following criteria:
 - a. Be objective and non-discretionary.
 - b. Be clear, fair, and unbiased.
 - c. Define the obligations of members and other participants, and the administrative arrangements when conducting transactions within the facility, or those related to the professional standards imposed on employees and representatives of the licensed entity and/or other participants.
 - d. Be legally binding and enforceable on members and other participants.
 - e. Include provisions for resolving disputes among members and other participants, as well as grievance procedures for decisions made in this regard.
 - f. Include disciplinary procedures, including sanctions.
 - g. Be publicly available free of charge.

Article (28): Default Rules

The licensed entity shall establish default rules that enable appropriate actions to be taken regarding unsettled transactions involving any member or other participant in its facilities, in the event of proven or apparent inability of the member or participant to fulfill obligations related to one or more transactions.

Article (29): Compliance Monitoring

The licensed entity shall establish adequate procedures for monitoring compliance with business rules to ensure:

1. Monitoring and enforcement of its own business rules.
2. Prompt investigation of any complaints regarding its operations or concerning members and other participants.
3. Taking disciplinary actions, including financial and other penalties, when appropriate.
4. Establishing grievance procedures.
5. The ability to refer complaints to the Authority when necessary.

Article (30): Amendments to the Rules

1. When making necessary amendments to the business rules, the licensed entity shall comply with the requirements outlined in Articles (31), (32), and (33) of this Chapter.
2. The reference to the word “amendment” in Articles (31), (32), and (33) includes the addition of a new provision, modification of an existing provision, or deletion of an existing provision.

Article (31): Public Consultation

1. The licensed entity shall conduct a public consultation before making any amendments to the business rules.
2. For the purposes of implementing paragraph (1) of this Article, the licensed entity shall:
 - a. Publish a consultation paper that includes:
 - i. The proposed amendment text and the business rules to be amended.
 - ii. The reasons for proposing the amendment.
 - iii. A reasonable consultation period of no less than 30 days from the date of publication, during which members and other stakeholders are allowed to submit their comments.
 - b. Submit the consultation paper mentioned in subparagraph (a) of this Article to the Authority no later than the time it is issued for public consultation.
3. The Authority may, if it deems appropriate and on reasonable grounds, request the licensed entity to extend the consultation period specified in the consultation paper. The licensed entity shall comply with this request.
4. The licensed entity shall:
 - a. Facilitate informal discussions regarding the proposed amendment with members and other stakeholders.
 - b. Consider the impact of the proposed amendment on the interests of members and other stakeholders.
 - c. Give due consideration to any public comments received.
5. After completing the public consultation and before the proposed amendment becomes effective, the licensed entity shall submit the following to the Authority:
 - a. A summary of the public comments received and how the issues raised were addressed.
 - b. Any changes made to the original proposal as a result of the public comments, or if no changes were made, a statement to that effect.

Article (32): Exemption from Public Consultation

1. The Authority may, upon a written request from the licensed entity, exempt the licensed entity from the public consultation requirement set out in Article (31) of this Chapter in the following cases:
 - a. If any delay resulting from the public consultation is likely to harm the interests of the licensed entity.
 - b. If the proposed amendment:
 - i. Is purely administrative or non-material.
 - ii. The licensed entity is able to demonstrate to the Authority that it has appropriately considered the views and interests of its members and other stakeholders when developing the proposed amendment.
 - c. The licensed entity complies with the requirements set out in either paragraph (2) or (3) of this Article, as applicable.
2. A licensed entity seeking exemption from public consultation on the grounds stated in paragraph (1)(a) of this Article shall submit a statement to the Authority that includes:
 - a. The text of the proposed amendment and the business rules to be amended.
 - b. The reasons for proposing the amendment.
 - c. The basis on which the licensed entity believes that the delay caused by public consultation may harm its interests.
 - d. A statement indicating whether the rights or obligations of any of the licensed entity's members or other participants in its facilities will be materially adversely affected by the proposed amendment, and if so, the proposed measures to address those concerns.
3. A licensed entity seeking exemption from public consultation on the grounds stated in paragraph (1)(b) of this Article shall submit a statement to the Authority that includes:
 - a. The text of the proposed amendment and the business rules to be amended.
 - b. The reasons why the licensed entity believes that the proposed amendment is purely administrative or non-material; or evidence that it has taken into account the views and interests of its members and other stakeholders, as appropriate, when developing the proposed amendment.

Article (33): Approval of the Authority

1. The licensed entity shall obtain the Authority's approval for any proposed amendment to the business rules before such rules come into effect.
2. The Authority shall approve the proposed amendment to the business rules unless it has reasonable grounds to believe that the proposed amendment is likely to harm the interests of the markets in the State.
3. If the Authority has any concerns regarding the proposed amendment, it may:
 - a. Reject the proposed amendment or request its withdrawal by the licensed entity.
 - b. Require the licensed entity to make appropriate changes to the proposed amendment, with or without public consultation.
4. The Authority shall provide the licensed entity with the reasons for its decisions under paragraph (3) of this Article, as applicable.
5. Upon obtaining the Authority's approval, the licensed entity shall notify its members and the public of the amendment to the business rules and the effective date of such amendment.
6. If the Authority decides to exercise its powers under paragraph (3) of this Article, the licensed entity may appeal the decision to the Authority, in accordance with the regulations and decisions issued by the Authority in this regard.

Chapter Six: Access to Facilities

Article (34): Membership Admission Standards

1. The licensed entity shall not grant access to its facilities to any person except in accordance with the requirements set out in this Chapter and its business rules.
2. A person granted access to the facilities of the licensed entity in accordance with its business rules shall be considered a member of the licensed entity unless otherwise stated.

Article (35): Conditions for Admission of Members to the Licensed Entity

1. Subject to paragraphs (2), (3), and (4) of this Article, the licensed entity may admit the following as members:
 - a. A licensed entity.
 - b. A recognized member.
 - c. A person classified as a professional client.
 - d. A person not mentioned in subparagraphs (a) to (c) of paragraph (1) of this Article, only if:
 - i. The facility involves trading in tokenized securities, tokenized derivative contracts, and virtual assets.
 - ii. The person's access is limited exclusively to trading in tokenized securities, tokenized derivative contracts, and virtual assets.
2. Prior to admitting any person referred to in subparagraphs (a)–(c) of paragraph (1) of this Article, the licensed entity shall perform due diligence to ensure that the person:
 - a. Has a sufficiently good reputation.
 - b. Possesses an adequate level of competence and experience.
 - c. Has regulatory arrangements, including financial and technological resources, no less than those of any licensed entity offering similar financial services.
3. Before admitting any person referred to in subparagraph (d) of paragraph (1) of this Article, the licensed entity shall perform due diligence to ensure that the person:
 - a. Meets the standards mentioned in subparagraphs (a) and (b) of paragraph (2) of this Article.
 - b. Has sufficient financial and technological resources to comply with the business rules of the facility.
 - c. Does not pose any operational risks that could affect the orderly and efficient functioning of the facility's trading or clearing systems.

Article (36): Direct Electronic Access

1. The licensed entity may allow only its members to grant their clients direct electronic access to trading facilities, under the following conditions:
 - a. Clients meet the suitability criteria established by the member to satisfy the requirements outlined in paragraph (2).
 - b. The member is responsible for the orders and trades executed by clients using direct electronic access.
 - c. The member has adequate mechanisms to prevent clients from placing or executing orders via direct electronic access in a manner that would exceed the member's position or margin limits.
 - d. The member itself is not a direct access member.
2. The licensed entity shall establish sufficient controls and procedures to ensure that the member does not provide clients with direct electronic access to the trading facility unless the following are in place:
 - a. Appropriate standards for risk controls, including trading limits for direct electronic access.
 - b. The ability to identify orders and trades carried out via direct electronic access.
 - c. The ability to stop client-initiated orders or trades executed via direct electronic access if necessary, without affecting other orders or trades submitted or executed by the member.
3. The licensed entity shall establish adequate and effective systems and controls, including policies and procedures, and ensure their review and update, to ensure compliance by its members and other persons granted direct access to its facilities through members with its operating rules.
4. For clarification, a person permitted to have direct electronic access to the facilities of the licensed entity through a member shall not, by virtue of such access, be considered a member of the licensed entity.

Chapter Seven: Acceptance of Financial Products

Article (37): Standards

1. The licensed entity shall, within its business rules, establish clear and objective standards for the trading of financial products, in line with its operations, as per paragraphs (2) and (3) of this Article.
2. When accepting securities or derivatives, the licensed entity shall ensure the following:
 - a. In the case of securities, the securities shall be listed on the official list of securities.
 - b. In the case of derivatives (excluding virtual asset derivatives), the contracts shall meet the specifications set out in Article (45) of this Module.
3. Trading on the facility shall be limited to financial products that meet the following requirements:
 - a. In the case of securities, they shall be listed on the official list of securities of market institutions licensed by the Authority or other regulated exchanges accepted by the Authority.
 - b. If the tokenized security does not meet the requirement stated in subparagraph (a) of paragraph (3) of this Article, the following shall be fulfilled:
 - i. There is an approved and up-to-date prospectus related to the tokenized security.
 - ii. Necessary measures are taken before allowing the trading of the tokenized security, after verifying that such tokens and the related entity meet the general requirements in accordance with the relevant regulations enforced by the Authority.
 - iii. The licensed entity shall have adequate systems and controls no less stringent than those applied in market institutions licensed by the Authority to monitor and enforce listed entities' compliance with listing and ongoing obligations.
 - c. In the case of virtual assets, they shall be registered or recognized virtual assets.
 - d. In the case of virtual asset derivative contracts:
 - i. They shall be linked to registered or recognized virtual assets.
 - ii. The contracts shall meet the specifications set out in paragraph (2) of Article (45) of this Module.
 - e. In the case of derivative contracts (excluding virtual asset derivatives), they shall meet the specifications set out in Article (45) of Chapter Twelve.

4. The licensed entity shall not list, trade, clear, or settle virtual assets or virtual asset derivatives in the facility unless the following conditions are met:
 - a. The virtual assets shall be registered or recognized.
 - b. In the case of virtual asset derivatives:
 - i. The virtual assets linked to the derivatives shall be registered or recognized.
 - ii. The contracts shall meet the specifications set out in Article (45) of this Module.
5. The licensed entity shall ensure that sufficient information regarding the financial products listed in the facility is made available to members and other persons with access to the facility through those members, enabling them to make informed decisions about such products.
6. If the licensed entity lists financial products in its facilities whose value is determined by reference to a benchmark or underlying index provided by a price information provider, this shall be done only in accordance with the requirements set out in Annex (2).
7. For the purposes of this Article, derivatives shall be considered related to a virtual asset if their value is determined based on:
 - a. The virtual asset itself; or
 - b. An index that includes the virtual asset.

Chapter Eight: Integrity and Transparency
Article (38): Integrity and Fair Dealing

The licensed entity shall:

1. Be capable and willing to uphold and maintain high standards of integrity and fair dealing in conducting business through its facilities, and cooperate with the Authority or any other relevant regulatory bodies concerning regulatory matters upon request.
2. Establish clear and comprehensive policies and procedures to provide sufficient information enabling members and other participants in its facilities to gain an accurate understanding of the risks, fees, and material costs associated with using those facilities.
3. Make the policies and procedures referred to in paragraph (2) of this Article available to the public.
4. Prepare and maintain records related to matters and transactions, including accounting records and corporate governance practices, in accordance with the requirements and standards set out in the relevant legislation.

Article (39): Transaction Recording

Without prejudice to the provisions of Article (41) of the General Framework Unit, the licensed entity shall ensure satisfactory arrangements for the following:

1. Recording activities and transactions, including orders and order trail records, conducted on or through its facilities.
2. Providing such records to the Authority in a timely manner and upon request.
3. Exercising due care to protect data in accordance with relevant requirements.
4. Retaining records of activities and transactions for a period of no less than six (6) years from the date of the transaction execution or order entry.

Chapter Nine: Asset Protection and Management

Article (40): Safe Custody Arrangements

1. The licensed entity shall provide the necessary arrangements to protect and manage the assets of members and other participants in its facilities, including:
 - a. Making satisfactory arrangements ("safe custody arrangements") for this purpose, in accordance with Clauses (2) and (3) of this Article.
 - b. Providing such arrangements under a clear agreement with members and other participants in the facility.
2. The licensed entity shall ensure that the "safe custody arrangements" include, at a minimum:
 - a. Segregation of each member's and participant's assets from those of the licensed entity and from the assets of other members and participants in its facilities.
 - b. Prompt access to the assets held under the "safe custody arrangements."
 - c. Use or transfer of members' and participants' assets only in accordance with the instructions of the relevant asset owners or in accordance with the terms of the agreement referred to in Clause (1/b) of this Article and any applicable laws in the State.
 - d. Periodic and regular reconciliation between the assets and the accounts held.
 - e. Maintaining accurate records of the assets held, including the following:
 - i. The identity of the legal owners and beneficiaries of the relevant assets and, where appropriate, any persons with other rights or interests in those assets.
 - ii. Any additions, deductions, or transfers in each individual asset account.
 - iii. The identity of the asset owners (or, where appropriate, on behalf of different persons), including the assets owned by members and other participants in its facilities.

Article (41): Appointment of a Third Party as Custodian

The licensed entity shall not appoint a third party as a custodian unless such person is:

1. Licensed by the Authority.
2. A sub-custodian through a custodian licensed by the Authority, provided that such sub-custodians are subject to regulation and supervision by a regulatory authority accepted by the Authority.

Chapter Ten: Ensuring Integrity and Compliance in Facilities

Article (42): Orderly Conduct in Facilities

The licensed entity shall ensure that work within its facilities is conducted in an orderly manner and that it maintains an effective surveillance program over trading, in order to:

1. Ensure that activities conducted in or through its facilities are executed in an orderly manner and in accordance with business rules and other applicable requirements, thereby providing appropriate protection for investors.
2. Monitor behavior that may constitute manipulation, financial crime, or money laundering.

Article (43): Prevention of Manipulation and Financial Crimes

1. Without prejudice to the provisions of Article (42) of this Chapter, the licensed entity shall:
 - a. Implement appropriate measures to prevent manipulation within the facility and to mitigate financial crimes and money laundering.
 - b. Immediately notify the Authority of any cases referred to in paragraph (a) of this clause.
2. For the purposes of complying with Clause (1/a), the licensed entity shall:
 - a. Include in its business rules a system to prevent manipulation within the facility and to mitigate financial crimes and money laundering, in accordance with the requirements set out in Clause (1) of this Article.
 - b. Implement adequate measures to ensure its members comply with the business rules referred to in paragraph (a) of this clause.
3. The business rules referred to in Clause (2/a) shall include, at a minimum, the following:
 - a. Compliance arrangements to prevent manipulation within the facility and to mitigate financial crimes and money laundering-related offenses.
 - b. Transaction monitoring.
 - c. Risk assessment.
 - d. Training.
4. The notification referred to in Clause (1/b) of this Article shall include details of the behavior and the reasons for the licensed entity's suspicion that it may constitute manipulation within the facility, a financial crime, or money laundering, as applicable.

Chapter Eleven: Proper Market
Article (44): Fair and Orderly Operation

1. The licensed entity shall establish rules and procedures to ensure the fair, efficient, and effective operation of financial product trading within its facilities, and ensure that the products traded within its facilities meet the requirements of a Proper Market.
2. To achieve a Proper Market, the following requirements shall be met:
 - a. If derivatives are traded within its facility, the traded derivatives shall meet the contract design specifications outlined in Clause (2) of Article (45) of this Module.
 - b. Relevant market information shall be made available to trading participants on a fair basis, including the disclosure of orders before and after the trading session, in accordance with Article (46) of this Module.
 - c. Appropriate mechanisms shall exist to halt, suspend, or cancel trading in facilities where Proper Market requirements are not met.
 - d. Controls shall be established to prevent market volatility not arising from natural market forces, in accordance with the requirements of Article (47) of this Module.
 - e. Trading errors shall be managed in accordance with Article (48) of this Module.
 - f. Monitoring of short selling and managing concentration in positions.
 - g. A fair and non-discretionary algorithm for order matching shall be in place.
 - h. Adequate controls shall be implemented to monitor and manage any foreign ownership restrictions, as required under Article (50) of this Module.
 - i. Liquidity incentive programs shall be offered in accordance with Article (51) of this Module.
 - j. Sufficient rules and procedures shall be in place to address market manipulation and financial crimes, in accordance with Article (55) of this Module.

Article (45): Derivatives Contract Design Specifications

1. If the licensed entity permits the trading of derivative contracts within its facilities, it shall ensure the following:
 - a. Clear and transparent rules and procedures for trading derivatives contracts are in place and made publicly available.
 - b. Trading of derivative contracts in its facilities occurs in a fair, orderly, and efficient manner.
 - c. Rules and procedures shall enhance transparency by ensuring that sufficient market information is available regarding the terms and conditions of traded derivative contracts, which should include, where applicable, details on delivery and pricing.
2. The licensed entity shall ensure that the specifications and design of derivative contracts:
 - a. Are structured to allow for orderly pricing and efficient settlement of resulting obligations.
 - b. For commodity derivatives requiring delivery, include terms and conditions that:
 - i. Enhance the transparency of the underlying commodity price.
 - ii. Provide, as far as possible, a link between the underlying commodity and physical market operations.
 - iii. Include contract delivery specifications that address the matters listed in Annex (3).
 - iv. Provide for legally enforceable settlement and delivery procedures.
3. To meet the requirement under Clause (1/a) of this Article, the licensed entity shall include the following minimum design specifications for derivative contracts in its business rules:
 - a. Minimum price fluctuation (tick size).
 - b. Maximum price fluctuation (daily price limits), if applicable.
 - c. Last trading day.
 - d. Settlement or delivery procedures, as applicable.
 - e. Contract months.
 - f. Position limits, if applicable.
 - g. Reportable levels.
 - h. Trading hours.
4. The licensed entity shall conduct ongoing reviews of derivative contracts by:
 - a. Establishing and implementing clear procedures for developing and reviewing the design of traded derivative contracts.
 - b. Maintaining an appropriate process for incorporating input from potential users during the development and review of contract design.
 - c. Having sufficient authority to amend or cancel contract terms that cause or may cause market manipulation, distort the Proper Market generally, or affect a specific class or type of derivatives.
 - d. Maintaining appropriate mechanisms for monitoring and evaluating whether the settlement and delivery procedures reflect the underlying physical market and enhance reliable price relationships between the two markets.

Article (46): Disclosure and Transparency

1. The licensed entity shall provide appropriate arrangements to enhance disclosure and transparency regarding information on traded financial products and trading activities within its facilities, as follows:
 - a. Pre-trade stage.
 - b. Post-trade stage.
2. The licensed entity shall disclose the following information related to the trading of financial products within its facilities:
 - a. Bid and ask prices and quantities.
 - b. Depth of prices and volumes displayed on electronic systems.
 - c. Any other trading-related information that would enhance transparency.
3. The information referred to in Clause (2) shall be made continuously available to the public during normal trading hours.
4. The licensed entity shall disclose post-trade information, including price, volume, and time of execution, as follows:
 - a. It shall be available in real-time on reasonable commercial terms and on a non-discretionary basis.
 - b. It shall be made available to the public as soon as possible thereafter.

Article (47): Limiting Volatility

1. The licensed entity shall establish effective systems, controls, and procedures to ensure that its trading systems:
 - a. Are resilient.
 - b. Have sufficient capacity to handle peak order and message volumes.
 - c. Can operate in an orderly manner under conditions of market stress.
2. Without prejudice to its obligations under Clause (1) of this Article or any other applicable rule, the licensed entity's rules, systems, controls, and procedures shall enable it to:
 - a. Reject orders that exceed pre-defined volume and price limits, or that are clearly erroneous.
 - b. Cancel, modify, or correct any transaction where appropriate.
 - c. Temporarily halt the trading of financial products if a large and unusual price movement occurs within a short period.
 - d. Prevent exceeding capacity limits related to messaging.
 - e. Apply pre-trade controls on the clients of its members.
 - f. Permit only its members to modify the parameters of pre-trade control settings.
3. The licensed entity shall make public the details of the arrangements referred to in Clause (2) of this Article.

Article (48): Erroneous Trades

1. The licensed entity shall have the ability to cancel, modify, or correct any erroneous trades.
2. A trade is considered erroneous if it results from:
 - a. The entry of an incorrect order.
 - b. A malfunction in the member's system or the licensed entity's system.
 - c. A combination of (a) and (b).
3. To meet the requirements of Clause (1) of this Article, the licensed entity shall include in its business rules a comprehensive erroneous trade policy, clearly specifying the scope under which the licensed entity may cancel erroneous trades at its own discretion, upon request by a member, or by mutual agreement of the involved members.
4. The licensed entity shall provide adequate systems and controls to:
 - a. Prevent or minimize erroneous trades.
 - b. Immediately identify and rectify erroneous trades when they occur.
 - c. Determine whether the erroneous trades were caused by market disruptions.

Article (49): Short Selling and Position Management

1. The licensed entity shall establish effective systems, controls, and procedures to monitor and manage:
 - a. Short selling activities.
 - b. Risks arising from concentrations in short positions.
2. For the purpose of implementing Clause (1) of this Article, the licensed entity shall have sufficient powers over its members to address risks that may threaten the orderly functioning of its facilities arising from unstable conditions in securities, virtual assets, or derivatives.

Article (50): Foreign Ownership Restrictions

1. The licensed entity may allow trading of financial products subject to foreign ownership restrictions in its facilities, provided it has adequate and effective arrangements to:
 - a. Monitor the restrictions imposed on foreign ownership.
 - b. Detect any violations or potential violations of such restrictions and take appropriate action immediately when they occur or are expected to occur.
2. For the purpose of implementing Clause (1) of this Article, the licensed entity's arrangements shall include:
 - a. Requirements on issuers and other responsible parties for the relevant financial products to:
 - i. Provide the licensed entity with information on any ownership restrictions related to those securities.
 - ii. Take appropriate action to address any violations as soon as possible.
 - b. Mechanisms to access up-to-date information regarding ownership of the relevant securities, including identifying the ultimate beneficial owners.
 - c. Disclosure of information in the event of a breach or expected breach of ownership restrictions.
 - d. Mechanisms to suspend trading in the relevant financial products in the event of a breach or expected breach of ownership restrictions, and mechanisms to resume trading once the breach has been resolved.

Article (51): Liquidity Incentive Programs

1. The licensed entity shall not implement a liquidity incentive program unless:
 - a. Participation in the program is limited to its members;
 - b. Any other person participating in the program has:
 - i. Undergone due diligence by the licensed entity confirming they are of good repute, have sufficient competence, and appropriate regulatory arrangements;
 - ii. Provided written agreement to comply with the licensed entity's business rules.
2. The licensed entity shall provide the Authority with at least ten (10) business days' prior notice before implementing a liquidity incentive program, which shall include:
 - a. Details of the proposed program.
 - b. The benefits of the program for the licensed entity, its members, and other participants.
 - c. A certificate confirming that all requirements under Clause (1) of this Article have been fully met.
 - d. The effective date of the program.
3. The Authority may, for reasonable grounds, request the licensed entity not to implement or to cease the liquidity incentive program—for example, if it is detrimental to maintaining an orderly market.
4. The licensed entity shall publicly announce the implementation of any liquidity incentive program and provide any other relevant information.

Article (52): Clearing and Settlement Arrangements

The licensed entity shall:

1. Ensure appropriate arrangements are in place to guarantee the timely fulfillment of rights and obligations of parties to transactions conducted on or through its facilities.
2. Inform its members and other participants of the arrangements referred to in Clause (1) of this Article.

Article (53): Fraud and Market Manipulation

1. The licensed entity shall:
 - a. Implement and maintain appropriate measures to detect and prevent fraud and market manipulation within or through its facilities.
 - b. Immediately notify the Authority if it has reasonable grounds to suspect that any behavior in its facilities may constitute fraud or market manipulation.
2. To comply with Clause (1/a) of this Article, the licensed entity shall:
 - a. Include in its business rules controls to prevent fraud and market manipulation, applicable to its members and their clients.
 - b. Implement and maintain sufficient measures to ensure its members comply with these controls.
3. The controls referred to in Clause (2/a) shall include, at a minimum, rules and procedures aligned with the requirements set out in Annex (4), including appropriate compliance arrangements for its members, their employees, and clients, recordkeeping, transaction monitoring, risk assessment, and appropriate training.
4. When submitting the notification under Clause (1/b), the licensed entity shall provide details of the suspicious behavior and the reasons for suspecting it may constitute fraud or market manipulation.
5. The licensed entity shall:
 - a. Verify, before accepting a membership application, that the applicant has adequate arrangements, including systems and controls, to comply with fraud and market manipulation prevention controls.
 - b. Regularly monitor and review its members' compliance with such controls.
 - c. Take appropriate measures to ensure its members correct any violations of the controls to the greatest extent possible and without delay.
6. The licensed entity shall immediately notify the Authority of the following:
 - a. Any violation of the fraud and market manipulation controls by a member, its employees, or clients.
 - b. Any circumstances in which the member is unable to correct such violations.

Chapter Twelve: Additional Requirements for Operating an Alternative Trading System (ATS) for Tokenized Securities and Tokenized Commodity Contracts

Article (54): Scope of Application

This Chapter applies to licensed entities operating an alternative trading system (ATS) dedicated to tokenized securities and tokenized commodity contracts.

Article (55): Technology and Governance Requirements

Without prejudice to the technology resource requirements under Article (26) of this Module, the licensed entity shall:

1. Ensure that any distributed ledger used by the facility operates on a **permissioned** basis, allowing the licensed entity to have and maintain sufficient control over the individuals permitted to access and update records on the distributed ledger.
2. Establish and update adequate measures to ensure that the distributed ledger used in the facility, and its associated rules and protocols, include:
 - a. Clear standards governing who may access and update records for the purposes of trading, clearing, or settlement of tokenized securities and tokenized commodity contracts on the facility, including standards related to integrity, qualifications, and competence for the roles those individuals perform.
 - b. Measures to address risks—including network security and interoperability—that may arise through the systems used by authorized individuals to update records on the distributed ledger.
 - c. Procedures to ensure due diligence and ongoing compliance monitoring regarding the matters mentioned in (a) and (b).
3. Ensure that any distributed ledger used by the facility is suitable for its intended purpose.
4. Follow industry best practices in developing the design and governance of technology related to the distributed ledger used by the facility.

Article (56): Direct Participant

1. The licensed entity shall have adequate controls and procedures in place to ensure that granting direct access to a direct participant does not pose risks to the proper and efficient performance of the facility's trading system.
2. If direct access to the facility is granted to a direct participant, the business rules shall include:
 - a. The obligations of the licensed entity toward the direct participants in the facility, and how the entity assumes responsibility for any failure to meet those obligations.
 - b. The obligations of the direct participants toward the licensed entity, and how they are held accountable for any failure to meet those obligations.
3. The facility shall include a prominent disclosure of the risks associated with using a distributed ledger for trading, clearing, and settlement of tokenized securities and commodity contracts, particularly those related to digital wallets and the potential unauthorized access to private cryptographic keys.
4. The licensed entity shall have sufficient systems and controls to address risks associated with market integrity, anti-money laundering and combating the financing of terrorism (AML/CFT), and investor protection when granting direct access to the facility, including the following measures:
 - a. Identifying the beneficial owner in case the participant is a legal entity.
 - b. Ensuring sufficient due diligence to address AML/CFT risks for each direct participant before permitting trading.
 - c. Monitoring and addressing fraud and market manipulation.
 - d. Verifying the adequacy of disclosures related to tokenized securities and commodity contracts traded on the facility, including via a prospectus and continuous disclosure rules.
5. The licensed entity shall have adequate controls and procedures to ensure that trading in tokenized securities and commodity contracts by a direct participant does not pose any risk to the orderly and efficient functioning of the facility's trading system, including:
 - a. Mitigating counterparty risk arising from a direct participant's default through sufficient collateral management measures, such as margin requirements based on the settlement cycle.
 - b. Identifying and distinguishing orders submitted by the direct participant.
 - c. Preventing the direct participant from granting others access to trading on the facility.
 - d. Ensuring the direct participant fully complies with the facility's operational rules and promptly addressing any identified gaps or deficiencies.
6. The licensed entity shall have sufficient resources and systems to monitor the trading activities of the direct participant.
7. The licensed entity shall include any systems and controls implemented or operated through the distributed ledger in the annual audit report required under Article (5) of this chapter.

Article (57): Client Funds

The licensed entity shall comply with Chapter Eleven of Part Four of the Business Regulation Module if it receives client funds intended for trading.

Article (58): Digital Wallet Service Provider

1. A licensed entity acting as a digital wallet service provider shall ensure the following:
 - a. That any distributed ledger it uses for custodial services is resilient, reliable, and interoperable with any related facility where such tokenized securities and commodity contracts are traded, cleared, or settled.
 - b. The ability to identify and segregate tokenized securities and commodity contracts belonging to different clients.
 - c. The implementation of appropriate procedures to confirm client instructions and transactions, maintain relevant records and data, and perform timely reconciliation of such transactions.
2. When developing and using distributed ledger applications or other technologies for the custodianship of tokenized securities and commodity contracts, the licensed digital wallet provider shall ensure:
 - a. That the structure of any digital wallet used appropriately addresses compatibility issues and associated risks.
 - b. That the technology and related procedures include adequate security measures (including cybersecurity) to allow for the safe storage and transfer of data related to tokenized securities and commodity contracts.
 - c. The safeguarding of cryptographic keys using secure technology, taking into consideration password protection and encryption methods.
 - d. The existence of adequate measures to address any risks related to the use and storage of cryptographic keys (or equivalents) accessible via the distributed ledger.
 - e. Verification of the technology's compatibility with the procedures and protocols included in the facility's operational rules, or equivalent procedures and protocols at any facility where the tokenized securities and commodity contracts are traded, cleared, or settled.
3. A licensed entity that appoints a third-party digital wallet service provider to offer custodial services for tokenized securities and commodity contracts traded on its facility shall ensure that:
 - a. The service provider is licensed by the Authority to provide digital custodial services.
 - b. The provider is licensed by a peer regulatory authority in a jurisdiction accepted by the Authority and has an equivalent regulatory framework to that of the Authority.
4. The licensed entity shall include the extent to which it meets the requirements of this Article in the annual audit report required under Article (59) of this chapter.
5. This Article does not apply to self-custody (non-custodial wallets).

Article (59): Technology Audit Report

1. The licensed entity shall, after exercising due diligence, appoint an independent, qualified external auditor with relevant expertise to:
 - a. Conduct an annual audit to assess the licensed entity's compliance with applicable technology resources and governance requirements, including those set forth in this chapter.
 - b. Prepare a written report outlining the methodology and results of the annual audit, confirming whether the requirements mentioned in paragraph (a) have been met, and providing any recommendations or reservations in this regard.
2. The licensed entity shall submit a copy of the report referred to in paragraph (1)(b) to the Authority within four months of the end of the financial year.

Chapter Thirteen: Additional Requirements for Operating a Multilateral Trading Facility (MTF) Dedicated to Virtual Assets

Article (60): Scope of Application

This chapter applies to the licensed entity when operating a multilateral trading facility (MTF) dedicated to virtual assets.

Article (61): Technology and Governance Requirements

The licensed entity shall comply with all technology and governance requirements set out in Article (55) of this Module. For the purpose of such compliance, references to tokenized securities and commodity contracts shall be understood as references to virtual assets.

Article (62): Direct Participant

The licensed entity shall comply with the provisions of Article (56) of this Module. For the purpose of such compliance, references to tokenized securities and commodity contracts shall be understood as references to virtual assets.

Article (63): Client Funds

The licensed entity shall comply with the provisions of Article (57) of this Module. For the purpose of such compliance, references to tokenized securities and commodity contracts shall be understood as references to virtual assets.

Article (64): Digital Wallet Service Provider

1. The licensed entity acting as a digital wallet service provider shall comply with the provisions of Article (58) of this Module. For the purpose of such compliance, references to tokenized securities and commodity contracts shall be understood as references to virtual assets.
2. A licensed entity providing custodial services for virtual assets shall immediately confirm the following to the client upon transferring the client's virtual assets:
 - a. That the transfer was successful.
 - b. The date of the transfer.
 - c. The final fees payable by the client for the transfer.
3. If the licensed entity or a third party providing custodial services for virtual assets is responsible for an unauthorized or incorrectly executed transfer, the licensed entity shall promptly address the situation and restore the client's account to the state it was in prior to the transfer within three business days.
4. To implement paragraph (3) of this Article, the licensed entity shall:
 - a. Have appropriate policies and procedures in place to identify and rectify unauthorized or incorrectly executed transfers.
 - b. Maintain adequate compensation arrangements to cover potential losses if resolution and rectification are not possible.
 - c. Review the adequacy of the measures taken to comply with this paragraph at least once annually.

5. The licensed entity providing custodial services for virtual assets shall, upon request, provide the Authority with the following information:
 - a. The number of unauthorized or incorrectly executed transfers per client.
 - b. The total value of the transfers referred to in paragraph (a).
 - c. The number and value of those transfers that were successfully resolved.
 - d. The total amount of compensation paid to clients for unauthorized or incorrectly executed transfers per client.
6. The licensed entity providing custodial services for virtual assets may restrict or suspend a client's access to its services in the following cases:
 - a. As explicitly stated in the agreement signed with the client.
 - b. In cases of unauthorized or fraudulent use of the services or suspected misuse or for security reasons, based on reasonable grounds.
7. The licensed entity shall restore access to the service or provide an alternative service as soon as possible once the reasons for the restriction or suspension have ceased.
8. If the licensed entity providing custodial services for virtual assets becomes aware of a major operational or security incident, it shall promptly inform clients of the incident and the measures it is taking to mitigate its adverse effects.

Article (65): Disclosure of Virtual Asset Information

1. A licensed entity may not permit the trading of any virtual asset on its facility unless a document outlining the key characteristics of the virtual asset is published and disclosed on its website.
2. The document shall include the information specified in Article (66) of this chapter.

Article (66): Key Characteristics Document for the Virtual Asset

A licensed entity may not permit the trading of a virtual asset on its facility unless a document published on its website includes the following information:

1. Information about the issuer, if any, and individuals responsible for designing the virtual asset.
2. The core features of the virtual asset, including the associated rights and any project or venture capital that will be funded, if applicable.
3. The regulatory status of the virtual asset in other jurisdictions.
4. Details of the persons responsible for fulfilling obligations related to the virtual asset, and where and against whom the rights granted by the virtual asset can be enforced.
5. Essential information about the distributed ledger technology (DLT), including the technology used for issuance, storage, or transfer of the virtual asset and any interoperability with other DLTs.
6. Information about the core technology used by the licensed entity, including the protocols and technical standards applied.
7. Details on how ownership of the virtual asset is verified.
8. Information on how the virtual asset is valued, including any benchmarks, indices, or third parties relied upon.
9. Details of any other market or facility where the virtual asset is traded.
10. Risks related to volatility and price unpredictability of the virtual asset.
11. In the case of stablecoins, details about the reserves backing the asset in fiat currency, and stabilization and redemption mechanisms.
12. Cybersecurity risks related to the virtual asset or its underlying technology, including the risk of loss due to cyberattacks, and steps taken or available to mitigate such risks.
13. Risks related to fraud, hacking, and financial crimes.
14. Any other relevant information that may reasonably assist clients in understanding the virtual asset and making an informed investment decision.

Article (67): Publication of the White Paper

If a licensed entity publishes a white paper related to a virtual asset or makes it available to its members or other participants in the facility, it shall:

1. Take reasonable steps to ensure that the published version of the white paper is the most recent.
2. Identify the authors of the white paper, if known, and indicate its publication date.
3. Clearly disclose the following:
 - a. That the licensed entity did not prepare or verify the accuracy of the white paper.
 - b. That investors should exercise caution when relying on the information in the white paper, as it may be inaccurate or outdated.

Article (68): Ongoing Information

1. The licensed entity shall take necessary steps to ensure the availability of accurate and up-to-date information about any virtual asset traded on its facility, to enable investors to make informed trading decisions.
2. Without prejudice to paragraph (1), the licensed entity shall at minimum ensure that the following information is readily available for each virtual asset:
 - a. The total number and global market value of the virtual asset in circulation.
 - b. Whether the supply of virtual assets is scheduled to increase or decrease according to a predetermined path.
 - c. Details of any inflationary or deflationary mechanisms such as issuance or burning of virtual assets (other than standard mining).
 - d. The total amount of virtual assets held by the developers or issuer, retained for rewards, promotional purposes, or locked from total circulating supply.
 - e. Details of the major holders of the virtual asset, particularly those holding 10% or more of the total supply.
 - f. Without prejudice to paragraph (e), the licensed entity is not required to disclose the identity of a holder if, after taking reasonable steps, it cannot determine the identity of a person holding 10% or more.
 - g. In the case of stablecoins, information about reserves backing the coin and the stabilization and redemption mechanisms.

Article (69): Forum

If the licensed entity provides a communication tool (forum) for users to discuss virtual assets, it shall:

1. Include a clear and prominent warning that the licensed entity does not perform due diligence on the information posted on the forum.
2. Restrict posting privileges to members and participants only.
3. Ensure all users of the forum have equal access to the information posted.
4. Require any person posting a comment to disclose whether they are affiliated in any way with a virtual asset or are receiving direct or indirect compensation for promoting it.
5. Take reasonable steps to monitor and prevent misleading, fraudulent, or market manipulation-related posts.
6. Act promptly to remove, request removal, or amend any post if it becomes aware of a violation of paragraphs (4) or (5).
7. Refrain from participating in discussions on the forum, except for modifying posts or taking actions outlined in paragraph (6).

Article (70): Risk Warnings

1. The licensed entity shall prominently display risk warnings on its website related to virtual assets, including:
 - a. That virtual assets are subject to high volatility and can decrease in value as quickly as they can increase.
 - b. That investors may lose all or part of their invested funds.
 - c. That virtual assets may not always be liquid or transferable.
 - d. That investments in virtual assets may be complex and difficult to understand in terms of buying, selling, holding, or lending.
 - e. That virtual assets may be vulnerable to theft due to cyberattacks.
 - f. That investing in and holding virtual assets is not comparable to traditional investments such as securities.
2. When the licensed entity provides any marketing, educational, or other communication materials related to a virtual asset on its website, public media, or as part of outreach to existing or prospective participants, it shall include the risk warnings described in paragraph (1) in a prominent location at the top of each page or near it.
3. If such materials are made available through a downloadable website or mobile app, the warning shall be fixed and visible at the top of the screen at all times, even when scrolling up or down, and included on every link.

Article (71): Virtual Asset Registration

The licensed entity shall register the virtual asset with the Authority in accordance with Article (8) of the General Framework Module.

Article (72): Prohibitions

1. The licensed entity may not provide services to a retail client—if they are direct participants—unless it conducts an appropriate assessment of that retail client and reasonably concludes that the individual:
 - a. Has sufficient skills and experience to understand the risks involved in trading virtual assets or virtual asset derivatives (as applicable).
 - b. Has the financial capacity to bear significant potential losses from trading virtual assets or virtual asset derivatives (as applicable).
2. The licensed entity shall not offer or provide to a retail client any incentive that could reasonably be expected to influence them to trade in virtual assets or virtual asset derivatives.
3. The licensed entity's systems and controls shall include adequate measures to ensure compliance with paragraph (2) of this Article.

Article (73): Technology Audit Report

1. The licensed entity shall, after exercising due diligence, appoint an independent and qualified external auditor with relevant expertise to do the following:
 - a. Conduct an annual audit to assess the licensed entity's compliance with the applicable technology resources and governance requirements, including those stipulated in this Chapter.
 - b. Prepare a written report outlining the methodology and results of the annual audit, confirming whether the requirements mentioned in paragraph (a) have been met, and providing any recommendations or concerns.
 - c. Preparing a written report that specifies the methodology and results of the annual audit, confirms whether the requirements referred to in paragraph (a) have been met, and lists any recommendations or areas of concern.
2. The licensed entity shall submit a copy of the report referred to in paragraph (1)(b) to the Authority within four (4) months from the end of the financial year.

Chapter Fourteen: Miscellaneous Requirements

Article (74): Reporting

Without prejudice to Article (45) of the General Framework Unit, the licensed entity shall implement appropriate protection procedures that enable its employees to report any information to the Authority or to the competent authorities involved in preventing fraud, market manipulation, money laundering, other financial crimes, or violations of applicable regulations.

Article (75): Complaint Handling

1. Without prejudice to Article (46) of the General Framework Unit, the licensed entity shall:
 - a. Provide effective arrangements for investigating and handling complaints lodged against it.
 - b. Establish, maintain, and update a record that includes details of complaints and their resolution.
2. The licensed entity shall retain complaint records for no less than six (6) years.

Part Four: Licensing and Approval

Chapter One: Introduction

Article (76): Scope of Application

The provisions of this Part apply to any person applying for a license to operate an Alternative Trading System (ATS) within and/or from inside the State.

Chapter Two: License Applicant

Article (77): License Application Submission

The applicant shall:

1. Provide evidence of meeting the licensing requirements set out in Part Three of this Unit.
2. Follow the legal form specified by the Authority, if applicable.

Article (78): Application for Approval

Only Capital Market Institutions licensed by the Authority may apply for approval to add the activity of operating an Alternative Trading System, provided they are capable of meeting the ongoing requirements specified in Part Three of this Unit to the necessary extent.

Article (79): Application Assessment

When assessing a license or approval application, the Authority may:

1. Verify that the applicant has adequate resources, including financial resources, such as:
 - a. The ability to meet solvency standards.
 - b. The ability to meet obligations without exposing clients or other stakeholders to undue risk.
 - c. Compliance with regulatory capital or liquidity requirements.
2. Verify the competence and suitability of the applicant, including but not limited to:
 - a. The competence and suitability of board members or their equivalents.
 - b. The suitability of controllers or any other person.
 - c. The impact that a controller may have on the applicant's ability to comply with applicable requirements.
 - d. The activities of the applicant and any associated risks that may undermine the objectives of the Authority.
 - e. Any matter that may harm or has harmed the integrity or reputation of the Authority or the State.
3. Ensure the ability to comply with regulatory requirements, including but not limited to:
 - a. Making any inquiries deemed appropriate, including independent inquiries about the applicant.
 - b. Requesting additional information from the applicant.
 - c. Requesting clarification from the applicant on how they intend to meet specific requirements.
 - d. Requiring the applicant to verify any information provided in a manner determined by the Authority.
 - e. Requesting any other information relevant to the application.

Article (80): Approval or Rejection Decision

1. The Authority may attach conditions or restrictions to its approval of a license or application or may reject the application—even if requirements under this Part are fulfilled—at its sole discretion for the sake of public interest, provided that the Authority states the reasons for rejection.
2. The Authority shall issue a decision to approve or reject the application within no more than sixty (60) working days from the date of submission of a complete application. In the case of rejection, the Authority shall provide the reasons.

Article (81): Fees

The applicant shall pay the approval fee for the license or application as determined by the Authority.

Part Five: General Obligations and Controller

Chapter One: General Obligations

Article (82): Temporary Coverage for an Approved Individual

1. The licensed entity may appoint an individual who is not an approved individual to perform the function of an approved individual, provided the following conditions are met:
 - a. The absence of the approved individual is reasonably temporary or unexpected.
 - b. The function is performed for a maximum of 26 weeks within any consecutive 12-month period.
 - c. The licensed entity has assessed that the individual possesses the relevant skills and experience to perform the function.
2. The licensed entity may not, under paragraph (1) of this Article, appoint a member of the Board of Directors or equivalent.
3. The licensed entity shall take reasonable steps to ensure the individual complies with all applicable rules governing approved individuals.
4. If an individual is appointed under this Article, the licensed entity shall notify the Authority with the individual's name and contact details.
5. The licensed entity shall take reasonable steps to ensure that an approved individual is appointed to perform the relevant function upon the expiry of the permitted temporary coverage period.
6. If an individual is appointed under this Article, the Authority may exercise any powers available to it as if the individual were an approved individual.

Article (83): Articles of Association and Ownership

The licensed entity shall:

1. Obtain the Authority's approval prior to making any amendment to its articles of association and/or bylaws, except in the case of public joint stock companies and branches of foreign companies.
2. Comply with Chapter Two of this Part regarding the controller.
3. Obtain the Authority's approval before undertaking any merger.

Article (84): Financial Reports

The licensed entity shall prepare the following financial reports and submit them to the Authority:

1. Quarterly interim financial reports, except for the fourth quarter, reviewed by an external auditor, submitted within 45 days from the end of the quarter, and signed by the authorized signatory.
2. An annual audited financial report submitted within three months from the end of the financial year, signed by the authorized signatory.
3. Interim (quarterly) reports within 45 days from the end of the quarter, and an annual report within three months from the end of the financial year on the entity's financial activities, including profits and losses, in the format prescribed by the Authority, signed by the responsible manager if the entity is licensed for more than one financial activity or is a local or foreign bank branch.
4. Any additional financial data or reports requested by the Authority.
5. Every company established in the State and licensed by the Authority shall specify its financial year in its bylaws, which shall not exceed 18 months or be less than 6 months. It starts from the date of its registration in the commercial registry of the relevant authority, with the Authority to be notified of the end date of the first financial year.
6. Subsequent financial years shall be consecutive periods of twelve months each, starting immediately after the previous financial year ends.

Article (85): Accounting Records

1. The licensed entity shall:
 - a. Comply with international accounting standards.
 - b. Ensure records are sufficient to show and explain transactions, including, but not limited to:
 - i. Continuously illustrating the financial position of the licensed entity.
 - ii. Showing and recording its financial standing at the end of the year.
 - iii. Demonstrating the financial position of clients and the details of their transactions.
2. Maintain accounting records electronically in a way that allows the Board of Directors to ensure financial data and reports are prepared in accordance with international accounting standards.

Article (86): External Audit

The licensed entity shall:

1. Appoint an external auditor who is approved and licensed by the relevant authorities, possesses the necessary skills, resources, and sufficient experience, unless exempted from submitting financial reports.
2. Agree in writing with the external auditor on the audit terms, the format of the report, and the auditing principles and standards in line with international accounting and auditing principles.
3. Ensure the external auditor is able to perform their duties throughout their appointment.
4. Notify the Authority immediately upon appointment or change of the external auditor.

Article (87): Notifications

The licensed entity shall promptly notify the Authority in the following cases:

1. Any change in the main office or any branch related to financial activities, or changes in contact details (telephone, email, etc.).
2. Closure of any branch related to financial activities.
3. Significant changes to the governance framework or remuneration strategy.
4. A call to convene a meeting to consider dissolution or liquidation.
5. Any decision by another regulatory authority to accept or reject any license application, or to suspend, amend, or revoke the license.
6. Any decision by another regulatory authority to accept or reject an approved individual's application, or to suspend, amend, or revoke the approval.
7. An investigation by another regulatory authority into the licensed entity's affairs or any of its employees, or appointment of inspectors to investigate matters related to the licensed financial activity.
8. Any disciplinary measures or sanctions imposed by another regulatory authority against the entity or any of its employees.
9. Any internal administrative penalties imposed against an employee in connection with their job.
10. Civil or criminal lawsuits filed against the entity or any of its approved individuals concerning financial activity, fraud, breach of trust, or tax evasion.
11. Any actual or anticipated events that may adversely affect its reputation or cause serious financial consequences for it or its clients.
12. Any material change in capital adequacy or financial solvency.
13. If it becomes aware of or has reasonable grounds to believe any fraud or deception related to financial activity has occurred:
 - a. If it suspects it has committed serious fraud or deception against a client.
 - b. If it believes someone is acting with the intent to commit serious fraud against it.
 - c. If it detects significant irregularities in its accounting or other records.
14. If it suspects any member of its board or approved individuals or staff has engaged in serious misconduct affecting their honesty or integrity.
15. Any changes in the fitness and propriety of approved individuals.
16. Any other notifications it deems important or that are requested by the Authority with specified timelines.

Article (88): Appointment of Independent Expert

The Authority may appoint an independent expert, at the licensed entity's expense and from within or outside the State, in cases it deems necessary—such as manipulation, fraud, or deception. The expert shall prepare a report according to the format, scope, and period specified by the Authority.

Article (89): License Duration and Renewal

1. The license duration is one year, starting from the date of issuance and ending with the end of the calendar year. It shall be renewed annually, within a maximum of one month from its expiry.
2. By exception, the initial license period or that of a newly added financial activity granted at any point during the year will last until the end of the following year. The applicable license fee will be prorated accordingly.
3. The Authority charges a license fee for each financial activity the entity wishes to engage in within the category.
4. The license for the financial activity shall be renewed upon category license renewal, subject to payment of the applicable renewal fees for each licensed financial activity.
5. No financial activity may be conducted within a given category unless both the category and specific activity licenses are valid.

Article (90): License or Financial Activity Cancellation

1. If the licensed entity wishes to cancel its license or a financial activity, it shall submit a written request to the Authority, including:
 - a. Reasons for the request.
 - b. Whether the license or activity has ceased or will cease, along with the cessation date.
 - c. An announcement of the request in two daily newspapers issued in the State—one in Arabic and one in English—within 3 business days of submitting the request, to allow clients to settle their positions.
 - d. A signed report from the external auditor confirming the settlement of client accounts, whether cash or virtual assets, and that no obligations remain.
 - e. A signed report from the legal advisor, accompanied by a certificate from the judicial authorities, stating the legal status of the head office and any branches (if **any**) **regarding** lawsuits filed by or against clients.
 - f. A commitment from the licensed entity to continue fulfilling any outstanding obligations after the category or financial activity license is canceled, using the form prescribed by the Authority.
2. Payment of the license cancellation fee for each financial activity, as prescribed by the Authority.
3. Publication of the Authority's decision to cancel the license or activity in two daily newspapers issued in the State—one in Arabic and one in English—immediately upon issuance.
4. Before approving the cancellation, the Authority may require the licensed entity to:
 - a. Notify its contracting parties of the cancellation request at least three months in advance, and continue providing services until a replacement licensed entity is appointed.
 - b. Provide proof of settling its obligations with contracting parties.
 - c. Transfer records, data, and accounts related to contracting parties or clients and their assets to another licensed entity.
5. The licensed entity shall fulfill all cancellation requirements within six months from the date the request is submitted to the Authority. The Authority may extend this period once for an equal duration.

Article (91): Voluntary Liquidation

1. The Authority shall supervise the voluntary liquidation of the licensed entity and has the authority to take any appropriate steps to ensure adequate protection of the rights of the licensed entity's clients.
2. If the licensed entity wishes to proceed with voluntary liquidation, it shall:
 - a. Notify the Authority of the liquidation and specify the proposed date of the board of directors', general assembly's, or creditors' meeting concerning the liquidation procedures.
 - b. Provide the Authority with any documents it requests relating to the liquidation procedures.
 - c. Cooperate with the Authority prior to initiating the liquidation procedures to ensure the settlement of all client-related obligations, return of their funds and assets, closure of their accounts, and finalization of all transactions, accounts, and obligations related to the financial activity licensed by the Authority.

Article (92): Preventive Composition in Bankruptcy

1. The licensed entity shall notify the Authority in writing at least ten (10) business days prior to filing for preventive composition in bankruptcy. The Authority is entitled to submit its documents and arguments to the court regarding the matter.
2. The Authority may request the court to appoint a supervisor to oversee the implementation of the preventive composition procedures.

Article (93): Bankruptcy Procedures

1. The licensed entity shall notify the Authority of its intention to file for the commencement of bankruptcy procedures at least fifteen (15) business days before submitting the request to the court. The Authority may submit its documents and arguments to the court.
2. The Authority has the right to file a request to the court to initiate bankruptcy procedures against the licensed entity, accompanied by the required documents and proof that the entity is in financial distress.
3. The Authority may request the court to appoint a supervisor to oversee the bankruptcy procedures.

Chapter Two: Controller
Article (94): Excluded Holdings

For the purposes of determining excluded holdings and whether a person is considered a controller, any shares, voting rights, or rights to acquire shares or voting rights held by a person (individually or jointly with others) in a licensed entity or its holding company shall be disregarded in the following cases:

1. If the shares are held solely for clearing and settlement purposes within a short settlement cycle.
2. If the shares are held by a custodian or as a registered nominee, and the voting rights are exercised only according to written instructions from the beneficial owner.
3. If the person is a licensed entity or financial institution and the following conditions are met:
 - a. The shares were acquired due to an underwriting commitment to subscribe in a share issuance or offering on a firm commitment basis.
 - b. The voting rights were not exercised, and the person did not interfere in the management of the issuer in any way.
 - c. The shares were held for less than one year.

Article (95): Prior Approval for Control

If the licensed entity is local, no person may do the following without obtaining prior approval from the Authority:

1. Become a controller.
2. Increase their level of control to the following thresholds:
 - a. From less than 30% to 30% or more.
 - b. From less than 50% to 50% or more.

Article (96): Requirements for Prior Approval

1. A person required to obtain prior written approval from the Authority under Article (2) of this Chapter shall submit a request using the prescribed form.
2. Upon receiving the request under paragraph (1), the Authority may:
 - a. Approve the proposed acquisition or increase in control.
 - b. Approve the acquisition or increase in control subject to conditions it deems appropriate.
 - c. Reject the request.
3. The Authority shall assess the request within 90 days of receiving a complete and accurate application, unless it decides to extend the period as it deems necessary, in which case the applicant shall be notified.

Article (97): Approval or Rejection

1. When exercising its regulatory powers, the Authority may:
 - a. Notify the applicant, and the licensed entity where appropriate, as soon as possible of its approval, conditional approval, or rejection, and provide the applicant with any conditions or reasons for the rejection.
2. A person whose request is approved shall comply with the associated conditions.
3. A person whose request is rejected shall not proceed with the acquisition or increase in control.

Article (98): Notification of Reduction in Control Level in the Licensed Entity

A controller in a licensed entity shall notify the Authority in the following cases:

1. When intending to cease being a controller.
2. When intending to reduce their shareholding from more than 50% to 50% or less.

Article (99): Notification Requirements for Changes in Control of Branches

If the licensed entity is a branch, the controller or the person intending to become a controller shall notify the Authority before taking any of the following actions:

1. Becoming a controller.
2. The current controller intends to cease being a controller.
3. The current controller's shareholding:
 - a. Increases from less than 30% to 30% or more.
 - b. Increases from less than 50% to 50% or more.
 - c. Decreases from more than 50% to 50% or less.

Article (100): Obligations of the Licensed Entity Regarding Controllers

1. The licensed entity shall establish adequate systems and controls to monitor:
 - a. Any changes related to its controllers.
 - b. Any significant changes in the behavior or circumstances of existing controllers that could reasonably affect the entity's fitness, propriety, or ability to operate soundly and effectively.
2. The licensed entity shall notify the Authority as soon as possible after becoming aware of any event described in paragraph (1).
3. The licensed entity is not required to comply with paragraph (2) if it reasonably believes that the proposed or current controller has already obtained the Authority's prior approval or has notified the Authority of the event in accordance with this Chapter.
4. The licensed entity shall include the following in its annual report:
 - a. the name of each controller.
 - b. The current holding of each controller, expressed as a percentage.

Article (101): Authority's Powers

1. The Authority may, subject to paragraph (2), reject a person as a controller of a licensed entity if that person:
 - a. Acquired or increased control in the licensed entity without obtaining the prior written approval required under Article (3) of this Chapter.
 - b. Violated paragraph (2) of Article (4) of this Chapter.
 - c. Is no longer deemed acceptable by the Authority as a controller.
2. If the Authority rejects a person as a controller, it shall provide:
 - a. A notice specifying:
 - i. The reasons for the rejection.
 - ii. Any proposed conditions under which the Authority might approve the control.
 - b. An opportunity to appeal within 14 days of receiving the notice, or within a longer period approved by the Authority.
3. As soon as reasonably possible after considering the appeal—or if no appeal is submitted after the response period under (2)(b) ends—the Authority shall issue a final notice stating:
 - a. Withdrawal of the rejection and confirmation of the person as an approved controller (with or without conditions).
 - b. Approval of the person as a controller subject to specified conditions.
 - c. Declaration of the person as an unacceptable controller, requiring them to dispose of their relevant holding.
4. If the Authority issues a final notice approving the person as a controller, the person shall comply with the stated conditions.
5. If the Authority issues a final notice declaring the person as an unacceptable controller, the person shall dispose of the relevant holding within the period specified in the final notice.
6. The Authority shall also notify the licensed entity of any decision it makes under paragraph (3).

If the Authority exercises its regulatory power under this Article to reject a person as a controller, impose conditions on approval, or require divestiture, the person may refer the matter to the Appeals Committee.

Annex (1): Technology Systems Testing

Article (1): Application

For the purpose of meeting the requirements in Article (26) of this Module related to the testing of its IT systems, the licensed entity shall comply with the requirements set out in this Annex.

Article (2): Technology Systems Testing

Before going live with its IT systems or implementing any updates, the licensed entity shall use development and testing methodologies aligned with internationally accepted testing standards to verify the validity and effectiveness of such systems. For this purpose, testing shall be sufficient to reasonably ensure that, at a minimum, the systems are capable of:

1. Enabling the licensed entity to continuously comply with all applicable regulatory requirements.
2. Continuing to function effectively under stressed market conditions.
3. Ensuring that any risk management controls embedded in the systems, such as automatically generated error reports, function as intended.

Article (3): Testing Related to Members' Systems and Technology

1. The licensed entity shall implement a standardized conformance test to verify that systems used by members to access its facilities possess the minimum functionalities compatible with its own IT systems and do not pose a threat to fair and orderly conduct within its facilities.
2. The licensed entity shall require its members, prior to the live deployment of any electronic trading system, user interface, or trading algorithm—including updates—to use appropriate development and testing methodologies to validate the effectiveness and integrity of their systems.
3. For the purpose of implementing Clause (2) of this Article, the licensed entity shall require its members to:
 - a. Conduct testing of trading algorithms, including in a simulated environment, appropriate to the risks these strategies may pose to the member itself or the fair and orderly operation of the facility.
 - b. Deploy trading algorithms in a live environment only in a controlled and cautious manner to ensure operational safety and stability.

Annex (2): Use of Price Information Providers

Article (1): Application

A licensed entity may not operate an alternative trading system for securities that rely on a benchmark or index provided by a price information provider unless it has conducted due diligence to ensure that the provider continuously meets the requirements set out in Article (2) of this Annex.

Article (2): Use of Price Information Providers

1. The licensed entity may permit trading of securities on its facilities that rely on a benchmark or index provided by a price information provider only after performing due diligence to verify that the provider consistently meets the requirements in Clause (2) of this Article.
2. To meet the requirements of Clause (1), the price information provider shall:
 - a. Use fair, non-discriminatory, and non-arbitrary procedures for determining reported securities prices.
 - b. Provide sufficient transparency about the methodology, calculations, and inputs used to derive the benchmark or index, enabling users to understand the process and any potential limitations.
 - c. Prioritize, where appropriate, actual transactions in the valuation process and implement measures to reduce selective reporting.
 - d. Have a sound reputation as an independent and objective provider of price reports or indices.
 - e. Maintain a robust governance framework to ensure integrity.
 - f. Implement appropriate measures to avoid potential conflicts of interest among its employees, especially if such conflicts may materially impact the pricing process.
 - g. Provide adequate mechanisms to address complaints related to the methodology, procedures, and valuation process.

Annex (3): Contract Delivery Specifications

Article (1): Scope of Application

This Annex applies to the licensed entity when trading, clearing, and settling commodity derivatives contracts requiring physical delivery of the underlying commodity on its facilities.

Article (2): Delivery of the Underlying Commodity

To meet the requirement of Article (37/2/b) of Chapter Seven, Part Three, the licensed entity shall ensure that the terms and conditions of the commodity derivatives contracts traded, cleared, or settled on its facilities are designed to include the matters specified in Articles (3) and (10) of this Annex.

Article (3): Quality or Grade of Delivery

Commodity derivatives contracts shall specify the characteristics of the commodities for bulk delivery, including grade, class, and weight. The defined quality or grade shall align with prevailing practices in the relevant physical commodity market.

Article (4): Delivery Unit Size

The contract shall contain provisions on the size or composition of delivery units that align with prevailing market practices in the relevant physical market, ensuring they do not hinder delivery or the execution of the contract.

Article (5): Delivery Instruments

The contract shall specify the acceptable form or type of delivery instruments, whether they are negotiable or transferable, and any specific conditions attached.

Article (6): Delivery Process

The contract shall specify:

1. The delivery process, including timing, location, method, and format of delivery.
2. Available delivery or storage facilities, consistent with prevailing physical market practices to allow effective monitoring and reduce the likelihood of failure.

Article (7): Inspection and Certification Procedures

The contract shall outline applicable inspection or certification procedures to verify that the delivered commodity meets the quality or grade defined in the contract, in line with physical market standards.

Article (8): Transportation and Storage Costs

The contract shall specify:

1. The parties' responsibilities regarding costs related to transporting the commodity to and from the delivery point and any applicable storage costs.
2. How title to the commodity is transferred, including from the short position holder to the long position holder.

Article (9): Legal Enforceability

Where one or more of the trading, clearing, or settlement activities under the contract occur in different jurisdictions, the contract shall include adequate arrangements to mitigate risks arising from variations in applicable laws.

Article (10): Default and Force Majeure Provisions

The contract shall specify:

1. The rights and obligations of the parties in case of default, force majeure, or any other specified event.
2. Whether any clearing house or exchange guarantees the settlement of the transaction in such events, and if so, the manner in which settlement will occur.

Annex (4): Market Abuse Prevention

Article (1): Fraud and Market Manipulation

It is prohibited for any person, by any means, to engage in any act or practice related to financial products if the person knows or should reasonably know that the act:

1. Causes or is likely to cause a false or misleading impression of supply, demand, or price of financial products.
2. Creates or is likely to create an artificial price for financial products.
3. Commits fraud against any person.

Article (2): False or Misleading Statements

It is prohibited for any person to publish or disseminate any information that may give a false or misleading impression regarding one or more financial products, if the person knows or should reasonably know that the information is false or misleading.

Article (3): Use of Deceptive Means and Other Forms of Fraud

Engaging in any activity or behavior related to financial products involving transactions or orders using fictitious means or any other form of deception or fraud is prohibited.

Article (4): Insider Trading

It is prohibited for any person possessing inside information to trade or attempt to trade in financial products based on such information.

Article (5): Disclosure of Inside Information

1. Any person possessing inside information is prohibited from disclosing such information to another person unless such disclosure is part of their job duties.
2. It is prohibited for any person to induce, urge, or encourage another person, directly or indirectly, to trade in financial products concerning which they possess inside information.

Article (6): Inducing Others to Trade

It is prohibited for any person to induce another person to trade in financial products by:

1. Making or disseminating any statement, promise, or forecast, knowing that it is misleading, false, or deceptive.
2. Concealing material facts.