

<u>Category 2: (Dealing in Investment)</u>
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Amendments to the Regulations Manual of the Financial Activities by
Adding the Activity (Securitization Company)

Adding a term to the glossary

Adding to the Financial Activities Table:

Securitization Company: A financial activity concerned with establishing and managing a special purpose vehicle (SPV) for securitization purposes.

Section 2: Licensing Financial Activities and Accreditation of Positions

Chapter 2: Financial Activities and Licensing Categories / Article (1)
Financial Activities

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

Adding the activity (Securitization Company) under No. (33)

Chapter 4: Licensing / Article (2) Licensing Conditions and
Requirements

Amending the Legal Form in Clause (1) of Article (2)

1. Legal Form:

- 1- The license applicant shall have one of the legal forms **shown below**, unless the financial activity requires a specific legal form in accordance with Annex No. (1):
 - A. **One of the forms of commercial companies** in accordance with the Commercial Companies Law, **with the exception of a one-person company unless the company is owned by a legal person licensed by the Authority or the Central Bank of the UAE.**
 - B. A branch of a foreign company, **a free zone company, or** a financial free zone.
2. The business purpose of the license applicant shall be limited to conducting financial activities except the bank and the branch of the foreign bank licensed by the Central Bank of the UAE.
3. **The securitization company may not practice any other financial activity.**

Adding the activity (Securitization Company) to the second category table in Annex No. (1) of Section 2:

Legal form of the category licensing	Main positions of the category licensing	Minimum capital for each financial activity	Financial activities within the category	Accredited jobs for each financial activity
A legal entity established within the State or a branch of a foreign company in accordance with the Commercial Companies Law, provided that the		Paid-up capital shall not be less	Securitization Company	Financial Analyst

foreign company to which the branch belongs is licensed to conduct the same activity in the home country or a company established in a free zone within the state (provided that the law establishing that free zone permits this).		than (1) million dirhams.		
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Section 3: Business Conduct / Chapter 5: Financial Activity Conduct

Adding a new Article under No. (19) entitled (Securitization Company)

In addition to the obligations contained in the resolution regulating the SPV and the resolution regulating securitization operations, the entity licensed to conduct the activity of (the securitization company) is obligated to:

1. Insure against liability for losses or damages incurred by its clients due to the error of the company, its managers, or its employees, or as a result of the loss, damage, or theft of clients' documents and funds.
2. Contract with a custodian regarding the financial assets of the securitization portfolio.
3. Ensure that the value of the securitized financial instruments does not exceed the present value of the securitization portfolio and the return thereon, based on a discount rate equivalent to the rate on the securitized financial instruments.

The fees are proposed as follows:

Fee Type	Proposed Value in (AED)
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Application fees	10,000
Licensing fees	40,000
Annual license renewal fees	10000 + 0.005 % of the total value of annual issuances
License cancellation fees	AED 1000