

Appendix 7

In this annex underlining indicates new text and striking through indicates deleted text.



Notice of Amendments

Authorised Market Institutions
Module

(AMI)

7 LICENSING REQUIREMENTS

7.1 Application

7.1.1 This chapter applies to an Authorised Market Institution and an applicant for a Licence to be an Authorised Market Institution.

7.2 Licensing requirements

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Proper markets

7.2.3

Guidance

1. Before admitting Securities listed in jurisdictions elsewhere to trading, or any other type of Investment such as a derivative product to trading, the Authorised Market Institution should consider the following factors to determine whether a proper market exists in that Investment:
 - a. any restrictions whether legal or physical on Persons who may hold the Investment;
 - b. the liquidity or anticipated liquidity of the ~~Securities~~ Investments;
 - c. the number of persons already holding the ~~Securities~~ Investments or interested in dealing in the ~~Securities~~ Investments;
 - d. whether there is sufficient relevant information available to allow market participants to make an informed judgement on the value of assets and underlying assets;
 - e. how the information required by market participants to make an informed assessment of the value of the ~~Securities~~ Investments can be accessed; and
 - f. whether there are adequate settlement and delivery procedures in relation to the ~~Securities~~ Investments.
2. In determining whether Inside Information is disclosed to allow investors to make an informed judgement of the value of the ~~Securities~~ Investments, the DFSA may consider the extent to which persons can obtain information about ~~Securities~~ Investments through acceptable channels of communication such as through third party information vendors. Where there is no alternative way to obtain information about ~~Securities~~ an Investment, the Authorised Market Institution ~~exchange~~ will need to provide those services.

7.2.22**Guidance**

The DFSA requires all Authorised Market Institutions to have default rules under Article 44 ~~28~~ of the Markets Law. Default rules allow an Authorised Market Institution to close-out open positions by discharging the appropriate rights and liabilities of transactions which a person granted access to its facilities can not, or may not, be able to fulfil.

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10.8 Notifications**~~10.8 Notification in respect of delisting or suspension~~****Notification in respect of trading**

10.8.1 Where an Authorised Market Institution proposes to remove from trading or admit to trading, by means of its facilities a class of Investment which it has not previously traded, but is licensed to do so, it must give the DFSA notice of that event, at the same time as the proposal is communicated to persons granted access to its facilities or shareholder, with the following information:

- (a) a description of the Investment to which the proposal relates;
- (b) where that Investment is a derivative product, the proposed terms of that derivative; and
- (c) the name of any clearing or settlement facility in respect of that Investment.

10.8.2 Where an Authorised Market Institution decides to suspend, restore from suspension or cease trading any Investment it must immediately notify the DFSA and any person granted access to its facilities of the decision.

10.8.3 Where a Clearing House proposes to cease clearing or settling, or to clear or settle by means of its facilities a class of Investment which it has not previously traded, but is licensed to do so, it must give the DFSA notice of that event, at the same time as the proposal is communicated to persons granted access to its facilities or shareholder, with the following information:

- (a) a description of the Investment to which the proposal relates;
- (b) where that Investment is a derivative product, the proposed terms of that derivative; and
- (c) the name of any trading facility in respect of that Investment.

Delisting or suspension of Securities by an Authorised Market Institution**Guidance**

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10.8.44 Where an Authorised Market Institution delists, suspends or restores from suspension any Securities on its Official List of Securities, it must immediately notify the DFSA of its decision and the reasons for the decision.

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10.10.5 Where an Authorised Market Institution:

- (a) decides to limit the open position of any Person in Investments Securities; or
- (b) issues directions to any Person to close out his position in any Investment;

that Authorised Market Institution must immediately give the DFSA notice of that event, and the Person's name, the Investment and size of any position to be limited or closed-out and the reasons for the Authorised Market Institution's decision.

10.11 Supervisory directions

Guidance

1. Article ~~269~~ of the Markets Law provides as follows:
 - “(1) Without limiting the application of the Regulatory Law ~~2004~~, the DFSA may, by written notice, direct an Authorised Market Institution to do or not do specified things that the DFSA considers are necessary or desirable or to ensure the integrity of the DIFC financial markets, including but not limited to directions:
 - (a) requiring compliance with any duty, requirement, prohibition, obligation or responsibility applicable to an Authorised Market Institution; ~~or~~
 - (b) requiring an Authorised Market Institution to act in a specified manner in relation to a transaction conducted on or through the facilities operated by an Authorised Market Institution, or in relation to a specified class of transactions; or
 - (c) requiring an Authorised Market Institution to act in a specified manner or to exercise its powers under any rules that the Authorised Market Institution has made.
 - (2) Without limiting the application of Article 75 of the Regulatory Law 2004, the DFSA may, ~~with the approval of the Council~~, by written notice, direct an Authorised Market Institution to:
 - (a) close the market or facilities operated by an Authorised Market Institution in a particular manner or for a specified period;
 - (b) suspend transactions on the market or through the facilities operated by the Authorised Market Institution;

- (c) suspend transactions in ~~Securities~~ Investments conducted on the market or through the facilities operated by the Authorised Market Institution;
 - (d) prohibit trading in ~~Securities~~ Investments conducted on the market or through the facilities operated by the Authorised Market Institution;
 - (e) defer for a specified period the completion date of transactions conducted on the market or through the facilities operated by an Authorised Market Institution; ~~or~~
 - (f) prohibit a specified person from undertaking any transactions on the facilities operated by the Authorised Market Institution; or
 - (~~f~~ g) do any act or thing, or not do any act or thing, in order to ensure an orderly market, or reduce risk to the DFSA's objectives.
- (3) The Regulatory Appeals Committee has jurisdiction to hear and determine any appeal in relation to a decision to issue a direction under ~~this~~ Article 26."
- (4) ~~Where an Authorised Market Institution has made rules for the purpose of persons using its facilities and has not exercised powers under those Rules and where the DFSA reasonably considers it necessary and desirable to do so, the DFSA may exercise the powers contained in the Rules as though it was the Authorised Market Institution."~~

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14.1.1 (1) Pursuant to Article ~~6870~~70(2)(d) of the Markets Law 2012, any Person who:

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- (4) The powers of the Financial Markets Tribunal prescribed under Article ~~6971~~ of the Markets Law 2012 apply to appeals brought under this Rule.

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A3.1 Risk assessment

Guidance relating to Rule 11.10.1

1. The securities sector on a global scale is characterised by its diversity, the ease with which trading can take place (through electronic trading for example) and the ability to perform transactions in markets with little regard to national borders. These characteristics, along with the sheer volume of transactions, also make the securities sector potentially vulnerable to the laundering of funds. The securities sector is to be understood in the broader sense and shall include all trading and related activities relating to Investments ~~Securities~~.