



**ABU DHABI GLOBAL MARKET**  
**سوق أبوظبي العالمي**

**FINANCIAL SERVICES AND MARKETS  
(AMENDMENT NO 2) REGULATIONS 2018**

\*In this Annex, underlining indicates new text and strikethrough indicates deleted text, unless otherwise indicated.

## FINANCIAL SERVICES AND MARKETS (AMENDMENT NO 2) REGULATIONS 2018

Regulations to amend the Financial Services and Markets Regulations 2015.

Date of Enactment: [●] 2018

The Board of Directors of the Abu Dhabi Global Market, in exercise of its powers under Article 6(1) of Law No. 4 of 2013 concerning the Abu Dhabi Global Market issued by His Highness the Ruler of the Emirate of Abu Dhabi, hereby enacts the following Regulations—

### 1. Amendments to the Financial Services and Markets Regulations 2015

#### Part 2 Rules and Guidance

##### Chapter 1 Rule-making Powers

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### 5. Islamic Finance Rules

The Regulator may make Rules applying to Authorised Persons—

- (a) prescribing the requirements that must be met by a person applying for a Financial Services Permission to carry on Islamic Financial Business;
- (b) providing for such requirements to be varied in cases where an Application is made by an Applicant which is, at the time at which it submits its Application, regulated in a jurisdiction other than the Abu Dhabi Global Market;
- (c) prescribing certain persons or categories of person to be exempted from the requirements referred to in paragraph (a); and
- (d) prescribing exemptions from any requirements imposed by or under these Regulations under paragraph (a) that are to be—
  - (i) limited to certain Islamic Financial Business activities or Specified circumstances; or
  - (ii) subject to certain conditions and restrictions as the Regulator may determine.

#### 5A. Operating a Crypto Asset Business

(1) The Regulator may by Rules prescribe –

- (a) Accepted Crypto Assets that meet the requirements for engaging in the Regulated Activity of Operating a Crypto Asset Business in or from the Abu Dhabi Global Market;
- (b) requirements and factors that, in the opinion of the Regulator, are to be taken into account in determining whether or not the relevant Crypto Asset meets the requirements to be considered an Accepted Crypto Asset;
- (c) the requirements applicable to the Regulated Activity of Operating a Crypto Asset Business in or from the Abu Dhabi Global Market; and

(d) such additional requirements as the Regulator considers appropriate that Authorised Persons Operating a Crypto Asset Business must comply with, including any requirements imposed under the Rules made under these Regulations.

(2) Without limiting the generality of its powers the Regulator may, by written notice—

(a) exclude the application of any requirements for engaging in the Regulated Activity of Operating a Crypto Asset Business in or from the Abu Dhabi Global Market imposed by the Rules; or

(b) impose on an Authorised Person engaged in the Regulated Activity of Operating a Crypto Asset Business in or from the Abu Dhabi Global Market any additional obligations that the Regulator considers appropriate; or

(c) require an Authorised Person engaged in the Regulated Activity of Operating a Crypto Asset Business in or from the Abu Dhabi Global Market to take such action as is specified by the Regulator; or

(d) require an Authorised Person Operating a Crypto Asset Exchange to obtain a Recognition Order to become a Recognised Investment Exchange under section 121 of these Regulations, and the Rules made under these Regulations,

where the Regulator is satisfied that it is in the interests of the Abu Dhabi Global Market to do so and on such terms and conditions as the Regulator considers appropriate.

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## Part 8 Market Abuse

### **Market abuse**

#### **92. Market abuse**

(1) For the purposes of these Regulations, Market Abuse is Behaviour (whether by one person alone or by two or more persons jointly or in concert) which—

(a) occurs in relation to—

(i) Financial Instruments admitted to trading on a—

(A) Prescribed Market; or

(B) a similar market or trading venue situated inside or outside the Abu Dhabi Global Market and accessible electronically, or otherwise, from within the Abu Dhabi Global Market;

(ii) Financial Instruments in respect of which a request for admission to trading on such a market has been made; ~~or~~

(iii) in the case of subsection (2) or (3) Behaviour, instruments which are Related Instruments in relation to such Financial Instruments; ~~and or~~

(iv) an Accepted Crypto Asset admitted to trading on a Crypto Asset Exchange; and

(b) falls within any one or more of the types of Behaviour set out in subsections (2) to (6).

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**93. Supplementary provision about certain Behaviour**

- (1) Behaviour is to be taken into account for the purposes of this Part only if it occurs—
- (a) in the Abu Dhabi Global Market; or
  - (b) in relation to—
    - (i) Financial Instruments which are admitted to trading on a Prescribed Market situated in, or operating in, the Abu Dhabi Global Market; ~~or~~
    - (ii) Financial Instruments for which a request for admission to trading on such a Prescribed Market has been made; or
    - (iii) Accepted Crypto Assets admitted to trading on a Crypto Asset Exchange.

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**Part 9 Misleading Statements and Impressions****102. Misleading Statements**

- (1) Subsection (2) applies to a person ("P") who—
- (a) makes a statement which P knows to be false or misleading in a material respect;
  - (b) makes a statement which is false or misleading in a material respect, being reckless as to whether it is; or
  - (c) dishonestly conceals any material facts whether in connection with a statement made by P or otherwise.
- (2) P commits a contravention of these Regulations if P makes the statement or conceals the facts with the intention of inducing, or is reckless as to whether making it or concealing them may induce, another person (whether or not the person to whom the statement is made)—
- (a) to enter into or offer to enter into, or to refrain from entering or offering to enter into, ~~a Relevant Agreement~~; or
  - (b) to acquire, dispose of, subscribe for or underwrite, or refrain from acquiring, disposing of, subscribing for or underwriting; or
  - (~~b~~c) to exercise, or refrain from exercising, any rights conferred by =
- a Financial Instrument, a Specified Investment or an Accepted Crypto Asset, as applicable.

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**103. Misleading Impressions**

- (1) A person ("P") who does any act or engages in any course of conduct which creates a false or misleading impression as to the market in or the price or value of any Financial Instruments or Accepted Crypto Assets commits a contravention of these Regulations if—

- (a) P intends to create the impression; and
- (b) the case falls within either subsection (2) or (3) or both.

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#### Chapter 4 Transaction Reporting

##### 149. Obligation to report transactions

- (1) A Recognised Investment Exchange or MTF shall report details of transactions in Financial Instruments traded on its platform which are executed, or reported, through its systems.
- (2) A Crypto Asset Exchange shall report details of transactions in Accepted Crypto Assets traded on its platform which are executed, or reported, through its systems.
- (23) The Regulator may make Rules specifying—
  - (a) the information to be included in reports made under subsection (1) and (2); and
  - (b) the manner in which such reports are to be made.

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#### Part 22 General

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##### 258. Definitions

- (2) In these Regulations, unless the context otherwise requires—

<b><u>E-money</u></b>	<u>means a digital representation of Fiat Currency used to electronically transfer value denominated in Fiat Currency.</u>
<b><u>Fiat Currency</u></b>	<u>means, for the purpose of paragraph 73B of Schedule 1, government issued currency that is designated as legal tender in its country of issuance through government decree, regulation or law.</u>
<b><u>Operating a Crypto Asset Business</u></b>	<u>means the Regulated Activity specified in paragraph 73B of Schedule 1.</u>
<b><u>Accepted Crypto Asset</u></b>	<u>means a Crypto Asset that, in the opinion of the Regulator, meets the requirements for engaging in the Regulated Activity of Operating a Crypto Asset Business in or from the Abu Dhabi Global Market.</u>
<b><u>Crypto Asset</u></b>	<u>means a digital representation of value that can be digitally traded and functions as (1) a medium of exchange; and/or (2) a unit of account; and/or (3) a store</u>

	<p>of value, but does not have legal tender status in any jurisdiction. A Crypto Asset is -</p> <p>(a) <u>neither issued nor guaranteed by any jurisdiction, and fulfils the above functions only by agreement within the community of users of the Crypto Asset; and</u></p> <p>(b) <u>distinguished from Fiat Currency and E-money.</u></p>
<b>Crypto Asset Custodian</b>	<u>means operating as a Crypto Asset Custodian operating within Abu Dhabi Global Market as part of the Regulated Activity of Operating a Crypto Asset Business.</u>
<b>Crypto Asset Exchange</b>	<u>means a Crypto Asset Exchange operating within Abu Dhabi Global Market as part of the Regulated Activity of Operating a Crypto Asset Business.</u>
<b>Direction</b>	<p>means, for the purposes of—</p> <p>(a) sections 9 and 10, a direction under section 9;</p> <p>(b) Reporting Entities and their obligations under Part 6, a direction under section 84;</p> <p>(c) suspending an investigation into Market Abuse, a direction under section 99;</p> <p>(d) the name of a Fund or Sub-Fund, a direction under section 117;</p> <p>(e) the Regulator's powers under Part 12, a direction under sections 130, 132, 133 and 137;</p> <p>(f) the Regulator's powers under Part 13, a direction under sections 153, 162 and 164; <del>and</del></p> <p>(g) the Regulator's powers under Part 17, a direction under sections 206 and 217-; <u>and</u></p> <p>(h) <u>Authorised Person Operating a Crypto Asset Business, a direction under sub-section 5A(2).</u></p>
<b>Relevant Agreement</b>	<p><del>means, for the purposes of sections 102(2), an agreement—</del></p> <p>(a) <del>the entering into or performance of which by either party constitutes an activity of a kind specified in the Rules made by the Regulator; and</del></p> <p>(b) <del>which relates to a Designated Investment.</del></p>

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### Schedule 1

#### “Chapter 17B Operating a Crypto Asset Business

##### The activity

#### **73B. Operating a Crypto Asset Business**

- (1) Operating a Crypto Asset Business is a specified kind of activity.
- (2) Operating a Crypto Asset Business involves undertaking one or more Crypto Asset activities in or from the Abu Dhabi Global Market.
- (3) For the purposes of sub-paragraph (2), Crypto Asset activities include –
  - (a) Buying, Selling or exercising any right in Accepted Crypto Assets (whether as principal or agent);
  - (b) making arrangements with a view to another person (whether as principal or agent) Buying, Selling or providing custody of Accepted Crypto Assets;
  - (c) advising on the merits of Buying or Selling of Accepted Crypto Assets or any rights conferred by such Buying or Selling; and
  - (d) operating -
    - (i) a Crypto Asset Exchange; or
    - (ii) as a Crypto Asset Custodian.
- (4) In sub-paragraph 3(c)(i), Operating a Crypto Asset Exchange means the trading, conversion or exchange of -
  - (a) Fiat Currency or other value into Accepted Crypto Assets;
  - (b) Accepted Crypto Assets into Fiat Currency or other value; or
  - (c) one Accepted Crypto Asset into another Accepted Crypto Asset.
- (5) In sub-paragraph 3(d)(ii), Operating as a Crypto Asset Custodian involves -
  - (a) safeguarding, storing, holding or maintaining custody of Accepted Crypto Assets belonging to another person; or
  - (b) controlling or administering Accepted Crypto Assets for the purpose of sub-paragraph 5(a).

##### Exclusions

#### **73C. The following activities do not constitute Operating a Crypto Asset Business–**

- (1) the creation or administration of Crypto Assets that are not Accepted Crypto Assets;
- (2) the development, dissemination or use of software for the purpose of creating or mining a Crypto Asset;
- (3) the transmission of Crypto Assets;
- (4) a loyalty points scheme denominated in Crypto Assets; or
- (5) any other activity or arrangement that is deemed by the Regulator to not constitute Operating a Crypto Asset Business, where necessary and appropriate in order for the Regulator to pursue its objectives.”

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**2. Short title, extent and commencement**

- (1) These Regulations may be cited as the Financial Services and Markets (Amendment No 2) Regulations 2018.
- (2) These Regulations shall apply in the Abu Dhabi Global Market.
- (3) These Regulations come into force on the date of their publication.