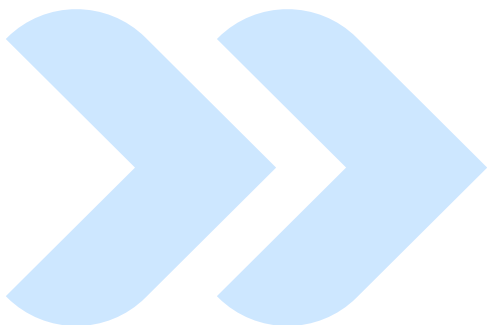


Market Infrastructure Rulebook (MIR)

*In this attachment underlining indicates new text and striking through indicates deleted text.



1 INTRODUCTION

1.1.1 The Rules and guidance in this Rulebook apply to Recognised Bodies and Remote Bodies that carry on, or intend to carry on, business in or from the ~~Abu Dhabi Global Market~~ ADGM, and to Applicants for recognition as a Recognised Body.

...

1.1.4 Table 1.1.4 below sets out further requirements that may be applicable to Recognised Bodies contained in other FSRA Rulebooks.

No.	Rule title	Rule Reference	All ADGM Recognised Bodies
21	Pooling and distribution	GOBS Rule 14.4.3(h)	* Recognised Clearing Houses only
221	Whistleblowing	GEN Rule 3.4	√

...

2.4.2 [Deleted]

Guidance

When determining whether it has financial resources sufficient for the proper performance of its Regulatory Functions, a Recognised Body must take into account all relevant factors, including but not limited to:

(a) its connection with any Person;

...

(f) the likely availability of liquid financial resources to the Recognised Body during periods of major market turbulence or other periods of major stress for the ~~Abu Dhabi Global Market~~ ADGM Financial System; and

...

Promotion and maintenance of standards

2.5.3 A Recognised Body's rules, practices and procedures must promote and maintain high standards of integrity and fair dealing in the carrying on of business on or through its facilities. These rules, practices and procedures are to be consistent with the Code of Market Conduct and with any other Rules, codes or principles relating to

behaviour in Regulated Activities within the ~~Abu Dhabi Global Market~~ ADGM Financial System.

- 2.5.4** Recognised Body must be able and willing to cooperate, by the sharing of information or otherwise, with the Regulator, with any other authority, body or Person having responsibility in ~~the Abu Dhabi Global Market~~ ADGM for the supervision or regulation of any Regulated Activity or other financial service, or with a Non-Abu Dhabi Global Market Regulator. Its constitution, rules and its agreements with its Members must enable it to obtain information from Members and to disclose otherwise confidential information to the Regulator and other appropriate bodies, including:

...

- 2.9.2** A Recognised Body must have appropriate procedures and protections for enabling Employees to disclose any information to the Regulator or to other appropriate bodies involved in the prevention of Market Abuse, money laundering or other Financial Crime or any other breaches of relevant legislation.

Guidance

When determining whether its measures are appropriate to reduce the extent to which its facilities can be used for a purpose connected with Market Abuse or Financial Crime, to facilitate their detection and to monitor their incidence, a Recognised Body should have regard to:

- (a) whether its rules enable it to disclose any information to the Regulator or other appropriate bodies involved in the detection, prevention or pursuit of Market Abuse or Financial Crime inside or outside ~~the Abu Dhabi Global Market~~ ADGM; and

...

- 2.14.4** A Recognised Body that outsources any functions must comply with the outsourcing requirements in GEN 3.3.31 and 3.3.32.

Guidance

1. If a Person who performs a function on behalf of a Recognised Body is himself carrying on a Regulated Activity in ~~the Abu Dhabi Global Market~~ ADGM, he will, unless he is a Person to whom the General Prohibition does not apply, need to be either an Authorised Person or an Exempt Person. The Person to whom a function is delegated is not covered by the Recognised Body's exemption.

...

- 2.15.4** An application should include the following information:

(s)	A summary of the legal due diligence carried out in relation to ascertaining the enforceability of its rules (including Default Rules) and arrangements for margin against any of its Members based outside the Abu Dhabi Global Market ADGM, and the results and conclusions reached.
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...

3.3.4 The Business Rules of a Recognised Investment Exchange must provide that the Recognised Investment Exchange must not exercise its power to suspend or remove from trading on a market operated by it any Financial Instrument which no longer complies with its Business Rules, where such step would be likely to cause significant damage to the interests of investors or the orderly functioning of the ~~Abu Dhabi Global Market~~ ADGM Financial System.

...

3.5.11 Waivers in relation to transactions which are large in scale

For the purpose of Rule 3.5.7(c), an order shall be considered to be large in scale compared with normal market size if it is equal to or larger than the minimum size of order specified in Rule ~~3.5.11~~ 3.5.12. For the purposes of determining whether an order is large in scale compared to normal market size, all Financial Instruments admitted to trading on a Recognised Investment Exchange market shall be classified in accordance with their average daily turnover, in accordance with Rule 3.5.12.

...

3.7.3 In respect of arrangements pertaining to public disclosure in Rule 3.7.1:

...

(b) For the purposes of ~~Rule 3.7.3~~ Rule 3.7.3(a)(i), an arrangement fulfils the 'machine-readable' criteria where the data:

...

3.9.1 Admission to trading

In order to admit Financial Instruments to trading, a Recognised Investment Exchange must satisfy the following requirements, save and except for Recognised Investment Exchanges which only admit to trading Derivatives, in which case only (a), (b), (c), ~~(d)~~ and (i) apply:

...

4.7.12 [Deleted]**Guidance**

1. A Recognised Clearing House may be conducting its activities in multiple jurisdictions in circumstances such as:
 - (a) where it operates through linked Recognised Clearing Houses in or outside of ~~the Abu Dhabi Global Market~~ ADGM, or clearing houses, securities settlement systems, being systems that enable Financial Instruments to be transferred and settled by book entry, or central securities depositories outside of ~~the Abu Dhabi Global Market~~ ADGM;
 - (b) where its Members and other participants are incorporated, located, or otherwise conducting business in jurisdictions outside ~~the Abu Dhabi Global Market~~ ADGM; or
 - (c) where any collateral provided is located or held in a jurisdiction outside ~~the Abu Dhabi Global Market~~ ADGM.

...

- 4.12.8** In relation to a Remote Clearing House, this chapter does not prevent other customer segregation models being offered to Clearing Members outside ~~the Abu Dhabi Global Market~~ ADGM. In relation to clearing members of clearing houses incorporated outside ~~the Abu Dhabi Global Market~~ ADGM, this chapter does not require such clearing members to offer levels of segregation which are not made available by such clearing houses.

...

- 5.1.2** The notification Rules in this chapter are in addition to the requirements on Recognised Bodies to give notice or information to the Regulator that exist elsewhere in ~~the~~ FSMR and the Rules.

...

5.4.1 A Recognised Body must, in the circumstances noted, notify the Regulator of the following information:

	Event	Timing	Information Requirement
7.	Any of the following has occurred in relation to a Key Individual: (a) a petition for bankruptcy is presented (or similar or analogous proceedings under the law of a jurisdiction outside the Abu Dhabi Global Market ADGM are commenced); (b) a bankruptcy order (or a similar or analogous order under the law of a jurisdiction outside the Abu Dhabi Global Market ADGM) is made; or (c) he enters into a voluntary arrangement (or a similar or analogous arrangement under the law of a jurisdiction outside the Abu Dhabi Global Market ADGM) with his creditors.	As soon as the Recognised Body becomes aware of the relevant event.	Details of the relevant event.
23.	On: (a) the presentation of a petition for the winding up of a Recognised Body (or the commencement of any similar or analogous proceedings under the law of a jurisdiction outside the Abu Dhabi Global Market ADGM); or (b) the appointment of a receiver, administrator, liquidator, trustee or sequestrator of assets of that body (or of any similar or analogous appointment under the laws of a jurisdiction outside the Abu Dhabi Global Market ADGM); or (c) the making of a voluntary arrangement by that body with its creditors (or of any similar or analogous	As soon as practicable.	A notification of that event.

	Event	Timing	Information Requirement
	arrangement under the law of a jurisdiction outside the Abu Dhabi Global Market ADGM).		
48.	<p>A Recognised Body has evidence tending to suggest that any Person has:</p> <p>(a) been carrying on any Regulated Activity in the Abu Dhabi Global MarketADGM in contravention of the General Prohibition;</p> <p>(b) been engaged in Market Abuse;</p> <p>committed a criminal offence under FSMR and the Rules or subordinate legislation made under the FSMR and the Rules;</p> <p>(d) committed a criminal offence under the Anti-Money Laundering and Sanctions Rules (AML).</p>	As soon as practicable.	<p>(a) Notice of that event; and</p> <p>(b) full details of that evidence in writing.</p>

...

- 6.3.1** For each Recognised Body, the Regulator will conduct a periodic risk assessment. This assessment will take into account relevant considerations including the special position of Recognised Bodies under the FSMR and the Rules, the nature of the Recognised Body's Members, the position of other users of its facilities and the business environment more generally.

...

- 6.3.3** [Deleted]

Guidance

1. Information is needed to support the Regulator's risk-based approach to the supervision of all regulated entities, including Recognised Bodies. Risk-based supervision is intended to ensure that the allocation of supervisory resources and the supervisory process are compatible with the ~~Regulator's~~ Regulator's objectives and the Regulator's general duties. The central element of the process of risk-based supervision is a systematic assessment by the Regulator (a "risk assessment") of the main supervisory risks and concerns for each regulated entity.

...

- 6.5.5** Before giving such a direction under Rule 6.5.4, the Regulator shall consult the Recognised Body in question, and the Regulator shall not give a direction unless the Regulator is satisfied, in the light of that consultation that:

- (a) failure to take action would involve undue risk to investors or other participants in the market;
- (b) the direction is necessary having regard to the public interest in the financial stability of ~~the Abu Dhabi Global Market~~ ADGM; or
- (c) the direction is necessary to facilitate a proposed or possible use of a power under chapter 16 of COBS or in connection with a particular exercise of a power under that chapter, or Rule 6.5.7(c).

...

- 6.5.7** Before giving a direction under Rule 6.5.6, the Regulator shall consult the Recognised Body in question, and the Regulator shall not give a direction unless the Regulator is satisfied, in the light of that consultation that:

- (a) the taking of action would be premature or otherwise undesirable in the interests of investors or other participants in the market;
- (b) the direction is necessary having regard to the public interest in the financial stability of ~~the Abu Dhabi Global Market~~ ADGM; or

- (c) the direction is necessary to facilitate a proposed or possible use of a power under chapter 16 of COBS or in connection with a particular exercise of a power under that Part.

...

6.5.10 Where a Recognised Body has taken action either of its own accord or in response to a direction, the Regulator may direct it to do or not to do specific things subject to these being within the powers of the Recognised Body under its Default Rules. However,

...

- (b) where the Recognised Body has taken action under its Default Rules without being directed to do so, the Regulator will not direct it to do or not to do specific things which the Recognised Body has power to do under its Default Rules, unless the Regulator is satisfied that:
 - (i) the direction will not impede or frustrate the proper and efficient conduct of the default proceedings; or
 - (ii) the direction is necessary:
 - A. having regard to the public interest in the stability of the ~~Abu Dhabi Global Market~~ ADGM Financial System;

...

6.6.1 The Regulator has the power under section 132 and 133 of FSMR to give directions to a Recognised Body to take specified steps in order to secure its compliance with the Recognition Requirements. Those steps may include granting the Regulator access to the Recognised Body's premises for the purposes of inspecting those premises or any documents on the premises and the suspension of the carrying on of any activity by the Recognised Body for the period specified in the direction.

...

6.8.3 The Regulator will usually consider revoking a Recognition Order if:

- (a) the Recognised Body is failing or has failed to satisfy one or more of the Recognition Requirements and that failure has or will have serious consequences;
- (b) it would not be possible for the Recognised Body to comply with a direction under the Regulator's power to give directions under ~~Rule 6.6.1~~ section 132 and 133 of FSMR;
- (c) for some other reason, it would not be appropriate for the Regulator to give a direction under its power to give directions under ~~Rule 6.6.1~~ section 132 and 133 of FSMR; or

...

6.8.4 The Regulator would be likely to consider the conditions in Rule 6.8.3(b) or Rule 6.8.3(c) to be triggered in the following circumstances:

...

- (d) the Recognised Body has ceased to carry out activities in ~~the Abu Dhabi Global Market~~ ADGM, or has so changed the nature of its business that it no longer satisfies one or more of the Recognition Requirements in respect of the activities for which Recognised Body status is relevant.

6.8.5 In addition to the relevant factors set out in Rule 6.8.4, the Regulator will usually consider that it would not be able to secure a Remote Body's compliance with the Recognition Requirements or other obligations means of a direction if it appears to the Regulator that the Remote Body is prevented by any change in the legal framework or supervisory arrangements to which it is subject in its home jurisdiction from complying with the Recognition Requirements or other obligations in or under ~~the~~ FSMR and the Rules.

...

6.9.3 In considering whether it would be appropriate to exercise its powers to issue directions under ~~Rule 6.6.1~~ section 132 and 133 of FSMR or Rule 6.7.2, the Regulator will have regard to all relevant information and factors including:

- (a) the Rules contained in MIR;
- (b) the results of its routine supervision of the Recognised Body concerned;
- (c) the extent to which the failure or likely failure to satisfy one or more of the Recognition Requirements may affect the objectives of the Regulator.

6.9.4 In considering whether or not to make a Recognition Order under section 124 of ~~the~~ FSMR, the Regulator will have regard to all relevant information and factors, including the information provided by Applicants.

...

6.10.1 If the Regulator considers that a Recognised Body has contravened a requirement imposed by the Regulator, or under any provision of ~~the~~ FSMR or the Rules whose contravention constitutes an offence the Regulator has power to prosecute, it may:

...

7.1.3 In addition, applications for recognition as a Remote Investment Exchange or Remote Clearing House must contain:

- (a) the address of the Applicant's head office in its home jurisdiction;

- (b) the address of a place in ~~the Abu Dhabi Global Market~~ ADGM for the service on the Applicant of notices or other documents required or authorised to be served on it;
- (c) information identifying any type of activity which the Applicant envisages undertaking in ~~the Abu Dhabi Global Market~~ ADGM and the extent and nature of usage and membership;

...

Appendix 8

7.4.2 A Remote Body must, in the circumstances noted, notify the Regulator of the following information:

	Event	Timing	Information requirement
5.	A Remote Body proposes to change: (a) its address in the Abu Dhabi Global Market ADGM for the service of notices or other documents required or authorised to be served on it; or (b) the address of its head office.	Fourteen days before the change is effective.	The new address.
6.	A Remote Body has notice that any license, permission or authorisation which it requires to conduct any regulated activity in its home jurisdiction has been or is about to be revoked or modified in any way which would materially restrict the Remote Body in performing any regulated activity in its home jurisdiction or in the Abu Dhabi Global Market ADGM.	As soon as practicable.	(a) particulars of the license, permission or authorisation which has been or is to be revoked or modified, including particulars of the Remote Body's regulated activities to which it relates; (b) an explanation of how the revocation or modification restricts or will restrict the Remote Body in carrying on any regulated activity in its home jurisdiction or in the Abu Dhabi Global Market ADGM; (c) the date on which the revocation or modification took, or will take, effect and, if it is a temporary measure, any date on which, or any conditions that must be met before which, it will cease to have effect; and (d) any reasons given for the revocation or modification.
7.	A Remote Body admits for the first time a Member whose head or registered office is in the Abu Dhabi Global Market ADGM.	As soon as practicable.	(a) notice of that event; (b) the address of the new Member.

Appendix 8

7.4.3 The following events are examples of events likely to affect an assessment of whether a Remote Body is continuing to satisfy the Remote Recognition Requirements:

- (a) significant changes to any relevant law or regulation in its home jurisdiction, including laws or regulations:
- ...
- (c) significant changes to the practices of the Remote Body applying to any activities carried on by it in ~~the Abu Dhabi Global Market~~ ADGM; or
- (d) any other event or series of events in relation to the body which:
 - (i) affects or may significantly affect cooperation between the Remote Body, or its supervisor in its home jurisdiction, and the Regulator;
 - (ii) has or may have a substantial effect on the structure of the markets in which the body operates;
 - (iii) brings about or may bring about a substantial change in the nature and composition of its membership in ~~the Abu Dhabi Global Market~~ ADGM; or
 - (iv) brings about or may bring about a substantial change in the activities undertaken by it in ~~the Abu Dhabi Global Market~~ ADGM.
- ...

7.5 Powers to supervise

7.5.1 The Regulator has similar powers to supervise Non-Abu Dhabi Global Market Recognised Bodies to those it has to supervise Recognised Bodies. It may (in addition to any other powers it might exercise) exercise any of the following powers:

- (a) give directions to a Remote Body if it has failed, or is likely to fail, to satisfy the Non-Abu Dhabi Global Market Recognition Requirements or if it has failed to comply with any other obligation imposed by or under ~~the~~ FSMR and the Rules; ~~or~~
- (b) revoke a Recognition Order if a Remote Body is failing, or has failed, to comply with the Remote Recognition Requirements or any other obligation in or under ~~the~~ FSMR and the Rules; ~~or~~
- (c) require a Remote Body or a Person connected with the Remote Body, to provide or produce specified information or information of a specified description, at a specified place and before the end of a reasonable period, in such form and with such verifications or authentications as it may reasonably require; or
- (d) require any of the following Persons, to provide the Regulator with a report on any matter, or appoint a Skilled Person to provide the Regulator with information or produce documents with respect to any matter:

- (i) the Remote Body; or
- (ii) any other Member of the Remote Body's Group; or
- (iii) a partnership of which the Remote Body is a Member; or
- (iv) a Person who has at any time been a Person falling within (i), (ii) or (iii).

...

8.2.3 Rule 8.2.1(j) does not apply to a Remote Member which:

- (a) is licensed and supervised by a Non-ADGM Regulator located within the U.A.E.UAE; or
- (b) has a Branch or a Branch from within its Group which is an Authorised Person.

...

8.4 Remote Member Supervision

Guidance

The Regulator will rely upon a Remote Member's Non-ADGM Financial Services Regulator in its home jurisdiction to supervise the Remote Member. The focus of the Regulator's interest will be on ~~the~~ ADGM and those activities of the Remote Member that may impact ~~the~~ ADGM.

8.4.1 A Remote Member must provide the Regulator with reasonable advance notice of a change in:

- (a) its name;
- (b) any business name or trading name it uses in ~~the~~ ADGM, if different to (a); or
- (c) the address of its registered office or head office in its home jurisdiction.

...

8.4.4 Notwithstanding Rule 8.4.2, a Remote Member must notify the Regulator as soon as possible of:

...

- (f) it receiving an order from a Client, or arranges or executes a transactions with or for a Client, and has reasonable grounds to suspect that the order or transaction may constitute Market Abuse in ~~the~~ ADGM.
 - (i) The notification under 8.4.4(f) must provide sufficient details of the order or transaction, and the reasons for the Remote Member suspecting that the order or transaction may constitute Market Abuse in ~~the~~ ADGM.

- (ii) A Remote Member must not inform the Client, or any other Person involved in the order or transaction, of a notification under Rule 8.4.4(f).

...

- 8.5.1** If a Remote Member wishes to have its Recognition Order revoked it must submit a request in writing to the Regulator stating:

...

- (d) that it has discharged, or will discharge, all obligations owed to any Person in ~~the~~ ADGM which have arisen as a result of its recognised status.

- 8.5.2** If the Regulator decides to revoke a Remote Member's Recognition Order, it will follow the requirements set out in Rules 6.9.3 and 6.9.6.

Guidance

The Regulator may revoke a Remote Member's Recognition Order in circumstances where such Person continues to the meet the Remote Member Recognition Requirements. This may include where the Regulator considers it necessary or desirable in order to prevent damage to the reputation of ~~the~~ ADGM or to the ADGM Financial System.