

Visit the DFSA website at www.dfsa.ae for:

- Information on the Recognition process
- Copies of application forms
- Full text of the Laws and Rules
- More news about the DFSA

General Enquiries

- via telephone +971 (0)4 362 1500
- via e-mail info@dfsa.ae

About the DFSA

The DFSA is the sole independent regulator of all financial and ancillary services conducted through the DIFC, a purpose-built financial free zone in Dubai. The regulatory mandate of the DFSA covers asset management, banking, securities, commodities futures trading, Islamic finance, insurance, an international equities exchange and an international commodities derivatives exchange.

The DFSA has produced this document to provide you with an overview of the process for applying for recognition. It should be read in conjunction with the DFSA Rulebook and any other relevant legislation. The information does not constitute legal advice nor does the DFSA give any express or implied warranty or assume any legal liability for the accuracy or completeness of the information herein.

Leaflet 8



Risk-based regulation

The DFSA is committed to a risk-based regulatory approach and to avoid unnecessary regulatory burden.

What is a Recognised Member?

A Recognised Member is a member of an Authorised Market Institution (AMI) and does not have a physical presence in the Dubai International Financial Centre (DIFC). A Recognised Member is usually already a member of an exchange or clearing house located in a jurisdiction outside the DIFC.

An AMI is an exchange or a clearing house in the DIFC that is licensed and regulated by the DFSA. There are currently two AMI's in the DIFC, namely the Dubai International Financial Exchange (DIFX) and the Dubai Mercantile Exchange (DME).

Article 41(1) of the Regulatory Law 2004 prohibits Financial Services from being carried out in or from the DIFC. Acquiring status as a Recognised Member from the DFSA exempts a firm from this prohibition and enables it to conduct certain financial services on an AMI. These financial services include dealing in investments as an agent and dealing in investments as principal.

Applying for Recognised Member Status

Members of an exchange or clearing house outside of the DIFC seeking Recognised Member status from the DFSA must:

- Have its head and registered offices outside the DIFC;
- Be already licensed to perform the financial services it will carry on in the DIFC in a jurisdiction outside the DIFC;
- Be regulated in that other jurisdiction to a standard satisfactory to the DFSA; and

- Be a member of, or authorised to use the facilities of, either the DIFX or the DME.

There are also different requirements for Recognised Members that wish to deal in commodity derivatives as principal only. These and other additional requirements are contained in the DFSA Rulebook.

An application form, Form REC1, is located in Chapter 9 of the Application Forms and Notices Module (AFN) of the DFSA Sourcebook, available on the DFSA website.

Fees

Recognised Members currently do not pay any application or periodic fees.

Supervision as a Recognised Member

Recognised Members are required to notify the DFSA immediately of any material changes which could impact their status within the DIFC. This includes making copies available of any information provided to financial services regulators outside of the DIFC.

Getting Help

- **DFSA Rulebook:** The DFSA website contains more information about the DFSA Rulebook. Applicable modules include: Recognition (REC) – Part 2, Authorised Market Institutions (AMI), General Module (GEN), and Application Forms and Notices Module (AFN).
- **Enquiries:** You can direct your questions about the Recognition process to our Markets Division.
- **DIFX and DME:** For enquiries on the admission requirements for membership to these AMIs, contact the DIFX or DME.

Tips for applicants

1. Engage with the relevant AMI about membership prior to submitting your application to the DFSA.
2. Read the relevant module of the DFSA Rulebook before you begin your application.
3. Check you are submitting the correct application form.
4. Be as comprehensive as possible. If the DFSA needs to request further information, any delay in providing it will have an impact on the time it takes to process your application. Although processing time varies on a case-by-case basis, the DFSA endeavours to process all applications as quickly as possible.
5. Review your application, particularly when using consultants or legal advisers - you are the one who knows your business best. You are also responsible for any information contained in the application.
6. Submit all your documents at once - your signed application and all the requested attachments.
7. Nominate a contact person within your firm to be responsible for managing the application process and to assist the DFSA with any enquiries.