

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 4 362 1500
- Via e-mail info@dfsa.ae

RECOGNISED BODIES

Applying for Recognition in the DIFC

About the DFSA

The DFSA is the independent regulator of financial and ancillary services conducted through the DIFC, a purpose-built financial free-zone in Dubai. The DFSA's regulatory mandate covers asset management, banking and credit services, securities, collective investment funds, custody and trust services, commodities futures trading, Islamic finance, insurance, an international equities exchange and an international commodity derivatives exchange.

A guide for exchanges, clearing houses or alternative trading system seeking admission to the list of Recognised Bodies

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.

Risk-based regulation

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

What is a Recognised Body?

A "Recognised Body" means a person which operates an exchange, clearing house or alternative trading system in a jurisdiction other than the DIFC which has been admitted to, and appears on, the list of Recognised Bodies maintained by the DFSA pursuant to Article 37 of the DIFC Markets Law.

Article 41(1) of the Regulatory Law 2004 prohibits a person from carrying on Financial Services in or from the DIFC unless such person is authorised or otherwise permitted. The DFSA does not consider that a person which meets the requirements to be recognised by the DFSA as a Recognised Body or Recognised Member, and which carries on its activities in accordance with the Rules in the Recognition module, would be conducting Financial Services in or from the DIFC.

Entities that have received Recognised Body status include the New York Mercantile Exchange Inc (NYMEX), Commodity Exchange Inc (COMEX), ICE Futures, Eurex Frankfurt AG and Chicago Mercantile Exchange Inc (CME).

Applying for Recognised Body Status

An exchange, clearing house or settlement facility outside the DIFC seeking status as a Recognised Body, must meet the following criteria:

- (a) it must be licensed or otherwise authorised to operate an exchange, clearing house or alternative trading system in a jurisdiction acceptable to the DFSA;
- (b) it must be regulated by a Financial Services Regulator to a standard satisfactory to the DFSA;
- (c) the law and practice under which the Recognised Body is licensed or otherwise authorised is broadly equivalent to the DFSA's regulatory regime as it applies to a DIFC Exchange;
- (d) adequate arrangements must exist, or will exist for co-operation between the DFSA and the Financial Services Regulator responsible for the Recognised Body's licensing and regulation;
- (e) it has its head and registered offices outside of the DIFC; and
- (f) it operates to a standard which would reasonably satisfy the Licensing Requirements for Authorised Market Institutions set out in AMI.

Fees

A Recognised Body must pay an application fee of \$10,000. There is, currently, no periodic fee payable.

Supervision as a Recognised Body

A Recognised Body is required to deal with the DFSA and their home Financial Services Regulator/s in an open and co-operative manner. This includes keeping the DFSA promptly informed of significant events, as well as submitting a copy of its annual reports and accounts to the DFSA.

The DFSA relies upon the home Financial Services Regulator to act as the primary regulator of the Recognised Body. The focus of the DFSA's interest will be on activities which have an impact on the DIFC.

Getting Help

- **DFSAs Rulebook:** The DFSA website contains more information about the DFSA Rulebook. Applicable modules include: Recognition (REC) - Part 1, Authorised Market Institutions (AMI) - Chapter 7, General Module (GEN), Application Forms and Notices Module (AFN) and Fees Module (FER).
- **Enquiries:** You can direct your questions about the Recognition process to our Markets Division.

Tips for Applicants

1. Read the Recognition module of the DFSA Rulebook before you begin your application.
2. Check you are submitting the correct application form.
3. 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 in a timely manner.
4. 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.
5. Submit all your documents at once - your signed application and all the requested attachments.
6. Where an application fee is applicable, ensure you have paid this.
7. Nominate a contact person within your firm to be responsible for managing the application process and to assist the DFSA with any enquiries.