

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 MEMBERS

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 firms seeking admission to the list of Recognised Members

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 Member?

A "Recognised Member" means a person located in a jurisdiction other than the DIFC which has been admitted to, and appears on, the list of Recognised Members maintained by the DFSA pursuant to Article 37 of the DIFC Markets Law.

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

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.

Applying for Recognised Member Status

For the purposes of Article 37(6) of the Law the Recognition Criteria for a Recognised Member are that:

- (a) it is licensed or otherwise authorised to trade on or use the facilities of an exchange, clearing house or alternative trading system in a jurisdiction acceptable to the DFSA;
- (b) it is regulated in respect of the trading in (a) by a Financial Services Regulator to a standard satisfactory to the DFSA;
- (c) the law and practice under which the Recognised Member is licensed or otherwise authorised is broadly equivalent to the DFSA's regulatory regime as it applies to a DIFC Member;
- (d) adequate arrangements exist, or will exist for co-operation between the DFSA and the Financial Services Regulator responsible for the Recognised Member's licensing and regulation.
- (e) when using the facilities of an exchange, clearing house or alternative trading system in the DIFC, it does not exceed the scope of the activities it is licensed to carry on by its Financial Services Regulator;
- (f) it carries on business in a jurisdiction other than the DIFC and has its head and registered offices outside of the DIFC; and
- (g) when dealing on an Exchange or Alternative Trading System in the DIFC, it does so only for:
 - (i) non-DIFC customers; or
 - (ii) DIFC customers for whom it deals as a result of an unsolicited request for execution-only services. REC criteria I.

The REC criteria (e) above does not prevent a Recognised Member which has a Branch which is an Authorised Firm from carrying on a Financial Service in or from the DIFC through such Branch.

The REC criteria (g) above does not apply to:

- (a) a Recognised Member which is licensed and supervised by a Financial Services Regulator in the UAE; and
- (b) a Recognised Member which has a Branch which is an Authorised Firm.

Entities that wish to deal in commodity derivatives as principal only, are not required to apply for admission to the list of Recognised Members. The requirements for such entities are set out in the DME Rulebook. Such entities should contact the DME directly.

An application form, Form REC I, 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 do not pay, currently, 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 to the DFSA 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.
- **NASDAQ Dubai and DME:** For enquiries on the admission requirements for membership to an AMI, contact NASDAQ Dubai 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.