

Direct Market Access Regulations (DMA)

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Recitals

The Board of Directors of Dubai Financial Market,

Having reviewed the Federal Law No. (4) of 2000 concerning Emirates Securities and Commodities Authority and Market, as amended;

The SCA's Board of Directors Decision No (2/R) of 2000 concerning the Regulations on the Market Membership;

The SCA's Board of Directors Decision No. (2) of 2001 concerning the Regulations as to Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities, as amended;

The SCA's Board of Directors Decision No. (3/R) of 2001 concerning the Regulations as to the Functioning of the Market, as amended;

The SCA's Board of Directors Decision No. No. (27) of 2014 concerning Brokerage in Securities, as amended;

Resolution of the Chairman of the SCA's Board of Directors No. (26/R.M) of 2016 Regulating some Financial Services Activities and the Trading Process; the Regulations, Decisions and Instructions issued by DFM's Board of Directors;

The Emirate of Dubai Decree No. (14) of 2000 concerning the Establishment of the Dubai Financial Market, as amended; and

The Regulations, Resolutions and Rules issued by the DFM's Board of Directors;

IT IS HEREBY RESOLVED as follows:

Article (1)

Definitions

The following words and expressions shall have the meaning assigned thereto hereunder, unless the context otherwise requires:

The authority: The Emirates Securities and Commodities Authority.

Market: Dubai Financial Market.

Securities: Shares, bonds and notes issued by joint stock companies, bonds and notes issued by the Federal Government or Local Governments, public authorities and public institutions in the State, and any other domestic or non-domestic financial instruments accepted by the Authority.



Brokerage Firm (Broker):	A brokerage firm licensed by the authority to carry out the financial brokerage activities.
Direct Market Access (DMA):	A service allows the DMA client to enter trading orders (buy and sale of securities) in the Market directly through DMA software package via a Trusted Financial Connection assigned by the Brokerage Firm as a form of electronic trading.
DMA Client:	A global broker, or a local or foreign corporate person which carries out the investment management activity and trades, directly on behalf of its clients, in the Market using the DMA service provided by a Brokerage Firm approved by the Market to provide such service.

Article (2) Approval to Provide DMA Service

The Brokerage Firm may not provide the DMA service without obtaining the approval of the Market in accordance with the terms, conditions and procedures mentioned herein and the technical requirements set by the Market.

Article (3) Requirements for Approval

The Brokerage Firm's provision of the DMA service shall be on the satisfaction of the following conditions:

1. The Market fees shall be paid.
2. The satisfaction of the following requirements:

First: availability of a technical system to receive and record the orders of DMA Client, provided the system shall have the following features:

1. Capability of verifying all of the Market's controls and determinants.
2. Transmitting the orders through the exchange message protocol (FIX Gateway) from the Brokerage Firm to the Market, and through a special DMA user assigned by the Market to each Brokerage Firm wishing to provide the service; where it will be registered electronically in the Market's trading system, and then executed.
3. Capability of cancelling or modifying the order, which has not been executed, wholly or partially, by the DMA Client.
4. The information exchanged between the DMA Client and the Brokerage Firm shall be archived and recorded via the Audit Trail Log showing the date, time, and place of issuance thereof (IP Address)



5. The DMA Client shall be provided with the ability to make queries or extract reports relating to:
 - a. The order status (pending, partially executed, fully executed, order cancelled) at any time, showing the status time.
 - b. The position of its securities portfolio and cash account.
 - c. Statements of accounts and movements of balances thereof.

Second: Information Security and Protection Systems. The Brokerage Firm shall provide the following protection systems:

1. Protection systems to secure the communication between the Brokerage Firm and the Market:
 - a. A firewall system for external communication networks, including the internet in addition to the networks connected to the Market, Clearing and Settlement Houses.
 - b. Anti-virus protection systems
2. Protection systems to secure the communication between the brokerage Firm and the DMA Client.
 - a. Systems and mechanisms to secure the connection lines and encryption of data transmitted between the Brokerage Firm and the DMA Client (secured connection).
 - b. Security systems to verify the personality and ID of the DMA Client connected to the Brokerage Firm and to prevent any unauthorized person from having access to the account thereof.
3. Operating and Protection Systems:
 - a. A system for the reception and transmission of market messages (FIX messages) in accordance with the regulations set by the markets.
 1. Secured databases of high operational capacity, which provide nonstop operation (fault tolerant, hot-standby or cluster).
 2. Modern and secured operating systems which may operate as central servers.
 3. A disaster recovery center containing a copy of every and each server device and backup copies of the data and applications updated in real-time, provided that the disaster recovery center shall be connected to the Firm's premises via a main connection line and another backup line equipped with a fail-over platform.

Third: Reports of the External Auditor in charge of Information Security

The Brokerage Firm shall appoint an external auditor to audit the information security and programs, provided that such auditor shall submit his report to the Market upon request, and by the end of June and December each year. The Brokerage Firm may submit a consolidated report on this service and the e-trading service if it is licensed to provide such service.

Fourth: Transaction agreements, account opening, and provision of documents.

In addition to compliance with the anti-money laundering procedures, the Brokerage Firm shall:

1. Sign with the DMA Client a transaction agreement, to include the rights and obligations of both parties in accordance with the conditions and obligations set forth herein and in the law, regulations and decisions of the authority, provided it shall include the right of the Brokerage Firm to modify, reject or cancel the orders entered by the DMA Client in case such orders violates the applicable legislation.

2. Provide the Market with all information and documents at any time and in case of suspecting of any DMA Client.



Article (4)

Application for Approval

1. Without prejudice to any other obligations set out in the law, regulations or decisions of the authority, the Brokerage Firm, to be able to provide the DMA service, shall submit an application to the Market as per the form designated for this purpose, together with the information, data and supporting documents, particularly the following:
 - a. A copy of valid license issued by the authority to carry out the financial brokerage activity.
 - b. A report showing the available technical devices and communication systems to provide the DMA service, in accordance with the regulations and technical requirements set by the Market.
 - c. The DMA agreement form, containing all information and details.
2. The Market may request such clarifications, information, or other documents as it may deem necessary.

Article (5)

The Market's Decision

1. The Market shall make its decision whether to approve or reject the application within thirty days from the date on which the application, which is compliant with the conditions, requirements and technical standards set by the Market, is made.
2. The Brokerage Firm shall register the approval issued by the Market with the authority within a period of no more than (5) working days from the date of issue.

Article (6)

Duration and Renewal of the Approval

1. The duration of the approval shall be one year and shall expire at the end of December each year. The duration of the first approval shall commence on the date on which such approval is granted until the end of December of the same year. The fees due for such approval shall be charged for such year, noting that any part of a month shall be calculated as a full month.
2. The approval shall be renewed upon an application to be made to the Market at least one month before its expiry, together with the payment of the renewal fees due to the Market, provided that the registration with the authority shall be renewed within a period of no more than (5) working days from the date whereon the approval is renewed with the Market.
3. The General Manager of the Market shall have the right to cancel the approval granted to the Brokerage Firm if a complete renewal application is not made within the specified time-limit.



Article (7) **Obligations of the Brokerage Firm**

Without prejudice to any other obligations set out in the law, regulations or decisions of the SCA, the Brokerage Firm, when providing the DMA service, shall:

1. Enable the Market to have access to all the information and documents related to the DMA orders.
2. Provide the Market with an external auditor's report stating that he has audited the information security and programs of the Brokerage Firm.
3. Retain backup copies of all information and documents related to the provision of this service for a period of (10) years, in order to maintain and protect the clients' data and transactions from any damage.
4. Ensure the correctness of the information entered by DMA Clients and that they are not in violation of the applicable legislations, as the Brokerage Firm shall be liable for any trading conducted in violation of any regulations, decisions, or circulars.
5. Provide the clients with the trading information such as trading stages and times and order entry regulations.

Article (8) **Penalties**

In case these regulations are not complied with, the Market may take any of the following actions:

1. Serve a notice of warning
2. Liquidating or utilize the collateral provided by the Brokerage Firm, wholly or partially, for the intended purpose of the collateral and to the extent it is not inconsistent with the regulations or decisions of the authority.
3. Cancel the approval granted to the Brokerage Firm to provide the DMA service.
4. Impose a financial fine on the Brokerage Firm in an amount that may not exceed the maximum fine provided for in the SCA's law and the regulations issued pursuant thereto.
5. Suspend the Brokerage Firm from conducting its activity for a period of no more than one week. The Board of Directors of the Market may recommend to the authority to suspend the Firm for a longer period or cancel its license.


Article (9)


Any decisions, circulars, controls or procedures issued by the market that contradict the provisions of these regulations shall be canceled.


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