



# DFM Regulations on Mutual Funds Listing & Trading

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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;

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

The Council of Ministers' Resolution No. (12) of 2000 concerning the the Listing of Securities and Commodities Regulations;

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;

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

The SCA Board of Directors' Decision No. (9/R) of 2016 Concerning the Mutual Funds Regulations;

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

The Regulations, Resolutions and Rules issued by the DFM;

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 State	The United Arab Emirates.
The Authority	Securities and Commodities Authority in the State (SCA).
The Market	Dubai Financial Market.
Foreign Market	A market licensed outside the State by a regulatory authority similar to SCA, or in a free zone within the State.
Mutual Fund	A financial pool engaged in the activity of accumulating money from Investors for the purpose of investment against the issue of Fund Units of equal value.
Public Mutual Fund	A mutual (Open-Ended or Close-Ended) fund established in the State and targets all investors.
Private Mutual Fund	A mutual (Open-Ended or Close-Ended) fund established in the State and targets the qualified investors and for their own account.



<b>Foreign Fund</b>	A mutual fund established outside the State or in a free financial zone within the State.
<b>Representative of Foreign Fund</b>	The Market or a company operating in the field of securities and subject to the supervision and control of the SCA; excluding the Brokerage Firm and the clearing member of the Brokerage Firm.
<b>Applicant</b>	The management company, the investment manager, or the representative of the foreign fund.
<b>A similar regulatory authority</b>	Supervisory board that is an ordinary member or associate member of the International Organization of Securities Commissions (IOSCO).

## **Article (2)** **Definitions**

1. Mutual Fund units may not be listed or traded on the Market without obtaining the approval of the SCA and in accordance with the provisions of these regulations. All transactions in Mutual Fund units that take place in violation of these provisions shall be null and void.
2. The closed-end Public Mutual Fund units must be listed and traded on the Market in accordance with the provisions of these Regulations.
3. The open-ended Public Mutual Fund units, Private Mutual Fund units, and Foreign Mutual Fund units may be listed and traded on the Market in accordance with the provisions of these Regulations.
4. The Public Mutual Fund units and Private Mutual Fund units may be listed and traded outside the State in accordance with the provisions of these Regulations.

## **Article (3)**

Listing of public mutual fund and Private Mutual Fund units for trading on the Market shall be dependent on the satisfaction of the following conditions:

The Fund shall be licensed by the SCA.

The prospectus of the Fund shall provide for listing.

The Fund shall satisfy the technical requirements of listing on the Market.

The open-ended Public mutual fund and the Open-ended private Mutual Fund shall appoint at least one liquidity provider approved by the Market.

Payment of SCA's prescribed registration fee amounted to AED (5000), and the listing fee prescribed by the market.



## **Article (4)**

### **Listing Requirements of Foreign Fund Units**

Listing the units of a Foreign Fund on the Market shall be in accordance with the following requirements.

#### **First: General Conditions:**

1. The fund shall be subject to the supervision of a regulatory authority similar to the SCA. It may not be exempted from any of regulatory or supervisory regulations, or from the regulations as to the preparation and publishing of periodic reports at its place of incorporation.
2. The Fund or the regulatory body at its place of incorporation shall have no restrictions or impediments as to the listing of the units on the Market.
3. The Fund units shall guarantee equal rights for unitholders within the relevant category.
4. The capital of the Fund shall be fully paid.
5. The net asset value of the Fund (the number of existing units X net unit value) shall not be less than AED 40 million upon the submission of the listing application.
6. The foreign fund should appoint a representative.
7. The Public Open-ended Foreign Fund shall appoint at least one liquidity provider approved by the Market.
8. The SCA's registration fees of AED 10,000 and the Market's listing fees shall be paid.

**Second: In addition to the requirements set out in First of this Article, a Foreign Fund, which wishes to list its units for public trading, shall abide by the following requirements:**

1. The Fund shall be established outside the State, except for the Funds established in a free zone or a financial free zone outside the State, or in a free financial zone within the State.
2. Its units have been publicly offered and the ownership of the general public shall not be less than 25% of the total number of units.
3. When a listing application is submitted, the number of the Fund's unit holders shall not be less than 100 investors.
4. The Fund shall have been established (incorporated) for a period of not less than two years and shall have issued financial statements in respect thereof, audited by an accredited auditor at its place of incorporation.
5. The Fund's units shall be listed on the main foreign market at its place of incorporation and the Fund shall be bound by the Regulations enforced by that market.

**Third: In addition to the requirements set out in First of this Article, a Foreign Fund, which wishes to list its units for private trading, shall abide by the following requirements:**

1. The Fund shall have been established outside the State or within the State in a free financial zone.
2. When a listing application is submitted, the number of Fund's unit holders shall not be less than 20 investors.
3. The trading of the Fund's units on the Market shall be limited to qualified investors.



## Article (5) Listing Application

The listing application shall be submitted to the Market by the Applicant in accordance with the form designated for this purpose, together with the supporting documents and information, which include the following at least:

1. A statement that the listing requirements have been satisfied (checklist).
2. Proof that the fees due to the Market have been paid.
3. A copy of the Fund's Articles and Memorandum of Association, if any, according to the nature of the Fund.
4. A copy of the Fund's prospectus or the Partnership Agreement approved by the SCA, or by a regulatory authority similar to SCA in the case of the Foreign Fund, according to the nature of the Fund, provided that it shall be in English, together with a summary in Arabic in the case of the Foreign Fund.
5. A copy of the register of holders of units to be listed (if any).
6. A summary of the Fund's investment policy, including ways and criteria of diversifying the Fund's investments and the investment decision-making methodology.
7. The Applicant's information and contact details.
8. The approval of the regulatory body and the market in which the Foreign Fund is listed at its place of incorporation for listing the Fund's units on the Market.
9. The financial statements audited by the external auditor of the Foreign Fund for the two years preceding the date of submitting the listing application. This requirement applies to both the Public and Private Investment Trusts in case of availability.
10. The interim financial statements for the period as from the end of the financial year prior to submitting the listing application until the end of the last quarter preceding the application date; provided that they shall be reviewed by the external auditor of the Foreign Fund. This requirement applies to the Public and Private Investment Funds in case of availability.
11. A list of investors, who, with their minor children, hold (5%) or more of the Fund's units. The same applies to any other entity holding, jointly with their parent entities or subsidiaries, (5%) or more of the Fund's units.
12. A statement of the Fund's important events from its establishment date until the date on which the listing application is submitted (if any).
13. Clarifying the pricing mechanism of the Fund's units, when they are first listed in the Market.
14. Details of the International Classification Number issued to the Fund.
15. The events in which the holders of the Fund's units should be called for a meeting. The powers of the holders of the units should be determined according to the type of each meeting.
16. The events in which the Fund's constitutional documents and prospectus should be amended. The methodology of such amendment should be determined.



17. All expenses and financial encumbrances of the Fund, including management fees, administrative services fees and any other fees or charges, shall be identified.
18. The lending arrangements for the Fund's units shall be explained (if any).
19. A summary of the risks associated with investing in the Fund and the risk aversion strategy.
20. A summary of the tax consequences on the holders of the Fund's units (if any).
21. In addition to the above, the following information shall be added in case of the Open-ended Public, Private, or Foreign fund:
  - a. Details of the index or combination of the Open-ended Fund.
  - b. Frequency of calculating the net value of the Fund's indicative units.
  - c. Explanation of the measures of issuing and redeeming of the units, including the mechanism of converting the Fund's combination into units and vice versa.
  - d. Explanation of the arrangements of the authorised proxy and liquidity provider activities.
22. Any such other documents or information as may be requested by the SCA or the Market.

## **Article (6)**

### **Application Review and Decision**

1. After reviewing and approving the application, along with verifying the Fund's viability to be listed and to trade its units in accordance with the Prospectus and the provisions of these Regulations, the Market shall then send the complete Listing Application to the SCA.
2. Having regard the public interests requirements, the SCA shall make its decision whether to approve or reject the Listing Application within a period of no more than (30) days from the date on which the complete application is received.
3. Once the SCA approves the Listing Application, the Market shall, before finalizing the listing procedures, collect the registration fees due to the SCA.
4. The SCA may request any other documents, information or conditions as it may deem necessary.

## **Article (7)**

### **Duration and Renewal of the Approval**

1. The duration of the approval shall be of one year and shall expire at the end of December each year. The first approval shall be valid from the date on which the approval is granted until the end of December of the same year.
2. The listing approval shall be renewed by the Applicant at least one month before its expiry date, and after paying the SCA's renewal fee of AED 5,000 for the Public and Private Fund, or AED 10,000 for the Foreign Fund as well as the Market's renewal listing fees.
3. After reviewing, signing and approving the complete renewal application, the Market shall send such application to the SCA, together with the SCA's renewal fees in order for the SCA to make its decision whether to approve or reject the renewal application.



## **Article (8)** **Applicant's Liability**

The Applicant shall be liable for:

1. The payment of all fees of the Market and the SCA on due dates and in accordance with the provisions of these Regulations.
2. The accuracy of the details, information, reports and documents submitted by the Applicant. The fact that the Market or the SCA has acknowledged receiving such reports or has referred to them in their bulletins shall not be construed as an acknowledgment by either of them of the accuracy of the contents thereof, or a confirmation of the validity of the actions of any person acting according thereto.
3. Satisfying all the technical requirements determined by the market to enable the Fund to fulfill all duties, obligations and disclosures towards the investors.
4. The Representative of the Foreign Fund shall act according to the prudent man rule in examining and selecting the Foreign Fund to be listed in the Market, and verifying the validity of the legal status of the Fund at its place of incorporation. The Representative shall assume the duties of listing the units, make sure that there is a mechanism in place for the distribution of dividends, and receive and deliver reports, documents and information related to the listing and renewal of the Fund and the relevant disclosures.

## **Article (9)** **Mutual Fund Units Trading**

**First:** Once the listing of the Mutual Fund's units on the Market is approved, the Market shall:

1. Grant the Fund a special ticker symbol and a short name in both Arabic and English, provided that the names must not be similar to those found in the markets.
2. Inform the SCA once the listing is finalised.
3. Ensure that the ownership of units does not exceed any limits contained in the Fund's Prospectus.
4. Ensure that the market value (number of units x market value of the unit at the time of purchase) of the units held by the any qualified investor in the Private Mutual Fund units or the Foreign Private Mutual Fund units at the time of the first purchase shall not be less than the minimum, if any, contained in the Fund's Prospectus, provided the same shall not be less than following limits according to the nature of the Fund:
  - a. AED 180,000 (one hundred eighty thousand dirhams) for the Private Mutual Fund.
  - b. AED 500,000 (five hundred thousand dirhams) for the Private Foreign Mutual Fund, with the exception of the Foreign Mutual Fund established in a free zone or a free financial zone outside the State.
  - c. AED 1,000,000 (one million dirhams) for the Foreign Private Mutual Fund established in a free zone or a free financial zone outside the State.

**Second:** The Market shall supervise the trading of the units of the listed funds and collect the trading commission in accordance with the SCA's Law and the regulations, resolutions and rules issued pursuant thereto.



## Article (10) Post Listing Obligations

The Applicant shall:

1. Continue to meet the listing requirements and take the necessary corrective actions in case of any violation to ensure the Fund's compliance with such requirements.
2. Provide the SCA and the Market with a copy of any amendments to the Prospectus, the Partnership Agreement, or the Articles and Memorandum of Association once the same has been adopted.
3. Comply with any requirements set by the Market as to the publishing requirements and any technical requirements for the swap-based Open-ended Funds.
4. Provide the Market with all publications, financial reports issued by the Fund in accordance with the its prospectus, and all publications issued for the unit holders, once issued.
5. Comply with all regulations, resolutions, rules and circulars issued by the SCA and the Market.
6. Disclose the following to the Market:
  - a. Any explanatory information or documents as to the Mutual Fund's conditions and activities to ensure the proper trading and to reassure the unit holders, upon request, and by such method as the Market may deem appropriate.
  - b. The Interim (Semi-Annual) Financial Statements which are reviewed by the external auditor of the Fund within 45 days of the end of the specified financial period and signed by the Board of Directors or its equivalent body.
  - c. The Annual Financial Statements which are audited by the external auditor of the Fund within 90 days from the end of the financial year and signed by the Board of Directors or its equivalent body.
  - d. A Semi-Annual Report issued by the Real Estate Appraiser for all assets of the Mutual Fund.
  - e. The Net value of the unit once it is calculated in accordance with the Fund's prospectus and the applicable regulations.
7. Include the following information in the financial statements of the Fund:
  - a. All the Fund's assets & investments and their market value.
  - b. The credit rating, if any, of the securities in which the Fund invests.
  - c. The REIT must disclose the nature, type and location of assets and real estate investments, and show the net fair value of the Fund's assets based on the appraiser's report. Furthermore, the Fund must issue an Annual Report including the invested assets, and showing the proportion of leased properties and non-leased properties.





8. Immediately disclose to both the unit holders and the Market of any undisclosed material information that may affect the price of the Fund's units or the ability of the Fund to meet its obligations, including for example:
  - a. Any transaction (the purchase, sale, mortgage, or lease of an asset) with a value equals to 10% of total assets of the Fund.
  - b. Any losses equal to or exceeding 10% of the net value of the Fund's assets.
  - c. Any change to the composition of the Fund's Board of Directors or its committees.
  - d. Any dispute, action or legal proceedings initiated by or against the Fund, the value of which equals to or exceeds 5% of the net asset value.
  - e. Any increase or decrease in profit or value of assets equalling to or exceeding 10% of the net asset value.
  - f. A change of the Fund's Auditor or Custodian.
  - g. Any change of the capital.
  - h. Any decision or ruling which may affect the the ability of the Fund to use any part of its assets, the value of which equals to or exceeds 5% of the net asset value.
  - i. A statement of dividends distributed to unit holders.
  - j. Any material amendment to the Fund's investment policy provided that the amendment shall be made as per the mechanism set out in the Fund's constitutional documents or prospectus.
  - k. Any decision to liquidate the Fund as per the mechanism set out in the Fund's constitutional documents or prospectus.
9. Sending quarterly reports to unit holders, including the following:
  - a. The net asset value of the Fund.
  - b. The number and net value of units held by the unit holder.
  - c. A statement of any dividends made at a date later to that of the previous report submitted to the unit holders.



## **Article (11)**

### **Disclosures as to Open-ended Investment Fund**

In addition to the obligations hereinabove and any other prescribed obligations, the Applicant for the Open-ended Mutual Fund shall provide the Market with:

1. A daily statement, before the start of the next day trading session, on the net unit value.
2. A periodic statement - to be agreed upon by the Market and the Representative of the Fund - including:
  - a. Number of units issued or redeemed.
  - b. Any change in the number of outstanding units and the relevant information.
  - c. Any temporary measures taken to suspend the redemption or issuance of units.
  - d. Any redemption of existing units.
  - e. Date and value of dividends, if any.
  - f. The asset value of the Fund.
  - g. Any change to the Fund's assets combination.
  - h. Components of the Fund's asset combination - as per a technical format accepted by the Market - to enable the calculation of the net asset value of the Fund.

## **Article (12)**

### **Listing of Public and Private Mutual Funds on Foreign Market**

The units of Public or Private Mutual Fund may not be listed on the foreign market, unless the Market's approval is obtained. The number of units to be listed on the foreign market may not exceed 30% of the Fund's total number of units.



## Article (10)

### Application for Listing on the Foreign Market

**First:** The investment manager or the management company of the Public or Private Mutual Fund shall apply for the Market's Approval of listing on the foreign market as per the form designated for this purpose, together with, at least, the following supporting documents and statements:

1. A technical study including the objectives, requirements, advantages and potential risks of listing on the foreign market as well as measures to be taken by the Fund to reduce these risks.
2. A certified statement showing the mechanism to be followed by the Fund in the process trading and settlement of its units in the foreign market.
3. An undertaking not to disclose any information to the foreign market prior to or concurrently with disclosing the same to the Market.
4. An undertaking to provide the Market with all disclosure requirements in the foreign market.
5. An undertaking to comply with the regulations in force in the foreign market.
6. Immediately notifying the Market of any penalties imposed against them in the foreign market or any delisting procedures taken in that market.
7. Any such other documents or information as may be requested by the SCA or the Market.

**Second:** The Market shall make its decision whether to approve or reject the application within a period of not more than (30) days, provided that the SCA shall be notified of the decision within (5) working days of the date thereof.

## Article (14)

### Penalties

Without prejudice to any penalties imposed by the SCA under the Law or the regulations or decisions issued pursuant thereto, in case these regulations are violated, the Market may take any of the following actions:

1. To serve a warning upon any non-compliant person and require him to rectify the violation within the period specified by the Market.
2. To make a recommendation to the SCA to suspend or de-list the Mutual Fund units.
3. To refer any violator to the SCA to consider its violation and decide on the appropriate penalty.

## Article (15)


Any decisions, circulars, regulations, or procedures issued by the Market in contrary to the provisions of these Regulations shall be abrogated.


**H.E. Essa Kazim**  
**Chairman of the DFM Board of Directors**

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