

PART A: LICENSE REQUIREMENTS GUIDELINES

As per Article 3-3(III) of Chapter II relating to Licensing of SCA's Decision 56 of 2012 "to license a brokerage firm, the following conditions must be met by the Broker Member intending to apply for SCA license:

As per Clause 1. The applicant should be a juridical person taking one of the following forms:

- a. A company established in the State in accordance with the provisions of the Commercial Companies Law.
- b. A company licensed by the Authority to operate in the field of securities in accordance with the regulations issued by the Authority to prevent conflicts between activities.
- c. A commercial or investment bank, an investment company or a finance company licensed by the UAE Central Bank, subject to obtaining a no-objection letter from the UAE Central Bank to practice the activity.
- d. A foreign company or a branch of a foreign company licensed to practice the brokerage activity in the parent country.
- e. A foreign bank or a branch of a foreign bank licensed to practice the brokerage activity in the parent country subject to obtaining a no-objection letter from the UAE Central Bank.
- f. An individual establishment or a free zone company in case the market is established in a free zone.

As per Clause 2. The Broker Member has to make payment of the prescribed license fees (the fees are outlined against the checklist item of Appendix 1)

As per Clause 3. Provide a financial guaranty as determined by the market and in accordance with the established procedures therein, and to comply with any additional guaranty determined by the market at a later time. Such guaranty shall be, in whole or in part, subject to the disposal of the market in coordination with the Authority to ensure the settlement of all transactions of the brokerage firm and to perform its obligations towards the Authority, the market or its customers arising from the brokerage business practice.

As per Clause 4. The Capital must not be less than one (1) million UAE Dirham's for the brokerage firm (Trading Member) and two (2) million UAE Dirham's for the

brokerage firms (Trading & Clearing Members, and Trading & General Clearing Members).

As per Clause 5. The Broker Member is required to appoint technical and administrative staff as necessary to practice the brokerage activity in accordance with the regulations issued by the Authority concerning the requirements of this activity and the conditions and requirements for the accreditation of certain jobs.

As per Clause 6: The Broker Member is required to provide an adequate headquarters, software and technical systems necessary to conduct this activity.

As per Clause 7. Any additional conditions or requirements as determined by the Authority in accordance with the requirements of public interest are required to be met from time to time.

Note:

As per Article 3-3(IV): Foreign companies licensed by similar regulatory bodies in their countries to practice the brokerage activity shall be exempted from clauses (4-6), provided that they have experience in this area for not less than five (5) years.

As per Article 3-3(V) A brokerage firm must continuously meet all the license conditions. In the event of loss of any condition specified herein, the Authority shall have the right to revoke the license.

Note:

Clauses 4-6 are not applicable to international Broker Members.

Part B: Checklist for supporting documents required to be submitted

Supporting documents with the SCA application form for licensing.	Requirement for international Members	
List of documents	DGCX comments	Comments, if any by the Broker Member
SCA Application signed properly and stamped.	Note: Format of new SCA application form is attached in Appendix 1 (Part C of this document) which is required to be duly filled in and signed.	
Confirmation letter	This is an Undertaking letter that is required to be signed by the relevant personnel as provided in Appendix 2 (Part C of the document).	
Director's bio-data (DGCX format) and passport copies.	DGCX format is attached as Annexure A in Part C of this document.	
Shareholder's bio-data and passport copies, if natural persons	Note: Only required if the shareholders are individuals/natural persons.	
Business Plan submitted for DGCX		
Auditor's certificate for NCTA.	NCTA certificate as per Annexure C of DGCX requirement is to be submitted. (Part C of this document).	
Copy of company's incorporation certificate (for foreign companies)		
Copy of Board resolution appointing authorized signatories.	A Board resolution passed by the Board authorizing the relevant individuals to be	

	authorized signatories.	
Undertaking to abide by DGCX and SCA rules and regulations.	Note: Copy of the standard SCA Undertaking is attached in Appendix 3 (Part C of this document). This is required to be submitted.	
Memorandum of association and the articles of association, if the applicant is a company established in the State	Note: The MOA should be duly notarized by the notary public.	
If the company is a public joint-stock company, a copy of certificate of registration must be obtained from SCA and if the company is private joint-stock company a copy of certificate of registration must be obtained from the Ministry.		
Copy of the commercial license.		
Copy of certificate of membership from the Chamber of Commerce of the city where the place of business will be located.		
Copy of the license issued by the UAE Central Bank to open a branch, if the applicant is a branch of a foreign bank.		
A copy of the license issued to the parent bank or the parent company by the supervisory authority in the country of origin to provide the service (applies to branches of foreign banks or companies).		
A copy of the letter of the UAE Central Bank which includes the authorization and no-objection to the provision of practicing the activity (brokerage), if the applicant is a local commercial bank, a foreign investment bank, or a branch of a foreign		

bank.		
Copy of the license issued by the Ministry of Economy (applies to branches of foreign banks or companies)		
Copy of the lease contract for the place where the activity is to be practiced.		
<p>Documents required for the General Manager, Compliance Officer and the key employees who will provide the service:</p> <ol style="list-style-type: none"> A certified and attested copy of university degree. Work experience/ Curriculum Vitae A valid certificate of police clearance. A copy of a valid passport. A letter from his bank (inside or outside the State) only required for the General Manager , showing: <ul style="list-style-type: none"> - Size of loans granted to him in the past five years. - Size of facilities granted to him in the past five years. - Any bounced checks during the past five years. - Any unpaid installments due to the bank during the past five years. 	<p>Note: Submit the CV's and valid passport copies of the General Manager, Compliance Officer and the key employees that will be associated with dealing with DGCX and SCA.</p> <p>For point c: If your Member firm has undertaken an independent background check of these relevant personnel, then please provide us a statement of such information.</p>	
A statement that the company will provide SCA periodically with the financial statements and reports and any additional conditions or requirements as determined by the Authority in line with the public interest requirements.	<p>Note: In accordance with Article (3-11)2(a), the Members have to provide the SCA and DGCX with Quarterly financial statements approved by the internal auditor and the Chairman of the Board, and audited by the</p>	

	<p>external auditor within a period not longer than thirty (30) days from the ending date of the quarter period.</p> <p>In accordance with Article (3-11)2(b), the Members have to provide the SCA and DGCX with Annual financial statements approved by the Board of Directors including the final accounts and the annual financial statement audited by an external auditor within three (3) months from the ending date of the financial year.</p> <p>In accordance with Article (3-11)3, the Members have to provide the market with an annual Net Current Tangible Assets (NCTA) report approved by the Chairman of the Board and audited by an external auditor within thirty (30) days from the ending date of the financial year.</p>	
<p>Statement of any legal or judicial obligations or responsibilities for the company.</p>	<p>A statement clarifying if the applicant and/or any of its subsidiaries is presently under or has been subject to any judicial rulings or disciplinary actions or punitive actions by any regulatory bodies, markets, and/or any authority. In addition, the company should also make a short disclosure regarding judicial cases, or any other actions, fines, penalties, etc. against the company, its directors and</p>	

	subsidiaries, imposed by any government body or authority in the last 5 years.	
Copy of the financial statements or letter from the bank shows that the paid-up capital should not be less than one (1) million UAE Dirham's for the brokerage firm (Trading Member) and two (2) million UAE Dirham's for the brokerage firms (Trading & Clearing Members, and Trading & General Clearing Members.)	Applicable as per the type of membership. Note: Please provide us a copy of the latest financial statements to support this requirement. NOT APPLICABLE TO INTERNATIONAL MEMBERS	
Copy of manuals which explain software and technical systems necessary to conduct this activity.		
Payment of the application and licensing fees.	Note: The applicable SCA licensing fees is AED 6,000 (AED 1,000 is application fees and AED 5,000 registration fees) payable by the applicant. However, the SCA license is required to be renewed annually by paying annual SCA renewal fees of AED 2,500/- at the time of renewal. The submission of documents and the applicable fee for renewal is due one month prior to the expiry of the current SCA license. DGCX will be communicating regarding the renewal in due course.	
Copy of written internal by-laws within three (3) months from obtaining the license, and must include the following:	Note: In accordance with Article (3-3) point IV of Decision No. 56 of 2012 regulations, the Member firms	

<ul style="list-style-type: none"> a. The organizational structure of the brokerage firm showing the actual management authorities exercised and responsibilities performed by the directors and the other employees thereof. b. The documentary cycle to be followed from the date of an investor's dealing with the brokerage firm through the completion of the transaction and notification thereof to the investor. c. Mail registration system. d. Internal record-keeping system. e. Customer complaints recording system. f. The internal control system and periodic review applied on the managers and employees to ensure the proper application of the law, regulations and decisions in force and the internal by-laws applicable in the market. g. The system to address errors caused when the brokerage firm conducts its operations. h. The customer orders processing system in the case of default in payment and other cases of violation of their obligations towards the brokerage firm. i. Administrative and accounting procedures used, and the necessary arrangements to control and maintain the information processing systems. j. Procedures to comply with the laws, regulations and resolutions in force in the State concerning anti-money 	<p>have three months transitional relief to provide this i.e. within three (3) months from obtaining the license.</p>	
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<p>laundering and the financing of terrorism.</p>		
<p>Copy of written operational manual for risk management within a period of three (3) months from the activity commencement. The Manual shall include the identification and definition of current or potential risks that may encounter the company and how to address , respond, and control such risk, so that the company can continue to practice the activity if risks are realized.</p>		

Part C: Appendix 1: Application form for SCA license for a DGCX Broker Member

1.	Name of applicant	English: Arabic:
2.	Category of Broker	<input type="checkbox"/> Trading Member <input type="checkbox"/> Trading & Clearing Member <input type="checkbox"/> Trading & General Clearing Member
3.	Date of establishment of the applicant	
4.	Place and country of establishment	
5.	Established under law:	Name of Law: Name of Jurisdiction:
6.	Authorized Capital: Paid-up Capital	

7.	<p>Legal Form</p> <p>1- A company or an individual establishment, established in the State in accordance with the provisions of the Commercial Companies Law.</p> <p>2- A company licensed by the Authority to operate in the field of securities</p> <p>3- A commercial or investment bank, an investment company or a finance company licensed by the UAE Central Bank.</p> <p>4- A foreign company or a branch of a foreign company</p> <p>5- A foreign bank or a branch of a foreign bank . Is the bank licensed to practice the brokerage activity in the parent country?</p> <p>6- A UAE free zone company</p>	<p>Registration Number:-</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No If yes details _____</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No If yes details _____</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No If yes details _____</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No If yes details _____</p> <p><input type="checkbox"/> Yes <input type="checkbox"/> No If yes details _____</p>
8.	The applicant is a shareholder in other brokerage company?	<input type="checkbox"/> Yes <input type="checkbox"/> No
9.	Shareholders hold more than 20% in any other company	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes disclose _____

10	Shareholders are part of the Board of Directors or Executive Management of any other company	<input type="checkbox"/> Yes <input type="checkbox"/> No If yes disclose _____		
11.	The names of shareholders who own 5% or more of the share capital of the applicant:- Names 1. _____ 2. _____ 3. _____ 4. _____ 5. _____	Percentage _____ _____ _____ _____ _____		
12.	Company Directors: 1. _____ 2. _____ 3. _____ 4. _____	Qualification _____ _____ _____ _____	Experience _____ _____ _____ _____	Contact information _____ _____ _____ _____

13.	Names of Key Staff: Compliance Officer _____ Operations Manager _____ Trading Manager _____ Traders _____ _____ _____	Qualification _____ _____ _____ _____ _____ _____	Experience _____ _____ _____ _____ _____	Contact information _____ _____ _____ _____
14.	External auditor Name: _____	Date of start of the audit period	Contact Information	

15.	Address of the applicant: Office location: P.O. Box no.: Telephone no.: Fax no.: Web site: Email:	
16.	Details of Contact Person Name: Designation: Direct phone no.: Fax no.: Email:	
17.	Signature of applicant's authorized person. Name: Title: Filing Date: Company's stamp	

Appendix 2 - Confirmation Letter

To : Securities & Commodities Authority

I, the below signatory /,
(.....) Nationality, in my capacity as GM/(CEO)/ Operation Manager/
Trading/ Compliance Officer/ Trader, working for
.....(brokerage Company), confirm that : -

1. I am a natural person, fully eligible.
2. I am of good conduct and never been sentenced with a freedom restricting punishment for a crime involving moral turpitude or dishonesty, unless rehabilitated.
3. I have not stopped paying my debts even if it was not associated with a bankruptcy declaration, or never been declared bankrupt.

I admit & Sign

Signature: _____

Date and Place: _____

Appendix 3 – Letter of undertaking to be issued by each Broker Member

(To be printed on the letterhead(Company name should be printed in English and Arabic) of each Broker Member firm and to be filled up and signed with company seal as prescribed)

The SCA has granted DGCX a license to operate as a self-regulating organization acting as a commodity derivatives Market in the UAE. The SCA has reviewed the policies and procedures used by the DGCX to accept companies as Broker Members of the exchange.

On the basis of the DGCX approval, the SCA will grant initial licenses to Broker Members of the DGCX subject to the following commitment:-

Broker Members of the DGCX must follow all laws, rules, regulations and by-laws of the SCA and the DGCX. They must also pay the applicable fees to the SCA when returning the ‘License Certificate Application Forms’. License Certificates will be issued shortly after receiving the completed forms.

Any breaches of SCA or DGCX laws, rules, regulations or by-laws will lead to the possibility of financial or other penalties that may be in force from time to time, the suspension or revocation of the License.

Declaration by Broker Members:

The company does / does not* intend to deal on behalf of clients

The company agrees to make the above commitment.

Company Name..... Company Stamp.....

Director’s Name.....

Director’s Signature.....

Date.....

* delete either ‘does’ or ‘does not’ as applicable

NCTA as per DGCX format should be on the Letter Head of your Auditor providing such certifications.

Annexure C

NET CURRENT TANGIBLE ASSETS CERTIFICATE FORMAT

Certificate dated submitted by
.....
to the Dubai Gold and Commodities Exchange (DGCX)

CERTIFICATE

This is to certify that the Net Current Tangible Assets (as defined in the DGCX Bylaws) of
.....as on is US\$
.....only.

It is further certified that the computation of Net Current Tangible Assets, based on my/ our scrutiny of the books of accounts, records and documents, is true and correct to the best of my / our knowledge and as per information provided to my / our satisfaction.

Place:

For **(Name of Accounting Firm/ Registration No of the firm)**

Date:

Name of Partner
Chartered Accountant
Company Seal

Definition of Net Current Tangible Assets as per DGCX Bylaws

In relation to a Member, the sum of the values of the current assets owned by the Member or prospective Member as the case may be (such value being the lower of cost or market value) less the sum of any liabilities (secured and unsecured) attaching to those assets or to the Member or prospective Member generally (and in the case of a partnership, attaching to the assets of the partnership or to the partners generally).

For the purpose of this definition, “assets” shall not include: (a) the value attributed to any future tax benefits, goodwill, patent, trademark, membership rights granted by the Exchange, preliminary expenses or similar items which in the opinion of the auditors of the Exchange are treated in current internationally accepted accounting practice as intangible; (b) the value attributed to any debt owed to the Member which is disputed or may otherwise be regarded as doubtful; or (c) any asset which is not capable of being realized within twelve (12) months on a going concern basis.

For the purpose of this definition, “liabilities” shall include all non-current and current liabilities, which in the opinion of the auditors of the Exchange are treated as liabilities in accordance with current internationally accepted accounting practice but may, if the Exchange so approves, having regard to all the circumstances, exclude approved subordinated debt.

Annexure – A

Bio-data of Directors, Partners, Compliance Officer, Authorised Representatives

Please affix
your recent
passport size
colour
photograph

Full Name:	
Designation: (Please choose)	Director <input type="checkbox"/> Managing Partner <input type="checkbox"/> Partner <input type="checkbox"/> Compliance Officer <input type="checkbox"/> Any other (Please specify)_____
Whether Authorised Signatory	Yes <input type="checkbox"/> No <input type="checkbox"/>
Whether Authorised Representative	Yes <input type="checkbox"/> No <input type="checkbox"/>
Date of birth:	--\--\-----
Full Address:	
Office	<hr/> <hr/>
Residence	<hr/> <hr/>

Tel. No.: (With country & area code) Office: Residence:	 <hr/> <hr/>
Email:	
Mobile No.: (With country & area code)	
Fax No.: (With country & area code)	
Qualification(s):	
Work Experience (in detail):	
Details of other directorships held (if any)	
Membership of Professional Bodies:	
Nationality:	
Passport Details*: Number:	

Date of Issue:	
Date of Expiry:	

The above information is true and correct to the best of my knowledge.	
Place:	
Date :	Signature:

Note:

- 1) Its mandatory to provide all the required information
- 2) * Please enclose a certified true copy of the passport