

SCA regulations Decision No. (34/R.T) for the year 2016 pertaining to the regulation of the activities of financial services

Relevant Regulation	Pertinent regulations	Guidance notes for implementing the requirements by SCA licensed Members
Article (1)	Fit and proper criteria' to determine the suitability of the licensed Member/Broker firm and its employees working in that firm.	<p>SCA licensed Members shall revisit the qualification and experience of their technical staff and ensure that its staff has sufficient experience i.e. the "fit and proper" criteria as provided in the regulations.</p> <p>The Fit and proper guidelines specifically Article 2 to Article 22 provides for detailed criteria to be adhered by the existing Member firms and new Broker Members</p>
Article (2)	<p>Provides criteria to measure integrity in the financial transactions carried out by SCA licensed Member firms or the Members intending to obtain the regulatory license.</p> <p>For Member firms</p> <p>(a) fulfill the financial obligations related to licensing conditions such as paid -up capital requirements or the guarantee.</p> <p>(b) Ensure that Member firm fulfills its obligation in repaying its bank loans and meets up its financial obligations from time to time.</p> <p>(c) ensure adherence to the financial solvency criteria issued by the SCA/Central Bank.</p> <p>(d) No frequently bounced cheques.</p> <p>(e) The availability of a credit rating or assessment rating of the company.</p> <p>(f) Never stopped the payment of commercial debts even if this is not associated with bankruptcy declaration.</p> <p>For the relevant Persons/directors/ Staff of the Member firm</p> <p>(a) Not subject to any litigation and enjoying full capacity.</p> <p>(b) Never stopped the payment of commercial debts even if this is not associated with bankruptcy declaration.</p> <p>(c) Commitment towards payments of bank loans for commercial purpose and financial obligations arising from a court order or a judgment.</p> <p>(d) No frequently bounced cheques.</p>	<p>Members have to ensure that at all points of time the paid up capital or the guarantee is as stipulated in the SCA regulations 157/R of 2005.</p> <p>In addition, the Members shall ensure that adequate mechanisms are put in place to ensure adherence to the measures outlined in this Article.</p> <p>The relevant persons at the Member firm shall ensure that they hold clean records, not subject any litigations and ensure that all financial obligations are met.</p>

<p>Article (3)</p>	<p>Provides criteria to measure</p> <p>(a) the competence level of the Member firm and the accredited employees.</p> <p>(b) Submission to be made by the Members outlining that effective internal regulations, internal control, risk management systems are in place.</p> <p>(ii) separation of activities to ensure that the activities are carried out in a sound legal and regulatory manner.</p> <p>(iii) commitment to appoint competent and experienced employees</p> <p>(iv) ensure that the practical experience commensurate with the nature of the Job with relevant qualification,</p> <p>(v) Continuous professional development of relevant persons to familiarize themselves with the regulations related to the functions of the SCA, he markets and the profession in general.</p>	<p>Members shall update their internal policy and procedures to include the internal controls that have been put in place at the time of obtaining SCA license and risk management manual is enhanced to include more tighter controls as outlined in this Article.</p>
<p>Article (4)</p>	<p>Provides for the ethical standards with respect to honesty and integrity of the key employees of the Member firm.</p>	<p>Members shall ensure that the employees exhibit highest ethical standards and that they evaluate their employee's behavior based on the criterion/measures provided by SCA in this Article. In addition, Member firms should ensure it refrains from engaging in any business that conflicts with the interest of the company or clients or effects the functioning and order of the market.</p>
<p>Article (5)</p>	<p>Provides criterion related to the level of compliance standards of the Member firm or the accredited persons.</p>	<p>Members shall ensure that the level of compliance standards are in accordance with the conditions stipulated in this Article.</p> <p>In particular, the Member firm should ensure that it adheres to the local laws and conditions, applicable regulations, circulars and decisions published by the competent authorities from time to time.</p>
<p>Article (6)</p>	<p>Provides criterion to Member firm and the accredited persons in evaluating the cases for reporting instances if any in relation to license cancellation or rejection from other regulatory authorities or government institutions (local and international).</p>	<p>Members shall report the instances outlined in this Article in respect of themselves and on behalf of their employees from time to time and/or at such time such an event has occurred.</p>

Chapter Two (2)

Approved functions and requirements of the Member firm outlining the Accredited Jobs in the Company and their Accreditation requirements.

Relevant Regulation	Pertinent regulations	Guidance notes for implementing the requirements by SCA licensed Members
<p>Article (7)</p>	<p>Provides for approved technical and administrative staff of the company for accredited Jobs.</p> <p>Article (16) provides for definitions of each of the technical and administrative staff.</p>	<p>The minimum staff requirement for accredited Jobs (Chapter 2; Part I) outlined below. This Article should be read in conjunction with Chapter 2: Part II relating to Accreditation requirements for Jobs in the company, Article 16 to Article 18 relating to definitions of these roles, Article 20 General Provision that includes the requirements for accreditation of these Jobs and Article 22 relating to separation of certain job functions to avoid conflict of interest.</p> <p>(a) Broker Members(Non-Clearing)</p> <ol style="list-style-type: none"> 1.General Manager/Executive/Chief Executive Office/activity in-Charge 2. Broker Representative 3.Compliance Officer/ Internal Auditor- This Job function can be outsourced subject to SCA approval 4. Anti-Money Laundering officer- new requirement <p>(b) Broker Clearing Member. Please note the functions that are permissible to combine:</p> <p>Minimum staff requirement</p> <ol style="list-style-type: none"> 1.General Manager/Executive/Chief Executive Office/activity in-Charge 2. Broker Representative 3. Trading Manager 4. Operation Manager 5. Compliance Officer- Internal Auditor - This Job function can be outsourced subject to SCA approval 6. Anti-Money Laundering officer- 7. Risk Management Officer. <p>Key points to be considered while appointing the Members:</p> <p>(a) The functions of Compliance officer/internal Controller, the discipline officer and Risk management officer, can be combined subject to SCA's approval.</p> <p>(b) There is no requirement to appoint Broker representative or Trading Manager if the trading is carried out by its Clients online.</p>
<p>Article 8, 9 and Article 11- 14: outlines the minimum staff requirements that are not related to activities of the Exchange.</p>		
<p>Article (10)</p>	<p>Provides the minimum staff requirement for Broker Members who carries out Market Making functions/Jobs only.</p> <p>Note: This is a new requirement</p>	<ol style="list-style-type: none"> 1. General Manager/Executive/Chief Executive Office/activity in-Charge. 2. Operation Manager 3. Trading Manager 4. Compliance Officer/Internal Auditor- This Job function can be outsourced subject to SCA approval

		<p>5. Anti-Money Laundering officer- 6. Risk Management In-Charge Note: (a) Anti-Money Laundering officer role can be combined with the functions of the Compliance Officer/Internal Controller and the Risk Management officer. (b) There is no requirement to appoint Broker representative or Trading Manager if the trading is carried out by its Clients on-line.</p>
Article (15)	Provides for the experience and expertise of the General Manager/Executive/CEO/Activity in charge.	Member firms have to revisit the files of these individuals and ensure that they have relevant experience and expertise to carry out this function and as stipulated under these regulations.
<p>Article (16) -provides for definitions of the roles - Operation Manager, Trading Manager, Compliance officer/Internal Auditor, Compliance, risk management in charge. Further it also provides for the qualification requirement for each of these roles Article (17) provides for criteria in appointing the Broker representative Article (18) and Article (19) provides for financial analyst and Investment Manager. These regulations do not pertain to DGCX Broker Members.</p>		
Article (20)	<p>Provides for general provisions with respect to</p> <p>(a) jobs outlined in this regulations are the minimum requirement in appointing the technical and administrative staff.</p> <p>(b) SCA may conduct personal interviews with the representatives of the Member firm applying for license and with the relevant persons to ascertain the fit and proper Criteria.</p> <p>(c) SCA may reject the licensing of General Provisions experience in the cases it sees fit.</p> <p>(d) SCA may exempt the employee seeking its accreditation from any requirements or conditions and the equalization of the certificates.</p> <p>(e) Member to put in place (Whistle blowing Policy), that outlines the administrative regulations to encourage the staff to report to the Senior Management and the SCA any material violations that may come to their attention while performing their functions</p> <p>(d) The company shall provide the SCA with a list of names and details of all employees working for the company and shall update such list immediately once any amendment or change takes place.</p> <p>(e) permissible to combine the functions of Compliance Officer / Internal</p>	Member firms shall ensure that accredited persons working in the Broker firm meet the requirements outlined in these provisions.

	<p>Controller, the Discipline Officer and the Risk Management officer, provided that the requirements to accredit the jobs to be combined are met and subject to obtaining the approval of the SCA.</p> <p>(f) The Trading Manager may perform the functions of the Broker Representative.</p> <p>(g) In case of multiplicity of the activities licensed to the company by the SCA, the company may have one General Manager / Executive Manager/ CEO, and an Activity Officer for each activity. The General Manager / Executive Manager/ CEO may combine his job with the job of only one Activity Officer.</p> <p>(h) In case the company is licensed by another supervisory entity, it would be sufficient to individually accredit one Activity Office for each activity licensed by the SCA.</p>	
Article (21)	<p>Provides that certain roles that can be outsourced. Further, it outlines the conditions to be applied while outsourcing these functions.</p>	<p>Member firms can outsource certain Job functions as outlined in Article (7)and Article (10).</p>
Article (22)	<p>Provides for separation of various activities to avoid conflict of interest.</p>	<p>Detailed explanation with respect to separation of the roles to avoid conflict of interest is outlined in this clause.</p>