



MARKETS LAW

DIFC LAW No.12 of 2004

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PART 1: GENERAL

1. Title

This Law may be cited as the “Markets Law 2004”.

2. Legislative Authority

This Law is made by the Ruler of Dubai.

3. Application of the Law

This Law applies in the jurisdiction of the Dubai International Financial Centre.

4. Date of enactment

This Law is enacted on the date specified in the Enactment Notice in respect of this Law.

5. Commencement

This Law comes into force on the date specified in the Enactment Notice in respect of this Law.

6. Interpretation

The Schedule contains interpretative provisions and a list of defined terms used in the Law.

7. Administration of the Law

This Law and any legislation made under this Law is administered by the DFSA.

8. The powers of the DFSA to make Rules

- (1) The Council of the DFSA may make Rules for the purposes of this Law pursuant to the power conferred upon it under Article 23 of the Regulatory Law 2004.
- (2) Without limiting the generality of Article 23 of the Regulatory Law 2004, the Council of the DFSA shall make:
 - (a) Rules in relation to the supervision of Authorised Market Institutions;
 - (b) Rules in relation to the offer of Securities in or from the DIFC which will be known as the Offered Securities Rules;
 - (c) Rules in relation to the admittance of Securities to the Register of Listed Securities and the maintenance of the Register of Listed Securities which will be contained in the Offered Securities Rules;

- (d) Rules in relation to the corporate governance and disclosure obligations of Reporting Entities which will be contained in the Offered Securities Rules;
 - (e) Rules in relation to takeovers, mergers and acquisitions of Reporting Entities which will collectively be known as the Takeover Rules;
 - (f) Rules for market participants in relation to market conduct which will be known as the Market Conduct Rules; and
 - (g) Guidance and general policy on Rules made for the purpose of this Law.
- (3) Where any legislation made for the purposes of this Law purports to be made in exercise of a particular power, it shall be taken also to be made in the exercise of all powers under which it may be made.
- (4) The Council of the DFSA shall publish draft Rules in the manner prescribed under Article 24 of the Regulatory Law 2004.

PART 2: SUPERVISION OF AUTHORISED MARKET INSTITUTIONS

9. Supervision of Authorised Market Institutions

- (1) Without limiting the application of the Regulatory Law 2004, the DFSA may by written notice direct an Authorised Market Institution to do or not do specified things that the DFSA considers are necessary or desirable to comply with the Law or ensure the integrity of the financial services industry in the DIFC, including but not limited to directions:
- (a) requiring compliance with any duty, requirement, prohibition, obligation or responsibility applicable to an Authorised Market Institution; or
 - (b) requiring an Authorised Market Institution to act in a specified manner in relation to transactions conducted on or through the facilities operated by an Authorised Market Institution, or in relation to a specified class of transactions.
- (2) Without limiting the application of Article 75 of the Regulatory Law 2004, the DFSA may, with the approval of the Council, by written notice direct an Authorised Market Institution to:
- (a) close the market or facilities operated by an Authorised Market Institution in a particular manner or for a specified period;
 - (b) suspend transactions on the market or through the facilities operated by an Authorised Market Institution;

- (c) suspend transactions in Investments conducted on the market or through the facilities operated by an Authorised Market Institution;
 - (d) prohibit trading in Investments conducted on the market or through the facilities operated by an Authorised Market Institution;
 - (e) defer for a specified period the completion date of transactions conducted on the market or through the facilities operated by an Authorised Market Institution; or
 - (f) do any act or thing, or not do any act or thing, in order to ensure an orderly market, or reduce risk to the DFSA's objectives.
- (3) The Regulatory Appeals Committee has jurisdiction to hear and determine any appeal in relation to a decision to issue a direction under this Article.

10. Staff liabilities at Authorised Market Institutions

- (1) Neither an Authorised Market Institution nor any Director, officer, employee or agent of an Authorised Market Institution may be held liable for anything done or omitted to be done in the performance or purported performance of its regulatory functions.
- (2) Article 10(1) does not apply if the act or omission is shown to have been in bad faith.

11. Default Rules at Authorised Market Institutions

- (1) The DFSA may require an Authorised Market Institution to have default rules as a condition of its Licence.
- (2) The Council of the DFSA may make Rules which prescribe provisions which shall be adopted as part of an Authorised Market Institution's default rules.

PART 3: OFFER OF SECURITIES

12. Application of this Part to Collective Investment Funds

The application of this Part 3 and any Offered Securities Rules made for the purpose of this Part is subject to any provision of a DIFC collective investment law or of any rules made for the purpose of that law which may govern the offer of Securities comprised of units or shares in a collective investment fund or any rights or interests in such units or shares.

13. Offer of Securities

- (1) A person shall not make an offer of Securities in or from the DIFC unless:
 - (a) the offer of Securities is made by way of an Exempt Offer or Prospectus Offer in accordance with this Part and the Offered Securities Rules; and

- (b) if an application for admission to the Register of Listed Securities has been made, the offer of Securities is also made in accordance with Part 4 of this Law.
- (2) A person is to be regarded as making an offer of Securities in or from the DIFC if he:
 - (a) as principal, makes an offer which, if accepted, would give rise to a contract for the issue of Securities by him or by another person with whom he has made arrangements for the issue of the Securities; or
 - (b) makes an offer or invitation in relation to an issue or a sale of Securities in circumstances prescribed by the Offered Securities Rules.

14. **Exempt Offers**

- (1) A person who makes an Exempt Offer shall comply with any requirements relating to that Exempt Offer which are prescribed by the Offered Securities Rules.
- (2) Exempt Offers are offers of Securities:
 - (a) by recognised governments or other persons on the list of exempt offerors maintained by the DFSA in the Offered Securities Rules;
 - (b) made to and directed at Professional Investors;
 - (c) made in connection with a takeover offer; or
 - (d) as may be prescribed by the Offered Securities Rules.
- (3) An application to be included on the list of exempt offerors shall be made in accordance with the Offered Securities Rules.
- (4) An offer of Securities remains an Exempt Offer even if the offer of Securities falls in whole or part within more than one of the conditions in Article 14(2) as long as all of the offer of Securities falls within at least one of the conditions.
- (5) The DFSA may at any time by written notice impose conditions and restrictions on offerors making Exempt Offers of Securities in or from the DIFC under this Law.

15. **Prospectus**

- (1) No offer of Securities, other than an Exempt Offer, may take place under this Part unless:
 - (a) a Prospectus has been filed with the DFSA and published; and
 - (b) the offeror or issuer has appointed a sponsor or underwriter or both, if so required by the DFSA.

- (2) A Prospectus shall comply with the Offered Securities Rules and contain all information as investors would reasonably require for the purpose of making an informed assessment of:
 - (a) the assets and liabilities, financial position, profits and losses, and prospects of the offeror or issuer or both; and
 - (b) the nature of the Securities and the rights attached to those Securities.
- (3) The DFSA may make Offered Securities Rules allowing offer documents produced in accordance with the legislation applicable in another jurisdiction to be taken to comply with the requirements of Article 15(2).
- (4) The offeror or person responsible for the content of the Prospectus shall include all information it would be reasonable for him to have knowledge of, or acquire through reasonable enquiries.
- (5) If at any time after the preparation of a Prospectus which has been filed and registered with the DFSA, there is a significant change affecting any matter contained in the Prospectus or a significant new matter arises, before the final close of the offer, the offeror or the person responsible for the Prospectus shall in accordance with the Offered Securities Rules file and register a Supplementary Prospectus which:
 - (a) provides details of the change or new matter;
 - (b) complies with the requirements of Articles 15(2); and
 - (c) complies with any information required by the Offered Securities Rules or the DFSA.
- (6) The DFSA may on the written application of the offeror or the person responsible for the content of the Prospectus or Supplementary Prospectus allow material to be incorporated by reference if such material has been recently sent to holders of the relevant Security or is generally available in the market.
- (7) Where the Offered Securities Rules require an offeror to publish the relevant information, the Offered Securities Rules may permit the DFSA to publish the relevant information in the event of the offeror failing to do so.
- (8) No advertisement or publicity may be issued in respect of a Prospectus or Supplementary Prospectus or the Securities offered in the Prospectus or Supplementary Prospectus, unless the information contained in the advertisement complies with the Offered Securities Rules.

16. Stop orders

- (1) If the DFSA is satisfied that an offer of Securities would contravene or has contravened this Law or the Offered Securities Rules, the DFSA may issue a stop order directing that no offers, issues, sales or transfers of the Securities may be made for such a period of time as it thinks appropriate.
- (2) Upon making a decision in relation to Article 16(1) the DFSA shall without undue delay inform the offeror in writing of its decision and where requested by the offeror the reasons for the decision.
- (3) The DFSA may only exercise its power to issue a stop order if it has given the relevant person a suitable opportunity to make representations in person and in writing to the DFSA in relation to the proposed stop order.
- (4) The requirements imposed on the DFSA in Article 16(3) shall not apply where the DFSA concludes that any delay likely to arise as a result of such requirements is prejudicial to the interests of the DIFC or participants in the market.
- (5) Where pursuant to Article 16(4) the DFSA has issued a stop order directing that no offers, issues, sales or transfers of Securities may be made without providing a prior opportunity to make representations, the DFSA shall:
 - (a) provide the relevant offeror an opportunity to make representations in person and in writing to the DFSA within the period of 14 days, or such further period as may be agreed, from the date on which such direction was made; and
 - (b) provide a response to any such submission, and make any consequential direction, variation or withdrawal of the direction, without undue delay.
- (6) The Regulatory Appeals Committee has jurisdiction to hear and determine any appeal in relation to a decision to issue a stop order made under this Article.

PART 4: LISTINGS

17. Applications to the Register of Listed Securities

Admission to the Register of Listed Securities may only be granted:

- (a) on application to the DFSA and in accordance with the Offered Securities Rules;
- (b) where the DFSA is satisfied that the requirements of the Offered Securities Rules and any other requirements it has imposed are and will be complied with; and
- (c) where a sponsor or underwriter has been appointed if so required by the DFSA.

18. Listing decisions

- (1) The DFSA shall notify the applicant of its decision on an application for admission to the Register of Listed Securities in accordance with the Offered Securities Rules.
- (2) If the DFSA decides to grant an application for admission to the Register of Listed Securities in accordance with the Offered Securities Rules it shall give the applicant written notice of its decision.
- (3) An application for admission to the Register of Listed Securities may be refused by the DFSA if, for a reason relating to the applicant or to the Securities, the DFSA considers that:
 - (a) granting the applicant or the Securities admission to the Register of Listed Securities would be detrimental to the interests of persons using the DIFC to invest or contemplating using the DIFC to invest;
 - (b) the requirements of the Offered Securities Rules have not been complied with;
 - (c) any requirement imposed by the DFSA has not been complied with;
 - (d) the person or applicant has failed to comply with any obligations to which he is or was subject to as a result of having a listed Security in another jurisdiction; or
 - (e) a refusal is in the interests of the DIFC.
- (4) Upon refusing to grant an application for admission to the Register of Listed Securities the DFSA shall without undue delay inform the applicant in writing of any refusal and, where requested by the applicant, the reasons for such refusal.
- (5) The DFSA may only exercise its power to refuse an application for admission to the Register of Listed Securities if it has given the applicant a suitable opportunity to make representations in person and in writing in relation to the proposed refusal.
- (6) The Regulatory Appeals Committee has jurisdiction to hear and determine any appeal in relation to a decision to refuse an application for admission to the Register of Listed Securities made under this Article.

19. Delisting and suspending Securities from the Register of Listed Securities

- (1) The DFSA may, in accordance with the Offered Securities Rules, delist or suspend Securities from the Register of Listed Securities with immediate effect or from such date and time as may be specified if it is satisfied there are special circumstances which preclude regular dealings in the Securities or it is in the interests of the DIFC.

- (2) Upon making a decision in relation to delisting or suspending Securities, the DFSA shall without undue delay inform the Reporting Entity in writing of its decision and where requested by the Reporting Entity the reasons for the decision.
- (3) The DFSA may only exercise its power to delist or suspend Securities from the Register of Listed Securities if it has given the Reporting Entity a suitable opportunity to make representations in person and in writing in relation to the proposed delisting or suspension.
- (4) The requirements imposed on the DFSA in Article 19(3) shall not apply where the DFSA concludes that any delay likely to arise as a result of such requirements is prejudicial to the interests of the DIFC.
- (5) Where pursuant to Article 19(4) the DFSA has delisted or suspended Securities from the Register of Listed Securities without providing a prior opportunity to make representations, the DFSA shall:
 - (a) provide the relevant Reporting Entity an opportunity to make representations in person and in writing to the DFSA within the period of 14 days, or such further period as may be agreed, from the date on which such direction was made; and
 - (b) provide a response to any such submission, and make any consequential direction, variation or withdrawal of the direction, without undue delay.
- (6) The Regulatory Appeals Committee has jurisdiction to hear and determine any appeal in relation to a decision to delist or suspend Securities made under this Article.

PART 5: CORPORATE GOVERNANCE

20. Corporate governance

- (1) A Reporting Entity and its Directors shall comply with the corporate governance principles set out in Article 21 together with the requirements of this Law and the Offered Securities Rules.
- (2) A Reporting Entity shall include in its annual report a statement on how it applies the corporate governance principles and the Rules referred to in Article 20(1).
- (3) A Reporting Entity must comply with, and observe, the spirit and the wording of the corporate governance principles.

21. Corporate governance principles

- (1) A Reporting Entity shall have a clear and appropriate division of responsibilities amongst and between senior management and the Directors. The division should ensure there is clear guidance for the Reporting Entity and accountability of its Directors to the Reporting Entity and its shareholders.

- (2) A Director of a Reporting Entity shall exercise his powers and discharge his duties in good faith and act honestly and in the best interests of the Reporting Entity and its shareholders.
- (3) Controllers of a Reporting Entity shall exercise their rights of control in good faith and any abuse or oppression of minority shareholders of the Securities is unacceptable.
- (4) The Directors of a Reporting Entity shall present a balanced and understandable assessment of the entity's position and prospects when making financial reports and relevant disclosures of material and other information to the market.
- (5) The Directors of a Reporting Entity shall establish formal and transparent arrangements for considering how it should apply the financial reporting corporate governance principles and for maintaining an appropriate relationship with the Reporting Entity's auditors.

PART 6: DISCLOSURE

CHAPTER 1 - CONTINUOUS DISCLOSURE

22. Continuous disclosure by a Reporting Entity

- (1) A Reporting Entity shall make disclosures to the market in the circumstances prescribed by the Offered Securities Rules.
- (2) Without limiting the generality of Article 22(1), the Offered Securities Rules shall prescribe the circumstances in which the following types of information shall be disclosed:
 - (a) financial information;
 - (b) any price sensitive or material information which may have an effect on the market price or value of the Securities; and
 - (c) any material change which occurs in relation to a Reporting Entity.
- (3) Where the Offered Securities Rules require a Reporting Entity to publish information, the Offered Securities Rules may permit the DFSA to publish that information in the event of the Reporting Entity failing to do so.

23. Publication and reporting of continuous disclosures

Where information must be disclosed pursuant to Article 22, the Reporting Entity shall immediately:

- (a) issue a release of information to the market disclosing the information in the manner prescribed by the Offered Securities Rules; and

- (b) file a report with the DFSA in accordance with the Offered Securities Rules.

24. **Disclosure exceptions**

- (1) Where in the reasonable opinion of a Reporting Entity the disclosure required by the Offered Securities Rules made pursuant to Article 22 would:

- (a) be unduly detrimental to the interests of the Reporting Entity; or
- (b) disclose commercially sensitive material,

the Reporting Entity need not make the disclosure but shall immediately file with the DFSA a confidential report together with written reasons for non-disclosure.

- (2) The DFSA may direct disclosure of the information on such terms as it thinks fit.

- (3) Where a confidential report is filed with the DFSA under Article 24(1), the Reporting Entity need not comply with the requirement of Article 23 unless or until one of the following occurs:

- (a) the DFSA directs the Reporting Entity to comply with Article 23;
- (b) there is a material change of circumstances such that the reason for the confidential report is no longer valid;
- (c) the Reporting Entity becomes aware, or there are reasonable grounds to suspect, that persons with knowledge of the material change have made use of that knowledge in purchasing and selling Securities;
- (d) 5 days has expired after the filing of the report and an extension has not been provided by the DFSA; or
- (e) the Reporting Entity acts in accordance with any direction of the DFSA.

CHAPTER 2 – DISCLOSURE OF INTERESTS

25. **Disclosures by connected persons in relation to Investments**

- (1) A person who, as the consequence of any event, becomes connected to and has a financial interest in a Reporting Entity shall file a report with the DFSA within 5 days of the event disclosing any financial interests in Investments in or relating to the Reporting Entity.

- (2) A person connected to a Reporting Entity shall file a report with the DFSA within 5 days of the event on the occurrence of any event as a result of which:
 - (a) he acquires or ceases to have a financial interest in Investments in or relating to the Reporting Entity; or
 - (b) the level of financial interest in Investments in or relating to the Reporting Entity in relation to which he has previously filed a report with the DFSA has changed; or
 - (c) he ceases to be connected to the Reporting Entity.
- (3) Reports filed in accordance with Articles 25(1) and (2) must be filed in the manner prescribed and contain the details required by the Offered Securities Rules.
- (4) Information provided in the reports filed in accordance with Articles 25(1) and 25(2) shall be made public by the DFSA in accordance with the Offered Securities Rules.
- (5) In this Article:
 - (a) a person is “*connected*” to a Reporting Entity if the person:
 - (i) is a Director or is involved in the senior management of the Reporting Entity or an Associate body corporate of the Reporting Entity;
 - (ii) owns or beneficially owns voting Securities carrying more than 5% of the votes attached to all voting Securities of the Reporting Entity or an Associate body corporate of the Reporting Entity; or
 - (iii) is a Director of or is involved in the senior management of any person who owns or beneficially owns voting Securities carrying more than 5% of the votes attached to all voting Securities of the Reporting Entity; and
 - (b) a “*financial interest*” is a financial interest as prescribed in the Offered Securities Rules.

26. Reporting of material interests

- (1) A Director of a Reporting Entity who has a material interest in a matter that relates to the affairs of the Reporting Entity shall within 5 days of the material personal interest arising or changing give the other Directors notice of the interest.
- (2) In this Article:

“*material interest*” includes interests:

 - (a) arising through the direct or indirect ownership of Investments;

- (b) arising through the beneficial ownership of Investments; or
- (c) involving any financial arrangement.

CHAPTER 3 – DISCLOSURE DOCUMENTS

27. Annual report and financial statements

A Reporting Entity shall file with the DFSA an annual report and annual financial statements in accordance with the Offered Securities Rules and the statements shall be signed by at least two Directors of the Reporting Entity.

28. Interim financial statements

- (1) A Reporting Entity shall file with the DFSA:
 - (a) semi-annual financial statements; and
 - (b) such other financial statements as are required by the Offered Securities Rules.
- (2) The statements produced and file in accordance with Article 28(1) shall be signed by at least two Directors of the Reporting Entity.

29. Auditor's report

- (1) Each annual financial statement referred to in Article 27 shall be accompanied by a report of the auditor of the Reporting Entity in accordance with the Offered Securities Rules.
- (2) The reports produced in accordance with Article 29(1) shall state whether in the auditor's opinion the financial statements required by Article 27 represent a true and fair view of the state and affairs of the Reporting Entity.

30. Notice of financial statements

- (1) A Reporting Entity required to file a financial statement under Articles 27 or 28 shall, within 5 days after filing, give each holder of its Securities, electronically or by letter, at the latest address shown in its records, notification that a true copy of the financial statement has been filed.
- (2) Upon a request from a holder of its Securities, the Reporting Entity shall within 10 days of the request make the financial statement available to the shareholder.

CHAPTER 4 – PROXY SOLICITATION

31. Proxy solicitation

A Reporting Entity shall, for each meeting at which holders of its Securities are eligible to exercise their voting rights attached to voting Securities, give each shareholder the right and means to vote by proxy in accordance with the Offered Securities Rules.

CHAPTER 5 –DISCLOSURE REQUIREMENTS

32. Certain requirements

- (1) The DFSA may make directions by written notice in relation to this Part on such terms and conditions as the DFSA thinks fit.
- (2) The Regulatory Appeal Committee has jurisdiction to hear and determine any appeal of a direction made under this Article.
- (3) The DFSA may make Offered Securities Rules requiring a Reporting Entity to appoint a sponsor.
- (4) The DFSA may make Offered Securities Rules enabling such requirements referred to in this Part to be varied in cases where an offer of Securities is made by an offeror:
 - (a) which at the time of the offer of Securities in or from the DIFC, has made an offer of Securities in a jurisdiction other than the DIFC; and
 - (b) that jurisdiction has substantially the same disclosure requirements as provided in this Law and the Offered Securities Rules.

PART 7: TAKEOVERS

33. Takeover Rules

- (1) The DFSA shall make Rules known as the Takeover Rules prescribing the procedures for and obligations of persons in respect of Takeovers of a Reporting Entity.
- (2) A person who is involved in a Takeover of a Reporting Entity shall comply with and observe the spirit and the wording of the takeover principles.
- (3) The purpose of this Part is to ensure that Takeovers take place in an efficient, competitive, fair and informed market to ensure that shareholders are treated fairly and equally.

34. **Takeover principles**

- (1) In relation to a Takeover Offer of a Reporting Entity, the offeror or the Directors of the offeror shall:
 - (a) disclose the identity of any person who makes a Takeover Offer to the shareholders of the offeree;
 - (b) ensure the shareholders of the offeree Reporting Entity have reasonable time to consider the Takeover Offer; and
 - (c) provide sufficient information and present such information accurately and fairly to enable the shareholders of the offeree Reporting Entity to assess the merits of the Takeover Offer.
- (2) As far as practicable the shareholders of a Reporting Entity shall have a reasonable and equal opportunity to participate in any benefits arising from any Takeover Offer or proposal in the Reporting Entity.
- (3) Shareholders of a Reporting Entity which are the subject of a Takeover Offer, shall be treated fairly and equally.
- (4) The successful offeror has a duty to ensure that all appropriate procedures are followed for the compulsory acquisition of shares in a Reporting Entity.
- (5) The Directors of a Reporting Entity shall exercise their powers and duties in good faith and the rights of shareholders shall not be abused in relation to a Takeover Offer.
- (6) Once a Takeover Offer for the shares of a Reporting Entity has been made the Directors of an offeree Reporting Entity must not take any action which may result in the offer being frustrated or deny shareholders an opportunity to evaluate the offer on its merits without first seeking general approval from shareholders.
- (7) The Directors of an offeror or offeree Reporting Entity and their respective advisors have a duty to act in the best interests of their respective shareholders without regard to their own personal relationships with the respective Reporting Entities.
- (8) The Directors of an offeree Reporting Entity who receive an offer or who are approached with a view to an offer being made should in the interests of the shareholders seek competent and independent advice.
- (9) The Directors of an offeror or an offeree Reporting Entity shall carefully examine the reasons for recommending or against accepting a Takeover Offer and must be able to explain any decisions to the shareholders concerned.

- (10) Any Director of an offeror or an offeree Reporting Entity who is to gain an interest or financial benefit in a Takeover Offer shall immediately disclose such interest to shareholders and the board of Directors.
- (11) All persons and advisors involved in a Takeover Offer or a response to a Takeover Offer in relation to a Reporting Entity shall endeavour to prevent the creation of a false market in the shares of the Reporting Entity.
- (12) All persons concerned with a Takeover Offer or a proposal for a Takeover Offer of a Reporting Entity are required to co-operate to the fullest extent with the DFSA and to provide all relevant information.

35. Takeover thresholds

- (1) No person, or person and his Associates:
 - (a) may acquire or control 25% or more of the voting shares in a Reporting Entity;
or
 - (b) who holds or controls 25% or more of the voting shares in a Reporting Entity may increase the shareholding,

unless the relevant acquisition, control or increase in the shareholding was made:
 - (c) in accordance with the Takeover Rules; or
 - (d) by an acquisition of 5%, or acquisition of control of 5%, of the voting shares in any prior 12 month period.

- (2) In this Article:

“*control*” includes:

control arising from acting jointly or in concert with another person or other persons.

PART 8: PREVENTION OF MARKET MISCONDUCT

CHAPTER 1 - MARKET MISCONDUCT

36. Fraud and market manipulation

A person shall not, in the DIFC or elsewhere, directly or indirectly, engage or participate in any act, practice or course of conduct relating to Investments that the person knows or reasonably ought to know:

- (a) results in or contributes to a misleading appearance of trading activity in, or an artificial price for, Investments; or

- (b) perpetrates a fraud on any person.

37. Misleading or untrue statements

A person shall not, in the DIFC or elsewhere, make a statement that the person knows or reasonably ought to know, in a material respect and at the time and in the light of the circumstances under which it is made:

- (a) is misleading or untrue or does not state a fact that is required to be stated or that is necessary to make the statement not misleading; and
- (b) significantly affects, or would reasonably be expected to have a significant effect on, the market price or value of Investments.

38. Misleading or deceptive conduct

A person shall not, in the DIFC or elsewhere, engage in conduct in relation to Investments that is misleading or deceptive or is likely to mislead or deceive.

39. Misleading or deceptive statements

- (1) A person shall not make an offer of Securities under a Prospectus or Supplementary Prospectus if there is:
 - (a) a misleading or deceptive statement in:
 - (i) the Prospectus or Supplementary Prospectus;
 - (ii) any application form that accompanies the Prospectus or Supplementary Prospectus; or
 - (iii) any other document that relates to the offer, if the offer is not in the Prospectus or Supplementary Prospectus, or the application form;
 - (b) an omission from the Prospectus, Supplementary Prospectus, application form or any other document as required by this Law or the Offered Securities Rules; or
 - (c) a new circumstance that under the Law or the Offered Securities Rules requires a Supplementary Prospectus to be filed.
- (2) A person shall not in or from the DIFC make a misleading or deceptive statement in any document issued by him or on his behalf in connection with an Exempt Offer, whether in the DIFC or elsewhere.

- (3) A person is taken to make a misleading statement about a future matter, whether by himself or his agent, if at the time of making the statement he did not have reasonable grounds for making the statement or causing it to be made.
- (4) The onus for proving that reasonable grounds existed for the purposes of Article 39(3) is on the person who made the statement.

40. Dishonest conduct

- (1) A person shall not in the DIFC or elsewhere, engage in dishonest conduct in relation to Investments.
- (2) In this Article:

“dishonest” means:

- (a) dishonest according to the standards of ordinary people generally; and
- (b) known by the person to be dishonest according to the standards of ordinary people generally.

41. Inducing persons to deal

- (1) A person shall not in the DIFC or elsewhere, induce another person to deal in Investments:
 - (a) by making or publishing a statement, promise or forecast if the person knows, or is reckless as to whether, the statement is misleading, false or deceptive;
 - (b) by a dishonest concealment of material facts; or
 - (c) by recording or storing information that the person knows to be false or misleading in a material respect or may be materially misleading.
- (2) In this Article:

“dishonest” means:

- (a) dishonest according to the standards of ordinary people generally; and
- (b) known by the person or company to be dishonest according to the standards of ordinary people generally.

42. **Insider dealing**

(1) A Reporting Entity or person in a special relationship with a Reporting Entity shall not, in the DIFC or elsewhere, purchase or sell Investments of or relating to the Reporting Entity if the person possesses material information that:

- (a) is not generally available in the market; and
- (b) has not been disclosed to the market in accordance with this Law or the Offered Securities Rules.

(2) In this Article:

“*Investments*” does not include:

- (a) options to acquire or dispose of;
 - (i) commodities of any kind; or
 - (ii) an option to acquire or dispose of an Investment of the kind specified by Article 42(2).
- (b) rights under a contract for the sale of a commodity under which delivery is to be made at a future date and at a price agreed on when the contract is made; or
- (c) any right to or interest in anything which is specified by Article 42(2) (a) and (b).

43. **Providing inside information**

(1) A Reporting Entity or a person in a special relationship with a Reporting Entity shall not inform, other than in the necessary course of business, another person of material information that is not generally available in the market with respect to the Reporting Entity, before the material information has been disclosed to the market in accordance with this Law or the Offered Securities Rules.

(2) A Reporting Entity or a person in a special relationship shall not procure another person to purchase or sell or agree to purchase or sell Investments with knowledge of the material information that is not generally available in the market or the material information has not been disclosed to the market in accordance with this Law or the Offered Securities Rules.

(3) In this Article:

“*procure*” includes:

where a person induces or encourages another person by direct or indirect means.

44. **Application of provisions**

Articles 36 to 43 of this Part do not apply to conduct which occurs outside the jurisdiction unless the conduct affects the DIFC markets or users of the DIFC markets.

45. **Definitions of material information and special relationship for this Part**

(1) In this Part:

“material information” means:

- (a) in relation to Investments, information that significantly affects, or would reasonably be expected to have a significant effect, on the market price or value of Investments; or
- (b) in relation to the affairs of a Reporting Entity, information relating to a change in the business, operations or capital of the Reporting Entity that would reasonably be expected to have a significant effect on the market price or value of the Investments in or related to the Reporting Entity.

(2) In this Part:

“a person in special relationship” means:

- (a) a person that is a Director, officer, employee, affiliate, Associate or adviser of:
 - (i) the relevant Reporting Entity;
 - (ii) a person that is proposing to make a Takeover Offer under Part 7 for the shares of the Reporting Entity; or
 - (iii) a person that is proposing to be involved in a Takeover with the Reporting Entity;
- (b) a person that is engaging in or proposes to engage in any business or professional activity with or on behalf of the Reporting Entity or with or on behalf of a person described in Article 45(2) (a)(ii) or (iii);
- (c) a person that is a Director, officer or employee of the Reporting Entity described in Article 45(2)(b);
- (d) a person that learned of the material information with respect to the Reporting Entity while the person came within Article 45(2)(a), (b) or (c); or
- (e) a person that learned of material information with respect to the Reporting Entity from any other person described in Article 45(2) (a), (b),(c) or (d) and

knows or ought reasonably to have known that the other person is in such a relationship.

CHAPTER 2 - DEFENCES

46. Reasonable inquiries and reasonable belief

A person does not commit a contravention of Articles 38 or 39, if that person proves that he:

- (a) made all inquiries that were reasonable in the circumstances; and
- (b) after doing so, believed on reasonable grounds that the statement or omission was not misleading or deceptive.

47. Reasonable reliance on information given by another person

(1) A person does not commit a contravention of Articles 38 or 39, if the person proves that he placed reasonable reliance on information given to him by:

- (a) if the person is not a natural person, someone other than a member of the governing body, employee or agent of the person; or
- (b) if the person is a natural person, someone other than an employee or agent of the individual.

(2) For the purposes of this Part, a person is not the agent of a person or a natural person because he performs a particular professional or advisory function for the person or natural person.

48. Defences for market manipulation, insider dealing and providing inside information

(1) A person shall not be found to have contravened Article 36 if the person establishes that the conduct or practice the person engaged in was in the performance of, and in accordance with, the price stabilisation requirements as prescribed in the Rules.

(2) A person shall not be found to have contravened Articles 42 or 43 if:

- (a) the person establishes that the information was disclosed in accordance with any requirements under law;
- (b) the person establishes that he reasonably believed that the material information had been disclosed to the market in accordance with this Law or the Offered Securities Rules;
- (c) the information is given in the necessary course of business;

- (d) the sole purpose of acquiring shares was to satisfy the requirement for his being qualified as a director or intending to become a director of a Reporting Entity;
- (e) the purchase or sale of Investments occurred in the performance of an underwriting agreement for the Investments in question; or
- (f) the purchase or sale of Investments occurred in the performance of its functions as a liquidator or receiver.

49. **Chinese wall arrangements**

A person does not contravene Articles 42 or 43 by purchasing or selling Investments at any time because of material information in the possession of a Director, officer or employee, if:

- (a) the decision to enter into the transaction or agreement was taken on its behalf by a person or persons other than a Director, officer or employee;
- (b) it had in operation at that time arrangements that could reasonably be expected to ensure that the material information was not communicated to the person or persons who made the decision and that no advice with respect to the transaction or agreement was given to that person or any of those persons by a Director, officer or employee in possession of the material information; and
- (c) the information was not communicated and no such advice was given.

50. **Defence for Authorised Firms**

An Authorised Firm or a Director, officer or employee of an Authorised Firm does not contravene Articles 42 or 43 by entering into an agreement to purchase or sell Investments in or relating to a Reporting Entity that are permitted by an Authorised Market Institution to be traded in good faith if he enters into a transaction to purchase or sell Investments on behalf of another person under a specific instructions to purchase or sell the Investments.

CHAPTER 3 - CIVIL COMPENSATION

51. **Compensation**

Where a person suffers loss or damage caused as a result of conduct in this Part, he may institute proceedings pursuant to Article 94 of the Regulatory Law.

PART 9: CONTRAVENTIONS AND PROCEEDINGS

52. Contraventions

A person who:

- (a) does an act or thing that the person is prohibited from doing by or under this Law or rules in relation to the supervision of Authorised Market Institutions, Offered Securities Rules, Takeover Rules, Market Conduct Rules or the Rules;
- (b) does not do an act or thing that the person is required or directed to do by or under this Law or the rules in relation to the supervision of Authorised Market Institutions, Offered Securities Rules, Takeover Rules, Market Conduct Rules or the Rules;
- (c) otherwise contravenes a provision of this Law or the rules in relation to the supervision of Authorised Market Institutions, Offered Securities Rules, Takeover Rules, Market Conduct Rules, or the Rules;

commits a contravention of this Law or the rules in relation to the supervision of Authorised Market Institutions, Offered Securities Rules, Takeover Rules, Market Conduct Rules, or the Rules, as the case may be, by virtue of Article 85 of the Regulatory Law.

53. Declaration of contravention

Without in any way limiting the orders the Court or the Financial Markets Tribunal may make under Article 54 of this Law or any other legislation administered by the DFSA, the Court or the Financial Markets Tribunal may make a declaration that a person has committed a contravention of this Law or the Rules.

54. Orders in the interests of the DIFC

- (1) Without limiting the powers of the Court or the Financial Markets Tribunal, either may on the application of the DFSA, make one or more of the following orders in relation to a person, irrespective of whether a contravention has occurred, if in its opinion, it is in the interest of the DIFC to make the order or orders:
 - (a) an order restricting any conduct on such conditions or terms as the Court or Financial Markets Tribunal thinks fit;
 - (b) an order that trading in any Investments cease permanently or for such period as is specified in the order;
 - (c) an order that any exemptions contained in the Law or the Offered Securities Rules, Takeover Rules or Market Conduct Rules, do not apply permanently or for such period as is specified in the order;

- (d) an order that a person submit to a review by the DFSA of his practices and procedures and institute such changes as may be directed by the DFSA;
 - (e) orders in relation to activities relating to Takeovers, Takeover Offers, mergers or acquisitions of shares within the DIFC;
 - (f) an order that a disclosure be made to the market;
 - (g) an order reprimanding a person described in the order;
 - (h) an order that a person resign one or more positions that the person holds as a director or officer of a company;
 - (i) an order that a person is prohibited from becoming or acting as a director or officer of any company;
 - (j) an order that a person is prohibited from making offers of Securities in or from the DIFC;
 - (k) an order that a person is prohibited from being involved in listing companies or Securities within the DIFC;
 - (l) an order requiring a person to disgorge to the DFSA any amounts obtained as a result of the non-compliance with the Law or the Rules;
 - (m) an order that a release, report, Prospectus, Supplementary Prospectus, return, financial statement or any other document described in the order:
 - (i) be provided by a person described in the order,
 - (ii) not be provided by a market participant described in the order; or
 - (iii) be amended by a market participant to the extent that amendment is practicable.
 - (n) an order that a person pay a fine; or
 - (o) any order that the Court or Financial Markets Tribunal thinks fit, in order to maintain the integrity of the DIFC and ensure an efficient, honest, fair and transparent market.
- (2) The Court or Financial Markets Tribunal may on the application of the DFSA, make interim and ex parte orders specified in Article 54(1) (a), (b), (c), (d), (e), (f), (m) and (o).
- (3) An order under Article 54(1) and (2) may be subject to such terms and conditions as the Court or the Financial Markets Tribunal may impose.

55. Certificate of contravention

A certificate signed by the Registrar of the Court or a member of the Financial Markets Tribunal which states that the Court or Financial Markets Tribunal on a specified day made a finding that a specified person has committed a contravention of a specified provision of the Law or of the Rules or of any other legislation administered by the DFSA or made a specified finding of fact is, in any proceedings before the Court or Financial Markets Tribunal, where relevant:

- (a) conclusive evidence that the person was found by the Court or the Financial Markets Tribunal on that day to have contravened the relevant provision;
- (b) prima facie evidence that the person contravened that provision; and
- (c) prima facie evidence of the relevant finding of fact determined by the Court or the Financial Markets Tribunal.

PART 10: FINANCIAL MARKETS TRIBUNAL

56. Jurisdiction of the Financial Markets Tribunal

- (1) Without in any way limiting the jurisdiction of the Financial Markets Tribunal conferred upon it by any other DIFC Law, the Financial Markets Tribunal has additional jurisdiction as set out in Article 56(2).
- (2) The Financial Markets Tribunal has jurisdiction to hear and determine a proceeding between persons in relation to:
 - (a) any issue arising out of supervision relating to an Authorised Market Institution;
 - (b) any issue arising out of offers of Securities arising under this Law;
 - (c) any issue arising out of a Takeover, Takeover Offer, merger or acquisition of shares; or
 - (d) any matter that is provided for under this Law or the Rules.
- (3) A proceeding brought under Article 56(2) shall be referred to as a “Commercial Proceeding” for the purposes of this Part.
- (4) In exercise of its jurisdiction under the Law, an appeal from a determination from the Financial Markets Tribunal may be made to the Court pursuant to Article 32(5) of the Regulatory Law.
- (5) Nothing in this Article confers jurisdiction where the Regulatory Appeals Committee has jurisdiction.

57. **Powers to hear and determine matters**

- (1) For the purposes of any proceeding before it, the Financial Markets Tribunal shall be constituted as provided in Article 31 of the Regulatory Law.
- (2) The Financial Markets Tribunal may, for the purposes of any proceedings commenced under Article 56(2), on its own motion or that of any party to the proceedings:
 - (a) receive and consider any material by way of oral evidence, written statements or documents, even if such material may not be admissible in evidence in civil or criminal proceedings in a court of law;
 - (b) by notice in writing require a person to attend before it at any sitting and to give evidence and produce any item, record or document in his possession or control relating to the subject matter of the proceedings;
 - (c) administer oaths or affirmations;
 - (d) examine or cause to be examined on oath or otherwise a person attending before it and require the person to answer truthfully any question which the Financial Markets Tribunal considers appropriate for the purposes of the proceedings;
 - (e) order a witness to provide evidence in a truthful manner for the purposes of the proceedings by sworn statement;
 - (f) order a person not to publish or otherwise disclose any material disclosed by any person to the Financial Markets Tribunal;
 - (g) stay the proceedings on such grounds and on such terms and conditions as it considers appropriate having regard to the interests of justice; and
 - (h) exercise such other powers or make such other orders as the Financial Markets Tribunal considers necessary for or ancillary to the conduct of the proceedings or the performance of its function.
- (3) At the conclusion of any proceedings, under this Law, the Financial Markets Tribunal may make a finding or declaration of unacceptable circumstances or a contravention of the Law or Rules, and may make one or more of the following orders, in addition to any orders it may make under Article 54 of this Law:
 - (a) an order requiring the respondent to comply with the Law;
 - (b) an order requiring the respondent to comply with the Offered Securities Rules or the Takeover Rules;
 - (c) an order in relation to the control or acquisition of Investments in or relating to a Reporting Entity;

- (d) an order in relation to the rights of shareholders or minority shareholders in a Reporting Entity;
- (e) an order in resolution of any commercial proceeding arising under this Law;
- (f) an order requiring the respondent to do any act or thing; or
- (g) any consequential orders as the Financial Markets Tribunal sees fit following a finding or the making of a declaration.

PART 11: MISCELLANEOUS

58. Waivers and Modification of the Law and Rules

- (1) The DFSA may where it considers it appropriate or desirable in the interests of the DIFC to do so:
 - (a) on the application of a person; or
 - (b) with the consent of a person;
 by means of a written notice provide that one or more provisions of the Law either:
 - (c) shall not apply in relation to such person; or
 - (d) shall apply to such person with such modifications as are set out in the written notice.
- (2) A written notice may be given subject to conditions.
- (3) A person to whom a condition specified in a written notice applies must comply with the condition. In the event of failure to comply with a condition, the DFSA may, without limiting any other powers that the DFSA may have, apply to the Court for an order, including an order that the person must comply with the condition in a specified way.
- (4) Unless the DFSA is satisfied that it is inappropriate or unnecessary to do so, it must publish a written notice in such a way as it considers appropriate for bringing the notice to the attention of:
 - (a) those likely to be affected by it; and
 - (b) others who may be likely to become subject to a similar notice.

- (5) The DFSA may:
- (a) on its own initiative or on the application of the person to whom it applies, withdraw a written notice; or
 - (b) on the application of, or with the consent of, the person to whom it applies, vary a written notice.
- (6) The Council of the DFSA may, pursuant to the power granted in Article 23 of the Regulatory Law, make Rules in connection with the provision of a written notice under this Article, including Rules prescribing procedures for the making of applications and providing of consents.
- (7) This Article does not affect the application of Article 25 of the Regulatory Law in relation to the waiver and modification of Rules made for the purpose of this Law.

59. **Fees**

The DFSA may make Rules providing for the payment of fees to the DFSA as provided for in Article 16 of the Regulatory Law.

60. **Filing of material with the DFSA**

The DFSA may by means of Rules:

- (a) require the filing of certain material;
- (b) prescribe the manner in which such material shall be filed;
- (c) prescribe which material, or parts of the material, shall be made available for viewing by the public during the normal business hours of the DFSA;
- (d) permit or require the use of an electronic or computer-based system for the filing, delivery or deposit of, documents or information required under or governed by the Law and Rules; and
- (e) prescribe the circumstances in which persons shall be deemed to have signed or certified documents on an electronic or computer-based system for any purpose under the Law.

SCHEDULE

INTERPRETATION

1. Rules of interpretation

- (1) In the Law, a reference to:
 - (a) a statutory provision includes a reference to the statutory provision as amended or re-enacted from time to time;
 - (b) a person includes any natural person, body corporate or body unincorporated, including a company, partnership, unincorporated association, government or state;
 - (c) an obligation to publish or cause to be published a particular document shall, unless expressly provided otherwise in the Law, include publishing or causing to be published in printed or electronic form;
 - (d) a day shall refer to a business day, being a normal working day in the DIFC;
 - (e) a calendar year shall mean a year of the Gregorian calendar; and
 - (f) a reference to the masculine gender includes the feminine.
- (2) The headings in the Law shall not affect its interpretation.

2. Legislation in the DIFC

References to legislation and Guidance in the Law shall be construed in accordance with the following provisions:

- (a) Federal Law is law made by the federal government of the United Arab Emirates;
- (b) Dubai Law is law made by the Ruler, as applicable in the Emirate of Dubai;
- (c) DIFC Law is law made by the Ruler (including, by way of example, the Law), as applicable in the DIFC;
- (d) the Law is The Markets Law, DIFC Law No.12 of 2004 made by the Ruler;
- (e) the Rules are legislation made by the DFSA for the purpose of this Law and are binding in nature;

- (f) Guidance is indicative and non-binding and may comprise (i) guidance made and issued by the Chief Executive under the Law; and (ii) any standard or code of practice issued by the Council which has not been incorporated into the Rules; and
- (g) references to “legislation administered by the DFSA” are references to DIFC Law and Rules conferring functions and powers on the DFSA.

3. Defined Terms

In the Law, unless the context indicates otherwise, the defined terms listed below shall have the corresponding meanings:

Term	Definition
Associate	any person, including an affiliated company: <ul style="list-style-type: none"> (i) whose business or domestic relationship with another person or his Associate might reasonably be expected to give rise a community of interest between them which may involve a conflict of interest in dealings with third parties; or (ii) who has the capacity to exert a significant influence over another person.
Authorised Firm	a person who holds a Licence to carry on one or more Financial Services as an Authorised Firm prescribed pursuant to Article 42(1) of the Regulatory Law 2004.
Authorised Market Institution	a person who is licensed by the DFSA in relation to the carrying on of one or more Financial Services as an Authorised Market Institution prescribed pursuant to Article 42(1) of the Regulatory Law 2004.
Chairman of the DFSA	the person appointed to the office of chairman of the DFSA, a Council Member and chairman of the Council, by the President.
Chief Executive	the person appointed to the office of Chief Executive by the Council of the DFSA under the Regulatory Law 2004.
Council	the governing body of the DFSA established under Chapter 2 of Part 2 of the Regulatory Law 2004.

Term	Definition
Court	the DIFC Court as established under Dubai Law.
Director	a director or equivalent member of an entity's governing body.
DFSA	the DIFC Financial Services Authority.
DIFC	the Dubai International Financial Centre.
DIFC Law	has the meaning given in Article 2 of the Schedule to the Law.
Exempt Offers	an offer of Securities in or from the DIFC which is an Exempt Offer in accordance with the Offered Securities Rules and this Law.
Financial Markets Tribunal	the Financial Markets Tribunal established pursuant to Article 31 of the Regulatory Law.
Investments	as defined in the Glossary of the DFSA Rulebook.
Law	the Markets Law 2004.
Licence	a licence granted by the DFSA under Chapter 2 of Part 3 of the Regulatory Law 2004.
Market Conduct Rules	the Market Conduct Rules issued by the DFSA.
Offered Securities Rules	the Offered Securities Rules issued by the DFSA.
President	the president of the DIFC, appointed by a decree of the Ruler pursuant to Dubai Law.
Private Placement	has the meaning given in the Offered Securities Rules.
Professional Investors	persons whose ordinary activities involve them in acquiring, holding, managing or disposing of Investments and any other persons prescribed by the Offered Securities Rules.
Prospectus	a document containing such information as prescribed by the Offered Securities Rules.

Term	Definition
Register of Listed Securities	the Register of Listed Securities, including all Securities admitted in accordance with the Offered Securities Rules and this Law.
Regulatory Appeals Committee	a standing committee of the Council, established under and governed by Chapter 4 of Part 2 of the Regulatory Law 2004 and includes a sub-committee constituted under Article 29 of the Regulatory Law 2004.
Regulatory Law	the Regulatory Law No. 1 of 2004.
Reporting Entity	<p>(1) Subject to (2), a person is a Reporting Entity if:</p> <ul style="list-style-type: none"> (a) the person has or had Securities admitted to the Register of Listed Securities at any time; (b) the person has filed a prospectus with the DFSA under Article 15; (c) the person merges with or acquires a Reporting Entity; or (d) the person is declared in writing to be a Reporting Entity by the DFSA. <p>(2) A person is not a Reporting Entity if:</p> <ul style="list-style-type: none"> (a) the person is a properly constituted government, a government agency, a central bank or other type of national monetary authority of a country or jurisdiction, a supra-national organisation whose members are either countries, central banks or national monetary authorities, a public authority or a state investment body; or (b) <ul style="list-style-type: none"> (i) the person previously had Securities admitted to the Register of Listed Securities; (ii) the person currently has no Securities admitted to the Register of Listed Securities; and (iii) the current holders of at least 75% of Securities in the Reporting Entity have agreed in writing that the

Term	Definition
	<p>person is no longer a Reporting Entity; or</p> <p>(c) the DFSA so determines.</p>
Ruler	the ruler of the Emirate of Dubai.
Rules	has the meaning given in Article 2 of the Schedule of the Law.
Schedule	a schedule to the Law.
Securities	as defined in the Glossary of the DFSA Rulebook.
Supplementary Prospectus	a document containing such information as prescribed by the Offered Securities Rules.
Takeover(s)	<p>includes, in relation to a Reporting Entity, a:</p> <p>(i) Takeover Offer;</p> <p>(ii) takeover proposal; and</p> <p>(iii) merger and acquisition.</p>
Takeover Offer	<p>includes a:</p> <p>(i) formal offer for the acquisition of shares in a Reporting Entity;</p> <p>(ii) proposal, whether formal or informal, for the acquisition of shares in a Reporting Entity; and</p> <p>(iii) merger and acquisition of shares in relation to a Reporting Entity.</p>
Takeover Rules	the Takeover Rules of the DIFC established for the purposes of Part 7 of this Law.