

8. **FEES SUPERVISION & PENALTIES**

8.1 **Fees**

- (A) The Authority, in co-ordination with ADSM, shall from time to time set all fees payable by Companies, ADSM Brokers, Broker's Representatives, Registrars and other persons in relation to Market activities and utilisation of the System or any part of it.

[Authority Law Article 44].

- (B) ADSM may from time to time, in addition to the fees set by the Authority under Rule 8.1(A), set fees payable by Companies, ADSM Brokers, Broker's Representatives, Registrars and other persons in relation to Market activities and utilisation of the System or any part of it.

8.2 **Supervision By Authority**

- (A) The Board of the Authority may decide by a majority of its members present at a meeting thereof to freeze, suspend or resume the operation of any of these Rules or other regulations relating to the Market or any participants of the Market.

[Authority Law Article 32]

- (B) The Board of the Authority may require any person to disclose any information relating to market activities either publicly or privately.

[Authority Law Article 33 and ADSM Law 34]

- (C) The Board of the Authority may conduct any investigation it deems necessary for the implementation of or compliance with the Authority Law or any regulation or ruling passed pursuant thereto or order that such investigation be undertaken by a third party.

[Authority Law Article 33(2) and ADSM Law 34]

- (D) All ADSM Brokers, Broker's Representatives, Companies and Registrars shall comply with all requests for information and co-operation in connection with any investigation by the Authority.

8.3 **Supervision by ADSM**

- (A) The Board may investigate any activity on or connected with the Market including without limitation any alleged breach of the Authority Law, ADSM Law or any regulations passed under either of those laws including these Rules and any orders or instructions of ADSM. Without prejudice to any civil or criminal liability for such breach, the person who committed the breach shall be referred to the disciplinary committee of the Authority or the competent public prosecution department as the case requires.

[Article 41 of ADSM Law]

- (B) Without prejudice to the foregoing, the General Manager shall be entitled to refer any ADSM Broker to the disciplinary committee of the Authority if:

- (1) the ADSM Broker violates the provisions of the Authority Law and any regulations passed under that Law;
- (2) the ADSM Broker fails to settle any of its transactions;
- (3) the ADSM Broker submits forged or false documents, information or reports;
- (4) the ADSM Broker performs an act, directly or indirectly, intended to mislead the public in relation to trading on the Market.

[Broker's Regulation 20]

- (C) The Board may require any person to disclose any information related to Securities activities publicly or privately and to submit any particulars relating to its activities.

[ADSM Law Article 34(1)]

- (D) All ADSM Brokers, Broker's Representatives, Companies and Registrars shall comply with all requests for information and co-operation in connection with any investigation by ADSM.

#### 8.4 Power to Obtain Information and Right of Entry

- (A) Without prejudice to Rules 8.2 and 8.3, the Authority may, by giving notice in writing, require the ADSM Broker, any Broker's Representative, any Listed Company or any Registrar to provide it:
- (1) at such times or intervals with such information as it requires for its functions under the law or these Rules; and
  - (2) with a report in such form as may be specified in such notice by a person who is an accountant or has relevant professional skill and who is nominated or approved by it on any matter.
- (B) Any officer, employee or agent of the Authority or ADSM may enter any premises occupied by a person on whom notice has been given under Rule 8.4(A) for the purpose of obtaining such information.

#### 8.5 Penalties By Authority

- (A) An ADSM Broker shall be removed from the Authority Register of Brokers and its licences revoked by a decision issued by the Authority (according to the recommendations of the Board) if:
- (1) an ADSM Broker fails to comply with any provision of the Authority Law, the ADSM Law, the Rules or any regulation or ruling issued pursuant to any of them ("Provision");
  - (2) an ADSM Broker materially violates any of the duties or obligations provided for in those Provisions;
  - (3) an ADSM Broker fails to pay the annual registration or membership fee or commission;
  - (4) an ADSM Broker does not cover any deficit in the Guarantee in the period prescribed by the Authority from time to time;

- (5) an ADSM Broker fails to pay its commercial debts whether or not the ADSM Broker was declared bankrupt;
  - (6) an ADSM Broker is dissolved or liquidated;
  - (7) an ADSM Broker wishes to cease undertaking Brokerage Services on the market and has submitted a written request to the Board at least 3 months prior to the date of cessation.
- (B) Such removal of the ADSM Broker's name from the Authority Register of Brokers and revocation of licences shall be published, at the cost of the ADSM Broker, in two Arabic daily papers issued in the State.

[Broker's Regulation 26]

- (C) An ADSM Broker shall be subject to such other penalties as may be prescribed from time to time by the law or any regulation.

[Authority Law 43]

#### 8.6 **ADSM Broker Penalties by ADSM**

- (A) The Board may impose on ADSM Brokers any of the following penalties for non-compliance with the Rules:

- (1) a warning;

[Broker's Regulation 22]

- (2) a financial penalty not exceeding Dhs.100,000;

[Broker's Regulation 22]

- (3) partial or full confiscation of the Guarantee;

- (4) suspension of the ADSM Broker for a period of not more than one week;

- (5) a recommendation to the Authority that the ADSM Broker be removed from the ADSM Register of Brokers.

[Authority Law Article 27]

- (B) If an ADSM Broker is late in the performance of its obligations arising out of a transaction performed through it on the Market, the Board may issue a decision calling (completely or partially) the ADSM Broker's Guarantee to settle the transaction.

[Broker's Regulation 23]

- (C) The Board may suspend an ADSM Broker for a period of not exceeding one week if:

- (1) ADSM was notified of an important change in the management of the ADSM Broker;

- (2) a licensing condition ceases to be fulfilled by the ADSM Broker;

- (3) the Broker's Representative is absent from the Trading Floor for a period of 2 weeks without notifying ADSM.

[Broker's Regulation 24]

- (D) If the Board is of the view that certain reasons justify the suspension of the ADSM Broker for a period exceeding one week, the matter shall be referred to the Authority to issue the appropriate suspension decision.

[Broker's Regulation 25]

- (E) The Board may in co-ordination with the Authority revoke any ADSM Broker's Access Licence at any time if there is an acceptable reason to do so.

[ADSM Law 24]

- (F) The Board may cancel any ADSM Broker Access Licence (with the approval of the Authority) if:

- (1) any condition necessary for the grant of such licence not long holds true in relation to the relevant ADSM Broker;
- (2) the Board issues a decision to cancel that licence for a disciplinary reason.

[ADSM Law Article 22]

- (G) The Board shall cancel any ADSM Broker Access Licence and remove the name of the ADSM Broker from the ADSM Register of Brokers if:

- (1) the ADSM Broker ceases to comply with any of the acceptance conditions provided for in Rule 3;
- (2) the ADSM Broker fails to pay the specified registration fee or the annual membership fee within a reasonable time;
- (3) the ADSM Broker is in material breach of any of the obligations or responsibilities stipulated by the ADSM Law or the Rules and the disciplinary committee of the Authority recommends that the ADSM Broker Access Licence be cancelled.

[Article 29 of ADSM Law]

## 8.7 **ADSM Broker Right of Appeal**

- (A) ADSM Brokers may appeal against any ruling by ADSM to impose a penalty under Rule 8.6 (A) (1) or (2) by written application to the Authority within 30 days of the date of its issue in the presence of the ADSM Broker or the date of its notification to the ADSM Broker if issued in the absence of the ADSM Broker.

[Broker's Regulations 22, 23, 24, 25]

- (B) The Authority's ruling on such matters specified in Rule 8.7(A) shall be final and there shall be no further right of appeal or challenge in relation to the ruling of the Authority.

[Authority Law Article 28 and Broker's Regulation 22]

- (C) ADSM Brokers may appeal against:

- (1) any ruling by ADSM under Rule 8.6(A)(3) or (4); or
- (2) any decision by the Authority to remove the ADSM Broker from the Authority Register of ADSM Brokers under Rule 8.5; or  
[Broker's Regulation 27]
- (3) any decision by the Authority following the referral of the ADSM Broker to the Authority under Rule 8.6(D)

by written application to the competent court filed therewith within 30 days of the date of notification by ADSM or the Authority (as the case may be) of the relevant ruling.

[Authority Law 29]

#### 8.8 **Confidential Information**

ADSM Brokers shall refrain from disclosing to other ADSM Brokers or dealers the names of their clients or any details of their orders.

[Broker's Regulation 18(6)]

#### 8.9 **Breach of the Law**

Under Article 43 of the Authority Law, any person who breaches the Authority Law or any regulation passed under that Law shall be subject to imprisonment or a fine or both.

#### 8.10 **Providing Brokerage Services Without A Licence**

Performing Brokerage Services without obtaining the necessary licences is a criminal offence subject to a sentence of imprisonment or a fine or both.

[Broker's Regulation 21]