



Conduct of Business Rulebook (COBS)

*In this attachment underlining indicates new text and striking through indicates deleted text.

3.3 Key Information and Client Agreement

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3.3.3 Information

- (a) RuleChapter 12 sets out the core information that must be included in every Client Agreement and additional disclosure for certain types of activities to which this chapter applies.
- (b) An Authorised Person may either provide a Person with a copy of the proposed Client Agreement, or give that information in a separate form. If there are any changes to the terms and conditions of the proposed agreement, the Authorised Person must ensure that the Client Agreement to be signed with the Person accurately incorporates those changes.
- (c) An Authorised Person may consider it is reasonably impracticable to provide the key information to a Person if that Person requests the Authorised Person to execute a Transaction on a time critical basis. Where an Authorised Person has explained why it is impracticable to comply with the requirement to enter into a Client Agreement orally, it must maintain records to demonstrate to the Regulator that it has provided that information to the Client.

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3.7 Record Keeping

3.7.1 An Authorised Person must, for a minimum of six years, maintain sufficient records in relation to each activity and function of the Authorised Person. These must include, where applicable, the following:

- (a) any Marketing Material issued by, or on behalf of, the Authorised Person;
- (b) any Financial Instruments provided to or Regulated Activities carried out for the benefit of a Client and each advice or recommendation made to a Client;
- (c) documents regarding Client classification under RuleChapter 2;
- (d) a record of each Client Agreement including any subsequent amendments to it as agreed with the Client;

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8. ADDITIONAL RULES: OPERATING AN MTF OR OTF

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8.2 Rules Applicable to MTF and OTF Operators – General

8.2.1 In addition to the general requirements applicable to Authorised Persons in COBS, GEN and elsewhere in the Rules, an Authorised Person carrying on the Regulated Activity of Operating an MTF (an "MTF Operator") or an Authorised Person carrying on the Regulated Activity of Operating an OTF (an "OTF Operator") must comply with the following requirements applicable to a Recognised Body or Recognised Investment Exchange set out in the MIR rulebook, reading references to Recognised Bodies or

Recognised Investment Exchanges in the relevant rules as if they were references to the MTF Operator or OTF Operator:

- (a) MIR 2.6 (*Operational systems and controls*);
- (b) MIR 2.7.1 and 2.7.2 (*Transaction recording*);
- (c) MIR 2.8 (*Membership criteria and access*);
- (d) MIR 2.9 (*Financial crime and market abuse*);
- (e) MIR 2.11 (*Rules and consultation*);
- (f) MIR 3.3 (*Fair and orderly trading*);
- (g) MIR 3.5 (*Pre-trade transparency obligations*);
- (h) MIR 3.6 (*Post-trade transparency obligations*);
- (g) MIR 3.7 (*Public disclosure*);
- (h) MIR 3.8 (*Settlement and Clearing Services*);
- (i) MIR 3.10 (*Default Rules*); and
- (l) MIR 3.11 (*Use of Price Reporting Agencies*).

Guidance

1. Depending upon an MTF Operator's or OTF Operator's model, the operation of MIR 3.8 (for the purposes of its settlement arrangements) may significantly extend into considerations related to MIR 4.3 (as provided for in MIR 3.8).
2. In assessing whether an MTF Operator or OTF Operator complies with the requirements set out above, the Regulator will take into account the general principle that users of an MTF anticipate less comprehensive regulatory protections, and users of an OTF less again.

8.2.2 An MTF that admits to trading Securities that are offered by way of an Exempt Offer under MKT Rule 4.3.1(13) must ensure that it has arrangements in place to:

- (a) identify those Persons to whom the Exempt Offer was made;
- (b) ensure that trading of the Securities subject to that Exempt Offer is restricted only to those Persons to whom the Exempt Offer was made;
- (c) comply with MIR Rule 3.9.1 (*Admission to trading*), as applicable in relation to the relevant Securities; and
- (d) allow users of its market to obtain Inside Information relevant to the Securities.

Guidance

MKT Rule 4.3.1(13) provides for the specific circumstance where an Exempt Offer can be directed to fewer than 200 Persons, but where the Securities are to be admitted to

trading on MTF. An Issuer seeking admission to trading of its Securities on an MTF may also, pursuant to MKT Rule 4.3.3, utilise an Exempt Offer that relies on one or more of the circumstances within MKT Rule 4.3.1 (for example, make a simultaneous Exempt Offer to 200 Persons and a number of Professional Clients, under MKT Rules 4.3.1(1) and (13)).

8.3 ~~[Deleted]. Rules Applicable to MTF and OTF Operators—Transparency~~

8.3.1 (a) ~~An MTF Operator or OTF Operator must disclose to its members and the public as appropriate, on a continuous basis during normal trading, the following information relating to trading of Investments on its MTF or OTF:~~

- ~~(i) the current bid and offer prices and volume;~~
- ~~(ii) the depth of trading interest shown at the prices and volumes advertised through its systems for the Investments; and~~
- ~~(iii) any other information relating to Investments which would promote transparency relating to trading.~~

~~(b) The Regulator may waive or modify the disclosure requirement in Rule 8.3.1 in relation to certain transactions where the order size is predetermined, exceeds a pre-set and published threshold level and the details of the exemption are made available to an MTF Operator or OTF Operator's members and the public.~~

~~(c) In assessing whether an exemption from pre-trade disclosure should be allowed, the Regulator will take into account factors such as:~~

- ~~(i) the level of order threshold compared with normal market size for the Investment;~~
- ~~(ii) the impact such an exemption would have on price discovery, fragmentation, fairness and overall market quality;~~
- ~~(iii) whether there is sufficient transparency relating to trades executed without pre-trade disclosure (as a result of orders executed on execution platforms without pre-trade transparency), whether or not they are entered in transparent markets;~~
- ~~(iv) whether the MTF Operator or OTF Operator supports transparent orders by giving priority to transparent orders over dark orders, for example, by executing such orders at the same price as transparent orders; and~~
- ~~(v) whether there is adequate disclosure of details relating to dark orders available to members and other participants on the Facility to enable them to understand the manner in which their orders will be handled and executed on the Facility.~~

~~(d) When making disclosure, an MTF Operator or OTF Operator must adopt a technical mechanism by which the public can differentiate between transactions that have been transacted in the central order book and transactions that have been reported to the Facility as off-order book transactions. Any transactions that have been cancelled pursuant to its rules must also be identifiable.~~

~~(e) An MTF Operator or OTF Operator must use appropriate mechanisms to enable pre trade information to be made available to the public in an easy to access and uninterrupted manner at least during business hours. An MTF Operator or OTF Operator may charge a reasonable fee for the information which it makes available to the public.~~

~~8.3.2 MTF Operator or OTF Operator must disclose the price, volume and time of the transactions executed in respect of Investments to the public as close to real-time as is technically possible on reasonable commercial terms and on a non-discretionary basis. An MTF Operator or OTF Operator must use adequate mechanisms to enable post trade information to be made available to the public in an easy to access and uninterrupted manner at least during business hours. An MTF Operator or OTF Operator may charge a reasonable fee for the information which it makes available to the public.~~

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8.5 Rules Applicable to MTF Operators

8.5.1 The following rules shall not apply to MTF Operators in respect of transactions concluded under the ~~rules governing an MTF between its members or participants or between the MTF and its members or participants in relation to the use of the MTF,~~ except that members of or participants in the MTF shall comply with such obligations with respect to their Clients when, acting on behalf of their Clients, they execute their orders through the systems of an MTF as stated in the following provisions:MTF's rules between:

~~(a) its members or participants; or~~

~~(b) the MTF and its members or participants in relation to the use of the MTF:~~

~~(a) Rule 3.4 (*Suitability*);~~

~~(b) Rule 6.5 (*Best Execution*);~~

~~(c) Rule 6.7 (*Aggregation and Allocation*); and~~

~~(d) Chapter 12 (*Key Information and Client Agreement*),~~

except that members of, or participants in, the MTF shall comply with such obligations with respect to their Clients when, acting on behalf of their Clients, they execute their orders through the systems of the MTF.

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8.6 Rules Applicable to OTF Operators

8.6.1 An OTF Operator may engage in ~~matched principal trading in bonds, structured finance products;~~

~~(a) operate an OTF for Derivatives, Debentures, Structured Products, Emissions Instruments, and other derivatives investments as specified by the Regulator;~~
and

(b) engage in Dealing as Matched Principal trading in the investments referred to in (a) only where the Client has, or all its Clients have, consented to the process.

8.6.2 An OTF Operator shall not use matched principal trading to execute Client orders in an OTF in Derivatives pertaining to a class of derivatives that has been declared subject to the Clearing obligation in accordance with the Regulations.

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17. ADDITIONAL RULES – AUTHORISED PERSONS CONDUCTING A REGULATED ACTIVITY IN RELATION TO VIRTUAL ASSETS

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17.1.2 An Authorised Person conducting a Regulated Activity in relation to Virtual Assets must comply with all requirements applicable to Authorised Persons in the following Rulebooks, unless the requirements in this chapter expressly provide otherwise –

(a) this Conduct of Business Rulebook (COBS);

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(e) ~~the Rules Code~~ Code of Market Conduct (C~~R~~M~~C~~), made by the Regulator in accordance with section 96 of the *Financial Services and Markets Regulations 2015*.

17.1.3 For the purposes of an Authorised Person conducting a Regulated Activity in relation to Virtual Assets, all references to -

~~(a) “Client Investments” in GEN shall be read as encompassing “Virtual Asset” or “Virtual Assets”, as applicable; and~~

~~(b) “Financial Instruments” in RMC shall be read as references to “Virtual Asset” or “Virtual Assets”, as applicable.~~

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17.5 Technology Governance and Controls

An Authorised Person conducting a Regulated Activity in relation to Virtual Assets must, as a minimum, have in place systems and controls with respect to the following:

Virtual Asset Wallets

(a) Procedures describing the creation, management and controls of Virtual Asset wallets, including:

(i) wallet setup/configuration/deployment/deletion/backup and recovery;

(ii) wallet access privilege management;

(iii) wallet user management;

(iv) wallet rules and limit determination, review and update; and

- (v) wallet audit and oversight.

Private and public keys

- (b) Procedures describing the creation, management and controls of private and public keys, including:
 - (i) private key generation;
 - (ii) private key exchange;
 - (iii) private key storage;
 - (iv) private key backup;
 - (v) private key destruction; ~~and~~
 - (vi) private key access management;
 - (vii) public key sharing; and
 - (viii) public key re-use.

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17.6 Additional disclosure requirements

~~17.6.1~~ Prior to entering into an initial Transaction for, on behalf of, or with a Client, an Authorised Person conducting a Regulated Activity in relation to Virtual Assets ~~shall~~ must disclose in a clear, fair and not misleading manner all material risks associated with (i) its products, services and activities (ii) Virtual Assets generally and (iii) the Accepted Virtual Asset that is the subject of the Transaction.

~~17.6.2~~ The risks to be disclosed pursuant to Rule ~~17.6.1~~ include, but are not limited to, the following:

- ~~(a) Virtual Assets not being legal tender or backed by a government;~~
- ~~(b) the value, or process for valuation, of Virtual Assets, including the risk of a Virtual Asset having no value;~~
- ~~(c) the volatility and unpredictability of the price of Virtual Assets relative to Fiat Currencies;~~
- ~~(d) that trading in Virtual Assets may be susceptible to irrational market forces;~~
- ~~(e) that the nature of Virtual Assets may lead to an increased risk of Financial Crime;~~
- ~~(f) that the nature of Virtual Assets may lead to an increased risk of cyber-attack;~~
- ~~(g) there being limited or, in some cases, no mechanism for the recovery of lost or stolen Virtual Assets;~~

- ~~(h) the risks of Virtual Assets being transacted via new technologies, (including distributed ledger technologies ('DLT')) with regard to, among other things, anonymity, irreversibility of transactions, accidental transactions, transaction recording, and settlement;~~
- ~~(i) that there is no assurance that a Person who accepts a Virtual Asset as payment today will continue to do so in the future;~~
- ~~(j) that the nature of Virtual Assets means that technological difficulties experienced by the Authorised Person may prevent the access or use of a Client's Virtual Assets;~~
- ~~(k) any links to Virtual Assets related activity outside ADGM, which may be unregulated or subject to limited regulation; and~~
- ~~(l) any regulatory changes or actions by the Regulator or Non-ADGM Regulator that may adversely affect the use, transfer, exchange, and value of a Virtual Asset.~~

17.7 Additional Rules Applicable to an Authorised Person Operating a Multilateral Trading Facility in relation to Virtual Assets

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17.7.2 An Authorised Person that is Operating a Multilateral Trading Facility in relation to Virtual Assets must comply with the requirements set out in COBS, Chapter 8, ~~save for Rules 8.4.6 and 8.6.~~

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17.7.4 An Authorised Person that is Operating a Multilateral Trading Facility in relation to Virtual Assets must comply with the following requirements set out in MIR, Chapter 5-
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- (a) Rules 5.1 - 5.3; and
- (b) Rule 5.4.1, in the circumstances identified in Items ~~18, 19, 20, 23~~24 (a) and (b), ~~26, 27, 31~~28, 32, 33, ~~34, 36~~35, 37, 38, 39, 40, ~~42, 44~~41, 43, 45, 46, 47, 48, 49, ~~51~~50, 52, 53, 54, ~~56~~55, 57, 58, 59, 60, 61 and ~~64~~62.

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21. ADDITIONAL RULES FOR ADMINISTERING A SPECIFIED BENCHMARK OR PROVIDING INFORMATION IN RELATION TO A SPECIFIED BENCHMARK

21.1 Application

21.1.1 This chapter applies to an Authorised Person conducting the Regulated Activity of Administering a Specified Benchmark or the Regulated Activity of Providing Information in Relation to a Specified Benchmark.

21.1.2 In addition to the general requirements applicable to Authorised Persons set out elsewhere in the Rules, an Authorised Person carrying on the Regulated Activity of Administering a Specified Benchmark (for the purposes of this chapter, a "Benchmark Administrator") or an Authorised Person carrying on the Regulated Activity of Providing

Information in Relation to a Specified Benchmark (for the purposes of this chapter, a “Specified Benchmark Information Provider”) must comply with this chapter, as applicable.

21.2 Specifying a Specified Benchmark

21.2.1 The Regulator may determine and maintain a list of Benchmarks which are Specified Benchmarks. When determining whether a Benchmark is a Specified Benchmark, the Regulator will have regard to, amongst other factors, the size of the underlying market relevant to the Benchmark and the total value of contracts which reference the Benchmark.

21.3 Administering a Specified Benchmark

21.3.1 Application

This section applies to a Benchmark Administrator.

Organisational and governance requirements

21.3.2 A Benchmark Administrator must:

- (a) maintain effective organisational and governance arrangements that enable it to carry out the activity of Administering a Specified Benchmark;
- (b) maintain the integrity of the market, including by way of contractual certainty of contracts which reference the Specified Benchmark it administers;
- (c) maintain effective organisational and administrative arrangements for:
 - (i) ensuring the confidentiality and integrity of the information used and processes followed in the course of determining the Specified Benchmark it administers; and
 - (ii) identifying and managing any conflicts of interest that arise, or may arise, from the process of administering the Specified Benchmark it administers; and
- (d) appoint a benchmark administration manager with adequate resources and expertise for the purposes of managing the oversight of the Benchmark Administrator’s compliance with these Rules.

21.3.3 Information used by a Benchmark Administrator for the purposes of determining a Specified Benchmark

A Benchmark Administrator must:

- (a) ensure that a Specified Benchmark it administers is determined using adequate information, including to the extent that such information is:
 - (i) representative of the state of the market that the Specified Benchmark references; and
 - (ii) made available by reputable, reliable and resilient data sources;

- (b) be able to identify, at any stage, all Persons providing information in relation to the Specified Benchmark it administers;
- (c) be able to provide to the Regulator all information (including in (b) above) used to determine a Specified Benchmark it administers, on a daily basis, or as often as such determinations are made; and
- (d) provide to the Regulator information pertaining to the activity in the underlying markets relevant to a Specified Benchmark it administers, on a quarterly basis, or as otherwise requested by the Regulator.

21.3.4 Monitoring, surveillance and reporting

A Benchmark Administrator must have effective arrangements:

- (a) that enable the regular monitoring and surveillance of the information, and source of information, used in the process of determining the Specified Benchmark it administers;
- (b) for the monitoring, and reporting, of any conduct that influences, or attempts to influence, the value, or process for the determination, of the Specified Benchmark it administers, including in circumstances where such conduct is false, misleading or manipulative;

Guidance

A Benchmark Administrator should consider the reporting and escalation mechanisms between itself and its benchmark administration manager, as well as its process for the internal reporting of such conduct to its senior management.

- (a) for taking appropriate action against any Person providing information in relation to the Specified Benchmark it administers, where it suspects, or has formed a view that, a Person has engaged in any conduct that influences, or attempts to influence, the value, or process of the determination of the Specified Benchmark administered by the Benchmark Administrator, including in circumstances where such conduct is false, misleading or manipulative;
- (b) to report to the Regulator, as soon as reasonably practicable, the details of:
 - (i) any conduct identified in Rule 21.3.4(b); and
 - (ii) any action it has taken under Rule 21.3.4(c);
- (c) that enable it to restrict or suspend any Person providing information in relation to the Specified Benchmark it administers, pursuant to any action it takes under Rule 21.3.4(c).

Guidance

For the purposes of this Rule, any conduct that influences, or attempts to influence, the value, or process for the determination, of a Specified Benchmark in a manner that is false, misleading or manipulative, includes conduct referred to in section 104 of FSMR.

21.3.5 Benchmark Administrator rules and practice standards

The Benchmark Administrator must:

- (a) in relation to the Specified Benchmark it administers, develop rules and practice standards which set out the responsibilities, including those applicable under the Rules for:
 - (i) Specified Benchmark Information Providers;
 - (ii) other Persons providing information in relation to a Specified Benchmark from outside the ADGM; and
 - (iii) the Benchmark Administrator;

Guidance

1. For the purposes of this Rule 21.3.5(a), a Benchmark Administrator should note the requirements set out in section 104 of FSMR, and, as applicable, Rules 21.4.2, 21.4.3 and 21.4.4.

- (a) undertake regular periodic reviews of:
 - (i) the rules and practice standards referred to under Rule 21.3.5(a);
 - (ii) the setting, and definition of, the Specified Benchmark it administers; and
 - (iii) where applicable, the composition of any panel of Persons that provide information in relation to the Specified Benchmark it administers, and the process for providing such information;
- (b) before making any changes as a result of a review referred to under Rule 21.3.5(b):
 - (i) obtain written consent from the Regulator to make such changes;
 - (ii) after obtaining written consent from the Regulator, publish a draft of the proposed changes and a notice that representations relating to the proposed changes may be submitted to the Benchmark Administrator within a specified period of time; and
 - (iii) have appropriate regard to any such representations so made;
- (c) ensure that it can, with reasonable certainty, contractually enforce the rules and practice standards referred to under Rule 21.2.5(a).

2. Where:

- (a) a Specified Benchmark is determined solely on the basis of information obtained from a market operated by a Recognised Body, a Multilateral Trading Facility or an Organised Trading Facility; and

- (b) the Benchmark Administrator for that Specified Benchmark is also that Recognised Body, Multilateral Trading Facility, or Organised Trading Facility;
- (c) the Benchmark Administrator may choose to incorporate the rules and practice standards required under Rule 21.3.5 into the rules of that Recognised Body, Multilateral Trading Facility, or Organised Trading Facility, provided that this does not affect the Benchmark Administrator's ability to comply with its regulatory obligations.

21.3.6 Fair and non-discriminatory access to Specified Benchmarks

- (a) A Benchmark Administrator must ensure that a user of a Specified Benchmark it administers (a "user") is granted non-discriminatory access to:
 - (i) relevant price and data feeds and information on the composition, methodology and pricing of the Specified Benchmark; and
 - (ii) licenses or other arrangements to use the Specified Benchmark.
- (b) Where a Benchmark Administrator charges a fee for access to the Specified Benchmark, access must be granted on reasonable commercial terms, and commensurate to the price at which access is granted to, or at which the intellectual property rights are licensed to, other users or related persons, for the purposes of pricing, trading and clearing.
- (c) A Benchmark Administrator can charge different fees for access to the Specified Benchmark to different users, or related persons, only where this can be objectively justified on reasonable terms, including consideration of the quantity, scope, or field of use requested.

21.4 Specified Benchmark Information Providers

21.4.1 Application

This section applies to a Specified Benchmark Information Provider.

21.4.2 General Rules

A Specified Benchmark Information Provider must:

- (a) have adequate governance arrangements to ensure that the information it provides in relation to a Specified Benchmark is not affected by any existing or potential conflict of interest, including, but not limited to, the Specified Benchmark Information Provider's exposure to any Specified Investment or Virtual Asset that uses the Specified Benchmark as a reference;
- (b) have adequate and effective systems and controls for ensuring that the integrity, accuracy and reliability of the information it provides in relation to the Specified Benchmark is maintained at all times;
- (c) have adequate arrangements in place for keeping records of communications of all information provided in relation to the Specified Benchmark, including, but not limited to, the provision of trade and order data, where applicable; and

- (d) fully cooperate with the Authorised Person administering a Specified Benchmark, with the Regulator and with any other person receiving information from the Information Provider, in respect of matters relating to the administration of a Specified Benchmark, and make available upon request any relevant information and records.

21.4.3 Exercise of judgment or discretion

Where a Specified Benchmark Information Provider exercises judgment or discretion when providing information in relation to a Specified Benchmark, it must:

- (a) have adequate arrangements, including policies and procedures, guiding such use of judgement or exercise of discretion; and
- (b) retain records detailing the rationale for the exercise of any such judgement or discretion, whenever exercised.

21.4.4 Specified Benchmark Information Providers – Price Reporting Agencies

Where a Specified Benchmark Information Provider is also a Price Reporting Agency, the Authorised Person must comply with the requirements of MIR Rule 3.11.2, in addition to the Rules specified under this section 21.4.

22. ADDITIONAL RULES – AUTHORISED PERSONS CONDUCTING A REGULATED ACTIVITY IN RELATION TO SPOT COMMODITIES

22.1 Application and Interpretation

22.1.1 This chapter applies to an Authorised Person conducting a Regulated Activity in relation to Spot Commodities.

22.1.2 For the purposes of an Authorised Person conducting a Regulated Activity in relation to Spot Commodities, all references to “Client Investments” in GEN shall be read as references to “Spot Commodity” or “Spot Commodities”, as applicable.

22.2 Accepted Spot Commodities

22.2.1 An Authorised Person conducting a Regulated Activity in relation to Spot Commodities must only allow Accepted Spot Commodities.

22.2.2 For the purposes of determining whether in its opinion, a Spot Commodity meets the requirements of being an Accepted Spot Commodity, the Regulator will consider –

- (a) the Authorised Person’s requirements for, and standards used, in relation to responsible and sustainable sourcing, including adherence to internationally recognised certification standards, as applicable, to the relevant Spot Commodity (as set out in Rule 22.3;
- (b) the market fundamentals in respect of the relevant Spot Commodity’s market, including -
- (i) its market practice and characteristics;
- (ii) its liquidity, and depth and breadth of demand and supply;

- (iii) the number of active participants;
- (iv) market transparency; and
- (v) its fair and orderly operation; and
- (c) any other factors that, in the opinion of the Regulator, are to be taken into account in determining whether or not a Spot Commodity is appropriate for the purpose of the Authorised Person conducting a Regulated Activity in relation to a Spot Commodity.

22.2.3 For the purposes of this chapter, an Emissions Instrument deemed by the Regulator a carbon offset for the purposes of Section 258 of FSMR, may be deemed by the Regulator to be an Accepted Spot Commodity.

22.3 Responsible and Sustainable Sourcing

22.3.1 An Authorised Person must ensure compliance with appropriate standards for responsible and sustainable sourcing in regard to (i) its products, services and activities, (ii) activities of its users, and (iii) Accepted Spot Commodities.

22.3.2 An Authorised Person must –

- (a) have arrangements in place to ensure that it, and its market participants, are certified as compliant with:
 - (i) ISO 14001 (Environmental Management Systems (EMS));
 - (ii) OHSAS 18001 / ISO 45001 (Health & Safety Management); or
 - (iii) equivalent certification standards; and
- (b) ensure its arrangements are aligned with the OECD's Due Diligence Guidance for Responsible Mineral Supply Chains (as applicable).

22.4 Delivery and Storage Facilities

22.4.1 An Authorised Person, and its participants, must only use delivery and/or storage facilities for Accepted Spot Commodities from:

- (a) within the ADGM, or
- (b) other appropriate jurisdictions that can meet the requirements of Rule 22.4.2.

22.4.2 For the purposes of Rule 22.4.1, any delivery and/or storage facility used by an Authorised Person must be a facility in relation to which –

- (a) where the delivery and/or storage facility operates from outside ADGM, it operates under rules and regulations equivalent to those applying in the Abu Dhabi Global Market;
- (b) the delivery and/or storage facility will, at all times, comply with all applicable laws in the relevant jurisdiction or elsewhere, including in particular and without limitation:

- (i) local port conditions;
- (ii) local, national and global customs requirements;
- (iii) local, national and global anticorruption laws;
- (iv) local, national and global taxation requirements; and
- (v) any other applicable rules and regulations;
- (c) the delivery and/or storage facility adheres to:
 - (i) appropriate international standards for storage and delivery mechanisms, including with regard to IOSCO's Good and Sound Practices; and
 - (ii) OHSAS 18001 Health & Safety Management or equivalent certification standards;
- (d) it has appropriate audit and control arrangements in place, in relation to inventories, deliveries and physical infrastructure; and
- (e) it has appropriate insurance arrangements in place to cover operational, security, fraud, natural disasters and other applicable risks.

Storage Facilities

22.4.3 An Authorised Person must have arrangements in place for the approval, management, monitoring and control for Accepted Spot Commodities and the storage facilities operated by itself or by third parties, including in relation to:

- (a) security arrangements;
- (b) periodic stock reports;
- (c) periodic inventory audits;
- (d) dispute resolution procedures where the storage facility materially fails to meet any of its obligations to the title holder;
- (e) storage or other fees; and
- (f) rights and obligations in the event of storage facility insolvency, as per the rules, terms, conditions and other obligations of the Authorised Person.

Sound Delivery Arrangements

22.4.4 An Authorised Person must have arrangements in place, including with any delivery and/or storage facility it is using, for the approval, management, monitoring and controls for the delivery of Accepted Spot Commodities, including in relation to the:

- (a) testing techniques and protocols used to determine contractual performance of the Accepted Spot Commodity properties and characteristics;

- (b) mechanism for adjusting the delivery (settlement) price depending on testing (a), if applicable;
- (c) inclusion or exclusion of taxes and other levies or costs;
- (d) commercial terms of delivery, such as FOB (Free On Board), CIF (Cost, Insurance, Freight), CFR (Cost and Freight), DES (Delivered ex-Ship) and DAP (Delivered-at-Place);
- (e) audit process for accepted product origins and authentication requirements;
- (f) delivery rules and limit determination, review and update; and
- (g) delivery audit and oversight.

Delivery Disruption or Dispute

22.4.5 An Authorised Person must have arrangements in place, including with any delivery and/or storage facility it is using, to mitigate the risks of disruption to, or dispute over, the delivery of Accepted Spot Commodities, including in relation to:

- (a) late delivery or loading of the Accepted Spot Commodity;
- (b) the method for resolution of a delay in delivery, including alternative loadings, dates or book outs;
- (c) resolution mechanisms for force majeure events; and
- (d) a dispute over the quality or condition of the Commodity, that results from a deviation in the Accepted Spot Commodity deliverable specifications.

Delivery Underperformance

22.4.6 An Authorised Person must have arrangements in place to determine fair and reasonable compensation due to underperformance against the terms of the Accepted Spot Commodity delivery, in accordance with the terms of the relevant contract or specification, including for parameters such as:

- (a) logistics, and the inconvenience for the buyer, in the case of a seller failing to perform; or
- (b) logistics and the inconvenience for the seller in the case of a buyer not performing.

22.5 Spot Commodity Title

22.5.1 Where applicable, an Authorised Person must have arrangements in place for the approval, management, monitoring and control for the holding, delivery, and recording of a Spot Commodity Title, including:

- (a) title specifications;
- (b) title issuance;
- (c) title transfer, and history of transfer;

- (d) record keeping and periodic reconciliation ; and
- (e) audit and oversight of the Spot Commodity Title arrangements.

22.6 International Tax Reporting Obligations

22.6.1 An Authorised Person conducting a Regulated Activity in relation to Accepted Spot Commodities, where applicable, should consider any reporting obligations in relation to, among other things –

- (a) FATCA, as set out in the Guidance Notes on the requirements of the Intergovernmental Agreement between the United Arab Emirates and the United States, issued by the UAE Ministry of Finance in 2015 and as amended from time to time; and
- (b) Common Reporting Standards, set out in the ADGM Common Reporting Standard Regulations 2017.

22.7 Additional Rules applicable to Operating a Multilateral Trading Facility or an Organised Trading Facility in relation to Accepted Spot Commodities

22.7.1 An Authorised Person that is Operating a Multilateral Trading Facility in relation to Accepted Spot Commodities must comply with the requirements set out in COBS, Chapter 8, save for Rule 8.6.

22.7.2 An Authorised Person that is Operating an Organised Trading Facility in relation to Accepted Spot Commodities must comply with the requirements set out in COBS, Chapter 8, save for Rule 8.5.

22.7.3 For the purposes of Rules 22.7.1 and 22.7.2, the following references in COBS, Chapter 8 should be read as follows:

- (a) references to “Investment” or “Investments” shall be read as references to “Spot Commodity” or “Spot Commodities”, and
- (b) references to “Financial Instrument” or “Financial Instruments” (including those in MIR as incorporated by virtue of COBS Rule 8.2.1) shall be read as references to “Accepted Spot Commodity” or “Accepted Spot Commodities” as applicable.

22.7.4 An Authorised Person that is Operating a Multilateral Trading Facility or an Organised Trading Facility in relation to Accepted Spot Commodities must comply with the following requirements set out in MIR, Chapter 5 -

- (a) Rules 5.1 - 5.3; and
- (b) Rule 5.4.1, in the circumstances identified in Items 19, 20, 24 (a) and (b), 27, 28, 32, 33, 35, 37, 38, 39, 41, 43, 45, 46, 47, 48, 49, 50, 52, 53, 54, 55, 57, 58, 59, 60, 61 and 62.

22.7.5 For the purposes of Rule 22.7.4, all references in MIR to -

- (a) “Recognised Body” or “Recognised Bodies” shall be read as references to “Authorised Person”; and

- (b) “Financial Instrument” or “Financial Instruments” shall be read as references to “Accepted Spot Commodity” or “Accepted Spot Commodities”, as applicable.

22.7.6 GEN Rule 5.2.14 shall apply to an Authorised Person Operating a Multilateral Trading Facility or an Organised Trading Facility in relation to Accepted Spot Commodities, and all references to “Investment” shall be read as references to “Accepted Spot Commodities”.

22.8 Additional Rules applicable to Providing Custody in relation to Accepted Spot Commodities

22.8.1 An Authorised Person that is Providing Custody in relation to Accepted Spot Commodities must comply with the requirements set out in COBS, Chapters 14, 15 and 16.

22.8.2 For the purposes of Rule 22.8.1, the following references in Chapters 14, 15 and 16 should be read as follows –

- (a) references to “Client Assets” shall be read as encompassing “Accepted Spot Commodities”; and

- (b) references to “Investment” or “Investments”, (and, a result, the corresponding references to “Client Investments”) shall be read as encompassing “Accepted Spot Commodity” or “Accepted Spot Commodities”, as applicable.

22.8.3 For the purposes of an Authorised Person that is Providing Custody in relation to Accepted Spot Commodities, the following requirements in COBS, Chapters 14 and 15 shall be read as follows –

- (a) the reconciliations of the Client Accounts required under COBS Rule -

(i) 14.2.12(a) shall be carried out at least every week; and

(ii) 14.2.12(d) shall be carried out within 5 days of the date to which the reconciliation relates;

- (b) all reconciliations required under COBS Rule 15.9.1 shall be conducted at least every week.

22.9 Additional Rules for operating an Accepted Spot Commodity Auction Platform

22.9.1 An Authorised Person may operate a Spot Commodity Auction Platform for the purposes of periodic price discovery of an Accepted Spot Commodity or Spot Commodity Title, subject to the approval of the Regulator and where the Authorised Person satisfies Rules 21.9.2 and 22.9.3.

Systems and Controls

22.9.2 An Authorised Person must have adequate arrangements demonstrating that it:

- (a) can operate a Spot Commodity Auction Platform;

- (b) can assess, mitigate and manage the risks relating to the performance of a Spot Commodity Auction Platform;

- (c) monitors bids made by, and transactions effected by, participants on the Spot Commodity Auction Platform;
- (d) is responsible for, and performs, the full technical operation of the Spot Commodity Auction Platform, including in relation to contingency arrangements for disruption to the Spot Commodity Auction Platform; and
- (e) is responsible for, and operates, the arrangements set out in Rule 22.9.3.

Safeguards for Participants

22.9.3 An Authorised Person must ensure that business conducted on a Spot Commodity Auction Platform is conducted in an orderly manner and affords proper protection to participants, including:

- (a) by way of transparent rules and procedures:
 - (i) to provide for fair and orderly auctions;
 - (ii) to establish objective criteria for the efficient execution of transactions; and
 - (iii) for the settlement of the Accepted Spot Commodity or transfer of the Spot Commodity Title;
- (b) in regards to the arrangements made for relevant information to be made available to participants on the Spot Commodity Auction Platform;
- (c) in regards to the arrangements made for recording transactions executed by participants on the Spot Commodity Auction Platform;
- (d) in regards to the measures adopted to reduce the extent to which the Spot Commodity Auction Platform's facilities can be used for a purpose connected with Market Abuse or Financial Crime, and to facilitate their detection and monitor their influence; and
- (e) details of fees, costs and other charges, and the basis upon which the Authorised Person will impose those fees, costs and other charges.

22.10 Capital Requirements

22.10.1 Where an Authorised Person is conducting:

- (a) the Regulated Activity of Operating a Multilateral Trading Facility or the Regulated Activity of Operating an Organised Trading Facility in relation to Accepted Spot Commodities, the capital requirements set out in MIR 3.2 (Capital Requirements) shall apply to all the Regulated Activities undertaken by the Authorised Person in relation to Spot Commodities; and
- (b) For the purposes of this Rule, all references in MIR 3.2 to a "Recognised Investment Exchange" shall be read as references to an "Authorised Person".

Guidance

For any one or more Regulated Activities in relation to Spot Commodities, other than Operating a Multilateral Trading Facility or Operating an Organised Trading Facility, the capital requirements applicable to such Regulated Activity, or Regulated Activities, as relevant, shall apply.