

General Rulebook (GEN)

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

1. INTRODUCTION

1.1 Application

1.1.1 This Rulebook ("**GEN**") applies to every Person to whom the Financial Services and Markets Regulations 2015 ("**FSMR**") or Market Infrastructure Rules ("**MIR**") applies and to the same extent as those Regulations or Rules, except to the extent that a provision of GEN provides for a narrower application. This Rulebook does not apply to Remote Bodies.

1.2 Overview of the Rulebook

Guidance

1. Chapter 2 sets out the Principles for Authorised Persons, and Approved Persons ~~and Recognised Persons~~.
2. Chapter 3 specifies the requirements upon senior management to implement effective systems and controls. There are also requirements upon the Authorised Person to apportion material responsibility among its senior management.
3. Chapter 4 contains mainly guidance in respect of interpretation of the Rulebook, emergency procedures, disclosure, the location of offices, Close Links, Complaints against the Regulator and the public records maintained by the Regulator in accordance with section 196 of the FSMR.
4. Chapter 5 specifies the Regulator's authorisation requirements for any applicant intending to become an Authorised Person, the threshold conditions required for such authorisation and requirements relating to Approved Persons ~~and Recognised Persons~~.

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Principle 12 – Remuneration practices

2.2.12 An Authorised Person must have a Remuneration structure and strategies which are well aligned with the long term interests of the Authorised Person, and are appropriate to the nature, scale and complexity of its business.

2.3 Principles for ~~Approved Persons and Recognised Persons~~ – application

2.3.1 The six Principles for ~~Approved Persons and Recognised Persons~~ set out in Rule 2.4 apply to every Approved Person and in respect of every Controlled Function ~~and every Recognised Person in respect of every Recognised Function~~.

Guidance

1. The Principles for ~~Approved Persons and Recognised Persons~~ do not apply to an Approved Person ~~or a Recognised Person~~ in respect of any other functions ~~he~~ they

may carry out, although ~~his~~their conduct in those functions may be relevant to ~~his~~their fitness and propriety.

2. Breaching a Principle for Approved Persons ~~and Recognised Persons~~ makes an Approved Person liable to disciplinary action and may indicate that ~~he is~~they are no longer fit and proper to perform a Controlled Function, and the Regulator, may consider suspending or withdrawing Approved Person status on that basis.
3. In those circumstances, the onus is on the Regulator to show that the Approved Person is culpable, taking into account the standard of conduct required under the Principle in question. In determining whether or not the particular conduct of an Approved Person complies with the Principles for Approved Persons ~~and Recognised Persons~~, the Regulator will take account of whether that conduct is consistent with the requirements and standards relevant to ~~his~~their Authorised Person, ~~his~~their own role and the information available to ~~him~~them.
4. An Approved Person ~~or Recognised Person~~ breaching a Principle makes that person liable to disciplinary action and may indicate that they are no longer fit and proper to perform the related function; the Authorised Person should consider suspending or withdrawing their status as an Approved Person ~~or Recognised Person~~ on that basis.

2.4 The Principles for Approved Persons ~~and Recognised Persons~~

Principle 1 - Integrity

- 2.4.1 Each Approved Person ~~and Recognised Person~~ must observe high standards of integrity and fair dealing in carrying out every Controlled Function ~~or Recognised Function~~.

Principle 2 - Due skill, care and diligence

- 2.4.2 Each Approved Person ~~and Recognised Person~~ must act with due skill, care and diligence in carrying out every Controlled Function ~~or Recognised Function~~.

Principle 3 - Market conduct

- 2.4.3 Each Approved Person ~~and Recognised Person~~ must observe proper standards of conduct in the ADGM Financial System in carrying out every Controlled Function ~~or Recognised Function~~.

Principle 4 - Relations with the Regulator

- 2.4.4 Each Approved Person ~~and Recognised Person~~ must deal with the Regulator in an open and co-operative manner and must disclose appropriately any information of which the Regulator would reasonably be expected to be notified.

Principle 5 - Management, systems and control

- 2.4.5 Each Approved Person ~~and Recognised Person~~ who has significant responsibility must take reasonable care to ensure that the business of the Authorised Person for which ~~he is~~they are responsible is organised so that it can be managed and controlled effectively.

Principle 6 - Compliance

- 2.4.6 Each Approved Person ~~and Recognised Person~~ who has significant responsibility must take reasonable care to ensure that the business of the Authorised Person for which ~~he~~ they are responsible complies with any Regulations or Rules.

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5. AUTHORISATION AND THRESHOLD CONDITIONS**5.1 Application**

- 5.1.1 (1) This Chapter applies, subject to (2), to every Person that is:
- (a) an Authorised Person;
 - (b) an applicant for a Financial Services Permission;
 - (c) an Approved Person;
 - (d) an applicant for Approved Person status; or
 - ~~(e) a Recognised Person;~~
 - ~~(f) an applicant for Recognised Person status; or~~
 - (g) a Controller of a Person referred to in (a) or (b).
- (2) This Chapter does not apply to Recognised Bodies or operators of a Representative Office.
- (3) Upon the granting of a Financial Services Permission to an applicant, such applicant will be required to satisfy the requirements of the provisions in this Chapter on an on-going basis.

Guidance

1. This Chapter outlines the authorisation requirements for Authorised Persons, and Approved Persons ~~and Recognised Persons~~.
2. The Regulator's requirements for authorisation of:
 - a. Recognised Bodies are covered by MIR; and
 - b. Representative Offices are covered by Chapter 9.
3. This Chapter should be read in conjunction with the GPM which sets out the Regulator's general regulatory policy and processes. Some additional processes may be outlined in other Chapters of this Rulebook.

4. The GPM sets out the Regulator's approach to the authorisation of Undertakings and individuals to conduct Regulated Activities, or Controlled Functions—~~or Recognised Functions~~, as the case may be.

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5.3 Controlled Functions and Approved Persons

- 5.3.1 (1) Pursuant to Part 5 of the FSMR, the functions specified in Rules 5.3.2 to ~~5.3.4~~5.3.9 are Controlled Functions.
- (2) Performance of Controlled Functions are subject to approval by the Regulator.
 - (3) Where an individual who has been approved pursuant to Rule 5.3.1(2) has his Controlled Function withdrawn or varied, the Authorised Person must notify the Regulator in writing within 10 days of such withdrawal or variation.
 - (4) A Controlled Function shall not include a function performed by a registered insolvency practitioner (subject to the restrictions defined within section 289 of the Insolvency Regulations 2015) if the practitioner is:
 - (a) appointed as a receiver or administrative receiver within the meaning of Part 2 of the Insolvency Regulations 2015;
 - (b) appointed as a liquidator in relation to a members' voluntary Winding-Up within the meaning of Chapter 3 of Part 3 of the Insolvency Regulations 2015;
 - (c) appointed as a liquidator in relation to a creditors' voluntary Winding-Up within the meaning of Chapter 4 of Part 3 of the Insolvency Regulations 2015; or
 - (d) appointed as a liquidator or provisional liquidator in relation to a compulsory Winding-Up within the meanings of Chapter 6 of Part 3 of the Insolvency Regulations 2015.
 - (5) A Controlled Function shall not include a function performed by an individual appointed to act as manager of the business of an Authorised Person or Recognised Body.

Guidance

The Regulator will approve an Approved Person for the performance of Controlled Functions. However, the Regulator expects that the Authorised Person will carry out proper due diligence to satisfy itself that the individual will be able to carry out his role effectively, is fit and proper to do so, and that there are no conflicts of interest or that any actual or potential conflicts of interest are appropriately managed.

Senior Executive Officer

5.3.2 The Senior Executive Officer function is carried out by an individual who:

- (1) has, either alone or jointly with other Approved Persons, ultimate responsibility for the day-to-day management, supervision and control of one or more (or all) parts of an Authorised Person's Regulated Activities carried on in or from the ADGM; and
- (2) is a Director, Partner or Senior Manager of the Authorised Person.

Licensed Director

5.3.3 Subject to Rule 5.5.4, the Licensed Director function is carried out by an individual who is a Director of an Authorised Person which is a Body Corporate.

Licensed Partner

5.3.4 The Licensed Partner function is carried out, in the case of an Authorised Person which is a Partnership, by an individual specified in Rule 5.5.5.

Finance Officer

5.3.5 The Finance Officer function is carried out by an individual who is a Director, Partner or Senior Manager of an Authorised Person who has responsibility for the Authorised Person's compliance with the applicable Rules in PRU or PIN.

Compliance Officer

5.3.6 The Compliance Officer function is carried out by an individual who is a Director, Partner or Senior Manager of an Authorised Person who has responsibility for compliance matters in relation to the Authorised Person's Regulated Activities.

Senior Manager

5.3.7 The Senior Manager function is carried out by an individual who is responsible either alone or jointly with other individuals for the management, supervision or control of one or more parts of an Authorised Person's Regulated Activities who is:

- (1) an Employee of the Authorised Person; and
- (2) not a Director or Partner of the Authorised Person.

Guidance

In respect of a Fund, the Regulator would expect the Fund Manager to appoint at least one individual other than the Senior Executive Officer to carry out Senior Manager functions in relation to the Fund such as managing operational risk and other internal controls.

Money Laundering Reporting Officer

5.3.8 The Money Laundering Reporting Officer function is carried out by an individual who is a Director, Partner or Senior Manager of an Authorised Person and who has responsibility for the implementation of an Authorised Person's anti-money laundering policies, procedures, systems and controls and day to day oversight of its compliance with the Rules in AML and any relevant anti-money laundering Rules.

Responsible Officer

5.3.9 The Responsible Officer function is carried out by an individual who:

- (1) has significant responsibility for the management of one or more aspects of an Authorised Person's affairs;
- (2) exercises a significant influence on the Authorised Person as a result of (1); and
- (3) is not an Employee of the Authorised Person.

Guidance

1. The Controlled Function of a Responsible Officer applies to an individual employed by a Controller or other Group company who is not an Employee of the Authorised Person, but who has significant responsibility for, or for exercising a significant influence on, the management of one or more aspects of the Authorised Person's business.
2. Examples of a Responsible Officer might include an individual responsible for the overall strategic direction of an Authorised Person or a regional manager to whom a Senior Executive Officer reports and from whom he takes direction.

5.3.10 An Approved Person may perform one or more Controlled Functions for one or more Authorised Persons. Carrying on a Controlled Function does not prevent a Person from also performing any Recognised Function.

Guidance

1. In considering whether to grant an individual Approved Person status with respect to more than one Authorised Person, the Regulator will consider each Controlled Function ~~and any Recognised Function~~ to be carried out and the allocation of responsibility for that individual among the relevant Authorised Persons. In this situation the Regulator will need to be satisfied that the individual will be able to carry out his roles effectively, is fit and proper to do so, and that there are no conflicts of interest or that any actual or potential conflicts of interest are appropriately managed.

5.4 [Deleted] Recognised Functions and Recognised Persons

~~5.4.1 Pursuant to Part 5 of FSMR, the functions as listed in Rules 5.4.5 to 5.4.9 are Recognised Functions.~~

- ~~5.4.2 Performance of Recognised Functions shall be subject to approval by the relevant Authorised Person in respect of which the Recognised Function is to be performed.~~
- ~~5.4.3 Where an individual is approved pursuant to Rule 5.4.2 or has his Recognised Function varied, the Authorised Person must notify the Regulator in writing within 10 days of such approval or variation.~~
- ~~5.4.4 A Recognised Function shall not include a function performed by a registered insolvency practitioner (subject to the restrictions defined within section 289 of the Insolvency Regulations 2015) if the practitioner is:~~
- ~~(1) appointed as a receiver or administrative receiver within the meaning of Part 2 of the Insolvency Regulations 2015;~~
 - ~~(2) appointed as a liquidator in relation to a members' voluntary Winding-Up within the meaning of Chapter 3 of Part 3 of the Insolvency Regulations 2015;~~
 - ~~(3) appointed as a liquidator in relation to a creditors' voluntary Winding-Up within the meaning of Chapter 4 of Part 3 of the Insolvency Regulations 2015; or~~
 - ~~(4) appointed as a liquidator or provisional liquidator in relation to a compulsory Winding-Up within the meanings of Chapter 6 of Part 3 of the Insolvency Regulations 2015.~~

Finance Officer

- ~~5.4.5 The Finance Officer function is carried out by an individual who is a Director, Partner or Senior Manager of an Authorised Person who has responsibility for the Authorised Person's compliance with the applicable Rules in PRU or PIN.~~

Compliance Officer

- ~~5.4.6 The Compliance Officer function is carried out by an individual who is a Director, Partner or Senior Manager of an Authorised Person who has responsibility for compliance matters in relation to the Authorised Person's Regulated Activities.~~

Senior Manager

- ~~5.4.7 The Senior Manager function is carried out by an individual who is responsible either alone or jointly with other individuals for the management, supervision or control of one or more parts of an Authorised Person's Regulated Activities who is:~~
- ~~(1) an Employee of the Authorised Person; and~~
 - ~~(2) not a Director or Partner of the Authorised Person.~~

Guidance

~~In respect of a Fund, the Regulator would expect the Fund Manager to appoint at least one individual other than the Senior Executive Officer to carry out Senior Manager~~

~~functions in relation to the Fund such as managing operational risk and other internal controls.~~

Money Laundering Reporting Officer

~~5.4.8 The Money Laundering Reporting Officer function is carried out by an individual who is a Director, Partner or Senior Manager of an Authorised Person and who has responsibility for the implementation of an Authorised Person's anti-money laundering policies, procedures, systems and controls and day to day oversight of its compliance with the Rules in AML and any relevant anti money laundering Rules.~~

Responsible Officer

~~5.4.9 The Responsible Officer function is carried out by an individual who:~~

- ~~(1) has significant responsibility for the management of one or more aspects of an Authorised Person's affairs;~~
- ~~(2) exercises a significant influence on the Authorised Person as a result of (1); and~~
- ~~(3) is not an Employee of the Authorised Person.~~

Guidance

- ~~1. The Recognised Function of a Responsible Officer applies to an individual employed by a Controller or other Group company who is not an Employee of the Authorised Person, but who has significant responsibility for, or for exercising a significant influence on, the management of one or more aspects of the Authorised Person's business.~~
 - ~~2. Examples of a Responsible Officer might include an individual responsible for the overall strategic direction of an Authorised Person or a regional manager to whom a Senior Executive Officer reports and from whom he takes direction.~~
- ~~5.4.10 An Authorised Person must notify the Regulator prior to approval of an individual, for one or more Recognised Functions, when the individual is currently an Approved Person or Recognised Person for one or more other Authorised Persons.~~

Guidance

- ~~1. The Regulator expects an Authorised Person when considering whether to approve an individual as a Recognised Person and who is already an Approved Person or Recognised Person with one or more other Authorised Persons, will consider each Recognised Function and any Controlled Functions~~
- ~~2. The Regulator also expects that the Authorised Person will assess whether the individual will be able to carry out his roles effectively, is fit and proper to do so, and that there are no conflicts of interest or that any actual or potential conflicts of interest are appropriately managed.~~

5.5 Mandatory appointments

- 5.5.1 (1) An Authorised Person must, subject to (2), make the following appointments and ensure that they are held by one or more Approved Persons ~~or Recognised Persons~~ at all times:
- (a) Senior Executive Officer;
 - (b) Finance Officer;
 - (c) Compliance Officer; and
 - (d) Money Laundering Reporting Officer.
- (2) An Authorised Person which is a Credit Rating Agency:
- (a) need not make the appointments referred to in (1)(b) and (d); and
 - (b) must ensure that the appointments referred to in (1)(a) and (c) are held by separate persons at all times.
- (3) An Authorised Person which is a Fund Manager of a Venture Capital Fund need not make the appointment referred to in (1)(b).

Guidance

1. This Guidance addresses a range of circumstances:
 - a. one individual performing more than one function in a single Authorised Person, as contemplated in Rule 5.5.1;
 - b. more than one individual performing one function in a single Authorised Person, not addressed by that Rule; and
 - c. one individual performing a single function in more than one Authorised Person, also not addressed by that Rule.
2. The Regulator or relevant Authorised Person, as applicable, will only authorise an individual to perform more than one Controlled Function or ~~Recognised Function~~ or combine Controlled Functions ~~with other functions (including Recognised Functions)~~ where it is satisfied that the individual is fit and proper to perform each Controlled Function, ~~Recognised Function~~ or combination of Controlled Functions ~~and Recognised Functions~~.
3. In the above situation the Regulator or relevant Authorised Person, as applicable, will need to be satisfied that the individual will be able to carry out his role effectively, is fit and proper to do so, and that there are no conflicts of interest or that any actual or potential conflicts of interest are appropriately managed.

4. Notwithstanding this Rule, an Authorised Person would generally be expected to separate the roles of Compliance Officer and Senior Executive Officer. In addition, the roles of Compliance Officer, Finance Officer and Money Laundering Reporting Officer would not be expected to be combined with any other Controlled Functions ~~or Recognised functions~~ unless appropriate monitoring and control arrangements independent of the individual concerned will be implemented by the Authorised Person. This may be possible in the case of a Branch, where monitoring and controlling of the individual (carrying out more than one role in the Branch) is conducted from the Authorised Person's home state by an appropriate individual for each of the relevant Controlled Functions ~~or Recognised Functions~~, as applicable. However, it is recognised that, on a case by case basis, there may be exceptional circumstances in which this may not always be practical or possible.
 5. In what it considers to be exceptional circumstances, the relevant Authorised Person may register more than one individual to perform the Controlled Function of Compliance Officer in respect of different internal business divisions within that Authorised Person, particularly where it is large in size. In this regard the relevant Authorised Person may consider, amongst other things, the nature, scale and complexity of its activities, the clarity of demarcation between areas of responsibility, the potential for gaps in responsibility, and processes of communication with the Regulator.
 6. More than one Authorised Person may also register the same individual as its Compliance Officer. This will only be performed where the Authorised Persons concerned are satisfied that the individual is able to carry out his functions effectively in each Authorised Person taking into consideration factors such as the amount and nature of business conducted by the Authorised Persons. Each Authorised Person has a duty under Rules 3.3.7 to 3.3.12 to monitor its compliance arrangements to ensure, as far as reasonably practicable, that it complies with all Regulations and Rules.
- 5.5.2 The Approved Persons ~~and Recognised Persons~~ referred to in Rule 5.5.1(1)(a), (c) and (d) must be resident in the U.A.E.

Guidance

1. In appropriate circumstances, the Regulator may waive the requirement for a Compliance Officer or Money Laundering Reporting Officer to be resident in the U.A.E. In determining whether to grant a Waiver, the Regulator will consider a range of factors on a case by case basis focused on whether the Authorised Person can demonstrate that it has appropriate compliance arrangements (see Rules 3.3.7 to 3.3.12). These factors may include, but are not limited to: the nature, scale and complexity of the activities of the Authorised Person; the ability of a remote officer to carry out his functions in differing time zones and a differing working week; the size, resourcing and capabilities of a remote compliance function; the ability of a remote officer to liaise and communicate readily with the Regulator; and the competency and capability of a remote officer and whether the remote officer is able effectively to undertake or supervise regular compliance monitoring and keep up to date with applicable Rules.

2. The Regulator will also take into account factors such as the relevant regulatory experience of the proposed ~~Approved Person or Recognised Person, as applicable~~, and whether the applicant Authorised Person has previously been subject to financial services regulation.
3. An Authorised Person should also be aware of the residency requirement for an MLRO under AML 12.1.1(2).

5.5.3 In the case of a Trust Service Provider, the ~~Recognised~~Approved Persons referred to in Rule 5.5.1(1)(c) and (d) must not act also as trustees on behalf of the Trust Service Provider.

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Systems and controls

- 5.6.13 An Authorised Person must have appropriate arrangements in place to ensure that an individual assessed as being competent under Rule 5.6.8 maintains his competence.
- 5.6.14 An Authorised Person must ensure, in the case of individuals seeking to perform the Controlled Functions of Senior Executive Officer, Money Laundering Reporting Officer or Compliance Officer that such individuals are able to demonstrate sufficient knowledge of relevant anti-money laundering requirements.

Guidance

In considering whether individuals have sufficient knowledge of relevant anti-money laundering requirements, the Authorised Person may be satisfied where the individual can demonstrate receipt of appropriate training specifically relevant to such requirements.

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~~5.7 Application for Recognised Person status~~

- ~~5.7.1 Appointment of new Recognised Persons must be made in accordance with applicable governance procedures and policies of the Authorised Person.~~
- ~~5.7.2 The Authorised Person must be satisfied that an individual candidate for Recognised Person status is a fit and proper person to carry out the role.~~

~~Consideration and assessment of applications~~

- ~~5.7.3 An individual shall only be approved to carry on one or more Recognised Functions if the Authorised Person is satisfied that the individual is fit and proper to be a Recognised Person. In making this assessment, the Authorised Person must consider:~~
 - ~~(1) the individual's integrity;~~
 - ~~(2) the individual's competence and capability;~~
 - ~~(3) the individual's financial soundness;~~

- (4) — the individual's proposed role within the Authorised Person; and
- (5) — any other relevant matters.

Guidance

Authorised Persons may refer to the GPM for more detail as to how these requirements may be interpreted.

~~5.7.4 In Rule 5.7.3, an individual may not be considered as fit and proper where:~~

- ~~(1) — he is bankrupt;~~
- ~~(2) — he has been convicted of a serious criminal offence; or~~
- ~~(3) — he is incapable, through mental or physical incapacity, of managing his affairs.~~

~~5.7.5 In assessing an application for Recognised Person status, the Authorised Person may:~~

- ~~(1) — make any enquiries which it considers appropriate, including enquiries independent of the applicant;~~
- ~~(2) — require the individual to provide additional information;~~
- ~~(3) — require any information provided in accordance with (b) or otherwise to be verified in any way as it chooses to specify; and~~
- ~~(4) — take into account any information which it considers appropriate.~~

~~5.7.6 An Authorised Person must not permit an individual to perform a Recognised Function on its behalf, except as permitted by Rule 8.6 or with the consent of the Regulator, unless that individual is a Recognised Person who has been assessed by the Authorised Person as competent to perform that Recognised Function in accordance with Rule 5.7.5.~~

~~5.7.7 In assessing the competence of an individual, an Authorised Person must:~~

- ~~(1) — obtain details of the knowledge and skills of the individual in relation to the knowledge and skills required for the role;~~
- ~~(2) — take reasonable steps to verify the relevance, accuracy and authenticity of any information acquired;~~
- ~~(3) — determine whether the individual holds any relevant qualifications with respect to the Recognised Function or Recognised Functions performed, or proposed to be to performed, within the Authorised Person;~~
- ~~(4) — determine the individual's relevant experience; and~~

- ~~(5) — determine the individual's knowledge of the Authorised Person's relevant systems and procedures with respect to the type of business that is to be, or is being, conducted by the individual on behalf of the Authorised Person.~~

~~5.7.8 — An Authorised Person must be satisfied that a Recognised Person:~~

- ~~(1) — continues to be competent in his proposed role;~~
- ~~(2) — has kept abreast of relevant market, product, technology, legislative and regulatory developments; and~~
- ~~(3) — is able to apply his knowledge.~~

~~5.7.9 — The Authorised Person is responsible for the conduct of its Recognised Persons and for ensuring that they remain fit and proper to carry out their role.~~

Guidance

~~In considering whether a Recognised Person remains fit and proper, the Authorised Person should consider the guidance applicable to Approved Persons in the GPM and the notification requirements in Rule 8.10.~~

~~5.7.10 — Before appointing an individual as a Recognised Person approved to carry out Recognised Functions, an Authorised Person must make reasonable enquiries as to an individual's fitness and propriety to carry out a Recognised Function.~~

~~5.7.11 — An Authorised Person must not appoint an individual as a Recognised Person if it has reasonable grounds to believe that the individual is not fit and proper to carry out the Recognised Function.~~

Systems and controls

~~5.7.12 — An Authorised Person must have appropriate arrangements in place to ensure that an individual assessed as being competent under Rule 5.7.7 maintains his competence.~~

~~5.7.13 — An Authorised Person must ensure, in the case of individuals seeking to perform the Recognised Functions of Money Laundering Reporting Officer or Compliance Officer, that such individuals are able to demonstrate sufficient knowledge of relevant anti-money laundering requirements.~~

Guidance

~~In considering whether individuals have sufficient knowledge of relevant anti-money laundering requirements, the Authorised Person may be satisfied where the individual can demonstrate receipt of appropriate training specifically relevant to such requirements.~~

~~5.7.14 — An Authorised Person must establish and maintain systems and controls which will enable it to comply with Rules 5.7.6 to 5.7.9.~~

~~5.7.15 (1) — An Authorised Person must keep records of the assessment process undertaken for each individual under this Chapter.~~

~~(2) These records must be kept for a minimum of six years from the date of the assessment.~~

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8.6 Temporary cover

8.6.1 (1) An Authorised Person may, subject to (2), appoint an individual who is not an Approved Person ~~or a Recognised Person~~ to carry out the functions of an Approved Person ~~or a Recognised Person, as applicable~~, where the following conditions are met:

- (a) the absence of the Approved Person ~~or Recognised Person~~ is temporary or reasonably unforeseen;
- (b) the functions are carried out for a maximum of twelve weeks in any consecutive twelve months; and
- (c) the Authorised Person has assessed that the individual has the relevant skills and experience to carry out these functions.

(2) An Authorised Person may not appoint under (1) an individual to carry out the Controlled Functions of a Licensed Director or Licensed Partner.

(3) The Authorised Person must take reasonable steps to ensure that the individual complies with all the Rules applicable to Approved Persons ~~or Recognised Persons, as applicable~~.

(4) Where an individual is appointed as an Approved Person ~~or Recognised Person~~ under this Rule, the Authorised Person must notify the Regulator in writing of the name and contact details of the individual appointed.

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