

## Dealing and Advisory Supplement for Financial Services Permission

This supplement form must be submitted by Applicants applying to conduct, in or from the Abu Dhabi Global Market (ADGM), one or more of the Regulated Activities<sup>1</sup> of Dealing in Investments as Principal, Dealing in Investments as Agent, Arranging Deals in Investments, or Advising on Investments or Credit. These Regulated Activities are defined in the ADGM Financial Services and Market Regulations (FSMR) module of the Rulebook.

In addition to this form, you<sup>2</sup> are required to complete the FSRA – General Information for Regulated Activities (GIRA) form and any other forms as applicable to your intended activities in the ADGM.

We occasionally refer to various Rules, sections, or chapters of the FSRA Rulebook. However, these references are provided only as a guide and are not an exhaustive list of the Rules that may be applicable to your situation. It is your responsibility to research the Rulebook for any Rules that might be pertinent to your application.

Do not leave any response-cells empty. If a question we ask does not pertain to your intended Regulated Activities, respond to that effect in the cell. The use of acronyms is to be avoided. If you do need to use acronyms then they must be defined.

Ensure that you are using the latest version of this application form. We will only accept superseded forms if they are submitted within one month of the latest version's release.

*Name of the Applicant or Authorised Person:*

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<sup>1</sup> Terms defined in the ADGM FSRA Glossary (GLO) Rulebook or the glossary sections in other Rulebooks are identified by the capitalisation of the initial letter of a word or of each word in a phrase, unless the context otherwise requires the word to have its natural meaning.

<sup>2</sup> The terms "you" and "your" as used throughout are not implied in the personal sense, but rather refer to the firm applying for authorisation. The terms "we" and "our" refer to the ADGM FSRA.

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# 1 Business model

What is the projected number of Clients at end of first full year?

What is the projected business revenues in the first full year?

Indicate the business activities that your firm will undertake and the estimated percentage of the total business revenue attributed to each in the first year of operation:

Activity	Yes	No	Value or %
<b>Arranging Deals in Investments</b>			
<i>Exchange traded securities including shares, bonds, Funds and Investment Trusts:</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Exchange traded Derivatives:</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Over-the-counter instruments including Derivatives, swaps, Structured Products, money market instruments, and bonds:</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Collective Investment Funds:</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<b>Advising on Investments or Credit</b>			
<i>Exchange traded securities including shares, bonds, Funds and Investment Trusts:</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Exchange traded Derivatives:</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Over-the-counter instruments including Derivatives, swaps, Structured Products, money market instruments, and bonds.</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Collective Investment Funds:</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Other (Specify):</i>			
<b>Dealing in Investments as Agent</b>			
<i>Exchange traded securities including shares, bonds, Funds and Investment Trusts:</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Exchange traded Derivatives:</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Over-the-counter instruments including Derivatives, swaps, Structured Products, money market instruments, and bonds:</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Collective Investment Funds:</i>	<input type="checkbox"/>	<input type="checkbox"/>	

<i>Other (Specify):</i>			
<b>Dealing in Investments as Principal</b>			
<i>Exchange traded securities including shares, bonds, Funds and Investment Trusts:</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Exchange traded Derivatives:</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Over-the-counter instruments including Derivatives, swaps, Structured Products, money market instruments, and bonds:</i>	<input type="checkbox"/>	<input type="checkbox"/>	
<i>Other (Specify):</i>			

For your first year of operation provide the estimated percentage of revenues from your targeted Clients:

Type of Clients	%
<i>Retail Clients:</i>	
<i>Professional Clients:</i>	
<i>Market Counterparties:</i>	
<b>Total:</b>	<b>100</b>

<i>Will your firm conduct proprietary trading?</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<i>If "Yes", what are your risk-limits in relation to your capital?</i>	
<i>Provide a flow chart for each type of sales and/or trading Transaction that your firm will undertake. These should clearly identify your role, the Client's role, and the role of any other third parties in each Transaction. Indicate the movement of monies and assets. Each step in a Transaction should be clear, with the responsibilities and obligations of the parties involved unambiguously identified.<sup>3</sup></i>	

<sup>3</sup> It might be more convenient to attach these flow charts with this supplement. If so, indicate such is the case.

## 2 Financial and operational risk management

<i>Describe how trading limits are set and monitored:</i>	
<i>How will your firm ensure that your remuneration policies for front office staff do not encourage a culture of excessive risk taking?</i>	
<i>Describe the nature and frequency of the trading book valuation. What risk mitigating tools will be used to manage risk in this area?<sup>4</sup></i>	
<i>Describe your clearing and settlement arrangements. How will you ensure appropriate clearing and settlement of Transactions?</i>	
<i>Describe how you manage your credit risks for Client trading. How will you mitigate the risks of payment or delivery failure in relation to executed trades? How will you deal with error trades?<sup>5</sup></i>	
<i>Provide details of any underwriting activities you will carry on:</i>	
<i>Will your firm offer margin accounts?</i>	<input type="checkbox"/> Yes <input type="checkbox"/> No
<i>If you answered "Yes" to the questions above provide a description of your margin financing policy. This should include a full account of the: 1) concentration policy; 2) type of collateral accepted; 3) criteria for granting margin finance and the interest rate charged; 4) procedures and personnel responsible for computing margin shortfalls, making margin calls, and making good shortfalls; and 5) how often the margin finance policy is reviewed:</i>	

<sup>4</sup> This question relates to principal and Client trading. We would expect a description to include details of any stress testing and validation model-based techniques used.

<sup>5</sup> We are interested to know how you will intend to manage Client accounts in terms of payments, distributions, valuations, and reporting.

### 3 Conduct of business

<i>Will you hold Client Money?</i>
<i>For customer trading, describe what arrangements you will have in place to ensure the safeguarding of Client Assets, including custody and Client Money arrangements:<sup>6</sup></i>
<i>How often will reconciliations of Client holdings be carried out and who will be responsible for the reconciliation? How will you reconcile your records of Client Assets, including Client Money, with the records of other parties (such as third party custodians or dealers) so as to ensure any differences identified are rectified promptly?</i>
<i>If your firm will be marketing Foreign Funds, how will you ensure that the Funds meet ADGM FSRA requirements?<sup>7</sup></i>
<i>How does the Board and Senior Management monitor the firm's trading activities for any market abuse / misconduct? Describe the surveillance of trading activities:</i>
<i>How does the Board and Senior Management ensure compliance with record keeping requirements and in particular the telephone recording requirements?<sup>8</sup></i>
<i>The following six questions pertain to Applicants dealing for Retail Clients. If you will not be dealing for Retail Clients, insert "N/A" in the cells.</i>
<i>Describe how the Board and Senior Management will ensure that employees in Client-facing roles are competent and continue to maintain their knowledge and skills:<sup>9</sup></i>

<sup>6</sup> Refer to ADGM FSRA COBS, Rules 14.1, 14.2, and 14.3.

<sup>7</sup> Your firm can only market Foreign Funds that meet the requirements of the ADGM. Refer to ADGM FSRA Funds, Chapter 10 – Marketing of Foreign Funds and Prospectus Disclosure.

<sup>8</sup> Refer to ADGM FSRA COBS, Rules 6.8 – Record keeping.

<sup>9</sup> This should include your recruitment process and ongoing training and competence programmes. Refer to ADGM FSRA GEN, Rule 3.3.19.

<i>Describe your Complaint handling process:<sup>10</sup></i>
<i>How will you ensure that the Client achieves the best execution for the Transaction?<sup>11</sup></i>
<i>What is your policy to ensure and evidence that customer assessments and considerations of suitability are carried out:<sup>12</sup></i>
<i>Provide a copy of your standard Client Agreement:<sup>13</sup></i>
<i>What is your policy to ensure that the appropriate disclosures are made to Retail Clients? Relevant areas include marketing materials, fees and commissions, investment research, and inducements:<sup>14</sup></i>

<sup>10</sup> See ADGM FSRA GEN, Chapter 7 – Complaints Handling and Dispute Resolution. You will need to show that you have procedures in place to ensure that a complaint from a Retail Client will be handled fairly, consistently, and promptly.

<sup>11</sup> Refer to ADGM FSRA COBS, Rule 6.5, Best Execution and ADGM FSRA COBS, Rule 6.9.3 – Timely Execution. Where a Client order is passed to another person to execute the Transaction, describe the procedures to be adopted to ensure Client orders are passed on in a timely fashion and are properly executed. You should also address how you will manage any differences in work days and time between the ADGM and the jurisdiction in which that other Person is located.

<sup>12</sup> Refer to ADGM FSRA COBS, Rule 3.4 – Suitability. You will need to show you ensure that advice to Clients is suitable and in line with requirements.

<sup>13</sup> Refer to ADGM FSRA COBS, Rules 3.3 and 12.1.2(a).

<sup>14</sup> Refer to ADGM FSRA COBS, Chapter 3 – Core rules.

## 4 Declarations by the Applicant

I declare that, to the best of my knowledge and belief, having made due enquiry, the information given in this form, the supplements and documents attached, as well as any applicable supporting documents, is complete and correct. I understand that it is an offence under ADGM FSMR, Article 219 – *Misleading the Regulator* if you were to knowingly or recklessly provide to the ADGM FSRA any information which is false, misleading, or deceptive or to conceal information where the concealment of such information is likely to mislead or deceive the ADGM FSRA.

I declare my understanding that the ADGM FSRA may request more detailed information (including but not limited to, personal, educational, employment, and financial information) should it be deemed necessary to adequately assess the fitness and probity of the firm or any person connected to the firm. I consent to the ADGM FSRA contacting any previous employers, educational institutions, professional organisations, or any other organisation, to verify any information contained in this form.

I confirm that I have the authority to make this application, to declare as specified above and sign this form for, or on behalf of, the Applicant. I also confirm that I have the authority to give the consent specified above.

I understand that any personal data provided to the ADGM FSRA will be used to discharge its regulatory functions under the Abu Dhabi Law No. 4 of 2013 and other relevant legislation and may be disclosed to third parties for those purposes.

\_\_\_\_\_  
Signature of Director/Partner of the Applicant:<sup>15</sup>

\_\_\_\_\_  
Date:

<i>Printed name of the above:</i>	
<i>Position or title:</i>	

<sup>15</sup> Or the person who will be authorised by the entity once it has been incorporated or established within the ADGM.