**Trading Facilities supplement**

This supplement form must be submitted by applicants applying to conduct one or more of the Regulated Activities[[1]](#footnote-2) of Operating a Multilateral Trading Facility and Operating an Organised Trading Facility. These financial services are defined in Schedule 1 of the AIFC General Rules.

In addition to this supplement you[[2]](#footnote-3) will also have to complete the *Application for a Licence to carry on Regulated Activities* form. Depending on the suite of Regulated Activities your firm will be offering, there might be other forms or supplements that need to be completed and submitted. Where you believe a question in this supplement may have already been answered in the *Application for a Licence to carry on Regulated Activities* form or other forms then you may provide an unequivocal cross reference to the relevant section.

To assist you in completing this form we occasionally make reference to various Rules, sections, or chapters of the various modules which make up the AIFC Regulations and Rules. 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 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. If it is more appropriate to answer certain questions in an attachment then indicate in the cell that that is the case. The use of acronyms is to be avoided. If you do need to use acronyms then they must be defined.

As a matter of good practice, and to avoid any confusion, words and terms that are defined in AIFC Glossary should have their first letter in upper-case.

Ensure that that you are using the latest version of this application form. AFSA will only accept out-of-date forms if they are submitted within one month of the latest version available on our website. For your submission we will require the paper-based originals with handwritten signature of one set of application forms, supplemental forms, and purpose-written, attachment documents, as well as the same in electronic format.

You are advised to retain a copy of the form and all relevant attachments for the records.

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| 1. **Declaration by the applicant**
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* 1. I declare that, to the best of my knowledge and belief, having made due inquiry, 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 may be a breach of Article 119(e) of the AIFC Framework Regulations to provide to the AFSA any information which is deceptive, misleading or dishonest.
	2. I understand that the Authorised Person shall comply with, and be bound by, the AIFC rules and regulations. I also acknowledge that it is sole responsibility of the Authorised Person to monitor the amendments introduced to the rules and regulations published on the official website of the AFSA.
	3. I declare my understanding that the AFSA 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 propriety of the firm or any person connected to the firm. I consent to the AFSA contacting any previous employers, educational institutions, professional organisations or any other organisation, to verify any information contained in this form.
	4. 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 authority to give the consent specified above.
	5. I understand that any personal data provided to the AFSA will be used to discharge its regulatory functions under the AIFC Data Protection Regulations, and other relevant legislation and may be disclosed to third parties for those purposes.
	6. I confirm that all documents submitted as part of this application, whether physical or electronic, become property of the AFSA.

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Signature of Director/Partner of the applicant[[3]](#footnote-4) Date

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| Enter the name and position or title of the above signed Director/Partner of the applicant: |
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| 1. **Business model**
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* 1. Indicate the Qualified Investment(s) you will allow to be traded on the proposed MTF/OTF:

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| [Insert text here] |

* 1. Does your firm intend to apply to AFSA to designate a financial product(s) as a Qualified Investment, under Rule 5.3 of AIFC Multilateral and Organised Trading Facilities Rules (MOTF), in addition to those specifically mentioned in MOTF 5.2? If “Yes”, provide details:

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| [Insert text here] |

* 1. If your firm will be operating as an OTF, in the course of carrying out order execution on a discretionary basis, provide information on the nature of any algorithm or program that the firm will use to determine the matching and execution of trading interests:

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| [Insert text here] |

* 1. Will your firm engage in (a) matched principal trading and/or (b) dealing on own account (for OTF only)? If “Yes, (a) explain how the firm will use the matched principal trading, and (b) what are your risk-limits in relation to your capital. Please provide full details of the arrangements that the firm will have in place to ensure it complies with MOTF 12:

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| [Insert text here] |

* 1. Please provide full details of the arrangements that the firm will have in place to ensure it complies with MOTF 11. Please provide copies of all relevant policies, procedures or other materials:

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| [Insert text here] |

* 1. Will your firm introduce a liquidity incentive scheme? If “Yes”, what due diligence procedures will it undertake? Please provide a copy of the liquidity incentive scheme or arrangement proposed to be implemented by the firm.

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| [Insert text here] |

* 1. Please describe in full how the firm will comply with MOTF Chapter 6, and provide copies of the relevant procedures that the firm will have in place.

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| [Insert text here] |

* 1. Please provide details of firm’s system vendors (including matching engine, surveillance system, etc.), the proposed location of the firm’s servers and systems, and provide any other relevant plans, policies and procedures.

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| [Insert text here] |

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| 1. **Risk management**
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* 1. What will be the procedures and criteria of your firm in assessing Persons’ suitability prior to granting them access or admittance to membership of the Trading Facility?

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| [Insert text here] |

* 1. Will your firm permit Members of the Trading Facility that are body corporates to provide Direct Electronic Access to clients? If “Yes”, how will you comply with the requirements on criteria, standards and arrangements applied to such Trading Facility Operators[[4]](#footnote-5)?

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| [Insert text here] |

* 1. Will your firm provide Direct Electronic Access to Members that are natural persons? If “Yes”, how will you comply with the requirements on criteria, standards and arrangements applied to such Trading Facility Operators[[5]](#footnote-6)? What systems and controls to address market integrity, AML, CTF and investor protection risks will you have in place?

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| [Insert text here] |

* 1. List and provide details about all material outsourcing arrangements related to trading systems, clearing and settlement systems and to any other function:

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| [Insert text here] |

* 1. How will your firm ensure appropriate clearing and settlement of transactions[[6]](#footnote-7)? Describe and demonstrate how you will supervise responsibility for compliance of the outsourced functions or activities, if any:

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| [Insert text here] |

* 1. Describe what practices and controls will be in place to identify, assess and manage security threats and vulnerabilities and to protect data from loss and leakage, unauthorised access and other processing risks:

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| [Insert text here] |

* 1. Please describe in full how the firm will comply with Chapter 17, explaining the process/rules it will have in place to suspend/terminate member/member’s Client access to its markets. Please provide a copy of the firm’s Default Rules.

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| [Insert text here] |

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| 1. **Conduct of business**
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* 1. Explain/demonstrate by providing appropriate explanations/evidence (including documentary and other evidence, if possible) of the applicant's ability to:

a) Mitigate the risks of its facilities being used for a purpose connected with Market Abuse, Financial Crime or Money Laundering, and to facilitate the monitoring and detection of potential incidence of such events happening;

b) to communicate information about Market Abuse or Financial Crime promptly and

accurately to appropriate bodies.[[7]](#footnote-8)

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| [Insert text here] |

* 1. How will your firm ensure that business conducted through its facilities is conducted in a fair and orderly manner[[8]](#footnote-9)? Please provide copies of all relevant policies, procedures or other materials.

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| [Insert text here] |

* 1. Explain/demonstrate by providing appropriate arrangements (including documentary and other evidence, if possible) of the applicant’s ability to comply with the public disclosure requirements?[[9]](#footnote-10) Please provide copies of all relevant policies, procedures or other materials.

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| [Insert text here] |

* 1. If the Trading Facility Operator trades, clears or settles, on its facilities, commodity derivative contracts which require physical delivery of the underlying commodity, it must ensure that such commodity derivative contracts include contract delivery specifications captured in sections 2-10 of Schedule 1 of MOTF. Develop and provide a standard commodity derivative contract.

Specify whether the ISDA[[10]](#footnote-11) Master Agreement was used as a basis of the document.

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| [Insert text here] |

* 1. Please describe in full how the firm will make the disclosures required by MOTF Chapter 9. Please provide details of the technology proposed to be used by the firm to meet the requirements in this Chapter.

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| [Insert text here] |

* 1. Please describe in full how the firm will comply with MOTF Chapter 14. Please provide copies of the firm’s arrangements, policies and procedures. Please include details of the firm’s transaction recording systems vendor (if different to above).

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| [Insert text here] |

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| Documentation Checklist |

* 1. The documents must be attached with this application. Mark the appropriate response-cells with an “X” to confirm that these attachments form part of this submission:

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | **Verify that the following required documents are attached with this application submission:** | **Yes** | **No** | **N/a** |
| 1.
 | Membership Rules[[11]](#footnote-12): |  |  |  |
|  | Direct Electronic Access Rules[[12]](#footnote-13): |  |  |  |
|  | Policies and procedures in relation to rules and consultation[[13]](#footnote-14): |  |  |  |
|  | Policies and procedures in relation to fair and orderly trading[[14]](#footnote-15): |  |  |  |
|  | Policies and procedures in relation to public disclosure[[15]](#footnote-16): |  |  |  |
|  | Copy of Applicant’s liquidity incentive scheme or arrangements[[16]](#footnote-17): (if applicable) |  |  |  |
|  | Transaction recording arrangements, policies and procedures[[17]](#footnote-18): |  |  |  |
|  | Business continuity plan[[18]](#footnote-19): |  |  |  |
|  | Incident management procedures[[19]](#footnote-20): |  |  |  |
|  | Physical and information security policy[[20]](#footnote-21): |  |  |  |
|  | Default Rules[[21]](#footnote-22): |  |  |  |
|  | Standard Commodity derivative contract: (if applicable) |  |  |  |

* 1. If you responded “No” in any of the cells above provide an explanation:

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* 1. List additional supporting documents not covered in the above checklist:

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1. Terms defined in the Glossary (GLO) or the glossary sections in the Rules 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. [↑](#footnote-ref-2)
2. The terms “you” and “your” as used throughout are not implied in the personal sense, but rather refer to the applicant applying for a Licence to carry on Regulated Activities. The terms “we” and “our” refer to the AFSA. [↑](#footnote-ref-3)
3. Or the person who will be authorised by the entity once it has been incorporated or established. [↑](#footnote-ref-4)
4. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Rule 4.2. [↑](#footnote-ref-5)
5. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Rule 4.3. [↑](#footnote-ref-6)
6. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Chapter 20 – Settlement and Clearing Services. [↑](#footnote-ref-7)
7. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Chapter 18 – Financial Crime and Market Abuse. [↑](#footnote-ref-8)
8. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Chapter 7 – Fair and Orderly Trading. [↑](#footnote-ref-9)
9. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Chapter 8 – Public Disclosure. [↑](#footnote-ref-10)
10. International Swaps and Derivatives Association. [↑](#footnote-ref-11)
11. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Rule 3.2. [↑](#footnote-ref-12)
12. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Chapter 4. [↑](#footnote-ref-13)
13. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Chapter 6. [↑](#footnote-ref-14)
14. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Chapter 7. [↑](#footnote-ref-15)
15. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Chapter 8. [↑](#footnote-ref-16)
16. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Chapter 10. [↑](#footnote-ref-17)
17. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Chapter 14. [↑](#footnote-ref-18)
18. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Rule 16(2). [↑](#footnote-ref-19)
19. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Rule 16(3). [↑](#footnote-ref-20)
20. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Rule 16(5). [↑](#footnote-ref-21)
21. Refer to AIFC Multilateral and Organised Trading Facilities Rules, Chapter 17. [↑](#footnote-ref-22)