

Annex A

OPERATING REGULATIONS [•]

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Regulations to provide for the licensing of persons in the Global Market and for matters connected with licensing.

Date of Enactment: [•]

Part I: Licensing of controlled activities

1. The general prohibition

- (1) No person may carry on a controlled activity in or from the Global Market, or purport to do so, unless he is -
 - (a) a licensed person; or
 - (b) an exempt person.
- (2) The prohibition is referred to in these Regulations as the general prohibition.
- (3) For the purposes of these Regulations, a "licensed person" is a person who has a valid licence to carry on one or more controlled activities.

2. Controlled activities

- (1) An activity is a controlled activity for the purposes of these Regulations if it falls within a description of activity specified as a controlled activity in rules made by the Board.
- (2) Such rules may specify the circumstances in which a person is to be regarded as carrying on (or purporting to carry on) a controlled activity in or from the Global Market.

3. Contravention of the general prohibition

- (1) A person who contravenes the general prohibition commits a contravention of these Regulations and shall be liable to a fine of up to [•] US Dollars.
- (2) In proceedings in respect of a contravention under subsection (1), it is a defence for the person accused of the contravention to show that he took all reasonable precautions and exercised all due diligence to avoid committing the contravention.
- (3) An agreement made by a person in the course of carrying on a controlled activity in contravention of the general prohibition shall not, by virtue of such contravention alone, be void or unenforceable.

4. Licensed persons exceeding scope of licence

- (1) If a licensed person carries on a controlled activity in the Global Market, or purports to do so, otherwise than in accordance with a licence given to that person under these Regulations he commits a contravention of these Regulations and shall be liable to a fine of up to [•] US Dollars.

- (2) In proceedings in respect of a contravention under subsection (1), it is a defence for the person accused of the contravention to show that he took all reasonable precautions and exercised all due diligence to avoid committing the contravention.

5. False claims to be licensed or exempt

- (1) A person who is neither a licensed person nor, in relation to the controlled activity in question, an exempt person commits a contravention of these Regulations if he —
 - (a) describes himself (in whatever terms) as a licensed person;
 - (b) describes himself (in whatever terms) as an exempt person in relation to the controlled activity; or
 - (c) behaves, or otherwise holds himself out, in a manner which indicates (or which is reasonably likely to be understood as indicating) that he is —
 - (i) a licensed person; or
 - (ii) an exempt person in relation to the controlled activity.
- (2) A person who commits the contravention set out in subsection (1) shall be liable to a fine of up to [•] US Dollars.
- (3) In proceedings in respect of a contravention under subsection (1), it is a defence for the person accused of the contravention to show that he took all reasonable precautions and exercised all due diligence to avoid committing the contravention.

6. Partnerships

- (1) If a licensed person is a firm —
 - (a) it is licensed to carry on the controlled activities concerned in the name of the firm; and
 - (b) its licence is not affected by any change in its membership.
- (2) If a licensed person, being a firm, is dissolved, its licence continues to have effect in relation to any individual or firm which succeeds to the business of the dissolved firm.
- (3) For the purposes of this section, an individual or firm is to be regarded as succeeding to the business of a dissolved firm only if succession is to the whole or substantially the whole of the business of the former firm.
- (4) “Firm” means a partnership.
- (5) “Partnership” does not include a partnership which is constituted under the law of any place outside the Global Market and is a body corporate.

7. Withdrawal of licence

- (1) This section applies if —
 - (a) a licensed person’s licence is cancelled; and
 - (b) as a result, there is no controlled activity for which he has a licence.

- (2) The Registrar must give a direction withdrawing that person's status as a licensed person.

8. Exemption orders

- (1) The Board may by order ("an exemption order") provide for —
 - (a) specified persons, or
 - (b) persons falling within a specified class,
to be exempt from the general prohibition.
- (2) But a person cannot be an exempt person as a result of an exemption order if he has a licence to carry on a controlled activity under these Regulations.
- (3) An exemption order may provide for an exemption to have effect —
 - (a) in respect of all controlled activities;
 - (b) in respect of one or more specified controlled activities;
 - (c) only in specified circumstances;
 - (d) only in relation to specified functions;
 - (e) subject to conditions.
- (4) "Specified" means specified by the exemption order.

9. Application for a licence

An application for a licence to carry on one or more controlled activities may be made to the Registrar by —

- (a) an individual;
- (b) a body corporate; or
- (c) a partnership.

10. Granting licences

- (1) On receipt of an application under section 9, the Registrar may grant a licence to the applicant to carry on the controlled activity or activities to which the application relates or such of them as may be specified in the licence if the Registrar is satisfied that the applicant meets the conditions ("conditions of licence") set out in rules made by the Board.
- (2) Rules made under subsection (1) may: -
 - (a) impose different conditions in relation to different kinds or descriptions of controlled activity or different kinds of person or legal entity;
 - (b) require particular kinds of legal entity or organisation to comply with additional formalities, such as notarisation or registration of constitutional documents;
 - (c) require applicants intending to carry on particular kinds or descriptions of controlled activity to have and maintain any registration, authorisation, licence,

good standing, approval, consent, permission or similar status in any jurisdiction outside the Global Market or pursuant to any other law for the time being in force in the Global Market; and

- (d) impose restrictions on the activities that may be carried on by particular kinds of legal entity or organisation.
- (3) A licence shall be valid for such period of time as may be specified by the Registrar in its decision granting the licence. A licensed person wishing to continue to carry on in the Global Market the controlled activities for which it has a licence must, prior to the expiry of such licence, apply for and obtain a new licence in respect of such activities.
- (4) If it grants a licence, the Registrar must specify the licensed controlled activity or activities, described in such manner as the Registrar considers appropriate.
- (5) The Registrar may —
- (a) incorporate in the description of a controlled activity such limitations (for example as to circumstances in which the activity may, or may not, be carried on) as it considers appropriate;
 - (b) specify a narrower or wider description of controlled activity than that to which the application relates;
 - (c) grant a licence for the carrying on of a controlled activity which is not included among those to which the application relates.
- (6) Every licence granted by the Registrar shall set out:
- (a) a unique licence number for each licence;
 - (b) the name of the licensed person;
 - (c) the operating name of the licensed person, if different;
 - (d) the legal status of the licensed person;
 - (e) the address of the licensed person in the Global Market;
 - (f) the issue date of the licence; and
 - (g) the expiry date of the licence.
- (7) A general form of licence to be used by the Registrar when granting licences under these Regulations is set out in Schedule 2.
- (8) The grant of a licence pursuant to these Regulations shall not operate to exempt the licensed person from any requirement or obligation to obtain any other licence, approval, consent, permission, or authorisation or undertake any other formality or process pursuant to any other law for the time being in force in the Global Market.
- (9) The grant of a licence, approval, consent, permission, or authorisation or completion of any other formality or process pursuant to any other law for the time being in force in the Global Market shall not operate to exempt any person from a requirement to obtain a licence pursuant to these Regulations.

11. Granting licences: special cases

If the applicant for a licence —

- (a) in relation to a particular controlled activity, is exempt from the general prohibition as a result of an order made under section 8(1), but
 - (b) has applied for a licence in relation to another controlled activity,
- the application is to be treated as relating to all the controlled activities which, if a licence is granted, the applicant will carry on.

12. Variation by Registrar at request of licensed person

- (1) The Registrar may, on the application of a licensed person, vary the licence granted to that person by —
 - (a) adding a controlled activity to those to which the licence relates;
 - (b) removing a controlled activity from those to which the licence relates;
 - (c) varying the description of a controlled activity to which the licence relates.
- (2) The Registrar may, on the application of the licensed person, cancel the licence.
- (3) The Registrar may refuse an application under this section if it appears to it that it is desirable to do so in the interests of the Global Market.
- (4) If as a result of a variation of a licence under this section there are no longer any controlled activities for which the licensed person concerned has a licence, the Registrar must, once it is satisfied that it is no longer necessary to keep the licence in force, cancel it.
- (5) The Registrar's power to vary a licence under this section extends to including in the licence as varied any provision that could be included if a fresh licence were being granted by it in response to an application under section 9.

13. Variation or cancellation on initiative of Registrar

- (1) The Registrar may exercise its power under this section in relation to a licensed person if it appears to the Registrar that —
 - (a) that person is failing, or is likely to fail, to satisfy the conditions of licence applicable to him;
 - (b) that person has failed, during a period of at least 12 months, to carry on a controlled activity to which the licence relates; or
 - (c) it is desirable to exercise the power in the interests of the Global Market.
- (2) The Registrar's power under this section is the power —
 - (a) to vary the licence by —
 - (ii) adding a controlled activity to those to which the licence relates,
 - (iii) removing a controlled activity from those to which the licence relates, or
 - (iii) varying the description of a controlled activity to which the licence relates,or
 - (b) to cancel the licence.

- (3) If, as a result of a variation of a licence under this section, there are no longer any controlled activities for which the licensed person concerned has a licence, the Registrar must, once it is satisfied that it is no longer necessary to keep the licence in force, cancel it.
- (4) The power of the Registrar to vary a licence under this section extends to including in the licence as varied any provision that could be included if a fresh licence were being granted in response to an application under section 9.
- (5) The power of the Registrar under this section is referred to in these Regulations as its own-initiative variation power.

14. Imposition of requirements by Registrar

- (1) Where a person has applied for a licence or the variation of a licence, the Registrar may impose on that person such requirements, taking effect on or after the grant or variation of the licence, as the Registrar considers appropriate.
- (2) The Registrar may exercise its power under subsection (3) in relation to a licensed person if it appears to the Registrar that —
 - (a) that person is failing, or is likely to fail, to satisfy the conditions of licence applicable to him,
 - (b) that person has failed, during a period of at least 12 months, to carry on a controlled activity to which the licence relates, or
 - (c) it is desirable to exercise the power in the interests of the Global Market.
- (3) The Registrar's power under this subsection is a power —
 - (a) to impose a new requirement,
 - (b) to vary a requirement imposed by the Registrar under this section, or
 - (c) to cancel such a requirement.
- (4) The Registrar's power under subsection (3) is referred to in these Regulations as its own-initiative requirement power.
- (5) The Registrar may, on the application of a licensed person —
 - (a) impose a new requirement on that person,
 - (b) vary a requirement imposed by the Registrar under this section on that person, or
 - (c) cancel such a requirement.
- (6) The Registrar may refuse an application under subsection (5) if it appears to it that it is desirable to do so in the interests of the Global Market.

15. Requirements under section 14: further provisions

- (1) A requirement may, in particular, be imposed —
 - (a) so as to require the person concerned to take specified action, or
 - (b) so as to require the person concerned to refrain from taking specified action.
- (2) A requirement may extend to activities which are not controlled activities.

- (3) A requirement may be imposed by reference to a partnership's members.
- (4) A requirement may be imposed by reference to the person's relationship with —
 - (a) the person's group, or
 - (b) other members of the person's group.
- (5) A requirement may be expressed to expire at the end of such period as the Registrar may specify, but the imposition of a requirement that expires at the end of a specified period does not affect the Registrar's power to impose a new requirement.
- (6) A requirement may refer to the past conduct of the person concerned (for example, by requiring the person concerned to review or take remedial action in respect of past conduct).
- (7) In this section "requirement" means a requirement imposed under section 14.

16. Applications under this Part

- (1) An application for a licence must —
 - (a) contain a statement of the controlled activity or controlled activities which the applicant proposes to carry on and for which the applicant wishes to have a licence; and
 - (b) give the address of a place in the Global Market for service on the applicant of any notice or other document which is required or authorised to be served on the applicant under these Regulations.
- (2) An application for the variation of a licence must contain a statement —
 - (a) of the desired variation, and
 - (b) of the controlled activity or controlled activities which the applicant proposes to carry on if the licence is varied.
- (3) An application for the variation of a requirement imposed under section 14 or for the imposition of a new requirement must contain a statement of the desired variation or requirement.
- (4) An application under this Part must —
 - (a) be made in such manner as the Registrar may direct, and
 - (b) contain, or be accompanied by, such other information as the Registrar may reasonably require.
- (5) At any time after the application is received and before it is determined, the Registrar may require the applicant to provide it with such further information as it reasonably considers necessary to enable it to determine the application.
- (6) Different directions may be given, and different requirements imposed, in relation to different applications or categories of application.
- (7) The Registrar may require an applicant to provide information which the applicant is required to provide to it under this section in such form, or to verify it in such a way, as the Registrar may direct.
- (8) The Board may issue rules requiring the payment to the Registrar of such fees, in connection with applications made under this Part, as are specified in the rules. Such

rules may prescribe different levels of fees for different types of applicant or different types of controlled activity. Any fee which is owed to the Registrar under any provision made by such rules may be recovered as a debt due to the Registrar. The Registrar may reject an application which is not accompanied by the payment to the Registrar of the fees due on such application.

17. Determination of applications

- (1) An application under this Part must be determined by the Registrar before the end of the period of 1 month beginning with the date on which it received the completed application.
- (2) The Registrar may determine an incomplete application if it considers it appropriate to do so; and it must in any event determine such an application within 3 months beginning with the date on which it received the application.
- (3) The applicant may withdraw the application, by giving the Registrar written notice, at any time before the Registrar determines it.
- (4) If the Registrar grants an application —
 - (a) for a licence,
 - (b) for the variation or cancellation of a licence,
 - (c) for the variation or cancellation of a requirement imposed under section 14, or
 - (d) for the imposition of a new requirement under that section,it must give the applicant written notice.
- (5) The notice must state the date from which the licence, variation, cancellation or requirement has effect.

18. Determination of applications: warning notices and decision notices

- (1) If the Registrar proposes —
 - (a) to grant a licence but to exercise its power under section 10(5)(a) or (b),
 - (b) to grant a licence but to exercise its power under section 14(1) in connection with the application for a licence,
 - (c) to vary a licence on the application of a licensed person but to exercise its power under section 10(5)(a) or (b),
 - (d) to vary a licence but to exercise its power under section 14(1) in connection with the application for variation,it must give the applicant a warning notice.
- (2) If the Registrar proposes to refuse an application made under this Part, it must give the applicant a warning notice.
- (3) If the Registrar decides —
 - (a) to grant a licence but to exercise its power under section 10(5)(a) or (b),
 - (b) to grant a licence but to exercise its power under section 14(1) in connection with the grant of the licence,

- (c) to vary a licence on the application of a licensed person but to exercise its power under section 10(5)(a) or (b),
- (d) to vary a licence on the application of a licensed person but to exercise its power under section 14(1) in connection with the variation, or
- (e) to refuse an application under these Regulations,
it must give the applicant a decision notice.

19. Exercise of own-initiative power: procedure

- (1) This section applies to an exercise of the own-initiative variation power or own-initiative requirement power in relation to a licensed person (“A”).
- (2) A variation of a licence or the imposition or variation of a requirement takes effect —
 - (a) immediately, if the notice given under subsection (4) states that that is the case,
 - (b) on such date as may be specified in the notice, or
 - (c) if no date is specified in the notice, when the matter to which the notice relates is no longer open to review.
- (3) A variation of a licence, or the imposition or variation of a requirement, may be expressed to take effect immediately (or on a specified date) only if the Registrar, having regard to the ground on which it is exercising its own-initiative variation power or own-initiative requirement power, reasonably considers that it is necessary for the variation, or the imposition or variation of the requirement, to take effect immediately (or on that date).
- (4) If the Registrar proposes to vary a licence or to impose or vary a requirement, or varies a licence or imposes or varies a requirement, with immediate effect, it must give A written notice.
- (5) The notice must —
 - (a) give details of the variation of the licence or the requirement or its variation,
 - (b) state the Registrar's reasons for the variation of the licence or the imposition or variation of the requirement,
 - (c) inform A that A may make representations to the Registrar within such period as may be specified in the notice (whether or not A has referred the matter to the court),
 - (d) inform A of when the variation of the licence or the imposition or variation of the requirement takes effect, and
 - (e) inform A of A’s right to refer the matter to the court.
- (6) The Registrar may extend the period allowed under the notice for making representations.
- (7) If, having considered any representations made by A, the Registrar decides —
 - (a) to vary the licence, or impose or vary the requirement, in the way proposed, or
 - (b) if the licence has been varied or the requirement imposed or varied, not to rescind the variation of the licence or the imposition or variation of the requirement,

it must give A written notice.

- (8) If, having considered any representations made by A, the Registrar decides —
 - (a) not to vary the licence, or impose or vary the requirement, in the way proposed,
 - (b) to vary the licence or requirement in a different way, or impose a different requirement, or
 - (c) to rescind a variation or requirement which has effect,it must give A written notice.
- (9) A notice under subsection (7) must inform A of A's right to refer the matter to the court.
- (10) A notice under subsection (8)(b) must comply with subsection (5).
- (11) If a notice informs A of A's right to refer a matter to the court, it must give an indication of the procedure on such a reference.
- (12) For the purposes of subsection (2)(c), whether a matter is open to review is to be determined in accordance with section 52(9).

20. Cancellation of licence: procedure

- (1) If the Registrar proposes to cancel a licensed person's licence otherwise than at the person's request, it must give the person a warning notice.
- (2) If the Registrar decides to cancel a licensed person's licence otherwise than at the person's request, it must give the person a decision notice.

21. Right to refer matters to the court

- (1) An applicant who is aggrieved by the determination of an application made under this Part may refer the matter to the court.
- (2) A licensed person who is aggrieved by the exercise by the Registrar of its own-initiative variation power or its own-initiative requirement power may refer the matter to the court.

Part II: Rules and guidance

22. Power to make rules

- (1) The Board may make such rules applying to licensed persons —
 - (a) with respect to the carrying on by them of controlled activities, or
 - (b) with respect to the carrying on by them of activities which are not controlled activities,as appear to the Board to be in the interests of the Global Market.
- (2) Rules made by the Board —

- (a) may make different provision for different cases and may, in particular, make different provision in respect of different descriptions of licensed persons or controlled activities;
- (b) make provision in relation to matters such as conduct of business, consumer protection, professional standards, fitness and propriety of officers, employees or agents of the licensed person, systems and controls, maintenance of adequate financial resources, provision of information to the Registrar (including financial statements), and provision of other assistance to the Registrar to enable the Registrar to discharge its functions; and
- (c) may contain such incidental, supplemental, consequential and transitional provision as the Board considers appropriate.

23. Modification or waiver of rules

- (1) The Registrar may, on the application or with the consent of a person who is subject to rules made under section 22, direct that all or any of those rules —
 - (a) are not to apply to that person, or
 - (b) are to apply to that person with such modifications as may be specified in the direction.
- (2) An application must be made in such manner as the Registrar may direct.
- (3) The Registrar may not give a direction unless it is satisfied that —
 - (a) compliance by the person with the rules, or with the rules as unmodified, would be unduly burdensome or would not achieve the purpose for which the rules were made, and
 - (b) the direction would not adversely affect the interests of the Global Market.
- (4) A direction may be given subject to conditions.
- (5) The Registrar may —
 - (a) revoke a direction, or
 - (b) vary it on the application, or with the consent, of the person to whom it relates.
- (6) “Direction” means a direction under this section.

24. Publication of directions under section 23

- (1) Subject to subsection (2), a direction must be published by the Registrar in the way appearing to the Registrar to be best calculated for bringing it to the attention of —

- (a) persons likely to be affected by it, and
 - (b) persons who are, in the opinion of the Registrar, likely to make an application for a similar direction.
- (2) Subsection (1) does not apply if the Registrar is satisfied that it is inappropriate or unnecessary to publish the direction.
- (3) In deciding whether it is satisfied as mentioned in subsection (2), the Registrar must—
- (a) consider whether the publication of the direction would be detrimental to the interests of the Global Market, and
 - (b) consider whether publication of the direction would prejudice, to an unreasonable degree, the commercial interests of the person concerned or any other member of the person's immediate group, including whether it would be possible to avoid such prejudice by publishing the direction without disclosing the identity of the person concerned.
- (4) “Direction” means a direction under section 23.

25. Limit on effect of contravening rules

A contravention of any rule made by the Board under these Regulations does not make any transaction void or unenforceable.

26. Rule-making instruments

- (1) Any power conferred on the Board to make rules pursuant to these Regulations is exercisable in writing.
- (2) An instrument by which rules are made by the Board (“a rule-making instrument”) must specify the provision of these Regulations under which the rules are made.
- (3) To the extent that a rule-making instrument does not comply with subsection (2), it is void.
- (4) A rule-making instrument must be published by the Board in the way appearing to it to be best calculated to bring it to the attention of the public.
- (5) The Board may charge a reasonable fee for providing a person with a copy of a rule-making instrument.
- (6) A person is not to be taken to have contravened any rule made by the Board if the person shows that at the time of the alleged contravention the rule-making instrument concerned had not been made available in accordance with this section.

27. Verification of rules

- (1) The production of a printed copy of a rule-making instrument purporting to be made by the Board —
 - (a) on which is endorsed a certificate signed by a person duly authorised by the Board for that purpose, and
 - (b) which contains the required statements,is evidence of the facts stated in the certificate.
- (2) The required statements are —
 - (a) that the instrument was made by the Board,
 - (b) that the copy is a true copy of the instrument, and
 - (c) that on a specified date the instrument was made available to the public in accordance with section 26(4).
- (3) A certificate purporting to be signed as mentioned in subsection (1) is to be taken to have been properly signed unless the contrary is shown.
- (4) A person who wishes in any legal proceedings to rely on a rule-making instrument may require the Board to endorse a copy of the instrument with a certificate of the kind mentioned in subsection (1).

28. Consultation by the Board

- (1) Before making any rules, the Board must publish a draft of the proposed rules in the way appearing to it to be best calculated to bring them to the attention of the public.
- (2) The draft must be accompanied by —
 - (a) an explanation of the purpose of the proposed rules, and
 - (b) notice that representations about the proposals may be made to the Board within a specified time.
- (3) Before making the proposed rules, the Board must have regard to any representations made to it in accordance with subsection (2)(b).
- (4) If the Board makes the proposed rules, it must publish an account, in general terms, of -
 - (a) the representations made to it in accordance with subsection (2)(b), and
 - (b) its response to them.

- (5) If the rules differ from the draft published under subsection (1) in a way which is, in the opinion of the Board, significant the Board must publish details of the difference (in addition to complying with subsection (4)).
- (6) The Board may charge a reasonable fee for providing a person with a copy of a draft published under subsection (1).

29. Power of the Registrar to give guidance

- (1) The Registrar may give guidance consisting of such information as it considers appropriate —
 - (a) with respect to the operation of specified parts of these Regulations and of any rules made under these Regulations;
 - (b) with respect to any matter relating to the functions of the Registrar;
 - (c) with respect to any other matters about which it appears to the Registrar to be desirable to give information.
- (2) The Registrar may give financial or other assistance to persons giving information of a kind which the Registrar could give under this section.
- (3) If the Registrar proposes to give guidance under this section, subsections (1), (2)(b) and (3) of section 28 apply to the proposed guidance as they apply to proposed rules, unless the Registrar considers that the delay in complying with those provisions would be prejudicial to the interests of the Global Market.
- (4) The Registrar may -
 - (a) publish its guidance,
 - (b) offer copies of its published guidance for sale at a reasonable price, and
 - (c) if it gives guidance in response to a request made by any person, make a reasonable charge for that guidance.

Part III: Information Gathering and Investigations

30. Registrar's power to require information: licensed persons etc

- (1) The Registrar may, by notice in writing given to a licensed person, require him —
 - (a) to provide specified information or information of a specified description; or
 - (b) to produce specified documents or documents of a specified description.
- (2) The information or documents must be provided or produced —
 - (a) before the end of such reasonable period as may be specified; and

- (b) at such place as may be specified.
- (3) An officer who has written authorisation from the Registrar to do so may require a licensed person without delay —
 - (a) to provide the officer with specified information or information of a specified description; or
 - (b) to produce to him specified documents or documents of a specified description.
- (4) This section applies only to information and documents reasonably required in connection with the exercise by the Registrar of functions conferred on it by or under these Regulations.
- (5) The Registrar may require any information provided under this section to be provided in such form as it may reasonably require.
- (6) The Registrar may require —
 - (a) any information provided, whether in a document or otherwise, to be verified in such manner, or
 - (b) any document produced to be authenticated in such manner, as it may reasonably require.
- (7) The powers conferred by subsections (1) and (3) may also be exercised by the Registrar to impose requirements on a person who is connected with a licensed person.
- (8) “Licensed person” includes a person who was at any time a licensed person but who has ceased to be a licensed person.
- (9) “Officer” means an officer of the Registrar and includes a member of the Registrar's staff or an agent of the Registrar.
- (10) “Specified” means —
 - (a) in subsections (1) and (2), specified in the notice; and
 - (b) in subsection (3), specified in the authorisation.
- (11) For the purposes of this section, a person is connected with another person (“A”) if he is or has at any relevant time been —
 - (a) a member of A’s group;
 - (b) a controller of A;
 - (c) any other member of a partnership of which A is a member; or
 - (d) in relation to A, a person mentioned in Part I of Schedule 1 (reading references in that Part to the licensed person as references to A).

31. Appointment of persons to carry out general investigations

- (1) If it appears to the Registrar that there is good reason for doing so, it may appoint one or more competent persons to conduct an investigation on its behalf into —
 - (a) the nature, conduct or state of the business of a licensed person;
 - (b) a particular aspect of that business; or
 - (c) the ownership or control of a licensed person.

- (2) If a person appointed under subsection (1) thinks it necessary for the purposes of his investigation, he may also investigate the business of a person who is or has at any relevant time been —
 - (a) a member of the group of which the person under investigation (“A”) is part; or
 - (b) a partnership of which A is a member.
- (3) If a person appointed under subsection (1) decides to investigate the business of any person under subsection (2) he must give that person written notice of his decision.
- (4) The power conferred by this section may be exercised in relation to a former licensed person but only in relation to —
 - (a) business carried on at any time when he was a licensed person; or
 - (b) the ownership or control of a former licensed person at any time when he was a licensed person.
- (5) “Business” includes any part of a business even if it does not consist of carrying on controlled activities.

32. Appointment of persons to carry out investigations in particular cases

- (1) Subsection (2) applies if it appears to the Registrar that there are circumstances suggesting that —
 - (a) a person may have committed the contraventions set out in section 40,
 - (b) a person may have committed the contraventions set out in sections 4 or 5, or
 - (c) a person may have committed the contravention set out in section 3.
- (2) The Registrar may appoint one or more competent persons to conduct an investigation on its behalf.

33. Investigations: general

- (1) This section applies if the Registrar appoints one or more competent persons (“investigators”) under section 31 or 32 to conduct an investigation on its behalf.
- (2) The Registrar must give written notice of the appointment of an investigator to the person who is the subject of the investigation (“the person under investigation”).
- (3) Subsections (2) and (9) do not apply if the investigator is appointed as a result of section 32 and the Registrar believes that the notice required by subsection (2) or (9) would be likely to result in the investigation being frustrated.
- (4) A notice under subsection (2) must —
 - (a) specify the provisions under which, and as a result of which, the investigator was appointed; and
 - (b) state the reason for his appointment.
- (5) Nothing prevents the Registrar from appointing a person who is a member of its staff as an investigator.
- (6) An investigator must make a report of his investigation to the Registrar.

- (7) The Registrar may, by a direction to an investigator, control —
 - (a) the scope of the investigation;
 - (b) the period during which the investigation is to be conducted;
 - (c) the conduct of the investigation; and
 - (d) the reporting of the investigation.
- (8) A direction may, in particular —
 - (a) confine the investigation to particular matters;
 - (b) extend the investigation to additional matters;
 - (c) require the investigator to discontinue the investigation or to take only such steps as are specified in the direction;
 - (d) require the investigator to make such interim reports as are so specified.
- (9) If there is a change in the scope or conduct of the investigation and, in the opinion of the Registrar, the person subject to investigation is likely to be significantly prejudiced by not being made aware of it, that person must be given written notice of the change.

34. Powers of persons appointed under section 31

- (1) An investigator may require the person who is the subject of the investigation (“the person under investigation”) or any person connected with the person under investigation —
 - (a) to attend before the investigator at a specified time and place and answer questions; or
 - (b) otherwise to provide such information as the investigator may require.
- (2) An investigator may also require any person to produce at a specified time and place any specified documents or documents of a specified description.
- (3) A requirement under subsection (1) or (2) may be imposed only so far as the investigator concerned reasonably considers the question, provision of information or production of the document to be relevant to the purposes of the investigation.
- (4) For the purposes of this section, a person is connected with the person under investigation (“A”) if he is or has at any relevant time been —
 - (a) a member of A’s group;
 - (b) a controller of A;
 - (c) a partnership of which A is a member; or
 - (d) in relation to A, a person mentioned in Part I or II of Schedule 1.
- (5) “Investigator” means a person conducting an investigation under section 31.
- (6) “Specified” means specified in a notice in writing.

35. Additional power of persons appointed as a result of section 32

- (1) An investigator has the powers conferred by section 34.

- (2) An investigator may also require a person who is neither the subject of the investigation (“the person under investigation”) nor a person connected with the person under investigation –
 - (a) to attend before the investigator at a specified time and place and answer questions; or
 - (b) otherwise to provide such information as the investigator may require for the purposes of the investigation.
- (3) A requirement may only be imposed under subsection (2) if the investigator is satisfied that the requirement is necessary or expedient for the purposes of the investigation.
- (4) “Investigator” means a person appointed as a result of section 32.
- (5) Subsections (6) to (8) apply if an investigator considers that any person (“A”) is or may be able to give information which is or may be relevant to the investigation.
- (6) The investigator may require A —
 - (a) to attend before him at a specified time and place and answer questions; or
 - (b) otherwise to provide such information as he may require for the purposes of the investigation.
- (7) The investigator may also require A to produce at a specified time and place any specified documents or documents of a specified description which appear to the investigator to relate to any matter relevant to the investigation.
- (8) The investigator may also otherwise require A to give him all assistance in connection with the investigation which A is reasonably able to give.
- (9) “Specified” means specified in a notice in writing.

36. Admissibility of statements made to investigators

- (1) A statement made to an investigator by a person in compliance with an information requirement is admissible in evidence in any proceedings, so long as it also complies with any requirements governing the admissibility of evidence in the circumstances in question.
- (2) “Investigator” means a person appointed under section 31 or 32.
- (3) “Information requirement” means a requirement imposed by an investigator under section 34, 35 or 37.

37. Information and documents: supplemental provisions

- (1) If the Registrar or an investigator has power under this Part to require a person to produce a document but it appears that the document is in the possession of a third person, that power may be exercised in relation to the third person.
- (2) If a document is produced in response to a requirement imposed under this Part, the person to whom it is produced may —
 - (a) take copies or extracts from the document; or
 - (b) require the person producing the document, or any relevant person, to provide an explanation of the document.

- (3) A document so produced may be retained for so long as the person to whom it is produced considers that it is necessary to retain it (rather than copies of it) for the purposes for which the document was requested.
- (4) If the person to whom a document is so produced has reasonable grounds for believing —
 - (a) that the document may have to be produced for the purposes of any legal proceedings, and
 - (b) that it might otherwise be unavailable for those purposes,
it may be retained until the proceedings are concluded.
- (5) If a person who is required under this Part to produce a document fails to do so, the Registrar or an investigator may require him to state, to the best of his knowledge and belief, where the document is.
- (6) A lawyer may be required under this Part to furnish the name and address of his client.
- (7) No person may be required under this Part to disclose information or produce a document in respect of which he owes an obligation of confidence by virtue of carrying on the business of banking unless —
 - (a) he is the person under investigation or a member of that person's group;
 - (b) the person to whom the obligation of confidence is owed is the person under investigation or a member of that person's group;
 - (c) the person to whom the obligation of confidence is owed consents to the disclosure or production; or
 - (d) the imposing on him of a requirement with respect to such information or document has been specifically authorised by the Registrar.
- (8) If a person claims a lien on a document, its production under this Part does not affect the lien.
- (9) "Relevant person", in relation to a person who is required to produce a document, means a person who —
 - (a) has been or is or is proposed to be a director or controller of that person;
 - (b) has been or is an auditor of that person;
 - (c) has been or is an actuary, accountant or lawyer appointed or instructed by that person; or
 - (d) has been or is an employee of that person.
- (10) "Investigator" means a person appointed under section 31 or 32.

38. Entry of premises under warrant

- (1) The court may issue a warrant under this section if satisfied on information on oath given by or on behalf of the Registrar or an investigator that there are reasonable grounds for believing that the first or second set of conditions is satisfied.
- (2) The first set of conditions is —

- (a) that a person on whom an information requirement has been imposed has failed (wholly or in part) to comply with it; and
 - (b) that on the premises specified in the warrant —
 - (i) there are documents which have been required; or
 - (ii) there is information which has been required.
- (3) The second set of conditions is —
- (a) that the premises specified in the warrant are premises of a licensed person;
 - (b) that there are on the premises documents or information in relation to which an information requirement could be imposed; and
 - (c) that if such a requirement were to be imposed —
 - (i) it would not be complied with; or
 - (ii) the documents or information to which it related would be removed, tampered with or destroyed.
- (4) A warrant under this section shall authorise the person executing it —
- (a) to enter the premises specified in the warrant;
 - (b) to search the premises and take possession of any documents or information appearing to be documents or information of a kind in respect of which a warrant under this section was issued (“the relevant kind”) or to take, in relation to any such documents or information, any other steps which may appear to be necessary for preserving them or preventing interference with them;
 - (c) to take copies of, or extracts from, any documents or information appearing to be of the relevant kind;
 - (d) to require any person on the premises to provide an explanation of any document or information appearing to be of the relevant kind or to state where it may be found; and
 - (e) to use such force as may be reasonably necessary.
- (5) A warrant under this section may be executed by any person authorised by the court issuing the warrant to execute it.
- (6) The warrant may authorise persons to accompany any person who is executing it.
- (7) “Investigator” means a person appointed under section 31 or 32.
- (8) “Information requirement” means a requirement imposed —
- (a) by the Registrar under section 30 or 37; or
 - (b) by an investigator under section 34, 35 or 37.

39. Retention of documents taken under section 38

- (1) Any document of which possession is taken under section 38 (“a seized document”) may be retained so long as it is necessary to retain it (rather than copies of it) in the circumstances.

- (2) A person claiming to be the owner of a seized document may apply to the court for an order for the delivery of the document to the person appearing to the court to be the owner.
- (3) If on an application under subsection (2) the court cannot ascertain who is the owner of the seized document the court may make such order as the court thinks fit.
- (4) An order under subsection (2) or (3) does not affect the right of any person to take legal proceedings against any person in possession of a seized document for the recovery of the document.
- (5) Any right to bring proceedings (as described in subsection (4)) may only be exercised within 6 months of the date of the order made under subsection (2) or (3).

40. Contraventions

- (1) If a person other than the investigator (“the defaulter”) fails to comply with a requirement imposed on him under this Part the person imposing the requirement may certify that fact in writing to the court.
- (2) If the court is satisfied that the defaulter failed without reasonable excuse to comply with the requirement, it may deal with the defaulter (and in the case of a body corporate, any director or other officer) as if he were in contempt.
- (3) A person who knows or suspects that an investigation is being or is likely to be conducted under this Part commits a contravention of these Regulations if —
 - (a) he falsifies, conceals, destroys or otherwise disposes of a document which he knows or suspects is or would be relevant to such an investigation, or
 - (b) he causes or permits the falsification, concealment, destruction or disposal of such a document, unless he shows that he had no intention of concealing facts disclosed by the documents from the investigator.
- (4) A person who, in purported compliance with a requirement imposed on him under this Part —
 - (a) provides information which he knows to be false or misleading in a material particular, or
 - (b) recklessly provides information which is false or misleading in a material particular, commits a contravention of these Regulations.
- (5) A person who commits either of the contraventions set out in subsections (3) and (4) shall be liable to a fine of up to [•] US Dollars.
- (6) Any person who intentionally obstructs the exercise of any rights conferred by a warrant under section 38 commits a contravention of these Regulations and shall be liable to a fine of up to [•] US Dollars.

Part IV: Enforcement

41. Meaning of “relevant requirement”

In this Part, “relevant requirement” means a requirement imposed by rules made under these Regulations.

42. Fines

- (1) If the Registrar considers that a licensed person has contravened a relevant requirement imposed on the person, it may impose on him a fine, in respect of the contravention, of such amount as it considers appropriate, provided such fine shall not exceed [•] US Dollars.
- (2) If the Registrar considers that a person has committed a contravention of these Regulations, it may impose on him a fine of an amount not exceeding the maximum specified for such contravention in these Regulations.
- (3) A fine under this section is payable to the Registrar.

43. Suspending licence to carry on controlled activities etc.

- (1) If the Registrar considers that a licensed person has contravened a relevant requirement imposed on the person, it may —
 - (a) suspend, for such period as it considers appropriate, any licence which the person has to carry on a controlled activity; or
 - (b) impose, for such period as it considers appropriate, such limitations or other restrictions in relation to the carrying on of a controlled activity by the person as it considers appropriate.
- (2) The period for which a suspension or restriction is to have effect may not exceed 12 months.
- (3) A suspension may relate only to the carrying on of an activity in specified circumstances.
- (4) A restriction may, in particular, be imposed so as to require the person concerned to take, or refrain from taking, specified action.
- (5) The Registrar may —
 - (a) withdraw a suspension or restriction; or
 - (b) vary a suspension or restriction so as to reduce the period for which it has effect or otherwise to limit its effect.
- (6) The power under this section may (but need not) be exercised so as to have effect in relation to all the controlled activities that a licensed person carries on.
- (7) In the case of a licensed person, any one or more of the powers under —
 - (a) subsection (1)(a) and (b) of this section, and
 - (b) section 42,may be exercised in relation to the same contravention.

44. Proposal to take disciplinary measures

- (1) If the Registrar proposes —

- (a) to impose a fine on a person (under section 42), or
 - (b) to suspend the licence of a licensed person or impose a restriction in relation to the carrying on of a controlled activity by a licensed person (under section 43),
- it must give that person a warning notice.
- (2) A warning notice about a proposal to impose a fine, must state the amount of the fine.
 - (3) A warning notice about a proposal to suspend a licence or impose a restriction must state the period for which the suspension or restriction is to have effect.

45. Decision notice

- (1) If the Registrar decides —
 - (a) to impose a fine under section 42 (whether or not of the amount proposed), or
 - (b) to suspend a licence or impose a restriction under section 43 (whether or not in the manner proposed),it must without delay give the person concerned a decision notice.
- (2) In the case of a fine, the decision notice must state the amount of the fine.
- (3) In the case of a suspension or restriction, the decision notice must state the period for which the suspension or restriction is to have effect.
- (4) If a Registrar decides to —
 - (a) impose a fine on a person under section 42, or
 - (b) suspend the licence of a licensed person, or impose a restriction in relation to the carrying on of a controlled activity by a licensed person, under section 43,that person may refer the matter to the court.

46. Statements of policy

- (1) The Registrar must prepare and issue a statement of its policy with respect to —
 - (a) the imposition of fines, suspensions or restrictions under this Part;
 - (b) the amount of fines under this Part; and
 - (c) the period for which suspensions or restrictions under this Part are to have effect.
- (2) The Registrar's policy in determining what the amount of a fine should be, or what the period for which a suspension or restriction is to have effect should be, must include having regard to —
 - (a) the seriousness of the contravention in question in relation to the nature of the relevant requirement or provision of these Regulations contravened;
 - (b) the extent to which that contravention was deliberate or reckless; and
 - (c) whether the person against whom action is to be taken is an individual.
- (3) The Registrar may at any time alter or replace a statement issued by it under this section.

- (4) If a statement issued under this section is altered or replaced by the Registrar, the Registrar must issue the altered or replacement statement.
- (5) The Registrar must, without delay, give the Board a copy of any statement which it publishes under this section.
- (6) A statement issued under this section by the Registrar must be published by the Registrar in the way appearing to the Registrar to be best calculated to bring it to the attention of the public.
- (7) In exercising, or deciding whether to exercise, its power under section 42 or 43 in the case of any particular contravention, the Registrar must have regard to any statement published by it under this section and in force at the time when the contravention in question occurred.
- (8) The Registrar may charge a reasonable fee for providing a person with a copy of the statement.

47. Statements of policy: procedure

- (1) Before the Registrar issues a statement under section 46, the Registrar must publish a draft of the proposed statement in the way appearing to the Registrar to be best calculated to bring it to the attention of the public.
- (2) The draft must be accompanied by notice that representations about the proposal may be made to the Registrar within a specified time.
- (3) Before issuing the proposed statement, the Registrar must have regard to any representations made to it in accordance with subsection (2).
- (4) If the Registrar issues the proposed statement it must publish an account, in general terms, of —
 - (a) the representations made to it in accordance with subsection (2); and
 - (b) its response to them.
- (5) If the statement differs from the draft published under subsection (1) in a way which is, in the opinion of the Registrar, significant, the Registrar must (in addition to complying with subsection (4)) publish details of the difference.
- (6) The Registrar may charge a reasonable fee for providing a person with a copy of a draft published under subsection (1).
- (7) This section also applies to a proposal to alter or replace a statement.

48. Warning notices

- (1) A warning notice must —
 - (a) state the action which the Registrar proposes to take;
 - (b) be in writing;
 - (c) give reasons for the proposed action;
 - (d) state whether section 54 applies; and

- (e) if that section applies, describe its effect and state whether any secondary material exists to which the person concerned must be allowed access under it.
- (2) A warning notice must specify a reasonable period (which may not be less than 14 days) within which the person to whom it is given may make representations to the Registrar.
- (3) The Registrar may extend the period specified in the notice.
- (4) The Registrar must then decide, within a reasonable period, whether to give the person concerned a decision notice.
- (5) In this Part, "warning notice" means a notice under sections 18(1), 18(2), 20(1) or 44(1).

49. Decision notices

- (1) A decision notice must —
 - (a) be in writing;
 - (b) give the reasons of the Registrar for the decision to take the action to which the notice relates;
 - (c) state whether section 54 applies;
 - (d) if that section applies, describe its effect and state whether any secondary material exists to which the person concerned must be allowed access under it; and
 - (e) give an indication of —
 - (i) any right to have the matter referred to the court which is given by these Regulations; and
 - (ii) the procedure on such a reference.
- (2) If the decision notice was preceded by a warning notice, the action to which the decision notice relates must be action under the same provision as the action proposed in the warning notice.
- (3) The Registrar may, before it takes the action to which a decision notice ("the original notice") relates, give the person concerned a further decision notice which relates to different action in respect of the same matter.
- (4) The Registrar may give a further decision notice as a result of subsection (2) only if the person to whom the original notice was given consents.
- (5) If the person to whom a decision notice is given under subsection (2) had the right to refer the matter to which the original decision notice related to the court, he has that right as respects the decision notice under subsection (2).
- (6) In this Part, "decision notice" means a notice under sections 18(3), 20(2) or 45(1).

50. Notices of discontinuance

- (1) If the Registrar decides not to take —
 - (a) the action proposed in a warning notice given by it, or
 - (b) the action to which a decision notice given by it relates,

it must give a notice of discontinuance to the person to whom the warning notice or decision notice was given.

- (2) But subsection (1) does not apply if the discontinuance of the proceedings concerned results in the granting of an application made by the person to whom the warning or decision notice was given.
- (3) A notice of discontinuance must identify the proceedings which are being discontinued.

51. Final notices

- (1) If the Registrar has given a person a decision notice and the matter was not referred to the court within 28 days of that person receiving the notice or such other period as the court may allow, the Registrar must, on taking the action to which the decision notice relates, give the person concerned and any person to whom the decision notice was copied a final notice.
- (2) If the Registrar has given a person a decision notice and the matter was referred to the court, the Registrar must, on taking action in accordance with any directions given by —
 - (a) the court, or
 - (b) the Court of Appeal on an appeal against the decision of the court,give that person and any person to whom the decision notice was copied the notice required by subsection (3).
- (3) The notice required by this subsection is —
 - (a) in a case where the Registrar is acting in accordance with a direction given by the court, or by the Court of Appeal on an appeal from a decision of the court, a further decision notice, and
 - (b) in any other case, a final notice.
- (4) A final notice must —
 - (a) give details of the action being taken;
 - (b) state the date on which the action is to be taken; and
 - (c) if it imposes a fine, state the amount of the fine and the manner in which, and the period within which, the fine is to be paid
- (5) The period stated under subsection (4)(c) may not be less than 30 days beginning with the date on which the final notice is given.
- (6) If all or any of the amount of a fine payable under a final notice is outstanding at the end of the period stated under subsection (4)(c), the Registrar may recover the outstanding amount as a debt due to it.

52. Publication

- (1) In the case of a warning notice, neither the Registrar nor a person to whom it is given or copied may publish the notice or any details concerning it.
- (2) A person to whom a decision notice is given or copied may not publish the notice or any details concerning it unless the Registrar has published the notice or those details.

- (3) A notice of discontinuance must state that, if the person to whom the notice is given consents, the Registrar may publish such information as it considers appropriate about the matter to which the discontinued proceedings related.
- (4) A copy of a notice of discontinuance must be accompanied by a statement that, if the person to whom the notice is copied consents, the Registrar may publish such information as it considers appropriate about the matter to which the discontinued proceedings related, so far as relevant to that person.
- (5) The Registrar must publish such information about the matter to which a decision notice or final notice relates as it considers appropriate.
- (6) When a supervisory notice takes effect, the Registrar must publish such information about the matter to which the notice relates as it considers appropriate.
- (7) The Registrar may not publish information under this section if, in its opinion, publication of the information would be —
 - (a) unfair to the person with respect to whom the action was taken (or was proposed to be taken),
 - (b) detrimental to the interests of participants of the Global Market, or
 - (c) detrimental to the interests of the Global Market.
- (8) Information is to be published under this section in such manner as the Registrar considers appropriate.
- (9) For the purposes of determining when a supervisory notice takes effect, a matter to which the notice relates is open to review if —
 - (a) the period during which any person may refer the matter to the court is still running;
 - (b) the matter has been referred to the court but has not been dealt with;
 - (c) the matter has been referred to the court and dealt with but the period during which an appeal may be brought against the court's decision is still running; or
 - (d) such an appeal has been brought but has not been determined.
- (10) "Notice of discontinuance" means a notice given under section 50.
- (11) "Supervisory notice" has the same meaning as in section 55.
- (12) A person, other than the Registrar, who contravenes subsections (1) or (2) shall be liable to a fine of up to [•] US Dollars.

53. Third party rights

- (1) If any of the reasons contained in a warning notice relates to a matter which —
 - (a) identifies a person ("the third party") other than the person to whom the notice is given, and
 - (b) in the opinion of the Registrar, is prejudicial to the third party,a copy of the notice must be given to the third party.
- (2) Subsection (1) does not require a copy to be given to the third party if the Registrar —
 - (a) has given him a separate warning notice in relation to the same matter; or

- (b) gives him such a notice at the same time as it gives the warning notice which identifies him.
- (3) The notice copied to a third party under subsection (1) must specify a reasonable period (which may not be less than 14 days) within which he may make representations to the Registrar.
- (4) If any of the reasons contained in a decision notice to which this section applies relates to a matter which —
 - (a) identifies a person (“the third party”) other than the person to whom the decision notice is given, and
 - (b) in the opinion of the Registrar, is prejudicial to the third party,
a copy of the notice must be given to the third party.
- (5) If the decision notice was preceded by a warning notice, a copy of the decision notice must (unless it has been given under subsection (4)) be given to each person to whom the warning notice was copied.
- (6) Subsection (4) does not require a copy to be given to the third party if the Registrar —
 - (a) has given him a separate decision notice in relation to the same matter; or
 - (b) gives him such a notice at the same time as it gives the decision notice which identifies him.
- (7) Neither subsection (1) nor subsection (4) requires a copy of a notice to be given to a third party if the Registrar considers it impracticable to do so.
- (8) Subsections (9) to (11) apply if the person to whom a decision notice is given has a right to refer the matter to the court.
- (9) A person to whom a copy of the notice is given under this section may refer to the court —
 - (a) the decision in question, so far as it is based on a reason of the kind mentioned in subsection (4); or
 - (b) any opinion expressed by the Registrar in relation to him.
- (10) The copy must be accompanied by an indication of the third party’s right to make a reference under subsection (9) and of the procedure on such a reference.
- (11) A person who alleges that a copy of the notice should have been given to him, but was not, may refer to the court the alleged failure and —
 - (a) the decision in question, so far as it is based on a reason of the kind mentioned in subsection (4); or
 - (b) any opinion expressed by the Registrar in relation to him.
- (12) Section 54 applies to a third party as it applies to the person to whom the notice to which this section applies was given, in so far as the material to which access must be given under that section relates to the matter which identifies the third party.
- (13) A copy of a notice given to a third party under this section must be accompanied by a description of the effect of section 54 as it applies to him.

- (14) Any person to whom a warning notice or decision notice was copied under this section must be given a copy of a notice of discontinuance applicable to the proceedings to which the warning notice or decision notice related.

54. Access to material

- (1) If the Registrar gives a person (“A”) a warning notice or a decision notice, it must —
- (a) allow him access to the material on which it relied in taking the decision which gave rise to the obligation to give the notice;
 - (b) allow him access to any secondary material which, in the Registrar’s opinion, might undermine that decision.
- (2) But the Registrar does not have to allow A access to material under subsection (1) if the material is excluded material or it —
- (a) relates to a case involving a person other than A; and
 - (b) was taken into account by the Registrar in A’s case only for purposes of comparison with other cases.
- (3) The Registrar may refuse A access to particular material which it would otherwise have to allow him access to if, in its opinion, allowing him access to the material —
- (a) would not be in the public interest; or
 - (b) would not be fair, having regard to —
 - (i) the likely significance of the material to A in relation to the matter in respect of which he has been given a notice; and
 - (ii) the potential prejudice to the commercial interests of a person other than A which would be caused by the material’s disclosure.
- (4) If the Registrar does not allow A access to material because it is excluded material consisting of a protected item, it must give A written notice of —
- (a) the existence of the protected item; and
 - (b) the Registrar’s decision not to allow him access to it.
- (5) If the Registrar refuses under subsection (3) to allow A access to material, it must give him written notice of —
- (a) the refusal; and
 - (b) the reasons for it.
- (6) “Secondary material” means material, other than material falling within paragraph (a) of subsection (1) which —
- (a) was considered by the Registrar in reaching the decision mentioned in that paragraph; or
 - (b) was obtained by the Registrar in connection with the matter to which that notice relates but which was not considered by it in reaching that decision.
- (7) “Excluded material” means material which is a protected item (as defined in section 57).

55. The Registrar's procedures

- (1) The Registrar must determine the procedure that it proposes to follow in relation to the following —
 - (a) a decision which gives rise to an obligation to give a supervisory notice,
 - (b) a decision which gives rise to an obligation for it to give a warning notice or decision notice.
- (2) That procedure must be designed to secure, among other things, that a decision falling within subsection (1) is taken —
 - (a) by a person not directly involved in establishing the evidence on which the decision is based, or
 - (b) by 2 or more persons who include a person not directly involved in establishing that evidence.
- (3) But the procedure may permit a decision which gives rise to an obligation to give a supervisory notice to be taken otherwise than as mentioned in subsection (2) if the person taking the decision is of a level of seniority laid down by the procedure and the Registrar considers that, in the particular case, it is necessary in order to advance one or more of its objectives.
- (4) A level of seniority laid down by the procedure for the purposes of subsection (3) must be appropriate to the importance of the decision.
- (5) The Registrar must issue a statement of its procedure.
- (6) The statement must be published in the way appearing to the Registrar to be best calculated to bring the statement to the attention of the public.
- (7) The Registrar may charge a reasonable fee for providing a person with a copy of the statement.
- (8) The Registrar must, without delay, give the Board a copy of the statement.
- (9) When the Registrar gives a supervisory notice, or a warning notice or decision notice, the Registrar must follow its stated procedure.
- (10) If the Registrar changes its procedure in a material way, it must publish a revised statement.
- (11) The Registrar's failure in a particular case to follow its procedure as set out in the latest published statement does not affect the validity of a notice given in that case.
- (12) But subsection (11) does not prevent the court from taking into account any such failure in considering a matter referred to it.
- (13) “Supervisory notice” means a notice or notification given in accordance with section 19(4), (7) or (8)(b).

56. Statements under section 55: consultation

- (1) Before issuing a statement of its procedure under section 55, the Registrar must publish a draft of the proposed statement in the way appearing to it to be best calculated to bring the draft to the attention of the public.

- (2) The draft must be accompanied by notice that representations about the proposal may be made to the Registrar within a specified time.
- (3) Before the Registrar issues the proposed statement of its procedure, it must have regard to any representations made to it in accordance with subsection (2).
- (4) If the Registrar issues the proposed statement of its procedure, it must publish an account, in general terms, of —
 - (a) the representations made to it in accordance with subsection (2); and
 - (b) its response to them.
- (5) If the statement of the Registrar's procedure differs from the draft published by it under subsection (1) in a way which is, in its opinion, significant, it must (in addition to complying with subsection (4)) publish details of the difference.
- (6) The Registrar may charge a reasonable fee for providing a person with a copy of the draft published under subsection (1).
- (7) This section also applies to a proposal to revise a statement of policy.

57. Protected items

- (1) A person may not be required under these Regulations to produce, disclose or permit the inspection of protected items.
- (2) “Protected items” means —
 - (a) communications between a professional legal adviser and his client or any person representing his client which fall within subsection (3);
 - (b) communications between a professional legal adviser, his client or any person representing his client and any other person which fall within subsection (3) (as a result of paragraph (b) of that subsection);
 - (c) items which —
 - (i) are enclosed with, or referred to in, such communications;
 - (ii) fall within subsection (3); and
 - (iii) are in the possession of a person entitled to possession of them.
- (3) A communication or item falls within this subsection if it is made —
 - (a) in connection with the giving of legal advice to the client; or
 - (b) in connection with, or in contemplation of, legal proceedings and for the purposes of those proceedings.
- (4) A communication or item is not a protected item if it is held with the intention of furthering a criminal purpose.

58. Service of notices

- (1) The Board may make rules with respect to the procedure to be followed when a provision of or made under these Regulations requires a notice, direction or document of any kind to be given or authorises the imposition of a requirement.

- (2) The rules may, in particular, make provision —
 - (a) as to the manner in which a document must be given;
 - (b) as to the address to which a document must be sent;
 - (c) requiring, or allowing, a document to be sent electronically;
 - (d) for treating a document as having been given, or as having been received, on a date or at a time determined in accordance with the rules;
 - (e) as to what must, or may, be done if the person to whom a document is required to be given is not an individual;
 - (f) as to what must, or may, be done if the intended recipient of a document is outside the Global Market.
- (3) Subsection (1) applies however the obligation to give a document is expressed (and so, in particular, includes a provision which requires a document to be served or sent).

Part V: Business names

Chapter 1: Restricted or prohibited names

Introductory

59. Application of this Chapter

- (1) This Chapter applies to any person carrying on business in the Global Market.
- (2) The provisions of this Chapter do not prevent —
 - (a) an individual carrying on business under a name consisting of his family name without any addition other than a permitted addition, or
 - (b) individuals carrying on business in partnership under a name consisting of the family names of all the partners without any addition other than a permitted addition.
- (3) The following are the permitted additions —
 - (a) in the case of an individual, his forename or initial,
 - (b) in the case of a partnership —
 - (i) the forenames of individual partners or the initials of those forenames, or
 - (ii) where two or more individual partners have the same family name, the addition of “s” at the end of that family name,
 - (c) in either case, an addition merely indicating that the business is carried on in succession to a former owner of the business.

Sensitive words or expressions

60. Name suggesting connection with government or public authority

- (1) A person must not, without the approval of the Registrar, carry on business in the Global Market under a name that would be likely to give the impression that the business is connected with –
 - (a) the Federal Government of the United Arab Emirates, the Government of the Emirate of Abu Dhabi or the government of any other member Emirate of the United Arab Emirates, or
 - (b) any public authority specified for the purposes of this section by rules made by the Board.
- (2) For the purposes of this section “public authority” includes any person or body having functions of a public nature.
- (3) A person who contravenes this section commits a contravention of these Regulations.
- (4) Where a contravention this section is committed by a body corporate, a contravention is also committed by every officer of the body who is in default.
- (5) A person who commits the contravention set out in subsection (3) is liable to a fine of up to [•] US dollars.

61. Other sensitive words or expressions

- (1) A person must not, without the approval of the Registrar, carry on business in the Global Market under a name that includes a word or expression for the time being specified in rules made by the Board.
- (2) A person who contravenes this section commits a contravention of these Regulations.
- (3) Where a contravention under this section is committed by a body corporate, a contravention is also committed by every officer of the body who is in default.
- (4) A person who commits the contravention set out in subsection (2) is liable to a fine of up to [•] US dollars.

62. Withdrawal of Board’s approval

- (1) This section applies to approval given for the purposes of section 60 or section 61.
- (2) If it appears to the Registrar that there are overriding considerations of public policy that require such approval to be withdrawn, the approval may be withdrawn by notice in writing given to the person concerned.
- (3) The notice must state the date as from which approval is withdrawn.

63. Name containing inappropriate indication of company type or legal form

- (1) The Board may make rules prohibiting a person from carrying on business in the Global Market under a name consisting of or containing specified words, expressions or other indications –
 - (a) that are associated with a particular type of company or form of organisation, or
 - (b) that are similar to words, expressions or other indications associated with a particular type of company or form of organisation.

- (2) Rules made under this section may prohibit the use of words, expressions or other indications –
 - (a) in a specified part, or otherwise than in a specified part, of a name,
 - (b) in conjunction with, or otherwise than in conjunction with, such other words, expressions or indications as may be specified.
- (3) In this section “specified” means specified in the rules made under this section.
- (4) A person who uses a name in contravention of rules made under this section commits a contravention of these Regulations.
- (5) Where a contravention under this section is committed by a body corporate, a contravention is also committed by every officer of the body who is in default.
- (6) A person who commits the contravention set out in subsection (4) is liable to a fine of up to [•] US dollars.

64. Name giving misleading indication of activities

- (1) A person must not carry on business in the Global Market under a name that gives so misleading an indication of the nature of the activities of the business as to be likely to cause harm to the public.
- (2) A person who uses a name in contravention of this section commits a contravention of these Regulations.
- (3) Where a contravention under this section is committed by a body corporate, a contravention is also committed by every officer of the body who is in default.
- (4) A person who commits the contravention set out in subsection (2) is liable to a fine of up to [•] US dollars.

Chapter 2: Disclosure required in case of individual or partnership

Introductory

65. Application of this Chapter

- (1) This Chapter applies to an individual or partnership carrying on business in the Global Market under a business name.

References in this Chapter to “a person to whom this Chapter applies” are to such an individual or partnership.

- (2) For the purposes of this Chapter a “business name” means a name other than –
 - (a) in the case of an individual, his family name without any addition other than a permitted addition,
 - (b) in the case of a partnership –
 - (i) the family names of all partners who are individuals, and
 - (ii) the corporate names of all partners who are bodies corporate, without any addition other than a permitted addition.

- (3) The following are the permitted additions –
 - (a) in the case of an individual, his forename or initial,
 - (b) in the case of a partnership –
 - (i) the forenames of individual partners or the initials of those forenames, or
 - (ii) where two or more individual partners have the same family name, the addition of “s” at the end of that family name,
 - (c) in either case, an addition merely indicating that the business is carried on in succession to a former owner of the business.

66. Information required to be disclosed

- (1) The “information required by this Chapter” is —
 - (a) in the case of an individual, the individual’s name,
 - (b) in the case of a partnership, the name of each member of the partnership,and, in relation to each person so named, an address at which service of any document relating in any way to the business will be effective.
- (2) If the individual or partnership has a place of business in the Global Market, the address must be in the Global Market.
- (3) If the individual or partnership does not have a place of business in the Global Market, the address must be an address at which service of documents can be effected by physical delivery and the delivery of documents is capable of being recorded by the obtaining of an acknowledgement of delivery.

Disclosure requirements

67. Disclosure required: business documents etc.

- (1) A person to whom this Chapter applies must state the information required by this Chapter, in legible characters, on all –
 - (a) business letters,
 - (b) written orders for goods or services to be supplied to the business,
 - (c) invoices and receipts issued in the course of the business, and
 - (d) written demands for payment of debts arising in the course of the business.

This subsection has effect subject to section 68.

- (2) A person to whom this Chapter applies must secure that the information required by this Chapter is immediately given, by written notice, to any person with whom anything is done or discussed in the course of the business and who asks for that information.
- (3) The Board may make rules requiring that such notices be given in a specified form.

68. Exemption for large partnerships if certain conditions met

- (1) Section 67(1) does not apply in relation to a document issued by a partnership of more than 20 persons if the following conditions are met.
- (2) The conditions are that –
 - (a) the partnership maintains at its principal place of business a list of the names of all the partners,
 - (b) no partner's name appears in the document, except in the text or as a signatory, and
 - (c) the document states in legible characters the address of the partnership's principal place of business and that the list of the partners' names is open to inspection there.
- (3) Where a partnership maintains a list of the partners' names for the purposes of this section, any person may inspect the list during office hours.
- (4) Where an inspection required by a person in accordance with this section is refused, a contravention of these Regulations is committed by any member of the partnership concerned who without reasonable excuse refused the inspection or permitted it to be refused.
- (5) A person who commits the contravention set out in subsection (4) is liable to a fine of up to [•] US dollars.

69. Disclosure required: business premises

- (1) A person to whom this Chapter applies must, in any premises –
 - (a) where the business is carried on, and
 - (b) to which customers of the business or suppliers of goods or services to the business have access,display in a prominent position, so that it may easily be read by such customers or suppliers, a notice containing the information required by this Chapter.
- (2) The Board may make rules requiring that such notices be displayed in a specified form.

Consequences of failure to make required disclosure

70. Consequences of failure to make required disclosure

- (1) A person who without reasonable excuse fails to comply with the requirements of section 67 or section 69 commits a contravention of these Regulations.
- (2) Where a contravention under this section is committed by a body corporate, a contravention is also committed by every officer of the body who is in default.
- (3) A person who commits the contravention set out in subsection (1) is liable to a fine of up to [•] US dollars.
- (4) References in this section to the requirements of sections 67 and 69 include the requirements of rules made under those sections.

71. Consequences of failure to make required disclosure

- (1) This section applies to any legal proceedings brought by a person to whom this Chapter applies to enforce a right arising out of a contract made in the course of a business in respect of which he was, at the time the contract was made, in breach of section 67(1) or 67(2) or section 69(1).
- (2) The proceedings shall be dismissed if the defendant to the proceedings shows—
 - (a) that he has a claim against the claimant arising out of the contract that he has been unable to pursue by reason of the latter's breach of the requirements of this Chapter, or
 - (b) that he has suffered some financial loss in connection with the contract by reason of the claimant's breach of those requirements,unless the court before which the proceedings are brought is satisfied that it is just and equitable to permit the proceedings to continue.
- (3) References in this section to the requirements of this Chapter include the requirements of rules made under this Chapter.
- (4) This section does not affect the right of any person to enforce such rights as he may have against another person in any proceedings brought by that person.

72. Interpretation

In this Part –

“business” includes a profession,

“initial” includes any recognised abbreviation of a name,

“partnership” means –

- (a) a partnership or limited partnership within the laws of the Global Market, or
- (b) a firm or entity of a similar character formed under the law of a country or territory outside the Global Market.

Part VI: Interpretation

73. Definitions

In these Regulations, unless otherwise defined —

“body corporate” includes a body corporate constituted under the law of a jurisdiction outside the Global Market;

“conditions of licence” has the meaning given in section 10;

“controlled activity” has the meaning given in section 2;

“director”, in relation to a body corporate, includes —

- (a) a person occupying in relation to it the position of a director (by whatever name called); and
- (b) a person in accordance with whose directions or instructions (not being advice given in a professional capacity) the directors of that body are accustomed to act;

“documents” includes information recorded in any form and, in relation to information recorded otherwise than in legible form, references to its production include references to producing a copy of the information in legible form, or in a form from which it can readily be produced in visible and legible form;

“exempt person”, in relation to a controlled activity, means a person who is exempt from the general prohibition in relation to that activity as a result of an exemption order made under section 8(1);

“general prohibition” has the meaning given in section 1(2); and

“partnership” includes a partnership constituted under the law of a jurisdiction outside the Global Market.

74. Carrying on controlled activities in the Global Market

- (1) In the two cases described in this section, a person who —
 - (a) is carrying on a controlled activity, but
 - (b) would not otherwise be regarded as carrying it on in the Global Market, is, for the purposes of these Regulations, to be regarded as carrying it on in the Global Market.
- (2) The first case is where —
 - (a) his registered office (or if he does not have a registered office his head office) is in the Global Market; and
 - (b) the day-to-day management of the carrying on of the controlled activity is the responsibility of —
 - (i) his registered office (or head office); or
 - (ii) another establishment maintained by him in the Global Market.
- (3) The second case is where—
 - (a) his head office is not in the Global Market; but
 - (b) the activity is carried on from an establishment maintained by him in the Global Market.
- (4) For the purposes of subsections (2) and (3) it is irrelevant where the person with whom the activity is carried on is situated.

75. Parent and subsidiary undertaking

- (1) In these Regulations, “parent undertaking” and “subsidiary undertaking” have the same meaning as in the Companies Regulations [•].
- (2) But “parent undertaking” also includes an individual who would be a parent undertaking for the purposes of those provisions if he were taken to be an undertaking (and “subsidiary undertaking” is to be read accordingly).

76. Group

- (1) In these Regulations “group”, in relation to a person (“A”), means A and any person who is—
 - (a) a parent undertaking of A;
 - (b) a subsidiary undertaking of A;
 - (c) a subsidiary undertaking of a parent undertaking of A;
 - (d) a parent undertaking of a subsidiary undertaking of A; or
 - (e) an undertaking in which A or an undertaking mentioned in paragraph (a), (b), (c) or (d) has a participating interest.
- (2) “Participating interest” has the meaning given in section 77; but also includes an interest held by an individual which would be a participating interest for the purposes of those provisions if he were taken to be an undertaking.

77. Meaning of “participating interest”

- (1) In section 76 a “participating interest” means an interest held by an undertaking in the shares of another undertaking which it holds on a long-term basis for the purpose of securing a contribution to its activities by the exercise of control or influence arising from or related to that interest.
- (2) A holding of 20% or more of the shares of an undertaking is presumed to be a participating interest unless the contrary is shown.
- (3) The reference in subsection (1) to an interest in shares includes —
 - (a) an interest which is convertible into an interest in shares; and
 - (b) an option to acquire shares or any such interest; and an interest or option falls within paragraph (a) or (b) notwithstanding that the shares to which it relates are, until the conversion or the exercise of the option, unissued.
- (4) For the purposes of this section an interest held on behalf of an undertaking shall be treated as held by it.
- (5) In this section “undertaking” has the same meaning as in the Companies Regulations [•].

78. Controller

- (1) In these Regulations “controller”, in relation to an undertaking (“B”), means a person (“A”) who falls within any of the cases in subsection (2).
- (2) The cases are where A holds—
 - (a) 10% or more of the shares in B or in a parent undertaking of B (“P”);
 - (b) 10% or more of the voting power in B or P; or
 - (c) shares or voting power in B or P as a result of which A is able to exercise significant influence over the management of B.
- (3) For the purposes of calculations relating to this section, the holding of shares or voting power by a person (“A1”) includes any shares or voting power held by another (“A2”) if A1 and A2 are acting in concert.

- (4) In this section “shares”—
- (a) in relation to an undertaking with a share capital, means allotted shares;
 - (b) in relation to an undertaking with capital but no share capital, means rights to share in the capital of the undertaking;
 - (c) in relation to an undertaking without capital, means interests—
 - (i) conferring any right to share in the profits, or liability to contribute to the losses, of the undertaking; or
 - (ii) giving rise to an obligation to contribute to the debts or expenses of the undertaking in the event of a winding up.
- (5) In this section “voting power”—
- (a) includes, in relation to a person (“H”)—
 - (i) voting power held by a third party with whom H has concluded an agreement, which obliges H and the third party to adopt, by concerted exercise of the voting power they hold, a lasting common policy towards the management of the undertaking in question;
 - (ii) voting power held by a third party under an agreement concluded with H providing for the temporary transfer for consideration of the voting power in question;
 - (iii) voting power attaching to shares which are lodged as collateral with H, provided that H controls the voting power and declares an intention to exercise it;
 - (iv) voting power attaching to shares in which H has a life interest;
 - (v) voting power which is held, or may be exercised within the meaning of subparagraphs (i) to (iv), by a subsidiary undertaking of H;
 - (vi) voting power attaching to shares deposited with H which H has discretion to exercise in the absence of specific instructions from the shareholders;
 - (vii) voting power held in the name of a third party on behalf of H;
 - (viii) voting power which H may exercise as a proxy where H has discretion about the exercise of the voting power in the absence of specific instructions from the shareholders; and
 - (b) in relation to an undertaking which does not have general meetings at which matters are decided by the exercise of voting rights, means the right under the constitution of the undertaking to direct the overall policy of the undertaking or alter the terms of its constitution.

79. Disregarded holdings

- (1) For the purposes of section 78, shares and voting power that a person holds in an undertaking (“B”) or in a parent undertaking of B (“P”) are disregarded in the following circumstances.
- (2) Shares held only for the purposes of clearing and settling within a short settlement cycle are disregarded.

- (3) Shares held by a custodian or its nominee in a custodian capacity are disregarded, provided that the custodian or nominee is only able to exercise voting power attached to the shares in accordance with instructions given in writing.
- (4) Shares representing no more than 5% of the total voting power in B or P held by a financial institution are disregarded, provided that it neither intervenes in the management of B or P nor exerts any influence on B or P to buy the shares or back the share price.

80. Manager

- (1) In these Regulations, “manager” means an employee who—
 - (a) under the immediate authority of his employer is responsible, either alone or jointly with one or more other persons, for the conduct of his employer’s business; or
 - (b) under the immediate authority of his employer or of a person who is a manager by virtue of paragraph (a) exercises managerial functions or is responsible for maintaining accounts or other records of his employer.
- (2) If the employer is not an individual, references in subsection (1) to the authority of the employer are references to the authority —
 - (a) in the case of a body corporate, of the directors; and
 - (b) in the case of a partnership, of the partners.
- (3) “Manager”, in relation to a body corporate, means a person (other than an employee of the body) who is appointed by the body to manage any part of its business and includes an employee of the body corporate (other than the chief executive) who, under the immediate authority of a director or chief executive of the body corporate, exercises managerial functions or is responsible for maintaining accounts or other records of the body corporate.

Part VII: General

81. Short title, extent and commencement

- (1) These Regulations may be cited as the Operating Regulations [•].
- (2) These Regulations apply in the jurisdiction of the Global Market.
- (3) These Regulations come into force on the date specified by the Board in the resolution approving the adoption of these Regulations.

SCHEDULE 1: Information and Investigations: Connected Persons

Sections 30(11) and 34(4)

Part I: Rules for Specific Bodies

1. Corporate bodies

If the licensed person (“BC”) is a body corporate, a person who is or has been —

- (a) an officer or manager of BC or of a parent undertaking of BC;
- (b) an employee of BC;
- (c) an agent of BC or of a parent undertaking of BC.

2. Partnerships

If the licensed person (“PP”) is a partnership, a person who is or has been a member, manager, employee or agent of PP.

3. Individuals

If the licensed person (“IP”) is an individual, a person who is or has been an employee or agent of IP.

4. Application to sections 34 and 35

For the purposes of sections 34 and 35, if the person under investigation is not a licensed person the references in this Part of this Schedule to a licensed person are to be taken to be references to the person under investigation.

Part II: Additional Rules

5. A person who is, or at the relevant time was, the partner, manager, employee, agent, appointed representative, banker, auditor, actuary or solicitor of—

- (a) the person under investigation (“A”);
- (b) a parent undertaking of A;
- (c) a subsidiary undertaking of A;
- (d) a subsidiary undertaking of a parent undertaking of A; or
- (e) a parent undertaking of a subsidiary undertaking of A.

SCHEDULE 2: General form of licence

Section 10(7)

[•]