

AIFC GENERAL RULES (GEN)

In this Appendix, a blue font and underlining indicates new text and strikethrough indicates deleted text, unless otherwise indicated.

1.2. Authorised Market Institutions

Guidance: Definition of Market Activity

Market Activity is defined in the section 18 of the Framework Regulations as:

- (a) Operating an Exchange; ~~and~~
- (b) Operating a Clearing House;
- (c) Operating a Virtual Currency Trading Facility.

1.2.6. Effective supervision

In assessing whether an applicant is capable of being effectively supervised by the AFSA for the purposes of section 37(1)(c) of the Framework Regulations, the AFSA will consider:

- (a) the nature, including the complexity, of the Market Activities that the applicant will carry on;
- (b) if the applicant seeks a licence to carry on the Market Activity of Operating an Exchange or a Virtual Currency Trading Facility, the size, nature and complexity of any markets in respect of which the applicant will offer its facilities as an exchange in carrying on that Market Activity;

1.2.7. Compliance arrangements

In assessing whether an applicant has adequate compliance arrangements for the purposes of section 37(1)(d) of the Framework Regulations, the AFSA will consider whether it has:

- (a) clear and comprehensive policies and procedures relating to compliance with all applicable legal requirements;
- (b) adequate means to implement those policies and procedures and monitor that they are operating effectively and as intended;
- (c) effective arrangements for monitoring and enforcing compliance of its Members with its own rules and, if relevant, its clearing and settlement arrangements; ~~and~~
- (d) if the applicant seeks a licence to carry on the Market Activity of Operating an Exchange, effective arrangements to verify that issuers admitted to trading on its facilities comply with the Market Rules; and

- (e) if the applicant seeks a licence to carry on the Market Activity of Operating an Virtual Currency Trading Facility, effective arrangements to verify that members admitted to trading on its facilities comply with the Conduct of Business Rules.

Schedule 1: REGULATED ACTIVITIES

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5. Providing Custody

Providing Custody means one or more of the following activities:

- (a) safeguarding and administering Investments belonging to another Person; ~~or~~
- (b) in the case of a Fund, safeguarding and administering Fund Property; or
- (c) safeguarding and administering Virtual Currencies belonging to another Person.