

Circular No.: 04/2026

Issue Date: 02/03/2026

Effective Date: 02/03/2026

Circular Regarding the Mechanism for Handling Violations

Pursuant to the regulatory powers vested in the Dubai Financial Market (the “Market”), and in accordance with the applicable laws, regulations, rules and instructions adopted by the Market, this Circular sets out the mechanism for addressing violations falling within the Market’s jurisdiction.

This Circular applies to Market Members and listed companies and aims to clarify the procedures followed in handling violations, organize the relevant stages, and outline the associated regulatory requirements, in order to ensure consistency of application, procedural integrity, transparency, and clarity of obligations imposed on entities subject to the Market’s Rules.

First: Monitoring and Identifying Violations

The Market monitors, on an ongoing basis, the compliance of listed companies and Market Members with the applicable rules and regulations. Violations may be identified through the Market’s approved supervisory and monitoring mechanisms, including, without limitation:

- Electronic surveillance systems,
- Disclosures submitted by companies,
- Daily trading monitoring,
- Notifications or reports issued by regulatory authorities,
- Complaints received from investors or relevant parties.

Upon detecting an incident that may constitute a violation, the Market shall review and assess the available facts against the applicable regulatory framework and the approved Violations and Sanctions Schedule.

Second: Case Review and Verification

Where preliminary findings indicate the potential existence of a violation, the Market shall conduct a detailed review to verify the occurrence and nature of the alleged breach.

For this purpose, the Market may request from the concerned entity any documents, records, explanations or additional data deemed necessary to ensure a comprehensive and accurate assessment of the matter under review. The concerned entity shall cooperate fully and provide the requested information within the timeframe specified by the Market.

Third: Notification of the Entity Concerned and Right of Response

Where the Market determines that sufficient grounds exist to proceed, it may formally notify the concerned entity in writing of the following:

- The alleged violation;
- A summary of the relevant facts and circumstances; and
- The applicable regulatory provisions.

The concerned entity shall be granted an appropriate period, as specified in the notification, to submit a written response, together with any supporting documents, explanations or representations it considers relevant to its defense.

Failure to respond within the prescribed period shall not prevent the Market from proceeding to issue its decision based on the information available.

Fourth: Issuance of Decision and Determination of Sanction

Upon expiry of the response period, and after reviewing any submissions received, the Market shall assess the elements of the alleged violation and issue a reasoned decision as to whether the violation is established.

Where a violation is confirmed, the Market shall determine and impose the appropriate sanction in accordance with the approved Violations and Sanctions Schedule set out in Book Four – Sanctions Rules, taking into consideration the nature, severity, recurrence and impact of the violation, as well as any mitigating or aggravating factors. The concerned entity shall be notified in writing of the decision, the sanction imposed, and the timeframe within which the sanction must be implemented.

Fifth: Enforcement and Follow-Up

The Market shall monitor the implementation of the imposed sanction within the prescribed timeframe.

- This may include, as applicable:
- Payment of financial penalties;
- Rectification of non-compliant conduct;
- Implementation of corrective measures;
- Any other regulatory action provided under the applicable rules.

Failure to comply with an imposed sanction may result in additional regulatory measures in accordance with the Market's Rules.

Sixth: Grievance and Escalation

A sanctioned entity shall have the right to submit a written grievance against the sanction decision within ten (10) business days from the date of notification. Grievances shall be reviewed in accordance with a mechanism that ensures independence, neutrality and objectivity. The Market shall issue its decision on the grievance within ten (10) business days from the date of submission. The decision issued in respect of the grievance shall be final at the level of the Market.

In the event the grievance is rejected, or no decision is issued within the prescribed timeframe, the aggrieved entity may escalate the matter to the Capital Market Authority, in its capacity as the higher supervisory authority, within five (5) business days from the lapse of the prescribed period for deciding on the grievance.

Seventh: Compliance and Regulatory Discretion

Nothing in this Circular limits the Market's discretionary powers to take any additional or alternative regulatory measures it deems appropriate under the applicable laws and rules, where the nature or seriousness of the violation so requires.

The Market urges all entities subject to this Circular to regularly review the applicable rules and regulations and to ensure that their internal policies, procedures and controls are updated accordingly to promote compliance and uphold market integrity.

To view Book Four – Sanctions Rules, [please click here](#).

**Yours sincerely,
Dubai Financial Market**

The following Articles will be according to the table shown below:

Market Rules	Article No.	Article before Amendment	Article After Amendment
Penalties Rules	Article (a) of Section 6	(a) The Market may impose on Members the following financial penalties.	(a) The Market may impose on Members and Issuers the following financial penalties.
	Article (b) of Section 6	(b) Subject to Article 5(c), the Market may impose the following sanctions: (Delete the previous table)	(b) Subject to Article 5(c), the Market may impose the following sanctions: (Add the table shown below)

S.	The violator	Description of Violation	First Sanction	Second Sanction	Third Sanction
1.	Members (not licensed by the Authority)	Refraining from executing orders for Clients without reason or justification	Warning notification	Fine 10,000 AED	Fine 20,000 AED
2.	Members (not licensed by the Authority)	Non-compliance with the professional due diligence such as discriminating between Clients and not executing their orders on a first received first served basis.	Warning notification	Fine 10,000 AED	Fine 20,000 AED
3.	Members	Allowing any person who is not licensed or registered to use the electronic trading system or the electronic clearing system	Warning notification	Fine 10,000 AED	Fine 20,000 AED
4.	Members	Lack of cooperation in any investigation conducted by the Market, failure to provide the Market with the information, statistics and documents it requires; and submitting documents, information or reports that are forged, incorrect, incomplete or inaccurate information or reports.	Warning notification	Fine 10,000 AED	Fine 20,000 AED

5.	Members	Failure to notify the Market of any material change affecting the Member, its operations, business, reputation, financial position, solvency or its ability to meet its obligations towards the Market, its Clients, including any lawsuit, attachment, pledge, ruling or regulatory proceeding.	Warning notification	Fine 10,000 AED	Fine 20,000 AED
6.	Members	Member trading on his own account without market approval.	Warning notification	Fine 10,000 AED	Fine 20,000 AED
7.	Members (not licensed by the Authority)	Failing to abide by the ethics of the profession towards the Market's representatives, investors or other related party, harming the reputation of the Market, its members or traders, or spreading rumors about it.	Warning notification	Fine 10,000 AED	Fine 20,000 AED
8.	Members	Allowing unauthorized persons to enter the trading room without permission from the Market controller, for offices located within the market trading floor.	Warning notification	Fine 10,000 AED	Fine 20,000 AED
9.	Members	Adding software, hardware or devices to the company's office in the trading floor without approval or permission from the Market management.	Warning notification	Fine 10,000 AED	Fine 20,000 AED
10.	Members (not licensed by the Authority)	Disclosure of Client names or giving any data or information on their Orders (failure to maintain confidentiality of information)	Warning notification	Fine 10,000 AED	Fine 20,000 AED
11.	Members	Entering repeated orders for the same investor at the same price.	Warning notification	Fine 10,000 AED	Fine 20,000 AED
12.	Members	The Member's failure to notify the Market of its use of the DFM trading system	Warning notification	Fine 10,000 AED	Fine 20,000 AED

13.	Members	The member's breach of the membership agreement and other pledges and agreements concluded between the member, the market and its agents.	Warning notification	Fine 10,000 AED	Fine 20,000 AED
14.	Members	The member's failure to comply with effective information technology regulations and controls in accordance with the technical specifications and standards set by the market for its licensed activities.	Warning notification	Fine 10,000 AED	Fine 20,000 AED
15.	Members (not licensed by the Authority)	The member's failure to provide a qualified and sufficient administrative and technical staff to carry out the licensed activities.	Warning notification	Fine 10,000 AED	Fine 20,000 AED
16.	Members (not licensed by the Authority)	The member's failure to maintain data, information, financial statements, forms, books, records, customer complaints, instructions, reports, and files related to his activities in the market for a period of ten (10) years, whether written, recorded on the telephone, or received by any other electronic means.	Warning notification	Fine 10,000 AED	Fine 20,000 AED
17.	Members (not licensed by the Authority)	The member's failure to provide the necessary notifications, data and reports to each of its clients regarding licensed activities within the time frames specified for each activity.	Warning notification	Fine 10,000 AED	Fine 20,000 AED
18.	Members (not licensed by the Authority)	The Member's failure to notify the Market of its use of the DFM trading system	Warning notification	Fine 10,000 AED	Fine 20,000 AED
19.	Members	The Member's entry of cross orders for the same investor (corporate institutional) in the trading system without obtaining approval of the market.	Warning notification	Fine 10,000 AED	Fine 20,000 AED

20.	Members	Non-compliance with separate trading process through the identification of a separate and unique username in each of the mechanisms of electronic trading, such as trading online and other electronic or smart trading mechanisms.	Warning notification	Fine 10,000 AED	Fine 20,000 AED
21.	Members	Failure by a Market Maker or Liquidity Provider to enter buy or sell Orders that are capable of being executed in the Securities for which it is responsible, in accordance with the terms and conditions in the Rules and Procedures of the Market and the Market Maker agreement or Liquidity Provider agreement	Warning notification	Fine 10,000 AED	Fine 20,000 AED
22.	Local Company	Failure to submit the annual preliminary financial reports within the specified deadlines (45 days from the end of the financial period)	Fine 5,000 AED + trading suspension	Fine 5,000 AED + trading suspension	Fine 5,000 AED + trading suspension
23.	Foreign Company	Failure to submit the annual preliminary financial reports within the specified deadlines (45 days from the end of the financial period)	Fine 5,000 AED	Fine 5,000 AED	Fine 5,000 AED
24.	Local Company Foreign Company Free Zone Company	Failure to submit quarterly and annual financial reports within the specified deadlines (45 days for quarterly reports and 90 days for annual reports)	Fine 10,000 AED + trading suspension	Fine 10,000 AED + trading suspension	Fine 10,000 AED + trading suspension
25.	Cooperative Association	Failure to submit semi-annual and annual financial reports within the specified deadlines (45 days for semi-annual reports and 120 days for annual reports)	Fine 10,000 AED + trading suspension	Fine 10,000 AED + trading suspension	Fine 10,000 AED + trading suspension

26.	Private Company	Failure to submit semi-annual and annual financial reports within the specified deadlines (45 days for semi-annual reports and 90 days for annual reports)	Fine 10,000 AED + trading suspension	Fine 10,000 AED + trading suspension	Fine 10,000 AED + trading suspension
27.	Local Company Foreign Company Free Zone Company Cooperative Association Private Company	Providing the market with information and reports that are incorrect or misleading and do not comply with applicable legislation	Fine 10,000 AED	Fine 10,000 AED	Fine 10,000 AED
28.	Local Company Foreign Company Free Zone Company Cooperative Association Private Company	Failure to appoint one of its employees as an official responsible for using the disclosure system in the Market	Fine 10,000 AED	Fine 10,000 AED	Fine 10,000 AED
29.	Local Company Foreign Company Free Zone Company Cooperative Association Private Company	Failure to update the list of insiders promptly as per market requirements	Warning notification	Fine 10,000 AED	Fine 10,000 AED
30.	Local Company Foreign Company Free Zone Company Cooperative Association Private Company	Allowing an unauthorized person from the market to use the disclosure system	Fine 10,000 AED	Fine 10,000 AED	Fine 10,000 AED

31.	Local Company Foreign Company Free Zone Company Cooperative Association Private Company	Failure to disclose Inside Information (material information) in accordance with market rules that affects the share price	Fine 10,000 AED	Fine 10,000 AED	Fine 10,000 AED
32.	Local Company Foreign Company Free Zone Company Cooperative Association Private Company	Violation of market rules and regulations related to share buybacks	Fine 10,000 AED	Fine 10,000 AED	Fine 10,000 AED
33.	Local Company Foreign Company Free Zone Company Cooperative Association Private Company	Failure to provide the market with the information or documents required regarding its disclosures or any additional requirements related to the company based on the market's request.	Fine 10,000 AED	Fine 10,000 AED	Fine 10,000 AED