

Officer Rules¹

Part A

1. DEFINITION AND INTERPRETATION

1.1 In these Officer Rules, unless the context otherwise requires, words or expressions not defined have the same meaning and interpretation as in the company regulations 2020 of the Dubai Multi Commodities Centre Authority (“Company Regulations”).

1.2 For the purposes of these Officer Rules:

- a) any reference to Directors includes board of Directors (if any);
- b) Applicable Laws and Rules means the Laws and rules applicable to and in the DMCC Free Zone, including any other laws, regulations, rules, policies and procedures issued by DMCCA from time to time;
- c) Law means any and all legislation, decrees, resolutions, acts, statutes, ordinances, rules or regulations, directives and other orders, treaties, by laws, codes of practice and other subordinate legislation, of any UAE Governmental Authority;
- d) the rules of interpretation in Regulation 2 of the Company Regulations shall apply to these Officer Rules.

2 GENERAL

2.1 These Officer Rules come into force on the effective date of the Company Regulations and will be published in a manner prescribed by DMCCA. It is the responsibility of each DMCC Entity to check for amendments or updates to these Officer Rules and any new or amended notices, policies and procedures issued from time to time.

2.2 Any DMCC Entity or any other person who commits any breach of these Officer Rules will, in addition to any other decisions that may be made by the Registrar, be subject to Sanctions, or as otherwise determined. DMCCA may issue or impose such Sanctions against any DMCC Entity or person who the DMCCA considers to be in breach of these Officer Rules, the Company Regulations and/or any

2.3 other Applicable Laws and Rules or who otherwise cause nuisance, disturbance or disruption to the community. DMCCA reserves the right to issue or impose any Sanctions for such behaviour or activity.

¹ Effective date 2 of Jan 2020, unless otherwise advised by DMCC

3 SCOPE OF THE OFFICER RULES

3.1 These Officer Rules:

- a) set out the principles or rules governing the conduct, action, roles, responsibilities, procedures, arrangements relating to Directors, Secretaries and Managers of a DMCC Entity; and
- b) form part of the Company Regulations.

3.2 Directors, Secretaries and Managers are the officers of Companies, and Managers and Secretaries (if any) are the officers of Branches. These officers are to be recorded on the Officer Register.

3.3 Any provision in any document or agreement that seeks to restrict or reduce the minimum standards of responsibility of an officer under these Officer Rules shall be deemed unenforceable.

Part B

4. DIRECTOR/S

4.1 Who can be a Director?

- a) In accordance with Section 9 of the Company Regulations, a Director must meet certain criteria in order to qualify as a Director.
- b) A Director must be a natural person, unless otherwise approved by the Registrar in exceptional circumstances where justification is provided.
- c) A Company must have at least one Director.
- d) For sake of clarity and for the purposes of the Company Regulations [[insert hyperlink to Regulation 50](#)], the Director is an office holder of a Company, appointed by the Initial Shareholders or Shareholders, and does not refer to any employee holding a position with the word director in the job title.

4.2 What is the role of a Director?

- a) Directors implement the overall strategy, business activities and affairs of the Company on behalf of the Shareholders, including succession planning and risk management involving compliance and governance.
- b) Directors are responsible for running the Company in a lawful and honest manner, acting in good faith, and must make decisions which benefit the Company and its Shareholders.
- c) The Directors are responsible for ensuring the Secretary and Manager fulfil their responsibilities.

4.3 What are your responsibilities as a Director?

Directors are expected to operate at the highest reasonable standards and comply with certain duties and obligations.

4.4 What are Directors' duties?

Each Company operates differently but there are **seven** broad duties which a Director must follow:

a) Duty to act within powers

A Director must act within the scope of his/her powers set out in the Articles.

Those powers must only be used for the purposes for which those powers have been given.

b) Duty to promote the success of the Company

A Director must act honestly and lawfully when making a decision.

Decisions must promote the success and benefit of the Company and its Shareholders (whilst the Company remains solvent).

When making a decision, a Director should consider, among other things, the following:

- i. the long and short term consequences;
- ii. the interests of the employees of the Company;
- iii. the need for strong positive business relationships with suppliers, customers and others;
- iv. the impact on the community and the environment;
- v. whether the decision maintains the high standards of the Company;
- vi. the need to act fairly; and
- vii. the integrity of DMCC Free Zone, DMCCA, Federal Government of the UAE and the Government of Dubai.

A Director is required to consider additional factors which may be applicable to his/her Company and area or nature of the business activity or operations.

c) Duty to exercise independent judgment

A Director must exercise independent judgment and must not be influenced by others.

A Director is not required to exercise independent judgement if the Company has entered into an agreement which restricts the Directors from exercising their discretion.

d) Duty of exercise reasonable care, skill and diligence

A Director must use the same care, skill and diligence that would be used by an ordinary person who has:

- i. the general knowledge, skill and experience that may reasonably be expected of a person acting as a director of a company; and
- ii. the general knowledge, skill and experience that the director of a company has.

e) Duty to avoid conflicts of interest between his/her role and his/her personal interest

A Director must not have a direct or indirect interest which conflicts or may possibly conflict with the interests of the Company for which he/she is a Director.

In particular, this duty applies to the use of any property, information or opportunity even if:

- i. the Company could not take advantage of or use the property, information or opportunity, and/or
- ii. the Articles allow a Director to have a direct or indirect interest in a transaction or arrangement.

If a Director has a direct or indirect interest in a transaction or arrangement and the Director declares its interests in this transaction or arrangement, a conflict of interest will not arise, provided the Director complies with any actions set out by the other Directors or by the Shareholders (as the case may be) to mitigate such conflict.

A Director will not breach this duty if:

- i. the situation cannot reasonably be regarded as likely to give rise to a conflict of interest; or
- ii. the situation has been authorised by the other Directors or, as the case may be, the Shareholders.

The Articles (to the extent they contain provisions relating to addressing and managing possible conflicts of interest) and these Officer Rules must be followed by the other Directors when authorising a possible conflict of interest.

f) If a potential conflict of interest situation has been authorised or permitted, a Director must at all times continue to act appropriately. Duty not to accept benefits from third parties

A Director must not accept any benefit from a third party if the benefit is given:

- i. because the Director is a Director of the Company; or

- ii. in return for the Director doing (or not doing) anything as a Director,

unless the benefit could not reasonably be considered as a conflict of interest.

A benefit includes, but is not limited to, cash, cash equivalents, loans, gifts and hospitality.

- g) Duty to declare interest in a proposed transaction or arrangement

If a Director becomes aware that they may become directly or indirectly involved in a proposed transaction or arrangement with their Company, they must declare their interest to the other Directors of the Company before entering into the relevant transaction or arrangement.

4.5 Other duties and obligations

There are other duties and obligations of a Director. They include as follows:

- a) Confidentiality

A Director owes a duty of confidentiality to the Company and therefore, must use or disclose the Company's confidential information solely for the benefit of the Company.

- b) Compliance with other applicable laws, regulations, rules, policies

A Director is responsible for ensuring that the Company complies with applicable laws, regulations, rules, policies relating to environmental, health and safety, as well as compliance with anti-corruption legislation.

4.6 What is the consequence if a Director breaches his or her duties?

A failure by a Director to comply with any of the duties listed above will be regarded as a breach of duty. This may make the Director liable to a disqualification and a Sanction may be imposed as against the Director and/or the Company in question.

For more information on Sanctions, please refer to Section 22 of the Company Regulations.

4.7 Term and removal of Director

- a) A Director of a Company holds its position until [\[insert hyperlink to Regulation 50.3\]](#):
 - i. incapacitation or death;
 - ii. resignation from the position; or
 - iii. removal by an Ordinary Resolution (or a higher threshold as may be set out in the Company's Articles).
- b) A vacancy in the position of a Director pursuant to Rule 4.7(a) may be filled by Ordinary Resolution or any higher threshold to the extent set out in the Articles.

- c) Any change to any Director must be notified to the Registrar in accordance with the Company Regulations.

4.8 How can a Director be disqualified?

- a) A Director may be removed due to a disqualification pursuant to Regulation 57 of the Company Regulations [*insert hyperlink*].
- b) DMCCA will decide the length of time for which the disqualification applies. However, a period of disqualification cannot be longer than fifteen years.
- c) A person must not act as a Director if such person has been disqualified from acting as a Director by the DMCCA pursuant to Regulation 57 of the Company Regulations.

5. SECRETARY

5.1 Who can be a Secretary?

- a) In accordance with Section 9 of the Company Regulations, a Secretary may be a natural person or a corporate entity.
- b) A Company must have a Secretary. However, it is not mandatory that a Branch have a Secretary.
- c) For sake of clarity and for the purposes of the Company Regulations, the Secretary is an office holder of a DMCC Entity, appointed by (in the case of Companies) the Directors, or (in the case of Branches) the directors of the Branch Parent, and does not refer to any employee holding a position with the word secretary in the job title.

5.2 What is the role of a Secretary?

- a) Secretaries are responsible for filing all documents in accordance with the requirements set out in the Company Regulations and as may be set out in the Articles.
- b) Typically, such filings include:
 - i. resolutions made by the Directors (in the case of Companies) or directors of the Branch Parent (in the case of Branches);
 - ii. official documents required by the Registrar in connection with, among other things, an application for a Company or Licence amendment;
 - iii. notices; and
 - iv. submission of audited financial statements.
- c) Secretaries are responsible for other administrative functions which may include the following:

- i. in the case of Companies, calling for, or may be required to assist the Directors to call for, extraordinary General Meeting or meeting of Shareholders of the relevant class of Shares in accordance with the Company Regulations [*insert hyperlink to Regulation 59*];
- ii. in the case of Companies, providing to the Registrar the details as required under the Company Regulations [*insert hyperlink to Regulation 41.1*] for the Security Register;
- iii. maintaining and keeping possession of the Minutes Register [*insert hyperlinks to Regulation 39.4 and 39.5*].

5.3 What are your responsibilities as a Secretary?

Secretaries are required to operate at the highest reasonable standards, and fulfil the requirements for filing and conduct its administrative role in a timely manner.

5.4 Term and removal of a Secretary

- a) A Secretary holds its position until:
 - i. incapacitation or death (if the Secretary is a natural person);
 - ii. resignation from the position; or
 - iii. removal by resolution of the Directors (in the case of Companies) or the directors of the Branch Parent (in the case of Branches).
- b) A vacancy in the position of a Secretary pursuant to Rule 5.4(a) may be filled by the relevant resolution of the Directors (in the case of Companies) or the directors of the Branch Parent (in the case of Branches).
- c) Any change to a Secretary of a DMCC Entity must be notified to the Registrar in accordance with the Company Regulations.

5.5 How can a Secretary be disqualified?

- a) A Secretary may be removed due to a disqualification pursuant to Regulation 57 of the Company Regulations [*insert hyperlink*].
- b) DMCCA will decide the length of time for which the disqualification applies. However, a period of disqualification cannot be longer than fifteen years.
- c) A person must not act as a Secretary if such person has been disqualified from acting as a Secretary by DMCCA pursuant to Regulation 57 of the Company Regulations.

6. MANAGER

6.1 Who can be a Manager?

- a) In accordance with Section 9 of the Company Regulations, a Manager must meet certain criteria in order to qualify as a Manager.
- b) A Manager must be a natural person and must not fall within any of the criteria set out in Regulation 55.7 of the Company Regulations [[insert hyperlink](#)].
- c) A DMCC Entity must have a Manager.
- d) The Manager is sometimes referred to as the license manager. The Manager's name appears on the License as the primary contact for the DMCC Entity.
- e) For sake of clarity and for the purposes of the Company Regulations, the Manager is an office holder of the DMCC Entity, appointed by (in the case of Companies) the Directors, or (in the case of Branches) the directors of the Branch Parent, and does not refer to any employee holding a position with the word manager in the job title.

6.2 What is the role of a Manager?

Managers are responsible for the day to day operations of the DMCC Entity in accordance with the requirements of the Directors (in the case of Companies) or the directors of the Branch Parent (in the case of Branches). The role of the Manager may be set out in the Articles, with reference to specific corporate functions.

6.3 What are your responsibilities as a Manager?

- a) Managers must act in accordance with the powers granted to him / her, and must be someone who has sufficient experience and demonstrates the necessary commitment to his / her duties that are applicable and relevant to the nature and size of the DMCC Entity's business.
- b) Managers are expected to operate at the highest reasonable standards, and ensure that the DMCC Entity:
 - i. does not commit breaches of the Company Regulations or these Officer Rules;
 - ii. operates in accordance with its permitted license activities as set out in the Licence;
 - iii. deals with employee matters in a reasonable, fair and prompt manner;
 - iv. communicates with the Registrar or DMCCA in relation to any queries or concerns;
 - v. updates the Director/s of the Company or directors of the Branch Parent on matters that may impact the fulfilment of their duties as directors; and

- vi. any other responsibilities that could reasonably be expected of the individual named on the License as the key contact for the DMCC Entity.

6.4 Term and removal of a Manager

- a) A Manager holds its position until:
 - i. incapacitation or death;
 - ii. resignation from the position; or
 - iii. removal by resolution of the Directors (in the case of Companies) or the directors of the Branch Parent (in the case of Branches).
- b) A vacancy in the position of a Manager pursuant to Rule 6.4(a) may be filled by the relevant resolution of the Directors (in the case of Companies) or the directors of the Branch Parent (in the case of Branches).
- c) Any change to a Manager of a DMCC Entity must be notified to the Registrar in accordance with the Company Regulations.

6.5 How can a Manager be disqualified?

- a) A Manager may be removed due to a disqualification pursuant to Regulation 57 of the Company Regulations [\[insert hyperlink\]](#).
- b) DMCCA will decide the length of time for which the disqualification applies. However, a period of disqualification cannot be longer than fifteen years.
- c) A person must not act as a Manager if such person has been disqualified from acting as a Manager by the DMCCA pursuant to Regulation 57 of the Company Regulations

6.6 Assumption of Manager's responsibilities

Pursuant to Regulation 55.9 of the Company Regulations [\[insert hyperlink\]](#), if a Manager resigns or is removed from office, dies or is incapacitated, the DMCC Entity must promptly notify the Registrar (and in any event, within five Business Days). In such circumstances, the Directors (in the case of Companies) or the directors of the Branch Parent (in the case of Branches) automatically assume the responsibilities of the Manager from the date of such resignation, removal, death or incapacity until such time a new Manager is appointed.