Investigation into Market Abuse in the UAE Financial Markets: 
A Comparative Legal Study

Submitted by

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ABSTRACT

Market abuse practices have clearly harmed the integrity of financial markets and damaged investors’ confidence. Market abuse takes two forms: insider dealing and market manipulation. These cover a variety of illegal practices, such as misusing inside information, pursuing courses of conduct which lead to artificial transactions, giving false or misleading information, and distorting the market in other ways. This thesis aims to examine the two forms of market abuse (insider dealing and market manipulation) under the UAE legal system. Particular attention is given to Federal Law No. 4 of 2000, known as the Emirates Securities & Commodities Authority Law (ESCA Law 2000). Other regulations which affect the market place are also covered. The core question addressed in this thesis is to what extent ESCA Law 2000, and other regulations promulgated pursuant thereto, are efficient in combating market abuse practices and how they have been applied to protect market integrity and the market participants. The thesis investigates the deficiencies of the existing law through a legal comparative study of the jurisdictions of the UK and the Dubai International Financial Centre. This is followed by an applied study which consists of a questionnaire and interviews. The applied study, conducted in the UAE, aims to investigate the perspectives of legal experts, other specialists and investors towards the regulation of the securities markets in the UAE. Applied study and comparison eventually provide the basis for recommendations for the improvement of the UAE legal system, with respect to market abuse practices.
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DEDICATION

I dedicate this thesis in gratitude to His Highness General Sheikh Mohammed Ben Zayed Ben Sultan Al Nahyan, Crown Prince of Abu Dhabi and Deputy Supreme Commander of the UAE Armed Forces.
ABBREVIATIONS

<table>
<thead>
<tr>
<th>Abbr</th>
<th>Description</th>
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<tbody>
<tr>
<td>ADX</td>
<td>Abu Dhabi Securities Exchange</td>
</tr>
<tr>
<td>ADSM</td>
<td>Abu Dhabi Stock Market</td>
</tr>
<tr>
<td>AIM</td>
<td>Alternative Investment Market</td>
</tr>
<tr>
<td>CBU</td>
<td>Central Bank of the UAE</td>
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<tr>
<td>CJA 1993</td>
<td>Criminal Justice Act 1993 (UK)</td>
</tr>
<tr>
<td>DFM</td>
<td>Dubai Financial Market</td>
</tr>
<tr>
<td>DFSA</td>
<td>Dubai Financial Services Authority</td>
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<tr>
<td>DGCE</td>
<td>Dubai Gold and Commodities Exchange</td>
</tr>
<tr>
<td>DIB</td>
<td>Dubai Islamic Bank</td>
</tr>
<tr>
<td>DIFC</td>
<td>Dubai International Financial Centre</td>
</tr>
<tr>
<td>DIFX</td>
<td>Dubai International Financial Exchange</td>
</tr>
<tr>
<td>DJA</td>
<td>DIFC Judicial Authority</td>
</tr>
<tr>
<td>ESCA law 2000</td>
<td>Federal Law No. 4 of 2000 concerning the Emirates Securities &amp; Commodities Authority</td>
</tr>
<tr>
<td>FC law 1984</td>
<td>Federal Company Law No. 8 of 1984 (UAE)</td>
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<tr>
<td>FSA</td>
<td>Financial Services Authority of the United Kingdom</td>
</tr>
<tr>
<td>FSMA 2000</td>
<td>Financial Services and Markets Act 2000 (UK)</td>
</tr>
<tr>
<td>GCC</td>
<td>Gulf Cooperation Council</td>
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<tr>
<td>IFI</td>
<td>International Finance Institution</td>
</tr>
<tr>
<td>IFSB</td>
<td>Islamic Financial Services Board</td>
</tr>
<tr>
<td>IMF</td>
<td>International Monetary Fund</td>
</tr>
<tr>
<td>IOSCO</td>
<td>International Organisation of Securities Commissions</td>
</tr>
<tr>
<td>IPO</td>
<td>Initial Public Offering</td>
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<tr>
<td>MAR</td>
<td>Market conduct sourcebook (UK FSA)</td>
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<td>MOE</td>
<td>Ministry of Economy of the UAE</td>
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<tr>
<td>OTC</td>
<td>Over-the-counter market</td>
</tr>
<tr>
<td>SCA</td>
<td>Securities and Commodities Authority of the UAE</td>
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<tr>
<td>SIB</td>
<td>Securities and Investment Board of the United Kingdom</td>
</tr>
<tr>
<td>TTP</td>
<td>TTP Communications Plc</td>
</tr>
<tr>
<td>UAE</td>
<td>United Arab Emirates</td>
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