AIFC SECURITY RULES

(SR)

AIFC RULES NO. 3 OF 2018

(with amendments as of 6 September 2026)

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PART 1: GENERAL

1.1. Name

These Rules are the *AIFC Security Rules 2018* (or SR).

1.2. Commencement

These Rules commence on _August_, 2018.

1.3. Legislative authority

These Rules are adopted by the Board of Directors of the AIFCA under section 65 (Power to adopt Rules etc.) of the AIFC Securities Regulations.

1.4. Application of these Rules

These Rules apply within the jurisdiction of the AIFC.

1.5. Definitions etc.

1.5.1 Schedule 3 (Interpretation) contains definitions used in these Rules.

1.5.2 Terms used in these Rules (other than terms defined in Schedule 3) have the same meanings as they have, from time to time, in the AIFC Security Regulations, or the relevant provisions of those Regulations, unless the contrary intention appears.

Note: For definitions in the AIFC Securities Regulations applying to these Rules, see Schedule 3 of those Regulations. The definitions in that Schedule relevant to these Rules include the following:

- AIFC
- AIFCA
- Bank
- Collateral
- Commodity Account
- Commodity Broker
- Commodity Contract
- Continuation Statement
- Contravene
- Court
- Debtor
- Deposit Account
- Document
- Exercise
- Filed
- Financial Property
- Financing Statement
- Function
- Investment
- Investment Account
- Investment Entitlement
- Investment Intermediary
- Legislation Administered by the Security Registrar
- Person
- Proceeds
- Secured Party
- Security Agreement

- Security Interest
- Security Registrar
- Security Registry
- Termination Statement
- Writing.

1.6. Administration of these Rules

These Rules are administered by the Security Registrar.

PART 2: FINANCIAL COLLATERAL

2.1. Application of Part 2

This Part applies in relation to a Security Interest in Financial Collateral.

2.2. Meaning of *Financial Collateral*

Each of the following is ***Financial Collateral***:

(a) Financial Property held in an Investment Account or Commodity Account (including any obligation of a Secured Party under rule 2.10.4 (Right of use of Secured Party in Financial Collateral etc.) in relation to Investments, Investment Entitlements or Commodity Contracts;

(b) Money held in an Investment Account or Commodity Account or a Money claim of, or against, an Investment Intermediary or Commodity Broker.

2.3. Filing not necessary to perfect Security Interest in Financial Collateral etc.

2.3.1 The Filing of a Financing Statement is not necessary to perfect a Security Interest in Financial Collateral.

2.3.2 The AIFC Security Regulations apply in relation to Financial Collateral subject to this Part.

2.3.3 Without limiting subrule 2.3.2, a Security Interest in Financial Collateral may be attached, perfected and enforced only in accordance with this Part.

2.3.4 However, subrules 2.3.2 and 2.3.3 do not affect the attachment, perfection or enforcement of a Security Interest in Money made otherwise than in accordance with this Part.

2.4. No formal act required for Security Interest in Financial Collateral

Without limiting rule 2.3.1 (Filing not necessary to perfect Security Interest in Financial Collateral etc.), except as provided in this Part or as agreed between the Debtor and the Secured Party, no formal act is necessary to attach, perfect or enforce a Security Interest in Financial Collateral.

2.5. Scope of Security Interest in Financial Collateral

A Security Interest may be granted in terms that extend to all, or to a specified category, quantity, proportion or value of, Financial Property and Money from time to time standing to the credit of 1 or more accounts. The Security Interest is effective in relation to the account or accounts concerned without the need to further identify particular Financial Property or Money.

2.6. Title transfer of Financial Collateral

2.6.1 A Security Agreement in relation to Financial Collateral may provide for title to some or all of the Financial Collateral to pass to a Secured Party.

2.6.2 A Title Transfer Security Interest takes effect in accordance with its terms.

2.7. Attachment of Security Interest in Financial Collateral

2.7.1 A Security Interest in Financial Collateral attaches in accordance with section 12(1) of the AIFC Security Regulations (Attachment and enforceability of Security Interests in Collateral, Proceeds and Supporting Obligations).

2.7.2 Despite section 12(2) of the AIFC Security Regulations, a Security Interest in Financial Collateral is enforceable if:

(a) the Debtor has transfer authority in relation to the Financial Collateral; and

(b) a Secured Party has control of the Financial Collateral under a Security Agreement.

2.8. Perfection of Security Interest in Financial Collateral

A Security Interest in Financial Collateral is:

(a) perfected on attachment; and

(b) remains perfected until the earliest of the following:

(i) termination of the Security Agreement;

(ii) the Secured Party ceasing to have control of the Financial Collateral;

(iii) enforcement.

2.9. Priority of interests in Financial Collateral

2.9.1 The following rules determine priority between conflicting Security Interests in the same Financial Collateral:

(a) a Title Transfer Security Interest in relation to Financial Collateral has priority over a conflicting Security Interest of another kind in the Financial Collateral;

(b) priority of any other Security Interest in Financial Collateral must be determined in accordance with:

(i) for Financial Property—section 30 of the AIFC Security Regulations (Priority of Security Interests in Financial Property);

(ii) for Money—section 29 of the AIFC Security Regulations (Priority of Security Interests in Deposit Account) as if the Money were a Deposit Account and the Investment Intermediary or Commodity Broker were a Bank.

2.9.2 However, a Security Interest under which the Secured Party has obtained control by an agreement with the relevant Investment Intermediary or Commodity Broker to comply with the instructions of the Secured Party has priority over a subsequent Security Interest in favour of the Investment Intermediary or Commodity Broker.

2.10. Rights of use of Secured Party in Financial Collateral etc.

2.10.1 A Security Agreement in relation to Financial Collateral may provide for a Secured Party to have a right to use, or dispose of, Investments, Investment Entitlements, Commodity Contracts or any interest in them.

2.10.2 A Secured Party has control of Financial Collateral despite the exercise of a right mentioned in subrule 2.10.1 (a ***right of use***), and the exercise of a right of use does not make any other right of a Secured Party under a Security Agreement invalid or unenforceable.

2.10.3 Subrule 2.10.4 applies to a Secured Party in relation to Financial Collateral if title to Investments, Investment Entitlements or Commodity Contracts passes to the Secured Party under a Title Transfer Security Interest.

2.10.4 If this subrule applies to the Secured Party, then, subject to the terms of the Security Agreement, the Secured Party must, not later than the discharge of the secured obligations in relation to the Financial Collateral, replace the Investments, Investment Entitlements or Commodity Contracts mentioned in subrule 2.10.3 with equivalent Investments, Investment Entitlements or Commodity Contracts.

2.10.5 For subrule 2.10.4, Investments or Investment Entitlements are ***equivalent*** Investments or Investment Entitlements if they have the same issuer or debtor, form part of the same issue or class and are of the same nominal amount, currency and description.

2.11. Enforcement etc. of Financial Collateral

2.11.1 If a Secured Party in relation to Financial Collateral is entitled to enforce the Financial Collateral, Part 8 (Default and Enforcement) of the AIFC Security Regulations does not apply in relation to the Financial Collateral and the Secured Party may collect, enforce and dispose of, or accept, the Financial Collateral:

(a) for Financial Property—by selling it and applying the net Proceeds of sale in or towards discharging the secured obligations; or

(b) by appropriating the Financial Collateral as the Secured Party's own property and setting off its value against, or applying its value in or towards the discharge of, the secured obligations, if the Security Agreement provides for realisation in this way and specifies the basis on which the Financial Collateral is to be valued for this purpose.

2.11.2 Financial Collateral may be realised under subrule 2.11.1:

(a) subject to any contrary provision of the Security Agreement, without any requirement:

(i) that prior notice of the intention to realise is given; or

(ii) that the terms of the realisation be approved by the Court or any other Person; or

(iii) that the realisation be conducted by public auction or in any other particular way; and

(b) despite the commencement or continuation of any Insolvency Proceedings in relation to a Debtor or Secured Party.

2.12. Set-off etc. in relation to Financial Collateral

A Security Agreement in relation to Financial Collateral may provide to the effect that, if a default occurs before the secured obligations have been fully discharged, either or both of the following

occur, or at the election of the Secured Party may occur, whether through the operation of netting, set-off or otherwise:

(a) the respective obligations of the parties under the agreement are accelerated so as to be immediately due and expressed as an obligation to pay an amount representing their estimated current value (the ***current value***) or are terminated and replaced by an obligation to pay the current value;

(b) an account is taken of what is owing from each party to the other in relation to the obligations, and a net amount equal to the balance of the account is payable by the party from whom the larger amount is owing to the other party.

PART 3: FILING RULES

3.1. Application of Part 3

This Part applies in relation to any matter in relation to which the AIFC Security Regulations or these Rules require or permit a Communication to be Filed.

3.2. Responsibilities of Filer

The Filer of a Communication is responsible for ensuring that the Communication is accurate, complete, and submitted in accordance with the AIFC Security Regulations and these Rules.

3.3. Approved forms

3.3.1 If the Security Registrar issues or prescribes a form (an ***approved form***) to be used for a particular purpose under or in connection with the AIFC Security Regulations, these Rules or any other Legislation Administered by the Security Registrar, the form must be used for that purpose.

3.3.2 Substantial compliance with an approved form is sufficient.

3.3.3 However, an approved form is properly completed only if each mandatory requirement applying to the form is complied with.

3.3.4 For subrule 3.3.3, a ***mandatory*** requirement is any requirement mentioned in subrule 3.3.5 and any other requirement that the form states is a mandatory requirement.

3.3.5 Each of the following is a mandatory requirement for every approved form, except so far as a particular approved form otherwise provides or the Security Registrar exempts a Person from the requirement:

(a) the form must be on white paper of international A4 size;

(b) the form must be clearly printed or written in black in a way that is permanent and is able to be reproduced or copied by photographic or electronic means;

(c) the form must contain, where applicable, the original signatures of the Persons indicated on the form and the date on which they signed;

(d) if the form relates to a Person—the form must state the Person's full name and, if the Person has an identification number, the identification number;

(e) if the form has an annexure (however described)—the annexure must be endorsed with the following words 'This is the (*or, if appropriate,* an) annexure to the *(insert the name of the form or a description of it)* relating to *(insert the name of the Person the form relates to) dated (insert date of form)*;

(f) the form must be completed in the English language.

3.3.6 Without limiting subrule 3.3.5, an approved form may state that any of the following requirements is a mandatory requirement:

(a) that the form be signed or witnessed, or signed and witnessed in a particular way;

(b) that the form, information in the form, or a Document given with or attached to the form, be in a particular format (for example, in Writing or a particular electronic format);

(c) that particular information be included in the form, or a particular Document be given with or attached to the form;

(d) that the form, information in the form, or a Document given with or attached to the form, be verified in a particular way.

3.3.7 To remove any doubt, this rule does not prevent an annexure (however described) being attached to an approved form if the annexure is appropriate to be used as part of the form.

3.4. Grounds for refusal to accept Communication for Filing

3.4.1 The Security Registrar may refuse to accept a Communication for Filing if, in the Security Registrar's opinion:

(a) a form is required under rule 3.3 (Approved forms) to be used for the Filing and either the required form has not been used or the form has not been properly completed in accordance with that rule; or

(b) the Communication is ambiguous, illegible or incomplete; or

(c) the Communication is not suitable for Filing; or

(d) Filing the Communication would Contravene any provision of the Legislation Administered by the Security Registrar.

3.4.2 If a form is required under rule 3.3 to be used for the Filing of a Communication, the Security Registrar may treat any name, address, file number, or other matter, as not having been provided in the Communication if the matter is not set out in the appropriate space provided on the required form.

3.5. Filing methods etc.

3.5.1 The Security Registrar may accept a Communication for Filing only if it is submitted to the Security Registry for Filing by 1 of the following methods:

(a) personal, courier or postal service delivery to the address of the Security Registry;

(b) fax transmission to the fax Filing phone number of the Security Registry;

(c) an electronic delivery method established by the Security Registrar, and made available for public use, under rule 3.10 (Additional electronic Filing methods).

3.5.2 If the Communication is submitted to the Security Registry by a method mentioned in subrule 3.5.1(a) (a ***physical delivery method***), the Security Registrar must record the time of delivery.

3.5.3 If the Communication is submitted to the Security Registry by a method mentioned in subrule 3.5.1(b) or (c) (an ***electronic delivery method***), the Security Registrar must record the time the Communication is first examined for processing by the Security Registrar.

3.5.4 The time for Filing for a Communication is as follows:

(a) if the Communication is submitted to the Security Registry by a physical delivery method—the time of delivery recorded by the Security Registrar;

(b) if the Communication is submitted to the Security Registry by an electronic delivery method—the time of first examination for processing recorded by the Security Registrar.

3.6. Security Registry errors in relation to Filed or accepted Communications

3.6.1 Subject to subrule 3.6.4, the Security Registrar may, at any time, take the action the Security Registrar considers necessary to correct an error made by the Security Registrar, or any agent of the Security Registrar, in relation to a Communication Filed or accepted for Filing.

3.6.2 If the Security Registrar takes action to correct an error made in relation to the Communication, the Security Registrar must File a statement that:

(a) identifies the Communication; and

(b) states the nature of the error and the corrective action taken; and

(c) states the date the corrective action was taken; and

(d) states the reasons for taking the corrective action.

3.6.3 Without limiting subrule 3.6.1, the Security Registrar may take the following corrective action in relation to the Communication:

(a) if the Communication has been Filed—revocation of the decision to File the Communication with effect from the time of the Filing;

(b) if the Communication has been accepted for Filing, but not yet Filed—revocation of the decision to accept the Communication for Filing.

3.6.4 However, the Security Registrar may not take any corrective action under subrule 3.6.1 that has the effect of amending the effective time of Filing of the Communication.

3.6.5 If the Security Registrar decides to take corrective action under subrule 3.6.1 in relation to the Communication, then, to remove any doubt, the Security Registrar must give Written notice of the decision to each of the following in accordance with section 71 (Notification of Security Registrar's decisions and reasons) of the AIFC Security Regulations:

(a) the Filer of the Communication;

(b) the Filer of any other Communication Filed in relation to the same Debtor;

(c) any other Person referred to in a Communication mentioned in paragraph (a) or (b).

3.6.6 A copy of the statement Filed under subrule 3.6.2 must be attached to, or included in, the notice.

3.6.7 Subrules 3.6.5 and 3.6.6 are additional to, and do not limit, section 71 of the AIFC Security Regulations.

3.6.8 The statement Filed under subrule 3.6.2 must remain Filed as long as the Communication remains Filed.

3.7. Review of decisions to refuse to accept Communications for Filing

3.7.1 This rule applies in relation to a Communication if the Security Registrar decides to refuse to accept the Communication for Filing.

3.7.2 The Filer of the Communication, or any other Person referred to in the Communication, may apply to the Security Registrar for review of the decision.

3.7.3 The application must:

(a) be in Writing; and

(b) clearly identify the decision to be reviewed; and

(c) set out the Person's reasons for making the application; and

(d) include, or be accompanied by, any evidence in support of the reasons; and

(e) be given to the Security Registrar within 45 days, or any further period allowed by the Security Registrar, after the day the Person was given Written notice of, and a statement of reasons for, the decision.

3.7.4 The Security Registrar must review the decision if the Security Registrar receives an application to review the decision and the application complies with subrules 3.7.2 and 3.7.3.

3.7.5 The Security Registrar may conduct the review solely on the basis of the application and any material accompanying it, but may make the inquiries, and have regard to anything else, the Security Registrar considers appropriate.

3.7.6 If the Security Registrar is satisfied that the Communication should have been accepted for Filing, the Security Registrar must:

(a) accept the Communication for Filing; and

(b) File the Communication; and

(c) File a statement that states the effective date and time of Filing of the Communication.

3.7.7 The effective Filing date and time under subrule 3.7.6(b) must be the date and time the Communication is accepted for Filing by the Security Registrar.

3.7.8 If the Security Registrar Files the Communication under this rule, then, to remove any doubt, the Security Registrar must give Written notice of the decision to each of the following in accordance with section 71 (Notification of Security Registrar's decisions and reasons) of the AIFC Security Regulations:

(a) the Filer of the Communication;

(b) the Filer of any other Communication Filed in relation to the same Debtor;

(c) any other Person referred to in a Communication mentioned in paragraph (a) or (b).

3.7.9 A copy of the statement Filed under to subrule 3.7.6(c) must be attached to, or included in, the notice.

3.7.10 Subrules 3.7.8 and 3.7.9 are additional to, and do not limit, section 71 of the AIFC Security Regulations.

3.7.11 The statement Filed under to subrule 3.7.6(c) must remain Filed as long as the Communication remains Filed.

3.8. Duties and responsibilities of Security Registrar

3.8.1 In accepting a Communication for Filing (or in refusing to accept a Communication for Filing), the Security Registrar makes no determination, and creates no presumption, in relation to any of the following:

(a) whether the Communication is (or is not) legally sufficient;

(b) whether the information in the Communication is (or is not) correct;

(c) whether the name of any Person is (or is not) sufficiently provided in the Communication;

(d) whether the Collateral in relation to a Security Interest is (or is not) properly or sufficiently described in the Communication;

(e) whether any Person, Collateral, obligation, Security Interest or other transaction or interest of any kind does (or does not) exist;

(f) whether any Person does (or does not) have title to, possession of, or any other rights in or in relation to, any Collateral or other property of any kind;

(g) whether the Security Registry is (or is not) a proper office for Filing the Communication;

(h) whether some other or additional Filing or act is (or is not) necessary to perfect, continue, terminate, assign, amend, give notice of, or otherwise affect, any Security Interest, lease, consignment, bailment, sale, or other lien or interest of any kind.

3.8.2 In Filing a Communication, the Security Registrar must record the name of a Debtor, Secured Party or any other Person referred to in the Communication as the name appears in the Communication. The Security Registrar is not responsible for the correct spelling of a name in the Communication and must record the name in accordance with the Filer's spelling.

3.8.3 This rule does not prevent the Security Registrar from telling the Filer of a Communication about an apparent or potential defect or error in the Communication that the Security Registrar has noticed. However, the Security Registrar is not required to search for defects or errors (or potential defects or errors), and the Security Registrar is not required to tell the Filer of a Communication or any other Person about any apparent or potential defect or error in the Communication, or otherwise to bring any apparent or potential defect or error to the attention of the Filer or any other Person.

3.8.4 The Filer of a Communication is responsible for ensuring the legal effectiveness of the Filing. The Security Registrar has no responsibility for the legal effectiveness of a Filing.

3.8.5 The Security Registrar is not liable for any damage or loss suffered by any Person as a result of an act or omission of the Security Registrar, or an agent of the Security Registrar, in the Exercise, or purported Exercise, of a Function under any Legislation Administered by the Security Registrar, unless the act or omission is shown to have been in bad faith.

3.9. Search requests

3.9.1 The Security Registrar may accept a request for a search of the Security Registry only if the request is submitted to the Security Registrar by personal, courier or postal service delivery to the address of the Security Registry.

3.9.2 The request may include instructions for the communication of the results of the search to the Person making the request or to another Person nominated by that Person.

3.10. Additional electronic Filing methods

3.10.1 The Security Registrar may, from time to time, establish, and make available for public use, the additional electronic delivery methods for the submission of Communications to the Security Registry for Filing that the Security Registrar considers appropriate.

3.10.2 The requirements of these Rules in relation to the use and completion of forms apply, with any necessary modification, to a communication that is submitted to the Security Registry for Filing using an additional electronic delivery method.

PART 4: MISCELLANEOUS

4.1 Fees

4.1.1 A Person who submits a Communication to the Security Registry for Filing must pay the AIFCA the appropriate fee specified for the Communication in column 3 of the table in Schedule 1 (Fees).

4.1.2 Any fee paid under subrule 4.1.1 in relation to a Communication is non-refundable, whether or not the Communication is accepted for filing.

4.1.3 A Person who submits a search request to the Security Registry must pay the AIFCA a fee of US$50 for the request.

4.1.4 Any fee paid under subrule 4.1.3 in non-fundable, whether or not the search request is accepted by the Security Registrar.

4.2 Fine limits

The maximum fine that may be imposed on a Person by the Security Registrar for a Contravention of a provision of the AIFC Security Regulations mentioned in column 2 of an item of the table in Schedule 2 (Fine limits) is the amount specified in column 4 of the item.

SCHEDULE 1: FEES

Note: See rule 4.1.

1.1 Table of fees

1.1.1 The following table prescribes the fees payable under the AIFC Security Regulations and these Rules.

column 1 item	column 2 Communication	column 3 fee US$
1	initial financing statement	the required fee under subrule 1.1.2
2	amendment of an initial financing statement to add to the Collateral covered by the Financing Statement (if there is an increase in the value of the Collateral covered)	the required fee under subrule 1.1.3
3	amendment of an initial financing statement to add a Debtor	200 per Debtor added
4	amendment of an initial financing statement to add a Secured Party	200 per Secured Party added
5	amendment of an initial financing statement to change a name or address	200 per change
6	amendment of an initial financing statement to partially delete the Collateral covered by the Financing Statement	250
7	any other amendment of an initial financing statement to amend the Collateral covered by the Financing Statement (if there is no increase in the value of the Collateral covered)	200
8	correction statement	500

1.1.2 For column 3 of item 1 of the table in subrule 1.1.1, the required fee is:

(a) subject to paragraphs (b) and (c), US$1 for each US$1,000 (or part of US$1,000)

or

(b) if the amount calculated under paragraph (a) is less than US$250—US$250; or

(c) if the amount calculated under paragraph (a) is more than US$5,000—US$10,000.

1.1.3 For column 3 of item 2 of the table in subrule 1.1.1, the required fee is:

(a) subject to paragraphs (b) and (c), US$1 for each US$1,000 (or part of US$1,000) of the increase in value of the Collateral covered by the Financing Statement; or

(b) if the amount calculated under paragraph (a) is less than US$250—US$250; or

(c) if the amount calculated under paragraph (a) is more than US$5,000—US$5,000.

SCHEDULE 2: FINE LIMITS

Note: See rule 4.2.

2.1 Table of fine limits

The following table sets the maximum fines that may be imposed for certain Contraventions of the AIFC Security Regulations.

column 1 item	column 2 provision Contravened	column 3 relevant section heading	column4 maximum fine US$
1	70	Giving false or misleading information to Security Registrar etc.	5,000

SCHEDULE 3: INTERPRETATION

Note: See rule 1.5.

3.1 Definitions for these Rules

In these Rules:

Communication includes any statement, notice, record or other Document or thing, and includes, for example, any of the following:

(a) a Financing Statement;

(b) a Continuation Statement;

(c) a Termination Statement.

Filer, in relation to a Communication, means the Person who, or on whose behalf, the Communication was, or is to be, submitted to the Security Registry for Filing.

Financial Collateral has the meaning given by rule 2.1 (Meaning of *Financial Collateral*).

Insolvency Proceedings means any proceedings, whether in the Court or otherwise, under the AIFC Insolvency Regulations or AIFC Insolvency Rules.

Money includes money, or a money claim (including a claim in relation to a balance credited to an account or arising in connection with a close out Netting Agreement), in any currency.

Netting Agreement has the meaning given by Schedule 1 (Interpretation) of the AIFC Netting Regulations.

Title Transfer Security Interest means a Security Interest under which title in Financial Collateral passes to a Secured Party.