

INTRODUCTION

1.1 The Law

These Rules have been adopted by a Resolution of the Board of ADSM pursuant to Abu Dhabi Law No. 3 of 2000 and having regard to Federal Law No. 4 of 2000 and the following sub-ordinate legislation:

- (A) Council of Ministers Resolution No. 384/10 concerning the licensing and supervision of the stock market;
- (B) Council of Ministers Resolution No. 12 of 2000 covering regulations for listing securities and commodities; and
- (C) Securities and Commodities Authority Resolution setting out Regulations for ADSM Brokers.

1.2 Definitions

In this document, the following words and expressions shall have the following meanings unless the context requires otherwise:

“ADSM” means the Abu Dhabi Securities Market, a public corporation providing trading and clearing facilities established in Abu Dhabi pursuant to the ADSM Law.

“ADSM Broker” means a company incorporated under CCL whose name has been entered in the ADSM Register of Brokers.

“ADSM Law” means Abu Dhabi Law No. 3 of 2000 concerning the establishment of Abu Dhabi Securities Market.

“ADSM Register of Brokers” means the register of ADSM Brokers maintained by ADSM.

“Authority” means the Securities and Commodities Authority, established under the Authority Law.

“Authority Law” means Federal Law No. (4) of 2000 relating to the UAE Securities and Commodities Market and Authority.

“Authority Register of Brokers” means the register of brokers maintained by the Authority.

[Broker’s Regulation 11]

“Balance to Pay Amount” means, in respect of any Trading Day’s trading by an ADSM Broker, the amount which the ADSM Broker shall pay to ADSM being the positive difference between:

- (1) the aggregate of:
 - (a) the amount to be paid by the ADSM Broker in respect of Buy Orders executed on that Trading Day, and
 - (b) all amounts owing to ADSM or the Authority by that ADSM Broker including without limitation any fees and commission; and

- (2) the amount to be received by the ADSM Broker in respect of Sell Orders executed on that Trading Day,

as specified in the payment report generated by the System in respect of trading by the ADSM Broker on that Trading Day.

“Balance to Receive Amount” means, in respect of any Trading Day’s trading by an ADSM Broker, the amount which the ADSM Broker shall receive from ADSM being the positive difference between:

- (1) the amount to be received by the ADSM Broker in respect of Sell Orders executed on that Trading Day; and
- (2) the aggregate of:
 - (a) the amount to be paid by the ADSM Broker in respect of Buy Orders executed on that Trading Day; and
 - (b) all amounts owing to ADSM or the Authority by that ADSM Broker including without limitation any fees and commission,

as specified in the payment report generated by the System in respect of trading by the ADSM Broker on that Trading Day.

“Board” means the board of directors of ADSM.

“Broker Access Licence” means a licence issued by ADSM authorising the holder to access the System and the trading and clearing facilities of the Market.

“Broker Settlement Bank Account” means the bank account with the Settlement Bank opened and operated by the ADSM Broker in accordance with these Rules.

“Broker Cash Guarantee Account” means the account of ADSM which holds the amount of cash, deposited by an ADSM Broker in order to increase its Trading Limit in accordance with Rule 6.12.

“Broker’s Representative” means a natural person who has been employed by an ADSM Broker to undertake, on the ADSM Broker’s behalf, Brokerage Services in relation to Securities transactions on ADSM and is registered in the Register of Broker’s Representatives

“Brokerage Services” includes:

- (1) any activity intended to induce clients to deal in Securities including, without limitation meeting with people in public places or in their work place or residence or using the phone or any other means of communication offering Securities for acquisition or sale or related services inducing people to buy or sell Securities;

[Broker’s Regulation 4]

- (2) the reception and transmission on behalf of Investors of orders to the System;
- (3) giving investment advice in relation to Securities after obtaining the approval of the Board;
- (4) all other activities in connection therewith.

[ADSM Law Article 22]

“Buy Order” a means an instruction from an Investor to an ADSM Broker to buy a particular Security on the Market.

“Cash Guarantee Account” means a Broker Cash Guarantee Account or a Customer Cash Guarantee Account or both as the case requires.

“CCL” means Federal Law No. 4 of 1984 (as amended) relating to Commercial Companies.

“Code of Conduct” means the code of conduct in the form attached to these Rules as Appendix 1 or in such other form prescribed by the Board from time to time.

“Customer Agreement” means the agreement between an ADSM Broker and an Investor in the form attached to the Code of Conduct or in such other form as may be prescribed by the Board from time to time.

“Customer Cash Guarantee Account” means the account of ADSM which holds (on behalf of certain customers of the ADSM Broker) the amount of cash, if any, which an ADSM Broker has deposited with ADSM on behalf of that customer in accordance with Rule 6.12.

“executed” means matched with a corresponding Buy Order or Sell Order (as the case may require) in the System.

“General Manager” means the general manager of ADSM from time to time.

“Guarantee” means the guarantee provided by a bank registered in the State (and approved by the Board) on behalf of an ADSM Broker issued in favour of ADSM in accordance with Rule 2.1(B)(9) or Rule 2.7(I).

“Investor” means a person who has invested or who invests or intends to invest in Securities which are listed on the Market.

“Investor Number” means the unique number given by ADSM to an Investor.

“Listed Company” means any company whose Securities are listed on the Market.

“Listing Regulations” means the Council of Ministers Resolution No. 12 of 2000 concerning regulations for listing securities and commodities.

“Market” means the market for buying and selling Securities, clearing and settlement transferred thereon and providing registry services operated by ADSM in accordance with these Rules.

“Net Broker Position” means the deemed financial liability of the relevant ADSM Broker to ADSM or ADSM to the ADSM Broker (as the case may be) at any time on any Trading Day being the difference between:

- (1) the aggregate of all amounts which may be payable under all executed Buy Orders entered into the System by the ADSM Broker at the relevant time on that Trading Day; and
- (2) the aggregate of all amounts which may be receivable under all executed Sell Orders entered into the System by the ADSM Broker at the relevant time on that Trading Day.

“Office Manager” means the operational manager of the ADSM Broker.

“Off Market Transfer” shall have the meaning given to that term in Rule 6.20.

“Payment Day” means in respect of any Trading Day the next following Trading Day.

“Register of Broker’s Representatives” means the Register of Broker’s Representatives maintained by ADSM.

“Register of Securities Approved for Listing” means the register maintained by the Authority of Securities authorised by the Authority for listing in the State.

“Register of Shares” means the register maintained by or on behalf of a Listed Company under Article 161 of CCL on the System.

“Registrar” means the person appointed by a Listed Company to monitor that Listed Company’s Register of Shares amongst other things.

“Rules” means these Rules as amended or varied by the Board from time to time.

“Securities” means any securities which may be listed under the Authority Law and the ADSM Law.

[ADSM Law Article 17]

“Sell Order” means an instruction from an Investor to an ADSM Broker to sell a particular Security on the market operated by ADSM.

“Settlement Bank” means such bank as the Board may appoint as settlement bank from time to time.

“State” means the United Arab Emirates.

“Stock Lodgement Form” means Form H or such other form prescribed by the Board from time to time to be completed in relation to Securities.

“System” means the Equator and Horizon systems as installed and used by ADSM to operate the Market or such other system utilised by ADSM from time to time for that purpose.

“System Manual” means the manual relating to the System approved by the Board from time to time.

“Trading Account” means a Securities trading account within the System that an Investor holds with an ADSM Broker.

“Trading Booth” means the area on the Trading Floor which may be assigned by ADSM to an ADSM Broker.

“Trading Day” means a day on which the Market is open for business being Saturday to Thursday in each week excluding public sector holidays and such other days as the Market is declared to be closed by the Board.

“Trading Floor” means the area designated as such by for trading of Securities.

“Trading Hours” means the hours set out in Rule 6.1.

“Trading Limit” means for any ADSM Broker in respect of any Trading Day, the aggregate of:

- (A) The amount of any Guarantee of that ADSM Broker; plus
- (B) Any credit balance in the ADSM Broker's Cash Guarantee Account less any amounts requested to be withdrawn from such account in accordance with Rule 6.12; less
- (C) Any debit balance in that ADSM Broker's Broker Settlement Bank Account; less
- (D) Any unpaid Balance to Pay Amount of that ADSM Broker; plus or minus (as the case may be)
- (E) Net Broker Position for that Trading Day.

1.3 Interpretation

- (A) References to a "person" include any individual, company, body corporate, corporation, government, state or agency of a state, firm, partnership, joint venture, association or organisation.
- (B) The headings appear as a matter of convenience and shall not affect the construction of the Rules.
- (C) In the absence of an express indication to the contrary, references to Rules and appendices are to paragraphs and appendices to the Rules and a reference to a Rule includes any of its sub-Rules or paragraphs. References to forms are references to the relevant forms attached to the Rules in Appendix 2 as amended from time to time.
- (D) References to any statute, regulation or statutory instrument shall be deemed to be references to that statute, regulation or statutory instrument as from time to time amended, re-enacted, or substituted therefor from time to time.
- (E) The singular includes the plural and vice versa.
- (F) The words "written" or "in writing" include facsimile reproduction and any other means of communication resulting in permanent visible reproduction.
- (G) Unless stated otherwise references to monetary amounts are to United Arab Emirates currency.

1.4 Disputed Interpretation

A dispute or anticipated dispute concerning the meaning of any provision of these Rules, may be determined by ADSM upon application of any relevant person.

1.5 Alteration to the Rules

The Authority or ADSM may freeze, vary, suspend, waive or amend the operation of these Rules or any provision of these Rules from time to time. Notwithstanding the generality of the foregoing, any variation or amendment of any provision of these Rules by ADSM shall be notified by the publication of a notice by ADSM specifying the variation or amendment or by notification through the System. ADSM may make a public announcement of a waiver at its sole discretion.

1.6 Governing Law

The Rules shall be governed by the federal laws of the State and the laws of Abu Dhabi.