

**This is a translation of the Official Arabic version of the E-Trading System User manual. In case of any discrepancies, the Arabic version shall prevail.**

## **E-Trading System User Manual**

### **Article 1:**

This Manual shall be known as "ADX E-Trading System User Manual for 2006" and shall come into force effective the date specified by ADX Chief Executive.

### **Article 2:**

In this Manual, the following words and phrases shall have the meaning assigned to each of them hereafter, unless the context requires otherwise:

<b>SCA/ The Authority</b>	:	Securities and Commodities Authority
<b>ADX/ The Market</b>	:	Abu Dhabi Securities Exchange
<b>The Board of Directors</b>	:	ADX Board of Directors
<b>Chief Executive</b>	:	ADX Chief Executive
<b>Securities</b>	:	Shares, bonds and promissory notes issued by joint stock companies; bonds and promissory notes issued by federal or local governments, public authorities and public organizations in the UAE; as well as any other local or non-local financial instruments acceptable to SCA.
<b>Broker</b>	:	A company licensed by SCA to carry out the business of financial brokerage and entered in the ADX Brokers Register
<b>Broker's Representative</b>	:	The natural person who is appointed by the broker to represent him in providing securities brokerage services at ADX and who is entered in the Brokers' Representatives Register.

- Brokers' Register** : The register held by ADX to keep all information related to brokers operating at ADX
- Brokers' Representatives Register** : The register held by ADX to keep all information related to broker representatives operating at ADX
- Trading System** : The trading system in use at ADX.
- ADX Control Staff** : The staff responsible for supervision and control over ADX and brokers.
- Trading Session** : The period during which orders are entered, modified or cancelled and transactions are executed. Trading sessions is divided into several periods.
- Opening Price** : The balance price between offered and ordered quantities calculated by the Trading System upon entry, modification or cancellation of any order on the relevant securities, in accordance with the calculation standards set out in Article 10 hereof.
- Closing Price** : Weighted average price of the trading transactions executed in the trading session for a specific security (the total value of traded shares for a security divided by the total number of traded shares for the same security) or the last closing price, if no trading has been made on such security.
- Deal/ Match** : Matching between a buy order with sell order through the trading system in use at ADX
- Order Log Book** : The register which includes all sell and buy orders for a certain security
- Regular Orders** : Orders issued to buy or sell a specific security without conditions. These orders are given priority over special orders at the same price.

- Special Orders** : Orders issued to buy or sell a security under specific conditions.
- Corresponding Orders** : Orders entered by a broker into the trading system including the buy and sale of a specific security with the same broker at equal price in accordance with the provisions set out in this Manual.
- Price Ticks** : The rate of price increase or decrease under which orders and requests are raised or lowered.
- General Index** : A statistical tool used to measure the change in equity prices of listed companies weighed by the market value.

**Article 3:**

Listed securities are traded in either of the following markets:

- a. Equity Market: through which only shares are traded by various types of orders.
- b. Debt Instruments Market: through which only debt instruments are traded by various types of orders.

**Article 4:**

- a. Securities are traded in the Market within the price range defined by the Board of Directors.
- b. If a security is ordered at the maximum allowed price with no corresponding offers, or if a security is offered at the minimum allowed price with no corresponding orders, and with no deals made over two consecutive sessions, the order prices (maximum/ minimum) will be deemed as reference closing price until price fluctuation is calculated.

- \*c. Price limits are not applicable to a security at its first trading session in ADX, so that the price shall be floated for three consecutive trading sessions starting from the listing date. The share closing price at the third session shall be the reference price to calculate the change limits on the opening of the fourth session.

**Article 5:**

The trading session for each market shall be divided as follows:

- a. Pre-opening period
- b. Opening period
- c. Ongoing Trading period
- d. Closing period

**Article 6:**

- a. During the pre-opening period, orders may be entered, modified or cancelled and the available information may be reviewed through the trading system. Unexecuted and valid orders from the previous day may also be carried forward during this period.
- b. During the pre-opening period, the trading system shall arrange the orders entered to the system in accordance with the established priority rules. No trades shall be executed at this stage. The Trading System calculates the opening price of the traded shares for each company.
- c. All buy orders entered during the pre-opening period shall be shown at a price equal to, or higher than, the opening price; whereas sell orders entered at a price equal to, or less than, the opening price shall be shown at the opening price calculated by the trading system.

---

\* Amended on 14 July 2008 in accordance with Circular No. 14/2008 on "Modification of Share Price Floating Mechanism".

**Article 7:**

Executable quantities shall be executed during the opening period at the opening price calculated by the trading system. Unexecuted orders or the balance of partially executed orders shall be carried forward to the Ongoing Trading Period.

**Article 8:**

- a. During the ongoing trading period, securities buy and sale transactions are executed continuously. A broker may enter orders and finalize deals if there is a match in terms of the prices and any other conditions. A broker may also modify, cancel, suspend or activate any unexecuted or partially executed orders.
- b. If a buy order is entered at a price equal to, or higher than, the price shown on the sell side; or a sell order is entered at a price equal to, or less than, the price shown on the buy side during the ongoing trading period, execution shall be made at the price shown on the other side.
- c. If a buy or sell order is entered for an executable quantity at more than one price (at the other side) during the ongoing trading period, such order shall be executed in accordance with the existing price chain on priority basis until the total quantity is executed. If the order is not executed in full, the unexecuted quantity shall remain in the Orders Register of the Trading system, at the last executed price.

**Article 9:**

During the closing period data and information are reviewed, inquiries are made and necessary reports are printed. At this stage, a broker may not modify or cancel existing orders or enter new orders.

**Article 10:**

- a. The opening price shall be calculated in accordance with the following criteria:

1. The price which provides the highest executable trading quantity. If more than one price satisfies this condition, please refer to Clause 2 of this Article.
  2. The price which provides the lowest un-executable trading quantity. If more than one price satisfies this condition, please refer to Clause 3 of this Article.
  3. The price which provides the least possible change in the closing price for the previous trading day. If more than one price satisfies this condition, please refer to Clause 4 of this Article.
  4. The highest price.
- b. On calculating the opening price, quantities of all orders entered into the trading system including the un-disclosed quantities, shall be taken into consideration.

### **Article 11**

Orders shall be subdivided in terms of price, into the following types:

- a. **Limit Order:** Means an order to buy or sell a given number of securities at a specific price.
- b. **Market Order (MKT):** Means an order entered to the trading system at the market price.
  1. A market order may not be entered during the pre-opening period.
  2. Subject to the provisions of Clause 2 of this Article, if a market order is entered to the trading system, execution shall be made at the best price on the opposite side. In case of partial execution, the balance quantity shall be displayed at the last executed price.
  3. An order is executed at the market price within a price range not exceeding 20 price ticks.

4. If an order is entered at the market price and no orders are shown on the other side, the quantity shall be shown at the best price on the entry side, and shall have priority for execution at such price.
  5. If an order is entered at the market price and no orders are shown on either side, the quantity shall be shown at the last trading price.
- c. **Un-priced Order:** means an order entered to the trading system without specifying the price.
1. The un-priced order shall be executed on the best price available on the other side. In case of partial execution, the balance quantity shall be shown at the execution price.
  2. If an un-priced order is entered during the pre-opening period, it shall be shown at the best price on the other side.
  3. An un-priced order during the pre-opening period and the ongoing trading period shall be declined unless orders are posted on both the offer and ask sides.
  4. If there is a one-sided corresponding market, the order price during the ongoing trading period shall be the best market price.
  5. If there is a one-sided corresponding market on the same side, the order price during the ongoing trading period shall be the best market price.
  6. If there is a two-sided market, the order price during the ongoing trading period shall be the best corresponding market price.

**Article 12:**

Orders entered into the Trading System shall be subdivided, in terms of validity period, into the following types:

1. **Day Order:** Valid until the close of trading session in the trading day during which the order was entered.

2. "Fill or Kill" (FOK) Order: This type of orders is entered only during the "ongoing trading period" whereby the possible quantity is executed at the specified price instantly, and the balance quantity is cancelled in case of partial execution.
3. **Week Order (GTW):** This order is valid until the end of the week during which it was entered.
4. **Month Order (GTM):** This order is valid until the end of the month during which it was entered.

### **Article 13**

- a. "Special Order" means an order which execution is subject to satisfaction of one or more specific conditions.
- b. Special orders, which may be entered in the trading system, are divided into the following types:
  1. **All or None (AON):** The total quantity of these orders shall be executed. An order may not be split or divided.
  2. **Minimum Fill (MF):** A minimum number of shares must be executed before it is possible to trade the order. It is possible to have more than one corresponding-order for every partial trade. Following execution of the minimum fill or more, the minimum fill requirement is rescinded and the order is transferred to regular orders register.
  3. **Minimum Block (MB):** Shares are executed, jointly or severally, in specific blocks (groups) provided that the quantity requirement shall remain applicable to orders during the subsequent trading transactions until the full quantity is executed. If the balance quantity is less than the minimum requirement, the order shall become an All or None order.

#### **Article 14**

- a. The order entered to the trading system, but not matched instantly, shall be posted on a waiting list in the relevant company's orders register in accordance with the priority rules set out in Clauses b and c of this article 14.
- b. Orders are arranged in a waiting list in the company's orders register in a descending order in terms of priority, subject to the following:
  1. Best price
  2. Time priority
- c. Special orders are kept in the Special Orders Register, separated from the Regular Orders Register. Multiple special orders at a single specified price, shall be arranged according to time priority compared to each other.
- d. Regular orders shall have waiting priority over special orders at the same price.

#### **Article 15**

A broker may modify details of an order entered in the Trading System, but not fully executed or cancelled, in accordance with the following:

- a. When entered to the Trading system, an order loses its priority and acquires a new priority if the order price is modified or if the disclosed quantity is increased or any special condition is added or deleted.
- b. When entered to the Trading System, an order does not lose its priority if the disclosed quantity is decreased or the un-disclosed quantity is modified or the validity period is changed.

- c. The security name, the order type (sell or buy) and the trading account No. may not be amended; as in such case the order shall be cancelled and re-entered anew.
- d. An order is not written off the order log book during the order amendment, and thus it may be traded while being amended.

**Article 16**

Orders in the company’s order log book are executed subject to the following priorities:

- a. Best Price: Orders with the best price shall have priority upon execution.
- b. Regular orders prior to special orders: Special orders shall have second priority following the regular orders entered at the same price. Special orders shall be tradable along with regular orders. When a regular order satisfies the matching conditions with several other special orders, matching is tried with the first order in the waiting list. If the first order conditions are not satisfied, matching shall be tried with the next order in the list.
- c. Source of Order: The customer’s order shall have priority over orders entered in favor of the broker’s portfolio, investment fund, specialists or ADX / broker’s staff or any other source.
- d. Order entry time: orders are arranged in time serial order by placing the order which holds the earliest time stamp first, on first in first out basis.

**Article 17**

- a. Orders must be entered within the framework of the Price Ticks specified by ADX and set out in the following table:

Price Range (AED)		Price Ticks (AED)
From	To	
0.01	10.00	0.01
10.05	100.00	0.05
100.10	Above	0.10

- b. Price Ticks in the debt instruments market shall be 0.01.

### **Article 18**

A broker may specify in the order, the total number of shares or any lesser quantity shown in the order log book, and hide the rest. Following are the conditions and procedures for orders with un-disclosed quantities:

- a. An un-disclosed order may not be entered if the total quantity of the order is less than 50,000 securities; provided that the disclosed quantity shall not exceed 50% of the total.
- b. Un-disclosed quantities shall only be viewable to the broker who entered the order and the Market Control Staff only. Disclosed quantities shall be accessible to other brokers.
- c. Un-disclosed quantities shall be marked with a special code (u) appearing besides the disclosed quantity.
- d. If a part of a disclosed quantity is executed and a disclosed quantity remains un-executed, no further parts of the un-disclosed quantity shall be transferred automatically if there are other orders at the same price in the regular order log book. If further parts of this quantity are transferred, the priority of the order with un-disclosed quantity shall be re-arranged.
- e. If a disclosed quantity is partially executed, another un-disclosed quantity shall be automatically moved if no orders are posted at the same price in the regular order log book.
- f. If an order quantity is decreased to lower than the minimum allowed for the un-disclosed quantity, the quantity code referred to in Clause "c" here-above shall disappear.
- g. Changes in the disclosed quantity shall not lead to change of the total order quantity.
- h. Increase of the disclosed quantity shall result in a new time stamp for the order and a new priority in the waiting list.

- i. Decreasing the disclosed quantity shall not result in affixing a new time stamp or a new priority.
- j. A new time stamp shall be affixed on orders with un-disclosed quantity each time when more securities are transferred (added) from the un-disclosed quantity to the disclosed quantity.

#### **Article 19**

- a. Debt instruments are traded (bought and sold) through brokers.
- b. Debt instrument trading unit shall comprise one instrument based on its nominal value in each issue. A single deal shall be made of one unit or multiples thereof.
- c. Prices shall be shown on the Trading System against buy or sell orders at the unit price without any accumulated interest. Buyers shall pay the value of the bought units at their market price plus the accumulated interests until settlement date.
- d. Debt instruments are priced in the E-trading System as a percentage of the debt instrument nominal value.
- e. Buyers do not get any interest when buying any notes during the interest free buying period.
- f. The Trading System calculates the accumulated interest against debt instruments until settlement date.
- g. Public auction procedures shall be applied to fix the debt instruments prices in accordance with the supply and demand rules, and within the applicable price range.