



STANDARD OPERATING PROCEDURES FOR BROKER OPERATIONS

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Version 4

This page contains 114 pages

ADX

Standard Operating Procedures Manual for Broker Operations

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1. Introduction to the Procedures Manual

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1.1 Objectives and scope of the Manual

- 1.1.1 The Abu Dhabi Securities Exchange (ADX) aspires to become the securities market of choice in the region. ADX's mission is to lead the development of the capital market in the UAE through a cost-effective and self-regulated marketplace in a lawful environment that ensures integrity, transparency and disclosure. ADX provides Brokerage Companies with a regulatory framework containing the Market Rules and Regulations and related pronouncements issued by Securities and Commodities Authority (SCA). The procedures laid down in this Manual are intended as a guide for Brokerage Operations in general, and therefore, should not be construed to fit the specific needs or peculiarities of individual Broker Companies. The Manual is intended to provide better clarity to the Broker Companies of ADX/SCA rules and regulations and good internal controls seamlessly included within the procedures. The Manual is based on the rules and regulations issued by the Market and Authority as at 30 June 2007.
- 1.1.2 The Standard Operating Procedures Manual for Broker Operations ("the Manual") seeks to assist in creating an efficient process, by acting as a point of reference for Broker Operations.
- 1.1.3 Time, effort and money have been invested in the compilation and preparation of this Manual in an endeavour to ensure overall guidance for Broker's Operations and reference to this Manual is deemed necessary.

1.2 Structure of the Manual

- 1.2.1 Chapter 1 of the Manual provides the user with a general overview and structure of the Manual. More specifically, the introduction chapter covers the following:
- Objectives and scope of the Manual;
 - Amendments to the Manual;
 - Maintenance of the Manual; and
 - How to use the Manual
- 1.2.2 The procedures manual covers the Front and Back Office Operations of Broker Companies patterned on the Model Organizational Structure (refer 2.1) as well as Accounting, Management Information Systems, Anti-Money Laundering, Fund Management and Security Administration. The Front Office covers customer and order acceptance, order execution and confirmation, order cancellation and wrong deals and other relevant matters such as customer complaints, closure of accounts and transfer of shares. The Back Office covers end of day activities, settlements, monitoring, reporting and record keeping.

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1.2.3 Appendices cover the following:

- Definition of Terms;
- Abbreviations;
- Flowcharts; and
- Forms

1.3 How to use the Manual

1.3.1 This Manual is primarily intended to be used electronically. However it is recognised that the Manual may be required to be used using non-electronic means such as a hard copy or a printout. The succeeding paragraphs describe briefly how the Manual can be used by electronic and non-electronic means.

Electronic navigation

1.3.2 The starting point of the Manual is the table of contents. This manual was arranged based on activities being performed by Front and Back Offices. This also includes Accounting and MIS common to brokerage operations. Appendices cover the definition of terms, abbreviations, process flowchart, forms and business documents, and reference rules and regulations.

1.3.3 Each policy and procedure header is electronically book-marked in the table of contents which would enable a user to directly navigate to the relevant page.

Non-electronic navigation

1.3.4 The page references in the table of contents provided should be used to navigate the Manual, if a hard-copy print out is used.

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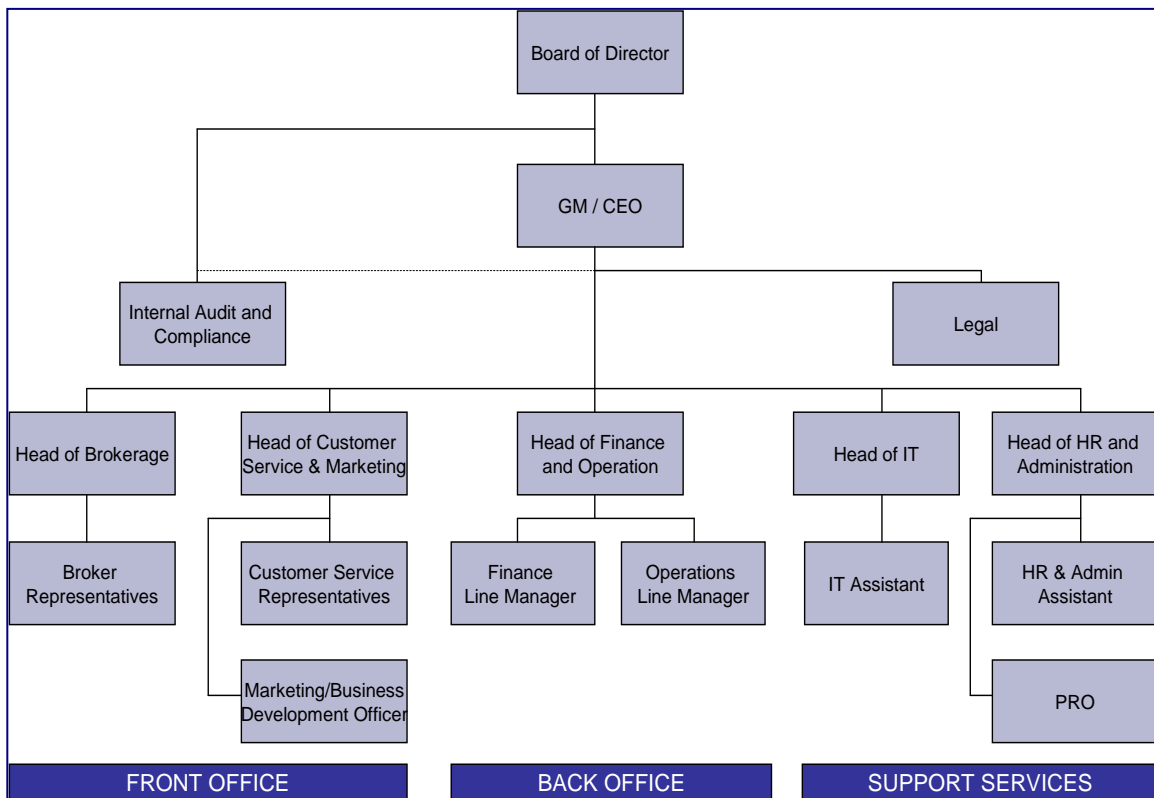
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2.1 Model Organization Structure for Broker Companies

The suggested Model Organization Structure for Broker Companies is illustrated below. While it is recognized that Brokerage Companies have varying operations and organization structures, the Model Organization Structure has been drawn up taking into account the common activities undertaken by Broker Companies. This Manual has been structured on this model and modification by Broker Companies based on their individual operations and organization structure may be required.



It is common in the Region among Broker Companies to have 7 functions grouped into three (3) major business operations and is headed by a Department Head: (1) Front Office which comprises of Brokerage and Customer Services and Marketing; (2) Back Office consists of Finance and Operations; and (3) Support Services consisting of IT Administration and HR and Administration and Legal function. The Internal Audit/Compliance function is a stand-alone independent department reporting to the Board/Senior Management. However, branches should be included as an additional function for Broker Companies having branch operations.

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2.2 Segregation of Front Office and Back Office Operations

The Broker Companies should clearly segregate the Front Office and Back Office operations. Floor Brokers and Customer Service and Marketing Staff form part of the Front Office operations, the functions of whom shall be completely distinct from those of the Back Office staff. Front Office and Back Office departments report to their respective Functional Heads independently of each another.

The front office staff performs all the customer management functions including liaison with prospective customers, acquiring and executing orders and providing investment advice by those authorized to do so. The back office staff performs data entry, accounting, reconciliation, verification of deals, corrections, customer authorization and follow-up with customers and payments and settlement.

The support services such as the internal audit or compliance will perform audits and inspections of the brokerage operations, the results and observations of which will be directly reported to the Broker's Management in-charge of corrective measures. However, the Market and the Authority should be informed by the Broker's internal auditor/compliance officer of any violation of its law, the regulations or resolutions or of the internal regulations in force in the Markets.

2.3 Required Positions and Qualifications in a Brokerage Company (SCA Resolution No. 176/P of 2006 Concerning the Amending of Regulations as to Brokers)

2.3.1 Required Positions

The following are the required positions within a Brokerage Company as per SCA's rules and regulations:

1. General manager or an Executive manager
2. Operations Manager
3. Trading Manager
4. Minimum of Four (4) Broker's Representatives
5. Compliance Officer and/or Internal Auditor

2.3.2 General Qualifications

The following shall be requisite for the General or Executive manager, the Operations Manager, the Trading Manager, the Compliance Officer/ Internal Auditor and the Broker's Representatives appointed by the Broker:

1. He is a natural person.
2. He is of full legal capacity.
3. He is of good conduct and behavior, and has not been given a custodial sentence for an offence of dishonor or breach of trust without having been rehabilitated.

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4. He is not in a state of cessation of payment of his commercial debts, even if such cessation has not been coupled with his being declared bankrupt, or has not previously been declared bankrupt without having been rehabilitated.
5. He is engaged in the Profession full-time

2.3.3 Specific Qualifications / Requisites for the Positions

1. The following shall also be requisite for the positions:
 - a. General Manager or Executive Manager
He holds a university qualification and possesses experience of not less than five years in the field of securities or fields relating thereto.
 - b. Operations Manager
He holds a first university certificate (in the field of business management or accountancy) as a minimum, and has practical experience of not less than four years in the field of securities or experience of not less than two years if he holds a higher study qualification, and, for those UAE nationals, the requirement as to experience shall be at least two years in the field of securities or experience of not less than one year if he holds a higher study qualification.
 - c. Trading Manager
He holds a first university certificate as a minimum and has practical experience of not less than four years in the field of securities or experience of not less than two years if he holds a higher study qualification, and, for those UAE nationals, the requirement as to experience shall be two years at least in the field of securities or experience of not less than one year if he holds a higher study qualification.
 - d. Broker's Representative
He holds a first university certificate as a minimum and has practical experience of not less than three years in the field of securities or finance, or experience of not less than two years if he holds a higher study qualification, and those UAE nationals shall be exempted from the requirement as to experience, it being sufficient that they hold a diploma certificate as a minimum.
 - e. Compliance Officer/ Internal Auditor *
He holds a professional certificate in the field of accountancy (CPA or equivalent) as a minimum, and has practical experience of not less than three years in the field of securities or five years at least in the external audit field, of which at least three years are in the field of auditing financial institutions, or five years at least in the field of internal audit in a financial institution, and for those UAE nationals, requirement as to experience shall be three years at least in the field of securities or the external audit field. The designate shall ensure compliance with rules and regulations of the Market and Authority.

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* An external entity may be allowed to carry out the Compliance/Internal Audit function. In such cases, the qualifications and experience requirements, terms of reference as well as the appointment of the entity for the Compliance/ Internal Audit function should be approved by ESCA.

2. If the university certificate is issued by a university outside the State, its equivalence shall be determined by the Ministry of Higher Education in the State.
3. It shall not be permissible for any of those who occupy positions stated in this Section to hold two positions simultaneously.

2.3.4 Other Pertinent Rules and Regulations

A. Brokerage Operations

1. Broker Company shall ensure that all Broker Representatives employed by it comply with the Code of Conduct.
2. No person shall be registered as the Brokers' Representative of more than one ADX Broker.
3. Broker Company has reported any contraventions/ violations of the Broker Representatives to the concerned authorities in a prompt manner.
4. Broker Company has submitted a localization plan for the profession to ADX and undertakes adequate procedures to ensure achievement of the plan.
5. Broker Company has submitted to ADX, details of the Broker Representatives relatives to the 1st and 2nd degree.
6. Broker Company is commercially solvent and the Brokers portfolio does not adversely affect the Company's liquidity. Broker has adequate cash (at least AED 1.25 million) over and above all settlement obligations.
7. Broker Company having online trading system is in compliance with the e-trading requirements as per the ADX circular and online trading license from SCA.
8. Broker Company has settled all fines payable and violations resulting in penalties/fines, have been addressed and remedied by the Brokers.
9. Broker Company has adequate internal policies and procedures in place to ensure that the Broker's Representatives adhere to the Code of Conduct and treats customer information as confidential at all times and does not disclose the same except with the customer's express permission or by order of the ADX or SCA. (*Rules Relating to ADX, November 2000*)

B. Internet / Electronic Trading (E-trading)

1. Broker Company shall not be allowed to use internet trading without the approval of the Authority. (*SCA Rules and Regulations 67/R, 2007*)
2. Broker Company must abide with the following rules in obtaining license to trade via internet: (*SCA Rules and Regulations 67/R, 2007*)
 - Demonstrate administrative capability and know how in dealing with e-trading

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- Provide the Authority with pertinent information relating to information and security and communication channel. For information protection and security, Broker Company must provide the Authority with:
 - explanation for further information regarding e-trading;
 - number of shares permitted in trading electronically;
 - rights and obligations of customers;
 - customers' responsibility over username and password;
 - means of communicating with the customer;
 - specifying customer's work and knowledge of the Market; and
 - ensuring that the customer is fully aware of the risks in trading via internet.
- Broker Company must submit the following report for request for E-trade:
 - report specifying Broker Company's monitoring mechanism;
 - report specifying the structure used by the Broker Company for recording and placing orders via internet;
 - mechanism for protecting information leaking to the internet; and
 - means of communications for placing orders via internet.

C. Notice for Changes

1. Broker has informed ADX for any change in the shareholding of the Company and any change in the Directors or Office Operating Manager. (*Rules Relating to ADX, November 2000*)
2. Broker has notified the SCA and the ADX of any changes to the information listed in the license application or any other information submitted. (*Rules Relating to ADX, November 2000*)
3. Broker has notified the ADX of any change in the nature of employment of a General Manager, Operations Manager, Compliance Officer, Broker's Representative, and other personnel in a timely manner. (*Rules Relating to ADX, November 2000*)

D. Trading Floor

1. *Only authorized personnel are allowed to enter the booth during trading hours (ADMS Circular No. 3/2000, November 2000)*
2. Each ADX Broker shall ensure that at least one ADX Broker's Representative is present in the Trading Booth at all times during Trading Hours. (*Rules Relating to ADX, November 2000*)
3. No software shall be loaded onto any work stations on the Trading Floor and no maintenance to or modification of such work stations should be undertaken by any person other than by ADX. (*Rules Relating to ADX, November 2000*)

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4. All ADX Brokers shall ensure that all their employees present on the Trading Floor behave in an appropriate and professional manner at all times. (*Rules Relating to ADX, November 2000*)

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3.1 Customer Acceptance

Purpose

The purpose of this section is to provide assistance to Broker Companies on the interpretation of procedures that should be adopted to govern the acceptance of customers. This also lists the requirements that are expected to be considered for customer agreements, general procedures for opening of online trading account and changes to customer information.

Specific provisions exist in the Markets/Authority's rules and regulations governing the opening of customers' trading account. Verification of customer's identity is an important control to prevent fraud, or other types of illegal conduct against a Broker Company. It is also important to prevent inappropriate trading practices being conducted in the market by persons using multiple or false identities.

The following section lays out the Market and Authority's rules and regulation and requirements which are relevant to opening of a new customer account and trading for the first time for a new customer as well as set of operational controls that should be adopted by the Broker Companies. Broker Companies shall ensure that adequate policies and procedures are in place to address these requirements.

3.1.1 General Points - Customer Acceptance

1. The regulatory requirements and customer identification / Know Your Customer (KYC) requirements of SCA Anti-Money Laundering Regulation Manual must be satisfied. *(SCA Circulars Concerning Procedures on AML, February 2004)*
2. Broker shall not open or operate a Trading Account or otherwise deal on behalf of any person unless the Broker Company has taken all reasonable steps to establish the true identity of the account holder, any other names of that person, his address, occupation, nationality and contact details. *(Rules Relating to ADX, November 2000)*
3. Trading accounts for Customers shall not be opened unless the Customer has a valid Investor Number issued by the ADX. Brokers shall not accept the issue of an Investor Number as evidence of compliance with KYC requirements. *(Rules Relating to ADX; November 2000)*
4. Broker may only open one Trading Account for each individual customer. *(Rules Relating to ADX, November 2000)*
5. Broker Company shall not charge the customer any fees/charges for opening of customer accounts.

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6. Customer confidentiality shall be maintained in all instances. Broker shall refrain from disclosing to other Broker Company's or dealers the names of their clients or any other details of their orders. All information concerning a customer's transaction and his account must be considered confidential and must not be disclosed except with customer's permission or by order of ADX or the Authority. *(Rules Relating to ADX; November 2000)*
7. The Broker Company is not allowed to trade for the customer unless the latter has signed the agreement stating that he is aware of his obligations. *(Amendments to Rules Relating to ADX, 2006)*
8. The Customer Agreements entered between the Broker and its customers should contain the minimum requirements required by the Market. *(Amendments Circular No. 47/2006; December 2006)*. **For a list of minimum requirements, refer to Section 3.1.3, page 13.**
9. Brokers shall notify the ADX of any customer who fails to perform its obligations under the Customer Agreement. *(Rules Relating to ADX, November 2000)*
10. For e-trading, Broker should have files opened for each customer containing personal details and limit to customer for buying/selling. *(Rules and Regulations for E-trade)*

3.1.2 Account Opening Procedures

1. Prospective Customer seeking to open a trading account with Broker is required to possess a valid ADX Investor Number (IN), which they shall communicate to the Customer Service Representative (CSR). CSR should verify if such investor number belongs to the customer requesting for trading account. However, Brokerage Companies, at their discretion, may facilitate securing an IN for customers who do not possess the same, as an added value services.
2. Customer Service Representative (CSR) should request the prospective Customer to fill in its Account Opening Form (AOF).
3. If the prospective customer is a UAE National, then the AOF shall be submitted with the following supporting documentation: Investor Number (IN), Original Passport and family registration documents.
4. However, if the prospective Customer is not a UAE national, then the AOF shall be submitted with the following supporting documentation: Investor Number (IN), original passport and driving license / labour card. For foreign residents, the above documents should be authenticated and attested by the UAE Embassy in the country of origin as well as the Ministry of Foreign Affairs in the originating country and UAE and copies of the same furnished to the Broker Company. .
5. Once the AOF has been completed, the prospective customer shall complete and sign the customer agreement and the Standard Terms & Conditions of Broker Company, which generally forms a part of the AOF or the customer agreement.

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6. CSR should verify the customer's signature with the original passport or other identity documents.
7. Broker Company through their CSR should ensure compliance with the minimum requirements set forth by the ADX for customer agreements. CSR should also ensure that KYC documentation is received from the prospective customer. Broker Company may adopt usage of signature card to facilitate ease of verification.
8. A Checklist of minimum documentation required for opening of trading accounts may be utilized to assist in ensuring completeness of documentation obtained. CSR should sign off the Checklist to indicate receipt of all required documentation.
Refer Annexure 6.4.8 on Page 107 for guidance on minimum documentation to be obtained
9. If the required information & documents are not provided by the customer, opening an account should be suspended. CSR shall request the customer to provide the documents and information required to successfully process the application. The Broker Company shall notify the ADX of any cases of rejecting an opening of customer's accounts.
10. Once all the relevant documentations provided by the Customer are verified by the CSR and may be reviewed by the Head of Customer Services and Marketing, they may forward the relevant documents to the Head of Brokerage for further verification. The Head of Brokerage shall ensure that all regulatory and internal requirements have been fulfilled before forwarding the documents to the General Manager (GM) / Chief Executive Officer (CEO) for approval and authorization. Review and approval may vary based on Broker Company's Authority Matrix.
11. On GM/CEO's approval, the CSR should input the relevant customer information details in the Equator (ADX's Back Office System) and Broker Companies' back office system, if applicable, based on the information available in the Account Opening Form and documents provided by the Customer.
12. If the GM/CEO does not authorize the acceptance of the prospective customer, the CSR shall inform the customer accordingly. The documents are retained and marked as "Cancelled". Details of the same shall be entered into the system stating the reasons of the rejection, so as to avoid possible re-entry.
13. Depending on Brokerage Companies' filing system, the CSR may open a separate customer account file with the required documentation.

For process flowcharts, refer Appendix 6.3.1.

3.1.3 Minimum Requirements for Customer Agreements (*Amendments to Trading Rule per Circular No. 47/2006*)

1. Name and address of both the Customer and the Broker
2. List of services given by the Broker

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3. Commissions chargeable to the Customer by the Broker
4. Official Power of Attorney authorized by the customer in regards to execution of order
5. Risk disclosure statement as mandated by the Market
6. Customer investment/financial information as required by the Market. For example:
 - Average annual income of the customer
 - Work and investment goals
 - Customer loans and financial obligations
 - Details of customer's bank accounts
 - Customer's job/ career
 - Amounts used for investing
 - Customer's social status and age

Customer agreement shall be duly completed along with the following:

1. Customer acknowledgement on the "Risk Disclosure Clause" which shall be clearly included in the agreement in the same wording and phrasing as mandated by ADX.
2. Provide a copy of the ADX's investor guide and customer agreement and obtain customers acknowledgement on the same.
3. General customer information as to:
 - Average annual income of the customer
 - Customer loans and financial obligations
 - Details of customer's bank accounts
 - Customer's job/ career
 - Amounts used for investing
 - Customer's social status and age
4. Customer's investing goals, and knowledge of stock securities, this shall be assessed using the following questions:
 - Knowledge in investing in stock securities
 - Return expected from these investments
 - Customer's risk orientation (adverse or aggressive)
 - Investment goals
 - Investment strategy (short, long or others)

The Broker Company may also consider obtaining banking information (e.g. bank account details) and details on fund transfer (i.e. preferred manner of transferring funds whether through check / electronic transfer).

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For detailed list of requirements for account opening, refer Appendix 6.4 No. 7.

3.1.4 Allocation of Trading Account Number

1. The allocation of Trading Account is the last of requirements prior to commencement of trading in the Market. After ensuring that the Investor has obtained an IN, completed the AOF, signed the Customer Agreement and collated the required documentation, a new trading account number shall be created through the Equator. The Trading Account number is an automated system generated number provided by Equator, once all the details of the customer have been filled by the CSR.
2. CSR should inform the customers of their Trading Account Number and maintain evidence of the same. (e.g. SMS, fax, e-mail etc.)
3. Subsequent to processing the application, the CSR should file the following documents:
 - The completed AOF together with the signed customer agreement.
 - Copy of the original documents submitted by the customer.
 - KYC checklist
 - Printout from Equator System containing customer's details
4. A review shall be conducted periodically, depending on the policy of Broker Company, by an appropriate authority in the Back Office (not involved in the account opening process) in order to ensure that all procedural and regulatory requirements have been adhered to in the opening of new accounts.

For process flowcharts, refer Appendix 6.3.2.

3.1.5 Online Trading Applications

1. Online trading accounts can only be opened for existing customers of Brokers. Customers have to possess a trading account with Broker prior to obtaining the online trading facilities.
2. Depending of Broker Company's procedures, the customers could fill in the Online application form available on the internet (through Broker's web site) or manually through the assistance of a CSR.
3. The CSR shall securely communicate (e.g. via e-mail) the User ID and Password separately to the Customer and should provide the required assistance in use of the on-line trading system.
4. The CSR should check for completeness of the application form. Opening of new online trading accounts shall be done after obtaining the necessary approval from the GM / CEO or other personnel designated in the Authority Matrix.

For process flowcharts, refer Appendix 6.3.3.

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3.1.6 Customer Confidentiality

1. The Broker Company is responsible for ensuring that the information furnished by the customer is not misused or disclosed to unauthorized entities and/ or for unauthorized purposes. Broker Companies should adopt Code of Ethics that will govern the conduct the expected from its employees.
2. In case of customer's complaints on violation of confidentiality of information, this should be properly dealt with through Broker's customer complaints policies and procedures.

3.1.7 Amendment of Customer's Information

1. Once a customer trading account is opened in the system, no subsequent changes shall be allowed unless adequate authorization procedures are followed. Customers should notify the Customer Service Representative of any amendments to their personal details and after verifying the identity of the person requesting the change.
2. If the CSR has doubts regarding the authority and identity of the person requesting the change, a supporting document such as passport or any valid ID should be requested.
3. Customer Service Representative should ensure that the requests to amend the personal details are supported by relevant documents together with the completed "Investor Data Amendment Form". **For copy of Investor Data Amendment Form, refer Section 6.4, No. 1.**
4. Upon verification of the supporting documents provided by the Customer to amend their personal details, the CSR may request for additional documents, if necessary. The CSR shall forward the same to the Customer Service & Marketing Head and Head of Brokerage for review and approval, respectively, or depending on the reporting and approving structure adopted by a Brokerage Company.
5. Once the request is authorized, CSR should post the necessary amendments in the Equator System and a copy of the request is filed along with the printout of the updated details. Generally, the Broker Company is allowed to change customer's address and contact number. The Broker Company shall also make the necessary amendments in its own trading system.
6. Once the amendments are posted in the system, the CSR shall forward the copy of the application and supporting documents to ADX (CSD Department) for approval in the Equator System.
7. Confirmation of amendments made shall be communicated to the customer by the CSR in writing.

For process flowcharts, refer Appendix 6.3.4.

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3.2 Order Acceptance

Purpose

The purpose of this section is to provide guidance to Broker Companies regarding acceptance of customer orders.

There exist rules and procedures set by the Market and Authority governing order acceptance. Accepting orders from customers should be made through written or express verbal orders. Acceptance of orders should be properly documented as the burden of proof falls on the Broker to prove that proper authorization has been obtained from the customer.

3.2.1 General Points - Order Acceptance

1. Broker Company is not allowed to enter into any buy/sell orders without permission from the customer. (*Amendments to Rules Relating to ADX, 2006*)
2. Orders received from the customer should be in writing, via phone, fax or e-mail. The buy/sell order is to be entered into the system immediately upon receipt. (*Amendments to Rules Relating to ADX, 2006*)
3. Broker shall be responsible to provide evidence to the Market via recorded phone calls, written orders, fax or e-mail that an order has been placed. The record is to include the name of the customer, the type of security type of order, quantity price and date of order (*Amendments to Rules Relating to ADX, 2006*)
4. The burden of proof falls on the Broker Company to prove that it maintains documented authorization from its customer. The Broker shall be responsible for obtaining the signature of a customer on written authorisation; for recording and archiving orders received by telephone or in person, for verifying the authenticity of written authorizations received by fax, e-mail or through a special power of attorney. (*Rules Relating to ADX; November 2000*)
5. Broker Representatives should not accept purchase orders from clients with lack of creditworthiness or lack of probity, unless the Market's director general has first approved. (*SCA The Regulation as to Broker; April 2000*) However, the Director General shall not approve orders from clients with lack of credit worthiness to minimize exposure to unnecessary risk.
6. Brokers should ensure that adequate prior approval from the Market is obtained, for Related Party transactions and Proprietary Trading transactions. (*SCA The Regulations as to Brokers, April 2000*)
7. Broker Company has not entered into buy or sell transactions on behalf of its employees, officers or directors or any related entities to the mentioned persons, without the approval of ADX. (*Rules Relating to ADX; November 2000*)

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8. Broker has not entered any buy or sell of a listed company from its Chairman, BOD, General Manager or employees without the written approval of ADX. *(SCA Resolution No. 159/P of 2005) It is prohibited for any persons to take advantage of information for their own benefit. (Amendments to Rules Relating to ADX, 2006)*
9. Prior to acceptance of the customer order, the Broker Representative should ensure the customer is capable of meeting the financial obligations towards the transaction. Buying without the consent of the customer is considered as buying on debt account. *(ADX Circular No. 22/2003, November 2003)*
10. Broker is to ensure that the customer owns the securities prior to entering a sell order. *(Amendments to Rules Relating to ADX, 2006)*
11. Broker Company has not entered into or attempted to enter into manipulative trading practices or involved in improper selling practices. *(Rules Relating to ADX; November 2000)*

3.2.2 Order Acceptance Procedures

1. Customer orders (Buy/ Sell Orders) may be accepted through documented customer orders form (walk-in customers), fax, e-mail or telephone. Such authorization must note the following: *(Amendments to Rules Relating to ADX, 2006)*
 - a. Name of customer
 - b. Type of security
 - c. Type of order
 - d. Quantity
 - e. Price

To simplify trading procedures, ADX has allowed the placing of orders for a month (Good till month) given that the last validity date of the same shall be the last day in that month. *(Circular No. 4/2005, March 2005)*
2. For e-trading, Brokerage Companies shall accept all customer orders and assign them according to ADX's rules. *(ADX Rules and Regulation for E-trade)*
3. The Broker Representative should confirm the customer's identity prior to acceptance of the order. Orders should be received from the account holders or their authorized Power of Attorney, where applicable.
4. For orders received through telephone, the Broker Representative shall call the customers and obtain complete and sufficient details for order received through a recorded telephone line, if details initially obtained are insufficient. In case of walk-in customers, the orders shall be received in person by Broker Representative and the customer shall be required to sign the customer order form.

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5. If there is any reason to doubt that a particular orders is in violation of any rules and regulations of the Market, or contrary to the integrity and fairness in dealing in securities or the transaction is suspicious, then the Broker Representative should reject the order and shall inform the Head of Brokerage, Compliance Officer and GM / CEO.
6. If orders were received from key personnel (e.g. Board of Directors, officers and employees) of listed companies who wish to trade with their own stock, the Broker Representative should ensure that prior approval has been obtained from ADX. The "Insider Trading Form" should be properly accomplished and the customer shall be responsible for accuracy of information indicated therein. *For copy of Insider Trading Form, refer Appendix 6.4, No.7)*
7. The Brokers should check the trading account balance of the customer to ensure that the customers have sufficient funds to settle any outstanding balances in addition to the order placed.
8. If the Customer does not have sufficient balance in their trading accounts or have breached their credit limit, Brokers should obtain approval from Head of Brokerage or GM / CEO or personnel designated per Authority Matrix, prior to acceptance of the order.
9. If the customer has sufficient account balance, the Broker shall enter the complete customer order details in the trading system (e.g. Horizon). Otherwise, the customer shall be informed of the reasons for the rejection of any orders submitted.
10. For internet trading, the customers can place orders directly into the Broker Companies' online trading system and shall obtain the confirmation of their deals based on how the e-trading system confirmation mechanism was configured (i.e. through an SMS or e-mail). They may access and print details of orders placed, executed and settlement details as well as their statements of accounts directly from their online account, without the assistance of any Brokers.
11. Approval by the GM or equivalent personnel per Authority Matrix should be observed if the order received is in excess of limit defined by the Company. The limit may be the actual available balance of customer account. These limits are to be set up in the electronic trading system and related changes are to be approved by authorized personnel as per Authority Matrix.
12. In case the GM / CEO or equivalent authority rejects the customer order due to valid reason, the Broker shall inform the customers and ADX through a recorded communication (i.e. recorded telephone conversation).

For process flowcharts, refer Appendix 6.3.5.

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3.3 Order Execution and Confirmation

Purpose

The purpose of this section is to provide guidance to Broker Companies regarding execution of relevant trades and required confirmation of trades executed to customers.

There exist rules and regulations issued by the Market/Authority governing the execution of customers' orders. Specific requirements such as accuracy in the execution of order based on express verbal or written instruction from the customer, internal guidelines such trade limits (credit or order limit) and required approvals prior to execution shall be observed by Broker Companies. Due care should be exercised in the acceptance and execution of order as errors in execution of deals may provide avenue for complaints and financial losses. There are also rules governing requisite confirmation of executed deals encompassing the timing, manner of confirmation and required details in the confirmation process. Proper record of executed deals and confirmations should be maintained. As discussed in Section 3.2 (Order Acceptance), the burden of proof is on the Broker Company to prove that authorization was received. Such confirmation is an added control for the interest of both Broker and its customers.

3.3.1 General Points - Order Execution and Confirmation

1. Only authorized Broker Representatives are allowed to enter buy/sell orders into the trading system. (*Amendments to Rules Relating to ADX, 2006*)
2. Under no circumstances shall a Broker Representative enter a Buy Order or a Sell Order in relation to Securities which have been suspended or in respect of disputed securities. (*Rules Relating to ADX, November 2000*)
3. In case of orders exceeding the Company's overall trading limit, the GM / CEO or as authorized personnel shall verify the validity of the orders and approve the order acceptance prior to the order execution. The GM / CEO shall verify with Finance, if sufficient funds is available to infuse cash guarantee to the Market to enable continuous trading. *General points and procedures for monitoring overall trading limits are discussed in Section 4.3.1 (A).*
4. Broker Company shall inform the customer once orders have been executed. (*Amendments to Rules Relating to ADX, 2006*)
5. Registered records in written or electronic form are considered evidence of trade transactions. (*Amendments to Rules Relating to Trading, 2006*)
6. Fidelity and Professional Indemnity Insurance should be adopted to cover losses that may arise from errors/omissions or mistakes made in good faith in the execution of orders. Fidelity and Professional indemnity insurance shall cover all employees and is 50% of the average daily turnover but not lower than AED 2 million and has complied

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with ADX rules on fidelity insurance. (*Fidelity and Professional Indemnity Insurance, March 2006*).

3.3.2 Order Execution and Confirmation Procedures

1. The Broker Representatives should ensure that orders received and accepted are executed in the name of authorized customers only. Orders shall be carried out according to the customer instructions and utmost care shall be taken to ensure fairness in the treatment of all customers.
2. Broker Representative shall execute the order once the customer has been placed in the trading system (e.g. Horizon) and sufficiency of trading balance has been confirmed.
3. Generally, for internet trading accounts, the customers cannot execute any trades without sufficient balance in their trading accounts. Depending on Company's trading system, the override facility is available and accessible by authorized personnel based on Authority Matrix.
4. If customers trading account balance is insufficient, the Broker Representative should require additional infusion of funds from the customers or should seek approval from the Company's designated authority (e.g. Head of Brokerage or GM / CEO).
5. Documentary trail of above approval should be maintained. If the execution of order has not been approved, the order is rejected and the customer is informed of the same through the recorded telephone line, SMS or e-mail.
6. In case of a sell order, where the shares are pledged or have any outstanding obligations, the customer will secure the release letter from the Bank. The customer shall provide the same to the Broker Company for further processing with the CSD for transfer of shares.. A Letter of Authorization shall be obtained from the customer stating that they are would pay any charges/ penalty levied by markets, in case of delays in release of shares by the Bank.
7. The Customer shall be notified of the trade executed following the execution of buy or sell order. The confirmation should contain the following information: (*Rules Relating to ADX, November 2000*)
 - a. The name of ADX Broker and its address
 - b. The name of the Listed Company and the Security in full
 - c. The type of transaction undertaken, sale or purchase
 - d. The number of securities sold or purchased
 - e. The price of security

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- f. The aggregate value of the transaction
 - g. The commission and any other cost.
 - h. The total amount to be paid or received by the customer
 - i. A statement indicating that: (1) the Broker is licensed by both the Authority, (2) Broker is licensed by ADX to offer brokerage services and (3) transaction has taken place according ADX Rules and all applicable laws.
8. The communication to the customer shall be via e-mail, SMS or fax.
 9. At the end of the day, the summary of all trades executed on behalf of the customers shall be printed from the Equator by the Broker Representatives for end-of day procedure review by the Operations.
 10. Broker shall perform reconciliation of Horizon and Equator.

For process flowcharts, refer Appendix 6.3.6.

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3.4 Order Cancellation and Wrong Deals

Purpose

The purpose of this section is to provide guidance to Broker Companies regarding cancellation of trades or for trades that were incorrectly executed.

Customer orders received may be cancelled or modified provided that the same has not been executed in full by Broker Representatives.

Broker should execute order transactions with due care based on customer instructions. Any errors committed in the execution orders should be documented and rectified if possible, to minimize the losses incurred from such erroneous deals. The Broker Company should establish its own internal policy for handling of wrong deals. Common types of wrong deals are as follows:

- Wrong customer: Broker has erroneously executed a deal for an incorrect customer.
- Wrong rate: Broker has erroneously executed a deal at an incorrect rate.
- Wrong quantity: Broker has erroneously executed a deal incorrect quantities.
- Duplication: Broker has erroneously executed a deal twice.
- Misinterpretation between units and amount: Broker has wrongly interpreted the amount figure as the unit figure or vice versa.
- Misinterpretation between buy and sell instructions: Broker has wrongly interpreted the buy instruction as a sell instruction or vice versa.

3.4.1 General Points - Trade Cancellation and Wrong Deals

1. A Buy Order or Sell Order may be cancelled or amended by the Broker Representatives on the appropriate instructions of the customer provided that the relevant Buy Order or Sell Order has not been fully executed. (*Rules Relating to ADX, November 2000*)
2. The Broker Company may opt to submit a written request for Market consideration to correct an executed trade with the consent of the customer who is a party to the transaction. Broker Company may provide proof of instruction received from the customer (e.g. recorded telephone conversation, signed customer order) to the Market. ADX shall have the right to refuse such request from the Broker Company.
3. Changes can be made to trades placed if the request is placed within 30 minutes from the end of trading hours and after accomplishing the required form.

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3.4.2 Order Cancellation / Modification Procedures

1. The customer can request for cancellation / modification of their orders prior to order execution or in case of partial execution. Such requests should be in writing or through the recorded telephone system. Broker Companies may employ the use of a form (e.g. Order Cancellation/ Modification Form) for order cancellation or modification.
2. The Broker Representative shall complete its internal "Order Cancellation / Modification Form" with the revised instructions of the customer and attaches the original order form, prior to forwarding it to the Head of Brokerage at the end of day.

For process flowcharts, refer Appendix 6.3.7.

3.4.3 Procedures for Handling of Wrong Deals

1. Wrong Deals may be identified by the Front Office (Broker themselves), the Back office or by the Customer.
2. For any wrong deals identified which are not rectified by the Broker Representatives by the end of the day, the Broker Representative should give a written explanation of the transaction to the Head of Brokerage and GM / CEO or in accordance with the Broker Company's defined procedures and authority matrix of subsequent action plan. Broker should submit the correction to ADX within 30 minutes from end of trading hours. However, such trade correction request is subject to ADX's approval.
3. The Head of Brokerage after consultation with the GM / CEO (Board of Directors/ Executive Committee, if necessary) shall inform the Broker of the required course of action.
4. Any wrong deals which have been established as not being a genuine error shall be dealt with severely and the concerned Brokers/ employees shall be subject to the Company's internal disciplinary action/ proceedings. The General Manager / CEO shall impose requisite penalties, warnings and a corrective action.
5. The details of the wrong deals shall also be forwarded to the Head of Finance & Operations and Compliance Manager.
6. Depending on the decision of the Head of Brokerage and GM / CEO, the Broker Company can either absorb the loss and record the transactions in a separate 'wrong deals account; or charge the individual Broker Representative for the loss arising out of such erroneous deals, in accordance with the Broker Company's policies in this regard. However, in case of any profit arising from correction of wrong deals, such proceed will be accounted for the benefit of the Market.

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7. Accounting entries to correct the wrong deals shall be passed by the Accountant after obtaining approvals from the necessary authorities as per the Broker Company's Discretionary Authority Limit.
8. A record of all wrong deals shall be maintained and copies of the same should be maintained in the concerned Brokers personnel file for future reference.

For process flowcharts, refer Appendix 6.3.8.

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3.5 Other Matters

Purpose

The purpose of this section is to provide guidance for brokerage operations relating to (a) customer complaints, (b) account closure and (c) transfer of shares.

Customer Complaints

Customer may lodge complaints against the Broker Company with the Market directly or with the Broker Company. It is mandated by the Authority that a Complaints mechanism with relevant policies and procedures should be established by all Broker Companies. Broker Company's complaint mechanism policies and procedures shall describe the policies set by a Broker Company to record, monitor and resolve customer complaints. The policies and procedures should not contradict any established laws and regulations of the Authority and Market.

Closing of Trading Accounts

Investors may opt to cease their relationship with Broker Companies or voluntarily decide to discontinue trading in securities market. Thus, the Broker Company should establish its own policies and procedures relating to closure of customer accounts. Accounts may also be closed by the Broker Company on account of history of defaults or violations committed by an investor adversely affecting the Company's operations and reputation. Once the trading account is closed in Broker Company's records, the Investor Number that was previously opened with CSD in the Equator System will remain active, until the Market had decides to purge the inactive accounts.

Transfer of Shares

Transfer of ownership of shares of stocks generally takes place upon trading of securities in the Market. However, transfer of shares may result from off-market transactions (e.g. family transfer, inheritance or wills or gifts, court order, founder's transfer etc.). The investor may also request for transfer of securities from ADX (CSD) to Broker Company (known as stock transfer) or from Broker Company to ADX (registry transfer).

3.5.1 General Points

A. Customer Complaints

1. The Broker Company shall maintain a system for registering a customer complaint. (SCA Resolution 176/P Concerning the Amending of the Regulation as to Brokers).

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2. Recorded telephone conversation between the Broker and customer is considered evidence in case of any disagreements. (*Amendments to Rules Relating to ADX, 2006*).

B. Account Closure and Retention

3. Request for closing of customer accounts shall be made in writing. The request for closure of accounts should be reviewed and approved by the Head of Brokerage & Trading or the designated officer delegated to approve closure of accounts as per the Broker Company's Authority Matrix. Efforts to retain the customer and reason for the closure should be obtained.

C. Transfer of Shares

4. Trading in Securities listed in the Market shall take place on the Floor, and through one of the Brokers registered therein. Excepted from Trading on the Floor shall be the following cases: (*SCA Resolution No. 61/P of 2005, May 2005*)
 - a. Transfer of ownership between spouses and relatives to the second degree.
 - b. Transfers of ownership taking place as result of inheritance or wills or gifts not made against counter-value to official charitable bodies in the State.
 - c. Transfer of ownerships taking place pursuant to court order.
 - d. Transfer of ownership taking place pursuant to an amicable settlement with a financial institution.
 - e. Transfer of ownership taking place between persons whose names appear on one single certificate of ownership.
 - f. The sale of Securities in public auction.
5. The following should be adhered to with regard to the transfer of shares from the CSD to the Broker Company: (*ADX Resolution No. 57/2005, October 2005*)
 - a. Transfer of shares should be completed on the same day.
 - b. Brokers are to abide with the instructions (e.g. quantity of shares) specified by the investor.
 - c. No transfer shall be permitted without a written consent from the investor.
 - d. Transactions should be signed & stamped by the Broker. Recording and approval of transfer are to be done by separate employees.
 - e. Requirements for power of attorney in transferring Shares: (*ADX Resolution No. 7/2003, May 2005*)
 1. The power of attorney is to be certified with a clause stating that the individual is permitted to transfer shares.

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2. The power of attorney is to be certified and contain a clause permitting to sell shares and obtain the amount in cheque.
 3. The Power of attorney it to be certified and contain a paragraph regarding the transfer from the investors account to the clearance or vice versa.
6. Transfer of shares from ADX (CSD) to Broker Company (known as stock transfer), shall be process only within Broker Company. (*ADX Resolution No. 36/2005, July 2005*). However, all records related to stock transfer should be kept for compliance audit purposes by the Market.

3.5.2 Procedures

A. Customer Complaints Procedures

1. The CSR, Brokers Representatives, Head of Departments or the GM / CEO may receive customer complaints though fax, telephone, in writing or in person. However, there may be instances wherein the customer raises a complaint directly with the Market.
2. All complaints received shall be documented and forwarded to the designated personnel (e.g. Head of Customer Service) subject to review by the Compliance Officer who should forward the same to the GM / CEO or designated authority for suitable corrective action.
3. The designated personnel should document the follow up and resolution status of the complaint and attempt to resolve the matter as quickly as possible. The Compliance Officer shall be kept aware of the status of the complaints. Broker Company should ensure that an adequate follow-up mechanism is in place to ensure that complaints are resolved promptly and recurring complaints are analyzed and resolved.
4. Designated personnel shall maintain a Complaint Register capturing the name of the complainant, nature of the complaint, date of the complaint, the expected date of resolution, personnel responsible for resolution and the actual date of resolution and status of the complaint (whether the complaint is still active or closed).
5. Designated CSR shall ensure that the customer complaints and their resolution and related correspondences are filed in a separate Customer Complaints File, and a copy retained in the respective customer file.
6. Where customer complaints have been received by the Market and forwarded to the Broker Company for resolution, the Compliance Officer shall acknowledge receipt of the complaint in writing. On resolution of the complaint, a copy of the response shall be forwarded to the Market by the Compliance Officer.

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7. On a periodic basis, the Compliance Manager or designated personnel should undertake a root cause analysis of the complaints to determine recurring issues that maybe rectified.

For process flowcharts, refer Appendix 6.3.9.

B. Trading Account Closure Procedures

1. A customer trading account can be closed either by the Broker Company or upon the customer's request.
2. In the case of voluntary closure of accounts, the customer should submit a written application to Broker Company, requesting for their account closure and submit the same to the CSR.
3. Broker Company may close the customer account, in the event that:
 - a. Customer has a recurring history of defaults; or
 - b. The Customer is blacklisted under the SCA's Anti- Money Laundering Regulations.
4. CSR should ascertain and document in the internally prepared "Trading Account Closing Form" the reasons of closure of the account.
5. Based on CSR's assessment, if there is an opportunity to save the account from being closed, retention efforts should be documented in the "Trading Account Closing Form".

Verification and Approval Procedures

6. If the retention effort is not successful, the CSR shall forward the completed form to Finance. Designated person shall review the customer's Statement of Account and ensure that necessary payments or recoveries are made. Acknowledgement is obtained from the Customer to the effect that no amounts are due from or payable to him.
7. Once it has been verified that there is no outstanding obligation between the Broker Company and customer, the form shall be forwarded to Head of Brokerage and GM / CEO for approval or in accordance with the Authority Matrix.
8. CSR shall facilitate transfer of shares to the CSD (Registry). *Refer to Section C.1 of 3.5.2 for Registry Transfer procedures.*
9. After obtaining the necessary approvals, the account is closed in the system by the CSR and a notation of the same with the date shall be made in the Trading Account Closing Form and filed in the customer file, for future reference.

Filing and Reporting

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10. Files of customers whose accounts have been closed should be segregated and separately filed from Active Accounts. These files should be classified as "Inactive Accounts".
11. Weekly summary of Closed Accounts should be reported to the concerned authority (e.g. GM / CEO, Head of Brokerage) with the reason for termination of account.

For process flowcharts, refer Appendix 6.3.10.

C. Transfer of Shares Procedures

C.1 Stock and Registry Transfer

- Transfer of investor's shares from CSD to the Broker Company (Stock Transfer)
 1. The investor should complete and sign the ADX's "Transfer Security Application Form". For non-individuals, transfer forms should be signed by authorized signatory. *For a copy of the Transfer Security Application Form, refer to Section 6.4, No. 2.*
 2. The CSR authorized should affix his/her signature to the transfer form after verifying the correctness of the type and number of shares indicated in the transfer form as well as confirm the identity of the customer through verification of valid ID.
 3. This transfer shall be free of charge. Segregation of duties shall be maintained within the Broker Company for the recording and approval in the Equator System. Back office personnel (i.e. Finance and Operations) shall record/post the transaction in the Equator System. Separate back office personnel shall then approve the transfer in the system.
 4. Broker Companies shall file and retain all stock transfer-related documentation. However, this documentation is subject to monthly compliance review by ADX (CSD).

For process flowcharts, refer Appendix 6.3.11.

- Transfer of investor's shares from the Broker to CSD (Registry Transfer)
 1. The investor should fill and sign the ADX's "Transfer Security Application Form". For non-individuals, transfer forms should be signed by authorized signatory.
 2. The CSR re-checks the identity of the investor or his representative with that of the legal documents (e.g. passport or valid ID) and signs-off the transfer form.
 3. The Accountant shall generate the customer's statement of account and ensure that the investor's account balance is zero. Amounts due to and due from the customer should be settled prior to any stock transfers.
 4. CSR shall ensure that transfer is conducted only after settlement of transactions. Shares being transferred should not be pledged / frozen.

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5. Transfer fees should be paid by the investor according to ADX Fee List. However, the Broker Company shall remit monthly consolidated payments to ADX. Computation of fees shall be done automatically by the ADX (CSD) system.
6. Segregation of duties shall be maintained within the Broker Company for the recording and approval in the Equator System. Designated back office personnel (i.e. Finance and Operations) shall post the transaction in the Equator System. Separate back office personnel shall then approve the transfer in the system.
7. Broker Company shall file and maintain transfer-related documentation. However, this documentation is subject to monthly compliance reviews by ADX (CSD).

For process flowcharts, refer Appendix 6.3.12.

C.2 Off-Market Transfers

1. Broker Company, as an additional added value service may facilitate / assist its customers for off-market transfer of shares. Refer C.3 for details of requirements for off-market transfers.
2. CSR shall provide the customer with ADX's "Security Off Market Transfer Request Form" which should be completed and signed by the customer. For non-individuals, transfer forms should be signed by authorized signatory. **For copy of Security Off Market Transfer Request Form, refer to Section 6.4, No. 3.**
3. Once completed, the CSR shall instruct the customer / representative to submit the completed form to the ADX Help Desk for further processing.

For process flowcharts, refer Appendix 6.3.13.

C.3 Requirements for Transfer of Shares (Off-Market)

1. Family Transfer (ADX Circular No. 8/2003, May 2003)

a. Transfer between spouse

Family book (UAE nationals), Marriage certificate or similar documents (Non-UAE nationals)

b. Transfer between 1st Degree relatives (father, mother, children)

In cases where the last names matched, an investigation is warranted, several cases exist, however, with similar last names so it is preferred to obtain a family book that includes the mother.

c. Request to transfer shares of 2nd degree relatives

Brother's sisters:

Copy of family book from both sides, and family book of the father that includes the wives

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Grandfather & grandchild:

Copy of family book of grandchild, father and grandfather including the wives.

Note: All copies are to be stamped for originality seen

2. Court Order
 - a. Legal order from court
3. Inheritance or will or gift
 - a. Last will and testament
 - b. Gratis documentation
4. Other valid documentation depending on transfer type.

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4.1 End of Day Activities

Purpose

The purpose of this section is to provide guidance to Broker Companies for regular activities generally conducted at the end of each trading day to ensure that transactions executed during the trading day are properly captured, summarized, settled, accounted and reported.

Certain procedures and controls are necessary to be carried out at the end of trading day by the Back Office staff (Operations and Finance). Such activities and related controls include review of trading transactions, reconciliations, confirmation of executed trades, issuance of statement of accounts and customer holdings and settlement of funds and holdings.

4.1.1 General Points - End of Day Activities

A. Review of Trading Transaction

1. At the end of trading session, the Broker Company, through its designated personnel (i.e. Head of F&O) shall review all orders and trade in order to ascertain their correctness. If it becomes evident that a transaction has been erroneously booked to a particular account, the Broker concerned shall submit an application for the necessary change to the Market within thirty minutes of the closing of the trading session during which the transaction in question took place. (*SCA Resolution No. 30 of 2004, May 2004*).
2. Broker shall review by the end of each trading day the Daily Trade Report generated from the Equator of all trades executed. Broker shall immediately notify ADX of any discrepancies or errors identified. Broker should review and reconcile the Horizon and Equator for executed trades.
3. Broker Company is to review customers' accounts on a daily basis to check correctness of end of day balances. Broker Company is to reconcile amounts owed from customers with that showing in their accounts and to prepare a monthly statement signed by the Compliance Officer confirming the reconciliation. (*SCA Rules and Regulations 66/R, 2007*).

Confirmation of Trades and Dispatch of Statement of Accounts

4. Broker should send the statement of account to the customer at least once a month unless their agreement specifies the statement to be sent on a more frequent basis. (*Amendments to Rules Relating to ADX, 2006*).

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4.1.2 End of Day Procedures

A. Reconciliation of details and summary of transactions

1. Broker's designated personnel shall generate a Clearing Obligation Summary which details the Buy/Sell Orders executed and the net settlement position amount from Equator (Market's Back office) and the data from Broker's Back Office System. This data shall be forwarded to Head – F&O for review. The reconciliation for the total amount due to/from the Market should be performed by the Head - F&O or designated settlement officer and forward the same to the GM for review and approval.
2. At the end of the trading day, all the Broker Representatives shall print and sign off their respective summaries of all the trades executed by them during the particular day.
3. GM/CEO shall review and approve the reconciliation performed. Any discrepancies shall be subject to further review, investigation and reporting by the Head - F&O.

For process flowcharts, refer Appendix 6.3.14.

B. Review of daily invoices and daily broker summary report

1. Head of F&O shall generate the following reports from the System:
 - Brokers Summary – detailing the consolidated value of buy and sell transactions, market and office commission;
 - Daily Statistics Report – with Trading Summary, Invoices Summary, Commission Summary and Statistics of Customers, Brokers and Companies;
 - Invoices Summary – detailed report of invoices to be generated on customers showing the details of customer, scrip, quantity, transaction value and commission;
 - Daily Trade Summary – detailing the buy/sell transaction details such as contract number, customer number, scrip, quantity, share price and transaction value; and
 - Daily Invoices Summary and Daily Broker Summary.
2. Head of F&O or Settlement Officer shall verify that there are no discrepancies between details and summary report of daily trade transactions such as:
 - a. Buy Trade Volume;
 - b. Sell Trade Volume; and
 - c. Market Commission
3. Head of F&O or Settlement Officer shall sign off the reports as evidence of review.
4. Head of F&O or Settlement Officer shall generate the details of fund transfers during the day. Head of F&O shall verify the supporting fund transfer forms against fund transfer

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report (i.e. bank statement or equivalent) to ensure the correctness and accuracy of the fund transfers from/to customer accounts.

5. Head of F&O shall collate all the reports and reconciliations and forward the same to GM for review and approval.
6. GM shall review and sign off the reports and forward the reports to Head of F&O for filing for future reference (e.g. Compliance audits)

For process flowcharts, refer Appendix 6.3.15.

C. Reconciliations of orders received and executed and related details

1. Compliance Manager / Internal Auditor or Head of F&O shall select a reasonable sample of trades per day to conduct random checks.
2. For the selected trades, designated personnel shall ensure the following :
 - a. Identity of the customers are validated for each order: Customer orders are valid and verified by brokers for any suspicious/unusual transactions;
 - b. Customer orders received are properly executed; and
 - c. Accounting of transactions in the customer accounts is accurate.
 - d. Where customer credit limits are in place, verify adherence to credit limits / sufficiency of balance in customer accounts.
3. Any order received but not executed by the end of the trading day shall be checked for communication of the same to the customer.
4. For orders placed through the Horizon System, the Compliance Manager shall ensure that the sufficient funds exists in the customer accounts / customer credit limits, if any, are not breached. In the event of insufficient balances / breach of credit limits, if any, the Compliance Manager shall communicate the details to the GM/CEO.
5. Any reportable discrepancies due to error in execution shall be governed by *Procedures for Handling of Wrong Deals in Section 3.4, page 24.*

For process flowcharts, refer Appendix 6.3.16.

D. Confirmation and issuance of statement of accounts and holdings

1. At a minimum (monthly basis), a detailed statement of accounts and customer holdings is sent to the customer (through mail, or fax or e-mail). The CSR or designated personnel shall be responsible of ensuring that statements of accounts have been dispatched to all customers.
2. For confirmation of relevant trades, *refer to Procedures for Order Execution and Confirmation in Section 3.3, page 20.*

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4.2 Settlement

Purpose

The purpose of this section is to provide guidance regarding settlement of transactions (shares and funds) between the Market and customers.

It is essential for all Broker Companies to defray and timely settle all its obligations to the Market and Customers arising from the daily brokerage activities. Settlement dues accounts to the excess of sale orders executed during the day over executed buy orders plus related commissions due to the Market and Authority. Non-settlement of dues by customers is not an excuse of failure to settle obligations arising from trading activities. Failure to complete timely settlement of transactions invokes penalties as it constitutes a grave violation of rules of the Market and Authority. This section lays down the rules and procedures in settling amounts due to / from the Market and Customers.

4.2.1 General Points - Settlement

A. Segregation of Accounts

1. Broker Company shall segregate its account from those of the customers with respect to: (a) Opening of Broker Company's account for capital, funds generated from trades withdrawal of funds or distribution of profit; and (b) Opening of Broker Company's account for receipts of customer payments arising from execution of trades. (*SCA Resolution 66/R, 2007*)
2. Brokers are to withdraw the commission as a result of the day's trade in the Market and to transfer to the specified account at the bank. Brokers are not to transfer any funds from the customers account to that of the Broker Company unless it is for commission. (*SCA Resolution 66/R, 2007*)
3. Broker Company shall not receive any benefits from customers' accounts. Broker Company is not allowed to maintain the amount deposited in customers' accounts in the form of fixed deposits or obtaining any credit notes or loans against the deposited accounts. Customers shall not be liable for losses incurred or bankruptcy of Broker Company. (*SCA Resolution 66/R, 2007*)
4. Broker Company should ensure that trading accounts of its clients are segregated from the Company's account. (*SCA Resolution No. 62/P of 2005, May 2005*)
5. Broker has a Broker Settlement Bank Account which does not have a debit balance. (*Rules Relating to ADX, November 2000*)
6. Broker Company shall set-up a settlement account in a bank solely for ADX settlement purposes. (*Rules Relating to ADX, November 2000*)

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B. Settlement Obligations to Market

1. Broker Company shall meet all obligations resulting from the transactions it has executed and settle its obligations with the Market in accordance with its regulations and regardless as to whether or not it has obtained settlement from its clients. (*SCA The Regulations as to Broker, April 2000*)

Broker Company's shall settle all obligations to ADX and the Authority promptly regardless of the performance or non-performance of its clients. (*Rules Relating to ADX, November 2000*)

2. Broker Company which has undertaken a purchase transaction shall pay the net amount due within 2 working days. Payment shall be effected by the Broker issuing an order to its bank to transfer the required amount from its account to the settlement account. The Broker Company shall deposit with the Clearing Bank a copy of such order before nine o'clock in the morning on the day the payment is due. (*SCA The Regulations as to Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities, February 2001*).
3. Broker Company shall pay or shall ensure that the Settlement Bank has sufficient funds to meet obligations arising from any Trading Day transactions or as directed by ADX before the cut off time (9 AM) on payment due date.. (*Rules Relating to ADX, November 2000*)
4. Commission charged by the Broker Company is within the limits prescribed by the ADX.

C. Settlement Obligations to / from Customers

5. For net sale transaction, Broker Company shall pay the customer of an amount (net of commission) within the period not exceeding the settlement due date with the Market which is currently T+2. Payments are to be made by cheque or through bank transfers. However, if customers has not requested for payment, the amount will form part of customers account balance. (*Amendments to Rules Relating to ADX, 2006*)
6. Broker Company shall not be permitted to pay the value of any securities before execution of the sale transaction on the Floor in accordance with the Market's regulations and instructions. (*SCA The Regulations as to Broker, April 2000*)
7. Customer is to settle the amount in cases where he has placed a buy order. The Broker shall be held liable in carrying out the trade prior to receiving payment from the

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customer.

8. If the customer has not settled its obligations to the Broker Company within the settlement period, the Broker Company is then entitled to sell the disputed securities after receiving permission from the ADX. In case where profit has been derived from sale of disputed shares, the Broker Company is to transfer the excess proceeds to the Market. In case of losses, the customer shall be held liable for the unsettled amount.
9. It is the Broker Company's (Finance) responsibility to keep track of the payments received from investors. The Broker shall ensure that the following details are obtained: Customer Name, Ticket No., Total Commission, Method of Payment. *(ADX Circular No. 13/2001, May 2001)*

D. Defaults in Settlement by Customer

10. If a customer defaults in the payment to the Broker Company in relation to an executed trade and does not pay the Broker Company in full up to the settlement date. the Broker Company shall notify ADX and with the approval of ADX, be entitled to enter a Sell Order into the System in respect of the disputed shares. The proceeds of such sale shall be offset against the debt owed by the customer to the Broker Company and any excess balance shall be paid to the Market immediately thereafter. *(Rules Relating to ADX, November 2000)*
11. Broker maintains a register to record defaults and outstanding amounts dues from customers.

E. Responsibilities

12. The Head - F&O and Settlement Officer shall be responsible for monitoring the balances in the settlement account and the trading limits of the Company. Transfer of funds from the Company's account to the Settlement account and from the customers trading account to the bank account shall be approved by the GM / CEO.
13. The Head - F&O or Settlement Officer shall be responsible for performing reconciliation between the Company's Bank statement and the trading account of the customers, to verify if payments are correctly posted.

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F. Other Matters

14. Broker Company shall authorize ADX to give instructions to their Settlement Bank on their behalf to make payments to or from their respective Broker Settlement Accounts or Cash Guarantee Accounts and hereby authorize the Settlement Bank to act on any such instructions from ADX without referral back to or further approval of the relevant Broker or its customer. *(Rules Relating to ADX, November 2000)*
15. The Broker Company shall ensure that the Broker Settlement Bank Account carries an overdraft facility which is available to meet any Balance to Pay Amount up to the value of that Broker Company's Guarantee or such lesser amount as determined by the Settlement Bank. *(Rules Relating to ADX, November 2000)*
16. The Broker Company shall not make any withdrawal from the Broker Settlement Bank Account which would result in the Broker Settlement Bank Account becoming overdrawn other than the withdrawal of net settlement amount due from the Market resulting from net sales transactions as stated under Section 4.2.2 Policy No. 3. *(Rules Relating to ADX, November 2000)*
17. Broker shall instruct the Settlement Bank to provide ADX with all information that ADX shall require in order to monitor the compliance of the Broker Company for delivery and settlement. Without limiting the generality of the foregoing, ADX shall be entitled to monitor the balances of all Broker Settlement Bank Accounts at any time. *(Rules Relating to ADX, November 2000)*
18. The Broker agrees to pay to the Settlement Bank all interest, costs and bank charges arising in connection with the opening and operation of the Broker Company's Settlement Bank Account (including without limitation all interest and costs in relation to the overdraft facilities on that account howsoever arising). *(Rules Relating to ADX, November 2000)*

4.2.2 Settlement Procedures

A. Payment and Receipt of Funds from ADX

Transfer of funds to/from ADX (Net Settlement amount including the principal amount and the commission of Day's Trade)

1. At the end of each day, Head – F&O or Settlement Officer reviews the daily net position between Company and Market records. Any discrepancy noted shall be rectified and communicated to the Market if necessary, during ADX's official business hours. Designated F&O staff shall pass the Journal Voucher's (JV's) JV's

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for the net settlement position and the commission payable to ADX, after obtaining approval from the Head of F&O.

2. For settlement obligations due to the Market, once verified as correct by the Head of F&O or Settlement Officer and after obtaining approval from the GM/CEO, the former shall further instruct the Bank by preparing a Fund Transfer Form to transfer funds from its current account to settlement account on or before 9 AM on T+2.
3. Net settlement position (payable/receivable) and the commission payable to the Market is automatically deducted from / remitted into the settlement account maintained by Broker Company. Commission is netted in the settlement obligation to ADX.
4. If the amount in the settlement account/s is less than the net settlement position and commission, an automatic transfer is made by the Bank from the Broker Company's current account.

For process flowcharts, refer Appendix 6.3.17 and 6.3.18.

B. Receipt of Funds/Payments from Customers

1. A customer shall be required to deposit funds prior to being allowed to trade.
2. Customer shall course deposits or payments through the cashier. These may be made through either of the following modes: (a) cash or check paid at the cashier and (b) Direct Deposit.
3. On confirmation of receipts of funds from customers, Journal Voucher shall be prepared and approved by the designated F&O personnel and Head of F&O, respectively for recording in the books of accounts.

Cash Payment

4. Where possible, Broker Company shall avoid receiving cash exceeding AED 40,000. If cash exceeding AED 40,000 is received, the required SCA Form should be completed for compliance with Anti-Money Laundering requirements. Said form should be filed for future reference. Official Receipt / Invoice shall be issued upon receipt of cash. *For sample SCA Form, refer Section 6.4, No. 5.*

Cheque Payment

5. Upon receipt of customer's cheque by the Cashier, a provisionary receipt shall be issued.
6. When confirmation of the cheque payment being duly credited into the Company's account is received, an Official Receipt / invoice shall be issued to the customer.

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Direct Deposit

7. In case of direct deposit, customer shall fax/deliver a copy of the deposit slip or swift message to the Cashier as evidence of fund transfer.
8. On receipt of deposit slip, the Cashier will issue a provisional receipt. A duplicate shall be retained. Duplicate copy of the provisional receipt will be forwarded to the Accountant.
9. Accountant shall verify and confirm the fund transfer made through internet banking.
10. Accountant shall issue an Official Receipt / Invoice and distribute the copies as follows:
 - Original – customer
 - Duplicate – retained for records

For process flowcharts, refer Appendix 6.3.19.

C. Payment to Customers

1. The Broker Company should endeavour to settle all customer payments on the settlement date for each transaction.
2. Where automatic payments are not made by the Company, the customer shall submit a request for payment to the F&O.
3. Designated F&O personnel (e.g. Accountant) shall generate statement of accounts for customers who had requested for payment.
4. Accountant shall verify the balance payable to the customer by reviewing the statement of account. After verification, a cheque shall be prepared and shall be submitted to the authorized signatories as per authority matrix.
5. Amount requested for payment will be blocked in the Trading System and will not be available for trading once the cheque has been generated.
6. Accountant will forward all signed cheque to the Cashier for collection by customers. Cheque should be in the name of the customer or authorized Power of Attorney..
7. Cashier shall verify identity of the customer before releasing the cheque. Cashier shall issue the cheque to customer and request him/her to sign on the accompanying cheque voucher as proof of receipt of payment. Cheque voucher shall be filed for future reference.
8. Payments to customers may also be made by direct account transfers. The Broker

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Company shall maintain an internal document summarizing the details of the transfer and the approval process shall be as the Company's delegation of authority matrix.

9. Upon payment to customers, JV shall be prepared and approved by the designated F&O personnel and Head of F&O, respectively for recording in the books of accounts.

For process flowcharts, refer Appendix 6.3.20.

D. Discrepancy in Customer Accounts

1. In case of any discrepancy noted in customer account balances (by Broker Company or based on a complaint received from customer), the matter shall be communicated/forwarded to the Compliance Manager or Head of Finance and Operations (F&O) or concerned personnel.
2. Compliance Manager or Head of F&O shall investigate the reasons for such differences and report the reasons and details to the GM / CEO for review.
3. GM / CEO shall review recommend proper course of action to the Compliance Manager or Head of F&O to rectify the differences in customer account.
4. Compliance Manager or Head of F&O shall take necessary action as recommended by the GM / CEO.
5. Designated personnel shall inform the customer after the account balances have been rectified.
6. The book of accounts shall be corrected (through a journal voucher) to effect the approved changes in customer accounts by the designated F&O personnel, subject to approval by the Head of F&O.

For process flowcharts, refer Appendix 6.3.21.

E. Recordkeeping

1. After ensuring that the payments have been recorded in the books of accounts, JVs and supporting documents (i.e. Official Receipts, Bank transfers etc.) shall be filed in accordance with Company's retention policy.

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4.3 Monitoring, Reporting and Record keeping

Purpose

The purpose of this section is to provide guidance regarding monitoring of overall trade limits, issuing additional cash guarantees, monitoring of customers credit limit and Broker Representatives' limits as well as reporting and record keeping which shall aid in effective management of brokerage activities.

It is important that overall trade limits is established and monitored by the Broker Company against its cash position particularly during high volume trading. Monitoring of customer credit limits by the Broker Company should result in minimized credit exposures. All relevant reports, records and business documents should be properly retained for future reference.

4.3.1 General Points - Monitoring and Reporting

A. Monitoring of Overall Trade Limits

1. No Broker Company may exceed its maximum trading limit as represented by the amount of the bank guarantee deposited with the CSD. It may not continue to carry on business without compensating for the shortfall which occurs in such guarantee pursuant to the regulations of the Market. (*SCA The Regulation as to Broker, April 2000*). The upper limit is 100% of the submitted Bank Guarantee. (*ADX Circular No. 23/2003, November 2003*).
2. Broker Company should have a valid and enforceable guarantee issued by a Bank for an amount not less AED 20 million payable unconditionally and on demand in favour of the Clearing. However, if the Broker is trading with both ADX and DFM, then the aggregate bank guarantee (AED 20 million) may be apportioned between the Markets. (*Resolution No. 176 P of 2006*)
3. A Broker Company may at any time increase the amount of its bank guarantee with the Clearing, in order to increase its maximum trading limit. (*SCA The Regulation as to Broker, April 2000*).

B. General Points – Reporting Guidelines

4. A Broker shall submit final accounts and an annual balance sheet duly audited by an accredited auditor within one month from the end of the financial year and shall submit a quarterly reviewed financial statements and notification to the Market in the event of there being any deficit affecting the soundness of its financial position. (*SCA The Regulation as to Broker, April 2000*)

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C. General Points - Recordkeeping

5. Broker Company shall maintain commercial books and records or use computers and other modern technology in accordance with international accounting standards (IFRS). Spare copies (backup) shall be kept of all data held in the computer in the company for a period of 10 years, preserving clients' data and not exposing it to the risk of any of sort of damage. The Authority shall be provided with a statement of the Broker's equipment and principal office and branches, as well as any changes occurring therein. *(SCA Resolution No. 176/P of 2006 Concerning the Amending of the Regulations as to Brokers)*
6. Broker maintains a copy of the electronic trading laws and regulations, user guide of the electronic trading and clearing system, rules and regulations and specific circulars relating to the securities market and guide on the ethics and confidentiality. *(Rules Relating to ADX, November 2000)*

4.3.2 Monitoring and Reporting Procedures

A. Monitoring of Overall Trade Limits

1. To ensure that Broker Company can meet their financial obligations of trades executed, the Market sets trading limits for each Broker. For ADX, the trading limit for current trading day will be calculated as follows:
 - a. Amount of Bank Guarantee (the law requires brokers to have a minimum bank guarantee of AED 20 million for ADX and DFM apportioned according to volume of trade between the two Markets. However, this may be increased at the discretion of the Broker Company;
 - b. Plus any cash guarantee lodged with the ADX;
 - c. Minus the excess of previous day net buy position balance.

B. Increase in Trade Limits through Additional Cash Guarantee

2. Built in system control is in place in the Trading System to prevent order execution in excess trade limits. Automated warnings are flashed in the Trading terminal to notify the Broker Representatives. Broker Company may deposit additional cash guarantees with the Market to enable trading, in case trade limits have been exceeded/ likely to exceed for a given day. Once a broker exceeds trading limits, all existing buy orders will be suspended by the trading system automatically.

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3. It is the responsibility of Broker to monitor its overall trade limit. Though the system has control in place to deter order execution in excess of trade limits, Broker Representatives should not resume the suspended orders. Buy order should be suspended until availability of sufficient trade limit.
4. If deemed necessary to provide additional cash guarantee, the Head of F&O shall review the cash position of the Company. If the cash position allows issuance of cash guarantee, the same shall be forwarded to the GM/CEO for final review and approval.
5. If provision of additional cash guarantee has been approved by the GM/CEO, the Broker through its authorized personnel shall notify ADX and the Bank in writing of the amount of cash guarantee that will be issued.
6. The Bank shall advise the Market, once the amount requested has been transferred to the Market's account. Once the transfer has been confirmed, the overall trade limit will be increased accordingly by the Market in the Equator System.

For process flowcharts, refer Appendix 6.3.22.

C. Decrease in Trade Limits through Withdrawal of Cash Guarantee

1. Once the trading transactions fall below the original trade limit, the Broker Company may request the Market to withdraw the cash guarantee.
2. The Head of F&O after getting approval from the GM/CEO shall instruct the Market to credit the requested amount to the Broker Company's account equal or less than the amount of previously deposited cash guarantee.
3. Once approved, the Market will initiate a transfer of the requested amount back to Broker Company's bank account.

For process flowcharts, refer Appendix 6.3.23.

D. Establishing Broker Representatives' limits

1. The Head of Brokerage & Trading shall provide recommendation on Broker Representatives' individual limits to the GM/CEO.
2. The GM/CEO shall approve the broker limit which shall limit the value of transactions that will be executed at any point in time by each Broker Representative.

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3. In case the value of the transaction exceeds the individual Broker Representative limit, the Broker Representative shall request for approval to execute buy orders from the GM/CEO through the Head of Brokerage.

For process flowcharts, refer Appendix 6.3.24.

E. Monitoring of Customer Credit Limits

1. GM / CEO, Head of F&O, Head of Brokerage & Trading within a Broker Company shall approve the credit limit that may be extended to the customers. The credit limits shall be reviewed on a periodic basis depending on the policies of the Company.
2. Authorized personnel may consider setting up (a) credit limit, and (b) order limit for customers. Deviation from credit/order limit is subject to approval by the GM or as per authority matrix.
 - a. *Credit limit.* The value of current order instructions (net of buy and sell orders) received from customers when added to the outstanding customer balances, at the beginning of each day, shall be within the limit set for the customer.
 - b. *Order limit.* The value of the current order placed by the customer for the particular transaction does not exceed the order limit as fixed by Broker Company.
3. Any deviation from the established limits should be reported to the GM/CEO and any deviations without adequate authorization shall be subject to investigation.
4. Designated accountant should monitor and identify those customers with poor payment history and long outstanding receivables. These customers should be identified for suitable action which may include:
 - a. Resolution by Head of Brokerage and Trading through personal interaction.
 - b. Re-assessing the creditworthiness and re-categorization of the customer.
 - c. Full advance payment for future trades.
4. Head - F&O or designated Accountant shall monitor customers' collections, payment performance and trends thereof periodically to identify areas of concern and devise suitable remedial actions.
5. At the beginning of each day, the Head of F&O should generate a summary of customer receivables and shall action the necessary follow-up. The report should show the ageing of the receivables and include a remarks column to mention the status of the receivable, the follow up efforts and outcomes, if any and shall be forwarded to the GM/CEO for review.

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6. The Head of F&O shall issue a summary of aged customer receivables on a monthly basis (or depending on Broker Company's frequency of reporting) to GM / CEO, Head of Brokerage & Trading, Compliance Officer or other intended recipients depending on the reporting structure of the Broker Company
7. Head of Brokerage & Trading shall distribute the responsibility to the Broker Representatives for required follow-ups and collection efforts.
8. The outstanding receivables shall be reported to the GM / CEO. Any unauthorized credit extended to customers shall be investigated.

F. Operational Reporting

The Broker Company may opt to customize its reportorial requirements depending on the nature and complexity of its operations except those that are governed by specific rules and regulations (e.g. presentation of Audited Financial Statements)

The Head - F&O at the start of the day shall generate the following reports from Company/Market's Back Office System and should forward to the GM/CEO for review.

1. Daily net position report
2. Daily Cash position report
3. Ageing of customer receivables and payables
4. Total Buy and Sell Orders for the previous day's trade.
5. Financial Statements (Profit & Loss Account, Balance Sheet, Cash Flow Statement) and related Trial Balance
6. Other custom reports applicable to Broker Company's operations
7. Settlement account balances

These reports shall be filed on a daily basis by the Head of F&O for future reference and archived in line with the Company's document retention policy.

For process flowcharts, refer Appendix 6.3.25.

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G. Requesting specific reports from ADX

1. The Back Office may be in need of reports from the ADX which is deemed important in gauging its operational activities such as Customer List Report, Trades Report, Transaction Report, Inventory / Holding Report. Such reports may be used to conduct reconciliation of transactions, comparing business activities with other Broker Companies, etc.
2. Authorized personnel shall communicate to the Market (either through mail, e-mails etc.) or by completing the ADX "Report Request Form for Investor" specifying the type of report required. *For sample Report Request Form for Investor, refer to Section 6.4, No. 4.*
3. Designated Finance personnel shall process payment based on the schedule of fees payable to the Market.
4. Once processed by the Market, the report will be sent to the Company.

For process flowcharts, refer Appendix 6.3.26.

H. Record Retention

1. All pertinent reports (e.g. Financial Statements, Budgets), records (e.g. book of accounts, employee file), business documents (e.g. invoices, receipts) of each every Department should be adequately filed.
2. Each employee shall ensure that records are properly maintained and securely protected. Department Heads should monitor and verify that records are properly retained, in line with the Company policy and regulatory requirements.

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5. Accounting, MIS, AML & Fund Management

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5.1 Accounting and MIS

Purpose

The purpose of this section is to provide procedures for accounting and Management Information System (MIS) reporting. Accounting policies, procedures and MIS reporting may vary for each individual Broker Company depending on size and complexity of operations.

Reliable accounting records are a requisite and essential component of accurate reporting. Providing adequate and timely reports is significant in making informed and prudent decisions by Broker management.

5.1.2 Accounting and MIS Procedures

A. Financial Statement (FS) Close Process

1. Prior to closing of financial records for the period, adjustments (e.g. reclassification / correcting entries) shall be recorded by Finance personnel. All adjustments should be reviewed and approved by the Head of F&O. The Head of F&O shall be responsible for timely closing of the books and ensuring that accounts are reviewed for accuracy.
2. Accrual of expenses and revenues, if any, such as employee benefits must be made on a monthly basis by the Head of F&O. Examples of employee benefits are accrued leave, vacation pay, and end of service benefits depending on the Broker Company's compensation and benefit scheme.
3. Head of F&O or designated finance staff shall prepare the monthly Financial Statements. If the Head of F&O has delegated responsibility for the preparation of reports to Finance Personnel, he shall remain responsible for reviewing and maintaining completeness and the accuracy and ensure adherence to the Broker Company's Financial Accounting Policies and International Financial Reporting Standards (IFRS).
4. The financial reports shall be submitted to the GM/CEO for review. The reviewed reports shall be forwarded to the BOD for approval. Journal vouchers shall be prepared to correct any financial transactions, if necessary to reflect accurate and fair Financial Statements.
5. Other financial & MIS reports shall be prepared by the Head of F&O such as daily cash position report, ageing schedules. The reports shall vary depending on the needs of the management of the Broker Companies.

For process flowcharts, refer Appendix 6.3.27.

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B. Operational and Capital Budgeting Process

1. The Broker Company shall prepare its annual Company-wide budget and may follow a participative bottom-up approach to budgeting.
2. Head of F&O prepares budget guidelines by holding a discussion with the GM/CEO or BOD on understanding the future strategies, objectives and plans of the Company.
3. Budget guidelines include an overview of the corporate objectives, business plan, and details of the operating objects, budget forms and timelines. Budget Guidelines are forwarded to the GM/CEO and BOD for review and approval, respectively.
4. Head of F&O issues a memo (approved by the GM/CEO) to all Department Heads along with the approved budget guidelines and templates, if any. The memo provides an introduction to the budgeting cycle for the year and a brief schedule of activities to be followed.
5. The Department Head prepare their budgets in line with the budget guidelines. The annual budget shall comprise of the following:
 - a. Revenue Budget
 - b. Operating Budget
 - c. Capital Budget
6. Department Head submit their budgets along with worksheets/calculations to the Head of F&O within the established timelines.
7. Head of F&O reviews each Department's budget and ensures that the budgets are prepared in accordance with the budget guidelines
8. If the budgets are not in consistent with the budget guidelines, the Head of F&O returns the budgets to the concerned Department with a memo requesting the changes to be made to the budgets.
9. Finance Manager submits the Departments' budget as well as the consolidated budgets to the GM/CEO for review and initial approval.
10. GM/CEO reviews the consolidated budget for accuracy, adherence to policy and business plans and overall consistency.
11. GM/CEO holds budget deliberations with Head of each Department to discuss feasibility of the budget. There should be an agreement with Head of Department on amendments to the budget, if any.
12. On satisfactory review, GM/CEO signs off the consolidated budget and forwards the same to the BOD for approval.

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13. BOD reviews the consolidated budgets and ensures that budgets are aligned with the strategy and business plans of the Company.

For process flowcharts, refer Appendix 6.3.28.

C. Budget Monitoring and Reporting Process

1. The Broker Company shall hold each Department Head responsible for adherence to the approved budget.
2. Head of F&O prepares the Budget Variance Report (BVR) for each Department as well as the consolidated budget and include the details such as initial approved budget, amendments to the budgets during the period, total budget, proportion of total budget for the period, actual amount utilization during the period, variances for the period, year to date budget amount, year to date actual expenses and year to date variances. Each Department Head shall be provided with the copy of BVR.
3. Head of F&O identifies and highlights the significant variances in the report. Significant budget variations are discussed with the respective Department Heads. Variance explanations should be documented, as necessary.
4. Head of F&O consolidates the comments from each department and forwards the BVR, together with a summary of significant variances to the GM for review and comments.
5. GM submits the BVR and summary of significant variances with the comments to the BOD for periodic reporting.

For process flowcharts, refer Appendix 6.3.29.

D. Accounting Procedures – Opex & Capex, Adjustments, Provisions, Payroll

1. Head of Human Resources (HR) & Administration or designated personnel shall prepare the payroll register for the month. The payroll register shall be adjusted to reflect the actual time spent by the employees for a given payroll period (i.e. deductions for unpaid leave etc.) The payroll register shall be forwarded to Finance Department for review and payroll processing.
2. Head of F&O or designated accountant shall review the payroll register along with supporting documents (e.g. payroll adjustments such as unpaid leaves) upon receipt from the HR and Admin Department. Review may also encompass reconciliation of the current month's salary with the previous month's salary paid.
3. The reviewed payroll register after adjustments noted by Finance shall be forwarded to the GM/CEO for approval.

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4. Once approved by the GM/CEO, bank debit advice is prepared by the designated Finance and Operation personnel (in case payment is made through employees' respective bank account). However, if payment is payable in cash/check (e.g. for new employees), this shall be governed by regular payment processing by Finance and Operation.
5. Information for the amounts required for the accrual of employee related expenses (as mentioned in the Broker Company's compensation and benefits policy) shall be received by the Head of F&O from the HR and Administration for review and recording by the specified date.
6. Designated Finance & Operations personnel shall prepare the journal voucher related to payroll subject to review and approval by the Head- F&O.

For process flowcharts, refer Appendix 6.3.30.

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5.2 Anti-Money Laundering Activities (AML)

Purpose

The purpose of this section is to provide guidance for Broker Companies to ensure their compliance with anti-money laundering guidelines and policies.

Broker Company recognizes the criminal and administrative liabilities pertaining to its failure to act/report or becoming a party to money laundering including the inherent risk on its reputation and therefore shall ensure that measures are in place that all suspicious transactions are reported and investigated.

The Company by taking all reasonable steps and exercising due diligence will deter the use of the Company's services by money launderers to use the funds from unknown or illegal sources and channeling it to legal business activities. Such adherence to anti-money laundering laws and regulations shall protect the Company and its employees from allegations of money laundering and avoid criminal and civil sanctions and penalties which might result from unconscious involvement in said activities.

5.2.1 General Points - AML Requirements

1. Broker Company shall ensure strict compliance with specific provision of the federal law as well as any rules and regulations set by the Authority and Market regarding Anti-Money Laundering. Currently, these are UAE Federal Law No. 4 of 2002 regarding Criminalization of Money Laundering and SCA Circular Concerning Procedures for Anti-Money Laundering.

2. Financial markets and/or brokers, while opening any account, shall undertake to ensure obtaining all information and necessary documents. *(SCA Circulars Concerning Procedures for AML, 2004)*

Know Your Customer (KYC) procedures should be observed and must be duly documented prior to customer acceptance. Front office personnel shall ensure that required documents are obtained and ensure that prospective customer identity is verified. Verification shall involve adequate background checks and due diligence on source of funds that will be used in investing activities. *For details, refer to Customer Acceptance Policies and Procedures in Section 3.1, page 11.*

3. All cash transactions with the investors whose value equals to or exceeds AED 40,000 must be recorded in the prescribed SCA Form. The Authority should be intimated of such transactions. *(SCA Circular Concerning Procedures for AML, 2004. For sample SCA Form, refer to Section 6.4, No. 5.*

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5.2.2 AML Procedures

A. General Procedures

1. The Broker Company should appoint its own Money-Laundering Reporting Officer (MLRO). The Compliance Officer may also act as the MLRO.
2. The MLRO shall be responsible for establishing and maintaining effective Anti-Money Laundering Policies & Procedures for the Company. He shall ensure compliance with its established policies and procedures, Federal Law, rules and regulations set by the Authority and Market by monitoring day to day operations. Broker Company through its MLRO should provide adequate training to employees regarding anti-money laundering policies and procedures (e.g. receiving cash, monitoring customer accounts etc.) as well as on any updates on rules and regulations.
3. Broker Management should ensure that adequate management information systems shall be provided to the MLRO to effectively discharge his/her duties such as means to capture information to identify, analyze and effectively monitor customer accounts and transactions.
4. Any suspicions or violations on policies, rules and regulations shall be discussed with the GM/CEO and BOD and reported to ADX/SCA
5. The MLRO is obligated to inform the Authority and the Market of any suspicions or violations. **Details of required reporting for suspicious transaction are discussed in Section 5.2.2 (B) on page 55.**
6. The MLRO shall be responsible for meetings, correspondence, clarifications, responses and dealings with all Market related issues. The GM/CEO and Compliance Officer shall be kept apprised of all communication with the Market Authorities.
7. The MLRO shall respond promptly to any reasonable request for information made by SCA Anti- Money Laundering Unit or any other regulatory body.
8. The MLRO shall prepare periodic reports (i.e. quarterly, annually) regarding non-compliances with rules and regulations depending on the needs and requirements of Management.

For process flowcharts, refer Appendix 6.3.31.

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B. Reporting of Suspicious Transactions

SCA's Suspicious Transaction Report (STR) must be completed and reported to the Authority regardless of the amount involved, when there is reasonable ground to believe that any money laundering activity or any money laundering offence or any violation of the AML laws, rules and regulations is about to be, is being or has been committed.

Suspicious transactions are transactions, regardless of amount, where any of the following circumstances exists:

1. There is no underlying legal or trade obligation, purpose or economic justification;
2. The customer is not properly identified;
3. The amount involved is not commensurate with the business or financial capacity of the customer;
4. Taking into account all known circumstances, it may be perceived that the customer's transaction is structured in order to avoid being the subject of reporting requirements;
5. Any circumstance relating to the transaction which is observed to deviate from the profile of the customer and/or the customer's past transactions with the covered institution;
6. The transaction is in any way related to an unlawful activity or any money laundering activity that is about to be, is being or has been committed; and
7. Any transaction that is similar, analogous or identical to any of the foregoing.

C. Internal and External Reporting Procedures

1. Daily transaction review should be performed by MLRO specifically on high-risk customers with consideration of customer profile and indicators (red flags).
2. If an employee is believe acting in the ordinary course of business knows or suspects or has reasonable grounds for knowing that a customer is engaged in money laundering, the employee may consult with his/her respective Manager before completing and sending a Suspicious Transaction Report (STR) to the MLRO. Such consultation should not prevent the employee from making the report to the MLRO. **For copy of the STR, refer to Section 6.4, No. 6.**
3. The MLRO upon receipt of the STR, the information must without delay (a) investigate the circumstances in relation to which the report was made; (b) determine whether the transaction is in accordance with UAE Federal Law No. 4.

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4. Upon determination of the necessity to report such suspicions to the Authority, the STR should be submitted to the SCA Anti-Money Laundering Unit. Broker Company will ensure that the MLRO decides independently and is not influenced by any individual within the Organization.
5. The MLRO shall appraise the GM/CEO of the STR and details of the underlying transaction/events.
6. The MLRO must document the steps taken to investigate the circumstances in relation to which an internal STR was prepared and where no external STR is made, the reasons why no such report was prepared.
7. All relevant details of any internal and external STR must be kept up to the required retention period.
8. False reporting – reporting of STR in bad faith – is prohibited and shall be dealt in accordance with the Broker Company's policies and procedures.

For process flowcharts, refer Appendix 6.3.32.

D. Cash Transactions Procedures

1. Notice or advice should be given to customers as regards the Broker Company's policy on cash deposits.
2. For cash deposit received, cash receipt form together with SCA Form (if more than AED 40,000) should be completed. However, this may be referred to reporting of suspicious transaction if doubts arise pertaining to such cash receipts.
3. Within the Broker Company, there should be segregation of duties between the person who accepts and verifies cash received from the individual and the person recording the transaction.
4. SCA Form should be kept within the required retention period.

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5.3 Fund Management

Purpose

The purpose of this section is to provide guidance for Broker Companies to optimize the use of its surplus funds.

Broker Company should optimize the use of its excess funds through prudent and wise investments always keeping liquidity requirements in perspective. The Broker Company depending on its investment strategy may opt to divulge its excess funds to proprietary trading or high-yield investments through banks.

5.3.1 General Points - Fund Management

1. Broker Company with its own portfolio needs to ensure that there is a designated person responsible for this account that shall make an investment plan, issue buy/sell orders, monitor debts, issue reports and financial reports, issue financials. The designated Portfolio Manager shall be responsible for the account and ensure that no transactions can be made without prior approval of the market. (*ADX Circular No. 2/2002 regarding Broker Portfolio*)
2. Brokers shall obtain approval from the Market for a period of 1 month prior to conduct of proprietary trading. Further, employees should be made aware that they are trading on Company's behalf and to provide a monthly report to the Operations Department regarding the trades that were carried out. (*ADX Circular No. 33/2001 Regarding Brokers Trading on their Own Behalf*).

5.3.2 Fund Management Procedures

A. Determination of Surplus Funds and Approval for Investments

1. The Head – F&O, immediately after the trading hours, should generate the cash position report and determines availability of excess funds after considering the settlement obligations.
2. The Cash Position Report shall be forwarded to the GM/CEO to take necessary investment decisions. The Head – F&O may also conduct background research and propose alternatives and recommendations to the GM/CEO.
3. Approval of the investment decisions shall be with the Board or GM/CEO, depending on the Company's delegation of authority matrix.

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4. On placement of investment, the Head – F&O shall record the transactions in the books of accounts

For process flowcharts, refer Appendix 6.3.33.

B. General Procedures

1. Broker Company shall attempt to optimize the potential returns on its assets through appropriate and sound investment decisions.
2. The BOD shall have the responsibility of exercising oversight with regard to the investments made and can place limitations or override the current investment decisions of the GM/CEO.
3. Approval of trades shall be done by the GM/CEO or by the designated Broker Representatives. Delegation shall not relieve the GM/CEO for responsibility over investment decisions.

C. Procedures for Trading

1. If the GM opts for proprietary trading, he/she shall ensure that required approval from the Market is obtained. No order shall be executed without obtaining the requisite approval from the Market.
2. Once the application to trade on Company's behalf has been approved, the Buy/Sell order forms shall be completed by the GM or the designated committee or by the authorized representative and forwarded to a Broker Representative for execution.
3. The GM/CEO shall monitor that trades have been executed as per the instruction given and that the investment have not exceeded the available funds earmarked for investment.
4. The GM or designated personnel shall review the trade logs generated at the end of the trading day to verify transactions executed on the Broker Company's own account.
5. A summary of investments shall be forwarded to the BOD for review on a periodic basis.
6. Proprietary trading shall be conducted utilising the Company's funds only. Customers' funds shall not be used for trading at any time. Funds from the Customer's funds bank account shall not be transferred to the Company's own account under any circumstances.

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5.4 Other Matters – Security Administration

Purpose

The purpose of this section is to provide guidance for Broker Companies on areas pertaining to security administration. The objective is to ensure data confidentiality, integrity availability and reliability of information.

Security administration is the process of maintaining a safe computing environment. Security is an important part of enterprise infrastructure. An information system with a weak security foundation may eventually experience a security breach.

Security can be divided into six basic requirements, or tenets, that help ensure data confidentiality, integrity, and availability. The six security tenets are:

- *Identification.* This deals with user names and how users identify themselves to the system.
- *Authentication.* This deals with passwords, smart cards, biometrics, and so on. Authentication is how users prove to the system that they are who they claim to be.
- *Access control (also called authorization).* This deals with access and the privileges granted to users so that they may perform certain functions on the system.
- *Confidentiality.* This deals with encryption. Confidentiality mechanisms ensure that only authorized people can see data stored on or travelling across the network.
- *Integrity.* This deals with checksums and digital signatures. Integrity mechanisms ensure that data is not garbled, lost, or changed when travelling across the network.
- *Non-repudiation.* This is a means of providing proof of data transmission or receipt so that the occurrence of a transaction cannot later be denied.

5.4.1 General points - Security Administration

1. Brokers shall ensure that no person other than those persons whose names appear on the Register of Broker's Representatives shall have access to the System and the trading and clearing facilities of the Market or undertake Brokerage Services. (*Rules Relating to ADX, November 2000*)
2. Broker Company shall inform ADX of any change in employment of the Broker Representatives for withdrawal of user access rights. If the Broker Representatives are proceeding on leave or any other temporary absences, the Broker Company should inform the Exchange, to enable their user access to be suspended. The Broker Company should inform the Exchange on the return of the Broker representative for release of the suspended user access.

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3. For internet trading, Broker Company should ensure customer's responsibility over safeguarding of user name and password used in accessing internet trading facility. (SCA Rules and Regulations 67/R, 2007)

5.4.2 Security Administration Procedures

This section is not intended to address either the specific hardware and software selection criteria or controls or other IT matters including access controls, backup procedures and disaster recovery plans that would be specifically covered under the Broker Company's IT manual.

1. Broker Company shall entrust the responsibility of a security administration to the Head of IT Department or equivalent personnel (e.g. System Administrator) within the IT Department. The System Administrator should be granted the required level of access for performance of systems administration activities.
2. The Security Administrator shall not be involved in processes related to system development, IT operations or the day-to-day operations of the trading or brokerage businesses. Broker Company should observe segregation of duties between data administration and security administration responsibilities. The Security Administrator shall ensure that changes to user access rights are documented and authorized by the appropriate personnel as per the Discretionary Authority Limits of the Broker Company.
3. Request to create new or modify current access rights should be documented in writing. Broker Company may use its internally developed form or inter-office memoranda for changes in access rights of users.
4. The GM/CEO or authorized designated personnel shall approve such new or modified access to Trading System or Back Office System.
5. If such access has been approved by the GM/CEO, the System Administrator should communicate the user name and password directly to the new user. The system should provide for a forced password change for the first time.
6. If the Broker Company adopts a SMS system facility, the System Administrator should report to the Compliance Officer or Head – F&O periodically on any exceptions of the SMS not being sent to customers after the execution of their orders, by reviewing the SMS Log and other trouble shooting matters in terms of any connectivity issues of the e-trade system.
7. A list of system users should be reviewed monthly. A full review of users and access rights shall be performed at least quarterly. Access rights to the systems should be cancelled when not required.

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8. System administrator shall ensure that daily audit trail reports are available for Horizon systems and On-line Trading, if applicable and Back Office system which shall be utilized in verifying unusual issues and exceptions.

For process flowcharts, refer Appendix 6.3.34.

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DEFINITION OF TERMS

Abu Dhabi Securities Exchange (ADX) is a public entity providing trading and clearing facilities established in Abu Dhabi pursuant to the Decree to this effect.

Broker or Broker Company means the corporate entity registered in SCA's Register of Brokers as the holder of a valid broking license issued by SCA and ADX to provide brokerage services.

Broker Representative means the individual employed by the Broker Companies who have passed the required license examinations and have been provided access to trade in the Exchange securities.

Broker Settlement Account means the bank account with the Settlement Bank opened and operated by Broker Company in accordance with stock exchange rules. For ADX the accredited settlement bank is the National Bank of Abu Dhabi.

Customer Agreement means the agreement between Broker Company and an investor in the form attached to the Code of Conduct or in such other form as may be prescribed by stock exchange from time to time.

Buy Order is an instruction given by an investor to Broker Company to buy a specified amount of securities of a certain issuer at a certain price from the Market.

Clearing Settlement & Depository (CSD) is a department responsible for the safekeeping and maintaining of the registries of all listed securities in the CSD electronic registry. CSD is responsible for settling the net-to-pay and net-to-collect balances with ADX Brokers through the appointed settlement bank as well as maintenance and monitoring of bank guarantees.

Dubai Financial Market (DFM) is a governmental institution that supervises and regulates trading and maintains the securities register of listed issuers.

Insider Trading refers to trading of Listed Company's stock or other securities by corporate insiders such as directors, officers and key employees.

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

National Investor Number (NIN) is the unique number given by the Market to an investor to trade on the Market.

Market means the market for buying and selling securities, clearing and settlement transferred thereon and providing registry services operated by ADX.

Non-Proprietary Trading means trading for investors as a broker and acting as 'Agent'.

Proprietary Trading means trading by Broker Company in the capacity of 'Principal' and maintaining its own portfolio.

Related Party Trading means trading for related party (such as trading on behalf of related party Company, key officers etc.).

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DEFINITION OF TERMS (cont'd)

Sell Order is an instruction given by an investor to Broker Company to sell a specified amount of securities of a certain issuer at a certain price from the Market.

Security Administration Security administration is the process of maintaining a safe computing environment with the objective of ensuring data confidentiality, integrity, reliability and availability.

Securities and Commodities Authority (SCA) Government regulatory body enjoying legal, financial and administrative independence with the control and executive powers necessary in discharging its tasks in line with the provision of the Federal Law No. 4 of 2000.

Trade Log is the file generated from stock exchange system, detailing all trades executed by Broker Company with stock exchanges.

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

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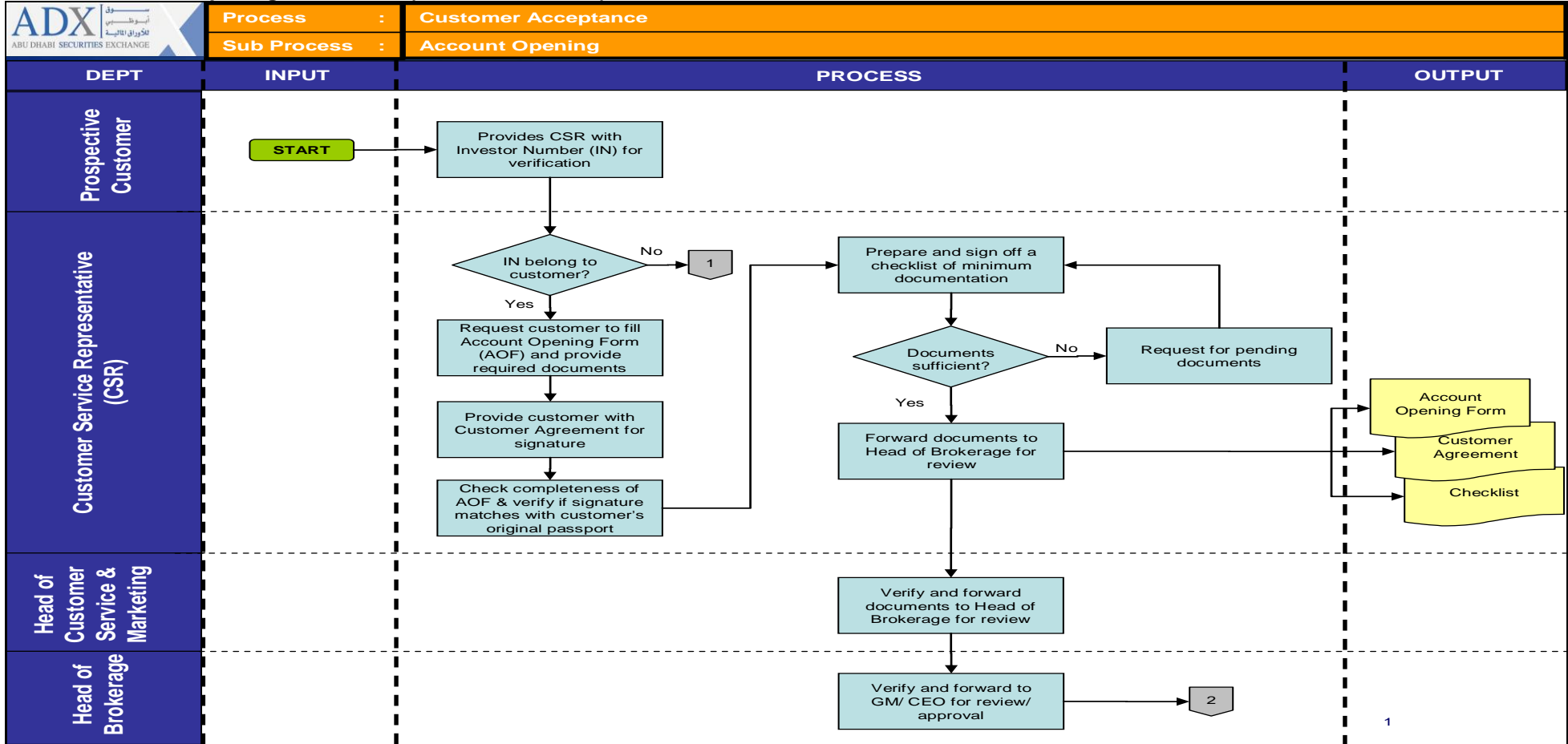
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ABBREVIATIONS

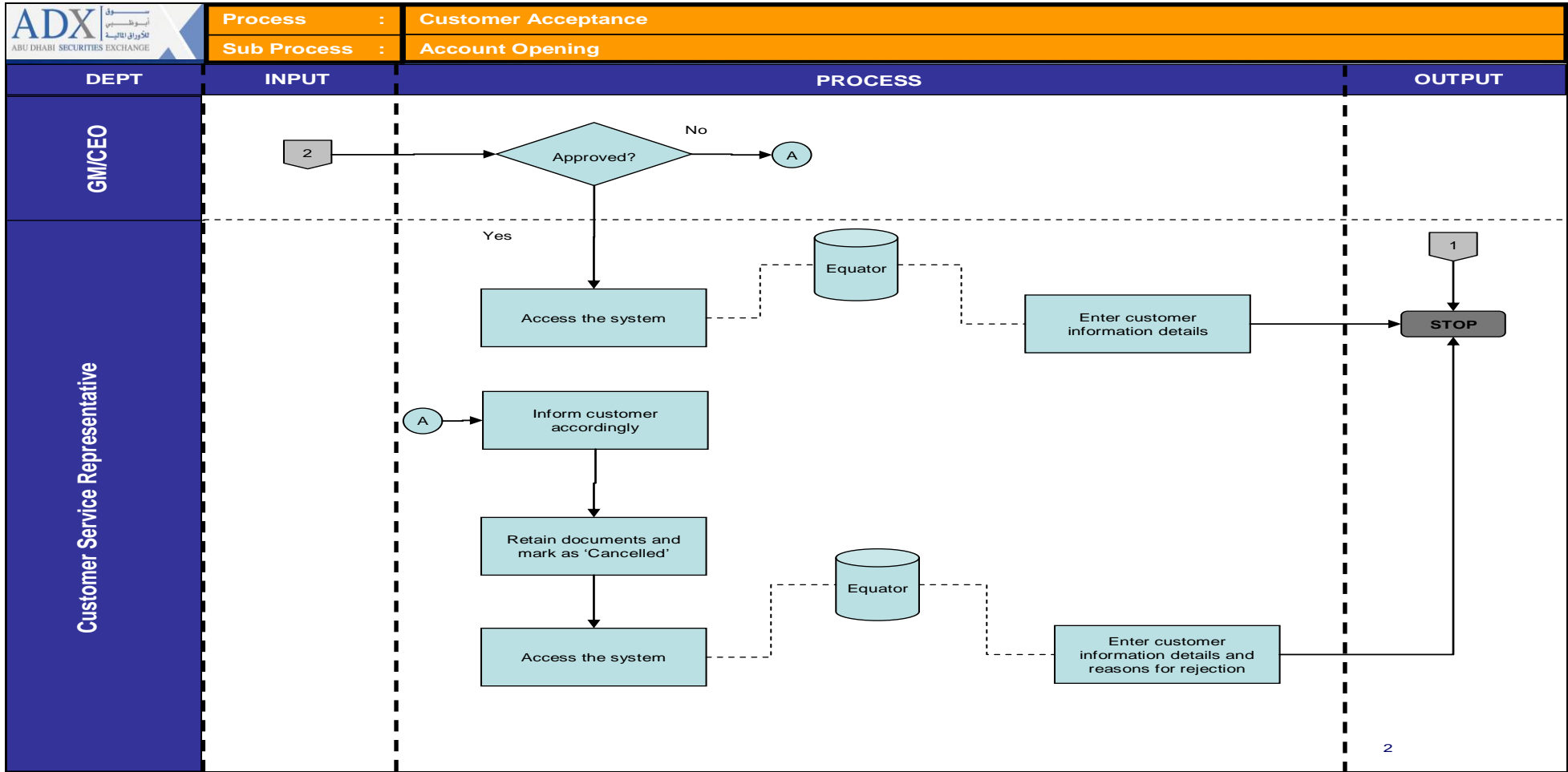
ADX	: Abu Dhabi Securities Exchange
AML	: Anti-Money Laundering
AOF	: Account Opening Form
BOD	: Board of Director
BG	: Bank Guarantee
BVR	: Budget Variance Report
CEO	: Chief Executive Officer
CPA	: Certified Public Accountant
CSD	: Clearing Settlement and Depository
CSR	: Customer Service Representative
DAL	: Discretionary Authority Limits
Head of F&O	: Finance & Operations
FS	: Financial Statements
GM	: General Manager
IAS	: International Accounting Standards
IFRS	: International Financial Reporting Standards
IN	: Investor Number
IT	: Information Technology
KYC	: Know Your Customer
SCA	: Securities and Commodities Authority
SMS	: Short Messaging System
STR	: Suspicious Transaction Report

Flowcharts

6.3.1 Account Opening Procedures (from Section 3.1.2)



6.3.1 Account Opening Procedures (cont'd...)



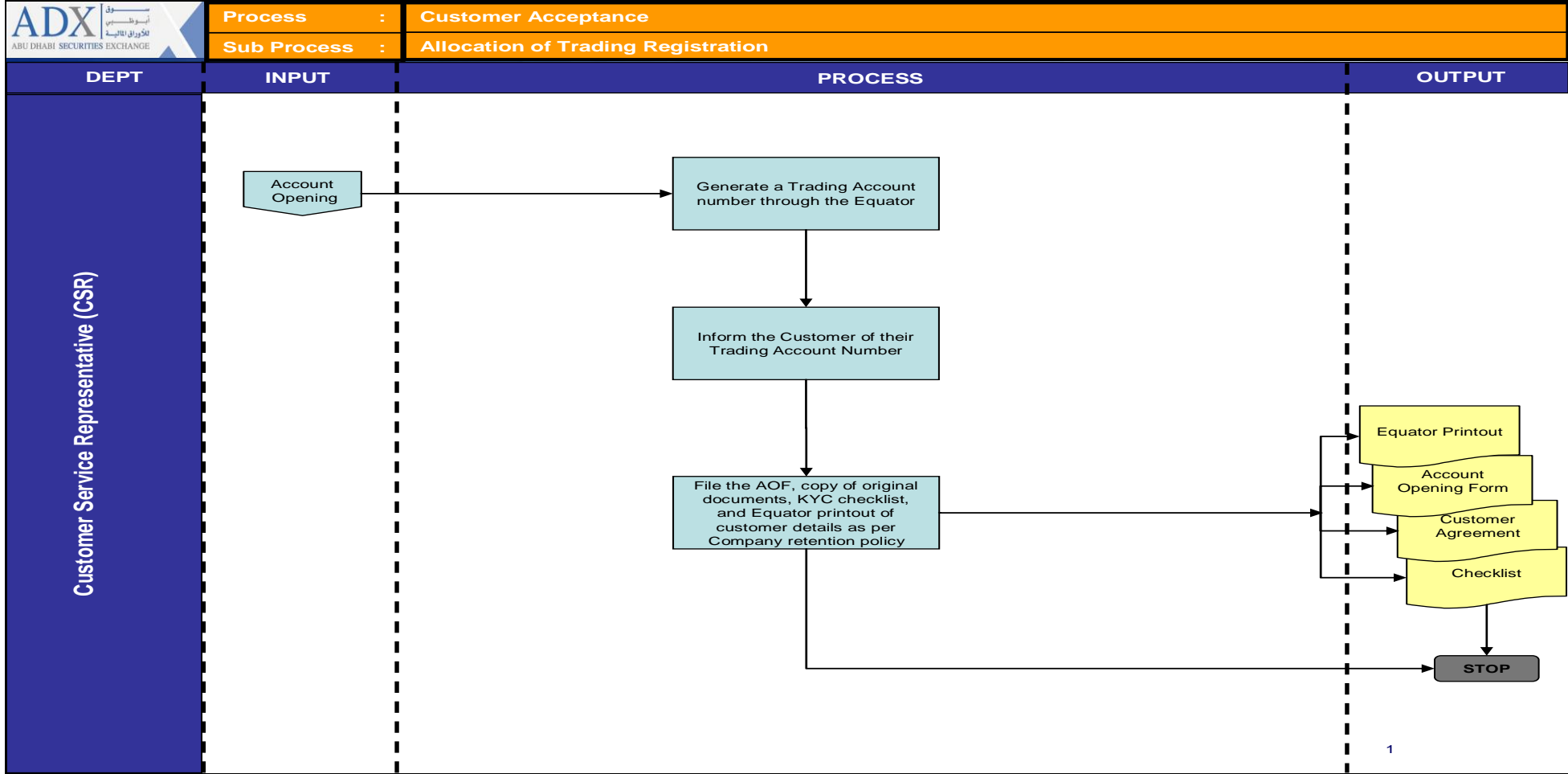
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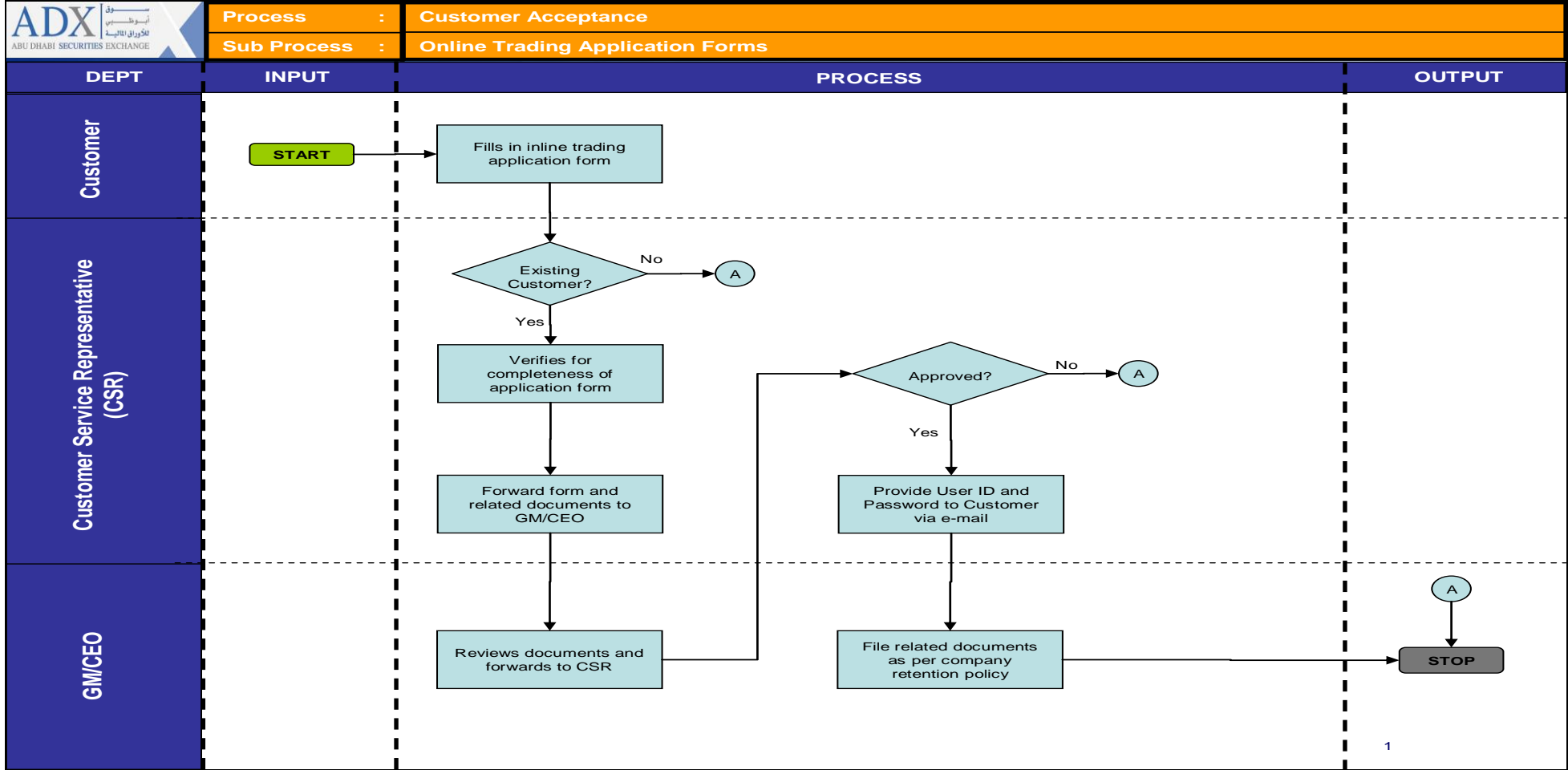
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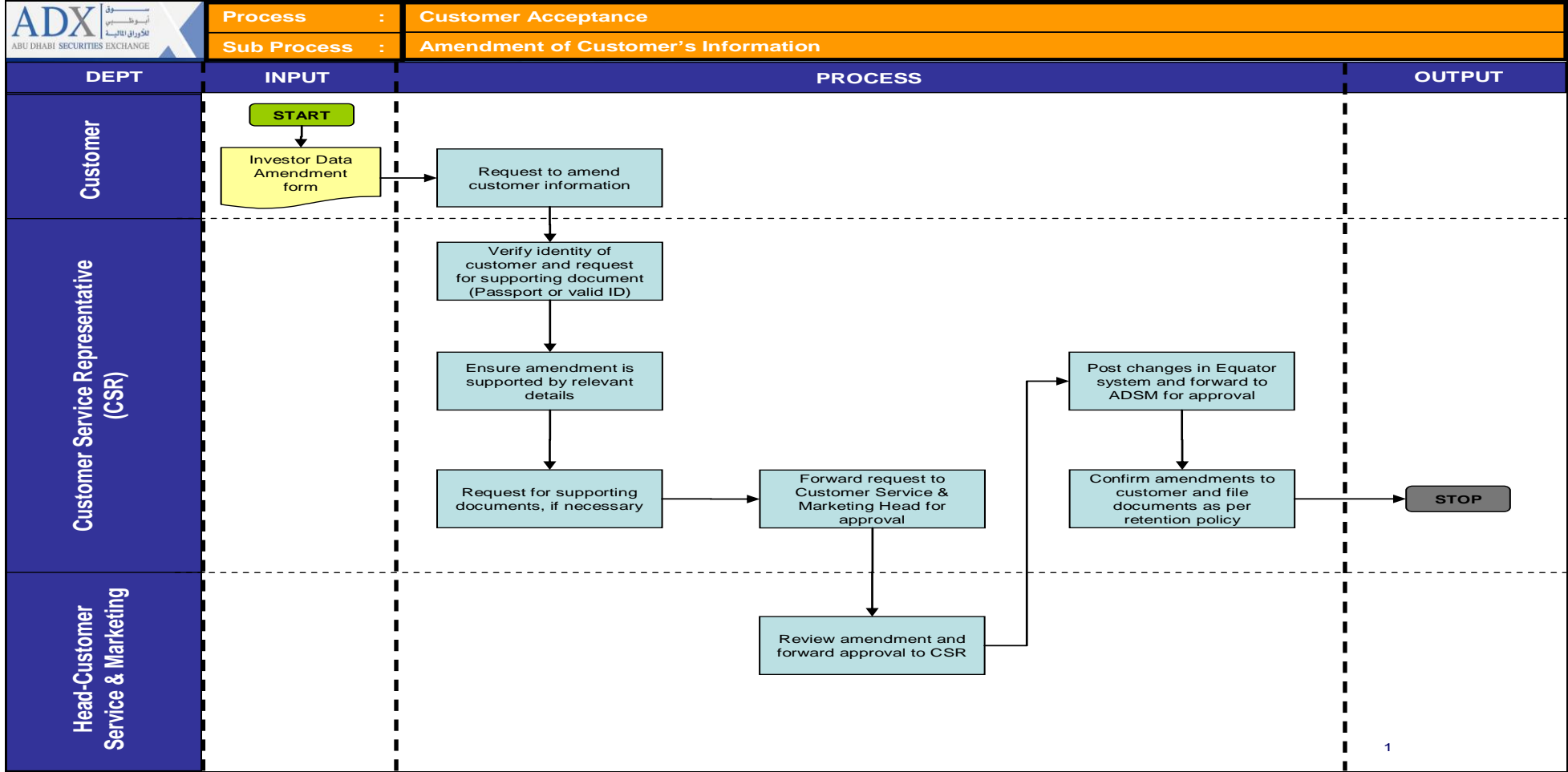
6.3.2 Allocation of Trading Account (from Section 3.1.4)



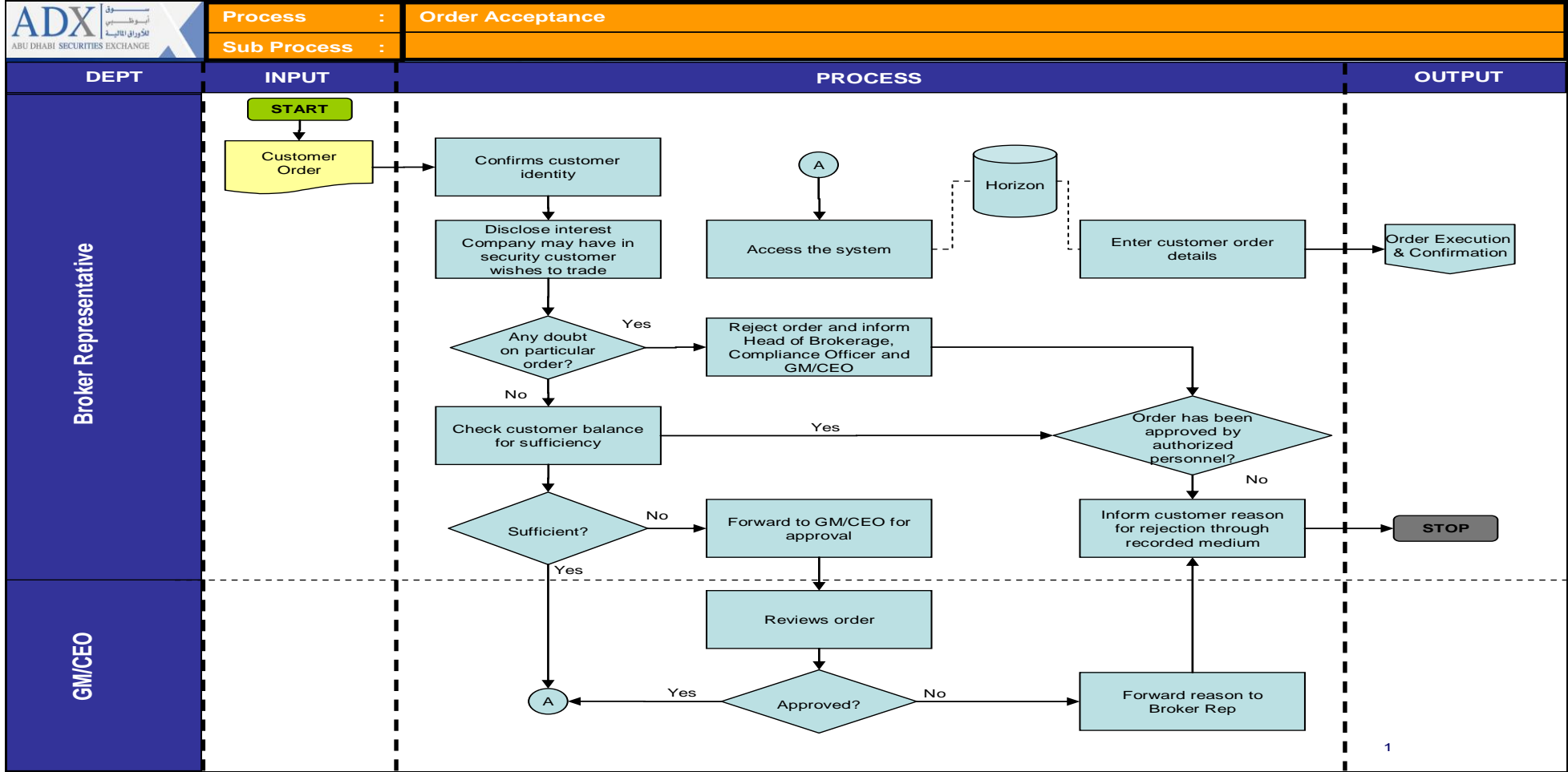
6.3.3 Online Trading Application (from Section 3.1.5)



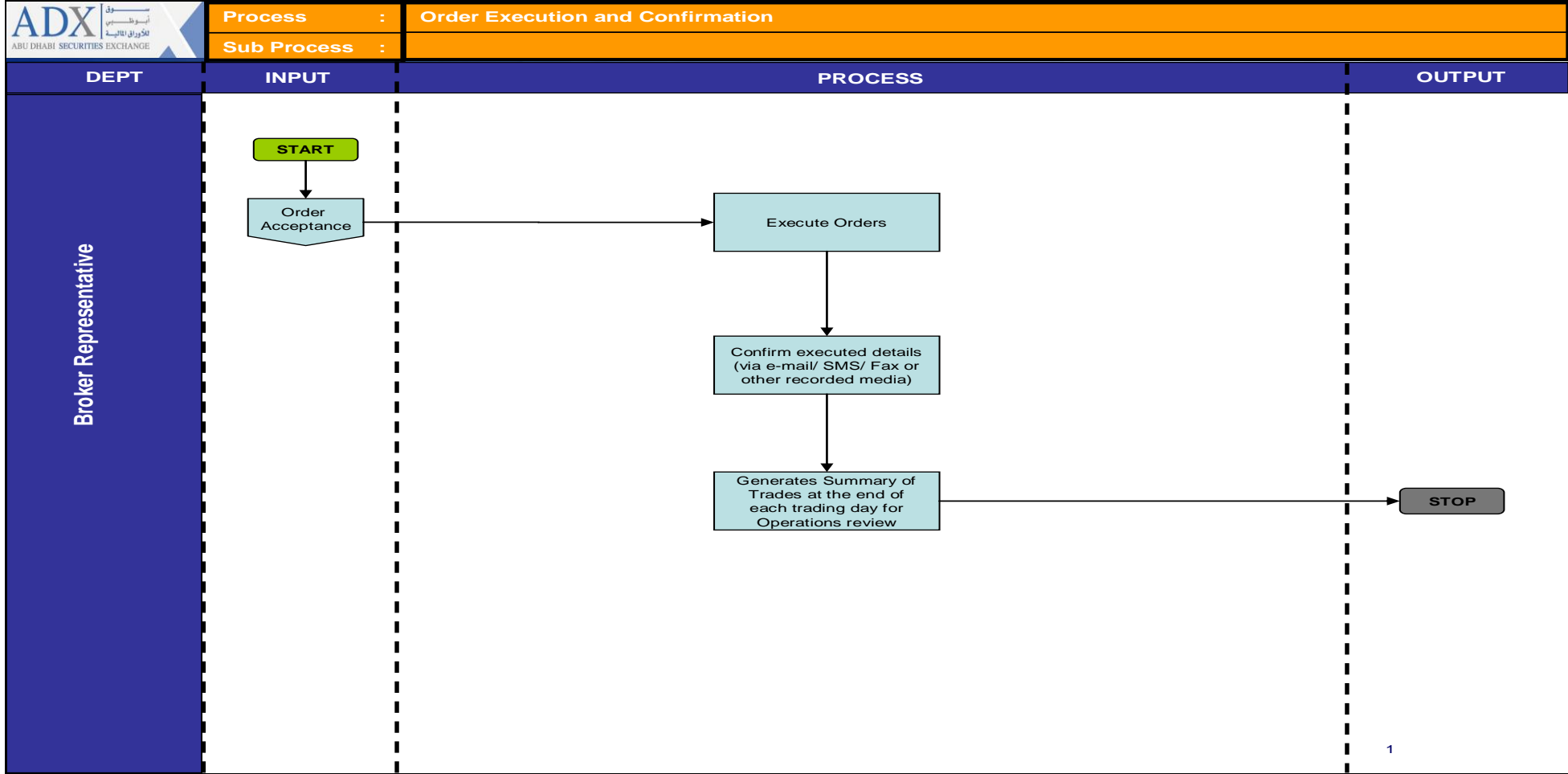
6.3.4 Amendment of Customer Information (from Section 3.1.7)



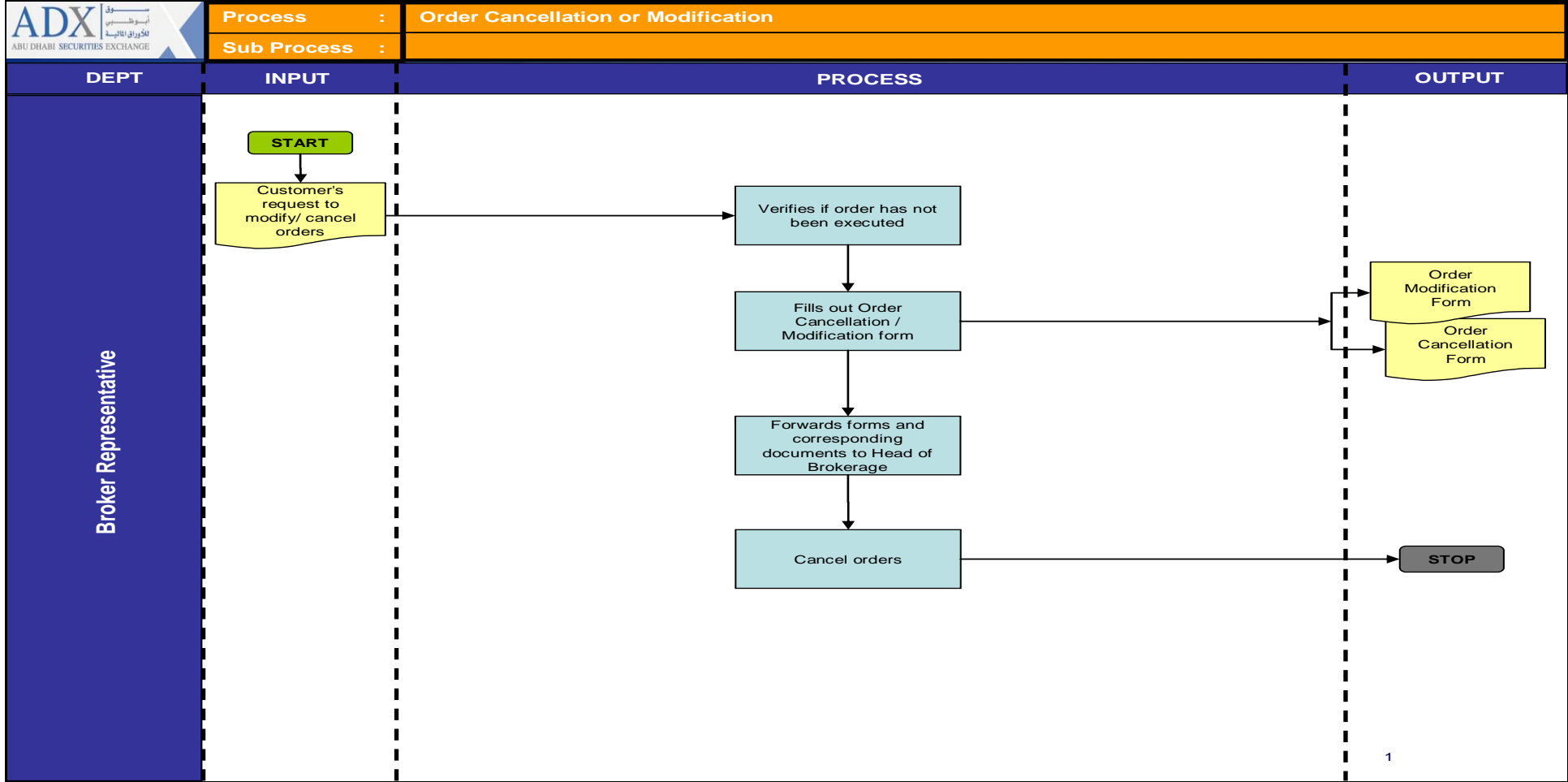
6.3.5 Order Acceptance (from Section 3.2.2)



6.3.6 Order Execution and Confirmation (from Section 3.3.2)

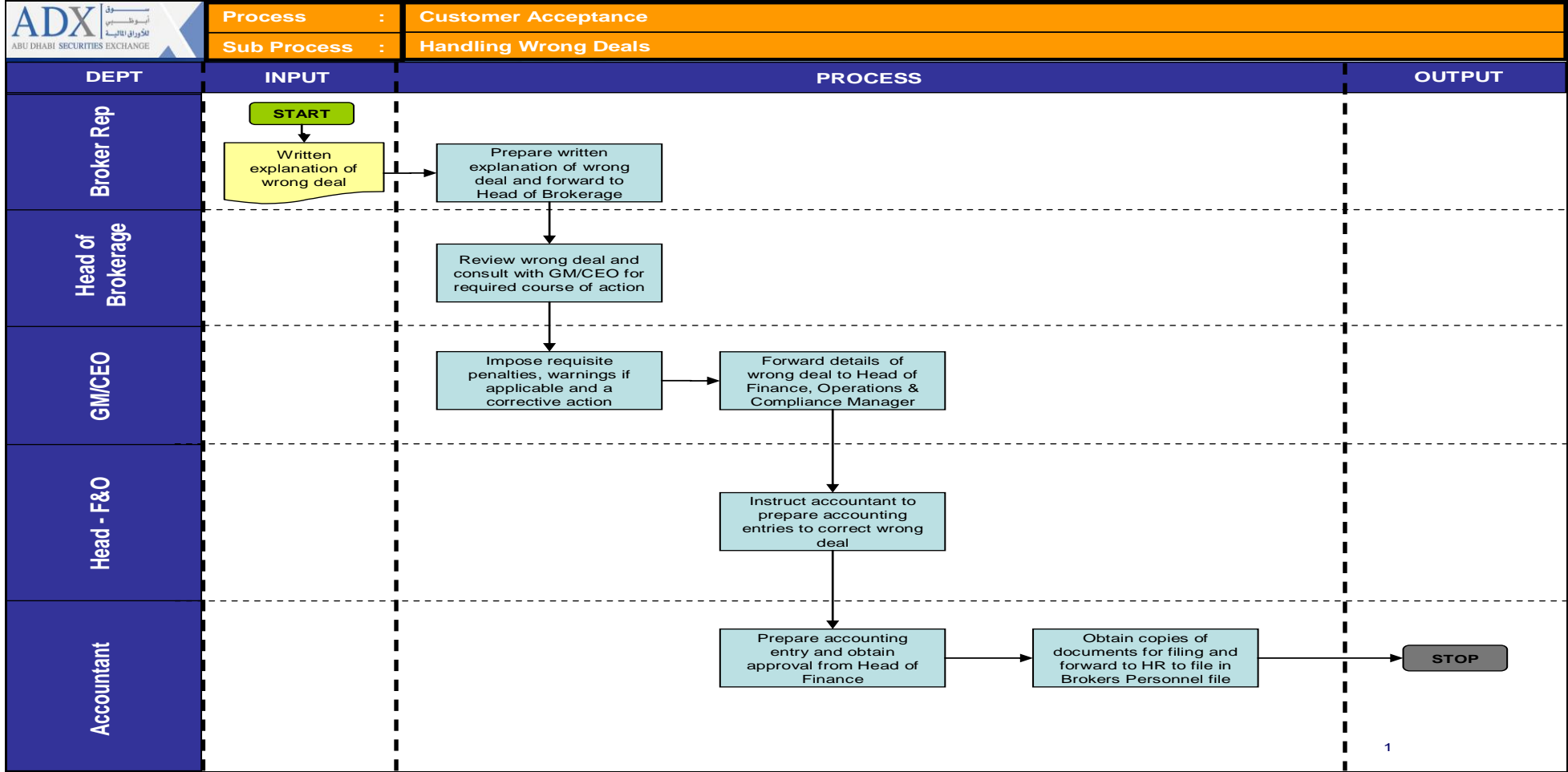


6.3.7 Order Cancellation / Modification (from Section 3.4.2)

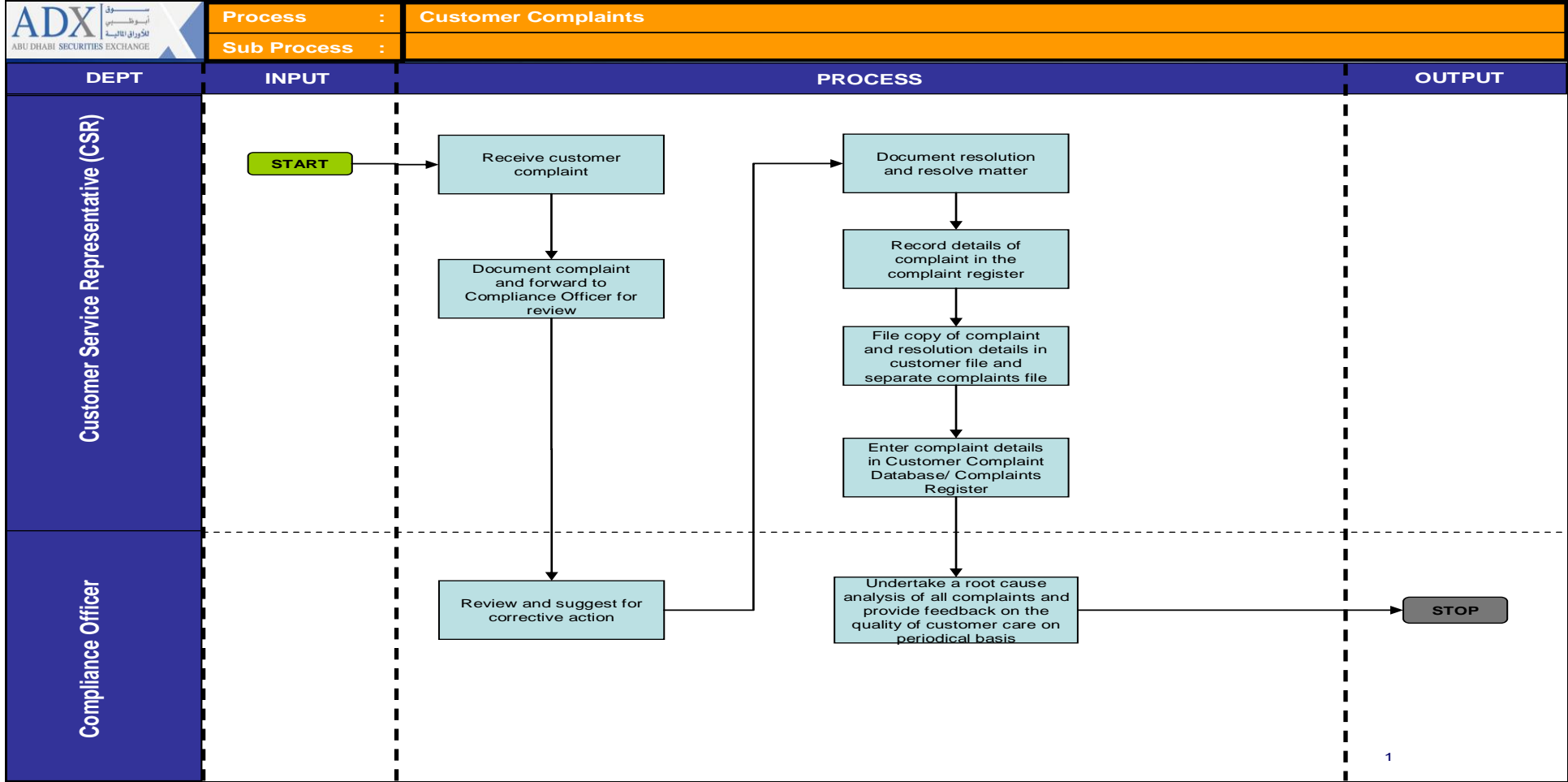


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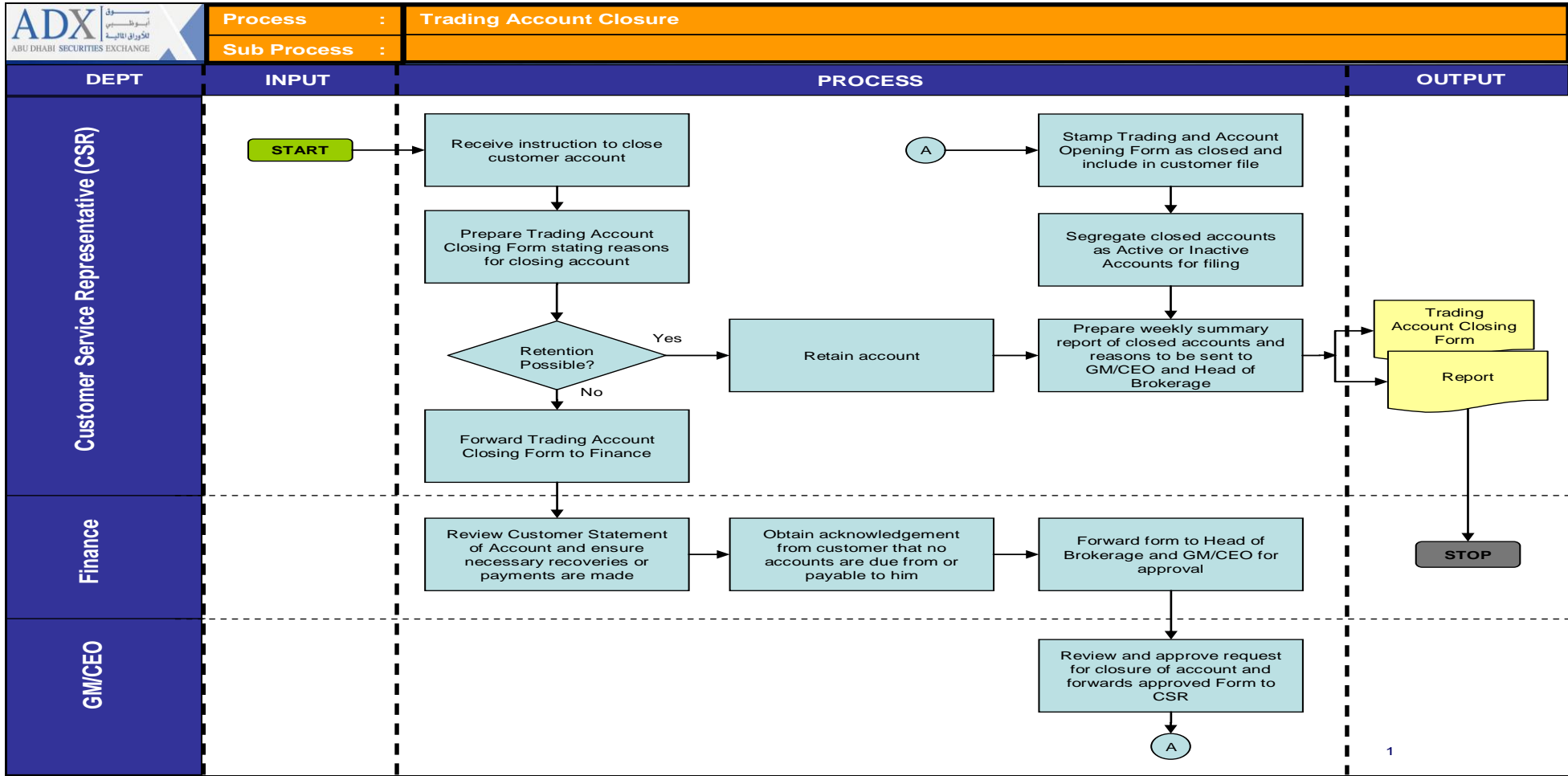
6.3.8 Handling Wrong Deals (from Section 3.4.3)



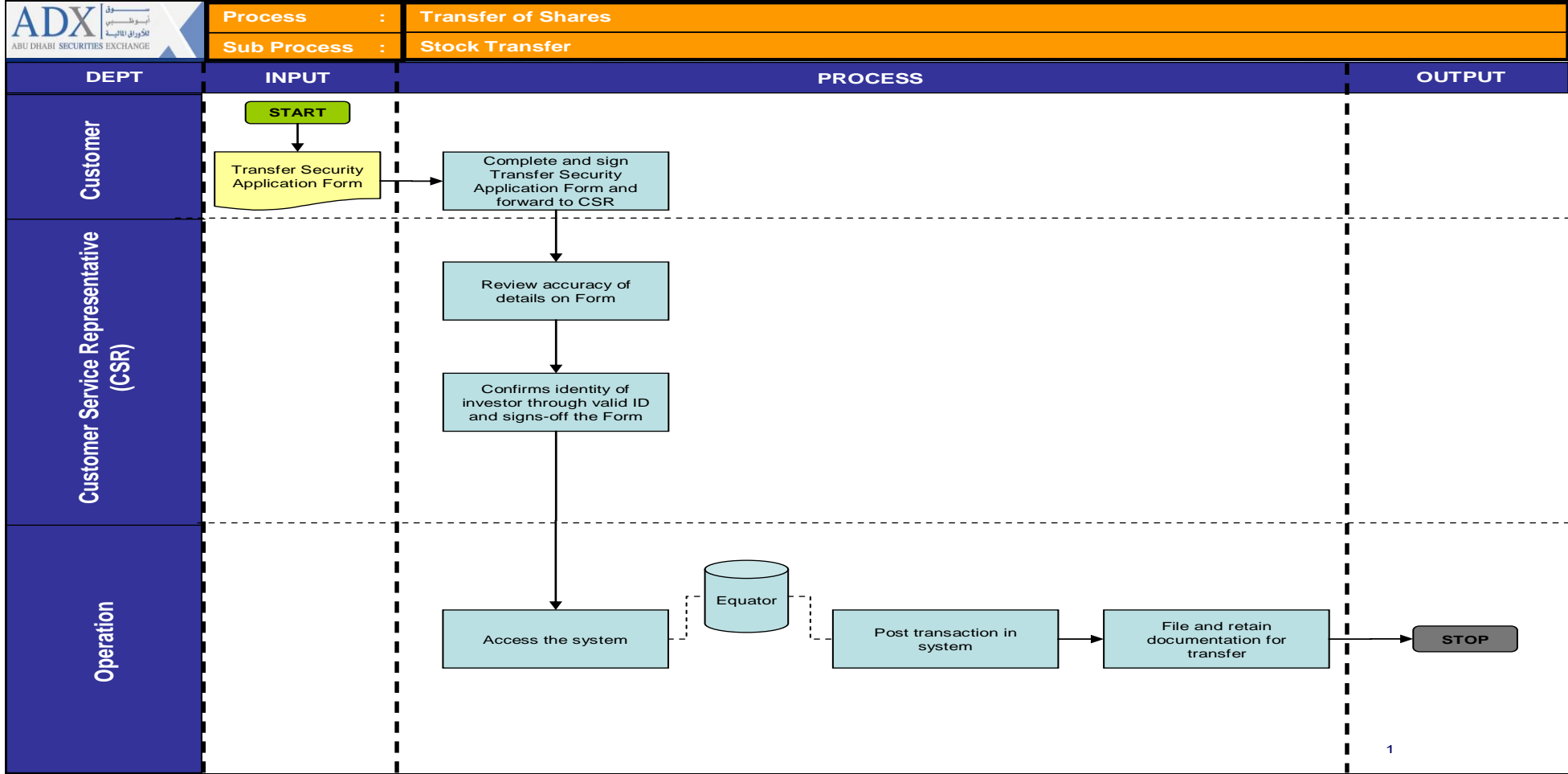
6.3.9 Customer Complaints (from Section 3.5.2 - A)



6.3.10 Trading Account Closure (from Section 3.5.2-B)

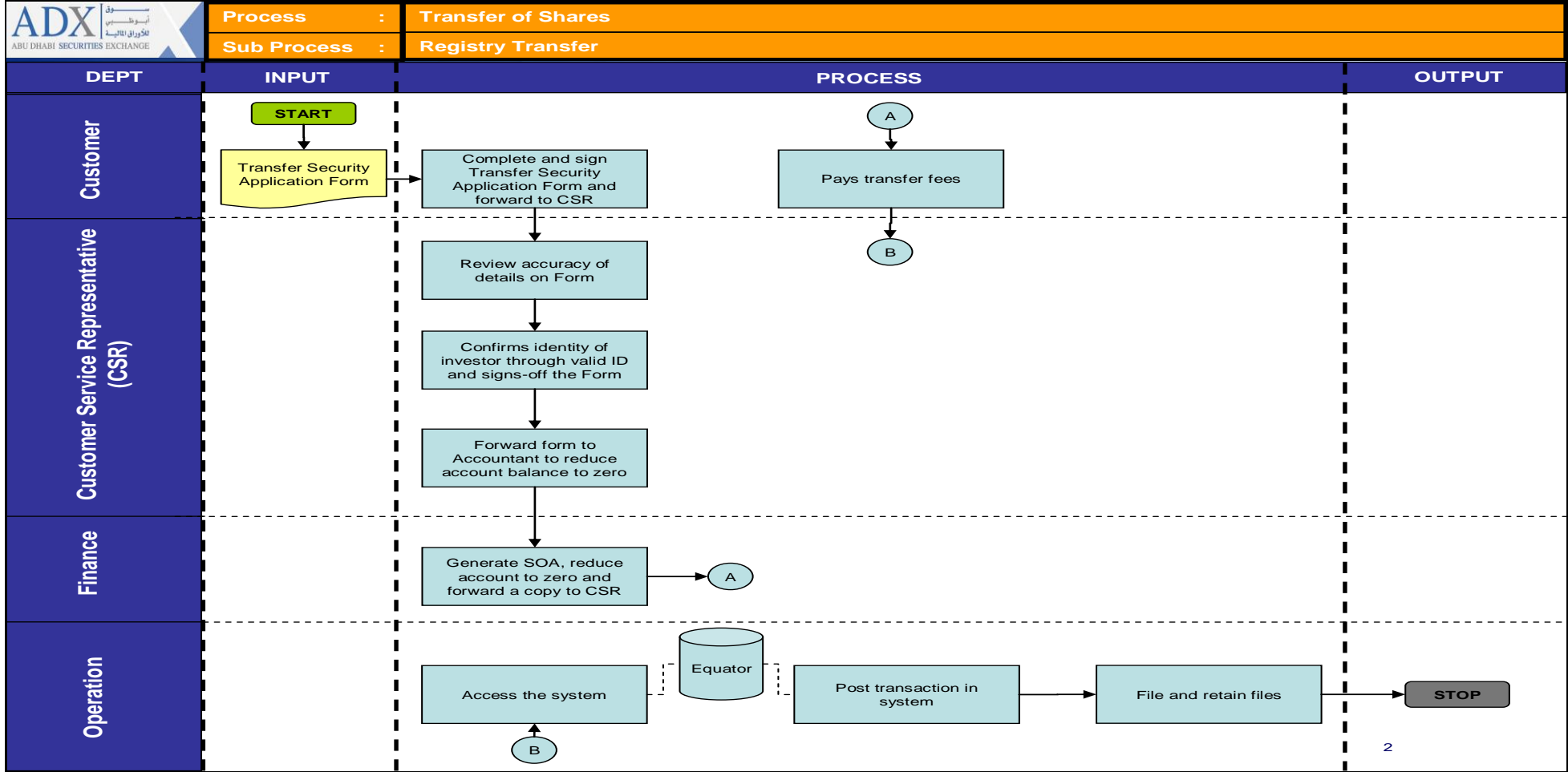


6.3.11 Stock Transfer (from Section 3.5.2 – C.1)

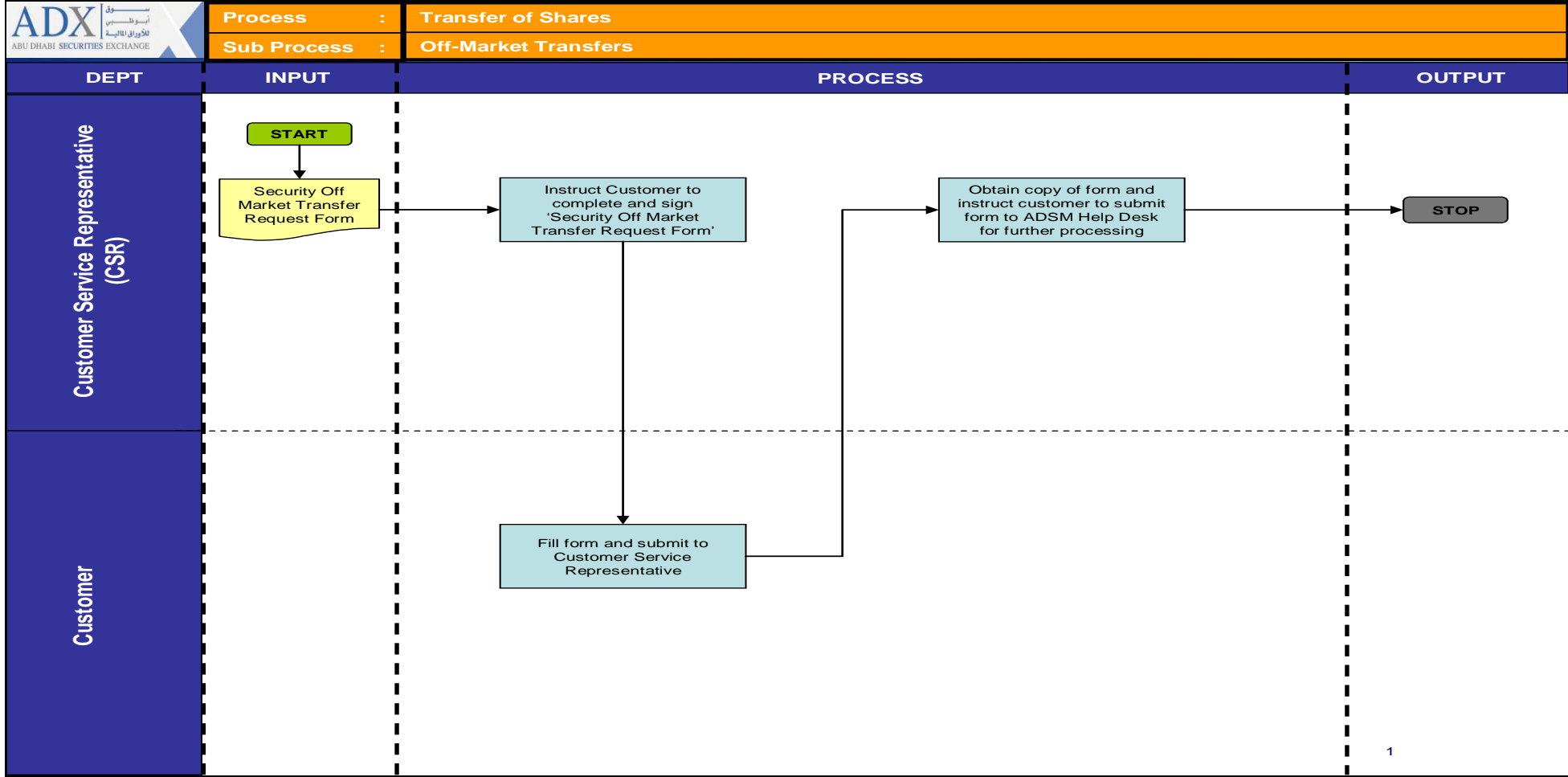


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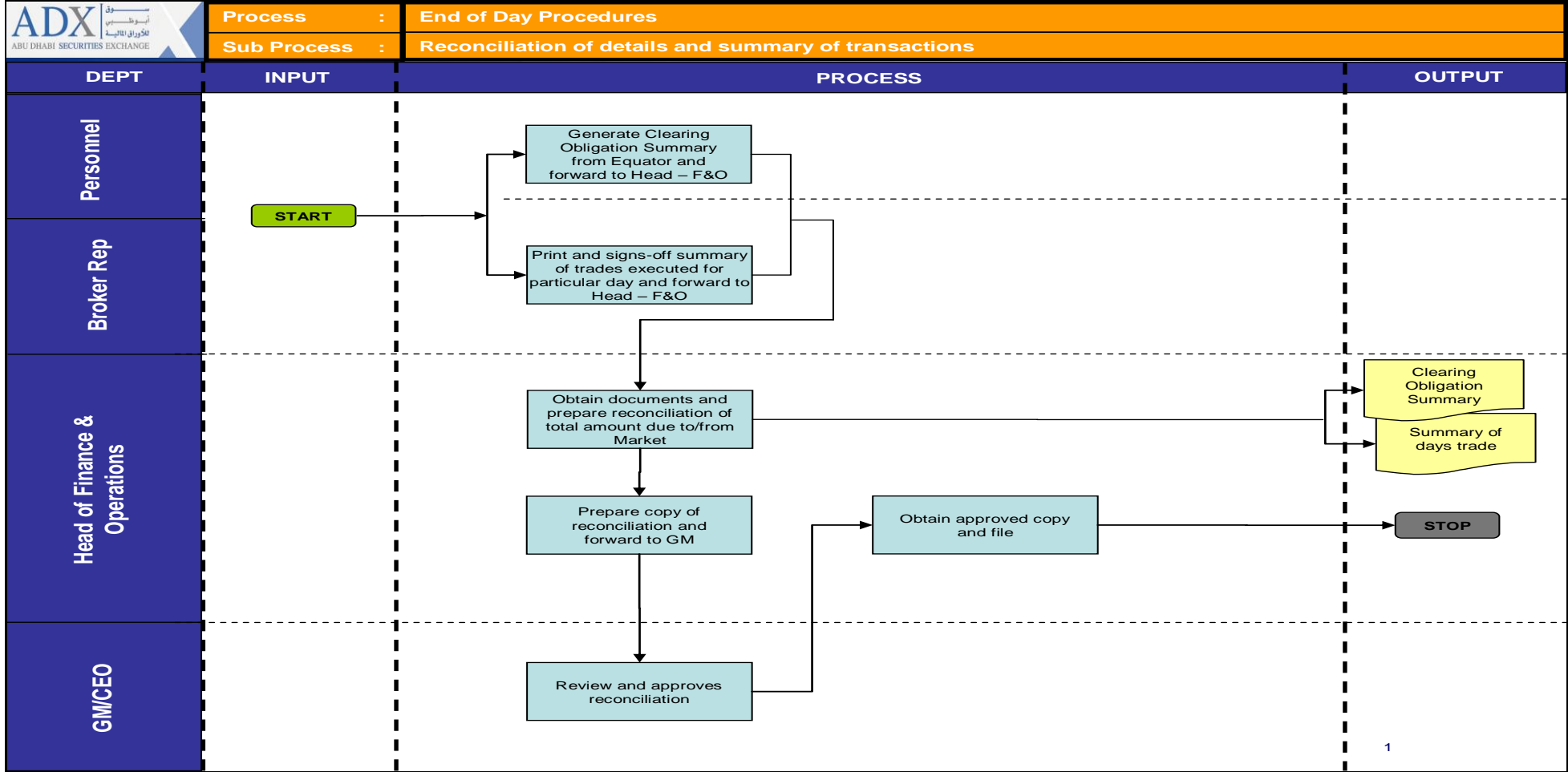
6.3.12 Registry Transfer (from Section 3.5.2 – C.1)



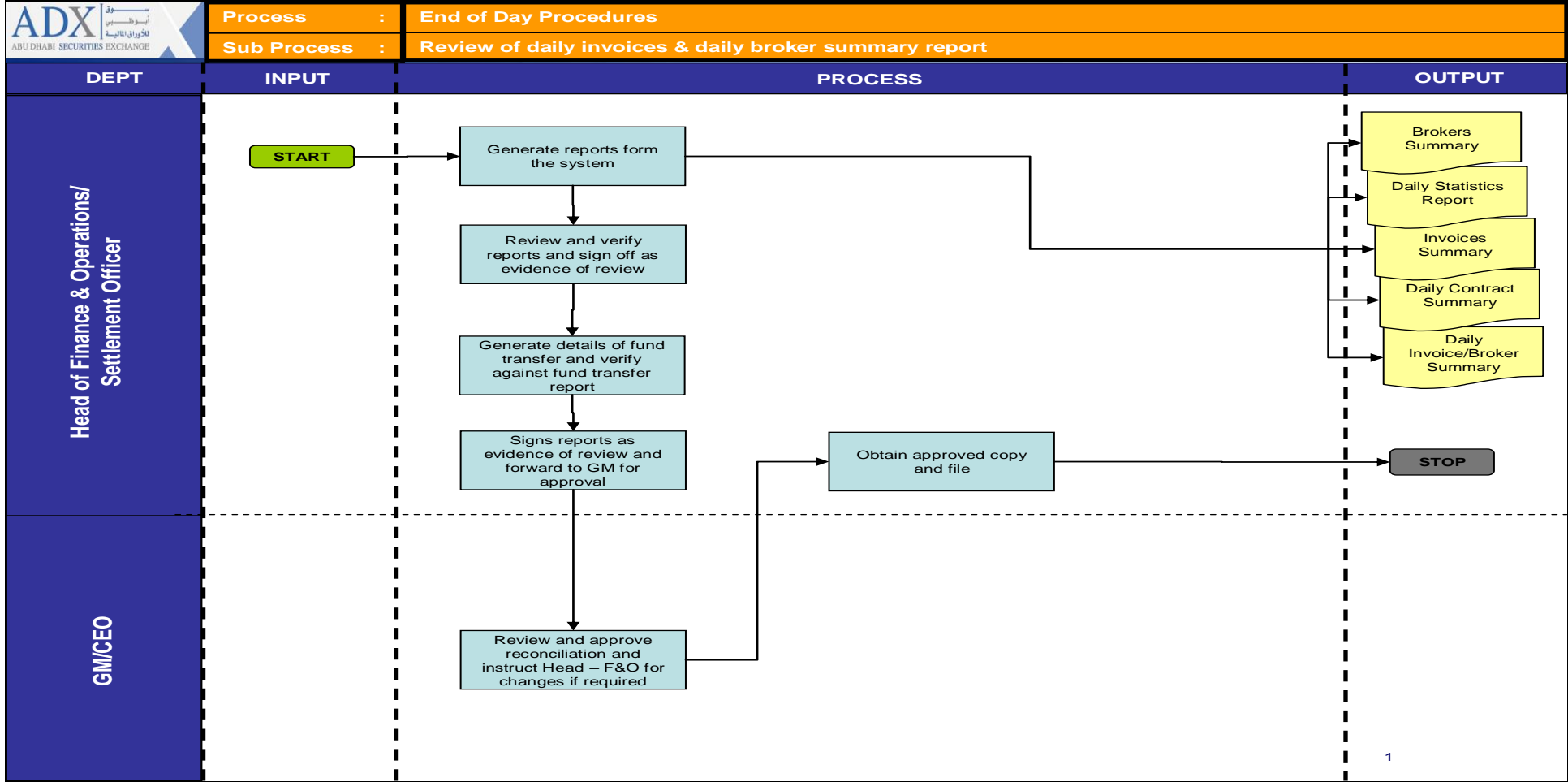
6.3.13 Off-Market Transfers (from Section 3.5.2 – C.2)



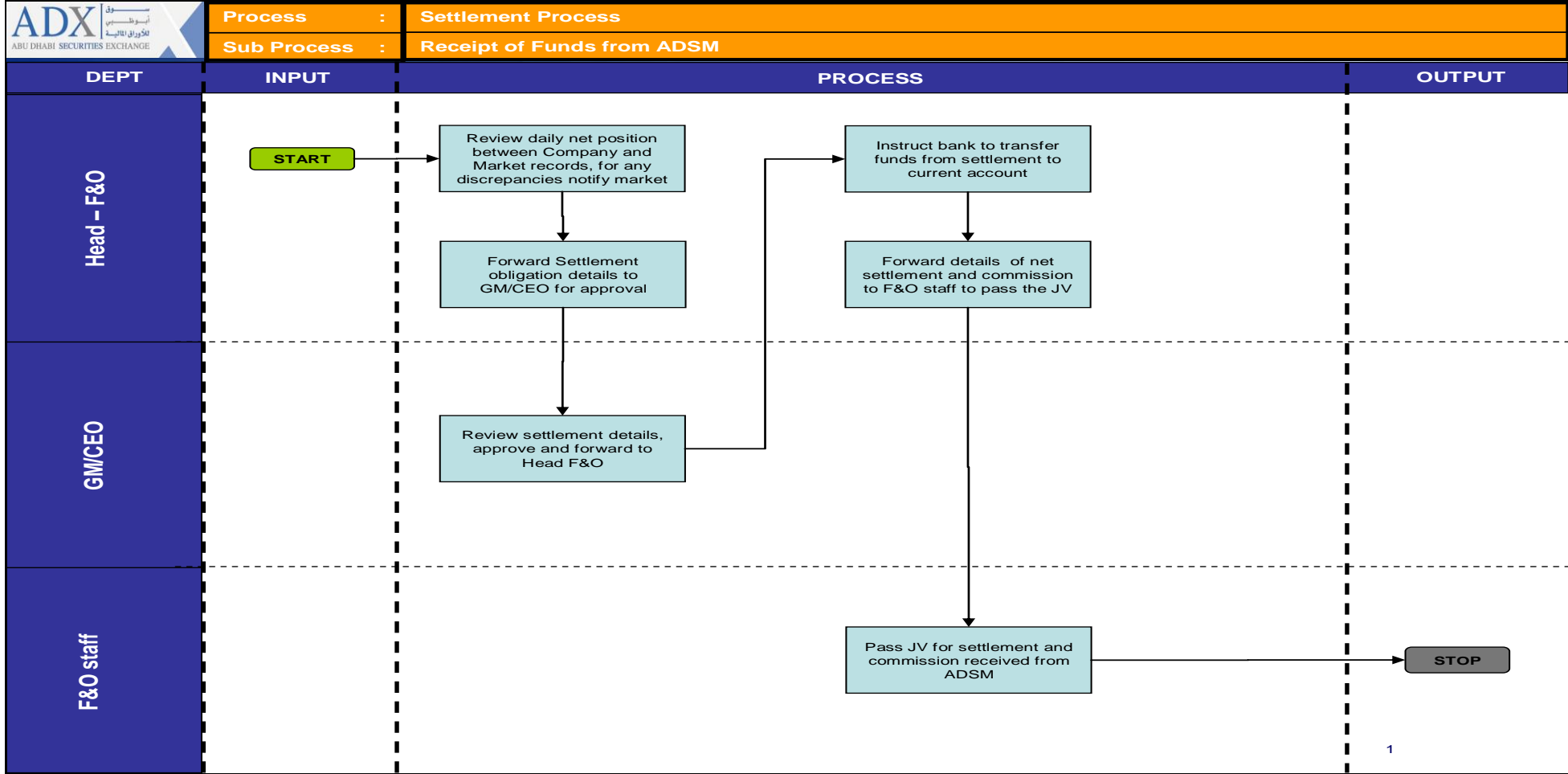
6.3.14 Reconciliation of Details and Summary of Transactions (from Section 4.1.2 - A)



6.3.15 Review of Daily Invoices and Daily Broker Summary Report (from Section 4.1.2 - B)



6.3.17 Settlement Process – Receipts of Funds from ADX (from Section 4.4.2 - A)



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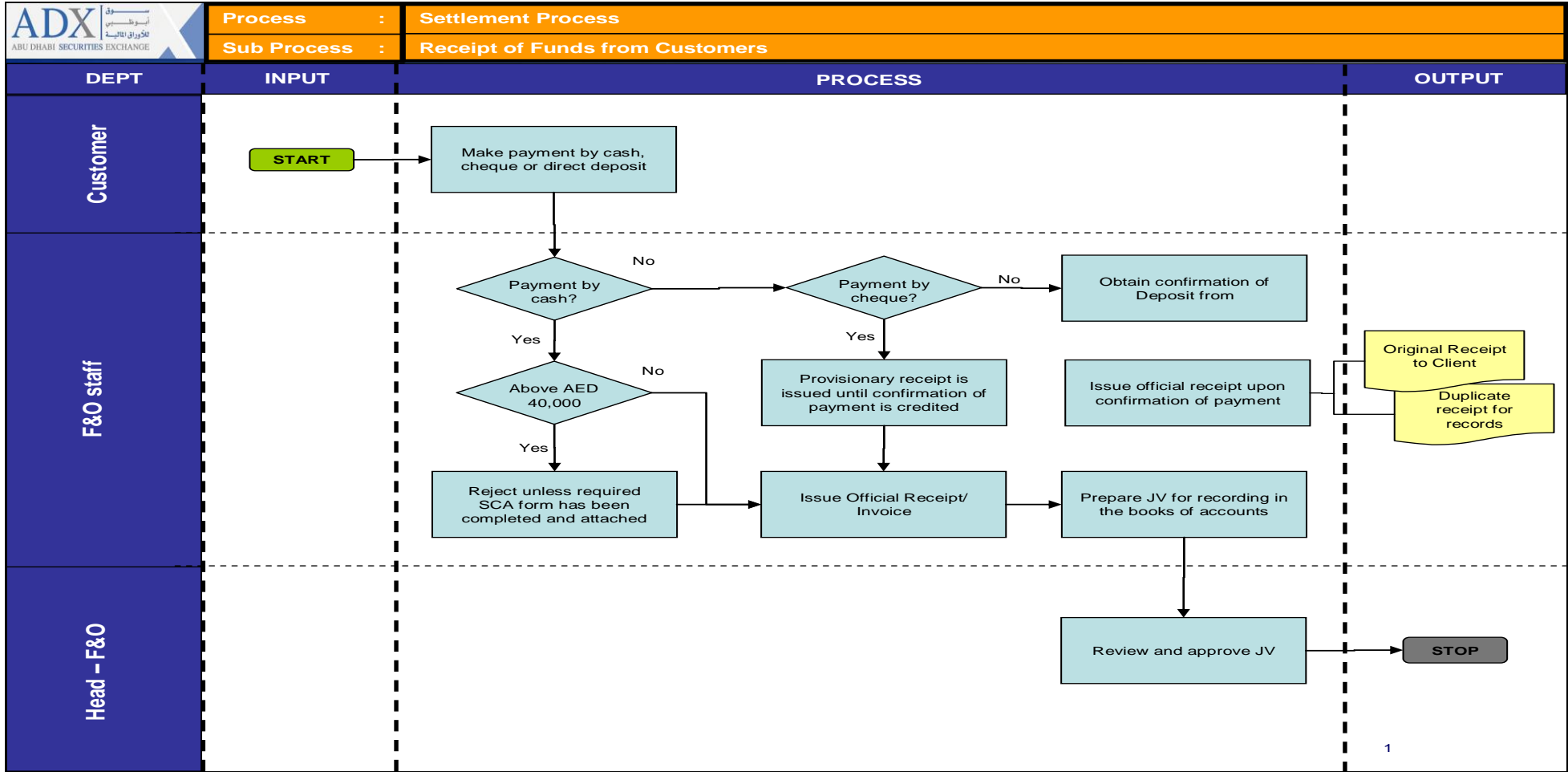
6.3.18 Settlement Process – Payment of Funds to ADX (from Section 4.2.2 - A)

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6.3.19 Settlement Process – Receipt of Funds from Customers (from Section 4.2.2 - B)

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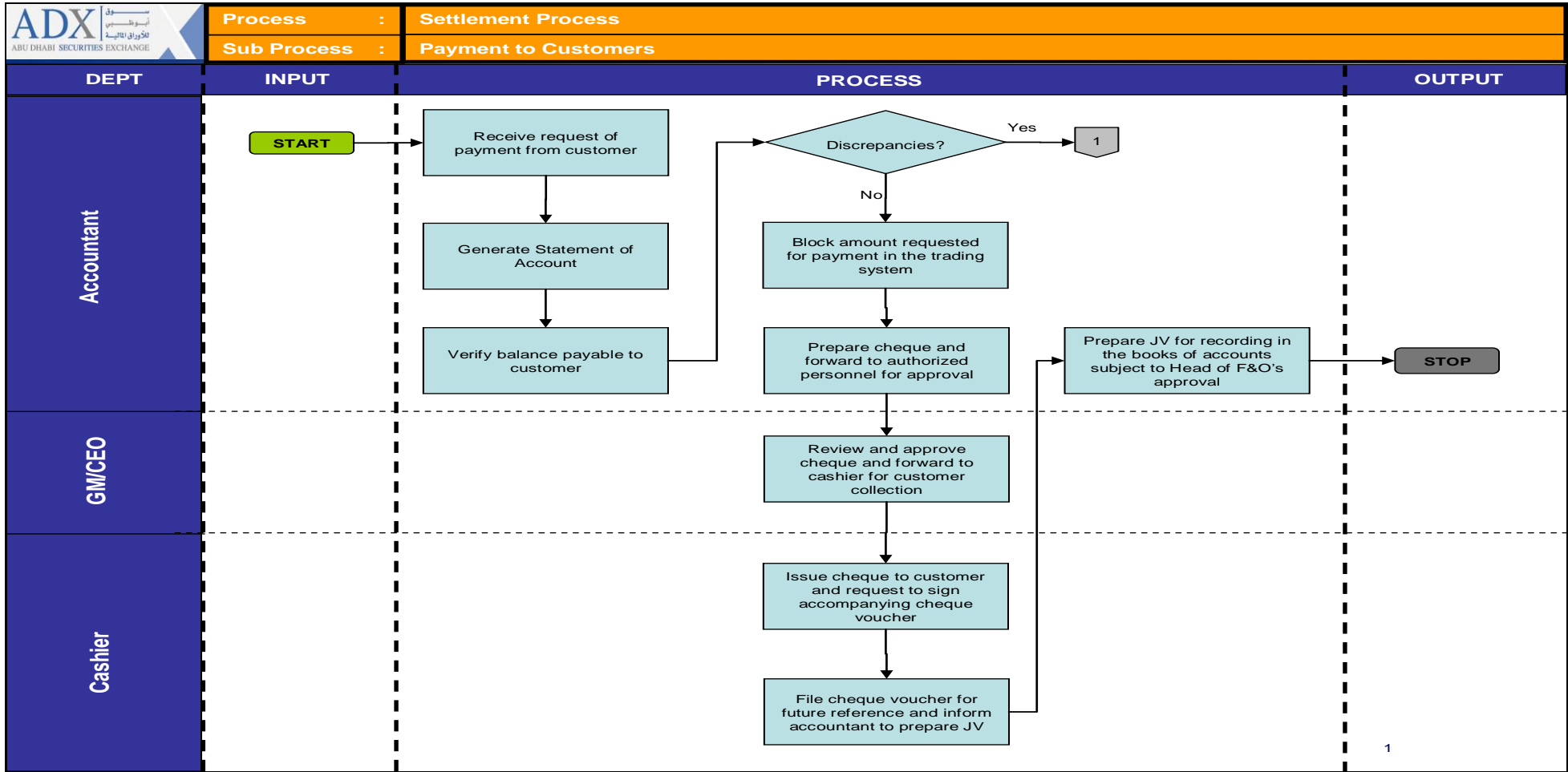
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6.3.20 Settlement Process – Payment to Customers (from Section 4.2.2 - C)

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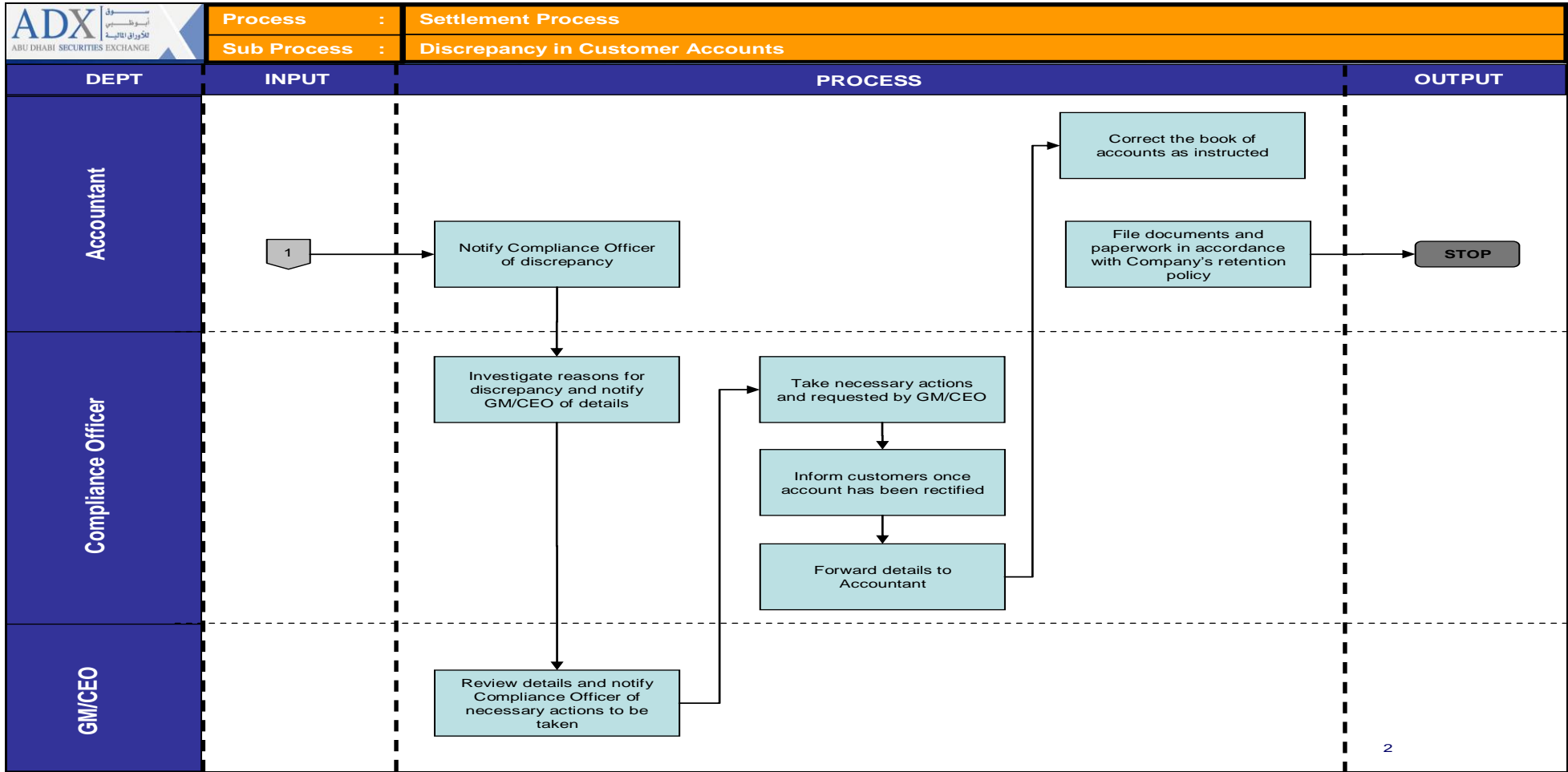
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6.3.21 Settlement Process – Discrepancy in Customer Accounts - (from Section 4.2.2 - D)

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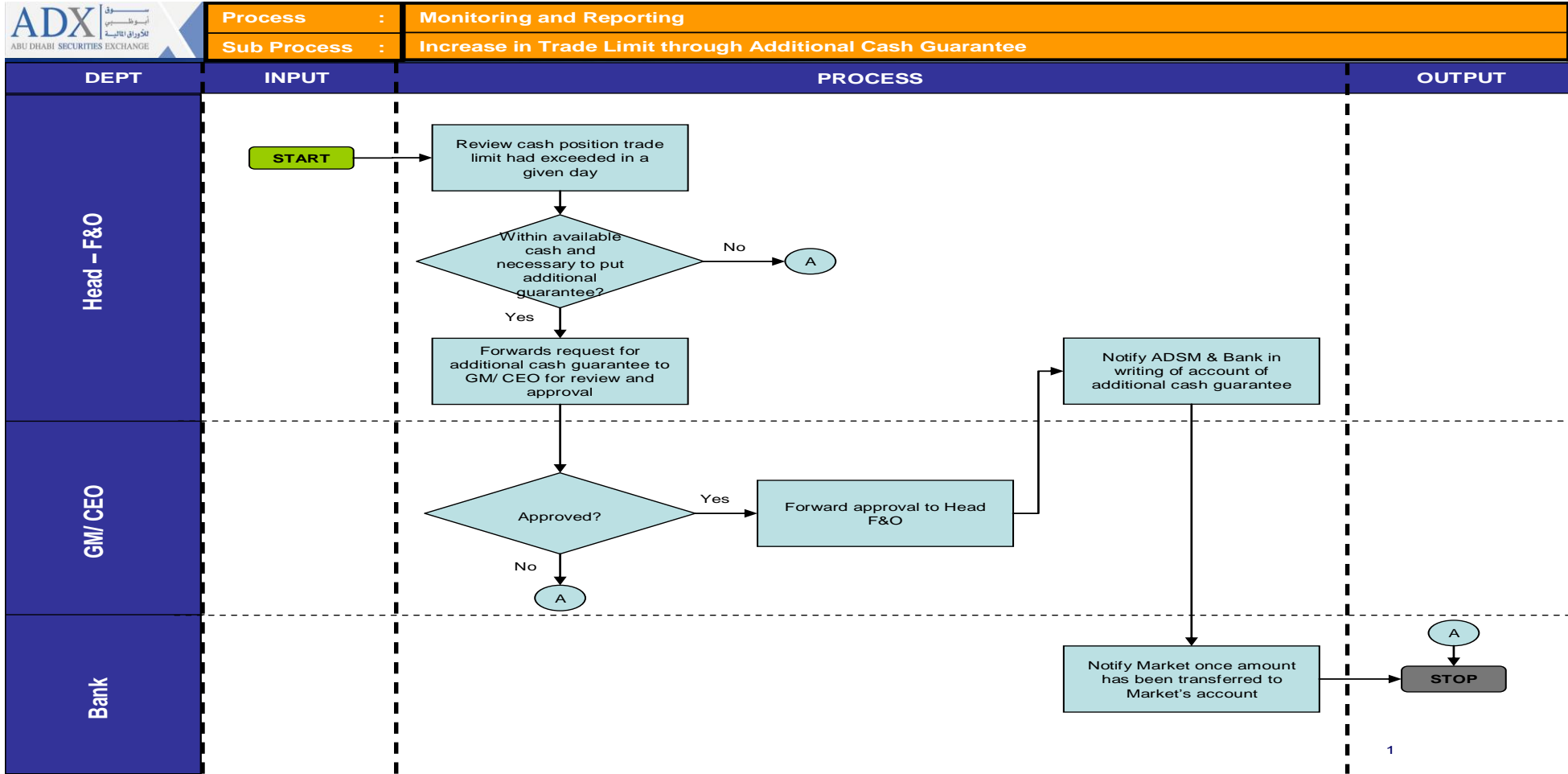
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6.3.22 Increase in Trade Limit through Additional Cash Guarantee (from Section 4.3.2 - B)

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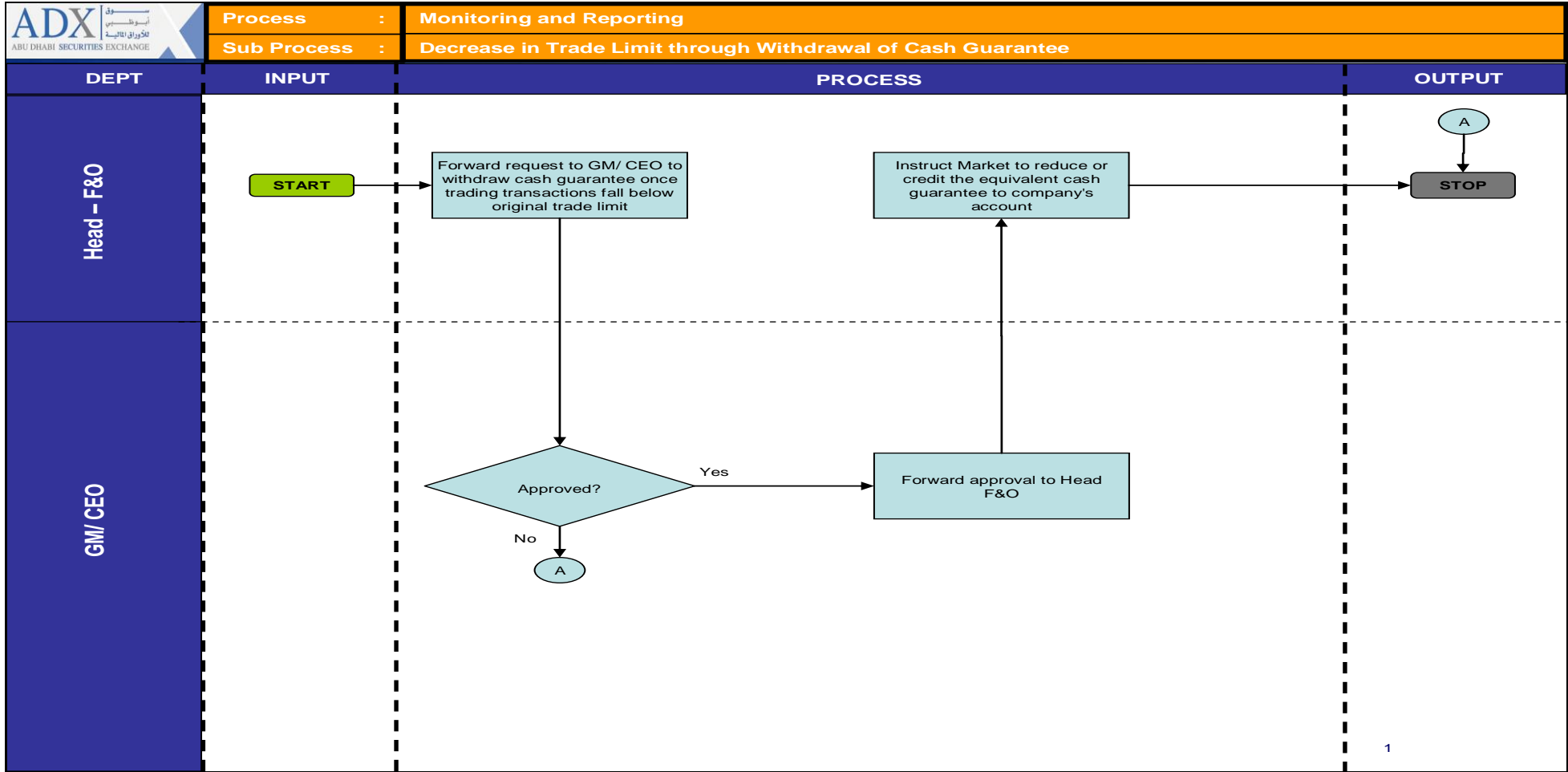
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6.3.23 Decrease in Trade Limit through Withdrawal of Cash Guarantee (from Section 4.3.2 - C)

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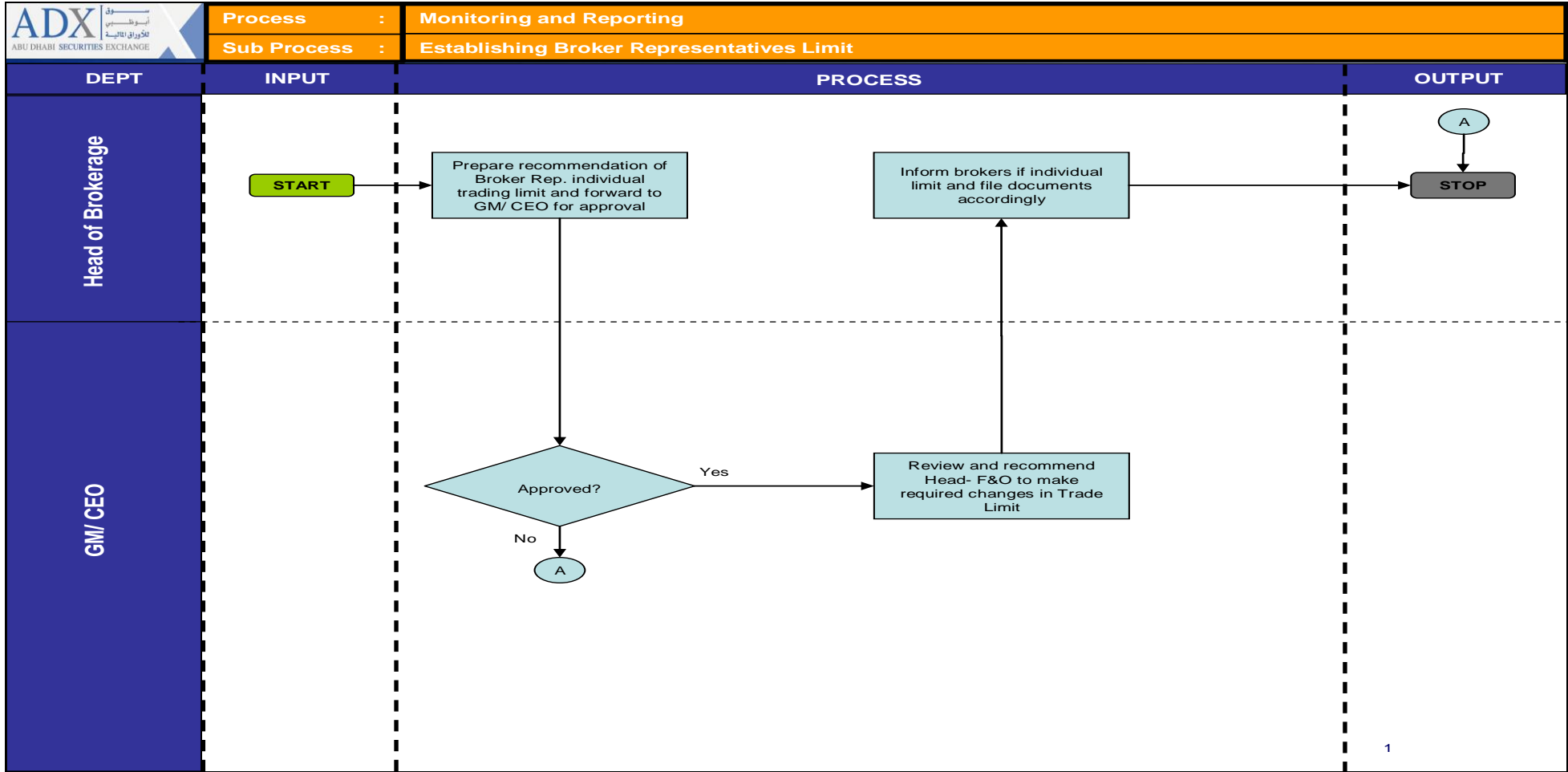
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6.3.24 Establishing Broker Representative's Limit (from Section 4.3.2 - D)

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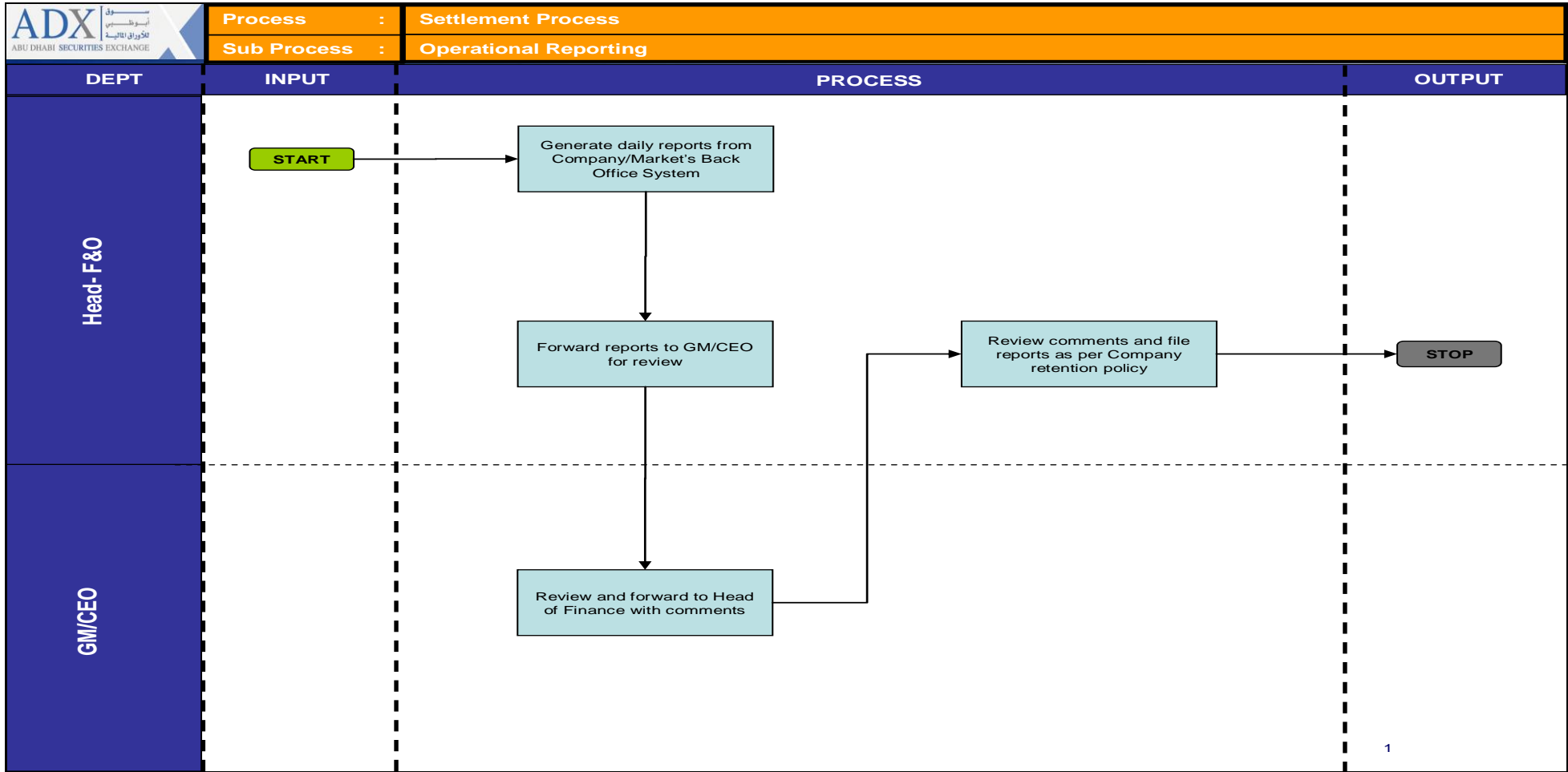
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6.3.25 Operational Reporting (from Section 4.3.2 - F)

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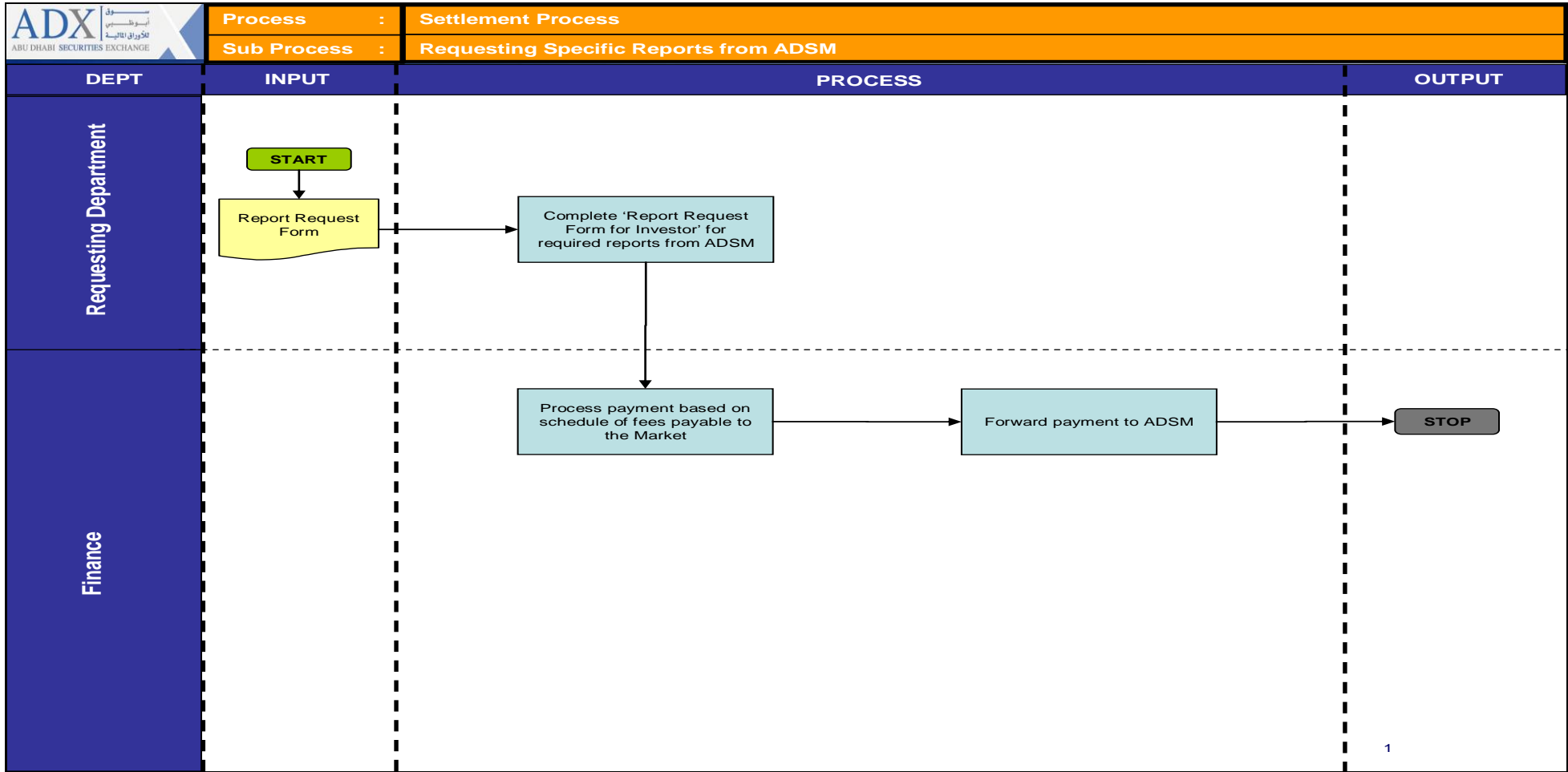
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6.3.26 Requesting Specific Reports from ADX (from Section 4.3.2 - G)

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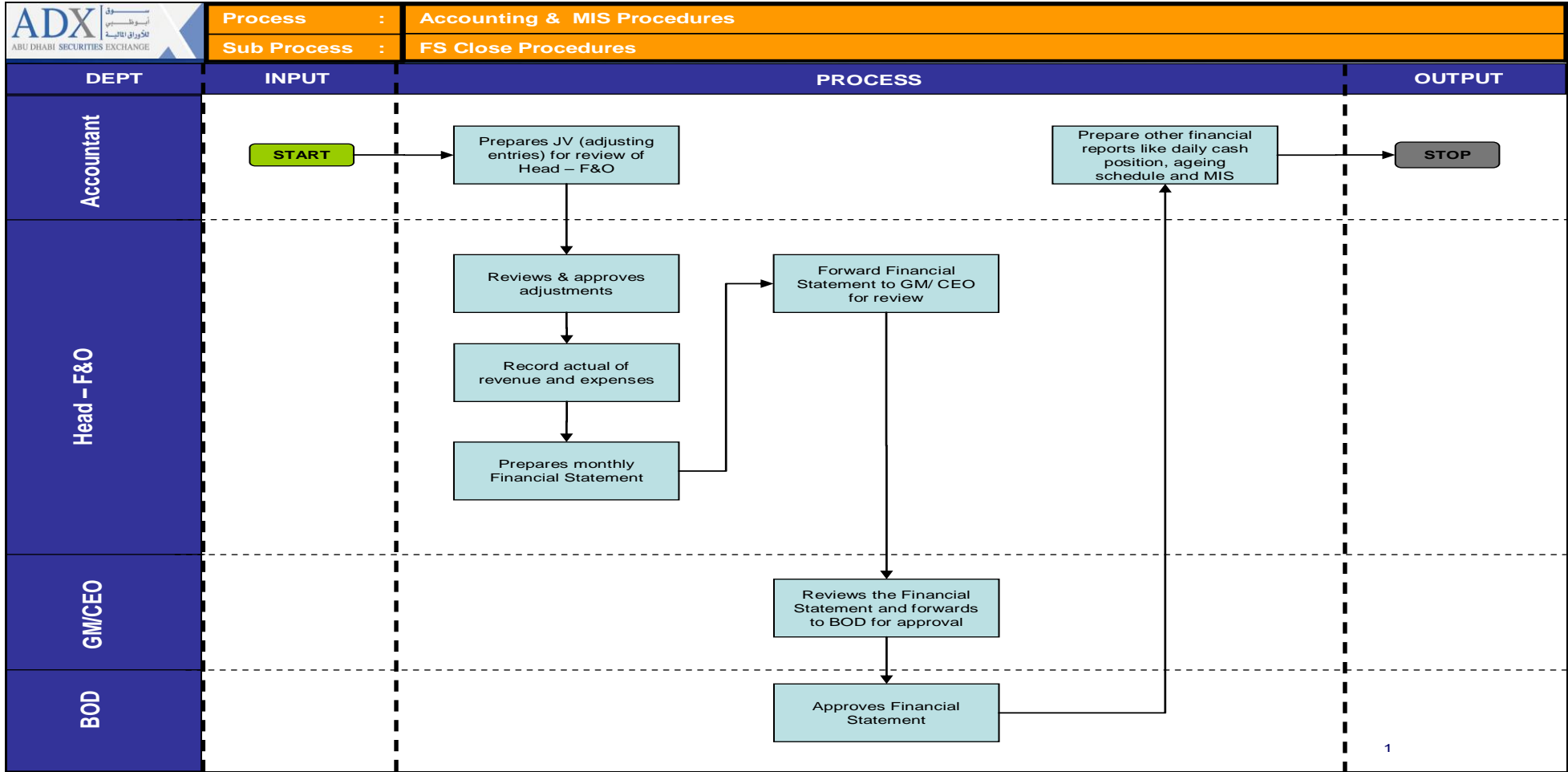
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6.3.27 FS Close Process (from Section 5.1.2 - A)

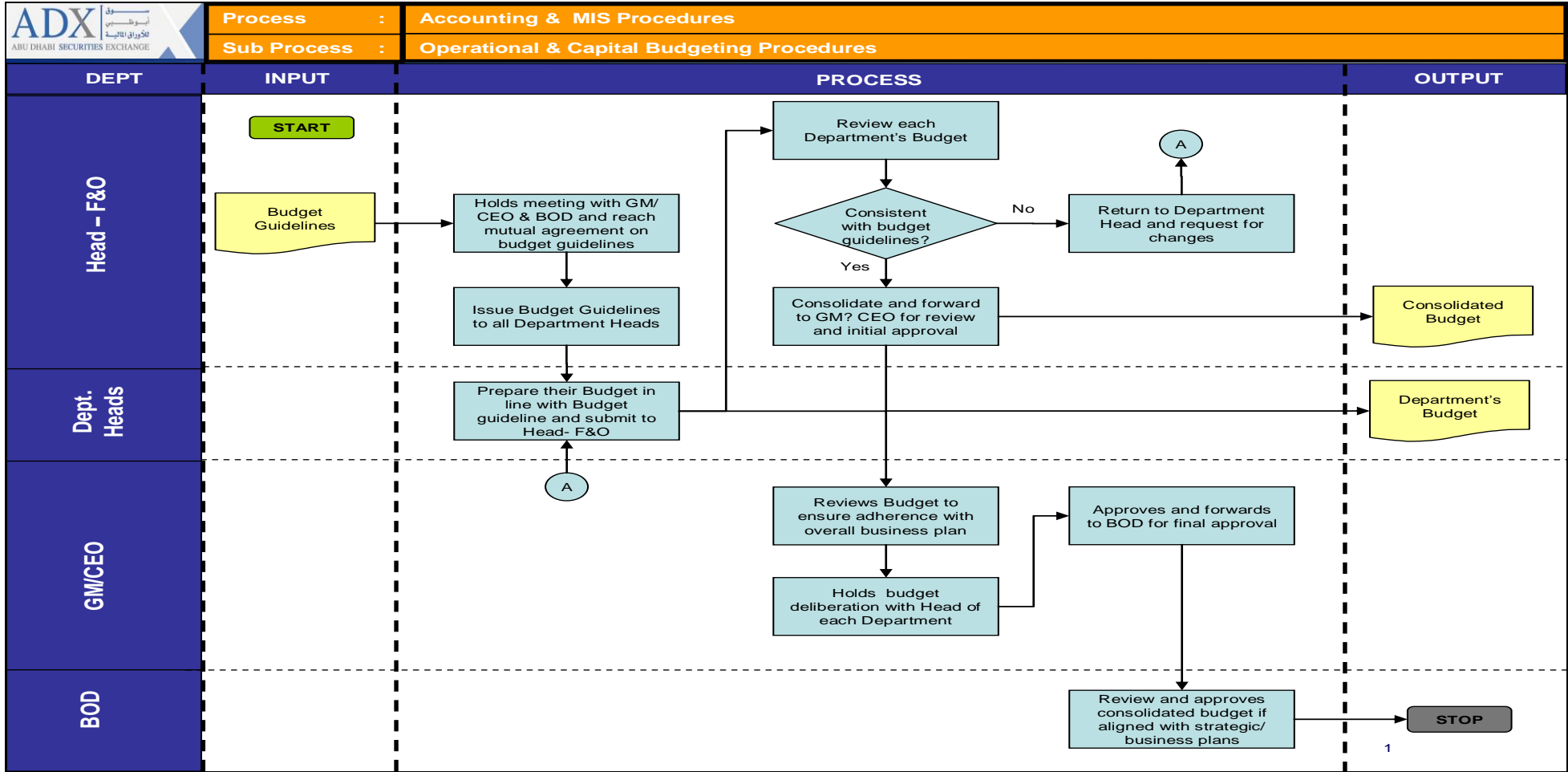
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6.3.28 Operational and Capital Budgeting Process (from Section 5.1.2 - B)

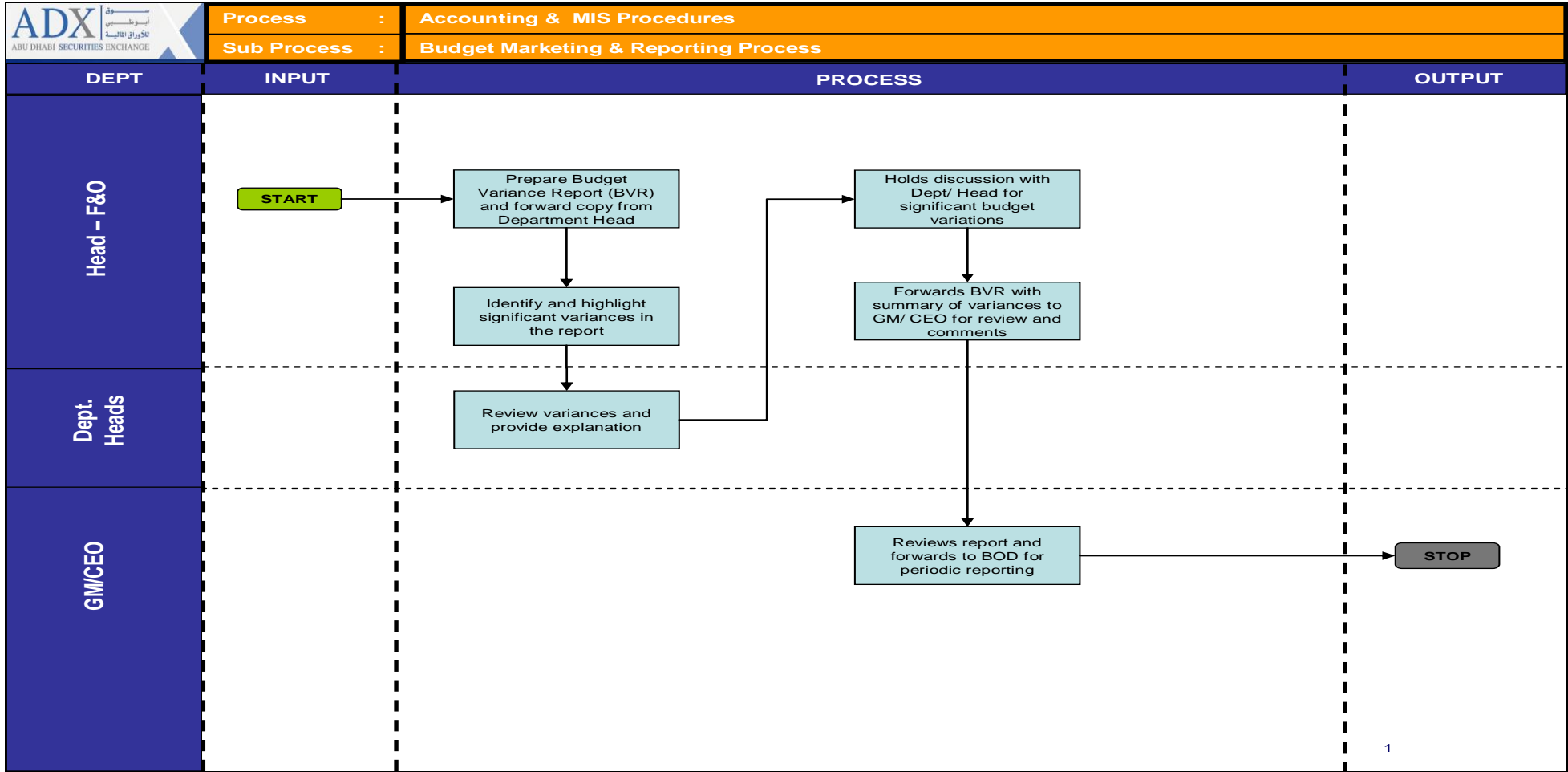
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6.3.29 Budget Monitoring and Reporting Process (from Section 5.1.2 - C)

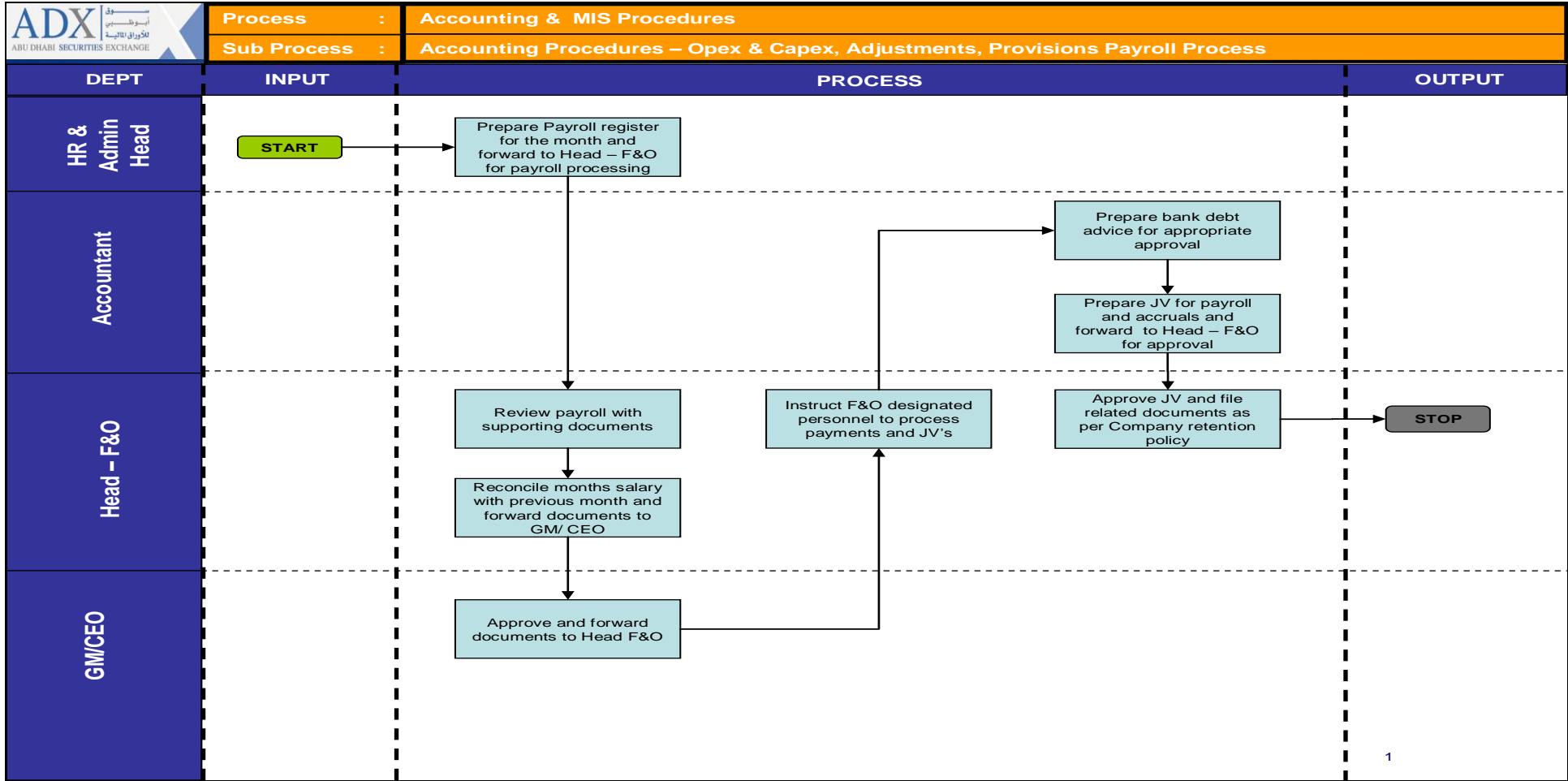
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6.3.30 Accounting Procedures – Opex & Capex / Adjustments / Provision for Payroll Process (from Section 5.1.2 - D)

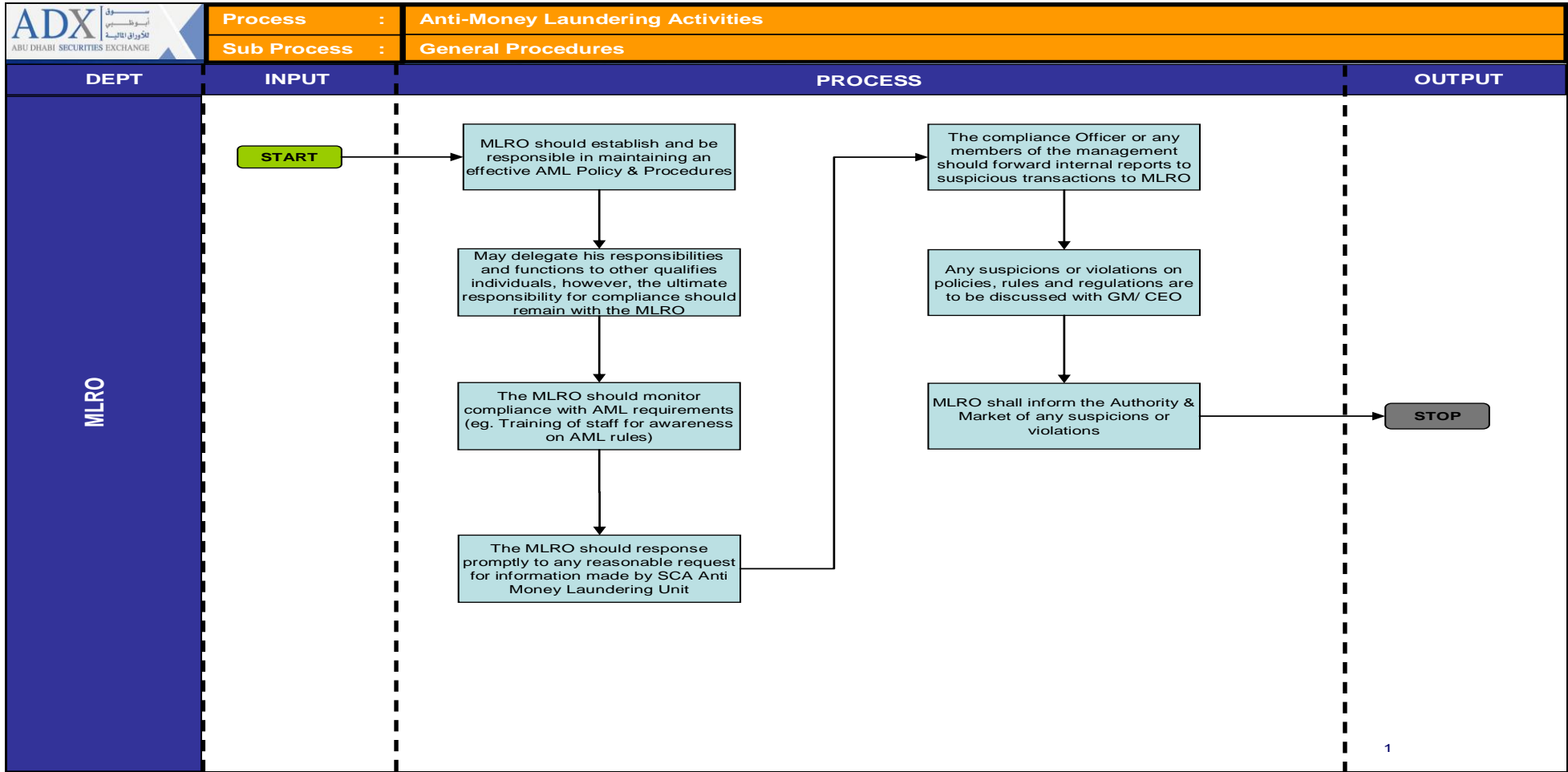
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6.3.31 Anti-Money Laundering – General Procedures (from Section 5.2.2 - A)

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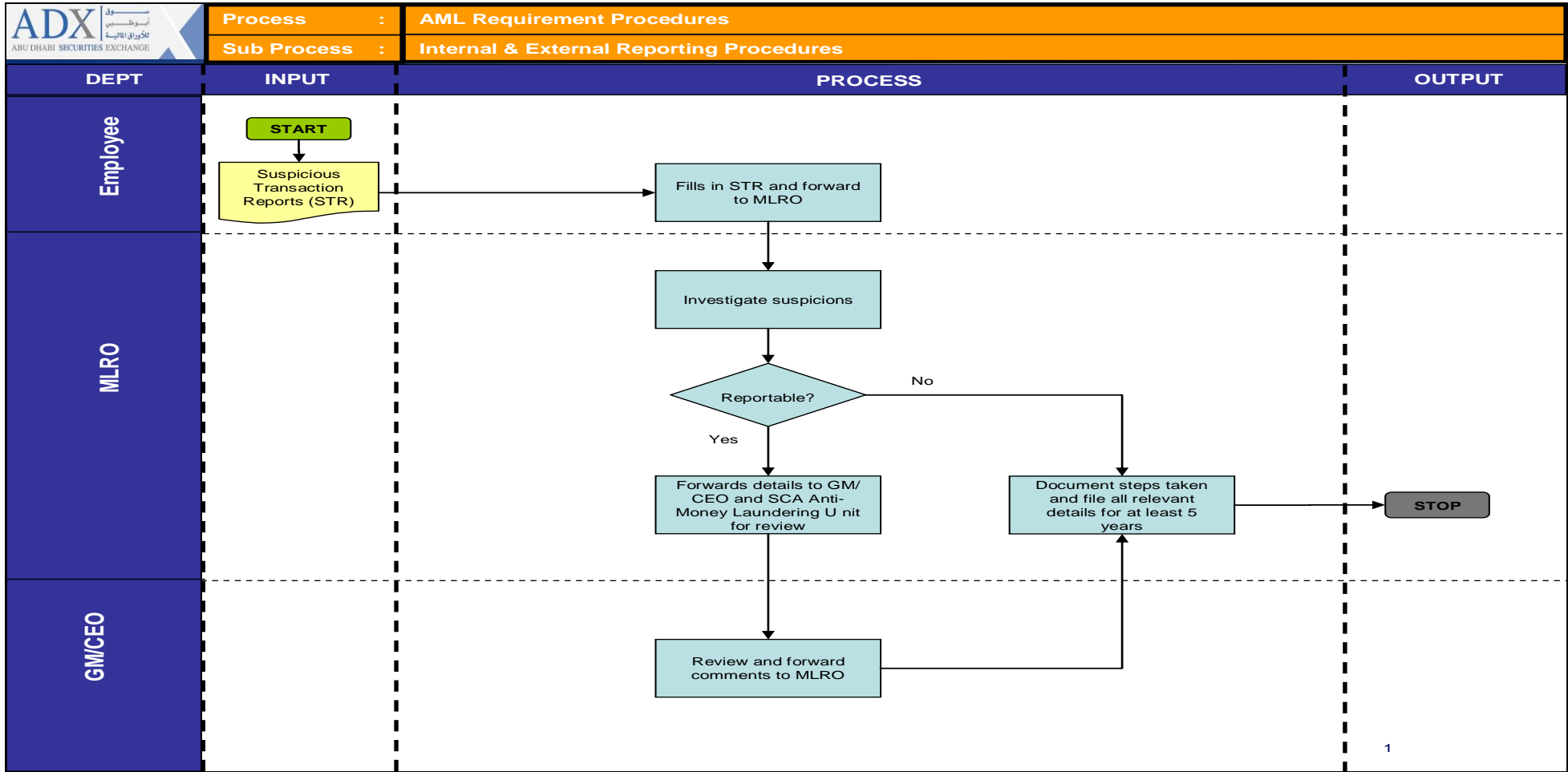
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6.3.32 Anti-Money Laundering – Internal and External Reporting Procedures (from Section 5.2.2 - C)

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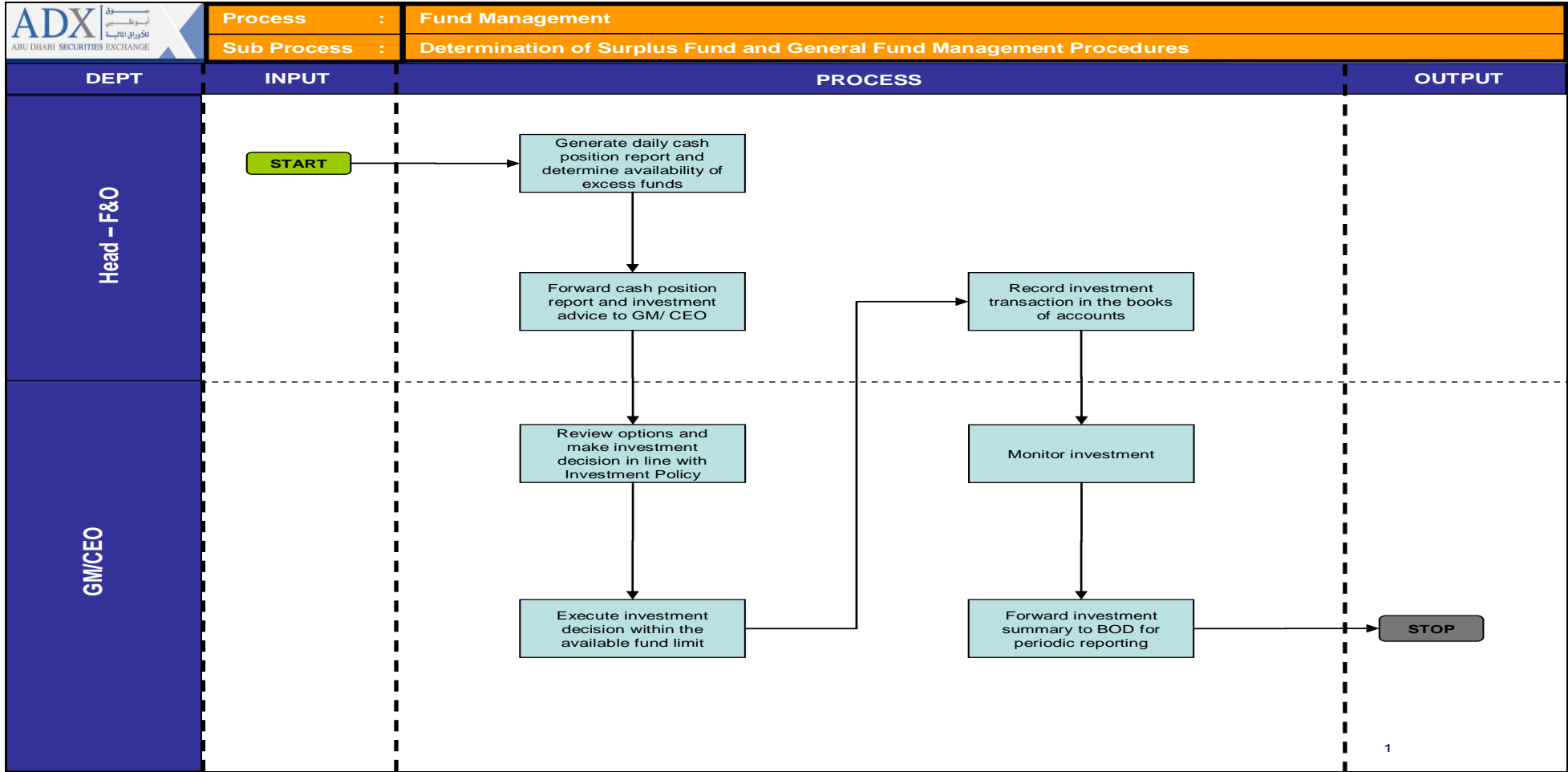
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6.3.33 Determination of Surplus Fund and General Fund Management Procedures (from Section 5.3.2)

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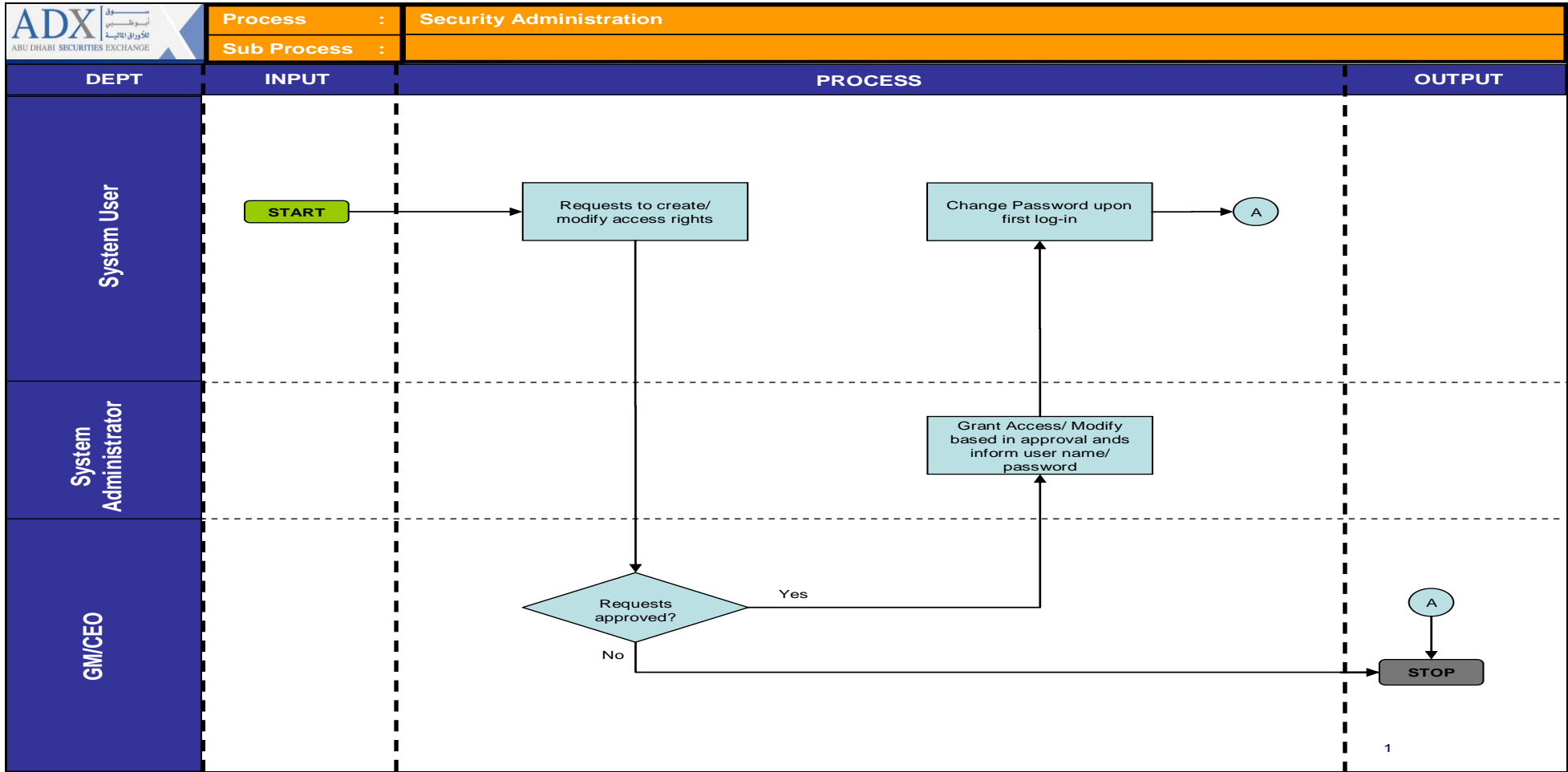
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6.3.34 – Security Administration (from Section 5.4.2)

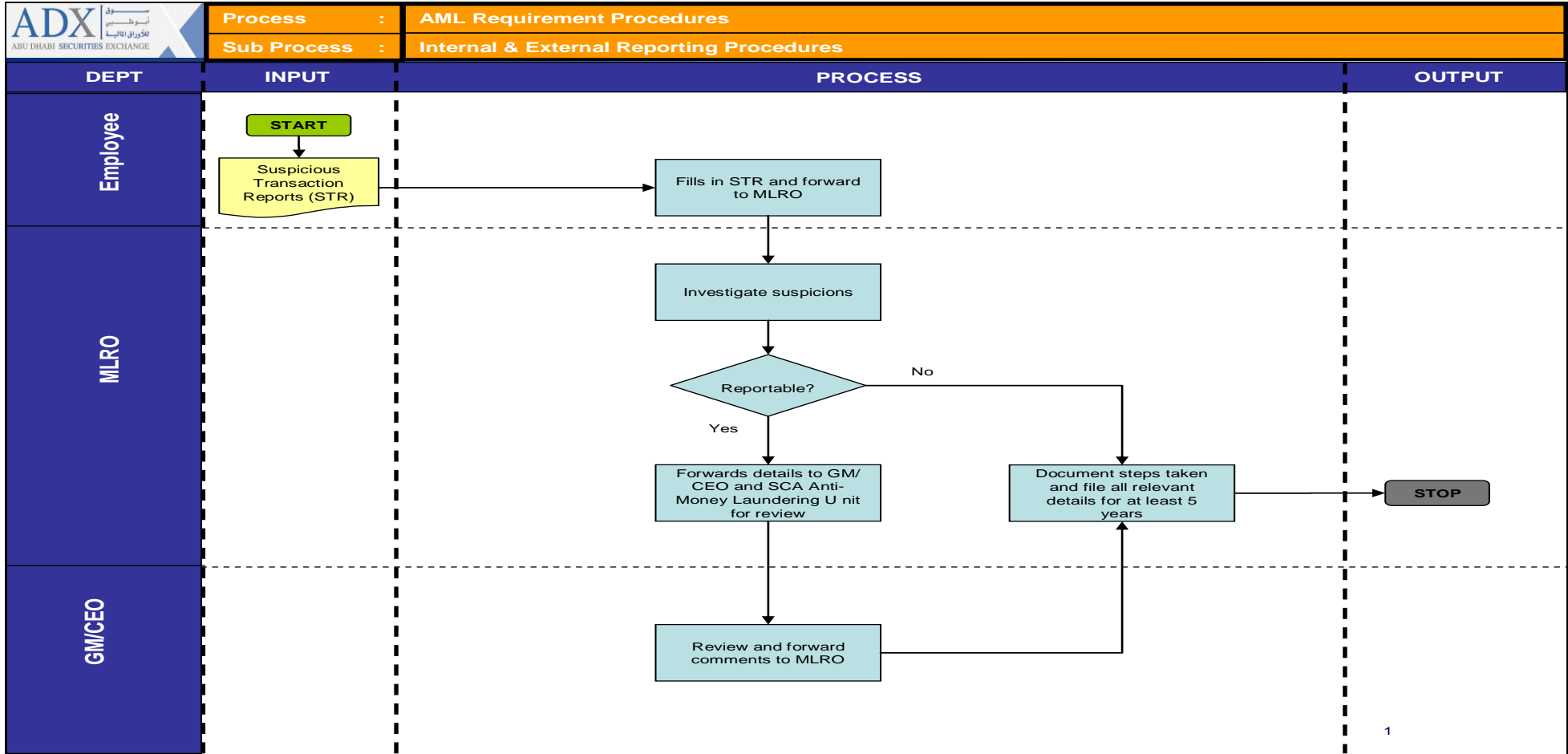
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FORMS

1. Investor Data Amendment Form



سوق أبوظبي للأوراق المالية
ABU DHABI SECURITIES MARKET
نموذج طلب تعديل بيانات مستثمر
Investor Data Amendment Form

Date: _____ التاريخ

Investor Name: _____ اسم المستثمر

Investor Number: _____ رقم المستثمر

Please fill up the required amended information only يرجى تعبئة البيان المراد تغييره فقط

Information Type	Change/Add	نوع التعديل	نوع الممان
Name			الاسم
Passport No			رقم جواز السفر
Family Book No			بيانات ملامحة الفرد
National Number			الرقم الوطني
Birth Date			التاريخ الميلاد
P.O. Box			صندوق البريد
Postal Code			الرمز البريدي
City			المدينة
Emirates			الإمارة
Country			الدولة
Telephone			رقم الهاتف
Mobile			رقم الموبايل
Fax			رقم الفاكس
E mail			البريد الإلكتروني
Merge			دمج
Others			أخرى

أعهد أنا الموقع أدناه بأن جميع البيانات المذكورة أعلاه والتوقيف المرفقة كاملة صحيحة
I the undersigned undertake the completeness and accuracy of the above information and attached documents

Signature: _____ التوقيع Applicant name: _____ حذو الطالب

For ADSM Authorize Member Use Only للاستخدام الجهات الممثلة لدى سوق أبوظبي للأوراق المالية فقط

أعهد أنا الموقع أدناه بالتأكد من صحة جميع البيانات والمستندات المرفقة للطلب البريد أعلاه
I the undersigned undertake the completeness and accuracy of the above information and attached documents

Transaction Number: رقم العملية

Signature: _____ التوقيع Name: _____ الاسم

ختم
Stamp

For Official Use by ADSM Only للاستخدام الحظي سوق أبوظبي للأوراق المالية

Final Approval: _____ الموافقة النهائية

Employee Name: _____ اسم الموظف

Date: _____ التاريخ

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2. Transfer Security Application Form


سوق أبوظبي للأوراق المالية
ABU DHABI SECURITIES MARKET

نموذج طلب تحويل أوراق مالية
Transfer Security Application Form

Date: _____ التاريخ: _____
Investor Name: _____ اسم المستثمر: _____
Investor Number: _____ رقم المستثمر: _____
Account Number Broker: _____ رقم حساب التداول: _____

Registry to Broker المتقدمة إلى الوسيط
 Broker to Registry الوسيط إلى المقاصة

#	رقم العملية Sequence	الكمية كتابة Quantity in words	الكمية Quantity	اسم الورقة المالية Security Name	#
1					1
2					2
3					3
4					4
5					5

أتعهد أنا الموقع أثناء بلن جميع البيانات المذكورة أعلاه والأوراق المرفقة كلمة صحيحة
I the undersigned undertake the completeness and accuracy of the above information and attached documents

Signature: _____ التوقيع: _____ Applicant name: _____ مقيم لطالب: _____

For ADSM Authorize Member Use Only **لإستخدام الجهات المستعدة لدى سوق أبوظبي للأوراق المالية فقط**

أتعهد أنا الموقع أثناء بلنني قدت بالتحقق من صحة جميع البيانات والمستندات المرفقة لطلب الورق أعلاه
I the undersigned confirm that I have checked the accuracy and completeness of the above information and supporting documents

Signature: _____ التوقيع: _____ Name: _____ الاسم: _____

ختم
Stamp

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3. Security Off Market Transfer Request Form



سوق أبوظبي للأوراق المالية
ABU DHABI SECURITIES MARKET

نموذج طلب تحويل ورقة مالية خارج قاعة التداول
Security Off Market Transfer Request Form

Date: _____ التاريخ: _____

Transfer Type	نوع التحويل
Family Transfer (Up to second of son)	تحويل عائلي (حتى الدرجة الثانية)
Court Transfer	تحويل بقرار قضائي
Inheritance Transfer	تحويل إرث
Others	أخرى

Listed security name: _____ اسم الورقة المالية

Quantity: _____ كمية

	المحول إليه To Transferee	المحول منه From Transferee	
Investor Name			اسم المستثمر
Investor Number			رقم المستثمر

تعهد أنا الموقع أثناء بين جميع البيانات المذكورة أعلاه والوثائق المرفقة كاملة صحيحة
I the undersigned undertake the completeness and accuracy of the above information and attached documents

Signature: _____ الموقع: _____ Applicant name: _____ مقدم الطلب

For ADSM Authorize Member Use Only للاستخدام المجهت المختمة لدى سوق أبوظبي للأوراق المالية فقط

تعهد أنا الموقع أثناء بالتحقق من صحة جميع البيانات والمستندات المرفقة لطلب التحويل أعلاه
I the undersigned confirm that I have checked the accuracy and completeness of the above information and supporting documents

Signature: _____ الموقع: _____ Name: _____ الاسم

ختم الوسيلة
Stamp

For Official Use by ADSM Only للاستخدام الخاص بسوق أبوظبي للأوراق المالية

Transaction Number: رقم العملية

رقم حساب المحول منه: _____ رقم حساب المحول إليه: _____

Employee Name: _____ اسم الموظف Employee Name: _____ اسم الموظف

Final Approval: _____ الموافقة النهائية Post: _____ الاسم الوظيفي

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4. Report Request Form for Investor



سوق أبوظبي للأوراق المالية
ABU DHABI SECURITIES MARKET

نموذج طلب تقرير لمستثمر
Report Request Form For Investor

Date التاريخ
Investor Name اسم المستثمر
Investor Number رقم المستثمر

Statement Type نوع التقرير

Investor وصيد مستثمر

Report by broker في حساب وسيط
 Report by Security بريد مالي
 Report by Security by Broker رصيد مستثمر في شركة
 All Balances جميع أرصدة المستثمر

Investor TradeDate From To إلى
Investor TradeDate From To إلى

Report by broker في حساب وسيط
 Report by Security بريد مالي
 Report by Security by Broker رصيد مستثمر في شركة
 All Balances جميع أرصدة المستثمر

Transfer Securities الأوراق المالية المحولة

From To A/C إلى حساب
From To A/C إلى حساب

I the undersigned above authorize Mesars / Mr. to receive the requested report on my behalf.
أنا الموقع أعلاه أقرول المادة السيد لتلقي التقرير المطلوب

Signature توقيع Name الاسم

For ADSM Authorize Member Use Only
لاستخدام الجهات المعتمدة لدى سوق أبوظبي للأوراق المالية فقط

I the undersigned confirm that I have checked the accuracy and completeness of the above information and supporting documents.
أشهد أنا الموقع أعلاه أنني قد تم التحقق من صحة جميع البيانات والمستندات المرفقة لطلب أعلاه

Signature توقيع Name الاسم

Stamp ختم

For Official Use By ADSM Only
لاستخدام الخاص بسوق أبوظبي للأوراق المالية

Employee Name اسم الموظف
Date التاريخ

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5. Form for Recording Transactions in Cash (for cash receipts equal or higher than AED 40,000)

The Authority Logo

نموذج تسجيل معاملات نقدية
Form for Recording Transaction in Cash

For amounts of AED Forty (40) thousand (or equivalent in other currencies) or more. لمبلغ أربعين (40) ألف درهم (أو ما يعادلها من العملات الأخرى) أو أكثر.

Full Name of Investor / Broker (Purchaser) :	الاسم الكامل للمستثمر / الوسيط (المشتري) :
Passport No :	رقم جواز السفر :
Nationality :	الجنسية :
Amount	المبلغ :
Purpose of transaction	الغرض من التحويل :
Address of the Investor/Broker (Purchaser) :	عنوان المستثمر / الوسيط (المشتري) :
Name & Address of Seller :	اسم وعنوان البائع :
Signature of the Purchaser :	توقيع المشتري :
Signature of employee in charge:	توقيع الموظف المسؤول :

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6. Suspicious Transaction Report (STR)

The Authority Logo

(تقرير معاملة مشبوهة)

نموذج تقرير عن
المعاملات المالية المشبوهة أو التي تدل على احتمال غسل الأموال
(Suspicious Transaction Report)
Form of a report on suspected Financial Transactions or
those indicating possible Money Laundering

To be filled by the concerned Financial Stock Brokers. يملأ من قبل أسواق الأوراق المالية المعنية
Markets/
ووسطاء الأسهم.

Full Name of Investor :	الاسم الكامل للمستثمر :
Passport No./Details of Licence	رقم جواز السفر / تفاصيل الرخصة :
Nationality :	الجنسية :
Address / Known Addresses	العنوان / العناوين المسجلة :
Amount of suspected transactions :	مبالغ المعاملات المشبوهة :
Source of suspicion :	مصدر الشك :
Signature of employee in charge:	توقيع الموظف المسؤول :

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8. Required Documentation for Customer Trading Accounts

<u>ACCOUNT TYPE</u>	<u>DOCUMENTATION REQUIRED</u>
1. Individual	<ul style="list-style-type: none">a. Account Opening Formb. Specimen signature cardsc. Copy of valid passport and<ul style="list-style-type: none">- For UAE Nationals, copy of National Card (Khulasat Al Qaid)- For expatriates with valid residence visad. National Investor Number (NIN) Card from ADXe. Copy of Driving License/Labour Cardf. Fax indemnity formg. Standing instruction formh. Power of Attorney authenticated by ADX , if applicable (POA holder to provide photocopy of valid documents as in (c) above)
2. Minor	<ul style="list-style-type: none">a. Account Opening Formb. Specimen signature cards of Parent/Guardianc. Copy of valid passport of Minor/Parent/Guardian and:<ul style="list-style-type: none">- For UAE Nationals, copy of National Card (Khulasat Al Qaid)- For expatriates with valid residence visad. National Investor Number (NIN) Card of Parent/Guardian issued by ADXe. Copy of Driving License/Labour Card of Parent/Guardianf. Fax indemnity formg. Standing instruction formh. Power of Attorney authenticated by ADX if applicable (POA holder to provide photocopy of valid documents as in (c) above)
3. Sole Proprietorship	<ul style="list-style-type: none">a. Account Opening Formb. Specimen signature cards of authorised signatoriesc. Copy of valid trade licensed. Copy of valid Chamber of Commerce Certificate (wherever applicable)e. Copy of valid passport<ul style="list-style-type: none">- For UAE Nationals, copy of National Card (Khulasat Al Qaid)- For expatriates with valid residence visaf. National Investor Number (NIN) Card from ADXg. Copy of Driving License/Labour Cardh. Fax indemnity formi. Standing instruction formj. Power of Attorney authenticated by ADX, if applicable (POA holder to provide photocopy of valid documents as in (e) above)

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4. Partnership	<ul style="list-style-type: none">a. Account Opening Formb. Specimen signature cards of authorised signatoriesc. Copy of valid trade licensed. Copy of valid Chamber of Commerce Certificate (wherever applicable)e. Copy of Partnership Deed/Agreement attested by Court (Notary Public)f. Copy of valid passport of all Partners and authorized signatories<ul style="list-style-type: none">- For UAE Nationals, copy of National Card (Khulasat Al Qaid)- For expatriates with valid residence visag. Fax indemnity formh. Standing instruction formi. Power of Attorney authenticated by ADX, if applicablej. (POA holder to provide photocopy of valid documents as in (f) above)
5. Corporate (Locally Registered)	<ul style="list-style-type: none">a. Account Opening Formb. Specimen signature cards of authorised signatoriesc. Copy of valid trade licensed. Copy of valid Chamber of Commerce Certificate (wherever applicable)e. Copy of Board resolution duly signed by authorized signatoriesf. Copy of Memorandum and Articles of Association duly notarised and attestedg. Copy of certificate of registrationh. Copy of valid passport of authorized signatories<ul style="list-style-type: none">- For UAE Nationals, copy of National Card (Khulasat Al Qaid)- For expatriates with valid residence visai. Fax indemnity formj. Standing instruction formk. Power of Attorney, if applicable (POA holder to provide photocopy of valid documents as in (h) above)
6. Corporate (Registered abroad)	<ul style="list-style-type: none">a. Account Opening Formb. Specimen signature cards of authorised signatoriesc. Copy of valid trade licensed. Copy of valid Chamber of Commerce Certificate (wherever applicable)e. Copy of Board resolution duly signed by authorized signatoriesf. Copy of Memorandum and Articles of Association duly notarised and attestedg. Copy of certificate of incorporation/registrationh. Copy of valid passport of authorized signatories<ul style="list-style-type: none">- For UAE Nationals, copy of National Card (Khulasat Al Qaid)

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	<ul style="list-style-type: none">- For expatriates with valid residence visai. Fax indemnity formj. Standing instruction formk. Power of Attorney, if applicablel. Certificate of Commercial Registration/Trading License authenticated by:m. <p>Note: In case of (e), (f), (g) and (k), the copy of documents should be attested by the UAE Embassy/Consulate at the country of origin, Ministry of Foreign Affairs in the country of origin and UAE. If UAE Embassy/Consulate does not exist in the country of origin, the documents must be attested by the other Arab Embassy/Consulate.</p>
7. Club and Society	<ul style="list-style-type: none">a. Account Opening Formb. Specimen signature cards of authorised signatoriesc. Copy of deed of constitutiond. Copy of authorization from Government Authoritye. Copy of committee resolution duly signed by authorized signatoriesf. Copy of valid passport of authorized signatories<ul style="list-style-type: none">- For UAE Nationals, copy of National Card (Khulasat Al Qaid)- For expatriates with valid residence visag. Fax indemnity formh. Standing instruction formi. Power of Attorney, if applicable
8. FTZ Units	<ul style="list-style-type: none">a. Account Opening Formb. Specimen signature cards of authorised signatoriesc. Copy of trade license issued by the FTZ authorityd. Copy of Chamber of Commerce and Industry Membership certificate, if applicablee. Copy of Commercial Registration Certificatef. Copy of Certificate of Commencement of Businessg. Copy of valid passport of authorized signatories<ul style="list-style-type: none">- For UAE Nationals, copy of National Card (Khulasat Al Qaid)- For expatriates with valid residence visah. Fax indemnity formi. Standing instruction formj. Power of Attorney, if applicable
9. Government	<ul style="list-style-type: none">a. Account Opening Formb. Specimen signature cards of authorised signatoriesc. Copy of documents appointing the Board of Directorsd. Copy of list of authorised signatories

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10. Funds	<ul style="list-style-type: none"> a. Account Opening Form b. Specimen signature cards of authorised signatories c. Memorandum of Association d. Company Commercial Register and Commercial License e. Approval letter from the Central Bank f. Prospectus of the Fund g. Copy of list of authorised signatories
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NOTE: When photocopies of the required documents are accepted, originals should be presented for verification. Documents must be checked for their validity before acceptance. Copies obtained should always be stamped "TRUE COPY OF THE ORIGINAL" and signed by the authorised staff. Wherever possible, staff should themselves take photocopies from the original document, which could reduce the possibility of having any unauthorised amendment, incorrect pages added between documents or other discrepancies.