



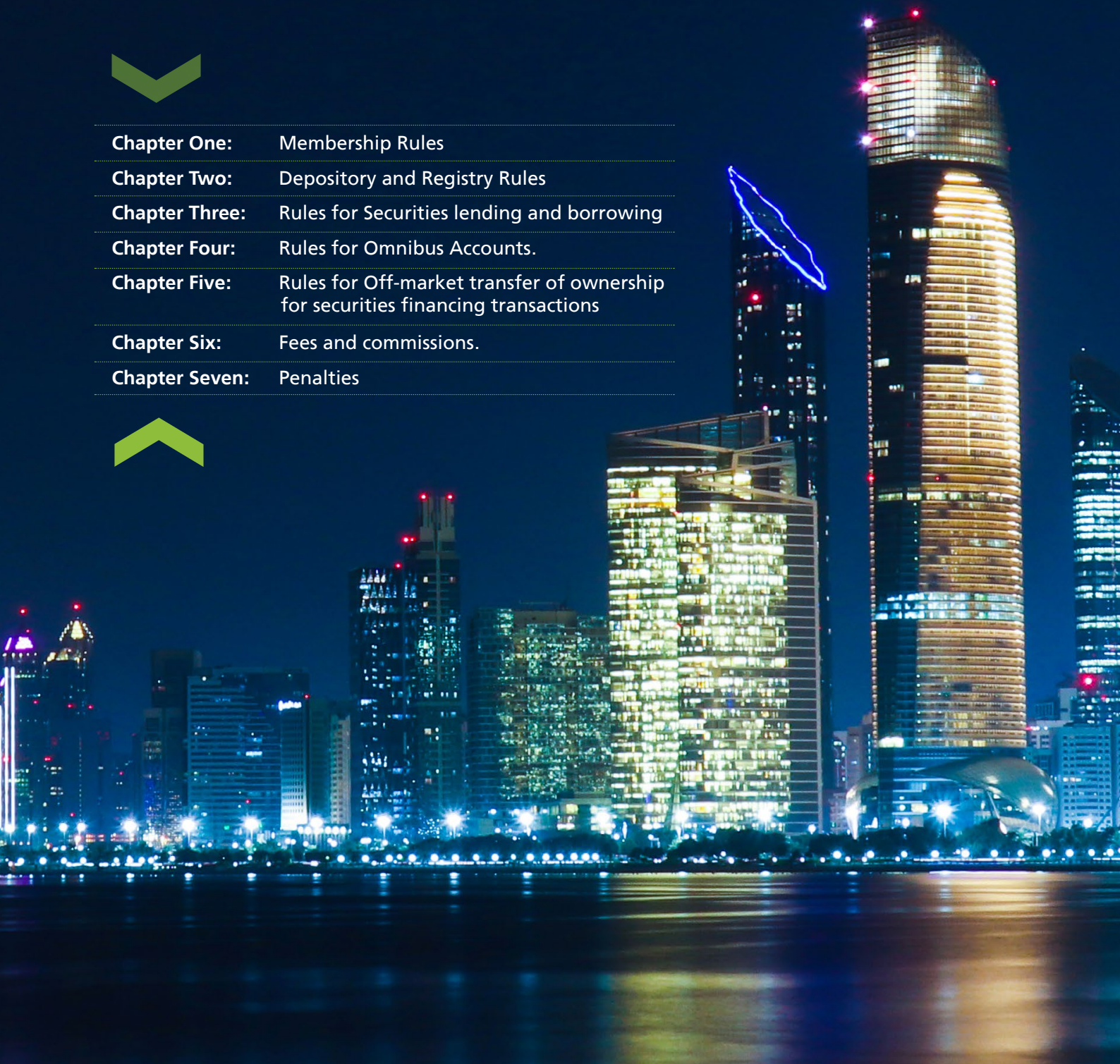
ABU DHABI CENTRAL DEPOSITORY COMPANY OPERATIONAL RULES BOOKLET

Issued by the decision of the General Director of Abu Dhabi
Central Depository Company (LLC) No. (02/04/2024)
dated 24/09/2024

Contents



Chapter One:	Membership Rules
Chapter Two:	Depository and Registry Rules
Chapter Three:	Rules for Securities lending and borrowing
Chapter Four:	Rules for Omnibus Accounts.
Chapter Five:	Rules for Off-market transfer of ownership for securities financing transactions
Chapter Six:	Fees and commissions.
Chapter Seven:	Penalties



CHAPTER ONE

Membership rules

Article (1)

The following words and expressions mentioned in this section shall have the meanings indicated next to each of them unless the context of the text indicates otherwise:

Country: United Arab Emirates.

Authority: Securities and Commodities Authority.

Deposit: Abu Dhabi Deposit Company (L.L.C).

Market: Abu Dhabi Securities Exchange Company (PJSC).

Clearing: Abu Dhabi Clearing Company (L.L.C).

General Manager: General Manager of Abu Dhabi Deposit Company LLC.

The electronic system: The sum of the electronic systems used by the depository to register and settle securities, implement any book entries received, and record the data of investors and members.

Security: Shares, bonds and financial warrants issued by joint-stock companies, bonds and warrants issued by the federal government, local governments, public bodies and public institutions in the country, and any other local or non-local financial instruments accepted by the Authority.

A member: A company that practices any of the following activities: a- Trading broker. B- Trading and clearing broker. C- General clearing. D- Custody. E- Market making.

Register of Members and Register of Member Representatives: The register maintained by the depository to store all information related to members and member representatives working for it.

Article (2)

Member registration

To obtain membership in the depository, the following are required:

- 1) The member must have a license from the Authority or a valid approval from the market to practice the activity, depending on the current situation.
- 2) The member must be a registered member in the market and/or a registered member in the clearing house, as in the current situation.
- 3) Any other conditions, requirements or documents determined by the depository.
- 4) Pay the prescribed membership fees upon depository.
- 5) The member must meet, upon registration, all membership conditions and terms specified in these rules continuously.



Article (3)

1) The member's registration application shall be submitted to the depository on the form prepared for this purpose. With an acknowledgment that all information and data contained in the registration application, as well as the documents submitted, are correct and complete, and that the applicant is fully responsible for the validity and accuracy of the information, data and documents.

2) The depository, based on a registration application that meets all conditions and requirements, registers the member in the Members Register.

Article (4)

Starting the activity

To let a member begin practicing the activity after registering in the depository, the followings are required:

1) Completing the process of linking with the electronic system in accordance with the conditions and requirements set by the depository in this regard, with payment of the fees prescribed by the depository.

2) Obtaining login rights (username) to the electronic system.

3) The member determines the date of starting the activity after fulfilling all conditions and requirements.

Article (5)

Cancel member registration

The depository cancels the member's registration based on a request issued by him or based on the decision of the competent authority to cancel his license.

Article (6)

Compliance

The member must comply with the provisions of applicable legislation, laws, regulations, decisions, rules and circulars issued by the Authority, the Depository, the Market and the Clearing House (as the situation required).

Article (7)

Providing the depository with reports, documents and information

The member must provide the depository with the following reports, documents and information:

1) Interim financial reports (semi-annual), reviewed by the company's external auditor within (45) days from the end of the specified financial period, and signed by the General Manager or the person authorized to sign on his behalf.



- 2) An annual financial report audited by the company's external auditor within three months of the end of the fiscal year and signed by the General Manager or the person authorized to sign on his behalf.
- 3) Any approvals issued by the Authority, or any other competent authority related to the following:
 - A) Adding an activity to the commercial license, deleting or amending an activity, or any other approval issued by the Authority to practice a financial services activity.
 - b) Amending the articles of association or articles of association.
 - c) Increasing or decreasing capital.
 - d) Conducting mergers or acquisitions.
 - e) Change of address, main or subsidiary headquarters.
 - f) Changing partners or amending their ownership percentages.
- 4) Any financial statements or other reports requested by the deposit.
- 5) Any information or documents requested by the deposit for the purposes of monitoring operations or investigating violations or complaints.



CHAPTER TWO

Depository and Registry Rules

Article (1)

Definitions

The following words and expressions shall have the meaning set opposite each of them unless otherwise required for the context:

SCA	Securities and Commodities Authority.
Depository	Abu Dhabi Central Depository Company LLC
Market	Abu Dhabi Securities Exchange.
Clearing	Abu Dhabi Clearing Company LLC
General Manager	The General Manager of Abu Dhabi Central Depository Company LLC
Securities	Shares, bonds and notes issued by joint stock companies, bonds and notes issued by the Federal Government or Local Governments, public authorities and public institutions in the State, and any other domestic or non-domestic financial instruments accepted by SCA.
Issuer of Securities (Issuer)	Any entity or corporate person that issues Securities that are registered and listed on ADX.
General clearing	A legal person licensed by SCA to practice general clearing activity.
Automated Clearing System	The electronic system used at the CSD Department to register Securities and any relevant book entries.
The Member	A company that practices any of the following activities: a- Trading broker. B- Trading and clearing broker. C- General clearing. D- Custody. E- Market making.
Custodian	A juristic person licensed by SCA to practice custody of Securities.
Custodian Clients	The investors who have contracted with the Custodian to utilize their custody services for Securities.

Registrar	The juristic person that keeps the register of security owners and registers the transactions relevant to these Securities, prior to depositing the register with the CSD Department. The registrar also offers other services to the Issuer of Securities, such as organizing general assemblies and distributing profits.
Owner of a Security	A person registered in ADX's registers as owner of the Security.
Investor	Any person or legal entity having an investor number with the CSD Department.
Deposit Account	An investor's account kept with the Market, in which Securities certificates are deposited, Securities transferred from and to the investor's other accounts, and transactions performed outside the trading session are registered.
Book Entry	The registration of data in the electronic records at the CSD Department, the aim of which is to register data pertaining to the owners of Securities and their ownership of Securities and any transactions or other relevant entries.
Settlement Bank	A bank that performs cash settlement between the Clearing Members participating in the settlement.
The Market Settlement Account	An ADX bank account, intended for the receipt and payment of cash amounts for the Clearing Members in the cash settlement process.
Clearing Member's Settlement Account	A bank account belonging to the Clearing Member participating in the settlement process, according to the rules set forth herein.
Settlement Day	The second working day after the date of executing the transaction, which is referred to as (T+2).

Article (2)

Central Depository and Clearing Operations at the Market

The Depository shall assume the following functions and authorities:

- Depositing the records of the Issuers of Securities.
- Depositing Securities.
- Central deposit and custody of Securities.
- Clearing and settlement of security trading and issuance of payment and receipt orders to the settlement bank.
- Maintaining and managing settlement guarantees of clearing members.



- f. Book entry of transactions on Securities, including purchases, sales, transfer of ownership, registration and limitations on ownership and other transactions,
- g. Registration of the investors and Depository members
- h. Keeping records of all transactions executed in the Depository.

Article (3)

The Depository shall conduct clearing and settlement operations for the security trading activities conducted in the Market for the Depository members, in order to identify the net rights and commitments of each and settle the positions arising out of the trading of Securities deposited therewith, as well as the transfer of their ownership, through electronic registration.

The Depository shall assume depository and registration functions, according to the provisions set forth herein and the decisions, circulars and measures issued by the Depository.

Article (4)

The Depository shall keep e-records of the names of investors (Owners of Securities) with the associated rights and commitments that may follow, in accordance with the procedures followed by the Depository.

Article (5)

The Depository shall keep data pertaining to the transfer of ownership, as well as their relevant documents and records, for a period not less than 15 (fifteen) years, unless the applicable laws shall provide for other longer durations.

Article (6)

The Depository shall make an electronic book entry of Securities deposited therewith, including the type and quantity of Securities, their nominal values and the data pertaining to the Issuer of Securities.

Article (7)

The Depository shall undertake to maintain the confidentiality of the information pertaining to the entities, Issuers, investors and The Depository members it deals with, which comes to the knowledge of the exercise of its authorities, duties and functions. The Depository may only disclose this information in the following cases:

- a. Subject to the approval of the concerned party for whom the information is kept confidential, unless it contravenes any applicable laws.
- b. At the request of SCA, Market or Clearing.
- c. At the request of the judicial bodies.
- d. At the request of a competent government entity.
- e. At the request of any authority, body or entity inside the state, which is engaged in combating money laundering and the financing of terrorism.



- f. At the request of any market or other entity that is concerned with clearing, settlement and central depository services, in implementation of the agreements concluded between the Depository and any other markets, Central Depository or clearing departments.
- g. In the cases where the Depository management is required to disclose such information in order to exercise any of its authorities and duties, in the light of the laws, regulations and agreements regulating its work.

Article (8)

Registration with the Depository

The following entities shall register with the Depository and provide it with all the information and documents, as may be required by the Market:

- a. Trading Broker or Trading and Clearing Broker.
- b. Central Clearing
- c. Issuers of Securities listed on the Market.
- d. Custodians
- e. Market maker.
- f. Entities pledging Securities.
- g. Lending agents
- h. Any such other entity accepted by the Depository.

The Depository shall prepare a record of the registered entities.

Article (9)

Deposit the Register

1. The Issuer wishing to list Securities with the Market, or deposit the register with the Depository shall undertake to provide the Depository with the register of its shareholders (or owners of Securities), which shall include the names of shareholders (or owners of Securities) as well as their details, balances, ownership limitations on such balances and other information pertaining to them, in accordance with the specifications laid out in the procedures established by the Depository.
2. The issuing company shall undertake, from the date of approval on the listing of its stocks on the Market, to update the register of shareholders and deliver a copy thereof to the Depository. Such copy shall be prepared according to one of the electronic samples established by the Depository for data keeping purposes. Also, the company shall undertake to update the names, data and identification papers of shareholders, whenever necessary.
3. The Issuer shall be deemed to be responsible for the validity, accuracy and completeness of the contents of the shareholders' register provided by the Issuer to the Depository. The Depository shall assume no responsibility in this regard.



4. The Depository shall, after uploading the shareholders' register on the Depository's electronic systems, send a copy of the e-register to the Issuer of Securities, to reconcile it with the register kept thereby.
5. The Issuer shall confirm to the Depository, in writing, the matching of the register, as provided for in clause (4) above.
6. The receipt by the Depository of the register shall not constitute an acknowledgement by the Market of the validity, accuracy or completeness of information and data contained in such register and pertaining to the ownership of stocks and any relevant ownership limitations, if such entries precede the deposit of register.
7. In the event that there are certificates of Securities or letters of allotment, the Depository will accept the information contained in the register as complete, which implies the acceptance of the number of issued Securities matching the capital and does not imply the acceptance of balances related to each owner of Securities, unless after the completion of the deposit of Securities.
8. The Depository may require the deposit of the register through an e-system intended for subscription or register deposit.

Article (10)

1. The issuing company or its registrar shall keep all documents pertaining to ownership limitations on Securities not deposited. The issuing company or its registrar will be required to confirm any ownership limitations on non-deposited Securities. The Depository will assume no responsibility in this regard.
2. Any security may be deposited in the Depository in case of any limitation of ownership, provided that such limitation is recorded in the Depository electronic system, according to the rules set forth herein.

Article (11)

Investor Numbers and Accounts

1. No investor may open a trading account with any Broker and trade in Securities listed on the Market, unless after having first obtained an investor number, in accordance with the provisions set forth herein.
2. Only one investor number may be assigned to each investor, except for the following:
 - An investor number may be assigned to an investor-owned individual institution. The Market shall link the person's accounts to its owned individual institution account
 - An investor number shall be assigned to each sub-fund of the parent investment fund.
 - Entities licensed by the Market for Market Making and Liquidity Provision
 - Any other cases prescribed by the Depository



Article (12)

Investor numbers are divided as follows:

1. Individual investor number, which is divided as follows:
 - Individual investor number (national): assigned to each UAE national natural person.
 - Individual investor number (foreign): assigned to each natural person that does not hold Emirati citizenship, according to paragraph (a) above.
2. Institutional investor number, which is divided as follows:
 - Institutional investor number (national): assigned to each juristic person registered in the UAE
 - Institutional investor number (foreign): assigned to each legal person registered outside the UAE or in the UAE free zones.
3. Government investor number, which is divided as follows:
 - Government investment number (national): assigned to the UAE federal government, any local government, ministries, departments, public institutions and bodies and any other related entity.
 - Government investment number (foreign): assigned to foreign governments, ministries, departments, and public institutions and bodies and any other subsidiary entity.

Article (13)

The investor number shall be assigned to only one natural person, However:

1. the Depository may open an allocation account, in accordance with the controls and procedures established by the Depository in this regard.
2. The Depository may issue an investor number to the Registered Owner representing one or more beneficial owner in accordance with the controls and procedures established by the Depository in this regard.

Article (14)

No investor number may be assigned in the name of the heirs of the deceased unless for the purposes of registering or selling the Securities registered in the name of the deceased. In the event that the deceased's heirs shall fail to observe this condition, the Depository may freeze the account and take any such other measures it shall deem necessary.

Article (15)

The following entities may receive applications for the issuance of investor numbers or applications for the amendment of investors' data"

- a. Brokers.
- b. Custodians.
- c. Issuing companies and their registrars.



- d. Subscription receiving entities
- e. The competent authorities identified by the Depository.
- f. Markets or other Depository Center inside and outside the UAE, with which the Depository enters into special agreements in this respect.

As per the following conditions:

- a. Entering into an agreement with the Depository to identify the mechanism of such applications and abiding by the procedures and controls established by the Depository.
- b. The Depository shall have full authority to examine these applications and issue an investor number in a definite manner, The Depository may finally delegate the authority to issue the investor number to any of the entities that may receive requests to issue investor numbers, provided that these entities adhere to the procedures and controls set by the depository in this regard.
- c. The recipient of the application shall undertake to keep copies of all documents submitted thereto by the investor. Also, the recipient shall undertake to stamp such documents, so as to prove they are true copies
- d. The recipient of the application shall assume full responsibility that arises or may arise as a result of the issuance of the investor number to the customer thereof. The recipient shall be deemed to be responsible for the accuracy of the information and data submitted with respect to its customer, in either electronic or paper format.
- e. The recipient of the application shall be responsible for the valid signature of its customer on the application for issuance of investor number, and for the verification of the customer's identity and capacity.
- f. The recipient of the application shall assume full responsibility for the conditions and legal controls provided for under the applicable laws and regulations in respect of "Know Your Customer" and Anti Money Laundering. (AML).
- g. The Depository shall not be responsible for the inaccuracy, invalidity or incompleteness of customer data provided by the recipient of the application.

Article (16)

The investor record with the Depository shall covers all significant information pertaining to the investor, including but not limited to:

- a. The full name of the investor as per the document approved by the Depository consistent with the type and nationality of the investor.
- b. Nationality for individuals or country of incorporation for corporate entities
- c. National ID number.
- d. Passport number.
- e. Date of birth of individuals or date of incorporation for corporate entities.
- f. Type of investor number (individual- institutional- government).
- g. details of the guardian – if any -



- h. contact details including the mailing address.
- i. Statement with the IBAN
- j. The authorized signatories authorized to sign on behalf of the juristic person.

Article (17)

1. The Depository shall make amendments to the investor data, upon submission of a request by the investor on the form prepared for this purpose either personally or through the legal representative thereof, under the own responsibility thereof. Also, the request shall be accompanied with all the documents required, according to the procedures adopted by the Depository.
2. The investor shall be responsible for notifying the Depository of any changes to the personal data thereof upon their occurrence. The Depository will assume no responsibility for any delay by the investor.
3. The heirs or any person enjoying legal capacity shall notify the Depository of the investor's death or loss of capacity to prevent any transaction in the account thereof. The Depository shall assume no responsibility for any failure to give notice.
4. Every person enjoying legal capacity shall notify the Depository of any update to the institutional or government investors' data or with respect to the persons authorized to act on their behalf. The Depository shall assume no responsibility for any failure to give such notice.

Article (18)

Deposit of Securities

The owner of Securities may not trade in such Securities after listing them on the Market, unless the owner has deposited the relevant Securities in the deposit account at the Clearing Department, in order to register the owner's Securities under his/her investor number.

Article (19)

The request to deposit Securities in the deposit account shall be submitted by one of the following means:

- a. Through the issuing company or its registrar.
- b. Through the concern Department at the Depository if the Depository is the official registering body of the issuing company.

Also, the request to deposit Securities certificates may be submitted through the Broker or Custodian. The recipient of the request shall refer such request to the Depository, the company or its registrar, as the case may be.



Article (20)

Securities are deposited according to the following procedures:

- a. The owner of the Securities or the legal representative thereof shall submit the request to deposit such Securities, along with the full data and documents required.
- b. The issuing company or its registrar shall verify the validity and ownership of Securities which required to be deposited, as well as the identity and capacity of the person requesting such deposition and submit an undertaking to the Depository that includes carrying full responsibility in the event that it is proven otherwise.
- c. The issuing company or its registrar shall -after verifying the validity of Securities- dematerialize the certificates of such Securities (if any) after completion of procedures and notify the Depository thereof according to the procedures followed at the Depository.
- d. The Depository shall deposit the dematerialized Securities in the investor's deposit account at the Depository through e-book entry.

Article (21)

The owner of a security deposited in the account thereof with a Broker or Custodian may transfer such security to the Deposit Account, according to the following procedures:

- a. The security owner shall submit a request to the Broker or Custodian to transfer a specific number of Securities owned thereby to the Deposit Account using the form prepared for this purpose.
- b. The Broker or Custodian shall enter the data of the transfer request to the ADX e-system and perform such transfer definitely by maximum before the opening of trading session on the next working day.
- c. Neither the Broker nor the Custodian may abstain from transferring the Securities owned by the investor to the Deposit Account at the CSD Department, unless there are legal reasons.
- d. The Broker or Custodian shall be responsible for the delay thereof in making such transfer.

Article (22)

In the event of cancellation of the registration of the member at the Depository, the Depository shall transfer the Securities owned by the investor to the Deposit Account at the Market, at the request of the investor or by an order of SCA.

Article (23)

Corporate Action

For the purpose of implementing, corporate actions include the following procedures:

1. Capital increase
2. Capital decrease



3. Split the nominal value of the share
4. Merger and/or acquisition

Article (24)

After obtaining the necessary official approvals in accordance with the applicable legislation, the Depository shall, in accordance with the provisions of these Rules, register or cancel the registration of securities and make the necessary amendments to the securities registered with it and to the accounts of the owners of the securities it has or its members if the company takes any of the measures referred to in Article (23) of these Rules.

Article (25)

1. The CSD Department shall deposit the bonus share issued by the issuing company in the account in which the original stock is deposited on the record date, as per the decided proportion.
2. The CSD Department shall register bonus shares in a proper number. If the total fractions of the investor's bonus shares (distributed in two or more accounts) equal one or more real share, to be registered in the investor's deposit account.
3. In the event that the company's capital is increased through a subscription directed to the company's shareholders, the shares allocated to the subscribers are recorded in the account registered in the subscription application, whether in the subscriber's deposit account with the clearinghouse, the trading account with brokers, or his account with the custodian. In the event of a capital increase in any other way, the new shares are recorded in the beneficiaries' deposit account

Article (26)

1. If the process of reducing the company's capital requires a reduction in the number of shareholders' shares, the Depository shall reduce the number of shares issued to the company in the account in which the original share is deposited on the maturity date and according to the established percentage, bearing in mind that the reduction is made by a correct number and if the sum of the fractional shares of reduction is for one investor divided into two or more accounts amounting to one or more valid shares, are recorded in the investor's deposit account.
2. If the process of capital reduction does not result in a reduction in the number of shareholders' shares, the Depository shall adjust the company's capital with the new number and keep the shareholders' ownership unchanged.
3. If the capital reduction is done through cancellation of treasury shares, the Depository shall cancel the treasury shares registered in the issuing company's account on the scheduled date and adjusts the company's capital.
4. The number of restricted shares (pledged/reserved) is processed based on the type of corporate action.



Article (27)

If the company takes a decision to split the nominal value of the share, the Depository shall implement the splitting process on the scheduled date and according to the established percentages, by increasing the number of shares registered in the deposit accounts of shareholders with the Depository or members.

Article (28)

Distribution of cash dividends to shareholders

1. The Depository undertakes the task of distributing cash dividends to the shareholders of the companies listed therein.
2. Listed companies are obligated to transfer the cash profits decided to be distributed to shareholders to the Depository bank account designated for this purpose, within the period determined by the Depository, taking into account the periods specified in the legislation in force and the period necessary for the Depository to be able to transfer profits to shareholders.
3. After receiving the cash profits, the Depository transfers them to the bank accounts of shareholders or beneficiaries according to the Depository records.
4. The Depository may contract with one or more licensed local banks to implement the process of transferring cash profits to the shareholders' accounts.

Article (29)

Electronic voting platforms

1. The Depository may establish electronic platforms for voting in the meetings of the general assembly of companies.
2. The Depository shall sign an agreement to provide electronic voting services through its available platforms to any company wishing to use these platforms and in return for usage fees agreed upon between the Depository and the company.

Article (30)

Electronic Subscription

The Depository may develop any electronic systems that allow listed companies or those wishing to be listed in the Depository to organize the process of electronic subscription in their shares, provided that such service is provided through agreements concluded by the Market with the concerned companies in return for usage fees agreed upon by both parties.

Article (31)

Statement of Account and Share Ownership

1. The investor may submit a request to the Depository, either directly, through Brokerage Company, the Issuer or Custodian, using the form prepared for this purpose, to confirm ownership of Securities listed on the Depository.



2. The court or competent authority may submit a request to the Depository to confirm or count the investor's ownership of the Securities listed on the Depository.
3. The Depository shall issue (Investor Balance Sheet Report) on the Securities owned by the investor and indicate any relevant ownership limitations, as well as the accounts where such Securities are deposited, as the case may be upon issuance of the report.
4. The Investor Balance Sheet Report shall be extracted from the e- Depository system. It shall have determinative effect in proving ownership of Securities.

Article (32)

Clearing and Settlement

The Depository shall enter into an agreement with the settlement bank, to define the cash settlement procedures and the obligations of each of the Depository and the settlement bank, as well as the procedures and controls to be observed by the members.

Article (33)

1. The Depository member must open (the settlement account of the Depository member) in the settlement bank, according to the conditions and instructions of the Depository.
2. It is not permissible to change the settlement account of the Depository member except after obtaining the approval of the Depository, and the Depository shall have the right to reject or accept the change.
3. The member shall bear all fees and costs related to the settlement account - if any - according to the regulation followed by the settlement bank.

Article (34)

The net value of securities transactions from and to the Depository members in addition to the due commissions shall be received and paid through the settlement account of the Depository, and the Depository member shall open and manage this account in accordance with the provisions of these Rules, Depository decisions, and the agreement concluded between the Depository and the settlement bank.

Article (35)

The Depository shall have the right to view the settlement account of the member, and obtain a statement of the transactions made on this account, and the settlement bank and the clearing member are obligated to enable the Depository to do so.

Article (36)

1. The Depository shall send the settlement report to the settlement bank on the day of settlement according to the time specified in the procedures. The settlement report shall indicate the net amount owed to or from each member.



2. On the settlement date, the member shall pay the amount mentioned in the settlement report for the settlement day, and shall be obligated to settle the purchases executed by or through him.
3. The member shall provide in his settlement account the amount due from him no later than nine (9) o'clock in the morning of the settlement day.
4. The member shall verify that his cash balance in his settlement account is sufficient and available to settle any amounts due on the settlement day, according to the settlement report for that day.
5. The member is obligated to provide the overdraft service from his settlement account, and to authorize the settlement bank from the overdraft if his cash balance in his settlement account is insufficient or not available to settle the amounts owed by him.
6. The Depository may make amendments in the payment or receivable orders of the Depository members at the settlement bank to correct the errors discovered in the original settlement report, without the need to refer to the member.

Article (37)

The settlement bank shall transfer the amounts from the Depository members' settlement accounts to the Depository settlement account and vice versa by maximum 9:30 a.m. on the settlement day, according to the amounts shown in the settlement report.

Article (38)

1. Should the member fail to provide the amount payable thereby in the settlement account thereof by the deadline prescribed hereunder, the settlement bank shall make overdraft withdrawal from such Member's Settlement Account.
2. In the event that the settlement bank shall settle the amount payable by the member through overdraft, the settlement bank (or Depository) shall request the member to settle the amount payable in addition to the interests and fees of the settlement bank by maximum 9:00 a.m. on the day following the settlement day.

The Depository shall take the agreed steps in cooperation with the clearing house and the market.

3. The Depository may take any legal measures required to claim from the member any amounts paid by the Depository or the settlement bank on behalf of the member due to such member's failure to fulfill its settlement obligations as shown hereunder.

Article (39)

Paper Settlement and Delivery versus Payment

1. Upon the mere performance of the trading transaction at ADX, the buyer of the security shall be entitled to sell such purchased security through ADX. Notwithstanding this right, the buyer of such security shall not be deemed to be the owner of the security before completion of the paper settlement process.



2. Subject to the provisions of paragraph (1) above, the ownership right shall not be transferred to the buyer of the security, unless after completion of the paper settlement process and registration of the ownership transfer process on the Automated System, on or after the settlement day.

Article (40)

Should the seller fail to deliver the Securities, subject-matter of the transaction on the settlement day, the Depository shall take the measures of the operating procedures for the DVP model as applicable at the Depository.

Article (41)

Ownership limitations on Securities

“Ownership limitations on Securities” refers to the cases where disposal of Securities in terms of sale or transfer to any other account or transfer to the investor’s account with any Broker is restricted.

Article (42)

Ownership limitations on Securities include the following:

- a. Pledge.
- b. Seizure.
- c. Freez
- d. Any other restrictions specified by applicable legislation.

Article (43)

Pledge

Securities are pledged, in accordance with a contract between the creditor on mortgage and debtor on mortgage. The contract is referred to as “mortgage contract”.

Article (44)

The Depository shall make a book entry of the rights connected with the pledging of Securities owned by the debtor on mortgage in favor of the creditor on mortgage, as follows:

1. The Securities deposited with the Depository are the only Securities capable of being subject to a pledge.
2. The Depository shall put the pledge on Securities upon the request submitted by the owner of Securities (debtor on mortgage).
3. The Depository may place the pledge upon the request submitted by the creditor on mortgage, in the following cases:



- If the mortgagee is a member previously registered as one of the mortgagors at the depository
 - If it has been proved that it has the legal capacity to do so by virtue of a power of attorney granted by the debtor on mortgage.
4. The creditor on mortgage shall settle the fees payable, upon submission of the pledge request.

Article (45)

1. The pledge request shall be submitted on the form intended for this purpose, according to the applicable procedures adopted at the Depository. The pledge request shall contain the following information at least:
 - Creditor mortgagee (mortgaging entity).
 - Mortgagor debtor (owner of Securities).
 - Securities, subject of the pledge (issuing company, quantity).
 - Party entitled to profits.
2. The applicant shall assume full responsibility for the conformity of the pledge request to the provisions of the mortgage contract or agreement concluded between the debtor on mortgage and creditor on mortgage.
3. In order to accept the security pledge request, the creditor on mortgage shall be registered with the Depository as a pledging entity and the owner of Securities (mortgagor debtor) shall possess an investor number.

Article (46)

1. The Depository shall register the pledge on bonus shares on their record date, unless the pledge request shall otherwise indicate,
2. In the event that the nominal value of pledged Securities is split, the Depository shall place a pledge sign on the Securities resulting from the splitting process.

Article (47)

The pledging of Securities deposited with the Depository shall only be effective upon its registration on the automated Depository system.

Article (48)

1. Pledge shall be released on the basis of a request submitted by the creditor on mortgage using the form prepared for this purpose or by an order of a competent court, due to the termination of pledge by the settlement of the debt secured by pledge, or for any such other reason established by law.
2. The creditor mortgagee shall pay the fees due on registration of the mortgage release transaction when requesting the release of the mortgage.



Article (49)

1. The Depository may not release the pledge unless by a request submitted by the creditor mortgagee, provided that the creditor mortgagee shall follow the procedures provided for by law in this respect.
2. If the debt secured by pledge is settled, the creditor on mortgage shall immediately request the Depository to release the pledge. The creditor mortgagee shall be responsible for any delay in submitting such request.

Article (50)

In case the Competent Court issued a writ of precautionary or executive seizure and sale of Securities bearing an indication of mortgage or freezing, the Depository shall act as follows:

- a. If the claimant is the creditor mortgagee or the party to whose benefit the shares have been frozen, the Market shall execute the Court order and notify the Court about the undertaken procedures.
- b. If the claimant is not the creditor mortgagee, the Depository shall execute the precautionary or executive seizure without selling the Securities, then it shall notify the Court in writing of the existence of mortgage over the Securities subject to the precautionary or executive seizure, along with notifying the Court of the mortgage data and the parties thereof.
- c. If the Securities were frozen upon the request of its owner and to his benefit, such freezing shall be removed, and the Court order on precautionary seizure or executive seizure and sale of Securities shall be executed.

Article (51)

Freezing

The Depository shall freeze the Securities in the account of the investor against whom the implementing is made in the following cases:

- a. Upon the request of the holder of Securities to freeze them in the Depository account.
- b. Upon a request coming from a competent governmental body,
- c. Upon the request of SCA,
- d. If the Depository deems that such procedures shall be taken in cases at its discretion.

Article (52)

Any investor may submit before the Depository an application for the freezing of the Securities owned by him to his benefit in his Deposit Account at the CSD Department, provided that there are no ownership limitations on such Securities.

The freezing restriction shall be removed by virtue of a request submitted by the investor to the Depository.



Article (53)

Precautionary seizure, executive seizure and executive sale

The Securities deposited at the Depository shall be seized in the manners decided for the seizure of the movable property with the possession of a third party.

Article (54)

If the Court or the Competent entity issued an order of seizure to the Depository on the non-deposited Securities, the Depository shall register a seizure in the Automated Clearing System. The issuing company or the registrar shall, after perusing the Automated Depository System, abide by such restriction, and prohibit the disposition of non-deposited Securities.

Article (55)

The precautionary or executive seizure of Securities shall imply the seizure of the bonus shares or cash profits for the seized Securities until the annulment of the seizure or until the executive sale, unless the seizure decisions provides for otherwise.

Article (56)

If the Court or Competent entity issued an order of seizure or freezing or precaution on the account of the investor, the Depository shall freeze the account and the Securities deposited therein. Freezing shall not occur unless the Court or the Competent entity issued a decision of de-freezing to the Depository.

Article (57)

The Depository shall, immediately upon receipt of the court or competent entity's order of precautionary or executive seizure (or any other type of orders preventing the investor from disposing of the Securities), shall register the seizure on the Securities as follows:

- a. A balance of Securities, subject to seizure shall be available on the day of issuance of the order to the Depository, and the Market shall not bear any responsibility in absence of balance of Securities on the same day.
- b. If an order of seizure on Securities was issued to the Depository, on the same day Securities were sold in a trading session, the trading shall be deemed valid between its parties, and seizure shall not be registered on the Securities.
- c. The Depository shall register the seizure on the available amount of Securities, and the maximum number of shares on which seizure shall be signed, or a number of Securities equal to the financial value subject of the seizure order.

Article (58)

In case the court order is not clear, or in case of incomplete data on the investor against whom the implementing is made, which will not allow the Market to verify the identity



of the investor or to complete the formality of issuing the investor number, the Market shall communicate with the Court to clarify the order or request the necessary data and documents.

Article (59)

Transfer of ownership of the Securities outside the trading session

1- The ownership transfer operations shown below are excluded from trading during the applicable trading sessions in the market, and the Depository undertakes them directly in its records at the request of the related parties:

- a. Transfers of ownership that take place as a result of inheritance, will, endowment, or gift without compensation to the official charitable bodies in the state.
- b. Transfers of ownership that take place between natural investors, assets and branches, and between brothers and siblings, and between spouses.
- c. Transfers of ownership that are carried out by court orders.
- d. Ownership transfers in which the federal or local government, public authorities or institution in the state are one of its parties.
- e. At the request of one of the partners, the ownership of the securities owned by him shall be transferred to the company's account, and vice versa.
- f. Transfers of ownership between parent or holding companies and subsidiaries.
- g. Transfers of ownership that take place between a person and the individual institution he owns.
- h. Ownership transfers that take place from the company or institution and one of its employees in accordance with its internal regulation for employee rewards.
- i. Transfer of ownership between the juristic entities in cases of dissolution and liquidation of a juristic person or merger or takeover.
- j. Transfer of ownership between the investment funds or investment accounts pertaining to the same physical or juristic person.
- k. Transfers of ownership that take place between the accounts of the registered owner and the beneficial owner in accordance with the provisions of the rules in force in the Depository.
- l. Rectification of errors before the deposit of the partners' register (owners of Securities) before depositing it at the Depository.
- m. Ownership transfers for Islamic Murabaha transactions and repurchase agreements (repo) according to the relevant procedures and conditions.
- n. Transfers of ownership of listed debt instruments in the cases provided for by the applicable legislation.

2- The General Manager shall exclude any transfer of ownership not mentioned in Clause (1) of this Article and implement it outside the trading floor if he deems it appropriate.

3- Financial settlements related to the operations referred to in Clause (1) of this Article shall be made directly between their parties and with their agreement and without the Depository intervention.



4- To complete the implementation of the operations referred to in Clause (1) of this Article, the relevant securities must be deposited with the Depository, and that both the transferor and the transferee have an investor number.

5- Ownership transfer fees for the operations referred to in Clause (1) of this Article are calculated on the basis of the last closing price of the relevant security and according to the fee schedule in force in the Depository. The following transactions are exempt from fees:

- a. Transfer of ownership transactions involving federal or local government agencies, public bodies or institutions in the country, or companies wholly owned directly or indirectly by the government.
- b. If the transfer of ownership is for charitable works, donations, gifts, and endowments.

Article (60)

Inheritance transfer

The Depository shall not accept any process related to Securities pertaining to the inheritor before the registration of the inheritance transfer thereat, except for the following cases:

- a. The act of the representative of heirs after limitation of legacy and distribution thereof,
- b. The act according to the decision of the competent official bodies,
- c. The Depository may deposit the Securities pertaining to the inheritor in an account in the name of heirs. Such account shall be disposed of according to the procedures set by the Depository.
- d. The Depository may deposit the Securities to the inheritor in temporary accounts for heirs. The heir shall undertake to complete the procedures of issuance of an investor number so that he could be able to deal with Securities.



CHAPTER THREE:

RULES FOR SECURITIES LENDING AND BORROWING

Article (1)

Definitions

The following words and expressions shall have the meaning set opposite each of them unless the context otherwise requires:

State	: United Arab Emirates
Companies Law:	: Federal Law No (2) of 2015 concerning the Commercial Companies Law, as amended;
Law:	: The Federal Law No. (4) of 2000 concerning Emirates Securities and Commodities Authority and Market, as amended.
Authority:	: Securities and Commodities Authority (SCA).
The Depository	: Abu Dhabi Central Depository Company LLC
Market:	: Abu Dhabi Securities Exchange.
Clearing :	: Abu Dhabi Clearing Company LLC
Securities:	: Shares, stocks, bonds, promissory notes issued by the shareholding companies, bonds and promissory notes issued by the federal government, local governments, general authorities and corporations in the state and any other local or non-local financial instruments acceptable to the authority.
The Member	: A company that practices any of the following activities: a- Trading broker. B- Trading and clearing broker. C- General clearing. D- Custody. E- Market making.
Custodian:	: the corporate body licensed by the Authority to practice the activity of securities custody
Market Maker:	: The corporate body licensed to practice market making activity or the Foreign Market Maker registered with the Market.
Securities Lending and Borrowing:	: A contract under which the ownership of securities is temporarily transferred from one party (Lender) to another party (Borrower) with the borrower commitment to return the same upon request by the lender at any time within or after the end of the agreed period unless otherwise agreed by both of them.

Lender:	: The clearing house or any investor having investor number with the Market willing to lend securities to the borrower in accordance with the provisions of these regulations.
Borrower:	: The clearing house or any investor having investor number with the Market willing to borrow securities from the lender in accordance with the provisions of these regulations.
Lending Agent:	: A lending and borrowing agent authorized to process the securities lending transactions on behalf of others.
Security:	: the amounts or securities given by the Borrower to the Lender against the loaned securities, in accordance with the prescribed percentage of the market value of the loaned securities and in accordance with the provisions of these regulations
Professional Investor:	: The Professional Investor of the counter party in accordance with the decisions issued by the Authority.
Regulatory authority similar to SCA:	: A regulatory body that is a regular or associated member of the International Organization of Securities Commissions (IOSCO).

Article (2)

General

1. Transaction for lending and borrowing securities deposited in the Depository shall only be conducted in accordance with the provisions of these Rules
2. Securities lending and borrowing shall only be conducted in the Depository and through a lending agent, and borrowing of securities shall only be executed through a member.
3. Save clause (2) of this Article, securities lending and borrowing transaction can be conduct outside the Depository between the eligible investors, provided such transaction is promptly registered by the lender and borrower with the Depository through a lending agent.
4. Save clause (2) of this Article, securities lending and borrowing can be conducted through the member in the following manner:
 - When lent to its clients from own account provided it complies with the functions and obligations of the lending agent set out in these regulations
 - When conducting securities lending and borrowing for the purpose of settlement of the trading transactions of its client in accordance with the procedures of delivery versus payment (DVP)



5. The borrower may not transfer the ownership of the loaned securities or create any right or restriction thereon such as mortgage or seizure or take any action in it except through short sale, or for the purposes specified by the Depository, save the member which is allowed to lend its loaned securities to its clients only.
6. The Depository may lend or borrow securities in accordance with the procedures established in this regard.
7. The Clearing House shall identify the securities to be lent or borrowed provided the non-existence of a restriction on the ownership or trading of these securities such as mortgage or seizure, in accordance with the Depository procedures or applicable legislations, and provided that such securities are not bought in accordance with the margin trading regulation.
8. The lending and borrowing transaction shall not result in exceeding the limit of ownership of the foreigners
9. The Depository shall be authorized to stop/suspend the lending and borrowing of eligible securities if it deems appropriate for the business of the Depository and in observing the interests of the investors.

Article (3)

Conditions and approval application to practice the task of lending agent

In order to carry out the tasks of lending agent the approval of the Depository is required as follows:

First: the applicant for approval shall take one of the following forms:

1. A Custodian licensed by the Authority
2. A trading broker or a trading and clearing broker licensed by the Authority and a member of the market
3. Market Maker approved by the Market
4. Local banks, branches of foreign banks
5. A foreign company licensed by a supervisory authority similar to the Authority as Lending Agent.

Second: the approval application shall be submitted to the Depository in accordance with the form prescribed together with the information and supporting documents, particularly the following:

1. The availability of technical and administrative capacities and capabilities required to conduct the tasks and operate the special accounts and qualified technical staff according to the Depository decisions.
2. Availability of financial solvency required to conduct the tasks in accordance with the standards issued by the Authority in this regard
3. Availability of a document filing system for securities lending and borrowing transactions that shall include the names of the clients, executed transactions, signed contracts, guarantees, notices, commissions and fees charged.



4. Availability of Order Management System to distinguish securities lending and borrowing orders. The system shall be equipped with capability to issue messages to the client with the content of the issued order.
5. A report clarifying the technical systems and securities lending and borrowing account management systems, indicating the electronic link between the Clearing House and the applicant for approval
6. A report clarifying the regulations and basis of internal control and review of lending and borrowing transactions, as well as, a certificate from the account auditor of the company certifying that the accounting system implemented ensures compliance the requirements of the transactions to be conducted
7. Report clarifying risk management, operational procedures and sufficient systems to meet the regulatory obligations to conduct the tasks of securities lending and borrowing.
8. The client agreement form including the minimum of the following:
 - A statement of securities lending and borrowing concept and the associated risks the customer may expose to.
 - A detailed statement of the rights and obligations of both the client and the lending agent
 - The client obligations towards the Authority, the Market, the Clearing House and the Depository in accordance with the issued regulations and procedures.
9. Complete separation between the tasks of the lending agent and any other tasks or activities the applicant is approved or licensed to practice.

Third: The applicant shall always meet the conditions of the approval. The Depository may cancel the approval in the event any of the conditions specified in these regulations are not met.

Fourth: The Applicant has not committed any material violations of financial solvency standards or the rules of separating the accounts approved by the Authority within the six months preceding the date of submitting the approval application.

Fifth: payment of the approval fees prescribed by the Depository.

Article (4)

The Depository Decision

1. The Depository shall issue its decision to approve or decline an application within (5) Five days from the date of submitting the application that satisfies the conditions set forth in these regulations, and the Depository may ask for any other clarifications, information, or documents it deems necessary to issue its approval.
2. The applicant shall register and renew the registration issued by the Depository with the Authority according to its conditions within (5) working days from the date of issue, provided the renewal is conducted annually with the Authority at least one month prior to its expiry.



Article (5)

The Obligations of the Lending Agent

The lending agent shall comply with the following:

1. Limit Securities Lending and Borrowing transactions to the securities and for the purposes specified by the Depository only
2. Register the securities lending transaction executed by any of its clients with the Depository as per its applicable procedures.
3. Ensure that the client holds an investor account with the Depository as a lender or borrower
4. Conclude securities lending and borrowing agreement with each client willing to use this mechanism in accordance with the requirements of the Depository in this regard.
5. Ensure that the securities lending and borrowing agreement concluded between the lender and borrower and all its procedures are consistent with the Depository applicable legislations and procedures.
6. Provide the Depository with a copy of the securities lending and borrowing agreement in accordance with its procedures
7. Open an account for the client in the electronic clearing system to execute securities lending and borrowing transactions.
8. Abide by any undertaking or confirmation to lending securities by self or its clients.
9. Ensure that the lender has sufficient balance of securities subject to lending and borrowing to complete the lending transaction.
10. Ensure that the borrower has the required guarantee to complete the request for recall or return of the loaned securities in accordance with the provisions of these Rules.
11. Obtain an order or authorization from the client with regard to any request relating to securities lending and borrowing prior to submitting the application to the Depository.
12. Issue a confirmation to the client to notify him about the transactions executed on that same day.
13. Register the lending transactions of its clients, the instructions received from them, the volume of executed transactions, submitted collaterals and all the commissions and fees.
14. Sending regular reports to the client and whenever requested to clarify the actually executed securities lending and borrowing transactions and any changes to the value of the guarantee.
15. Register the securities lending and borrowing transaction executed by any of its clients from the eligible investors with the Depository in accordance with its procedures, and provide it with a copy of the securities lending and borrowing agreement.

16. Retain the records relating to securities lending and borrowing, such as agreements, instructions, documents and other records for a period not less than (10) years, and retain back-up copies of such records for the same period
17. Obtain the Depository prior approval for any subsequent change in the order management system,.
18. Maintain the financial solvency of the company in accordance with the financial solvency standards issued by the Authority.
19. Provide the Authority and the Depository with any reports at their request within two working days from the date of the request. The Depository may extend this period and/or the Authority when necessary..
20. Exert the prudent person care in conducting the tasks.

Article (6)

Securities Lending and Borrowing Agreement

1. Securities lending and borrowing agreement in accordance with the approved form, the regulations, conditions and requirements issued by the Depository, or in accordance with the international standard agreements in the form of USMSLA, MSLA, OSLA GMSLA shall be signed between the lender and borrower. In this case the agreement shall include one or more addendum to amend the articles of the agreement in line with the Legislation in force in the state.
2. The lending agent or the Brokerage Company shall ensure that the provisions of the concluded agreement in any way do not contradict with these Rules.
3. The lender shall have all the material rights relating to the securities subject of lending, unless otherwise agreed upon in the agreement concluded between the lender and borrower.
4. The lender and borrower shall take the full responsibility of all the obligations and conditions set out in the agreement concluded between them and any risks associated thereto. The Depository shall not be responsible of such agreements nor the obligations or rights included therein except within the scope of their application and execution in accordance with the provision thereof, and in manner not contradicting with the Legislation in force or the provisions of these Rules.
5. The lender and borrower shall both undertake to notify the Clearing House about any securities lending or borrowing transaction, and to provide the Depository, the with any reports, information or documents promptly or within the period specified by any of them.
6. The Depository may prohibit any potential party to a securities lending and borrowing transaction, whether in his capacity as agent or principal, to enter into a securities lending and borrowing transaction when it deems the conditions of securities lending and borrowing agreement do not satisfy the requirements stipulated herein.



Article (7)

Collateral provision

1- The collateral provided to borrow Securities shall be in any of the following methods:

- a. Cash collateral of no less than (105%) of the value of the borrowed Securities.
- b. Unconditional bank guarantee issued by a bank and payable on demand of at least (105%) of the value of the loaned Securities. If the lender is a natural person and resides in the state, the bank guarantee must be issued by one of the banks operating in the state.
- c. Listed securities owned by the borrower with a value not less than (110%) of the value of the loaned Securities.
- d. Unlisted securities owned by the borrower, provided satisfying the standard and conditions set by the Depository.

2- The Member shall have the right, if lent its client from its own account, or in its capacity as a lending agent, to fulfill the collateral specified in clause (1) of this Article, or the collateral specified pursuant to the regulations of short sale issued by the Market, as it deems fit.

3- The collateral shall be retained as follows:

- a. The cash collateral or bank guarantee shall be retained by the Lending Agent (if a brokerage company)
- b. Unlisted securities shall be kept in an a dedicated account with the lending agent (if a brokerage company)
- c. Listed securities submitted as collateral shall be kept with the Depository.

4- The Lending Agent (if a brokerage company) shall re-calculate the value of the collateral on a daily basis as per the market value of the Securities (closing price).

5- The Lending Agent (if a brokerage company) shall request an increase of the collateral from the borrower if it falls below the percentage specified in the borrowing agreement so that this percentage will be reached. The collateral shall be increased no later than two working days from the date of such request.

6- The Lender, the Lending Agent or the Clearing House, as the case may be, shall enforce liquidate the collateral if the Borrowing Agent fails to increase the collateral by the specified date, provided that the liquidation shall be made on the day following the expiry of the period specified in previous clause herein.

7- The lending agent (if a brokerage company) shall notify the Depository upon liquidating the collateral

Article (8)

The Procedures

The below applications shall be submitted to the Depository at the responsibility of the applicant, upon ensuring the validity of the application, approval and that it does not contradict with the provisions of the agreement concluded between the two parties



and the applicable legislations. The applicant shall solely be responsible of any violation in the following manner:

First: the lender shall submit an application to lend its securities to the lending agent to show its desire to lend its securities

Second: the borrower shall submit an application to the Member to borrow securities, the Member may either lend its client directly from its own account or borrow securities in its name from the lending agent and then lend them to its clients, borrow the securities on behalf of its clients from the lending agent, or lend its client in its capacity as a lending agent.

Third: the lending agent or the Member shall submit their below requests to the Depository in accordance with the forms and requirements issued by it with regard to the following:

1. **Request for securities borrowing:** The Member shall submit the request to borrow securities to the Depository in its prescribed form, enclosing the agreement signed between the two parties (the lender and the borrower), the Depository upon fulfilling the required conditions will transfer the loaned securities from the account of the lender to the account of the borrower pursuant to its procedures and upon confirming that all the required guarantees are met.
2. **Request for providing securities as collateral:** the request shall be submitted by the Member if the collateral is listed securities, to the Depository as per the prescribed form, to transfer the collateral securities from Borrower's account to Depository.
3. **Request to recall the loaned securities (in whole or part):** the lending agent shall submit an application to the Depository as per the prescribed form, to transfer the loaned securities from Borrower's account to Lender's account as per the Market procedures, and transfer the listed securities given as collateral to the Depository to the account of the borrower according to procedures.
4. **The Borrower request to return loaned securities (in whole or part):** the Member shall submit a request to the Depository as per the prescribed form, to transfer the loaned securities from the account of the borrower to the account of the lender as per the Market procedures, and transfer the securities provided as a collateral kept with the Clearing House to the account of the borrower according to procedures.
5. **Request to terminate the securities lending and borrowing transaction:** the lending agent, Member, or both shall submit an application to the Depository as per the prescribed form, indicating the termination of the transaction. The Depository shall transfer the loaned securities from the account of the borrower to the account of the lender, and also transfer the listed securities provided as a collateral kept with the Market to the account of the borrower as per the procedures of the Depository.
6. **Request to liquidate (sell) the securities provided as collateral:** the lending agent and the lender, if Member, shall submit a request to the Depository as per the prescribed form, to transfer the securities provided as a collateral which are kept with Depository to the account of the lender to sell them.
7. **Request to replace the collateral:** the Member shall submit a request to the Depository as per the prescribed form, to replace the collateral provided by the borrower.
8. **Any other request the Depository deems necessary.**



Article (9)

The cancellation of securities lending and borrowing transaction

Without prejudice to third parties with good faith, the Depository may refuse to execute, or cancel any securities lending and borrowing transaction, and recall the loaned securities, as well as compel the borrower to return such securities in the event of violation of these regulations or any applicable procedures, or in the event of any fraud, misrepresentation or manipulation, or pursuant to a final court ruling or judgment orders and in the event of insufficiency of securities the Depository shall determine the appropriate procedures on case by case basis.

Article (10)

Sharia Compliant Procedures

These regulations shall apply on any agreement or transaction in compliance with the Islamic Sharia principles and allows the temporary transfer of securities from a lender to a borrower.

Article (12)

Supervision and Inspection

The Authority and the Depository shall have the right to supervise and inspect the lending agent or Member with regard to any transactions relating to securities lending and borrowing, in order to ensure their compliance with the Authority's law, regulations and decisions issued thereunder, and the provisions of these regulations. The Depository shall notify the Authority about any violation or penalties imposed on the violator.



CHAPTER FOUR:

RULES FOR OMNIBUS ACCOUNTS

Article (1)

Definitions

Words and expressions set out in this chapter shall have the meanings set out against each of them, unless the context indicates otherwise:

Authority	: Security and Commodities Authority.
Depository	: Abu Dhabi Central Depository Company LLC
Market	: Abu Dhabi Securities Exchange PJSC
Clearing :	: Abu Dhabi Clearing Company LLC
Securities	: Shares, bonds and notes issued by joint stock companies, bonds and notes issued by the Federal Government or Local Governments, public authorities and public institutions in the State, and any other domestic or non-domestic financial instruments accepted by the Authority.
Registered Owner	: A company that obtains the approval of the Market to register the Securities purchased in its name for the account of its clients in Omnibus Accounts in accordance with the provisions of these Rules.
Beneficial Owner	: The actual owner of the security registered in the name of the Registered Owner under the Omnibus Accounts who has all the rights related to these Securities, also referred to in these Rules as the client.
Omnibus Account	: An account for the clients of the entity that obtained the approval of the Market, in which dealings are conducted in its own name and for the account of its clients
Regulatory Body Equivalent to the Authority	: A regulatory body which is an ordinary member or associate member of the International Organization of Securities Commissions (IOSCO).



Article (2)

Practicing the activity of the registered owner

The activity of the Registered Owner in the Depository may not be practiced without obtaining the approval of the Depository in accordance with the terms, conditions and procedures stipulated in these Rules and any technical requirements decided by the Depository at any time.

Article (3)

Conditions for practicing the activity of the registered owner

1- The following conditions must be met in order to grant approval to practice the activity of the Registered Owner:

- a. The applicant must be a local company licensed by the Authority or a foreign company licensed by a Regulatory Body Equivalent to the Authority in order to engage in brokerage or clearing broker, safe custody, portfolio management, or investment fund management or a local bank or a branch of a foreign bank licensed by the Central Bank of the UAE.
- b. Availability of qualified administrative and technical staff necessary to practice this activity.
- c. Availability of electronic programs and technical systems necessary for conducting the activity as decided by the Depository.
- d. Any additional conditions or requirements decided by the Depository.

2- Applicant must meet all approval conditions on an ongoing basis, and the Depository may revoke the approval in the event of failure to fulfill any of the conditions specified in these Rules.

Article (4)

Application to practice the activity of the registered owner

The applicant for approval to practice the activity of the Registered Owner shall submit an application to the Depository according to the form prepared for that purpose, accompanied by the information, data and documents supporting the application, in particular the following:

- a - The legal status of the applicant for approval with a report showing the names of the members of the board of directors, the executive management, the internal controller, and those in charge of presenting the mechanism of the Registered Owner of Securities, with details of the job description for each of them.
- b - The form of the agreement for practicing the activity of the Registered Owner, which must include all the rights and obligations of the Registered Owner and the Beneficial Owner in a manner that does not violate the applicable legislation, and in particular the following information and data:
 1. Introducing the concept of the Omnibus Account, the mechanism of work of the Registered Owner, and the risks that the client may be exposed to as a result of this.



2. Identify all the personal data of the client - a natural person or a legal person - or whoever acts on his behalf, his address, the nature of his work, and the entity he works for.
 3. Identify the means of communication with the client
 4. Identify the services provided by the Registered Owner to the client.
 5. Identify the amount of commissions and fees incurred by the client for the services provided to him, and the dates and method of payment.
 6. Identify the reports and statements of account that the Registered Owner is obliged to provide to the client and the dates and manner in which they are provided.
 7. Emphasis on the commitment of the client to all the legislation in force in the State, in particular the legislation on anti-money-laundering and the financing of terrorism, and to assume full legal responsibility for the violations committed by him.
 8. Emphasis on the commitment of the client to disclose in accordance with the applicable legislation, regulations and decisions of the Authority and the Depository and Clearing.
 9. The explicit consent of the client to the declaration and disclosure in his name regarding the trades made on his behalf to the Authority, the Depository and Clearing, the issuer of the Securities, the judiciary, and the competent official authorities.
 10. Emphasis on limiting the exercise of rights related to Securities registered in the name of the Registered Owner to the Registered Owner and not the clients.
 11. The mechanism for the Registered Owner to attend and vote in meetings of the General Assembly on behalf of the client upon his instructions.
 12. The mechanism of disposing of the returns accruing from the Securities in terms of interest or profits
 13. Confirm that the client alone assumes all the responsibilities arising from his instructions issued to the Registered Owner, unless that responsibility results from non-commercial damages or professional liability, or results from the loss, damage or theft of client documents or money.
 14. Indicate the mechanism proposed to settle disputes with clients.
- c- Statement explaining the technical regulations used and the proposed working procedures for the conduct the activity of the Registered Owner.
- Any other information or data that the Depository deems necessary to provide and to
- d- make a decision of approval or otherwise.

Article (5)

The Depository decision

1. The Depository shall issue its decision to approve or reject the application within (10) ten working days from the date of submission of the application, in compliance with the conditions, requirements and technical standards set by the Depository.



2. The applicant shall register the approval issued by the Depository with the Authority within a period not exceeding (5) five working days from the date of its issuance.
3. The Depository may grant the approval under such conditions or restrictions as it deems appropriate.

Article (6)

The registered owner's obligations towards its clients

The Registered Owner is obligated towards its clients with the following:

1. Verify the identity of the Beneficial Owner before signing the agreement with him.
2. Include in the agreement with the client all his data accompanied by proof of his personality, capacity and eligibility to contract. As an exception to this, the Registered Owner may conclude an agreement with a third party regarding his clients in accordance with the decisions of the Authority and the legislation in force in the state in this regard.
3. Open Securities account for each of the clients, and prepare an independent and separate record for each client containing data related to him, the movement of his account, his transactions, and his ownership of Securities and cash amounts.
4. Obtain the bank account of each client before executing any trading operation for his account.
5. Register the Securities belonging to the clients in his name and exercise the rights associated with them, including collecting returns incurred from interest or profits, exercise the right to subscribe, and attend the meetings of the general assemblies and vote in them on behalf of the client based on his instructions.
6. Notify the client of the collection of financial rights associated with the Securities within (3) three business days at most from the date of obtaining them.
7. Enable the client to obtain all the financial rights associated with the Securities registered in his name within (5) business days at most from the date of collection.
8. Notify the client of the date of the General Assembly meetings, their agenda, and the issues to be voted on in the general assemblies of the companies to which he contributes, at least (10) ten working days before the date of the meeting.
9. Execute the instructions issued to him by his client with regard to attending the general assemblies and voting in them on his behalf, including the method of distributing votes when voting and the mechanism for voting on new items on the agenda of the general assembly, in a manner that achieves the client's investment objectives.
10. Notify the client of the rights associated with the Securities exercised within (3) working days at most from the date of the exercise of any of these rights.
11. Notify the client of all the decisions and information disclosed by the issuers or the Market of the Securities no later than the business day following his knowledge thereof.
12. Notify the client of all trading and transfers transactions made on his account no later than the working day following the execution of those transactions.



13. Notify the client by a detailed monthly statement of account showing all trades and transfers made in his account, along with a statement of his current balance of Securities or cash amounts.
14. Record mortgages related to Securities or freeze them based on the client's desire in accordance with the procedures in force in the Depository and within the limits of his ownership as per the ownership record in the Omnibus Account.
15. Submit a request to transfer ownership of Securities within the cases excluded from trading and within the limits of the client's ownership according to the ownership record in the Omnibus Account.
16. Transfer Securities from the client's account with it in the Omnibus Account to the client's account with another Registered Owner and/or any other account of the client upon his request.
17. Maintain the confidentiality of client's data and information, and not disclose their names or making any statements or information about their accounts except in accordance with the provisions of these Rules.
18. Any other obligations determined by the Depository.

Article (7)

The registered owner's obligations towards the depository

The Registered Owner is obligated towards the Depository with the following:

1. Not to dispose of the Securities registered in his name except in accordance with the provisions of these Rules, the terms of the agreement concluded with the client and any relevant applicable legislation.
2. Refrain from arranging any obligation on the Omnibus Account or disposing of it in any way, and in particular not to arrange any rights over the Securities belonging to clients, including mortgaging or using them as a security to borrow.
3. Comply with the procedures stipulated in all applicable legislation in the State related to anti-money laundering and terrorism financing.
4. Refrain from investing his own funds in the Omnibus Account, and completely separate his own account from the Omnibus Account of his clients.
5. Seizure of the Securities and/or cash amounts pertaining to the client within the limits of his ownership in the Omnibus Account, based on the request of the competent official authorities, in accordance with the procedures in force in the Depository.
6. Maintain records that include adequate data on the Beneficial Owners, their properties, and the movements of their accounts and transactions.
7. Provide written standards and policies regarding aggregate orders and how to distribute them to clients according to their orders and ownership, provided they are applied fairly, regularly and continuously.
8. Document, archive and preserve all matters related to the aggregate trading orders and the distribution to the clients, including the identity of the client, the date and time, the details of the security and the amounts of each client with the same mechanism and period related to the regular trading orders.



9. Keep the books and records necessary for the activity of the Registered Owner or the use of computers and other modern technical devices for this purpose in accordance with international accounting standards, provided that these books and records shall be kept with backup copies of all data available on the computer in the company for a period of (10) years in order to preserve the clients' data and not expose them to any cause of damage.
10. Provide the Depository with the details of the bank accounts of its clients in the Omnibus Account for the purpose of transferring the cash dividends of the Omnibus Account to each client within the limits of his ownership.
11. The internal system of the Registered Owner shall ensure proper selection of those in charge of providing the service and internal control, and verify the good conduct of each of them and make them aware of the principles and ethics of the profession.
12. Exerting the care of the prudent man in accordance with the provisions of the legislation in force and the conditions and requirements on the basis of which the approval was issued, taking into account commercial norms in this regard and the principles of honesty, justice and equality and concern for the interests of clients and the implementation of their instructions.
13. Notify the Depository immediately in the event of any deficit affecting the soundness of its financial position or any other material events.
14. Notify the Market immediately and in writing of any violations committed by its clients in contravention of the provisions of the applicable legislation.
15. Provide the Depository with an electronic link mechanism to be agreed upon, allowing the Depository to view the details of the transactions executed based on the agreement, the data and properties of clients registered in its name, and the changes that occur in that according to the controls set by the Depository
16. Enable the Depository to view all data, information and documents related to the activity of the Registered Owner.
17. When requested by the Depository, provide the Depository with details of the trading operations executed according to the agreement, the data and properties of any client.
18. The foreign Registered Owner shall inform the Depository of any regulatory changes affecting its operations or obligations with respect to the Registered Owner's activity in the Depository.
19. Any other obligations decided by the Depository at any time after approval is granted.

Article (8)

General provisions

1. The Depository may allocate one or more Omnibus Accounts to each Registered Owner in accordance with the applicable Depository procedures.
2. One or more trading accounts may be opened for each Omnibus Account with the broker, upon obtaining the approval of the Depository in accordance with the applicable Depository procedures.



3. In the event of mutual listing of the security, the security may be transferred between the two Central Depository from the client's account in the Omnibus Account with any Registered Owner to the client's account with another Registered Owner and/or any other account of the client upon his request as per the applicable procedures.
4. The Registered Owner represents his clients in the Omnibus Account in dealing with the Depository, the issuer of the security and third parties.
5. The Registered Owner may provide all services related to trading available in the Market, And Depository - as the case may be - such as margin trading, lending and borrowing, covered short selling, technical short selling, and short-term trading in accordance with the provisions of these Rules and the terms of the agreement concluded with the client and any relevant applicable legislation, provided that any of these services are provided within the limits of the client's ownership in the Omnibus Account according to the ownership record and without prejudice to the ownership of any other client.
6. The Omnibus Account is considered an account owned by the Beneficial Owner according to the ownership record of the Registered Owner, this shall entail:
 - a- Securities and cash amounts belonging to the clients of the Registered Owner in the Omnibus Account are not subject to seizure, liquidation or bankruptcy procedures to which the Registered Owner is subject.
 - b- The Omnibus Account is not subject to the seizure, liquidation or bankruptcy procedures to which any of the clients of the Registered Owner is subject, where the seizure, liquidation or bankruptcy procedures to which the client is subject are limited to what the client owns in the Omnibus Account according to what is registered in the ownership record.
7. In the event of any emergency matter occurring to the Registered Owner, such as seizure, bankruptcy, liquidation, or others that hinders his continuity in performing his obligations in accordance with the provisions of these Rules, it shall, on the next business day for the emergency matter to materialize, do what is described below:
 - a- Notify the Depository immediately.
 - b- Transfer the registration of the Securities in the Omnibus Account to each client's account according to the clients' ownership record with it, or to an account in the name of another Registered Owner at the request of the respective client without charging the client any expenses or fees.
 - c- Notify the clients, the Depository and the Authority and provide them with the procedures that have been taken.
8. The Registered Owner shall not cease to perform its business on its own without obtaining the Depository 's approval and in accordance with the procedures established by the Depository in this regard.



CHAPTER FIVE:

Rules for Off-market transfer of ownership for securities financing transactions

Introduction

These regulations include the rules and procedures relating to some Off Market transfer cases represented in the following

1. Ripo Transactions
2. Islamic Murabaha Transactions

PART ONE: RIPO TRANSACTIONS

Article (1)

First: Definitions

The following terms and expressions shall have the meanings ascribed thereto hereunder, unless the context otherwise requires:

State	: United Arab Emirates.
SCA	: Securities and Commodities Authority.
The Depository	: Abu Dhabi Central Depository Company LLC
Market	: Abu Dhabi Securities Exchange.
Clearing	: Abu Dhabi Clearing Company LLC
Securities	: Shares, bonds and securities issued by joint stock companies, bonds and treasury bills issued by the Federal Government or Local Governments, public bodies and establishments of the State and any other financial instruments approved by SCA.
Repo Transactions	: Settlement of securities transactions relating to (Repurchase Agreements) through transfer of Securities in the Market between Repo Seller and Repo Buyer.
Repo Seller	: Securities seller in the Market and cash recipient.
Repo Buyer	: Payer of cash and Buyer of Securities in the Market, i.e. financier of the investor.
The Member	: Trading broker or trading and clearing broker licensed by the Authority and member in the Market.
Custodian	: A legal entity authorized by SCA to carry out securities custody.



Financial Institution : The bank, finance company, investment fund licensed to carry out securities financing transactions, or a foreign financial institution licensed in its country as a financial institution or authorized to lend funds. Such Financial Institutions shall provide the Market with an official letter (original copy) issued by the regulatory body and duly certified as a regulated lending entity or authorized to lend money. No need to submit such letter for each transaction.

Article (2)

Second: Rules

1. Taking into account the rates of ownership prescribed in the Articles of Association of companies listed on the Market, the Depository shall determine the type and quantity of securities, subject of Repo Transactions, and the same shall be annotated accordingly.
2. the Depository may reject the request of securities transfer in the event of failure to comply with the regulations in force in SCA, the Market's or the Clearing or the Depository procedures, or at the request of SCA or the judicial authority.
3. Transfer of securities by the Depository shall not constitute an approval therefrom or notification thereto or to SCA or the Market of any of the necessary regulatory and legal requirements related to the disclosure of the rates and limits of ownership.
4. the Depository's role is limited to transfer of Securities between the Repo Seller and the Repo Buyer pursuant to the Securities Repurchase Agreement in accordance with SCA's law and regulations and the Depository's procedures.
5. SCA and the Depository neither shall be liable for the (Repurchase Agreement) nor held liable towards the parties thereof for the validity, suitability, obligations or rights of the parties, or any dispute arising between them regarding the implementation of such Agreement.

Article (3)

The Repo Buyer must be a Financial Institution.

Article (4)

Repo Buyer is obliged to:

1. Allocate an independent account for Repo Transactions in which only Securities, subject of those Transactions, shall be deposited.
2. Ensure that the securities Repurchase Agreement is made according to International Swaps and Derivatives Association (ISDA) Form, Global Master Repurchase Agreement (GMRA) or any other agreement or forms accepted by Depository.
3. Refrain from doing any of the following:
4. Own its shares (as an issuer) through Repo Transactions.
5. Pledge Securities subject of repo transactions in advance.



6. Take full legal and financial responsibility arising from the validity, timeliness, and completeness of the information provided to the Depository.
7. Indemnify the Market for any violation of the regulations, rules, or procedures issued by SCA or the Depository.

Article (5)

1. The Repo Buyer and Repo Seller shall be fully responsible of the (Repurchase Agreement) and its containment of all rights and obligations between them, in particular with respect to the right to vote and the right to obtain dividends.
2. The Repo Buyer and Repo Seller shall comply with the disclosures specified in SCA's law and regulations, the Depository's rules and Articles of Association of the listed companies. For the purposes of disclosure, Securities, subject of Repo Transaction, shall be calculated as a part of their respective ownership proportion.
3. in the event of any error or omission is committed as to the limits or proportions of the Repo Buyer and Repo Seller, the Repo Buyer and Repo Seller shall take immediate measures to make the necessary correction.

Article (6)

Third: Procedures

The Repo Buyer must fill in the form prepared by the Depository in order to be qualified for being a Repo Buyer and obtain an investor number designated for Repo Transactions in accordance with the provisions of these Regulations.

Article (7)

Request to Transfer the Ownership from Repo Seller to Repo Buyer

1. Qualified Repo Buyer shall submit Repo Transaction request to the Depository, as per the form prepared by the Market, to be signed by the Repo Buyer and the Repo Seller to transfer the securities from the Repo Seller to the Repo Buyer.
2. Application of Repo Transaction may be submitted through the Brokerage Company (Trading and Clearing Member) or the Custodian.
3. A true copy of the Repurchase Agreement signed by the parties and duly attested shall be attached to the Application.
4. The transfer of ownership may only be made after ensuring that the transfer of ownership does not violate the ownership ratios specified in the applicable legislations or the Articles of Association of the security issuer and upon ensuring that the fee due on these services has been received by the Depository.
5. The cash settlement between the Repo Buyer and the Repo Seller shall be made directly without interference of or liability on the Market.



Article (8)

Repo Seller's Recovery of its Securities as per the Repurchase Agreement

1. Qualified Repo Buyer shall submit the request to the Depository, as per the form prepared by the Depository, signed by Repo Buyer and Repo Seller to enable the Repo Seller to recover ownership of the Securities, subject of Repo Transaction.
2. Clauses (2, 4, and 5) of Article (7) above shall apply.
3. After confirming the Repo Seller's ownership ratio, the Depository shall transfer the Securities, subject of the Repo Transaction, from the Repo Buyer's account to the Repo Seller's account.

PART TWO: ISLAMIC MURABAHA TRANSACTIONS

Article (1)

First: Definitions

The following terms and expressions shall have the meanings ascribed thereto hereunder, unless the context otherwise requires:

State	: United Arab Emirates.
SCA	: Securities and Commodities Authority.
The Depository	Abu Dhabi Central Depository Company LLC
	:
Market	: Abu Dhabi Securities Exchange.
Clearing	: Abu Dhabi Clearing Company LLC
Securities	: Shares, bonds and securities issued by joint stock companies, bonds and treasury bills issued by the Federal Government or Local Governments, public bodies and establishments of the State and any other financial instruments approved by SCA.
Islamic Murabaha Transactions	: Settlement of securities transactions related to (Islamic Finance Agreements) through transfer of Securities in ADX from the Financial Institution to the Investor.
Financial Institution	: Any Financial Institution authorized to lend or finance within the State, in compliance with Islamic Sharia (SCFI).

Article (2)

Second: Rules

1. the Depository may reject the request of securities transfer if the regulations in force in SCA or the Depository, Clearing or Market's procedures are not complied with or at the request of SCA or the judicial authority.
2. Transfer of securities by the Depository shall not constitute an approval therefrom or notification to the Market or SCA of any of the necessary regulatory and legal requirements related to the disclosure of ownerships, their ratios and limits.
3. the Depository's role is limited to transfer of Securities from the Financial Institution to the Investor, pursuant to the (Islamic Finance Agreement) in accordance with SCA's law and regulations and the Depository's procedures.
4. The Depository shall not be liable for the (Islamic Finance Agreement) nor held liable towards the parties thereof for the validity, suitability, obligations or rights of the parties, or any dispute arising between them regarding the implementation of such Agreement.

Article (3)

The Financial Institution and the Investor shall, subject of Islamic Murabaha Transaction, Indemnify the Depository for any violation of the regulations, rules, or procedures issued by SCA or the Depository.

Article (4)

The Financial Institution shall fill in the form prepared by the Depository in order to be qualified and to obtain an investor number allocated for Murabaha Transactions as per the provisions of these Rules.

Third: Procedures

Article (5)

Request to transfer the Ownership from the Financial Institution to the Investor

1. the Financial Institution shall submit an Application to conduct an Islamic Murabaha Transaction to the Depository – in accordance with the form prepared by the Depository – to transfer the ownership of the securities from the Financial Institution to the Investor. Such Application shall be signed by the Financial Institution and the Investor.
2. A true copy of the Islamic Murabaha Transaction signed by the parties shall be attached to the Application.
3. The Financial Institution shall pay the fee due for completing the Islamic Murabaha Transaction. The transfer of ownership may only be made after ensuring that the fee is deposited into the Depository's account and a copy of deposit details is provided to the Depository for its registers purposes.



Article (6)

1. the Depository shall, after verifying the Investor's ownership ratio, transfer Securities, subject of Islamic Murabaha Transaction, from the Financial Institution's account to the Investor's account.
2. The cash settlement between the Financial Institution and the Investor shall be made directly without interference of or liability on the Depository.



CHAPTER SIX:

FEES AND COMMISSIONS

Article (1)

The General Manager of Abu Dhabi Depository, and after consultation with the Market, shall issue a resolution specifying all fees and commissions charged by the Depository for the services it provides.

Article (2)

All fees and commissions prescribed and in force when approving the booklet of the operational rules of the Depository shall continue until the issuance of the decision referred to in Article (1) above.

Article (3)

The schedule of fees and commissions charged by the Depository Company is published on the company's website.



CHAPTER SEVEN:

PENALTIES

Article (1)

1- The Depository shall take all necessary measures to supervise, monitor and inspect, periodically or unexpectedly, the depository members, with the aim of ensuring their compliance with the applicable legislation and all circulars issued regarding their practice of the activity, and investigating any violations resulting from the inspection or included in the complaints received by the depository.

2- The Depository has the right to request all information and documents - which it deems necessary for the purposes of supervision and monitoring - from the depository members, their employees or their clients.

3- The Depository may take any of the following measures in case any natural or legal person violates any of the provisions contained in the Depository's operational rules booklet:

- a. To issue a warning to the violator, and oblige him to remove the violation within the period specified by the Depository.
- b. Impose a fine not exceeding AED 100,000 on the violator.
- c. Suspend or revoke any Depository approval for the exercise of any of the activities or functions mentioned in the Depository Operating Rules Booklet.
- d. Cancel the deposit and/or registration of any security after coordination with the Market and Clearing
- e. liquidate or use any guarantees submitted to the Depository in return for compliance with the provisions of the applicable legislation, rules and decisions.

4- In addition to the procedures set forth in Clause (1) of this Article, the Depository may oblige the violator to remove the violation within the period specified by the Depository.

Article (2)

The Depository may issue a guide list of penalties and fines imposed by the Depository when violating any of the provisions contained in the Depository operational rules booklet, provided that the repetition of the violation by the violator is taken into account when developing such a guide.

Article (3)

The Depository may refer any violator to the Authority or the Market or the Clearing to consider its violation and impose the appropriate penalty if the Depository finds that the violator has violated any of the Authority or the Market or the Clearing's legislation in force.





THANK YOU FOR CHOOSING
AD CSD

P.O.BOX: 54500, Abu Dhabi, UAE

www.adcsd.ae