

ADX

سوق أبوظبي للأوراق المالية
Abu Dhabi Securities Exchange



Abu Dhabi Securities Exchange (ADX) **Operational Rules Booklet**

Issued by ADX Board Members decision
N° (4/2/2022) on 3rd March 2022

› Contents

- CHAPTER 1 : Listing and disclosure regulations
- CHAPTER 2 : Company's purchase of shares issued by it
- CHAPTER 3 : Broker and trading rules
- CHAPTER 4 : Market maker regulations
- CHAPTER 5 : Liquidity provider rules
- CHAPTER 6 : Securities lending and borrowing regulations
- CHAPTER 7 : Covered short selling
- CHAPTER 8 : Technical short selling rules
- CHAPTER 9 : Margin trading regulation
- CHAPTER 10 : Short-term trading regulations
- CHAPTER 11 : E- trading regulation
- CHAPTER 12 : Foreign brokerage companies remote access rules
- CHAPTER 13 : Direct market access regulations
- CHAPTER 14 : Brokerage companies' trading in their names and for own account regulation
- CHAPTER 15 : Rules of price stability mechanism
- CHAPTER 16 : Clearing, depository and registry rules
- CHAPTER 17 : Regulated derivative contracts trading regulations
- CHAPTER 18 : Allocation account regulations
- CHAPTER 19 : Omnibus Accounts Regulation Rules
- CHAPTER 20 : Off-market transfer of ownership for securities financing transactions regulation
- CHAPTER 21 : Fees and commission
- CHAPTER 22 : Penalties





Listing and disclosure regulations

Article (1)

Words and expressions set out in this chapter shall have the meanings set out against each of them, unless the context indicates otherwise, words and expressions not defined in these Rules shall have the meaning scribed to them in the law and decisions of the Authority or the regulations, decisions and instructions issued by the Market, as the case may be:

State	:	United Arab Emirates.
Government	:	The government of the United Arab Emirates, or any of the local governments of the member emirates, and any of the government departments and institutions thereof.
Authority	:	Securities and Commodities Authority.
Market	:	Abu Dhabi Securities Exchange.
Free Zone	:	The free zone established in any emirates of the State pursuant to local laws or the financial free zone established pursuant to a federal law.
Chief Executive Officer	:	the Chief Executive Officer of the Market.
Competent Authority	:	The local authority responsible for corporate affairs in the concerned Emirate.
Company	:	the local, foreign, or free zone company listed in the Market.
Local Company	:	the public joint stock company or private joint stock company incorporated in the State.
Foreign Company	:	the company incorporated outside the State.
Free Zone Company	:	The companies incorporated in the free zone in accordance with the provisions of the legislations applicable to the free zone and takes the form of a public joint stock company, a private joint stock company, or the like.
Special Purpose Acquisition Vehicle	:	A company classified by the Authority as Special Purpose Acquisition Vehicle
First Market	:	The market designated for listing the shares of public stock companies, and it is divided into first and second category, according to special listing conditions for each category.
Second Market	:	The market designated for listing of the shares of private joint stock companies.

Foreign Market	:	the market licensed outside the state or in a Financial Free Zone with the State by a regulator similar to the Authority.
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.
Free Float	:	the company's subscribed shares less the following: <ol style="list-style-type: none"> 1. Shares owned by the government, foreign governments and the companies they own by (100%). 2. Shares owned by the members of the Board of Directors and their relatives. 3. Shares owned by the parent, subsidiary or sister company 4. Shares owned by shareholders holding (5%) or more of the company's shares. 5. Shares owned by the company itself (treasury shares). 6. Shares not electronically deposited with the Clearing. 7. Founders' shares during blackout period. 8. Pledged and attached shares.
Investment Fund	:	A financial pool engaged in the activity of accumulating Investors' assets for the purpose of investment against the issue of Fund Units of equal value, including Mutual Funds, exchange-traded funds (ETFs), Real Estate Investment Trusts (REITs) and any type of funds which the Authority approves its licensing.
Debt Securities	:	Debt Securities issued by companies or governments and any other debt Securities accepted by the Authority.
Debt bonds	:	Financial instruments of equal value and tradable, that establishes or create debt on the issuer whether covered or not.
Sukuk	:	Financial instruments equal in value and tradable represent common shares in the ownership of an asset or group of assets issued pursuant to Islamic Sharia.
Warrants	:	securities equal in value and tradable, gives its holder the right in, without obligation, buying or selling specified number of underlying assets at specified price within a specified period of time.
Business Consolidation	:	Any partial or total acquisition or any merger of concerned entity targeted by acquisition by or with Special Purpose Acquisition Vehicle
Target Entity	:	Any commercial entity incorporated within or outside the state (excluding the public joint stock companies listed in the local or foreign market) the Special Purpose Acquisition Vehicle intends to own a percentage thereof or merger therewith on the date of closure

Covered Warrants	:	The warrants issued by the company authorized by the Authority to issue Covered Warrants pursuant to the provisions of The Authority's Board of Directors' Decision No. (2) of 2014 Concerning the Regulations on Covered Warrants
Depository Receipts	:	A financial instrument issued in exchange for foreign securities that can be listed and traded in the Market.
Depository Bank	:	A legal person that conducts the activity of the depository bank within or outside the State in accordance with the provisions of the legislation issued by the Authority concerning the Depository Receipts system.
Representative of Foreign Fund	:	A company operating in the field of securities and subject to the supervision and control of the Authority; excluding the brokerage company and the general clearing member.
Capital	:	the issued capital of the company.
Relatives	:	Spouse and minor children.

Article (2)

No security may be listed on the Market without registration with the Authority.

SECTION ONE LISTING THE SHARES OF LOCAL COMPANIES

Article (3)

1. The shares of local public joint stock companies shall be listed in the first and second category of the First Market in accordance with the provisions of these Rules.
2. The shares of local private joint stock companies shall be listed in the Second Market in accordance with the provisions of these Rules.

Conditions for listing the shares of local joint stock companies

Article (4)

1. The shares of the local joint stock company are first listed in the second category of the First Market.
2. There shall be no restrictions on the transfer of the ownership of the shares to be listed except for the restrictions permitted by the legislation in force in the State for listing of the shares of the local public joint stock company in the Second Category.
3. The transfer of listing of the shares of the local public stock company from the second category to the first category requires the fulfillment of the following conditions by the end of its fiscal year preceding the date of listing transfer:

- a. The company has been listed in the second category for at least a fiscal year.
- b. The net equity of the company shall not be less than (100%) of its paid-up capital.
- c. The number of the shareholders of the company shall not be less than (100) shareholder.
- d. The percentage of the free float in the company to its capital shall not be less than (20%).
- e. The company has made profits in at least two financial years for the three years preceding the date of the transfer of listing.

4. Notwithstanding paragraph (d) of Clause (3) of this Article, the Market may list the shares of a company in the First Category if the percentage of the free float is less than (20%) provided the capital of the company is not less than AED 500 million, and the Market considered that the number of shares available for trading would constitute sufficient and reasonable volumes of trading.

5. The listing of the company is moved from the first category to the second category in the event of breach of any of the listing conditions of the first category.

6. The transfer of the listing of the company from the Second Category to the First Category, or from the First Category to the Second Category once per year upon providing the Market with the company's audited financial statement as at the end of its fiscal year.

7. Notwithstanding any other provision, the Market may not transfer the listing of the company's shares from the Second Category to the First category if penalties are imposed on the company during the last fiscal year preceding the transfer of the listing as a result of its non-compliance with the applicable legislation of the Authority or the Market.

8. Notwithstanding clause (1) of this Article, the Market may list the shares of the below mentioned local public stock company for the first time in the first category:

- a. The shares of the government companies that were offered for public subscription, with the provisions for the transfer between the first and second categories be applied after the lapse of two full fiscal years from the date of their listing with the Market.
- b. Shares of companies transformed into public joint stock if they meet the conditions for listing in this category.

9. Notwithstanding what is stated in Clause (6) of this Article, upon the commencement of implementing these Rules, the Market shall distribute the shares of its listed companies to the first and second categories in accordance with the specific conditions for each category, based on the audited annual financial statements for the year in which these Rules will come into force.

10. The market shall advertise on its website the transfer of the shares of the companies between the two categories in accordance with the provisions of this Article.

Conditions for listing the shares of local private joint stock companies

Article (5)

1. In order for the shares of a local private joint stock company to be listed in the second market, the following conditions shall be met:
 - a. The net equity of the company shall not be less than (100%) of its paid up capital.
 - b. Lapse of a period of not less than two years since the incorporation of the company, during which audited financial statements for each year were issued.
2. notwithstanding what is stated in Paragraph (b) of Clause (1) of this Article, a private joint stock company is exempted from the requirement of the lapse of two years since its establishment if it has practiced business for at least two fiscal years through one or more of its subsidiaries, and has announced the audited annual financial statements of the activities of its subsidiaries for at least the two fiscal years preceding the application for listing.

Application for Listing

Article (6)

The Local Company that wishes to list its shares with the Market should submit the application for listing signed by the legal representative of the company to the Market with the following enclosed:

1. The Company's Memorandum and Articles of Association.
2. Certificate of registering the company with the Authority or with the Ministry of Economy and certificate of registration with the competent authority.
3. A report issued by the Company's Board of Directors which includes the following:
 - a. A brief account of the Company's activities, its main objects, and its relationship with other companies, whether parent, sister, affiliate or allied companies (if any)
 - b. Achievements and milestones of the company from the date of incorporation to the date of submission of the application for listing.
 - c. The securities previously issued by the Company and of those the Company wishes to have listed.
 - d. The percentage of the non-UAE nationals' holdings in the capital of the Company.
 - e. The names of corporate persons who own (5%) or more of the shares of the Company.
 - f. The names of natural persons who own singly or jointly with their relatives (5%) or more of the shares of the Company. The Associated groups holding (5%) or more of the shares of the company
 - g. The names of the members of the board of directors and the executive directors, and the Securities owned by them and their relatives, which are issued by the parent, subsidiary, allied or affiliated company (if any), and the membership of any of them in the boards of directors of other local companies
 - h. The commercial agencies of the company, if any.
 - i. The Company's annual report for the two fiscal years preceding the date of submitting the application for listing (if any), which shall include the Board of Directors report, the company's audited financial statements, the report of its

- auditor and the minutes of the meeting of the General Assembly it has approved.
- j. Interim financial statements covering the period from the end of the financial year preceding the submission of the application for listing to the end of the last quarter preceding the date of such application, such statements being certified by the Company's auditor (if any).
 - k. Market approved form of listing
 - l. Subscription prospectus, if any
 - m. Any other details, information, or documents the Market deems appropriate for listing decision taking.

Listing the increase in the capital of the company

Article (7)

The shares of increase in the company's capital are listed after the completion of the issuance procedures, the distribution of the issued shares to their owners and the completion of all the listing procedures prescribed by the Market in this regard.

Listing of Priority Rights

Article (8)

1. Priority rights are legally listed in the Market on the day specified in the shareholder's invitation announcement to inform them of their priority in subscription to the company's capital increase shares.
2. Priority rights trading begins on the day those rights are listed with the Market. Priority rights must be listed for at least 10 working days, with the expiry date up to five working days prior to the expiry of subscription.
3. Priority rights are delisted when the period of their trading specified in the Shareholder invitation announcement to inform them of their priority in subscription to the Company's capital increase shares.

Ongoing obligations of the listed Local Company

Article (9)

The listed Local Company shall disclose the following details, information and reports to the Market:

1. Information, reports and decisions issued by the company that may effect the price of its securities, for example: Disasters, fires, mergers, issuance of new securities or suspension of one of the production lines, as soon as the company becomes aware of this information or as soon as the relevant reports and decisions are issued.
2. The agenda and date of its General Assembly meetings at least 15 days before the date of the meeting and the decisions of the meeting immediately after the meeting.
3. The agenda and date of the meetings of its Board of Directors, at which any matters affecting the price of the Company's share will be discussed, two working days before the date of the meeting and the decisions made immediately after the meeting.

4. Any amendment to the Articles and Memorandum of Association of the Company upon its approval by the shareholders of the company.
5. any change to the board of directors and executive management of the Company as soon as the change occurs.
6. The annual report of the company, which includes its Board of Directors report, audited financial statements and the auditor's report, within (90) days of the end of its fiscal year.
7. A comparative quarterly report with the same period of the previous fiscal year that includes the company's financial statements audited by its auditor within (45) days of the end date of the relevant quarter.
8. Summary of final accounts (preliminary unaudited nor reviewed financial statements) within (45) days of the end of the fiscal year.
9. Any disclosure reports that the company is obliged to prepare in accordance with the applicable legislation, including the governance report and the sustainability report.
10. Decisions on liquidation, merger or transformation of the company upon issuance.
11. Large transactions made or pull out of by the Company, which constitute a value of (5%) or more of the Company's assets as soon as they occur.
12. Appointment or dismissal of the company's auditor immediately upon making the decision to appoint or dismiss.
13. Legal cases filed by or brought against the Company that have an impact on the Company's financial position as soon as these legal cases are filed by the company, or as soon as the company becomes aware of the legal cases filed against it.
14. Any other information or data required and deemed necessary by the Market during the period specified in the Application.

Suspension of trade in the shares of the listed Local Company's Article (10)

The Market shall suspend trading in the shares of the listed Local Company in any of the following cases:

1. By a decision of the Authority in accordance with applicable legislation.
2. In cases of unjustified rise or decline of the share for more than three consecutive sessions and until the company discloses to the shareholders the material information that affected the movement of the share
3. The date of the General Assembly meeting is to coincide with trading hours, starting from the beginning of the trading session and until the Market is provided with the decisions taken at the meeting.
4. If the General Assembly meeting is held after the trading hours, starting from the beginning of the next trading session, in the event the company did not disclose the results of the meeting once it is finished until disclosure is made to the Market on the outcome of the meeting.

5. In the event the meeting of the company's board of directors coincides with trading hours from the beginning of the trading session and until the Market is provided with the decisions taken and the financial statements presented at the meeting.
6. Non-disclosure of the financial statements to the Market on time, starting from the trading session following the end of the specified dates and until disclosure of such statements is made to the Market.
7. If the Company made a decision to amend its capital if so is required by procedures of operation in the Market.
8. If the Market requested information that requires disclosure by the company before a certain period expires and such period expires without providing the Market with the required disclosure.
9. In the event the Company provided the Market during the trading session with any disclosures that are insufficient or inconsistent with the applicable legislation and until the Market is provided with the required information in accordance with such legislation.
10. If the company submits a justified request accepted by the Market to suspend trading of its securities.
11. If exceptional circumstances occur or an event threatens the proper functioning of the business, or if it considers that the trading of the paper does not serve the public interest or constitutes unfairness or a breach of the rights of shareholders or for other reasons.

SECTION TWO LISTING OF FOREIGN COMPANIES SHARES

Conditions and application for listing Article (11)

First: to list the shares of a foreign company in the Market

1. The foreign company shall be subject to the supervision of a regulator similar to the Authority.
2. The shares of the foreign company shall be listed in a foreign market
3. The company shall be in the legal form of a joint stock company or the like
4. The equity of the foreign company shall not be less than (100%) of its capital according to the latest audited annual financial statements.
5. At least two years have passed from the incorporation of the company during which the company issued two balance sheets audited by its auditor.
6. The company shall have realized net profits during at least the last two fiscal years
7. The foreign company's capital shall be fully paid and not less than (AED 40 million) or currency equivalent.
8. There are no restrictions on the transfer of ownership of the foreign company's shares

9. The foreign company shall appoint a representative in the State to register the shares, distribute dividends, receive and issue reports and documents relevant to the company's operations. The representative may be the Market, a bank operating in the State and licensed by the Central Bank, or a company operating in the field of securities licensed by the Authority.

10. The company shall appoint a listing advisor licensed by the Authority for a period of one year from the date of listing, and the Market may, at its discretion, extend this period.

Second: the foreign company that wishes to list its shares shall submit an application for listing signed by the legal representative of the company with the following enclosed:

1. Information set forth in Article 6 of these Rules, including the certificate of registration of a foreign company with the State of nationality.

2. A document proving the listing of the shares of the foreign company in a foreign market.

3. Name of the market(s) with which the company is listed

4. The approval or no objection of the foreign market in which the foreign company's shares are listed to list its shares in the Market if so is required by the foreign market legislation in which the foreign company's shares are listed.

5. The document of appointment of listing advisor and the representative of the foreign company in the State who performs the functions of registering shares, distributing dividends, receiving and issuing reports and documents related to the foreign company's business.

6. The Company's undertaking to comply with all disclosure requirements applicable to local companies listed on the Market.

Third: The foreign company that has been approved to list its shares is obliged to disclose the following:

1. The information, data and reports referred to in Article 9 of these Rules relating to the obligations of the listed Local Company.

2. Any inconsistency between the provisions of these Rules and the foreign market regulations in which the shares of the company are listed, or any material changes to the regulations of listing in the foreign market.

Fourth: The Market may, in specific cases and if deems appropriate, agree to list the shares of a foreign company which is not listed in a foreign market.

Fifth: The Market may apply the Corporate Governance Guide for public joint stock companies issued by the Authority for foreign companies listed in the Market as it deems appropriate

Sixth: The shares of the foreign joint stock company or the like shall be listed for the first time in the second category of the First Market, the provisions for the transfer between the First and Second Categories shall apply in accordance with Article 4 of these Rules and shall be listed in the Second Market if a private joint stock company or the like.

Suspension of trading of the shares of the foreign company

Article (12)

The Market may suspend the trading of the shares of the foreign company in the event their trading is suspended in the foreign market specified in Article (11/First/2) of these Rules, in all cases of trading suspension that applies to the shares of the listed local companies set out in Article (10) of these Rules, or if any decision was issued by the competent authority in the foreign market in which the company's shares are listed stating that the company did not comply with the legislation in force therein.

SECTION THREE

LISTING THE SHARES OF FREE ZONES COMPANIES

Conditions and Application for Listing

Article (13)

First: For listing of a free zone company shares in the Market the following conditions shall be met:

1. The company's capital must be divided into shares which must ensure equal equity rights for the shareholders within the concerned category.
2. There should be no restrictions on transferring the ownership of the company's shares.
3. The net equity in the company shall not be less than (100%) of its paid-up capital
4. The company has undertaken its activity, directly or indirectly, through one or more of its subsidiaries, and issued its annual financial statements audited by its auditor, on its business or on the business of its subsidiaries for at least the two financial years preceding the application for listing. The company, in which the government owns at least (25%) of its shares, is excluded.
5. The company shall appoint a listing advisor authorized by the Authority for one year from the date of listing. Such duration may be extended by the Market as it deems appropriate, at least three months before the end of the duration of its appointment.

Second: The Free Zone company that wishes to list its shares shall submit the application for listing signed by the legal representative of the company with the following enclosed:

1. Information set forth in Article 6 of these Rules, including the certificate of registration of the company with the free zone.
2. No objection of the regulatory authority similar to the Authority in the financial free zone or the companies' registrar at the free zone, as the case may be, to the listing in the Market.
3. Approval or no objection of the foreign market in which the shares of the Free Zone Company are listed, if the company is listed in a foreign market, to list its shares in the Market if the foreign market legislation so requires.
4. The document of appointment of a listing advisor
5. Membership of the Board of Directors members, executive directors and their first-degree relatives in the boards of directors of other free zone companies.
6. The name of the market(s) in which the company is listed.

Third: The free zone company that has been approved to list its shares is required to disclose the following to the Market:

1. Information, data and reports referred to in article 9 of these Rules relating to the obligations of the listed Local Company.
2. Any inconsistency between the provisions of these Rules and the relevant regulations of the free zone or the foreign market in which the shares of the company are listed, or any material changes to the regulations of listing in the foreign market, as the case may be.

Fourth:

1. The shares of the free zone company shall be listed for the first time in the second category of the First Market if public joint stock company or the like, and the provisions for the transfer between the First and Second Categories shall apply in accordance with Article 4 of these Rules, and is listed in the second market if it is a private joint stock company or the like.
2. The CEO may approve the listing of the free zone company if it is a public joint stock company or the like directly in the first category of the First Market despite not fulfilling the conditions for listing in this category if he deems that the volume of the company's activity and financial results qualify it for listing in this category.

Fifth: The Market may apply the Corporate Governance Guide for public shareholding companies issued by the Authority to the free zone companies listed in the Market as it deems appropriate.

Sixth: The Free Zone Company is obliged to appoint an independent external auditor to audit and review its annual and interim financial statements in accordance with international standards approved by the Authority and any other requirements it deems appropriate.

Article (14)

The security issued in a financial free zone or a free zone within the State shall be listed in accordance with the provisions of listing foreign securities applicable in these Rules, unless otherwise is provided for.

Suspension of trading of free zone companies' shares Article (15)

The Market is obligated to suspend the trading the shares of the free zone company in the event of suspension of its trading in the free zone market or in the foreign market, to suspend trading in the shares of the free zone company in all trading suspension cases applicable to shares of the listed local companies set out in Article (10) of these Rules, or If any decision is issued by the competent authority in the foreign market or the free zone market in which the company's shares are listed stating that the company has not adhered to the legislation in force therein.

SECTION FOUR LISTING OF SPECIAL PURPOSE ACQUISITION VEHICLE

Article (16)

1. Shares issued by Special Purpose Acquisition Vehicles shall be listed in the First of Second Category of the First Market in accordance with the requirements for listing of local companies set forth in Chapter I of these Rules and shall be subject to the general provisions contained herein to the extent that they do not conflict with the provisions specified in this Chapter, the decision to approve the listing is considered a discretionary authority for the Market, which takes its decision according to the interest of the Market and its investors taking into consideration the financial solvency of the sponsors¹.

2. Warrants issued by Special Purpose Acquisition Vehicles shall be listed following the end of the completion of subscription and allocation procedures, provided that the Market is provided with the prospectus and any other documents or information requested by the Market.

Article (17)

Apart from the provisions in Chapter I herein on the listing of companies' shares, the following provisions shall be considered on the listing of securities issued by Special Purpose Acquisition Vehicles:

1. A Special Purpose Acquisition Vehicle is not obliged to prepare or submit any audited or interim financial statements or any information about its activities as a precondition for the listing of securities issued by such companies in the market, However:

(a) A Special Purpose Acquisition Vehicle shall, prior to the date of listing of its securities, provide the Market with an opening budget as a condition for listing the securities issued by such companies. Such budget shall be audited by an auditor.

(b) A Special Purpose Acquisition Vehicle is obliged to disclose to the Market all information, data and reports referred to in Article 9 herein.

2. A Special Purpose Acquisition Vehicle is obliged at no time to place its issued capital at less than AED 100 million and the ownership of sponsors shall not be more than 20% nor less than 3% of the issued capital of the Special Purpose Acquisition Vehicle.

3. A Special Purpose Acquisition Vehicle shall immediately provide the Market with an update of the information submitted if any of the following cases occur:

(a) Any material change in any of the data contained in the prospectus prepared for the purposes of public subscription, including any change in the data contained in the prospectus, which may be required by the regulations issued by the Authority.

(b) When the Special Purpose Acquisition Vehicle becomes aware that it will not be able to complete the business consolidation process during the period specified for business consolidation and the reasons for that.

(c) If the potential business consolidation transaction is not completed by any of its parties for any reason, and in this case the Special Purpose Acquisition Vehicle

¹ Article (16/1) has been amended pursuant to ADX Board of Directors decision on 20/7/2022.

is obligated to notify the Market of the reasons for the non-completion of the business consolidation process, the financial impact of this on the Special Purpose Acquisition Vehicle, and the proposed procedures to be taken to protect the interests of the shareholders of this company

4. The Special Purpose Acquisition Vehicle shall provide the Market with the following data regarding any potential business consolidation transaction once available:

(a) A description of the activities of the Special Purpose Acquisition Vehicle Target Entity, and all channels through which publicly available information, including the financial data of the Target Company, can be obtained.

(b) The main conditions of the proposed business consolidation transaction, including the possible decrease in the shareholder's ownership of securities due to the percentage of securities owned by the sponsors or may be issued to these entities.

(c) The timeframe for negotiating the business consolidation transaction

(d) A description of the procedure that the Special Purpose Acquisition Vehicle has followed or will follow to assess the Target Entity.

(e) Any information or data about Target Entity that is in the possession or expected to be in the possession of the Special Purpose Acquisition Vehicle.

Article (18)

1. The company's shares shall continue to be listed after the business consolidation is completed and shall be subject to all the continuing obligations of the companies listed in the Market

2. The Market shall delist the securities issued by the Special Purpose Acquisition Vehicle if that company fails to complete the business consolidation transaction within the time periods stipulated in the regulations of the Authority.

SECTION FIVE: LISTING OF DEBT SECURITIES AND SUKUK

Application for Listing

Article (19)

First:

1. For the purposes of the texts contained in these Rules relating to the listing of Debt Securities and Sukuk, the issuing company means the company issuing Debt Securities or Sukuk, as the case may be.

2. The issuing company that wishes to list Debt Securities or Sukuk must submit an application for listing signed by the legal representative of the company to the Market with the following enclosed:

a. the prospectus of the Debt Securities or Sukuk to be listed

b. Summary of conditions of issue

c. The issuing Company's annual report for the last fiscal year preceding the date of submitting the application for listing, which shall include the Board of Directors report, the company's audited financial statements, the report of its auditor.

- d. the interim financial statements of the issuing company audited by the auditor covering the period from the beginning of the fiscal year to the end of the quarter preceding the submission of the application for listing
- e. the names of the members of the Board of Directors and the executive directors of the issuing Company and the statement of securities issued by the Company owned by any of them, their relatives, and their membership in the boards of other companies in the State.
- f. Any information or data that the Market deems necessary to decide on listing.
- g. Details on the conversion of Debt Securities or Sukuk to shares if such instruments are convertible into shares.

Second:

The Market may list government or foreign government issued Debt Securities or Sukuk in accordance with these Rules, after submitting an application for listing and provide the Market with all information and data on the instruments to be listed in the Market in accordance with the form approved by the Market for the purpose of listing.

Third:

1. The Market may list foreign Debt Securities or Sukuk listed in a foreign market in accordance with these Regulations, after submitting an application for listing and provide the Market with all data and information contained in clause "First" of this Article, including the approval of the issuing company's board of directors or its listing representative and evidence of the listing of Debt Securities or Sukuk in a foreign market and in accordance with the form approved by the Market for the purposes of listing, as the case may be, and any other information the Market deems necessary to enable it take the listing decision.
2. The Market may, in specific cases, list foreign Debt Securities or Sukuk that are not listed in a foreign market if the Market sees the feasibility of listing.

Fourth: The Market may list the issuance of free zone companies of Debt Securities or Sukuk in accordance with the provisions of these Rules after submitting an application for listing and providing the Market with all the data and information mentioned in clause (First) of this Article, including the approval of the company's board of directors and in accordance with the form approved by the Market for the purposes of listing, as the case may be, and any other information that the Market deems necessary to enable it take the listing decision

Obligations Subsequent to listing Article (20)

1. The issuing company which Debt Securities or Sukuk has been listed in the Market shall disclose the following information, data, and reports:
 - a. The information and reports of the company and the decisions issued by it that would have a material impact on the price or trading volume of Debt Securities or Sukuk, the transactions that take place on them in the Market, on its ability to fulfill its obligations, or any liquidation or dissolution of the issuing company, as soon as this incident or information is known.

- b. The data, information and reports that the listed companies are obligated to provide to the Market, which are stated in Article (9) of these Rules, save what is stated in items (8 and 9) of that Article.
- c. Any failure to pay interest or profits due to the owners of the listed Debt Securities or Sukuk.
- d. any modification to the prospectus and terms of subscription.
- e. Any reduction in the nominal value, decrease or redemption of a number of listed Debt Securities or Sukuk
- f. Any issuance of new securities by the issuing company
- g. Any appointment or replacement of the payment trust or agent, where applicable
- h. All correspondence addressed by the issuing company or the obligor to holders of Debt Securities or retail Sukuk and any information or documents related to meetings of holders of Debt Securities or retail Sukuk, immediately upon issuance

2. In addition to the obligations stipulated in Clause (1) of this Article, the foreign issuing company and the issuing company established in the free zones that have listed Debt Securities or Sukuk in the Market are obligated to:

- a. Immediately notify the Market when any conflict occurs between the provisions of the state legislation and the foreign market regulations in which any of the Debt Securities or Sukuk are listed, for the Market to take the decisions and procedures it deems appropriate after consultation with the Authority.
- b. Provide the Market with all the information and documents that are notified or provided to the foreign market, through electronic means, on the form prepared for that with the Market, and by publishing them on the website of the issuing company.
- c. Notify the Market immediately of any change in any law, legislation or regulation in the country of the foreign issuing company or in the free zone, as the case may be, or any other country that may affect the trading or the price of Debt Securities or Sukuk listed in the Market, including any change or amendment to any tax legislation.
- d. Notify the Market immediately in the event of cancellation of the listing of the Debt Securities or Sukuk of the foreign issuing company or the issuing company established in the free zone in its foreign market - as the case may be - or if any penalties are imposed on the issuing company by the foreign market or by the regulatory authority to which it is subject, and It must notify the Market immediately of any material changes to the listing regulations of the foreign market.
- e. Provide the Market with annual financial statements and interim financial reports filed with the foreign market, as the case may be, and any circulars or notifications sent to holders of listed Debt Securities or Sukuk, immediately upon issuance of any of them, through electronic means, on the form prepared by the Market for that purpose, and by publishing them on the website of the issuing company.
- f. Notify the Market of any changes that may occur to the data contained in this clause for the issuing company or the guarantor if the issuance is guaranteed.

3. Governmental entities or foreign governments that issue any Debt Securities or Sukuk listed in the Market are obligated to disclose any information or decisions that may affect the price and trading volume of listed Debt Securities or Sukuk.

Suspension of Debt Securities and Sukuk Trading Article (21)

The Market may suspend trading of the listed Debt Securities and Sukuk in any of the following cases:

1. Failure of the issuer to comply with the prospectus or the terms of the issue
2. If the issuer breaches any of the listing conditions, obligations or requirements contained in these Rules or any relevant applicable legislation.
3. If the issuer submits a justified request to suspend trading that shall include the period of suspension of trading and the proposed mechanism for transferring ownership after suspension of trading.

SECTION SIX : LISTING OF THE UNITS OF INVESTMENT FUND Listing Conditions Article (22)

The following conditions shall be met to list the units of investment fund or a foreign investment fund in the Market:

1. The fund shall be incorporated and licensed by the Authority if not foreign fund
2. The prospectus of the Fund shall provide for listing without any restrictions or impediments
3. The Fund shall satisfy the technical requirements of listing in the Market
4. The mutual fund shall appoint at least one liquidity provider approved by the Market
5. Appointment of a representative of the foreign fund in the State

Application for Listing Article (23)

The management company of the Investment Fund or the representative of the foreign fund, who wishes to list its units in the Market, shall submit the application for listing with the following enclosed:

1. A copy of the approval of the Authority to register the units of the fund
2. A copy of the Fund's Articles and Memorandum of Association, if any, according to the nature of the Fund
3. Copy of the units of the Fund prospectus submitted to the Authority for registering the fund's investment units.
4. A copy of the register of holders of units to be listed, if any.

5. A summary of the Fund investment policy, including methods and criteria of diversifying the Fund's investments and the investment decision-making methodology.
6. The Applicant's information and contact details
7. The approval or no objection of the regulatory authority and the Market in which the Foreign Fund is listed at its place of incorporation for listing the Fund's units on the Market of so is required by the legislation of that regulatory authority or the Market.
8. The financial statements audited by the external auditor of the Fund for the last two years preceding the date of submitting the listing application, if available.
9. The interim financial statements for the period from the end of the financial year preceding the application for listing until the end of the last quarter preceding the date of that application, provided that they are reviewed by the external auditor of the foreign fund, if available.
10. List of the persons who with their minor children hold (5%) or more of the Funds' units or any other corporate person holding the same percentage.
11. A statement of the major events from its date of incorporation until the date on which the listing application is submitted (if any).
12. Clarifying the pricing mechanism of the Fund's units when they are first listed in the Market.
13. Details of the international classification number issued to the Fund
14. The events in which the holders of the Fund's units should be called for a meeting. The powers of the holders of the units should be determined according to the type each meeting.
15. The events in which the Fund's constitutional documents and prospectus should be amended and the methodology of such amendment.
16. Identifying all expenses and financial encumbrances of the Fund, including asset management fees, administrative services fees and any other fees or charges.
17. The lending arrangements for the Fund's units shall be explained (if any).
18. A summary of the risks associated with investing in the Fund and the risk aversion strategy.
19. A summary of the tax consequences on the holders of the Fund's units (if any)
20. Any other documents or information as may be requested by the Market.

Obligations subsequent to listing Article (24)

The investments management company or the representative of the foreign fund shall constantly comply with the following:

1. The requirements for listing shall continue to be met, and corrective measures taken should they be breached to ensure that the Fund complies with them.
2. Provide the Market with a copy of any amendments to the prospectus, the partnership agreement, the Articles, or Memorandum of Association once approved.

3. The terms specified by the Market for publication requirements, and any technical requirements for open-ended funds operating on swap contracts (SWAP-based).
4. Provide the Market with all publications, financial reports issued by the Fund in accordance with its prospectus issued by the Fund and all publications for the holders of the units, once any of them have been issued.
5. Comply with all decisions, rules and circulars issued by both the Authority and the Market.
6. Disclose the following:
 - a. any illustrative information or documentation regarding the conditions and activities of the Investment Fund to ensure proper handling and security of the unit holders, when so is required, and with the mechanism the Market deems appropriate.
 - b. the interim (semi-annual) financial statements audited by the external auditor of the Fund, within (45) days of the expiration of the specified financial period, signed by the Board of Directors or its equivalent.
 - c. the annual financial statements audited by the external auditor of the Fund, within (90) days of the end of the financial year, signed by the Board of Directors or its equivalent.
 - d. a semi-annual report issued by the valuer for all the assets of the real estate investment fund.
 - e. the unit's net value as it is calculated according to the fund's prospectus and the governing rules.
7. the financial statements of the Fund shall include:
 - a. All the assets, and investments and market value of the Fund.
 - b. Credit rating (if any) of securities in which the Fund is investing.
 - c. Disclose - for the Real Estate Fund - the nature, type and location of assets and real estate investments, statement of the Fund's net assets with fair value based on the valuer report, annual report containing the invested in assets, and proportion of leased and non-leased properties.
8. disclosure of any unannounced material information that may affect the price of the units of the Fund or the ability of the Fund to meet its obligations, for example:
 - a. any asset purchase, sale, mortgage, or lease transaction with the value of (10%) of the total value of the fund's assets.
 - b. any losses equal to or greater than (10%) of the net value of the Fund's assets.
 - c. any change in the composition of the Board of Directors or committees of the Fund.
 - d. any dispute, suit or litigation taken in favor of or against the Fund valued at (5%) and more of the net value of the assets.
 - e. increase or decrease in profits or asset value equal to (10%) and more of the net asset value.
 - f. Change the Fund auditor or trustee.
 - g. changing the capital.

- h. issuance of a decision or judgment affecting the use by the Fund of any part of its assets equal to (5%) and more of the net value of the assets.
- i. statement of dividends distributed to unit holders.
- j. any material adjustment to the Fund's investment policy, provided that the adjustment is made in accordance with the mechanism set out in the Fund's founding documents or prospectus.
- k. Any decision to liquidate the fund according to the mechanism set out in the fund's founding documents or prospectus.

Disclosures regarding the Open-ended Investment Fund Article (25)

In addition to the obligations set forth in Article 24 of these Rules, the listed Open-ended Investment Fund is obliged to provide the Market with the following:

1. A daily statement on the net value of the unit before the beginning of the next day's trading session.
2. A periodic statement, agreed upon by the Market, the investment management company of the Fund, or the representative of the Fund which shall include:
 - a. The number of units issued or redeemed.
 - b. Any change to the number of existing units and their information.
 - c. Any steps temporarily taken to suspend the redemption or issuance of units.
 - d. Any redemption of existing units.
 - e. The date and value of the dividend distributions (if any) .
 - f. The value of the Fund's assets.
 - g. Any change to the Fund's asset mix.
 - h. Components of the Fund's asset mix - according to a technical formula accepted by the Market that allows the net value of the Fund's indicative assets to be calculated.

Special Disclosures Article (26)

The Market may, according to the type and nature of the investment fund, request the disclosure of any information other than that specified in these Regulations, and the Market may also include any additional information in the listing application form other than that specified in these Regulations if the Market deems it necessary to protect investors and in accordance with the type and nature of the fund.

Suspension of Investment Fund or Foreign Fund Trading Article (27)

The Market may suspend the trading of units of a listed investment fund or foreign fund in any of the following cases:

1. The increase or decrease of the unit price for a maximum of three consecutive sessions and until the Fund discloses to unit holders the material information that affected the unit's movement

2. Failure to disclose to the Market the financial statements on the specified dates specified, starting from the next trading session to the expiry of the specified date and until such statements are disclosed to Market.
3. If, during the trading session, the Fund provides the Market with any material information or data that affects the unit price in the Market and until such information and data are disclosed to the unit holders.
4. If the Fund violates any of the listing conditions, obligations or requirements contained in these Regulations.
5. If the Fund ceases its activity
6. If the Fund submits a justified request to suspend trading of its units, including the duration of the suspension of trading in its units and the proposed mechanism for transferring the ownership of its units after the suspension of trading
7. If the Market requests information that requires disclosure by the Fund before the expiry of a certain period and this period expires without providing the Market with the required disclosure.
8. If, during the trading session, the Fund provides the Market with any insufficient disclosures or inconsistent with the applicable legislation and until the information required in accordance with these legislations are provided to the Market.
9. The Market is obligated to suspend the trading of the units of the foreign investment fund in the event of its suspension in the foreign market, and the Market shall have the right to suspend the trading of the units of the foreign investment fund if any decision is issued by the competent authority in the foreign market in which the units of the foreign investment fund are listed stating that the fund is not abiding by the legislation in force therein.

SECTION SEVEN: LISTING OF DEPOSITORY RECEIPTS
Application for Listing
Article (28)

The Depository Bank or the foreign issuer, as the case may be, willing to list Depository Receipts, shall submit an application to the Market, including the following information and data:

1. An explanation of the program the Depository Receipts to be listed.
2. Depository Receipts Subscription Prospectus.
3. A report issued by the foreign issuer that shall include the following:
 - a. Brief account about the issuer and the nature of its activity.
 - b. Description of all the securities issued by it.
 - c. Names of the members of the board of directors of the foreign issuer and the names of the senior executive management with their direct and indirect holdings in the securities issued by it.
 - d. The audited financial statements of the foreign issuer for the two fiscal years preceding the application for listing

e. The latest interim statement audited by the auditor of the foreign issuer from the beginning of the fiscal year to the end of the last quarter preceding the submission of the application for listing.

f. Name of the foreign market in which the securities against Depository Receipts are listed

4. Any other information the Market deems necessary to take a listing decision.

Obligations Subsequent to Listing Article (29)

The Depository Bank or the foreign issuer – as the case may be – shall disclose the following:

1. Annual and interim financial statements of the foreign issuer
2. All the events and decision relating to the foreign issuer that effect the prices of the Depository Receipts listed on the Market.
3. The agenda of the General Assembly meetings of the foreign issuer once released and to provide the Market with the outcome of such meetings before the next working day trading session.
4. All the disclosures announced by the foreign issuer in the foreign market where its securities against Depository Receipts are listed.
5. Any conflict between the provisions of the State legislation and the foreign market regulations.
6. Any change to the submitted data or documents.
7. Changing or replacing the Depository Bank or the custodian concerned

Suspension of Trading of Depository Receipts Article (30)

The Market may suspend the trading of Depository Receipts in any of the following cases:

1. If the Depository Bank breaches any of the listing conditions, obligations or requirements contained in these Regulations
2. All cases in which trading in the foreign market is suspended on the securities corresponding to the Depository Receipts.
3. Upon a justified request from the Depository Bank, including the period of suspension of trading

SECTION EIGHT: LISTING OF COVERED WARRANTS

Article (31)

Covered Warrants are listed in accordance with the provisions of these Regulations upon submitting the application for listing and providing the Market with the information and data relating to the Warrants to be listed in accordance with form prepared by the Market for this purpose, including the prospectus of these Warrants, and the appointment of a liquidity provider licensed by the Market for the Covered Warrants the issuer wishes to list.

Obligations subsequent to listing

Article (32)

The issuer of the Covered Warrants shall disclose the following:

1. Any material changes to the statements, documents, or information previously submitted to the Market.
2. Any material developments or any decisions that may affect the price of the Covered Warrants or the Issuer's ability to meet its obligations or any amendments to the calculation of the warrants price.
3. Any illustrative information regarding the Issuer's situation and activities to ensure safe transactions and security of the investors, upon Market request.

Suspension of Trading of Covered Warrants

Article (33)

The Market may suspend the trading of the Covered Warrants in any of the following cases:

1. If the issuer of the Covered Warrants violates any of the listing conditions, obligations or requirements contained in these Regulations.
2. Upon a justified request from the issuer of the Covered Warrants, including the period of suspension of trading and the proposed mechanism of transferring the ownership after the suspension of trading
3. If the trading in the assets subject of the Warrants is suspended

SECTION NINE: LISTING OF THE MARKET LISTED SECURITIES ON THE FOREIGN MARKET

Article (34)

1. The issuer of the securities listed in the Market may not list its securities in the foreign market prior to obtaining the approval of the Market in accordance with the form prepared by the Market for this purpose, supported with the following documents and data:

- a. Approval of the Authority to list in the foreign market.
- b. The number of securities to be listed in the foreign market may not exceed (30%) of the securities listed in the Market of the same type and class.

- c. Technical study showing the objective of listing in the foreign market, listing requirements and advantages and the obligations of the issuer in that market.
 - d. The Depository entity in the foreign market shall conclude an agreement with the Market to regulate the transfer of securities between the Market and foreign market.
 - e. Undertaking to provide the Market with all the disclosure requirements in the foreign market.
 - f. Undertaking to comply with the legislation in force in the foreign market.
 - g. Any other documents or data requested by the Market.
2. The Market shall issue its decision to approve or reject the application within a period not exceeding (5) working days from submitting the completed application, provided that the decision is notified to the Authority in the following day of issuance of the decision
3. In accordance with the provisions of clause (1) of this Article, the issuer granted approval to list part of its securities on the foreign market shall disclose the following:
- a. Any information that needs to be disclosed in conjunction with the foreign market
 - b. Any penalties that have been imposed on it by the foreign market, or any measures to suspend or delisting its securities in that market
 - c. Any matters or events relating to the securities listed in the foreign market which may adversely affect the price of the securities listed on the Market

SECTION TEN: DELISTING OF SECURITIES

Article (35)

1. The company's shares shall be delisted from the Market in any of the following cases:
- a. Issuance of a decision to dissolve or liquidate the company.
 - b. If the company merges with another company or companies and this results in the lapse of the legal personality of the listed company.
 - c. If the company is transformed and takes a form other than that of a public or private joint stock company.
2. The Market may delist the company's shares if it breaches any of the listing conditions or the obligations stipulated in these Regulations.
3. The Market may delist the shares of a private joint stock company, a foreign company, or a free zone company if the company requests the delisting by virtue of a decision of its general assembly.
4. Debt Securities and Sukuk shall be delisted in any of the following cases:
- a. Decision to dissolve or liquidate the issuer is taken.
 - b. Redeemed in full.
 - c. Expiry of its term.
 - d. Any case provided for in its prospectus or any legislation in force.

5. The Market may delist Debt Securities and Sukuk at the request of the issuer and after completing all the procedures specified by the Market in this regard.
6. Fund's investment units shall be delisted upon the expiry of the fund's term, its liquidation, merger, or expiry of its legal personality for any reason.
7. Depository Receipts shall be delisted in any of the following cases:
 - a. Expiry of the legal personality of the foreign issuer for any reason.
 - b. Termination of the Depository Receipts scheme.
 - c. Upon a justified request from the Depository Bank after completing the procedures specified by the Market in this regard.
8. Covered Warrants shall be delisted in any of the following cases:
 - a. If the assets subject of the Covered Warrants are delisted.
 - b. Upon a justified request from the issuer of the Covered Warrants and after completing the procedures specified by the Market in this regard.

SECTION ELEVEN: GENERAL PROVISIONS
Study and Approval of the Application for Listing
Article (36)

1. The Market shall issue its decision to approve or reject the listing application within a period not exceeding (5) working days from the date of receiving the completed application. If no decision is issued by the Market in this regard within that period, this shall be considered as a rejection of the application.
2. The decision to approve the listing is considered a discretionary authority for the Market, which takes its decision according to the interest of the Market and its investors.
3. The Market determines the start date of trading on any security that has been approved for listing immediately upon completion of the procedures required by these Regulations and any technical requirements specified by the Market in relation to trading.
4. In the event of approval of the listing, the Market shall notify the Authority on the same and the date of commencement of trading on the day following the date of approval.

Listing Applicant's Responsibility
Article (37)

The Applicant shall constantly be responsible of the following:

1. The accuracy of the data, information, reports and documents provided by it, and the fact that the Market has been informed or approved them in their publications shall not be considered to constitute an acknowledgment from the Market of the accuracy of its contents, or acknowledgment of the legality of the conduct of any person acting pursuant thereof.
2. To meet all technical requirements required by the Market so that the issuer of the listed security can fulfill all duties, obligations and disclosures to investors.

Article (38)

1. The Chief Executive Officer shall take all the necessary decisions to implement the provisions of these Rules in a manner not inconsistent with the provisions thereof.
2. The Market shall announce on its website in Arabic and English and circulate to all Brokerage Companies operating in the Market at least three days before the date specified for the commencement of trading of those securities in the Market about the issuer's annual financial statements, the most recent interim financial statements and a summary of the company's board of directors report - as the case may be - submitted for listing purposes
3. The Market shall notify the Authority of any suspension or delisting decision once issued.

Article (39)

If the trading of any security in the Market is suspended, it shall be returned to trading by a decision of the authority that decided the suspension after of the reasons that led to such suspension are no longer exist.

Article (40)

The Authority may, after consultation with the Market, suspend trading of, or delist any security listed on the market in accordance with the applicable legislation if exceptional circumstances or an event threatens the proper functioning of the business occur, or if it deems that trading in the security does not serve the public interest or constitutes unfairness or breach of the rights of shareholders or for any other reason.

Article (41)

The issuer may not disclose any data or information which are still at the negotiating stage if its senior management has reasonable grounds to believe that disclosure would seriously damage its interests and that no transactions in the securities issued by it – were made by its board members, executives director or their first-degree relatives - based on information not publicly released. The issuer shall, Immediately upon knowledge of this data and information, provide the Market with it, identify the insiders who have access to such information and request that such information be treated as confidential until the reasons for that are no longer present. The Chief Executive Officer may respond to the request or require the issuer to disclose the data and information if considered that the disclosure of such data will not affect the interests of the issuer or if it is found that information and data that the issuer has requested to be treated as confidential are leaked. The issuer is obliged to provide the Market with any new developments regarding the negotiations immediately as they happen in case the request of the issuer for non-disclosure is approved.

Article (42)

1. With exception of the foreign company and the free zone company, the listed company shall prepare its annual and interim financial statements in accordance with accounting standards adopted by the Authority
2. The financial statements of the listed company shall include, at a minimum, the following information:
 - a. The Board of Directors Report or the discussion report of its executive management
 - b. Balance sheet
 - c. Income statement (profit and loss account)
 - d. Statement of changes in equity
 - e. Statement of cash flows
 - f. Notes on the financial statements
 - g. The auditor's report

Article (43)

1. For the purposes of these Regulations, disclosure means that the issuer of any securities listed in the Market conduct the following:
 - a. Publish the required data, information and reports to be available to all on the channels provided by the Market for this purpose and notified to the issuing authority.
 - b. Publish the required data, information and reports on its website
2. The Market may request the issuer of any securities listed in the Market to disclose the data, information and reports that require disclosure through electronic programs determined by the Market, and the Market may charge a fee for its use of its electronic programs

Article (44)

The issuer of any listed securities shall be bound to:

1. comply with all applicable legislation and decisions concerning the listing of securities issued by the Authority and the Market and continuing obligations for listing.
2. Pay all the fees prescribed by the applicable legislation and decisions

Article (45)

The Market may, after obtaining the approval of the Authority, establish platforms for the trading of certain securities or securities in which the trading is restricted to certain investors other than those specified in these Rules.

Article (46)

The Market may, after obtaining the approval of the Authority, exempt any entity from the provisions of these Rules if the Market considers that there are justified reasons for this exception.

Article (47)

For the purposes of regulating self-listing in the Market, the Authority shall have all the powers enjoyed by the Market, in accordance with the provisions of these Regulations to regulate the listing affairs.

Article (48)

The Market may request all information, data and documents, and any additional clarifications, information, data or documents from issuers whose securities are listed and subject to these Regulations and their employees, for the purposes of ensuring their compliance with these controls, decisions and circulars issued in implementation thereof.



Company's purchase of shares issued by it

Article (1)

Subject to the provisions of the applicable Companies Law, a Public Shareholding Company may purchase a percentage of the shares issued by it with the intention of reselling them in accordance with the provisions of these Rules.

Article (2)

The following are required for the approval of the Public Shareholding Company to purchase the shares issued by it:

1. At least two fiscal years must have been passed since its incorporation.
2. Have issued two audited balance sheets that have been approved by the company's general assembly.
3. That at least one full year has passed since the date of the company's last sale of its shares (if any).
4. The percentage of the shares to be purchased shall not exceed (10%) of the company's paid-up capital.
5. The company should not have issued any securities during the six months prior to submitting the purchase approval request, except for the capital increase through free shares.
6. The approval of the general assembly on the purchase process, provided that the decision of the general assembly authorizes the company's board of directors to do the following:
 - a. Executing the decision of the general assembly within the period approved by the Market to implement the purchase process.
 - b. Reducing the company's capital by the amount of the purchased shares if the company does not resell the purchased shares within the period specified in these Rules and amend the articles of incorporation and articles of association to reflect this reduction.
7. the purchase shall not be financed through borrowing.
8. the company is not established for the purpose of acquisition or merger, until the completion of the acquisition or merger procedures.

Article (3)

1. The company that wishes to purchase the shares issued by it must submit an application to the Market on the form designated for this, including the following information and documents:

- a. Minutes of the company's general assembly meeting in which the company approved the purchase.
 - b. The approval of any regulatory or supervisory authority to which the company is subject to the purchase process, in particular the approval of the UAE Central Bank for companies subject to its regulations.
 - c. Sources of financing the purchase.
 - d. An undertaking from the company to abide by the provisions of these Rules and any legislation related to the purchase.
 - e. Any other information or documents the Market may request
2. The Market shall issue its decision to approve or reject the application within (3) three working days from the date of submitting the application, fulfilling all the required information and documents.

Article (4)

1. The company that obtained the Market approval to purchase the shares issued by it is obligated to do the following:
 - a. Announcing the purchase process and the Market's approval on the Market's website and in two daily newspapers issued in the State, at least one of them in Arabic.
 - b. not to initiate purchases prior to the lapse of (7) seven days from the publication of the advertisement referred to in Clause (1) of this Article.
 - c. Implementation of the purchase process within a period of one year from the date of issuance of the market decision approving the purchase process.
 - d. Not to execute purchases before (15) days from the date of disclosing any of its quarterly or annual financial statements or disclosing any material information that affects the company's share price, until (3) three days have passed since such disclosure.
 - e. Not to execute any purchase through cross orders.
 - f. Not to undertake any sale of the shares purchased by it while undertaking the announced purchases.
2. When selling the purchased shares, the company is obliged to the following:
 - a. Not to sell the purchased shares until one year has passed from the date on which the company obtained the Market approval for the purchase.
 - b. Selling the purchased shares within a period not exceeding two years from the date of the last purchase, otherwise the purchase process shall be considered as a reduction of the company's capital by the amount of the purchased shares that were not sold without the need to issue a resolution from the General Assembly in this regard.

c. Notify the Market of the date of the company's board of directors meeting, in which the issue of the company's sale of the purchased shares will be discussed, at least two working days before the date of the meeting, as well as inform the Market of the decision taken by the board of directors in this regard as soon as it is taken.

d. Notify the Market of the start date of the sale transactions.

3. Subsidiaries may not be a party to the purchase and sale of shares issued by the parent company or the holding company.

4. No member of the company's board of directors or its executive managers may be a party to the purchase and sale of shares issued by the company.

5. The company may not issue any new shares or any debt instruments convertible into shares before the completion of the sale or cancellation of the purchased shares.

6. The company is obliged to the requirements of disclosing the purchase and sale of shares issued by it, according to the form approved by the Market for this purpose.

7. The company's purchase and sale of its issued shares is carried out in accordance with the trading rules in force in the Market.



Broker and trading rules

Article (1) Definitions

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

UAE	: The United Arab Emirates.
SCA	: The Securities & Commodities Authority.
Market	: Abu Dhabi Securities Exchange Company (P.J.S.C).
Board	: The Market Board.
Chief Executive	: the Chief Executive of the Market
E-trading System	: The electronic trading system (X-Stream Nasdaq) in use at the Market.
Securities	: Shares, bonds and promissory notes issued by joint stock companies; bonds and promissory notes issued by federal or local governments, public authorities and public organizations in the UAE; as well as any other local or non-local financial instruments acceptable to SCA. For the purposes of these rules, every financial instrument that can be listed and traded on the Market shall be deemed Securities.
Brokerage Company (Broker)	: A juristic person licensed by SCA to practice Brokerage activities.
Brokers' and Brokers' Representatives Register	: The register held by the Market to keep all information related to Brokers and Brokers' representatives operating at the Market.
Authorization	: The request submitted by a Client to a Broker authorizing the Broker to buy or sell any security based on certain conditions set by the Client pursuant to these rules.
Order	: Information sent to the E-trading System by the order operator, which, minimum, include Securities code, quantity, and required price, as well as the trading account number of the Investor, and time of entering the order.

Buy Order	: The order sent to E-trading System to buy a certain security.
Sell Order	: The order sent to E-trading System to sell a certain security.
Trading Session	: The period during which transactions on securities are executed, through entering, modifying or cancelling orders, and executing transactions. Trading sessions are divided into several periods based on these rules.
Opening Price	: The balance price between offered and ordered quantities calculated by the E-trading System upon entry, modification or cancellation of any order on the relevant Securities, in accordance with the calculation standards set out in these rules.
Closing Price	: The balance price between offered and ordered quantities calculated by the E-trading System after the completion of the price ticks process, in accordance with the calculation standards set out in these rules.
Deal	: Matching between a buy order with a sell order through the E-trading System in use at ADX.
Order Log Book	: The register which includes all sell and buy orders for a certain security
Regular Orders	: Orders issued to buy or sell a specific security without conditions. These orders are given priority over special orders at the same price.
Special Orders	: Orders issued to buy or sell a security under specific conditions.
Price Ticks	: The rate of price increase or decrease under which orders and requests are raised or lowered.
General Index	: A statistical tool used to measure the change in equity prices of listed companies weighed by the ADX value.
Trade at last (TAL)	: A session that will be held after the closing auction and only new orders will be allowed in this session, and the price must be the same as the closing price or very close to it. Orders in this session will be executed on the closing price.

First: Brokers' Rules
Article (2)
Broker Registration

For practicing Brokerage, licensed Brokers should be registered at the ADX according to the following conditions:

- 1) The Broker shall have a valid license issued by the SCA to practice Brokerage business.
- 2) The Broker serving as Trading and Clearing Member shall provide a guarantee to the Market according to the Market rules
- 3) Any other conditions, requirements or documents required by the management of the Market.
- 4) Payment of the due fees as per the list of fees approved by the Market
- 5) The Broker when registering for the first time shall continuously meet all licensing conditions pursuant to SCA applicable decisions.

Article (3)

- 1) The application for registration of the Broker with the Market shall be submitted on the form prepared for that purpose, with an acknowledgment that all the information and data contained in the registration application, as well as the submitted documents, are correct and complete, and that the applicant is fully responsible for the correctness and accuracy of the information, data and documents.
- 2) The Market shall register the Broker in the Brokers' Register based on the registration request meeting all conditions and requirements.

Commencement of Brokerage Business

Article (4)

For the Brokers to commence business after registration with the Market, the following conditions shall be fulfilled:

- 1) Complete the connectivity process with the E-trading System according to the conditions and requirements set by the Market in this regard along with paying the fees required in light of the list of the fees approved by the Market.
- 2) Obtain access credentials (user name) to the E-trading System and E-clearing System along with paying the fees required in light of the list of fees approved by the Market.
- 3) The Broker shall set the date to commence providing Brokerage business after meeting all conditions and requirements.

Cancellation of Brokers Registration

Article (5)

The Market shall cancel the Broker Registration based on the Authority's decision to cancel its registration. Refund of the fees shall be as per the list of fees approved by the Market.

Financial Solvency Article (6)

The Broker shall always keep the financial solvency required for providing Brokerage services so as to fulfill the obligations thereof pursuant to the standards issued by the Authority in this regard.

Compliance Article (7)

The Broker shall comply with the provisions of the applicable laws as well as the regulations, rules, decisions and circulars issued by the Authority and the Market.

Providing the Market with Reports, Documents and Information Article (8)

The Broker shall provide the ADX with the following reports, documents and information:

- 1) Preliminary financial statements (quarterly and semiannual) audited by the Firm's external auditor within 45 days from the end of the specified fiscal period and audited by the Chairman of Board, or the General Manager – as the case may be – or by the authorized signatory.
- 2) Audited annual financial statements audited by the Firm's external auditor within three months from the end of the specified fiscal period and audited by the Chairman of Board or the General Manager – as the case may be – or by the authorized signatory.
- 3) Any approvals issued by the Authority or any other competent authority with regard to:
 - A) Adding an activity to, omitting or modifying an activity in the commercial license, or any other approval issued by the Authority to practice any activity related to financial services.
 - B) Amending the Brokerage Company's Articles or Memorandum of Association.
 - C) Increasing or decreasing the capital.
 - D) Carrying out mergers or acquisitions
 - E) Changing the address, headquarters or branch.
 - F) Changing partners or modifying the percentages of their ownership.
- 4) Any other financial data or reports required by the Market.
- 5) Any other information or documents required by the Market for the purposes of control of trading, investigation of violations or complaints.

Second: Trading Trading through Brokers

Article (9)

- 1) Securities on the Market shall be traded under contracts that are concluded between the Brokers for their own benefit or for the benefit of their Clients.
- 2) Trading transactions at the Market shall be proven by the E-trading System outputs.
- 3) The E-trading System outputs shall be deemed legal evidence on the trading transactions stated, unless otherwise is proven.

Article (10)

- 1) No Broker shall trade in Securities in favor of any of the Clients thereof except after concluding an agreement therewith to prove the rights and obligations of both parties in accordance with the decisions issued by the Authority.
- 2) No Broker shall dispose of the cash and Securities owned by any of the Clients thereof except in accordance with the provisions of the legislations, regulations, rules and provisions of the agreements signed with the Clients.
- 3) The Broker may not under any agreement concluded thereby restrict the obligations thereof specified by the applicable legislations or may not obtain an exemption from such obligations. Any other condition in contrary shall be invalid.
- 4) Any condition in the Client's agreement in breach of the applicable legislations shall be deemed invalid.

Authorization Issued by the Client

Article (11)

- 1) the Broker is prohibited from entering any Buy or Sell Orders in favor of a Client thereof before obtaining an Authorization from the Client to take such action.
- 2) The Client Authorization shall be in writing and may be given by a telephone or in the form of a fax or an email, and may be in the form of a letter or electronic information that are sent or delivered by any electronic or telecommunications means such as smartphone applications.
- 3) The Broker shall bear the onus of proof that the Broker obtained an Authorization from his Client and shall bear the burden of keeping and archiving any documents, records, or electronic or written information exchanged with the client thereof for a period that is no less than (10) years or any other documentary cycle prescribed by effective laws. The Broker shall be responsible without limitation for the following:
 - A) Obtaining the Client signature on the written Authorization Form and keeping photocopies therefrom.
 - B) Recording and archiving the phone calls and Authorizations given by phone.
 - C) Ensuring the validity of the Authorizations given by fax, email or broker's website, and keeping and archiving such Authorizations.
 - D) Preservation and archival of the electronic letters, documents, records or

information as per the conditions set by the applicable laws concerning electronic transactions.

E) Agreement and electronic register to access electronic systems and smart phone applications.

4) The Authorization shall include all the data specified by the Authority under its decisions.

5) The Broker shall enter the Buy and Sell Orders in the E-trading System immediately upon receiving the related Authorizations provided that such entry shall take place according to the priority of Authorizations received.

6) The price in the Authorization shall be at a specific price that cannot be raised in buying or decreased in selling, or the Authorization shall be at the Market price.

Right to Access the E-trading System Article (12)

1) The Market shall give the right to access the E-trading System to the Representatives of:

A) The Broker.

B) Market maker (liquidity provider)

C) Any other licensed entity the Market decides to grant access.

2) No natural person shall enter or send Buy or Sell Orders to the E-trading System unless such person is granted the right to access by the Market.

3) The parties mentioned in Clause (1) above may use any other electronic means or program that enters or sends the Orders to the E-trading System and may grant the access to such electronic means or program to the Representatives or Clients thereof, provided abidance by the regulations set by the Market in this regard.

4) The person entering or sending the Order as stated in Clause (1) above shall be responsible for all Orders entered into the E-trading System. In all cases, such person shall be accountable for the violation of the Market rules and E-trading requirements.

Notifying Clients of Executed Transactions Article (13)

The Broker shall notify the Client of the transactions executed and not executed in accordance with the decisions of the Authority.

Obligations of the Broker toward Client Orders Article (14)

If the Broker has an interest in the transaction to be executed in favor of the Client or has any relation to the said transaction which may lead to a conflict of interest, the Broker shall take the appropriate procedures that ensure the Client interest and fair treatment, which shall include informing the client of the broker's interest, and the client shall have the right to refuse the transaction.

Article (15)

- 1) In case any Order is executed in violation of the legislation, decisions and rules of the Market, articles of associations of the listed companies, or in violation of the trading orders issued by the Client, the Market shall have the right to compel the Broker to resell or repurchase the respective Securities or any part thereof to restore to the situation to condition before executing the breaching Order.
- 2) In case a profit is made from the resale or repurchase transaction according to the provisions of paragraph (1) of this Article, the concerned Broker shall abide by transferring such profit to the Market. In case a loss is incurred it shall be borne by the Broker, and the Broker may have recourse to the client, if it is proved that the violation was caused by the client.
- 3) Taking the procedures stated in paragraphs 2 and 3 of this Article shall not prevent the Market from taking any disciplinary procedure against the violating Broker as per the decisions and rules.

Article (16)

- 1) The Broker shall ensure that the Client thereof already owns the said security before entering the Sell Order. Transactions conducted according to the short selling rules and derivative futures trading shall be excluded.
- 2) The Broker shall pay the Client thereof the value of the sold Securities less the commissions and fees due during the period agreed between the parties.
- 3) The buyer customer is obliged to pay the value of the securities purchased for his or her benefit prior to the execution of the purchase by his or her client. The broker, with full responsibility, may perform the execution before the customer makes the payment and after verifying the customer's ability to pay the value of the purchases of the securities prior to the settlement date. If the purchases and sale of the securities at the same trading session are carried out, there must be a cash balance in the client's account covering the purchase value and clearing between the purchases and the sale of the securities at the same trading session shall be negligible.
- 4) If the buyer client fails to pay the value of the purchased Securities plus the accrued commissions during the settlement period, the Broker must sell the said Securities in a period of one business day maximum from the settlement date in accordance with the following procedures:
 - a) To sell upon obtaining the approval of the Market
 - b) To sell with the Market rate
 - c) The Broker shall bear the loss arising from the sale
 - d) The Broker shall bear the loss arising from the sale if he fails to abide by the above procedures
 - e) in all cases, to deposit any profit resulting from the sale of the above securities in accordance with the mechanism determined by the Market
- 5) As an exception from the previous clause, DVP clients transactions shall be settled in accordance with the settlement system on DVP basis.

Cash Dealing with Clients Article (17)

The Broker shall, when having cash dealings with the Clients thereof, comply with the laws, regulations, decisions, circulars and rules applicable in the UAE concerning money laundry and terrorism finance and the relevant decisions issued by the Authority.

Official Trading Days Article (18)

- 1) The Board, after the Authority's approval, shall set the official trading days and trading session times at the Market.
- 2) The Market management, after the Authority's approval, shall set official holidays and the dates of trade resumption.
- 3) The Market management shall announce the decisions related to trading days, sessions and holidays.
- 4) The Market shall notify the Brokers and financial institutions operating in the Market immediately in case there is any change in the timetable of trading sessions due to emergencies.

Price Limits and Circuit Breaker Article (19)

The board of directors determines the percentage of the security that is allowed to rise from the previous closing price, as well as the percentage of the security to fall from the previous closing price, in one trading day.

Article (20)

The Market Board shall set the Circuit Breaker procedures under which the Market shall have the right to suspend trading manually or automatically on a specific Security for a specific period if the price thereof records a certain drop during the same trading session.

Article (21)

The Market may cancel the effect of any transaction when calculating the closing price of a specific Security if the execution of such transaction was aimed to impact the closing price of such Security.

Broker Trading for its own Account Article (22)

All Representatives and staff of the Broker shall be prohibited from trading in the Securities listed on the Market except through the Broker for whom they work. The Market may exempt certain cases.

Request for Modifying Entered Account Number Article (23)

- 1) The Broker may request a modification of the trading account number in a particular transaction in the event of an error in the entry into the trading system.
- 2) The Market may take all the procedures and request all the documents that it deems fit to ensure that the reason for modification is an error in the entry into the E-trading System.
- 3) The modification request shall be submitted within 30 minutes from the close of trading session. When necessary, the Market may approve the modification request after the said time.
- 4) The Broker shall be subject to accountability and regulatory procedures if the Market finds that the modification request was not made because of an entry error and that the request was aimed to make gains or avoid losses for the Broker or the Client. The Market may return to the previous condition before making such modification.

Cancellation of Orders or Transactions by the Market Article (24)

- 1) The Market shall have the right to cancel any Order or Deal when there is a technical glitch in the Market electronic systems, especially if the prices or quantities of such Orders lead to suspending the trading on any listed Security.
- 2) The Market shall assume no responsibility for compensating any of the Brokers or Investors as a result of canceling any executed or non-executed Order pursuant to Clause (1) of this Article, provided the error is beyond the control of the Market, due to an emergency or force majeure and not as a result of their negligence or omission.

The Market Exemption from Responsibility Article (25)

The Market shall assume no responsibility for any damages or losses incurred by any registered Broker or Investor as they deal or use any of the facilities or services provided by the Market as long as the error is beyond the control of the Market, due to an emergency situation, or force majeure, and not due to their negligence or omission. Particularly, the Market shall assume no responsibility in any of the following cases:

- 1) The Broker failure to access the E-trading System
- 2) The Broker failure to use any of the Market electronic systems
- 3) The delay in the availability of the information related to the prices and quantities of traded Securities to the Brokers and Investors.

ADX Trading Procedures Article (26)

The Broker shall comply with all regulatory, administrative and technical procedures set by the Market to regulate the trading process in the Market.

Trading Session Article (27)

1) The trading session for listed companies' shares is divided into the following periods

Description	Timing	Name
Allows orders entry, amendment, or cancellation.	09:30 to 10:00	Pre-opening (Price Ticks) period
Orders matching start continuous trading.	10:00	Opening
Continuous trading.	10:00 to 14:45	Ongoing Trading Period
Allows order entry, amendment, or cancellation.	14:45 to 14:55	Pre-closing
Orders matching.	14:55	Pre-close Matching
Allows order entry at close price and execution.	14:55 to 15:00	Trade-At-Last
-	15:00	Closing

2) The trading session for both the debt instruments market and the fund unit market shall be for the continuous trading period only.

Trading Session Rules Article (28)

1) Securities are traded in the Market within the price range defined by the Board of Directors.

2) If a Security is ordered at the maximum allowed price with no corresponding offers, or if a Security is offered at the minimum allowed price with no corresponding Orders, and with no Deals made over two consecutive sessions, the Order prices (maximum/minimum) will be approved as reference closing price until price fluctuation is calculated.

3) Price limits are not applicable to a Security at its first trading session in the Market, so that the price shall be floated for (3) trading sessions starting from the listing date. The share closing price at the first session shall be the reference price to calculate the change limits on the opening of the second session. The Market management may decide to float the price for a shorter period than above mentioned, or to not to float the Security price if such decision will ensure the price stability of the Security or Investor interest in the Market.

Article (29)

1) During the pre-opening period and the pre-closing period, Orders may be entered, modified or cancelled and the available information may be reviewed through the E-trading System. Unexecuted and valid Orders from the previous day may also be carried forward during this period.

2) During the pre-opening period and the pre-closing period, the E-trading System shall arrange the Orders entered to the System in accordance with the established priority rules. No trades shall be executed at this stage. The E-trading System calculates the opening or closing price of each traded Security.

3) All Buy Orders entered during the pre-opening period shall be shown at a price equal to, or higher than, the opening price; whereas sell orders entered at a price equal to, or less than, the opening price shall be shown at the opening price calculated by the E-trading System.

Article (30)

1) Executable quantities shall be executed during the opening period at the opening price calculated by the E-trading System. Unexecuted Orders or the balance of partially executed Orders shall be carried forward to the ongoing trading period.

2) Executable quantities shall be executed during the closing period at the closing price calculated by the E-trading System.

Article (31)

During the ongoing trading period, Buy and Sell Transactions of Securities are executed continuously. A Broker may enter Orders and finalize Deals if there is a match in terms of the prices and any other conditions. The Broker may also modify, cancel, suspend or activate any unexecuted or partially executed Orders, as follows:

1. If a Buy Order is entered at a price equal to, or higher than, the price shown on the sell side; or a Sell Order is entered at a price equal to, or less than, the price shown on the buy side during the ongoing trading period, execution shall be made at the price shown on the other side.

2. If a Buy or Sell Order is entered for an executable quantity at more than one price at the other side during the ongoing trading period, such order shall be executed in accordance with the existing price chain on priority basis until the total quantity is executed. If the Order is not executed in full, the unexecuted quantity shall remain in the Orders Register of the E-trading System, at the last executed price.

Article (32)

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

Opening and Closing Prices

Article (33)

1) The opening and closing price shall be calculated in accordance with the following criteria:

A) The price which provides the highest executable trading quantity. If more than one price satisfies this condition, please refer to Clause B of this Article.

B) The price which provides the lowest un-executable trading quantity. If more than one price satisfies this condition, please refer to Clause C of this Article.

C) The price which provides the least possible change in the closing price for the previous trading day. If more than one price satisfies this condition, please refer to Clause D of this Article.

D) The highest price.

2) On calculating the opening and closing prices, quantities of all Orders entered into the E-trading System including the un-disclosed quantities, shall be taken into consideration.

Trading Orders Article (34)

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

1) Limit Order: An Order to buy or sell a given number of Securities at a specific price

2) Market Order (MKT): An Order entered to the E-trading System to buy or sell some Securities at ADX price, as follows:

A) If a Market Order is entered into the E-trading System, execution shall be made at the best price on the opposite side. In case of partial execution, the balance quantity shall be displayed at the last executed price.

B) An Order is executed at the Market price within a price range not exceeding 20 Price Ticks.

C) If an Order is entered at the Market price and no orders are shown on the other side, the quantity shall be shown at the best price on the entry side, and shall have priority for execution at such price.

D) If an Order is entered at the Market price and no Orders are shown on either side, the quantity shall be shown at the last trading price.

E) No Order may be entered at Market price during the pre-opening period and pre-closing period.

3) Unpriced Order: An Order entered to the E-trading System to buy or sell some Securities without specifying the price, as follows:

A) The unpriced Order shall be executed on the best price available on the other side. In case of partial execution, the balance quantity shall be shown at the execution price.

B) If an unpriced Order is entered during the pre-opening period, it shall be shown at the best price on the other side.

C) An unpriced Order during the pre-opening period and the ongoing trading period shall be declined unless Orders are posted on both the demand and supply sides.

D) If there is a one-sided corresponding Market, the Order price during the ongoing trading period shall be the best Market price.

E) If there is a one-sided corresponding Market on the same side, the Order price during the ongoing trading period shall be the best Market price.

F) If there is a two-sided Market, the Order price during the ongoing trading period shall be the best corresponding Market price.

4) Any other orders included in the electronic trading system in accordance with the updates applied by the Market in such system

Article (35)

Orders entered into the E-trading System shall be subdivided, in terms of validity period as follows:

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

2) "Fill or Kill" (FOK) Order: This type of Orders is entered only during the ongoing trading period whereby the possible quantity is executed at the specified price instantly, and the balance quantity is cancelled in case of partial execution.

3) Good till Date (GTD) Order: An Order that whose validity period is limited to the business day on which the Order is entered.

Article (36)

Special Order means an Order whose execution is subject to satisfaction of one or more specific conditions. Special Orders, which may be entered in the E-trading System, are divided as follows:

A) All or None (AON): The total quantity of these Orders shall be executed. An Order may not be partially executed.

B) Minimum Fill (MF): A minimum number of Securities must be executed before it is possible to trade the Order. It is possible to have more than one corresponding Order for every partial trade. Following execution of the minimum fill or more, the minimum fill requirement is rescinded and the Order is transferred to regular Orders Register.

C) Minimum Block (MB): Securities are executed, jointly or severally, in specific blocks (groups) provided that the quantity requirement shall remain applicable to Orders during the subsequent trading transactions until the full quantity is executed. If the balance quantity is less than the minimum requirement, the Order shall become an AON Order.

Article (37)

1) The Order entered into the E-trading System, but not matched instantly, shall be posted on a waiting list in the relevant company's Orders Register in accordance with the priority rules set out in paragraphs 2 and 3 of this Article.

2) Orders are arranged in a waiting list in the company's Orders Register in a descending order in terms of priority, subject to the following:

A) Best price.

B) Time priority.

3) Special Orders are kept in the Special Orders Register, separated from the Regular Orders Register. Multiple Special Orders at a single specific price shall be arranged according to time priority compared to each other.

4) Regular Orders shall have waiting priority over Special Orders at the same price.

Article (38)

A Broker may modify details of an Order entered in the E-trading System, but not fully executed or cancelled, in accordance with the following:

1) When entered into the E-trading System, an Order loses its priority and acquires a new priority if the Order price is modified or if the disclosed quantity is increased or any special condition is added or deleted.

2) When entered to the E-trading System, an Order does not lose its priority if the disclosed quantity is decreased or the un-disclosed quantity is modified or the validity period is changed.

3) The Security name, the Order type (Sell or Buy) and the trading account No. may not be amended; as in such case the Order shall be cancelled and reentered anew.

4) An Order is not written off the Order Log Book during the Order amendment, and thus it may be traded while being amended.

Article (39)

Orders in the Order Log Book are executed subject to the following priorities:

1) Best price: Orders with the best price shall have priority upon execution.

2) Regular Orders prior to Special Orders: Special Orders shall have second priority following the Regular Orders entered at the same price. Special Orders shall be tradable along with Regular Orders. When a Regular Order satisfies the matching conditions with several other Special Orders, matching is tried with the first Order in the waiting list. If the first Order conditions are not satisfied, matching shall be tried with the next Order in the list.

3) Source of Order: The Client's Order shall have priority over Orders entered in favor of the Broker's portfolio, investment fund, specialists or ADX / Broker's staff or any other source.

4) Order entry time: Orders are arranged in time serial Order by placing the Order which holds the earliest time stamp first, on first in first out basis.

Pricing and Price Ticks

Article (40)

1) Market-listed Securities shall be priced in UAE dirham and in the Price Ticks specified in these rules.

2) Orders must be entered within the framework of the Price Ticks specified by the Market and set out in the following table:

Price Range per Security (AED)		Price Ticks (AED)
To	From	
0.01	0.99	0.01
1	9.99	0.01
10	49.98	0.02

- 3) Price Ticks in the debt instruments market shall be 0.01%.
- 4) The Market may set Price Ticks other than those stated above.
- 5) The Market may approve to price the Securities with any currency other than the UAE dirham if such Securities are issued in that currency. The Price Ticks above shall be applied to any other currency at which the listed Security is evaluated, unless the ADX Board decides otherwise.

Article (41)

A Broker may specify in the Order, the total number of the security or any lesser quantity shown in the Order Log Book, and hide the rest. Following are the conditions and procedures for Orders with un-disclosed quantities:

- 1) An undisclosed Order may not be entered if the total quantity of the Order is less than ten thousand (10,000) Securities, provided that the disclosed quantity shall not exceed 5% of the total.
- 2) Undisclosed quantities shall only be viewable to the Broker who entered the Order and the MOS only. Disclosed quantities shall be accessible to the remaining Brokers.
- 3) Undisclosed quantities shall be marked with a special code appearing besides the quantity.
- 4) If a disclosed quantity is executed partially, another part of the undisclosed quantity shall be transferred automatically if there are no other Orders at the same price in the Regular Order Log Book, in this case, the priority of the Order with undisclosed quantity shall be rearranged.
- 5) If a part of a disclosed quantity is executed and a part thereof remains unexecuted, no further parts of the undisclosed quantity shall be transferred automatically if there are other Orders at the same price in the Regular Order Log Book, In this case, the priority of the Order with undisclosed quantity shall be rearranged.
- 6) If an Order quantity is decreased to lower than the minimum allowed for the undisclosed quantity, the Order is transferred to a Regular Order and the quantity code referred to in clause (3) disappears.
- 7) Changes in the disclosed quantity shall not lead to change of the total Order quantity.
- 8) Increase of the disclosed quantity shall result in a new time stamp for the Order and a new priority in the waiting list of the original Order.

9) Decrease of the disclosed quantity shall not result in changing the time stamp for the Order and the priority in the waiting list shall be for the original Order.

10) A new time stamp shall be affixed on the Order with undisclosed quantity each time when more Securities are transferred (added) from the undisclosed quantity to the disclosed quantity.

Dealing in Debt Instruments Article (42)

- 1) Listed Debt instruments are traded through a broker.
- 2) Debt instrument trading unit shall comprise one instrument based on its nominal value in each issue. A single Deal shall be made of one unit or multiples thereof.
- 3) Prices shall be shown on the E-trading System against Buy or Sell Orders at the unit price without any accumulated interest. The Buyer shall pay the value of the bought units at their Market price plus the accumulated interests until settlement date.
- 4) Buyers do not get any interest when buying any notes during the interest ex-date period.
- 5) The E-trading System calculates the accumulated interest against debt instruments until settlement date.
- 6) Public auction procedures shall be applied to fix the debt instruments prices in accordance with the supply and demand rules, and within the applicable price ranges.

Block Deals Article (43)

Despite these rules, a Broker may execute the Deal through the window allocated in the E-trading System for block Deals, as per below mentioned requirements:

- 1) Obtaining approval from the Market after filling the block Deal request form.
- 2) The execution of the Deal does not violate the Authority regulations or the Market rules.
- 3) The execution of the Deal does not violate the Article of Association of the Company in respect of ownership ratios.
- 4) The percentage of Securities to be traded is equal to or more than (1%) of the Issuer's capital.
- 5) One side of the Deal must be one person while the other side can be up to a maximum of ten (10) persons.
- 6) The execution of the block Deal can be at a price higher or lower than a maximum of (25%) of the closing price from the previous trading session.
- 7) Trading commissions of big blocks trades are calculated based on execution price or on the company's stock closing price from the previous trading session, whichever is higher.

8) blocks Deals shall not affect the closing price of the listed company or the price index. Big blocks Deals do not affect the highest & lowest price executed during the trading session or during the last (52) weeks.

9) Big blocks Deals are subject to disclosure procedures adopted by the Market.

10) The Market shall notify the Authority's MOS of the details of the big block Deals executed.

The Market management may waive the transaction from the limits mentioned in paragraphs (4, 5 and 6), whenever it deems that necessary to preserve the interests of tradings and the parties of the transaction.

Modification of Reference Closing Price Article (44)

1) The Market management shall modify the reference closing price for the stocks in the following cases:

A) Increasing the number of issued shares as a result of listing bonus shares. The reference closing price shall be modified as follows:

The modified reference closing price = (the market value of the shares issued before listing the bonus shares + the market value of the bonus shares) / (the number of shares issued before listing the bonus shares + the number of bonus shares).

B) Increasing the number of issued shares as a result of issuing capital increase shares. The reference closing price shall be modified as follows:

The modified reference closing price = (the market value of the shares issued before listing the capital increase shares + the market value of the capital increase shares) / (the number of shares issued before listing the capital increase shares + the number of capital increase shares).

C) Stock split. The reference closing price shall be modified as follows:

The modified reference closing price = (the stock closing price) x (the number of shares issued before stock split / the number of shares issued after the stock split).

2) The Market management shall not modify the reference closing price in case of increasing the number of the issued shares due to convertible bonds.

3) The Market management shall float the stock price for one trading session in the following cases:

A) Decreasing issued capital through share cancelation.

B) Decreasing issued capital through par value reduction.

The Market management may decide not to float the stock price if such decision will ensure the price stability of the Security or Investor interest in the Market.



Market Maker Regulations

Article (1) Definitions

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

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.
Market:	Abu Dhabi Securities Exchange.
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.
Brokerage Company:	The brokerage company authorized by the Authority to practice financial brokerage activities.
Market Making:	The activity which mainly depends on providing continuous prices for the purchase and sale of a certain security with the aim to increase the liquidity on such security.
Market Maker:	The corporate body incorporated in the state having the license from the Market to practice market making activity in the state.
Foreign Market Maker:	The Market Maker incorporated abroad, or in a financial Free Zone within the state having the approval of the Market to practice the activity of Market Making in the state.
Eligible Securities:	Securities that comply with the standards set by the Market and that are tradable with the support of Market Makers.

Article (2)

Practicing the Market Making Activity

Market making activity may not be practiced in the state without obtaining a license or approval from the Market in accordance with the terms, conditions and procedures stipulated in these regulations and the technical requirements set by the Market.

Article (3)

Conditions for practicing the activity

To practice the activity of Market Making a license or approval of the Market shall be obtained in accordance with the following:

First: obtaining a license from the Market in accordance with the following conditions:

1. The applicant for the license shall take one of the following forms:
 - a. A company established in the state with one of its purposes be to practice Market Making or licensed by the Authority with the compliance of preventing conflict between activities regulations issued by the Authority.
 - b. A commercial bank or investment company licensed by the United Arab Emirates Central Bank, or a branch of a foreign bank, provided that the parent bank of the foreign bank is licensed to practice Market Making, and subject to obtaining the approval of the United Arab Emirates Central Bank in any of these cases.
2. The paid up or allocated capital for practicing Market Making may not be less than AED (30) million or its equivalent in any other currency
3. Availability of financial solvency and qualified administrative and technical staff to practice Market Making in accordance with the conditions and regulations set by the Market.
4. The availability of electronic programs and technical systems required to conduct the activity in accordance with the requirements, conditions and regulations set by the Market.
5. Make available professional code of conduct manual, company internal procedures manual and risk management regulation.
6. The applicant for the license shall meet the conditions of the license on an ongoing basis

Second: the Foreign Market Maker shall obtain the approval of the Market to conduct the activity in accordance with the below conditions:

1. The applicant for approval must be a foreign company licensed to conduct Market Maker activity in the country incorporation by a regulator similar to the Authority, member of the International Organization for Securities Committees (IOSCO), and applies rules and procedures similar to that applied in the State with regard to Know Your Customer (KYC), Customer Due Diligence (CDD) and Anti-Money Laundry/Combating the Finance of Terrorism (AML/CFT), or a company licensed to conduct Market Making activity in a financial free zone within the State.
2. The Foreign Market Maker shall obtain the approval of the competent authority to conduct the Market Making activity within the state if foreign company, or meet the

conditions of the Cabinet of Ministers in relation to registration if a company established in a financial free zone within the state in accordance with the Companies' Law

3. The similar regulator in the country of incorporation shall deal similarly with the Market Maker licensed within the state.

4. The Foreign Market Maker shall have at least five years experience in the same field

5. Contract with a brokerage company licensed in the State (member of the Market) to execute the orders through it.

Article (4)

Application to conduct Market Making Activity in the Market

The applicant for the license or approval to practice the Market Making activity shall submit an application to the Market using the form prescribed for this purpose, together with the information, data and supporting documents, in particular:

First: The Local Applicant

1. The legal form of the applicant and a list of names of the members of the board of directors, the executive management and persons authorized to sign and submit the application.

2. A report clarifying the document keeping system relating to the practice of the activity.

3. A Report clarifying the regulations and basis of internal control and financial audit

4. If the applicant is an entity authorized by the Authority to practice any other activity or financial services, a letter from the Authority indicating the following:

A. The company did not commit 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 license application.

B. Availability of the financial solvency required for the company to practice the activity in accordance with the standards issued in this regard.

Second: Applicant for Foreign Market Maker Approval

1. No objection from the regulator similar to the Authority in the country of incorporation, or from a regulator in the financial free zone if incorporated in such zone.

2. Submit an undertaking to the Market to disclose any information it may request and any changes to its organizational and financial status, that have impact on its conduct of the activity, or any decisions taken against it in the country or incorporation, any other country or the free zone wherein it practices the Market Making activity.

3. Provide the Market with a copy of the contract concluded between Foreign Market Maker and the brokerage company licensed in the state (member of the Market)

Third: The Market may request other clarifications, information or documents if it deems necessary.

Article (5) The Market Decision

1. The Market shall issue its decision to approve or decline an application within 30 working days from the date of submitting the application that satisfies the conditions, requirements and technical standards set by the Market.
2. The applicant shall register the approval issued by the Market with the Authority within (5) working days from the date of its issue, provided registration renewal is carried out with the Authority at least one month prior to expiry.

Article (6) Collaterals required from the Market Maker

1. The Market shall determine the type and amount of the collaterals to be provided by the Market Maker
2. The brokerage company executing the Foreign Market Maker's orders shall verify its financial solvency and ability to meet its obligations, and the Market shall determine the type and amount of collaterals that shall be provided by the brokerage company.

Article (7) Market Maker Obligations

Without prejudice to any other obligations prescribed by any law, regulations, decisions or circulars issued by the Authority, the Market Maker undertakes as follows:

1. To sign an agreement with the Market prior to commencing the activity, that shall include the conditions, requirement and regulations of its business and trading in the Market, and shall state the eligible securities under its responsibility.
2. Shall notify the Market about any unusual trading in the securities under its responsibility.
3. Refrain from using the Market Maker facilities to trade on behalf of the clients.
4. To maintain the financial solvency required to conduct the activity in accordance with the solvency standards issued by the Authority, or the standards issued by the regulator for the Foreign Market Maker
5. Provide the Market with the following reports:
 - a. A monthly report of profit and loss and the size of the portfolio with respect to the activities of Market Making.
 - b. The quarterly financial statements audited by the accounts auditor, if the Market Maker is a company practicing Market Making activities only.
 - c. The audited annual financial statements if the Market Maker is a company practicing Market Making activities only.

d. A semi-annual report on the internal control function covering the following aspects as a minimum:

- The procedures of organizing internal control;
- a list of internal control processes implemented and their outcomes;
- a list of issues discovered and the corrective action plan, especially those related to market risk, settlement and liquidity.

6. Retain commercial records, registers, statements, data and information relating to trading and practicing the activity for a period not less than (10) years, and retain an electronic back-up copies of such data for the same period.

7. Practice the activity and exert the care of a prudent person in accordance with the provisions of the law, regulations, decisions, rules and circulars issued pursuant thereto, taking into account commercial norms in this regard and the principles of honesty, justice and equality

Article (8) **Market Maker Trading**

1. The Market shall determine trading numbers for the Market Maker so that it is distinguished from the other trading numbers and to ensure a complete separation between the activity of the Market Maker and any other activity it practices

2. The Market trading system shall determine the transactions relating to the Market Maker and classifies them as from the Market Maker.

3. The Market Maker shall enter the orders in the trading system directly or through a brokerage company (member of the contracting market) in the event of Foreign Market Maker.

4. The Market Maker shall have the same priorities of other investors in executing transactions

5. The Market Maker trading transactions shall be subject to the laws of the Authority, the regulations, decisions, rules issued pursuant thereto and the provisions of these regulations.

6. The Market Maker shall enter the bid or ask orders executable on eligible securities under its responsibility without violation or contradiction with the data set forth in the agreement concluded between the Market Maker and the Market, including:

- a. Minimum Orders Size
- b. Maximum difference between bid and ask orders
- c. Minimum presence of Market Maker's Orders in orders book in a continuous trading session during the day
- d. Refresh bid and ask orders over minimum time period, and refresh the same on executing bid or ask orders or both in full and on cancellation of the order or expiry of its duration.
- e. the entered bid or ask order should be within the top three positions in the orders register at the time on which the Market Maker's order is entered.
- f. maintain bid and ask orders in the trading system as a percentage of the total time in continuous trading hours in each trading day as per the Market rules.

7. The Market Maker shall be exempted from its obligations to enter executable bid and ask orders on eligible securities in the following conditions:
- a. During scheduled and unscheduled bidding periods, such as opening bid period and closing bid period
 - b. During suspension of trading in the eligible security under its responsibility.
 - c. Exceeding the permitted ownership limits
 - d. Exceeding its permitted trading ceiling
 - e. During the opening and closing periods
8. The Market may exempt the Market Maker from its obligations, wholly or partially, based on a request submitted by it, in accordance with the conditions and in such cases as provided for in the agreement, or circumstances at the discretion of the Market

Article (9)

The Facilities granted to the Market Maker

1. The Market Maker may practice short selling, Securities lending and borrowing in accordance with the regulations of the Market in this regard
2. If an issuer of covered warrants is acting as a Market Maker for such covered warrants it will be exempted from complying with the requirements of the minimum number of covered warrant holders for the issuance value.
3. A security may have more than one Market Maker.

Article (10)

Cancellation of Eligible Security Registration

1. The Market Maker may request the cancellation of the registration of the eligible security under its responsibility after the lapses of the minimum duration provided for in the agreement.
2. The Market may cancel the registration of a security or more of the eligible securities under the Market Maker responsibility if it sees that the performance of the Market Maker does not serve the interests of the Market

Article (11)

The Market Disclosures

1. The Market, at the beginning of each financial year, publishes a list of the securities eligible for Market Making, and have the same updated as required
2. The Market shall publish any license or approval to practice the activity of Market Making and the eligible securities under its responsibility, as well as the cancellation of any license or approval of any Market Maker through the website of the Market or any other mean as the Market deems appropriate.

Article (12)

Control and Inspection of the Market Maker

1. The Authority may perform oversight and inspection over the Market Maker in order to ensure its compliance with the Authority's law, regulations and decisions issued pursuant thereto.

2. The Authority may perform periodical oversight and inspection over companies practicing Market Making in order to ensure their compliance with the Authority's law, regulations, the decisions issued pursuant thereto and regulations of the Market, and shall notify the Authority with any violation committed and the penalties imposed on it.

Article (13)

Suspension and Cancellation of the License or approval

1. The Market may suspend the Market Maker from Market Making if the Market establishes that the Market Maker's performance does not serve the interests of the Market, or upon the expiry of the agreement concluded between them, without effecting its previous obligations.

2. The Market may cancel the approval of the Market Maker in any of the following cases:

- a. Failure to comply with any of the conditions of the license or approval stipulated in the Law, regulations, decisions, controls, or instructions issued in implementation thereof.
- b. Serious breach of any of the duties or obligations set out in the Law, regulations, decisions, controls or instructions issued in implementation thereof.
- c. Failure to pay the applicable fees or the imposed fines
- d. The passing of a final court judgment declaring the licensed company bankrupt.
- e. The winding-up or liquidation of the licensed company.
- f. The Market Maker becoming subject to an investigation involving suspicious fraud or breach of trust whether within the State or abroad.
- g. Pursuant to a decision from the Authority

3. The decision to cancel the license of a Market Maker shall, at the company's expense, be published in two daily newspapers issued in the State with at least one in the Arabic language.



Liquidity provider rules

Article (1) Definitions

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

Authority	: Securities and Commodities Authority
Market	: Abu Dhabi Securities Exchange
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.
Liquidity Provision	: the service under which a market maker undertakes to improve the liquidity of a listed security based on a liquidity provision agreement with the issuer of that paper.
Liquidity Provider	: A market maker engaged with an issuer of a listed security in order to provide liquidity on that security in accordance with the provisions of this regulation.
Market Maker	: A corporate person licensed or having the approval of the Market to practice the activity of the Market Making in the State.
Authorized Commissioner	: A legal person with Market approval to practice the activity of the Authorized Commissioner in accordance with the provisions of these Rules shall be appointed by the Traded Indicators Fund and the commodities fund to assume the functions of requesting the issuance, recovery or sale of the units of the traded Indicators Fund and the commodities fund with a view to maintaining the prices of the traded Indicators Fund and the commodities fund in fair value.
Brokerage Company	: A trading broker or a trading and clearing broker licensed by the Authority.

Article (2)

Approval for providing Liquidity Provision Service

Liquidity provision shall be conducted only by the Market Maker after obtaining the Market approval in accordance with the terms, conditions and procedures stipulated in these Rules and the technical requirements set by the Market.

Article (3)

Conditions for Approval

The Market Maker shall meet the following conditions in order to provide Liquidity Provision service

1. Validity of the license of approval issued by the Market to practice the market making activity
2. Payment of the Market fee
3. the Market Maker shall have the technical and administrative capabilities necessary to provide the service
4. conclude a liquidity provision agreement with the issuer of listed security regarding the provision of liquidity to that security, provided that the agreement includes the regulation of the relationship between them and all mutual rights and obligations, and in particular:
 - a. determine of the type of Security subject matter of the agreement
 - b. state the content and objectives of liquidity provision for such a security and the duration of the agreement
 - c. provide sale and purchase offers for the Security and its size and the price difference between them, as well as the periodic adjustment thereof
 - d. The minimum limit of the volume of price offers which the Liquidity Provider is committed to maintain.
 - e. State whether the Liquidity Provider is the exclusive Liquidity Provider for such a Security, or whether the issuer may contract with other Liquidity Providers for the same Security.
 - f. The fees payable to the Liquidity Provider in return for the service
 - g. The mechanism of terminating the agreement in terms of the procedures that should be followed and means of notification.

Article (4)

Application for Approval

First: it is a condition for the Market Maker to provide the Liquidity Provision service to submit an application to the Market in accordance with the form prescribed for this purpose together with the information, data and supporting documents, particularly the following:

1. A copy of the valid license or approval issued by the Market on the practice of the activity of Market Making
2. A report clarifying the Liquidity Provision documents keeping system
3. Liquidity Provision agreement form including all the information and data

Second: The Market may request any clarifications, information, or other documents if it deems necessary

Article (5) The Market Decision

1. The Market shall issue its decision to approve or reject the application within five(5) working days from the date of submission of the application, complying with the conditions, requirements and technical standards set by the Market
2. The Market Maker shall register the approval issued by the Market with the Authority within a period not exceeding (5) working days from the date of issue, provided the annual renewal of the registration is done at least one month prior to its expiry.

Article (6) The Liquidity Provider's Obligations

1. Without prejudice to any other obligations set out in the law, regulations, decisions of the Authority, the Liquidity Provider undertakes as follows:
 - a. Refrain from performing Liquidity Provision functions for listed Securities before signing the agreement for Liquidity Provision with the issuer and obtaining the approval of the Market.
 - b. The ownership of the security subject of the agreement shall not exceed, in any time, (5%) of the total number of the issued security.
 - c. Notify the Market and the Authority with any irregular trading in the securities under its responsibility.
2. Without prejudice to any other obligations set out in the law, decisions and circular of the Authority, the Liquidity Provider shall be obliged towards the exchange traded fund and commodities fund with the following:
 - a. Provide sale and purchase orders of the Fund's units to make them available for execution through the means of trading in the relevant market to ensure the required liquidity based on the net asset value of the declared unit or on the indicative value of the unit's net asset value during daily trading.
 - b. The difference between the buying and selling prices shall not exceed the agreed-upon margin as stated in the offer document.
 - c. Notify the Market and the Authority of any irregular trading in the exchange traded fund and the commodity fund for which it bears responsibility.
 - d. Cooperating with other liquidity providers of the investment fund to ensure the performance of all the tasks entrusted to them as required and to ensure the achievement of the necessary liquidity for the fund units in the secondary market.
 - e. Provide the Authority, the Market and all parties associated with the fund with the necessary information upon request.
 - f. Exercise the care of a prudent person when performing his duties

Article (7)

The Security Issuer Disclosure

The issuer of the security subject of the Liquidity Provision agreement undertakes as follows:

1. Disclose to the Market the name of the Liquidity Provider and the percentage of the securities he is permitted to own under the agreement once executed. The Market shall disclose such data to the public.
2. Disclose to the Market in the event of termination of the Liquidity Provision agreement and the date of termination. The Market shall disclose the same to the public.

Article (8)

Market Functions

The Market carries out the following functions with regard to liquidity provision activity:

1. Review the Liquidity Provision agreements
2. Identify the securities that can be subject of Liquidity Provision
3. Develop internal regulations to oversee and control Liquidity Providers
4. Ensure compliance with the procedures of terminating the Liquidity Provision agreement in the event of termination of the agreement

Article (9)

General Provisions

1. Subject to the Market's approval, Securities may have more than one Liquidity Provider
2. A Liquidity Provider may not also be a Market Maker for the same Security.
3. Liquidity Provider does not benefit from the facilities granted to the Market Maker in connection with the following:
 - a. Exemptions available to the Market Maker from certain disclosures
 - b. The exemption given to Market Maker from all or some of the trading commissions
4. The Market may agree that a shareholder who owns a percentage not less than the limit determined by the Market of the issued shares of a company listed in the Market concludes an agreement with a liquidity provider approved by the Market to provide liquidity on the shares of the concerned company, provided that this shareholder and the Liquidity Provider abide by any controls set by the Market in this regard .

Article (10)

Control and Inspection

1. The Authority may perform oversight and inspection over the Market Maker in order to ensure its compliance with the Authority's law, regulations and decisions issued pursuant thereto.

2. The Authority may perform oversight and inspection over the Market Maker in order to ensure its compliance with the Authority's law, regulations, the decisions issued pursuant thereto and regulations of the Market, and shall notify the Authority with any violation committed and the penalties imposed on it.

The Authorized Commissioner Rules

Article (11)

Practicing the Authorized Commissioner Activity

The Authorized Commissioner's activity in the Market may not be practiced except after obtaining approval from the Market in accordance with the terms, conditions and procedures stipulated in these Rules.

Article (12)

Conditions for practicing the Authorized Commissioner Activity

1. The applicant must be a broker, a commercial bank, or a branch of a foreign bank, provided that the parent bank is licensed to engage in this activity, and the approval of the UAE Central Bank is required if the applicant is a local bank or a foreign bank branch. The paid-up capital or allocated to this activity shall not be less than (30) million UAE dirhams, or its equivalent in any other currency.
2. Availability of financial solvency, and qualified administrative and technical staff necessary to engage in Market Making activity in accordance with the conditions, rules and requirements set by the Market.

Article (13)

Application to practice the activity of the Authorized Commissioner

The applicant for approval to practice the activity of the Authorized Commissioner must submit an application to the Market according to the form prepared for this, together with the information, data and documents supporting the application and which prove the fulfillment of the conditions specified in Article (12) of these Rules.

Article (14)

The Market Decision

1. The Market shall issue its decision approving or rejecting the application within (5) five working days from the date of submitting the application, fulfilling the conditions, requirements and technical standards set by the Market.
2. The applicant must register the approval issued by the Market with the Authority within a period not exceeding (5) working days from the date of its issuance, provided that the registration is renewed annually with the Authority at least one month before the expiry of its period.

Article (15)

Obligations of the Authorized Commissioner

Without prejudice to any other obligations set out in the law, decisions, or circulars of the Authority and the Market, the Authorized Commissioner is obliged to the following:

1. Contracting with the founder of the fund to carry out his duties
2. Cooperating with all parties related to the fund to develop a mechanism that includes the tasks of each party, and a mechanism for exchanging assets, units, documents and information.
3. Purchasing assets consistent with the fund index and transferring them to the fund's custodian to obtain new fund units equivalent to the value of those assets that represent the index components, or returning the fund's units in exchange for the assets that are transferred to it from the fund representing the index components or in exchange for what is agreed upon in accordance with the concluded agreement between it and the founder in this regard.
4. To provide off-floor or primary market liquidity to liquidity providers at an agreed price based on a declared net asset value (NAV) of the unit or an indicative net asset value (INAV) in a manner that ensures that trading liquidity is maintained in accordance with Market procedures.
5. Not to exceed the price difference between bid and ask in the agreed-upon order book as specified in the prospectus.
6. Providing the Authority, the Market and all parties related to the fund with the necessary information upon request.
7. Exerting the care of a prudent person when performing his duties.



Securities Lending & Borrowing Regulations

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.
- Market:** : Abu Dhabi Securities Exchange.
- Clearing House:** : the entity conducting clearing and settlement processes of all orders executed in the Market in accordance with the regulating decisions
- 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.
- Brokerage Company:** : the brokerage company authorized by the Authority to practice financial brokerage activities.
- 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.

General Article (2)

1. transaction for lending and borrowing securities listed in the Market shall only be conducted in accordance with the provisions of these Rules
2. Securities lending and borrowing shall only be conducted in the Market and through a lending agent, and borrowing of securities shall only be executed through a brokerage company.
3. Save clause (2) of this Article, securities lending and borrowing transaction can be conduct outside the Market between the eligible investors, provided such transaction is promptly registered by the lender and borrower with the Clearing House through a lending agent.
4. Save clause (2) of this Article, securities lending and borrowing can be conducted through the brokerage Company in the following manner:
 - a. 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
 - b. 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 Clearing House, save the Brokerage Company which is allowed to lend its loaned securities to its clients only.
6. The Clearing House 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 Clearing House 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 Market shall be authorized to stop/suspend the lending and borrowing of eligible securities if it deems appropriate for the business of the Market 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 Market 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 Brokerage Company licensed by the Authority and member of the Market.
3. Market Maker
4. Local banks, branches of foreign banks
5. A foreign company licensed by a supervisory authority similar to the Authority as Lending Agent, after obtaining a license from the competent authority to practice such function within the State in accordance with the Commercial Companies Law

Second: the approval application shall be submitted to the Market 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 accounts
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. A statement of securities lending and borrowing concept and the associated risks the customer may expose to.
 - b. A detailed statement of the rights and obligations of both the client and the lending agent
 - c. The client obligations towards the Authority, the Market and the Clearing House 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 Market 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 Market.

The Market Decision Article (4)

1. The Market 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 Market 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 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 Market only
2. Register the securities lending transaction executed by any of its clients with the Market as per its applicable procedures.
3. Ensure that the client holds an investor account with the Market 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 Market 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 Market applicable legislations and procedures.
6. Provide the Market 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 Clearing House.
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 Clearing House 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 Market 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 Market with any reports at their request within two working days from the date of the request.
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 Market, 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 laws and regulations 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 Market 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 applicable laws 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 Authority, the Market, or the Clearing House with any reports, information or documents promptly or within the period specified by any of them.
6. The Market 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.

Collateral provision Article (7)

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 Market.
2. The Brokerage Company 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 Clearing House.
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 Market upon liquidating the collateral

The Procedures Article (8)

The below applications shall be submitted to the Market 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 Brokerage Company to borrow securities, the Brokerage Company 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 Brokerage Company shall submit their below requests to the Clearing House in accordance with the forms and requirements issued by it with regard to the following:

1. Request for securities borrowing: The Brokerage Company shall submit the request to borrow securities to the Market in its prescribed form, enclosing the agreement signed between the two parties (the lender and the borrower), the Market 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 Brokerage Company if the collateral is listed securities, to the Market as per the prescribed form, to transfer the collateral securities from Borrower's account to the Clearing House.

3. Request to recall the loaned securities (in whole or part): the lending agent shall submit an application to the Market 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 Market to the account of the borrower according to procedures.

4. The Borrower request to return loaned securities (in whole or part): the Brokerage Company shall submit a request to the Market 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, Brokerage Company, or both shall submit an application to the Market as per the prescribed form, indicating the termination of the transaction. The Market 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 Market.

6. Request to liquidate (sell) the securities provided as collateral: the lending agent and the lender, if Brokerage Company, shall submit a request to the Market as per the prescribed form, to transfer the securities provided as a collateral which are kept with it to the account of the lender to sell them.
7. Request to replace the collateral: the Brokerage Company shall submit a request to the Market as per the prescribed form, to replace the collateral provided by the borrower.
8. Any other request the Clearing House deems necessary.

Article (9)

The cancellation of securities lending and borrowing transaction

Without prejudice to third parties with good faith, the Market 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 Market 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 Market shall have the right to supervise and inspect the lending agent or Brokerage Company 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 Market shall notify the Authority about any violation or penalties imposed on the violator.

covered short selling

Article (1)

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.

Market: Abu Dhabi Securities Exchange.

Clearing House: Clearing, Settlement, and Depository function of ADX, carried out by the Clearing, Settlement, and Depository Departments at ADX.

Securities: Shares, bonds and notes issued by the joint stock companies, bonds, notes, and bills issued by the Federal or local governments, public authorities and public institutions in the State, and any other domestic or non-domestic financial instruments considered as such by SCA.

Brokerage Company: The brokerage company authorized by the Authority to practice financial brokerage activities.

Covered Short Selling: The sale by a customer of borrowed securities or securities confirmed to be lent in accordance with the provisions of these Regulations.

Lending Agent: A Lending and Borrowing Agent approved to conduct Securities Lending transactions on behalf of others.

Lender: The clearing house or any investor having an investor number with the Market willing to lend securities to the borrower in accordance with the provisions of these Regulations and clearing procedures.

Customer: A person having an investor number in the Market who wishes to execute a CSS transaction in accordance with the provisions of these Regulations.

Eligible Investor : the eligible investor as per the decisions issued by the Authority

Delivery Versus Payment the decision of the Authority and the operational procedures approved by the Market of the Delivery Versus Payment form

Collateral: Cash amounts or securities deposited by the Customer in the CSS account maintained with the Brokerage Company according to the determined percentage of

the market value of the Securities intended for CSS trading in accordance with the provisions of these Regulations.

Securities Lending and Borrowing Rules: the Market Rules related to Securities Lending and Borrowing

Total Collateral: The Collateral amount plus the net value received from selling securities short, in the CSS account.

Maintenance Margin: The Customer's minimum contribution that must be maintained in a CSS account to the market value of a security at any time after the date of sale.

Uptick Rule: The CSS order price shall be above one tick size than the last traded price or the current traded price is above the previous trade price.

Article (2)

Preface

The Market Maker and the Liquidity provider shall be exempted from the obligation of the broker.

Article (3)

Conditions for the Brokerage Company to obtain the approval to use CSS mechanism

In order for a Brokerage Company to obtain the Market's approval, it shall:

1. Be licensed by the authority.
2. Holding an approval from the Market to carry out the margin trading activities.
3. Has the technical and administrative capabilities and competence required to conduct the CSS process and manage the concerned accounts.
4. Has the necessary financial solvency or capital adequacy to conduct the CSS transactions in accordance with the relevant standards issued by the Authority.
5. Has not committed any material violations of the financial solvency or capital adequacy criteria or the rules concerning the separation of accounts approved by the Authority within the six months preceding the date of submitting the application form for approval.

Article (4)

Application form for approval

The Brokerage Company, which wishes to exercise Covered Short Selling mechanism, shall submit an application to the Market as per the form designated for this purpose, together with the information, details and supporting documents, particularly the following:

1. A report describing the technical system used to manage Covered Short Selling accounts.

2. Holding an Order Management System (OMS) to distinguish the Covered Short Selling orders from other orders, and send a message to the Customer of the content of the issued order.
3. An undertaking and report, audited and signed by the Brokerage Company's manager, the internal auditor, and the IT officer, showing that the order Management System OMS meets the Uptick Rule requirements.
4. A report showing the system of keeping documents related to Covered Short Selling transactions.
5. A report showing the Covered Short Selling internal control and auditing regulations and controls.
6. Customer Agreement Form, including the following minimum information:
 - a) Statement of the Covered Short Selling service concept, and the risks that the Customer may bear as a result thereof.
 - b) Determination of the Collateral ratio and Maintenance Margin.
 - c) A detailed description of the rights and obligations of both the Customer and the Brokerage Company.
 - d) Determination of the method by which the Customer is to be notified in case the Collateral value becomes less than the Maintenance Margin.
 - e) An undertaking from the Customer to feed the Covered Short Selling Account in case the Collateral value becomes less than the minimum Maintenance Margin after being notified by the Brokerage Company.
 - f) An undertaking from the customer on the pre-consent of the Liquidation/usage of the collateral, in case the customer did not satisfy the maintenance Margin upon agreed time frame.
 - g) The Customer's express consent to the fact that Brokerage Company shall retain the Collateral, in order to secure the repurchase of the shares short sold.
7. The Market may request any other clarifications, information, or documents as it may deem necessary.

Article (5)

1. The Market shall issue its decision approving or rejecting the application within (5) five working days from the date of submitting the application, fulfilling the conditions stipulated in these Rules.
2. The applicant must register the approval issued by the Market with the Authority within a period not exceeding (5) working days from the date of its issuance, provided that the registration is renewed annually with the Authority at least one month before the expiry of its period.

Article (6)

Brokerage Company Obligations

The Brokerage Company shall be obliged on ongoing basis with the following:

1. Maintain the financial solvency or capital adequacy according to the standards issued by the authority.
2. Make sure that each Customer is financially solvent before executing the sell order.
3. Limit the Covered Short Selling transactions to Covered Short Selling Eligible Securities in accordance with the provisions of these Regulations.
4. Conclude a Covered Short Selling Agreement with each Customer wishing to use such mechanism.
5. Open a Covered Short Selling /Securities Lending and Borrowing Account with the Market for the Customer in order to execute the Covered Short Selling transactions.
6. Separate the Covered Short Selling /Securities Lending and Borrowing Trading Account from any other account of the Customer.
7. Ensure that there are borrowed securities before executing the Covered Short Selling order, with exception of Delivery Versus Payment customers for whom it is sufficient to have an undertaking or a confirmation that the securities will be lent to them.
8. Receiving collateral from the Customer with a value of no less than 50% of the market value of the Covered Short Selling designated security calculated by the last closing/ reference price, prior to the sale of the security, and retaining the Collateral plus the sale proceeds of that security (Total Collateral) until the Customer's financial position is closed through repurchasing the securities short sold.
9. The Brokerage Company, if it lent its Customer from its own account, or in its capacity as a Lending Agent, shall have the right to acquire the Collateral specified in Clause (8) of this Article, or the Collateral specified pursuant to the Securities Lending and Borrowing Rules issued by the Market, as it deems fit.
10. Enter and execute Covered Short Selling orders according to the Uptick Rule.
11. Evaluate the securities regulated short sold at the market closing price by the end of each working day, and inform the Customer immediately if his contribution falls below 25% (Maintenance Margin ratio), by applying the following formula: (value of the total Collateral minus the market value of the securities short sold) + (the proceeds of the securities short sold), in order for the Customer to cover the shortage by increasing his contribution to more than Maintenance Margin ratio, not later than the next working day at the agreed time between Broker and Customer from the date of being notified of the same.
12. Allow the customer to withdraw the excess funds if his contribution exceeds 50% according to the formula referred to in Clause (11) of this Article.
13. Settle all Covered Short Selling transactions, without changing the specified settlement cap during the specified settlement date in the market (T+2).
14. Not to transfer any securities from the Covered Short Selling account to any other account, save the following:

- a. In the event of returning the borrowed securities to the lender
- b. If the securities to be transferred are additional securities and do not represent a collateral to the Short Selling transaction, and the transfer of which to the customer's other account does not represent a breach of its obligations pursuant to the provisions of these Rules.

15. Provide the Customer with a detailed monthly statement showing the movements in the CSS account, including changes in the Collateral value.

Article (7)

Additional obligations towards delivery versus payment DVP customers

The Brokerage Company shall:

1. Ensure of the existence of an undertaking or confirmation included in the Securities Lending and Borrowing agreement from the Lender to lend the securities the subject matter of the Covered Short Selling Securities to the Customer, and ensure the Customer's ability to deliver those securities on the settlement day.
2. Maintain a locate confirmation record to keep the pledges or confirmations made by the Lender to lend its Covered Short Selling Securities to the Customer. The locate confirmation record must contain the following details:
 - a) Date and time of confirmation.
 - b) Quantity of securities
 - c) Name and type of securities.
 - d) Name or identifier Code of Lending Agent.
 - e) Name or identifier Code of Borrower.
 - f) Evidence of Lending Agent's confirmation to hold the quantity and type of securities, subject matter of the Covered Short Selling, or SLHK Bloomberg.
3. Follow the delivery versus payment (DVP) procedures in case the Customer fails to deliver the Securities sold on his Covered Short Selling /Securities Lending and Borrowing account maintained with the Brokerage Company on the T+2 settlement date.

Article (8)

Obligations of the Brokerage Company towards the Market

The Brokerage Company shall:

1. Provide a report to the Market if the Net Covered Short Selling positions of 0.2% of total issued capital and above in Designated Covered Short Selling Securities and every subsequent 0.1% change up or down in Net Covered Short Selling position must be reported.
2. Provide the Market with any report as may be required in relation to conducting such transactions to ensure its control.

3. Obtain the Market's prior approval for any subsequent modification to the Order Management System and submit a technical report on the compliance of the modified OMS with the Market's requirements.

Article (9) **Covered Short Selling Eligible Securities**

1. Based on the following criteria, the Market shall define the securities eligible for short selling and shall review them every 6 months:

- a. Securities turnover ratio.
- b. The presence of a market maker.
- c. Presence of a Liquidity Provider.

2. The Market has the power to change the said parameters and may conduct additional reviews it deems necessary.

Article (10) **Actions to be taken in the event the price of the security subject to CSS decreases**

1. If the price of any Covered Short Selling Security decreases by 5% from the previous day's close price or goes limit down, Covered Short Selling activity on that security will be suspended immediately for two trading days including the day of suspension.

2. Covered Short Selling will resume on the 2nd trading day from suspension period if there is no further 5% decrease in price or limit down event. For example, if Covered Short Selling is suspended for a security today (T+0), Covered Short Selling will resume on T+2 provided there is no 5% fall or limit down in T+1.

3. If there is a further 5% fall in price or limit down in T+1, Covered Short Selling for this security will remain suspended for two trading days, i.e. T+1 and T+2 and will only resume on the third day after suspension, i.e. T+3.

4. Covered Short Selling will resume only when there is one clear trading day where there is no 5% fall in price or limit down of the Covered Short Selling eligible security.

5. The exchange has the power to modify or change the above parameters (on a market-wide or security-specific basis).

6. The Market has the capacity to suspend Covered Short Selling if the practice will harm the security or the market.

7. The Market will suspend covered short selling for a security if the short interest reaches 10% of the company's issued capital.

Article (11)

Penalties

First: The Market may levy the following fines on the Brokerage Company if it fails to deliver the Covered Short Selling securities on the settlement day, as follows:

1. AED 1,000 or 0.01% of the Covered Short Selling trade value whichever is the higher if the settlement is made on the day following the intended settlement day (i.e. T+3)
2. AED 3,000 or 0.05% of the Covered Short Selling trade value whichever is the higher if the settlement is made after two days following the intended settlement day (i.e. T+4)
3. AED 5,000 or 0.1% of the Covered Short Selling trade value whichever is the higher if the settlement failed to after two days from the intended settlement date and the settlement is done through the cash compensation of the Buyer. This fine shall be paid in addition to the buyer cash compensation.

In any case, the fine levied on the Brokerage Company shall not exceed the maximum fine set out in the Authority's Law and the regulations issued pursuant thereto.

Technical Short Selling Rules

Article (1)

The expressions and terms used in this document must have the same meanings assigned to them; unless otherwise defined in the context of this document:

SCA	:	Securities and commodities Authority
Market	:	Abu Dhabi Securities Exchange (ADX)
Securities	:	Shares, bonds, and Sukuks issued by the Public Joint Stock companies, besides the bills and debentures issued by the Federal Government, the Local Governments, the public entities, the public institutions in the State (the UAE), the investment components issued by investment funds, and any other local or foreign financial securities branded as such by the Council.
Market maker	:	The legal entity licensed to engage in market-making, or the foreign market maker registered with ADX.
Brokerage Company	:	Trading broker or trading and clearing broker
Technical Short Selling	:	The process which the investor sells a security he does not own and to commit to cover during the settlement period (T+2)
Initial Margin	:	The amount of money deposited by the client with the Brokerage Company for the Margin Trading Account in accordance within the prescribed ratio of the market value of the securities to be traded on margin prior to executing the purchase order.

Collateral	:	The value of the initial margin with the amount collected out of the sale of the securities deposited in the technical short selling account.
Client	:	Natural or juristic person holding an investor number in ADX.
Authorized entity	:	The Brokerage company registered in ADX and holding ADX approval to use the mechanism of technical short selling.

Article (2)

The Market may, from time to time, define the clients who will not be eligible to utilize the mechanism of the technical short-selling.

Article (3)

The conditions to approve using the technical short selling transaction for the authorized entity

- 1- Having the technical and administrative capabilities and competence required to exercise the mechanism of technical short selling, manage the accounts, and provide the necessary collaterals.
- 2- Having never committed substantial violations of the creditworthiness standards, the rules for accounts' split-up, and the applicable trading and settlement procedures within the last six months prior to the date of application.
- 3- Having the necessary technical and procedural systems to initiate the transactions of lending and borrowing, or contracting with a lending and borrowing agent registered in the Market.
- 4- All requirements must be available on an ongoing basis.
- 5- Any other terms, conditions, or requirements ADX might consider essential.

Article (4)

Documents needed for approval

- 1- The entity willing to utilize the technical short selling mechanism should submit an application to the Market, enclosed with the supporting data, information, and documents, especially:
 - a. The client agreement form.
 - b. The internal procedures of the technical short selling transactions.

2- The Market may request extra explanations, information, or documents, if they are necessary.

3- The Applicant shall register the approval issued by the Market to the Authority within a period not exceeding (5) working days from the date of issue, provided the annual renewal of registration is carried out at least one month from expiry.

Article (5)

Defining the securities eligible for short selling

Based on the following criteria, the Market shall define the securities eligible for short selling and shall review them every 6 months:

- 1- Securities turnover ratio.
- 2- The presence of a market maker.
- 3- A contract signed with a liquidity provider.

Article (6)

Obligations of the authorized entity

- 1- Comply with the type and quantity of the securities approved for technical short selling as per the regular disclosure rules of the Market.
- 2- Commit to the deadline set by the Market to allow the technical short-selling.
- 3- Apply accounting system that will support the technical short selling.
- 4- Provide an OMS (Order Management System) to distinguish the technical short selling orders from other orders, and send a confirmation message to the client summarizing the selling order.
- 5- Using an independent trading account dedicated for the short selling.
- 6- Freeze the Collateral in the client's account till the transaction is settled.
- 7- Evaluate the technically short sold securities at the market closing price, by the end of each working day, and inform the client if his contribution falls to 25%, by applying the following formula: $(\text{value of the Collateral} - \text{the market value of the securities}) / (\text{the market value of the securities})$, so the client would be able to cover the shortage and increase his contribution ratio to more than 25%, otherwise the Broker shall be obliged to apply the measures stated in Article 11/2.
- 8- Keep the records of all technical short selling transactions in compliance with the resolutions, rules, and procedures set in the regulations of SCA and the Market.
- 9- Record all the technical short selling transactions in special registers, provided they shall exhibit the following data as a minimum requirement:
 - a. Name of the client.
 - b. The trading order, and the name of the security subject of trading.
 - c. Value of the executed transaction.

- d. All commissions and fees.
 - e. The mechanism and time of covering the technical short selling.
 - f. The alert and warning messages addressed to the client as regards the decline of the collateral ration.
- 10- Provide the Market with a weekly report or as per its request including the following:
- a. The total market value of the Securities traded on basis of technical short selling,
 - b. The number of notifications addressed to the clients requesting him to increase the collateral ratio, and the value of this required increase,
 - c. Cases, procedures, and the dates set for the covering and settlement the clients' accounts designated for the technical short selling transactions,
- 11- Applying the measures stated in Article 11/2 in case the client fails to settle the technical short selling transaction,
- 12- The Market may add any regulations, requirements, or conditions based on the requirements of public interest.

Article (7)

Cases where the Market shall automatically stop the technical short selling transaction

- 1- When the price of the securities decreases by (5%) from the closing price of the former trading day. The stopping shall be done on the same date the securities decreases, and through the next working day.
- 2- If the short sold Securities reach (10%) of the issued capital.
- 3- Five working days before the general assembly of the issuing entity is convened.
- 4- Five days preceding the day the register is closed for the purpose of cash dividends, bonus shares, or rights issue.
- 5- During the trading period of the issuing company's rights issue.
- 6- Any other cases specified by the Market.

Article (8)

Conditions of Security technical short selling

- 1- The price of the short selling transaction is at least higher by one bid unit than the last traded transaction price (Short Sell Up Tick Rule).
- 2- The client is obliged to deposit a Initial Margin equivalent to 50% of the market value of the security required to be sold by technical short selling.

Article (9)

The Market disclosure on the website

The Market shall disclose the following information on its website:

- 1- The Securities allowed to be technically short sold.
- 2- The entity authorized to exercise the mechanism of technical short selling.
- 3- The quantity of the Securities already technically short sold.
- 4- The starting date of the Securities can be traded on basis of technical short selling.
- 5- The automatic stop days of the technical short selling.

Article (10)

The agreement of the technical short selling

When carrying out a short selling, the authorized entity is obliged to enter into an agreement with each client; where the full data and information indicated hereunder shall be demonstrated, besides any other information the Market might consider necessary:

- 1- The client's express written acknowledgement and acceptance of:
 - a. The right of the authorized entity to secure the outcome of the technical short selling and use it for settlement in case the client failed to provide the technically short sold financial Securities for settlement.
 - b. The right of the authorized entity to use the deposited collateral, to cover the shortage of the buying value in case of a client failed to provide the technically shorted Securities for settlement.
 - c. The right of the authorized entity to use the collateral in case the client fails, when the value of his contribution decreases, to respond within the specified period and increase its contribution accordingly.
- 2- Indication of the potential risks that might result from the technical short selling transactions.
- 3- The client's declare affirmation that he recognizes and perceives the implications of the procedures and his responsibilities, besides the risks related to the technical short selling.

Article (11)

The conditions and available means to cover the technically short sold Securities

- 1- The authorized entity, after securing the client's approval, shall settle the technical short selling transaction on the next day of its execution; if there were any serious reasons that might so necessitate.
- 2- In case the client fails to settle the technical short selling transaction, the authorized entity shall take the following measures; and in the following sequence:

- a. Transfer the financial Securities from other accounts of the client with the authorized entity, after securing the client's approval,
- b. During the T+2 period, and by using the collateral, the financial Securities that were technically short sold are re-bought.
- c. In compliance with the procedures issued by the Market and approved by SCA, the Securities that were technically short sold are borrowed.
- d. The technically short sold Securities are re-bought during the (Buy-In) session of the clearing system.
- e. Cash reparation to the buying party in compliance with the mechanism approved by the Market.



Margin Trading Regulation

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
Authority	: Securities and Commodities Authority
Market	: Abu Dhabi Securities Exchange
Clearing House	: The entity conducting clearing and settlement processes of all orders executed in the Market in accordance with the regulating decisions
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.
Brokerage Company	: The brokerage company authorized by the Authority to practice financial brokerage activities
Cash Trading Account	: The account which the client pays to the Brokerage Company the trades full value before the order for the purchase of a certain security is settled
Margin Trading Account	: The client account with the Clearing House, through which dealings in securities financed on margin are executed
Margin Trading	: The financing made by the Brokerage Company of a proportion of the market value of the securities financed on margin, and secured as collateral by the securities available in the Margin Trading Account or any other collaterals in the cases exclusively stated in these Regulations
Initial Margin	: The amount of money or securities deposited by the client with the Brokerage Company for the Margin Trading Account in accordance with the prescribed ratio of the market value of the securities to be traded on margin prior to executing the purchase order

Maintenance Margin	: The minimum set by the Market for the contribution of the client in the market value of securities in a margin trading account at any time after the date of purchase
Client	: A person (natural or legal) who has an investor number in the Market
Margin Trading Agreement	: The agreement between the Brokerage Company and the Client specifying the terms and conditions governing the relationship between them in relation to Margin Trading, and in a manner not conflicting with the regulations of the Authority and the provisions of these Rules.
Financial Institution¹	A bank or financial institution licensed by the Central Bank of the United Arab Emirates to practice the activity of providing financing facilities of all kinds

Article (2)

The Approval to provide Margin Trading Service

Margin Trading Service may only be provided through a brokerage company after obtaining the approval of the Market in accordance with the terms, conditions and procedures stipulated in this decision and the technical requirements set by the Market.

Article (3)

Conditions for Approval

The Brokerage Company is required to meet the following conditions in order to provide the Margin Trading Service

1. The Brokerage Company shall have the technical and administrative capabilities necessary to provide the Margin Trading Service and operate the accounts thereof.
2. The Brokerage Company has not committed any material violation of the standards of financial solvency or the rules concerning the separation of accounts approved by the Authority within the six months preceding the date of submitting the application for a license
3. obtaining The Market's prior approval on the Margin Trading Account opening form and the Margin Trading agreement form. The Margin Trading agreement form shall specifically contain the information and data stated below, as well as the data contained in Article (8) herein. The Market may, as it deems appropriate, require any amendments to these forms:
 - a. determine the concept of the Margin Trading service and the risks to which the client may be exposed as a consequence thereof.
 - b. Determine the Initial Margin and Maintenance Margin according to the prescribed ratios

¹ The definition has been added to Article (1) pursuant to ADX Board of Directors decision on 8/5/2023.

- c. Determine the amount of the commissions, expenses and charges payable by the client in return for such service
- d. A detailed statement of the rights and obligations assumed by the client and the Brokerage Company
- e. A detailed statement of the Brokerage Company powers in case the client fails to meet any of his obligations, particularly in relation to disposing securities available in the Margin Trading Account; and adding the shares issued to raise the capital and which the client subscribes in to the Margin Trading Account if the Brokerage Company finances such subscription according to the mutual agreement of the two parties within the Initial Margin limits
- f. Confirmation of the client's right to pay the balance of the price of the securities in the Margin Trading Account at any time
- g. An undertaking by the client to replenish the Margin Trading Account if the percentage of his ownership falls below the Maintenance Margin, after being notified by the Brokerage Company
- h. Identify The methods for notifying the client when the percentage of his ownership falls below the Maintenance Margin
- i. Determine the terms of the agreement termination, or the duration of financing, or to terminate it at the will of either party, together with the determination of the mechanism for the settlement of its rights and obligations, in particular in regard to how to dispose of the margin-funded securities in line with the laws in force in the State.

Article (4) **Application for Approval**

First: without prejudice to any of the other obligations set out in the law, regulations decisions of the Authority, the Brokerage Company shall submit an application to provide Margin Trading service to the Market in accordance with the form prescribed for this purpose together with the information, data and supporting documents, particularly the following:

1. A copy of the valid license issued by the Authority on the practice of the activity of financial brokerage
2. financial statements of the first quarter preceding the date of submitting the application, signed by the chairman of the company or his delegate and the internal controller, as well as the report of the external auditor in this regard.
3. A report describing the technical system for processing Margin Trading Accounts data, as well as proof of co-ordination with the Market with regard to the readiness of such system in a manner which enables follow up and inspection
4. A report describing the system used by the Brokerage Company to maintain Margin Trading service records
5. A report describing the systems and bases of internal controls and financial audit in the Brokerage Company.

6. Margin Trading Account opening and Margin Trading agreement forms containing all the information and data contained in Article (3) of these Rules

Second: The Market may request any other clarifications, information or documents it deems necessary.

Article (5) The Market Decision

3. The Market shall issue its decision to approve or reject the application within Five (5) working days from the date of submission of the application, complying with the conditions, requirements and technical standards set by the Market

4. The Market shall have the right to verify the Margin Trading system of the Brokerage Company prior to granting the approval

5. The Brokerage Company shall register the approval issued by the Market with the Authority within a period not exceeding (5) working days from the date of issue, provided the annual renewal with the Authority is made at least one month prior to its expiry.

Article (6) The Brokerage Company's Obligations

Without prejudice to any other obligations set out in the law, regulations, decisions of the Authority, the Brokerage Company which obtained the approval to provide the Margin Trading service undertakes as follows:

1. Apply due diligence prior to opening a Margin Trading Account for the client. Such measure shall include, for example but not limited to, knowing the financial position, investment objectives, risk appetite, knowledge and experience of the client in trading in financial markets

2. Open an account with the Clearing House to be named (Margin Trading Account) for the client who wishes to avail such service

3. verify the legal capacity and financial solvency of each client

4. Separate the same client's Cash Trading Account from that client's Margin Trading Account

5. Ensure that the client has deposited the Initial Margin in his account with the Brokerage Company in accordance with the specified percentage, prior to the purchase of any securities financed on margin.

6. Register the securities financed on margin with the Clearing House in the name of the client, and in the event of a distribution of bonus shares or shares issued as a result of a capital increase produced by the securities financed on margin, such shares shall be added to the client's Margin Trading Account with the Brokerage Company in accordance with clause (3/e) of Article (3) of these Rules

7. Provide the client with a detailed monthly statement of account showing the trading movement of the securities financed on margin and the percentage of his ownership in the account

8. Review the Margin Trading Account of each client at the end of each business day and to notify the client promptly when the percentage of the client's ownership in that account falls below the Maintenance Margin, so that he can cover the shortfall in the account within a period not exceeding two working days from the date of the notification.

9. Sell all or some of the securities available in the Margin Trading Account if the client fails to cover the shortfall indicated in clause (8) of this Article to the extent required to restore the client's percentage of ownership to the Maintenance Margin as per the market value of such securities on the date of sale.

10. Stay or suspension of trading in the security results in ceasing the time limit specified in clause (8) of this Article to be completed after the end of the stay or suspension, with the Company's obligation to the prescribed notification. This provision shall not apply in the event of existence of more than one security in the Margin Trading Account, as clauses (8) and (9) of this Article shall apply.

11. Obtain the prior approval of the Authority on any subsequent amendment to the accounting system, and provide a technical report confirming that the amended system fulfills the requirements of Margin Trading service.

12. Retain backup copies of all the data and documents relating to the provision of this service for (10) years, in order to maintain clients' data and transactions and protect them from any damage.

Article (7) On-going obligations

The Brokerage Company which obtained the approval to conduct Margin Trading shall, on an on-going basis, undertake as follows:

1. Maintain financial solvency in accordance with the criteria for financial solvency issued by the Authority.

2. Ensure that the aggregate funds allocated for Margin Trading by the Brokerage Company shall not exceed (300%) of the total of the principle capital (Tier 1) and the additional capital (Tier 2) as set out in the criteria of financial solvency approved by the Authority

3. the amounts financed on margin extended to one client shall not exceed 10% of funds allocated for Margin Trading by the Brokerage Company defined in Clause 2 of this Article

4. The Initial Margin shall not be less than (50%) of the market value of the securities to be traded on margin

5. The Maintenance Margin shall not be less than (25%) of the market value of the securities in the Margin Trading Account at any time after the date of purchase

6. enable the Market to view all the data and documents relating to Margin Trading orders

7. creating independent accounts for Margin Trading service

8. Provide the Market with all facility agreements concluded between the Brokerage Company and banks with regard to Margin Trading service.

9. Provide the Market with the reports, data and documents relating to Margin Trading service it requests for the purpose of monitoring and overseeing the Brokerage Company.

10. Not to utilize the funds of any client to provide the facilities of Margin Trading to another client even if client consent is obtained by the Brokerage Company.

Article (8) Margin Trading Agreement

In addition to the data and information referred to in clause (3) of Article (3) herein, the Margin Trading agreement shall include the following:

1. The client's express consent that the securities financed on margin shall be guaranteed in favor of the Brokerage Company to pay the amounts payable to the Brokerage Company in the Margin Trading Account

2. The client's express consent to grant the Brokerage Company the right to sell a percentage of the securities available in the Margin Trading Account in accordance with the conditions set out herein

3. The Brokerage Company's consent to grant the client the right to dispose of the securities financed on margin throughout the validity of the Margin Trading Agreement in accordance with the procedures of the Market.

4. To define the Margin Trading and risk the client may expose to when providing this service, such risks include the following:

a. The client may lose all or part of the monies deposited in the Margin Trading Account

b. The right of the Brokerage Company to sell all or part of the securities purchased through Margin Trading if the Maintenance Margin falls below the percentage specified in the Agreement.

5. Determine the limits of the Initial Margin and Maintenance Margin which shall not fall below the prescribed and approved limits.

6. The amount of commissions, expenses and fees payable by the client against the services provided by the Brokerage Company.

7. Confirm the right of the client to pay the remaining of the securities price in the account at any time.

8. Consider the securities and the cash balance maintained in the Margin Trading Account of the client as a collateral to cover the amounts due to the Brokerage Company in this account.

9. The right of the client to receive dividends of the securities financed on margin when due, and the right to vote in the general assembly meetings of the companies who issued the securities financed on margin.

10. The approved means of communication for the Brokerage Company to notify the client in the event the percentage of the client ownership in the account falls below the Maintenance Margin

11. The client acknowledgement and acceptance of Margin Trading conditions

Article (9) Procedures

1. The purchase of margin-financed securities shall not exceed the ceiling for purchase (total Initial Margin held by the Client, and the amount of financing granted by the Company).
2. If the Client purchases margin-financed securities in an amount less than the ceiling for the purchase, the Client may use the remaining amount to purchase other securities in the Margin Trading Account provided that this does not affect the Maintenance Margin.
3. The Client may withdraw cash from the Margin Trading Account, transfer amounts to the cash trading account, or use them for a new margin financing if these amounts are higher than the Initial Margin.
4. The Client may, in agreement with the Brokerage Company, sell all or part of the margin-financed securities for the purpose of purchasing other margin-financed securities, provided that this does not affect the Maintenance Margin, and that the market value of the securities purchased does not exceed the value of the proceeds of the securities sold.
5. If the Client wishes to buy securities that are more valuable than the margin-financed securities, they shall fund their account in order to maintain the Brokerage funding ratio. Margin-financed securities can be transferred from the Client's Margin Trading Account at the Brokerage Company to the Margin Trading Account of another brokerage company in accordance with the Market procedures.

Article (10) Collateral for the Margin Trading Account

1. It shall not be permissible to accept collateral in Margin Trading Account other than the securities financed on margin in that account
2. As an exception from clause (1) of this Article, the Brokerage Company may accept further collateral in the Margin Trading Account in the following cases:
 - a. Where there is a continuing fall in the market value of the security financed on margin.
 - b. Where trading in the security financed on margin is suspended or discontinued for more than seven working days
3. The additional collateral referred to in clause (2) of this Article must securities listed in the Market, any other market licensed in the State, or bank guarantee issued by a local bank

Article (11) Sharia Complaint Finance

Financing which complies with the provisions of the Islamic Sharia shall be deemed acceptable insofar as consistent with the contents of these Rules

Article (12)

Margin Trading Account

The Brokerage Company may not open more than one account for Margin Trading for each client. The Margin Trading Account shall be used to transact in the listed securities.

Article (13)

Margin Trading Account Closure

1. The Brokerage Company may close the Margin Trading Account without recourse to the client, and shall have the right to determine its rights with regard to the securities available in the Margin Trading Account, provided that it shall not dispose of any securities available in the account or the cash balance of the Client in any way.
2. The Brokerage Company shall notify the Market with a written statement including the name of its client, clarifying the reason for closing the client account, the number and type of securities available in the Margin Trading Account, the cash balance of the client in the account and the finance amount due to the company, within a period not to exceed the following working day from the date of closure of the account and it may take such legal action as it deems appropriate to preserve its rights in accordance with the laws of the State.

Article (14)²

Margin Trading Service in agreement with a Financial Institution

1. The Brokerage Company may provide Margin Trading service for its Clients by concluding an agreement with a Financial Institution upon obtaining the Market approval in accordance with the terms, conditions and procedures stipulated in these Rules, and the technical requirements set by the Market, without prejudice to the provisions of these Rules and the independence of the Brokerage Company's relationship with its Client from its relationship with the Financial Institution.
2. Notwithstanding clause (1) of this Article, the provisions of clauses (2) and (3) of Article (7) of these Rules shall not apply to the Brokerage Company providing Margin Trading service for its clients by concluding an agreement with a Financial Institution.
3. The Brokerage Company shall be obligated to provide the Market with the agreement concluded with the Financial Institution prior to commencing with the provision of Margin Trading service for its clients.
4. The Brokerage Company approved by the Market to provide the Margin Trading service for its clients by concluding an agreement with a Financial Institution in accordance with the provisions of this Article, may not provide the Margin Trading service from its own funds without obtaining the approval of the Market in accordance with the provisions of these Rules.

² Article (14) has been added pursuant to ADX Board of Directors decision on 8/5/2023.



Short-Term Trading Regulations

Article (1) Definitions

In applying the provisions of these Regulations, the following words and phrases shall have the meanings ascribed thereto hereunder, unless the context otherwise requires:

SCA	: Securities & Commodities Authority
Market	: Abu Dhabi Securities Exchange.
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.
Brokerage Company	: the brokerage company authorized by SCA to conduct financial brokerage business
Short-Term Trading	: the financing of a percentage of the market value of the securities purchased from the client provided the client undertake to sell the financed securities within a period not exceeding the period specified by ADX in accordance with the provisions of these regulations
Short-Term Trading Account	: the client's account with the clearing entity through which Short-Term Trading is conducted.
Initial Margin	: The amount of money or securities deposited by the client in the Short-Term Trading account with the Brokerage Company in accordance with the ratio determined in these regulations
Maintenance Margin	: The minimum limit determined by ADX for the client's contribution in the market value of the securities in the Short-Term Trading Account at any time after purchase date.

Article (2)

Approval to provide Short-Term Trading Service

Short-Term Trading service shall only be provided through the Brokerage Company upon obtaining the Market approval and in accordance with terms, conditions and procedures provided for in these regulations.

Article (3)

Approval Requirements

For approval to provide Short-Term Trading the following requirements shall be satisfied:

1. The applicant must be a Brokerage Company licensed by SCA and have the approval of the Market to conduct margin trading.
2. The Brokerage Company has not failed to settle transactions executed within the six months preceding the date of the application for service.
3. The Brokerage Company has not committed substantial breaches of the financial solvency standards or the rules for separating accounts approved by SCA within the six months preceding the date of submission of the application
4. the Brokerage Company shall provide an Order Management System (OMS) that distinguishes Short-Term Trading orders from other orders and issues a confirmation message to the client on the content of the issued order.

Article (4)

Application for Approval

The approval application shall be submitted with its supporting data and information included, particularly the following:

First: The internal procedures of the Brokerage Company for providing Short-Term Trading service and risk management procedures.

Second: The client agreement form that shall provide for all rights and obligations between the parties in a manner not contradicting with the provisions of these Regulations, SCA law, or any of the regulations issued thereunder, in particular the following:

1. Definition of Short-Term Trading and potential risks to a client when using this mechanism in trading, for example:
 - a. the possibility of the client losing all or part of the funds or securities deposited in the Short-Term Trading Account.
 - b. the right of the Brokerage Company to sell all or part of the securities in the Short-Term Trading Account in two cases:
 - The Maintenance Margin is lower than the ratio specified in the agreement and the non-compliance of the client to feed their account in a manner restoring the Maintenance Margin to the agreed upon ratio.
 - Non-compliance of the client to sell the financed securities on time in accordance with the provisions of these Regulations.

c. The right of the Brokerage Company to act on the Maintenance Margin deposited to cover the amounts due to the Brokerage Company, and to close the Short-Term Trading in such a way as not to conflict with the provisions of these Regulations.

2. The client's express consent, acknowledgment and acceptance of the Short-Term Trading conditions, the mechanism of trading and dealing in that account and the mechanism for the disposition of the securities therein, in accordance with the provisions of these Rules.

3. Identify the Initial Margin and Maintenance Margin ratios which shall not be below the limits set by these Regulations

4.the amount of commissions, expenses and fees payable by the client for services provided by the Brokerage Company.

5.the right of the client to receive dividend of the securities in the account when they are due, and the right to vote at the general assembly meetings of the securities issuing companies.

6.The means of communication agreed upon between the Brokerage Company and the client, especially if the Maintenance Margin falls below the prescribed limit.

7.Investment objectives and risk ratio acceptable by the client

8.The cases and conditions for termination of the agreement in a manner not contradicting with the provisions of these Regulations.

Third: The market may request any further clarifications, information or documentation if it deems necessary

Article (5) The Market Decision

1. The Market shall issue its decision whether to approve or reject the application within thirty days from the date of submission of the application complying with the conditions, requirements and technical standards set by the Market.

2. The Market shall be entitled to verify the Short-Term Trading electronic system of the Brokerage Company before the approval is granted.

3. The Brokerage Company shall register the approval issued by the Market with SCA within a period of no more than (5) working days from the date of issue, provided the annual registration is renewed with the Authority at least one month prior to its expiry

.

Article (6) Obligations of the Brokerage Company

Without prejudice to any other obligations set out in SCA law, regulations, or decisions, the Brokerage Company approved to provide Short-Term Trading service shall comply with the following:

1. The Initial Margin shall not be less than 20% of the value of the securities to be purchased in the Short-Term Trading Account with the minimum amount of AED 100,000, AED One Hundred Thousand, even if the purchase order is made by a lower margin.
2. The Initial Margin shall be in cash or in securities listed in one of the State licensed markets in which the Brokerage Company operates, and shall be deposited in the Short-Term Trading account
3. The Maintenance Margin in the Short-Term Trading Account shall not be less than (10%) of the market value of the purchased securities at any time after the date of purchase.
4. Using the agreed upon means, notify the client immediately if the Maintenance Margin falls below the agreed limit, and that cash or securities listed in a licensed market must be deposited into the Short-Term Trading Account to the extent that the Maintenance Margin is restored to the prescribed limit latest by the official opening of the trading session following the decline in Maintenance Margin.
5. To sell all or part of the financed securities at the prevailing market price before the end of the pre-closure session of decline in the Maintenance Margin to the extent Maintenance Margin is restored to the agreed limit in the event of non-compliance of the client with the previous clause.

Article (7) **Short-Term Trading Mechanism**

1. the client is obliged to sell the financed securities within a period not exceeding the third session (T+3) following the date of purchase.
2. If the client does not sell the securities purchased during the period specified in the preceding paragraph, the Brokerage Company is obliged to sell them during the fourth trading session (T+4) following the date of purchase at the prevailing market price and the customer shall bear any resulting loss.
3. The Brokerage Company shall bear any losses arising from the following:
 - a. its non-compliance with the selling of the financed securities as set out in clause (2) of this article.
 - b. its non-compliance with the selling of the securities in the Short-Term Trading Account to the extent that Maintenance Margin is restored to the agreed margin should the customer fail to do so.
 - c. In the event of failure to sell the financed securities in the (T+8) trading session for any reason.

Article (8) **General**

1. The market may at any time increase the ratio of the Initial Margin or the Maintenance Margin for Short-Term Trading if appropriate for the interest of ADX and the increase may be limited to a particular security, Brokerage Company, or client.

2. The securities acceptable for margin trading are acceptable for Short-Term Trading, and the market may at any time review the securities acceptable for Short-Term Trading.
3. The brokerage company may not open more than one account for the client to use the Short-Term Trading mechanism
4. in the event the market cancels the margin trading approval of the Brokerage Company, the Short-Term Trading approval shall automatically and directly be canceled.
5. ADX shall notify the SCA immediately after the cancellation of the approval issued to the Brokerage Company for margin trading or Short-Term Trading.

E- trading regulations

Article (1)

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

- Market** : Abu Dhabi Securities Exchange.
- 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.
- Brokerage Company** : the brokerage company authorized by the Authority to practice financial brokerage activities.
- E- trading** : The system used by the Brokerage Company, which enables the customer to enter orders for the purchase or sale of securities directly through the Internet, where the system once received the order verifies the possibility of implementation and then automatically send to the Electronic Trading System applicable at the Market.

Article (2)

Approval to provide E-trading Service

The E- trading service may only be provided through the Brokerage Company and after obtaining the market approval in accordance with the terms, conditions and procedures stipulated in this resolution and the technical requirements of the Market.

Article (3)

Conditions for Approval

the Brokerage Company is required to meet the following conditions in order to provide the E- Trading Service:

- 1.The Brokerage Company shall have the technical and administrative capabilities necessary to provide the E- Trading Service
- 2.The Brokerage Company shall have qualified technical personnel in the following fields

- a. Operating systems and networks
- b. Database systems
- c. Information protection systems

3. Obtain the prior approval of the Market on the form of the E- Trading agreement, which shall include in particular the information and data shown below, and the market may request any amendments it may consider appropriate on this form:

- a. Identify the concept of E-trading service, indicating what it takes to benefit from this service of high knowledge of the client in the field of securities trading.
- b. Determining the value of charges incurred by the customer for use of this service.
- c. A detailed statement of the rights and obligations of both the client and Brokerage Company, and the duration of the agreement
- d. Emphasis on the responsibility of the customer in maintaining the user number and password and all the orders executed through it.
- e. Determine the means of communication with the client
- f. Determine the nature of the work of and employer of the client indicating his knowledge in the field of securities trading.
- g. Emphasize that the client alone bears all the responsibilities resulting from his investment through the E-trading system
- h. Emphasize that the client understands the risks and losses that may impact his investments in securities through E-trading and in particular the following:

- 1. That the processing of orders entered may not take place immediately, and follow in this regard the regulatory procedures established by the Market
- 2. The seriousness of processing orders entered through the Internet due to the speed of change in prices according to the mechanism of supply and demand in the Market
- 3. That some orders may not be executed, may be delayed in execution, or canceled due to the mechanism of supply and demand in the Market
- 4. the possibility of incurring losses due to delays in the execution of orders or non-execution for any technical reason, unless due to mistake or negligence of the Brokerage Company

Article (4) **Application procedures**

First: without prejudice to any of the other obligations set out in the law, regulations, or the decisions of the Authority, the Brokerage Company shall submit an application to provide E-trading service to the Market in accordance with the form prescribed for this purpose together with the information, data and supporting documents, particularly the following:

1. A copy of the valid license issued by the Authority on the practice of the activity of financial brokerage.
2. A report clarifying the technical system used by the Brokerage Company to process information and indicating the existence of an electronic link between the Brokerage Company and the Market to achieve follow-up and control.
3. A report showing the technical system used by the Brokerage Company to receive and record the orders of clients entered into the E-trading system, in accordance with the technical controls and requirements set by the Market
4. A report clarifying the information protection systems from penetration on the Internet, in accordance with the technical controls and requirements established by the Market.
5. A report showing the technical devices and communication systems, available to provide the E-trading service, in accordance with the technical controls and requirements established by the Market.
6. A sample of the E-trading agreement including all the information contained in Article (3) of this resolution.
7. the existence of written policies and procedures for E-trading

Second: The Market may request any clarifications, information, or other documents if it deems necessary

Article (5) The Market decision

1. The Market shall issue its decision to approve or reject the application within thirty days from the date of submission of the application, complying with the conditions, requirements and technical standards set by the Market
2. The Brokerage Company shall register the approval issued by the market with the Authority within a period not exceeding (5) working days from the date of issue, provided the annual registration with the Authority is renewed at least one month before its expiry.

Article (6) The Brokerage Company's Obligations

Without prejudice to any other obligations set out in the law, regulations, decisions of the Authority, the Brokerage Company when providing E-trading service undertakes as follows:

1. Obtain a special user name for this service to assigned by the Market to each Brokerage Company that wishes to provide this service
2. Provide the client with a detailed monthly statement showing the securities trading carried out through the E- trading service and the cash balance in the account.
3. Enable the Market to access all data and documents relating to E- trading orders

4. Provide the Market with a report issued by an external auditor stating that he has audited the information security and programs at the Brokerage Company.
5. Ensure that any modification or update to electronic software is in compliance with the requirements of these regulations.
6. Retain backup copies of all the data and documents relating to the provision of this service for (10) years, in order to maintain clients' data and transactions and protect them from any damage.
7. Appoint a compliance officer to deal with the clients' complaints.

Article (7) **Operational Requirements**

The Brokerage Company undertakes to provide a technical system with the following operational characteristics and requirements:

1. the system shall allow obtaining the IP address for all orders automatically.
2. Failover Solution shall be available in the required systems and applications to deal with any defect in operation may result from a single point of failure.
3. It shall have a secure encryption system from one side to another to transfer all data between the client and the Brokerage Company's system through a secured unified protocol, and that the implementation of mutual authentication between the client and the server of the Brokerage Company.
4. The system shall have sufficient security features to ensure that it is not subject to internal or external attacks.
5. The alternative communication channel shall have sufficient capabilities to identify and authenticate the client in the event of failure of E-trading.
6. Implementation of the Second factor of authentication for the login session of all orders issued using the Internet Protocol.
7. It shall have the ability to automatically terminate the trading session in the event the client does not perform any activity.
8. The backup and storage systems maintained by the Brokerage Company shall be sufficient to provide sustainable performance and the Brokerage Company shall have on-site and remote backup capabilities by providing another Disaster Recovery Site.

Article (8) **Audit of Information Security**

1. The Brokerage Company undertakes to appoint an external auditor to audit the information security and programs, and submit his report to the Market when the application is submitted and at the end of June and December of each year.
2. The Brokerage Company may submit a unified report on the DMA service and E-trading service if it is authorized to provide both services.
3. The Market shall make its observations and recommendations on the submitted reports.

Article (9)

Suspension or cancellation of the E-trading service by the Market

The Market shall have the right to suspend or cancel the E-trading service in any of the following events:

1. In case of any technical defect in the trading system in the Market, or the Brokerage Company's electronic systems.
2. If the Market found that any of the investors has violated the applicable legislations
3. In the event the Brokerage Company submitted a request to the Market to cancel or suspend the service provided to its client for violation of the applicable legislations.

In all cases, the suspension or cancellation of the service shall have no impact on the orders already executed and the rights incurred prior to the date of cancellation

Article (10)

General Provisions

the Market shall provide the infrastructure for linking the electronic trading system with the Brokerage Company's system to provide E-trading service.



Foreign Brokerage Companies Remote Access Rules

Definitions

Article (1)

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

State	:	United Arab Emirates.
Law:	:	The Federal Law No. (4) of 2000 concerning Emirates Securities and Commodities Authority and Market, as amended.
Authority	:	Securities and Commodities Authority.
Market	:	Abu Dhabi Securities Exchange.
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.
Remote Access	:	The foreign brokerage company entry of orders to buy or sell securities from outside the State to execute them directly in the Market in accordance with the provisions of these Rules.
Foreign Brokerage Company	:	A brokerage company licensed to practice financial brokerage business by a regulatory authority similar to the Authority and a member of the International Organization of Securities Commissions (IOSCO)..
Clearing Member	:	<ol style="list-style-type: none"> 1. Local banks or branches of foreign banks licensed to practice the activity of securities custodian in the State 2. Local bank of a branch of a foreign bank licensed to operate in the State, having the Authority's approval to carry out clearance and settlement transactions for the accounts of the brokers and their clients

Remote Access

Article (2)

Remote Access is not permissible except through a foreign brokerage company and after obtaining the approval of the Market in accordance with the terms, conditions and procedures stipulated in these Rules and the technical requirements set by the Market.

Conditions for Remote Access Approval

Article (3)

For the Remote Access of the foreign brokerage company, it is required to obtain the approval of the Market according to the following:

1. The Foreign Brokerage Company shall be licensed to conduct financial brokerage activity in the home country by a regulator similar to the Authority, member of the International Organization for Securities Committees (IOSCO), and applies rules and procedures similar to that applied in the State with regard to Know Your Customer (KYC), Customer Due Diligence (CDD) and Anti-Money Laundry/Combating the Finance of Terrorism (AML/CFT), in addition to meeting any requirements as per the UAE Commercial Companies Law in force.
2. Provide a guarantee to the Market in accordance with the conditions and procedures it determines.
3. Contracting with a general clearing house to undertake clearing and settlement of trading operations in case the company desires to obtain a license to operate as a brokerage company (trading member).
4. That its license has not been previously refused by any regulatory authority similar to the Authority.
5. Its professional record with the supervisory authorities during the six months preceding the date of submitting the application does not include decisions to suspend work, or serious violations such as violations of financial solvency standards, or segregation of accounts.
6. Providing the necessary electronic programs and technical systems in accordance with the requirements determined by the Market.

Application for Approval

Article (4)

First: A foreign brokerage company wishing to have remote access must submit an application to the Market according to the form prepared for this, together with the information, data and documents supporting the application, and in particular the following:

1. The legal status of the foreign brokerage company
2. A copy of a valid license to practice financial brokerage activity granted to a foreign brokerage company in the home country.

3. A no-objection certificate from the similar supervisory authority in the home country whenever its laws require it.
4. A copy of the contract concluded between the foreign brokerage company and the general clearing within the country in case it was licensed or wished to engage in the activity of a brokerage company (trading member only).
5. A copy of the internal control system to ensure the integrity of the application of the law, the regulations, decisions and circulars issued pursuant thereto, and the internal regulations in force in the Market.
6. A copy of the company's operating manual for risk management.
7. An undertaking to disclose to the Authority and the Market any information about the company or its clients upon request, and any changes that may occur to the company's organizational or financial position or affect its activity, or any decisions taken against it, whether in the home country or any other country in which it conducts its activity.

Second: The Market may request any clarifications, information or other documents if it deems it necessary.

The Market Decision

Article (5)

1. The Market shall issue its decision approving or rejecting the application within thirty days from the date of submitting the application, fulfilling the conditions, requirements and technical standards set by the Market.
2. The applicant must register the approval issued by the Market with the Authority within a period not exceeding (5) working days from the date of its issuance, provided that the registration is renewed annually with the Authority at least one month before the expiry of its period.

Foreign Brokerage Company's Obligations

Article (6)

Without prejudice to any other obligations contained in the law, decisions or circulars of the Authority, the foreign brokerage company is obliged to the following:

1. Provide a Business Continuity Plan (BCP).
2. Retaining evidence of the annual renewal of the license to engage in financial brokerage activity in the home country.
3. Maintain commercial records, and records related to customer data, accounts, trades and orders in the market of all kinds and means, for a period of no less than (10) years, and keep backup copies of such data and records for the same period.
4. developing the rules of professional conduct for its employees and supervising them, regulating and monitoring their personal dealings in securities to ensure their compliance with the provisions of the law, regulations, decisions and circulars issued

by the Authority, especially those related to honesty, integrity and conflict of interest.

5. Exercising the care of a prudent man, maintaining the confidentiality of data and information when engaging in activity in the state, and adhering to the provisions of the law, regulations, decisions, rules and circulars issued pursuant thereto.

6. Provide the Market with the following reports:

a. An annual internal control report (compliance report) prepared by the internal controller within (90) days from the end of the fiscal year, clarifying the extent of commitment, and confirming the effectiveness of the company's internal control system.

b. The financial reports shown below in case the company is engaged in brokerage activity only:

- Quarterly financial reports, reviewed by the company's external auditor within (45) days from the end of the specified time period and signed by the Chairman of the Board of Directors or the person authorized to sign on his behalf.
- An annual financial report, audited by the company's external auditor within (90) days from the end of the fiscal year, and signed by the Board of Directors or the person authorized to sign on its behalf.

c. The reports shown below in case the company is engaged in brokerage activity in addition to other activities:

- Quarterly reports within (45) days from the end of the quarterly period signed by the manager responsible for the brokerage activity.
- An annual report within (90) days from the end of the fiscal year signed by the manager responsible for the brokerage activity.

d. Any financial statements or other reports required by the Authority or the Market.

Oversight and inspection of the foreign brokerage company

Article (7)

1. The Authority may monitor and inspect any transactions, records, data or documents of a foreign brokerage company regarding its trading or activity in the market, in order to ascertain the extent of its compliance with the Authority's law and the decisions issued pursuant thereto.

2. The Market shall have the right to monitor and inspect a foreign brokerage company that has obtained approval for Remote Access or any other approval from the Market regarding its trading and dealings in the Market in order to ascertain the extent of its compliance with the Authority's law, the decisions and circulars issued pursuant thereto, and the rules of the Market, provided that the Authority is notified of any violations committed by them, or any Sanctions are taken against it.



Direct Market Access Regulations

Article (1)

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

- Authority** : Securities and Commodities Authority.
- Market** : Abu Dhabi Securities Exchange.
- 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.
- Brokerage Company** : the brokerage company authorized by the Authority to practice financial brokerage activities.
- Direct Market Access (DMA)** : a service allows the DMA client to enter trading orders (buy and sale of securities) in the Market directly through DMA programs package via Trusted Financial Connection assigned by the Brokerage Company as a form of electronic trading.
- DMA Client** : A global broker, or a local or foreign corporate person practicing the activity of investment management and trade directly on behalf of its clients in the Market using the DMA service provided by the a brokerage company approved by the Market to provide such service.

Article (2)

Approval to provide Direct Market Access service (DMA)

DMA service may only be provided through the Brokerage Company upon obtaining the Market approval in accordance with the terms, conditions and procedures stipulated in these Rules and the technical requirements set by the Market.

Article (3)

Conditions for Approval

In order to provide the DMA service, the Brokerage Company shall satisfy the following conditions:

1. Provide the following requirements:

First: provide a technical system to receive and record the orders of DMA client, provided the system shall have the following features:

- 1) Capability of verifying all the market controls and determinants
- 2) distinguish the user name of DMA clients in order to differentiate their orders from the orders of the other investors
- 3) Transmitting the orders through the exchange message protocol (FIX Gateway) from the brokerage Company to the Market and through a special DMA user assigned by the Market for each Brokerage Company willing to provide the service; registered electronically in the Market's trading system, and then executed.
- 4) Capability of cancelling or modifying the order which has not been executed, wholly or partially, by the DMA client.
- 5) The information exchanged between the DMA client and the brokerage Company shall be archived and recorded via the Audit Trail Log showing the date, time, and place of issuance thereof (IP Address).
- 6) The DMA client shall be provided with the capability to make queries or extract reports relating to:
 - a. Status of an Order (pending, partially executed, fully executed, order cancelled) at any time, showing the status date
 - b. The position of its securities portfolio and cash account.
 - c. Statements of accounts and movements on its balances

Second: Information Protection and Security Systems, through the commitment of the Brokerage Company to provide the following protection systems:

- 1) Protection and security systems for communication between the brokerage Company and the Market:
 - a. Firewall system for external communication networks, including the Internet in addition to the networks connected with the Market, Clearing and Settlement houses
 - b. Antivirus protection systems
- 2) Security systems for the communication between the DMA client and the brokerage Company

- a. Firewall systems and mechanisms to secure the connection lines and encryption of data transferred between the brokerage Company and the DMA client (Secured Connection)
- b. Security systems to verify the user name and ID of the DMA client connected with the brokerage Company and prohibit any unauthorized person to access his account.

3) Operating and Protection Systems:

- a. A system for the reception and transmission of market messages (FIX Messages) in accordance with the controls set by the markets
- b. Secured databases with high operational capacity, which provide nonstop operation all the time (Fault Tolerant, Hot-Standby or Cluster).
- c. Modern and secured operating systems that allow serving as central servers.
- d. A disaster recovery center that contains a copy of every server and backup copies of the data and applications updated in real-time, provided that the disaster recovery center is connected with the company headquarter via a main connection line and another backup line equipped with a failover platform.

Third: Reports of the External Auditor in charge of Information Security

- 1) The brokerage Company shall appoint an external auditor to audit the security of information and programs, provided that such auditor shall submit his report to the Authority upon request and by the end of June and December each year.
- 2) The brokerage Company may submit a consolidated report on this service and the online trading service if it is licensed to provide the two services.

Fourth: Transaction agreements, account opening, and document provision.

In addition to compliance with the anti-money laundering procedures, the Brokerage Company shall:

- 1) Sign a transaction agreement with the DMA client to include the rights and obligations of both parties in accordance with the conditions and obligations set forth in these regulations and in the law, regulations and decisions of the Authority, provided it includes the right of the Brokerage Company to modify the orders entered by the DMA client prior to transmission to the trading system of the Market, to reject or cancel such orders if violating the applicable legislation, to suspend the DMA service in the event the DMA client abuses the service, violates his obligation pursuant to these regulations or the concluded agreement, or if the Authority or the Market issue a decision to that effect.
- 2) Provide the Market with all data and documents at any time and in case of suspecting any of the DMA clients

Article (4)

Application for Approval

First: without prejudice to any of the other obligations set out in the law, regulations, or the decisions of the Authority, the Brokerage Company shall submit an application to provide DMA service to the Market in accordance with the form prescribed for this purpose together with the information, data and supporting documents, particularly the following:

1. Copy of the valid license issued by the Authority concerning the practice of financial brokerage activity
2. a report clarifying the technical devices and communication systems available to provide the DMA service, in accordance with the regulations and technical requirements set by the Market.
3. the DMA agreement form that shall include all the information and data

Second: The Market may ask for any clarifications, information, or other documents it deem necessary.

Article (5)

The Market Decision

3. The Market shall issue its decision to approve or decline an application within thirty days from the date of submitting the application that satisfies the conditions, requirements and technical standards set by the Market.
4. The Applicant shall register the approval issued by the Market with the Authority within a period not exceeding (5) working days from the date of issue, provided the annual registration with the Authority is renewed at least one month before its expiry.

Article (6)

The Brokerage Company's Obligations

Without prejudice to any other obligations set out in the law, regulations, decisions of the Authority, the Brokerage Company when providing DMA service undertakes as follows:

1. Establish Know Your Customer (KYC) procedures and make the necessary efforts to implement these procedures, provided that such procedures include the retention by the Broker of the documents and information that will enable it identify the personality of the client and provide the Market with such documents and information whenever requested.
2. Verify the user identity for all the orders issued by DMA clients
3. Set appropriate limits for risks for all DMA clients
4. Review all the orders issued by DMA clients

5. Ensure that any amendment or update to the electronic programs is consistent with the requirement set out herein.
6. Ensure the correctness of the information entered by its authorized clients and that they are not in violation of the applicable legislations, as the Brokerage Company will be responsible of any trading conducted in violation of any regulations, decisions, or circulars.
7. Enable the Market to view all the data and documents relating to DMA orders
8. Retain backup copies of all the data and documents relating to the provision of this service for (10) years, in order to maintain clients data and transactions and protect them from any damage.
9. Provide the client with the trading information such as trading stages, times and regulations to enter the order

Article (7)

Suspension or cancellation of the DMA service by the Market

The Market shall have the right to suspend or cancel the DMA service in any of the following events:

1. In case of any technical defect in the trading system in the Market, or the Brokerage Company's electronic systems.
2. If the Market found that any of the investors has violated the applicable legislations
3. In the event the Brokerage Company submitted a request to the Market to cancel or suspend the service provided to its client for violation of the applicable legislations.

In all cases, the suspension or cancellation of the service shall have no impact on the orders already executed and the rights incurred prior to the date of cancellation



Brokerage Companies› Trading In Their Names And For Own Account Regulation

Article (1) Definitions

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

Authority	:	Securities and Commodities Authority
Market	:	Abu Dhabi Securities Exchange.
Clearing House	:	The entity conducting clearing and settlement operations for all orders executed in the Market in accordance with the regulating rules and decisions.
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.
Brokerage Company	:	the brokerage company authorized by the Authority to practice financial brokerage activities.
Investor Number	:	the Identification number assigned by the Market for each investor in the securities to be able to deal in the Market.

Article (2)

Approval for the Brokerage Company to trade in its name and for own account

The Brokerage company may not trade in its name or for its own account without obtaining the approval of the Market in accordance with the terms, conditions and procedures stipulated in this decision and the technical requirements set by the Market.

Article (3) Conditions and Application for Approval

First: it is a condition for the Brokerage Company to trade in its name and for its own account to submit an application to the Market as per the form prescribed for this purpose, together with the information, data and supporting documents, particularly the following:

1. A valid copy of license issued by the Authority concerning the conduct of financial brokerage activity.
2. Statement of the accounts of the Brokerage Company with the national and foreign banks, with a commitment to notify the Market of any changes thereto.
3. A letter signed by the members of the board of directors or panel of managers stating the right of the Market to inquire about the accounts of the company with the national and foreign banks
4. A report from the board of directors or panel of managers of the Brokerage Company clarifying the following:
 - a. The investment policy and the amount of funds allocated for this purpose
 - b. Statement of sources of funding
 - c. The extent to which investment in securities affects the financial solvency, and their plans to address this effect if the value of the securities in which they invest declined.
5. Copy of the board of director's or the panel of managers' resolution including the name, title and qualifications of the person authorized to operate the account of the Brokerage Company to invest in securities.
6. A statement indicating the availability of an internal control system that prevents the Brokerage Company, when trading in its name and for its own account, from benefiting from the financial advices or the financial analysis report issued by it but have not been announced that have an impact on the price of the security.
7. When trading in its name and for its own account, an undertaking to refrain from any manipulation in the Market or exploitation of any orders or information relating to the clients.

Second: The Market may request any clarifications, information or other documents it deems necessary.

Article (4) **The Market Decision**

- e. The Market shall issue its decision to approve or decline an application within 30 days from the date of submitting the application that satisfies the conditions, requirements and technical standards set by the Market.
- f. The Brokerage Company shall register the approval issued by the Market with the Authority within a period not exceeding (5) working days from the date of issue.

Article (5) **The Brokerage Company's Obligations**

Without prejudice to any other obligations set out in the law, regulations, decision, or circulars of the Authority, the Brokerage Company approved to trade in securities in its name and for its own account undertakes as follows:

1. Obtain an investor number with the Clearing House to be assigned for the purpose of trading of the Brokerage Company in its name and for its own account.
2. Issue the orders relating to its trading through the person authorized to operate the investment account.
3. Maintain the requirements of financial solvency necessary for conducting its activity in order to ensure its compliance with its obligations
4. Always verify that there is an adequate cash balance in hand or in its accounts with the banks before the execution of the purchase, and shall not pay from the balances of clients.
5. Create a special register of trading for the company's own account, wherein all the details of the trading transactions and the approvals issued by the Market shall be recorded.
6. Give the execution of the clients' orders the priority over the orders of the Brokerage Company.
7. Prepare a quarterly report confirming the non-violation of the investment to the law, regulations and the approved investment policy, and submit such report to the board of directors of the company or the panel of managers, with a copy thereof to the Market, provided that the report is signed by the internal controller.
8. The size of the investment of the Brokerage Company in securities shall not exceed (40%) of the total Tier1 and Tier 2 capital as set out in the standards of the financial solvency approved by the Authority, with its investment in a single security not exceeding (10%) of the amount allocated for investment in the securities for its own account.
9. Shall not trade in the foreign financial markets with more than (10%) of the amount allocated for investment in the securities for its own account.
10. To provide the Market with any agreement entered into by the Brokerage Company or any of its subsidiaries with the banks that entails financial obligations, and any undertaking or guarantee given to any other party.
11. Not to execute any trading transaction for the account of the Brokerage Company relating to a security which was subject to financial advice or financial analysis report issued by it, nor in any financial derivatives relating to such security, during the periods specified by the decision of the financial advices and the financial analysis issued by the Authority
12. Not to execute any trading transaction for the account of the Brokerage Company relating to a security or any of the financial derivatives relating thereto in a manner violating the recommendations set out in the financial advice or the financial analysis report issued by it during the period specified by the decision of the financial advisory and financial analysis system issued by the Authority



Rules Of Price Stability Mechanism

Article (1)

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.
Market	Abu Dhabi Securities Exchange.
Price stability mechanism	A mechanism that aims to maintain the stability of the company's share price when it is listed for the first time in the Market in accordance with the provisions of these Rules.
Issuer	A public joint stock company that is under incorporation or a company that is in the process of transforming into a public joint stock company and wishes to list its shares in the Market.
Price stabilization manager	The company licensed by the Authority to act as a financial advisor, or the company approved by the Market to carry out the functions of a market maker.
Price stability period	The period of time during which the price stabilization manager exercises his duties, which is agreed upon between the issuer and the price stabilization manager, provided that it does not exceed (30) days from the date of the first day of listing the company's shares in the Market.
Additional offer	<p>The procedure by which a number of additional shares owned by the founders are offered to the public during the offering period at the same offering price in accordance with the agreement signed between the price stabilization manager and the issuer and/or the founders, provided that:</p> <ol style="list-style-type: none"> 1. The additional shares offered should exceed the minimum limit set for the founders in accordance with the provisions of the Companies Law. 2. The number of additional shares offered shall not exceed 15% of the number of shares offered for subscription

Article (2)

General

1. The issuer shall, in the event of applying the price stability mechanism, disclose in the prospectus or its subsequent supplementary disclosures the following:
 - a. The number of additional shares that will be offered in accordance with the additional offering agreement, not exceeding the maximum limit allowed for the additional offering.
 - b. Price stability duration
 - c. Any other restrictions imposed by the issuer or the underwriter on the price stabilization manager.
 - d. Price stabilization manager
2. No additional offering may be made except during the offering period.
3. The issuer shall notify the Market immediately in the event of the termination of the appointment of the price stabilization manager or upon his resignation, stating the reasons for resignation or cessation of the appointment, with his commitment to appoint another stabilization manager and to ensure his commitment and ability to continue with the tasks.

Article (3)

Price stabilization manager's obligations

1. The price stabilization manager must disclose to the Market when the additional offering is exercised during the offering period.
2. Starting from the first day of listing the shares in the Market, the price stabilization manager must disclose to the Market at the end of every five trading days and until the end of the price stability period, the details of all the price stabilization operations he has implemented, including the disclosure of the quantity of shares purchased, and the range price of those shares.
3. After the end of the price stability period, the price stabilization manager must disclose the following to the market before the beginning of the trading session for the next day:
 - a. Whether the purchase option is exercised.
 - b. The number of shares on which the purchase option was exercised.
 - c. The number of remaining shares in which the purchase option has not been exercised, if any.
 - d. The beginning and end of the price stability period.
 - e. The price range within which purchase orders were executed in order to achieve price stability.
 - f. Any additional information that the Market requests from the price stabilization manager to disclose.

4. The price stabilization manager must have a bank account in accordance with the Market procedures designated to keep the sums of money obtained from subscribing to the additional offering, and the operations in it are limited to executing stock purchases during the price stability period or transferring those sums of money to the founders if the purchase option is not exercised in accordance with the agreement concluded between him and the issuer and/or founders.
5. The price stabilization manager must have a securities account at the Market clearing house, in which dealing is limited to transferring the ownership of shares purchased during the period of exercising the price stability mechanism to the founders in accordance with the agreement concluded between it and the issuer and/or the founders.
6. The price stability manager may not carry out any sale of the shares that were purchased to implement the price stability mechanism during the price stability period.
7. The price stabilization manager shall deal with cases of conflict of interest in accordance with the decisions and rules issued by the Authority and the Market in this regard.
8. The price stabilization manager must take into account the interests of the issuer when exercising the price stability mechanism, in a manner that does not conflict with the provisions of these Rules.

Article (4)

Price Stabilization transactions record

1. The price stabilization manager must create and maintain a daily updated record, in which he records every transaction he made in accordance with the provisions of these Rules.
2. The price stabilization manager must ensure that the record referred to in Clause (1) of this Article contains the following information:
 - a. The quantity and price of shares for each transaction that took place during the exercise of the price stability mechanism.
 - b. Date and time of the transaction
3. The record referred to in Clause (1) of this Article, as well as the statements and all data and information related to the implementation of the price stability mechanism, must be kept for a period of no less than ten years after the end of the price stability period.



Clearing, 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.
Market	Abu Dhabi Securities Exchange.
CEO	The Chief Executive of Abu Dhabi Securities Exchange.
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.
Automated Clearing System	The electronic system used at the CSD Department to register Securities and any relevant book entries.
Broker	A juristic person licensed by SCA to practice Brokerage activities at ADX.
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.
Cash Collateral Account	A bank account pertaining to the clearing member, intended for cash collateral deposit.
Settlement Day	The second working day after the date of executing the transaction, which is referred to as (T+2).

Central Depository and Clearing Operations at the Market Article (2)

The Market shall assume the following functions and authorities:

- a) Depositing the records of the Issuers of Securities.
- b) Depositing Securities. ¹
- c) Central deposit and custody of Securities.
- d) Clearing and settlement of security trading and issuance of payment and receipt orders to the settlement bank.
- e) Maintaining and managing settlement guarantees of clearing members.

¹ Article (2/B) has been amended pursuant to ADX Board of Directors decision on 26/10/2022.

- 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 clearing members
- h) Keeping records of all transactions executed in the Market.

Article (3)

- 1) The Market shall conduct clearing and settlement operations for the security trading activities conducted in the Market for the clearing 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.
- 2) The Market shall assume depository and registration functions, according to the provisions set forth herein and the decisions, circulars and measures issued by the Market.

Article (4)

The Market 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 Market.

Article (5)

The Market 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 Market 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 Market shall undertake to maintain the confidentiality of the information pertaining to the entities, Issuers and investors it deals with, which comes to the knowledge of the Market in the exercise of its authorities, duties and functions. The Market 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.
- 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 Market and any other markets or clearing departments.
- g. In the cases where the Market 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.

Registration with the Market CSD Department Article (8)

The following entities shall register with the Market 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) Issuers of Securities listed on the Market.
- c) Custodians
- d) Market maker.
- e) Entities pledging Securities.
- f) Any such other entity accepted by the Market.

The Market shall prepare a record of the registered entities.

Register Deposit Article (9)

1) The Issuer wishing to list Securities or deposit the register with the Market, shall undertake to provide the Market 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 Market.

2) The issuing company shall undertake, within a period of five working days 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 Market. Such copy shall be prepared according to one of the electronic samples established by the Market 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 Market. The

Market shall assume no responsibility in this regard.

4) The Market shall, after uploading the shareholders' register on the Market'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 Market, in writing, the matching of the register, as provided for in clause (4) above.

6) The receipt by the Market 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 Market 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.²

8) The Market 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 Market will assume no responsibility in this regard.

2) Any security may be deposited in the Market in case of any limitation of ownership, provided that such limitation is recorded in the Market electronic system, according to the rules set forth herein.

Investor Numbers and Accounts

Article (11)

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:

- a) 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
- b) An investor number shall be assigned to each sub-fund of the parent investment fund.
- c) Entities licensed by the Market for Market Making and Liquidity Provision
- d) Any other cases prescribed by the Market

² Article (9/7) has been amended pursuant to ADX Board of Directors decision on 26/10/2022.

Article (12)

Investor numbers are divided as follows:

1. Individual investor number, which is divided as follows:
 - a) Individual investor number (national): assigned to each UAE national natural person.
 - b) 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:
 - a) Institutional investor number (national): assigned to each juristic person registered in the UAE
 - b) 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:
 - a) Government investment number (national): assigned to the UAE federal government, any local government, ministries, departments, public institutions and bodies and any other related entity.
 - b) 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 Market may open an allocation account, in accordance with the controls and procedures established by the Market in this regard.
- 2) The Market 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 Market 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 Market may freeze the account and take any such other measures it shall deem necessary.

Article (15)

- 1) Any person wishing to trade in the Securities listed on the Market shall open its own trading account with a Broker.
- 2) Only one trading account may be opened for each investor with a single Broker, except for the following:

a) Opening trading accounts for juristic persons, or investment funds according to the procedures established by the Market

b) Custodial accounts and accounts related to specific types of trading, such as margin accounts, and accounts pertaining to Securities lending and borrowing, as per the Market rules.

3) The Broker shall open trading accounts for its customers on the Market's e-systems designed for this purpose

Article (16)

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) Underwriting banks.

e) The competent authorities identified by the CSD Department,.

f) Markets or other clearing departments inside and outside the UAE, with which the Market enters into special agreements in this respect.

As per the following conditions:

a) Entering into an agreement with the Market to identify the mechanism of such applications and abiding by the procedures and controls established by the Market management.

b) The Market shall have full authority to examine these applications and issue an investor number in a definite manner.

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 Market shall not be responsible for the inaccuracy, invalidity or incompleteness of customer data provided by the recipient of the application.

Article (17)

The investor record 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 department 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 (18)

1) The Market 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 Market.

2) The investor shall be responsible for notifying the Market of any changes to the personal data thereof upon their occurrence. The Market will assume no responsibility for any delay by the investor.

3) The heirs or any person enjoying legal capacity shall notify the Market of the investor’s death or loss of capacity to prevent any transaction in the account thereof. The Market shall assume no responsibility for any failure to give notice.

4) Every person enjoying legal capacity shall notify the Market of any update to the institutional or government investors’ data or with respect to the persons authorized to act on their behalf. The Market shall assume no responsibility for any failure to give such notice.

Deposit of Securities ³

Article (19) ⁴

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 (20) ⁵

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

- a) Through the issuing company or its registrar.
- b) Through the CSD Department at the Market if the Market 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 Market, the company or its registrar, as the case may be.

Article (21) ⁶

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 Market 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 Market thereof according to the procedures followed at the Department.
- d) The Market shall deposit the dematerialized Securities in the investor's deposit account at the CSD Department through e-book entry.

Article (22) ⁷

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

³ The title has been amended pursuant to ADX Board of Directors decision on 26/10/2022.

⁴ Article (19) has been amended pursuant to ADX Board of Directors decision on 26/10/2022.

⁵ Article (20) has been amended pursuant to ADX Board of Directors decision on 26/10/2022.

⁶ Article (21) has been amended pursuant to ADX Board of Directors decision on 26/10/2022.

⁷ Articles (22) and (23) have been repealed, and article (24) has been re-numbered as (22), as well as the following articles have been re-numbered as the case maybe pursuant to ADX Board of Directors decision on 26/10/2022.

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 at the CSD Department, 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 (23)

In the event of cancellation of the registration of the clearing member at the Market, the Market 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.

Corporate Action

Article (24)

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 (25)

After obtaining the necessary official approvals in accordance with the applicable legislation, the Market 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 (24) of these Rules.

Article (26)

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 (27)

1. If the process of reducing the company's capital requires a reduction in the number of shareholders' shares, the Market 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 Market 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 Market 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 (28)

If the company takes a decision to split the nominal value of the share, the Market 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 clearing house or members.

Distribution of cash dividends to shareholders

Article (29)

1) The Market 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 Market bank account designated for this purpose, within the period determined by the Market, taking into account the periods specified in the legislation in force and the period necessary for the Market to be able to transfer profits to shareholders.

3) After receiving the cash profits, the Market transfers them to the bank accounts of shareholders or beneficiaries according to the Market records.

4) The Market may contract with one or more licensed local banks to implement the process of transferring cash profits to the shareholders' accounts.

Electronic voting platforms

Article (30)

1) The Market may establish electronic platforms for voting in the meetings of the general assembly of companies.

2) The Market 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 Market and the company.

Electronic Subscription

Article (31)

The Market may develop any electronic systems that allow listed companies or those wishing to be listed in the Market 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.

Selling unpaid shares

Article (32)

1) The listed company may apply to the Market to sell the shares of shareholders who have not paid the installments due from them from the value of their shares on the date specified by the company. The application must include the following:

- Evidence that the company has requested the installments due and specified the date of payment of the installments.
- Evidence that the company has notified the defaulting shareholders by registered letters of the necessity of paying those installments, and a period of thirty days has passed since the date of sending the registered letters.
- The company's board of directors' decision approving the sale of the shares of the defaulted shareholders.
- A list of the shareholders who are in default of paying the due installments.

3. After making sure that the conditions set forth in Clause 1 of this Article are met, the Market, in coordination with the company, determines the date of selling the shares, provided that the company announces through one of the local newspapers in the state the date of the sale and that the shareholders can pay the installments due from them during the period mentioned in the announcement.

4. The company shall provide the Market with a final list of the names of the shareholders who have not paid the installments due from them at the end of the day specified in Clause (2) of this Article.

5. The Market shall transfer the shares of the shareholders included in the final list to a special account with the clearing house.
6. The Market shall assign one of the brokerage companies operating in the Market and according to the procedures followed by the market, to implement the sale process in the market according to the same controls followed for the sale of shares under judicial orders, provided that the brokerage company, after executing the sale process, issues a cheque in the name of the listed company with the proceeds of the sale minus the commissions due on the sale process and delivery of the check to the Market.
7. The Market shall deliver the cheque to the listed company

Statement of Account and Share Ownership

Article (33)

- 1) The investor may submit a request to the Market, either directly, through Brokerage Company, the Issuer or Custodian, using the form prepared for this purpose, to confirm ownership of Securities listed on the Market.
- 2) The court or competent authority may submit a request to the Market to confirm or count the investor's ownership of the Securities listed on the Market.
- 3) The Market 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-clearing system. It shall have determinative effect in proving ownership of Securities.

Article (34)

1. With the exception of the trading broker, the clearing member is obligated to provide a guarantee to the market through one or more of the following means:
 - a. Bank letter of guarantee
 - b. Cash amount
 - c. Listed securities available at the member account with the clearing house of high liquidity acceptable by the Market which is not pledged or reserved.
2. The guarantee provided by the clearing member shall be for the purposes of guaranteeing the settlement of trades executed in the Market.
3. If the guarantee is in the form of a bank letter of guarantee, it is required that it be issued by one of the banks operating in the state, that it is issued in favor of the Market, it is unconditional, unrestricted, must be paid upon demand of the market, is comprehensive and clearly includes its purposes, and that it is irrevocable except with the approval of the Market.
4. A percentage (50%) of the market value of the listed securities submitted by the clearing member as a guarantee to the Market is calculated, provided that the member pledges these securities to the Market and authorizes it to sell them in whole or part for the purposes of settling the trading operations executed in the Market.

5. The minimum value of the guarantee required from the clearing members and the allowed trading ceiling as a percentage of these guarantees are determined by decisions issued by the CEO.
6. The member may at any time increase the guarantees provided by him in order to raise the permissible trading ceiling in accordance with the provisions of these Rules.
7. A clearing member may deposit cash belonging to a client in the Market's cash escrow account for the purpose of raising the trading ceiling and enabling the member to carry out purchases (or trading) for the same client.
8. The Market shall have the right to liquidate any or all of the guarantees provided by the clearing member, in whole or in part, in the event of a breach of any of its obligations towards the settlement.

Clearing and Settlement

Article (35)

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

Article (36)

1. The clearing member must open (the settlement account of the clearing member) in the settlement bank, according to the conditions and instructions of the Market.
2. It is not permissible to change the settlement account of the clearing member except after obtaining the approval of the Market, and the Market 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 (37)

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

Article (38)

The market shall have the right to view the settlement account of the clearing 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 market to do so.

Article (39)

The Market shall calculate the daily net amount, and the dues payable to and from the clearing member, for each trading day, by subtracting the total value of the clearing member's purchases of securities for the trading day from the total value of his securities sales for the same day in addition to the commissions due on the clearing member calculated by clearing house.

Article (40)

1. At the end of each trading day, the Market provides on its electronic systems the net amount due to or from each clearing member, so that each clearing member can view its information.
2. The amounts referred to in Clause (1) of this Article shall be considered valid and accepted by the clearing member if he does not object to them no later than three o'clock in the evening of the trading day.

Article (41)

1. The Market 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 clearing member.
2. On the settlement date, the clearing 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 clearing member shall provide in his settlement account the amount due from him no later than nine o'clock in the morning of the settlement day.
4. The clearing 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 clearing 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 Market may make amendments in the payment or receivable orders of the clearing members at the settlement bank to correct the errors discovered in the original settlement report, without the need to refer to the clearing member.

Article (42)

The settlement bank shall transfer the amounts from the clearing members' settlement accounts to the Market 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 (43)

- 1) Should the clearing 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 Clearing Member's Settlement Account.
- 2) In the event that the settlement bank shall settle the amount payable by the clearing member through overdraft, the settlement bank (or CSD Department) shall request the clearing 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.
- 3) The Market shall take the following measures consecutively to collect the amount payable, in addition to the interests and fees payable by the clearing member:
 - a) Using the cash guarantee submitted by the clearing member, if any
 - b) Liquidating the bank guarantee submitted by the clearing member
 - c) Selling the Securities pledged by the Market and submitted by the clearing member as guarantee
- 4) Without prejudice to the above provisions, the Market may suspend the clearing member from trading, should the latter fail to settle the amount payable thereby for settlement by the deadline prescribed hereunder
- 5) The Market may take any legal measures required to claim from the clearing member any amounts paid by the Market or the settlement bank on behalf of the clearing member due to such member's failure to fulfill its settlement obligations as shown hereunder

Article (44)

The clearing member shall keep the minimum guarantee required by the Market at all times. If such guarantee shall decrease below the minimum amount required for any reason whatsoever, the Market may suspend the clearing member from purchase until the guarantee required is presented to the Market.

Paper Settlement and Delivery versus Payment

Article (45)

- 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 Clearing System, on or after the settlement day.

Article (46)

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

Ownership limitations on Securities

Article (47)

“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 (48)

Ownership limitations on Securities include the following:

- a) Pledge.
- b) Seizure.
- c) Any such other restrictions, as may be determined by laws and regulations.

Pledge

Article (49)

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 (50)

The Market 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 Market are the only Securities capable of being subject to a pledge.
- 2) The Market shall put the pledge on Securities upon the request submitted by the owner of Securities (debtor on mortgage).
- 3) The Market may place the pledge upon the request submitted by the creditor on mortgage, in the following cases:
 - a) If the creditor on mortgage was a bank and submitted evidence of the approval of the owner of Securities (debtor on mortgage) on pledging the same in favor of the bank, according to an authorized signature as per the bank’s bylaws.
 - b) If it has been established 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 (51)

1) The pledge request shall be submitted on the form intended for this purpose, according to the applicable procedures adopted at the Market. The pledge request shall contain the following information at least:

- a) Creditor mortgagee (mortgaging entity).
- b) Mortgagor debtor (owner of Securities).
- c) Securities, subject of the pledge (issuing company, quantity).
- d) 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 Market as a pledging entity and the owner of Securities (mortgagor debtor) shall possess an investor number.

Article (52)

1) The Market 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 Market shall place a pledge sign on the Securities resulting from the splitting process.

Article (53)

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

Article (54)

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 (55)

- 1) The Market 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 Market to release the pledge. The creditor mortgagee shall be responsible for any delay in submitting such request.

Article (56)

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 CSD Department 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 Market 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.

Freezing

Article (57)

The Market 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 deposit account with the clearing house,
- b) Upon a request coming from a competent governmental body,
- c) Upon the request of SCA,
- d) If the Market deems that such procedures shall be taken in cases at its discretion.

Article (58)

- 1) Any investor may submit before the Market 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.
- 2) The freezing restriction shall be removed by virtue of a request submitted by the investor to the Market.

Precautionary seizure, executive seizure and executive sale Article (59)

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

Article (60)⁸

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

Article (61)

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 (62)

If the Court or Competent entity issued an order of seizure or freezing or precaution on the account of the investor, the Market 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 Market.

Article (63)

The Market 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 Market, 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 Market, 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 Market 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.

⁸ Article (60) has been amended pursuant to ADX Board of Directors decision on 26/10/2022.

Article (64)

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.

Sale of the Securities upon an order of the court or competent authorities

Article (65)

1. The Market shall sell the Securities, upon an order of the court or the competent entity, provided that the following shall be taken into consideration:

- a) Selling the Securities through the trading session
- b) Selling the Securities through brokers working in the Market at Market price.
- c) The Securities sell order shall be entered by brokers at the market price.
- d) The Market may follow any procedures it deems necessary to prevent influence the price of the security subject of execution.
- e) The broker who undertook the sale process issues a cheque for the proceeds of the sale (the price of the securities minus the commissions due) in the name of the party that requested the sale and handed it over to the Market, which in turn sends it to that party by an official letter, including all seizures and mortgages on the securities that were sold - if any - .

Transfer of ownership of the Securities outside the trading session

Article (66)

1) The ownership transfer operations shown below are excluded from trading during the applicable trading sessions in the market, and the market 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 Market.
- l) Rectification of errors before the deposit of the partners' register (owners of Securities) before depositing it at the Market.
- 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 CEO 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 Market 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 market, 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 Market. The following operations are considered exempt from the fees:

- a. Ownership transfers in which federal or local government agencies, public bodies or institutions in the State, or companies wholly owned directly or indirectly by the government are one of the parties.
- b. If the process of transferring ownership of cases of charitable works, donations, grant and waqf.

Inheritance transfer Article (67)

The Market 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 Market 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 Market.

d) The Market 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.

Lending and Borrowing of Securities

Article (68)

The Market shall register the transactions of lending and borrowing of Securities, via book entry, pursuant to the Lending and Borrowing of Securities Rules and procedures applicable at the Market.

Article (69)

Subject to any legislation issued by the Authority in this regard, the Market shall issue the operational procedures for the delivery versus payment model, including procedures for compensating the final buyer.



Regulated Derivative Contracts Trading Regulations

Article (1)

Definitions

The following expressions and words shall have the meanings set out against each of them, unless the context indicates otherwise

Authority	:	Securities and Commodities Authority
Market	:	Abu Dhabi Securities Exchange Company (P.J.S.C.)
Board	:	ADX Board of Directors
Derivative Trading System	:	The Derivatives Trading System provided by an Exchange to its members for the trading of Derivatives Contracts.
Block Trade	:	Transactions made on regulated derivative contracts in large amounts outside the central order book in the Market in accordance with the provisions of these Regulations.
Brokerage Company	:	A brokerage company licensed by the Authority to carry out the activity of a trading broker or a trading and clearing broker.
Derivative Member	:	A legal person having the Market approval to carry out the functions of a Derivatives Member in accordance with the provisions of these Regulations.
Dealer	:	A legal person licensed by the Authority to exercise the activity of a securities dealer.
Market Maker	:	A legal person incorporated within the state and having the Market approval to exercise market making activity in the state.
Central Clearing	:	A legal person licensed by the Authority to exercise the activity of central clearing.
Central Order Book	:	The electronic register within the Market Derivative Trading System that is used to display, trade, execute and safeguard orders in respect of Derivatives Contracts
Contract Series (Series)	:	Regulated derivative contracts standardized in terms of the type of security involved, its quantity, or the contract's validity date.
Contract Specifications	:	The specific terms and conditions that are applicable to a ADX Derivatives Contract, that are approved by the Authority and issued via Notice from time to time.
Price Limits	:	The permissible percentage of increase or decrease of the previous closing price of derivative contracts determined by the Market.

Daily Settlement Price	: A price that is determined by Central Clearing House to be used for the daily settlement of Derivative Contracts.
Closing Price	: The price of the balance between the offered and required quantities calculated by the electronic trading system after the pre-closure bid in accordance with the calculation standards provided by the Market derivative trading system.
Derivatives Contract	: A financial contract with a specified value by both parties to the contract, and that contract derives its value from the value of the underlying securities and depends on the change in the value of those securities.
Regulated Derivative Contract	: A derivative contract issued in accordance with the terms and conditions of the Market.
Futures Contract	: A regulated derivative contract that obligates the parties to the contract to buy and sell a specified amount of the underlying securities at a specified price on a certain future date.
Expiry Day	: the last day of trading for a specific Derivatives Contract
Initial Margin	: The cash amount, a number of securities, or bank letter of guarantee deposited by both the seller and buyer of a regulated derivatives contract upon contracting in his account at the Central Clearing House in accordance with the percentages and conditions specified by the Central Clearing House.
Maintenance Margin	The minimum initial margin agreed between the Derivatives Member and its client, with which the client is required to deposit a cash amount or additional securities to restore his account with the Central Clearing House to the initial margin
Opening Price	: The opening price of the derivative contract according to the mechanism determined by the Market.
Order	: The order entered into Derivative Trading System to buy or sell listed Derivatives Contracts
Securities	: Any tradable securities accepted by the Authority
Underlying Securities	: Securities, foreign securities, local or foreign indices subject of the derivatives contract.

Corporate Action	: Actions taken by the listed company that result in rights, obligations or changes to the securities issued by it, such as: declaration of profits, bonus shares, subscription rights, reducing or increasing the capital, splitting or re-merging shares, merging or acquisition, suspension or cancellation of listing the security or changing the nominal value of the shares.
Open Position	: A buy or sell position in a Derivatives Contract, held under an account of the Clearing Member, that has not been closed through a corresponding trade
Primary Exchange	: The home exchange where the Underlying Security to a Derivatives Contract is listed and/or traded
Settlement Bank	: The entity concerned with the cash settlement operations, through the transfer, deduction, and payment of the owed funds.
Tick Size	: Refers to the minimum price fluctuation in relation to a Derivatives Contract

Article (2)

Derivative Member Approval Requirements

1. The functions of the Derivatives Member may only be carried out after obtaining the approval of the Market in accordance with the provisions of these Rules.
2. The following conditions shall be satisfied for the Market to grant its approval to exercise the functions of a Derivatives Member:
 - a. The applicant shall be a Brokerage Company, a Dealer, or a Market Maker.
 - b. Availability of the financial solvency necessary to carry out the work.
 - c. Availability of qualified human resources required for work.
 - d. Availability of electronic programs and technical systems required for trading in derivative contracts as specified by the Market from time to time, particularly the Order Management System (OMS).

Article (3)

The entity willing to exercise the functions of the Derivatives Member must submit an application to the Market on the form approved for this purpose, provided that the application includes the following, as a minimum:

1. Documents evidencing the fulfillment of the conditions stipulated in Article (2) of these Rules.
2. A copy of the client agreement form for trading in derivative contracts, which must include the following as a minimum:

- a. An explanation of the concept of derivative contracts and the trading mechanisms for this type of securities.
- b. The risks that the client may be exposed to as a result of trading in derivative contracts.
- c. The ratio of the Initial Margin and the Maintenance Margin, provided that they shall be within the ratio specified by these Rules.
- d. The mechanism of exchanging notifications with the client and the times of sending these notifications which relate to trading of derivative contracts

Article (4) **The Market's Decision**

1. The Market shall make its decision whether to approve or reject the application within five (5) working days from the date of submission of the application satisfying all the conditions, requirements and technical standards set by the Market.
2. The Applicant shall register the approval issued by the Market with the Authority within a period of no more than (5) working days from the date of issue and shall annually renew the registration with the Authority.
3. The Market may grant the approval with the conditions or restrictions it deems appropriate.
4. A Derivatives Member who has obtained the Market approval to carry out the activity may not start carrying out the activity before the Market ascertains that the member has done the following:
 - a. Installing and equipping the technical systems necessary to participate in the Market's derivative contracts trading system, and the Market's carrying out the necessary tests to ensure the same.
 - b. Prepare the human resources trained by the Market and will work for the member.
 - c. Payment of any approval fees prescribed by the Market.

Article (5) **Derivatives Member Obligations**

First: The Derivatives Member shall, on an ongoing basis, be obligated to the following:

1. Satisfy all approval requirements on an ongoing basis and notify the Market immediately of breach of any of the conditions of granting the approval
2. Notify the Market immediately upon imposing any disciplinary penalty on it by any of its governing regulator.
3. Notify the Market of any change in any of the information provided to the Market, whether before or after granting the approval to carry out the activity.

4. Refrain from carrying out any act that would adversely affect the reputation of the Market or its dealers.
5. Refrain from carrying out any trading process for derivative contracts or entering any trading orders with the aim of affecting the prices or trading volumes of derivative contracts or that would affect the interaction of bid and offer forces in the Market.
6. Refrain from making any change to or update its order receiving and management system without obtaining prior approval from the Market.
7. Comply with all regulatory decisions that may be issued by the Authority or the Market in relation to the trading of derivative contracts.

Second: A Derivatives Member who deals for the benefit of clients in derivative contracts trading shall abide by the following:

1. Notify the client of the trading operations executed in his favor on the same day of trading and by the mechanism agreed upon in the client agreement, provided that the notification shall include the following information, as a minimum:
 - a. The name, address, account number and other personal information of the client.
 - b. Details of the executed transactions, including type (buy or sell), quantity, price and execution time.
 - c. Any details of the calculated, paid and due margin for the transactions executed during the day.
 - d. Commissions due from the client
2. Send the session account statement to the client as per the mechanism and within the times agreed upon in the client agreement.
3. Not to carry out any trading operation for the benefit of its clients if it has an interest in carrying out this transaction that may lead to a conflict of interest, unless the client is informed of that interest and takes all necessary measures to ensure a fair treatment of the client.

Third: Additional Obligations of the Market Maker

1. Trading for his own account only.
2. Opening a special account for trading in regulated derivative contracts called (Derivatives Trading Account).
3. Not to transfer the executed orders from the account designated for the trading transactions of Regulated Derivatives Contracts to another account.

Fourth: Additional Obligations for the Dealer: The Dealer is obligated to sell or buy derivative contracts to investors in accordance with the regulation governing the exercise of his activity.

Article (6)

Derivative Contracts

1. The Market will list the regulated derivative contracts after registering them with the Authority
2. The Market will publish the specifications of the listed derivative contracts in accordance with the provisions of these Regulations.
3. The Market will specify the timings for derivative contracts trading sessions

Article (7)

Margin Requirements

1. The Derivatives Member is obligated to collect the initial margin from their clients in a special account for the trading of regulated derivative contracts in amounts that cover at least what the Derivatives Member shall submit to the Central Clearing House in the Market in accordance with the provisions of the Central Clearing rules and to obtain the client's express approval regarding the Derivatives Member's maintenance of that margin until the client's position is closed, before entering any order.
2. The Derivatives Member is obligated to obtain an undertaking from his client to feed his derivatives trading account if his ownership percentage of the Maintenance Margin drops below the specified limit after being notified of this by the Derivatives Member.

Article (8)

Price Management

1. The Market will establish the method used to calculate and publish the Opening Prices, Intra-Day Prices, and Closing Prices for each Derivative Contract.
2. The Market will establish the minimum price movement, daily price limits for each Derivative Contract and publish it as part of the contract specifications

Article (9)

Orders Management

1. Trading in Derivative Contracts shall be conducted through the Market Derivative Trading System.
2. The trading order shall include the following information:
 - a. client's identification number
 - b. Trading Symbol/Code assigned to the Derivative Contract
 - c. type of order (sell or buy)
 - d. Quantity
 - e. price
3. The Market may set a minimum or a maximum Order quantity or value for any Derivatives Contracts

4. Orders are executed in the Order Book subject to the following priorities:
 - a. Best Price: Orders with the best price (Highest bid/lowest offer) shall have priority upon execution.
 - b. Order entry time: Orders are arranged in time serial Order by placing the Order which holds the earliest time stamp first.
 5. In terms of price, orders are divided into the following:
 - a. Limit Order – An Order that has specified a maximum buy price or a minimum sale price.
 - b. Market Order: an order that gives priority to execution price
- All orders are executed on the corresponding side of the Orders Register until the quantity specified of such order is executed.
6. On partial execution of the Order, the remaining quantity automatically converts to a limit Order at the last matched price from the other side of the Order Book.
 7. Order shall be divided in terms of validity into:
 - a. Day Order -Valid for the Trading Day only.
 - b- Good till Date (GTD) - Order valid till stipulated date
 8. Orders are divided in terms of executed quantities into:
 - a. Fill or Kill” (FOK) Order - Execute the entire Order else cancel the Order
 - b. All or None (AON) - Executes the entire Order quantity in one trade (if available)
 - c. Minimum Fill - Executes an Order only if the minimum specified quantity is available on the other side of the Order Book to be filled.
 9.
 - a. A Derivative Trading Member may amend the data entered into the trading system prior full execution or cancellation of the order
 - b. in the event of amendments or withdrawal of any order before execution the application of the price and time priority rules will vary based on the mechanism the Market’s Derivatives Trading System operates.

Article (10) **Executed trade transactions amendment**

1. No Derivatives Trading Member can amend any trade executed by them.
2. In case of any error trade, Derivatives Trading Member must report such error within 30 minutes of its execution time. The market may, at its absolute discretion, agree to amend or reject the error.

Article (11)

Trade Cancellation

The Market may, in exceptional circumstances or in cases of serious violations of any applicable legislation, cancel any trading transaction made on derivative contracts.

Article (12)

Financial Position Limits

1. The Market may, by a disclosure, specify limits on the number of regulated derivative contracts and series, and specify the underlying securities, the month of contract settlement, the month of contracting and the validity date of the derivatives contract that may be registered with the Market, and may impose limits for each of the regulated derivative contracts or for all contracts.
2. Derivatives Trading Members may not engage in any transactions if this would result in exceeding a Financial Position Limit
3. The Market may direct a Derivatives Trading Member to reduce its position, or adjust its trading in Listed Derivatives Contracts, where the Market deems it necessary for the proper functioning of the market. If a Derivatives Trading Member transmits an order to trade a Listed Derivatives Contract, and the execution of such order would result in the breach of the Position Limit, the Market may suspend some or all of the trading activities of the Derivatives Trading Member until such time as determined by the Market.

Article (13)

Block Trades

1. Derivatives Trading Members may conduct block trades through the Market Derivative Trading System for Block Trades.
2. For the purpose of these Regulations, the Market shall determine from time to time the value of a transaction that is considered a Block Trade.

Article (14)

Derivative Contract Specifications

Each Derivatives Contract shall include the following:

1. The underlying securities
2. The contract size referring to the quantity of the Underlying Securities.
3. A trading currency and a settlement currency.
4. Contract Series that refer to multiple contracts with the same Underlying Asset, but different Expiry Day.
5. Tick Size which refers to the minimum price fluctuation.
6. Trading hours

7. Settlement type
8. Daily Settlement Price which is used to calculate the daily variation margins (mark to market)
9. Expiry Day or Last Trading Day
10. Settlement Day
11. Final Settlement Price

Article (15) **Futures Contract**

- 1) In the Futures Contract, the Buyer shall be committed to executing the settlement and shall have the right to buy the Underlying Securities or to execute cash settlement when the price moves down, as provided in the Contract Specifications and these Regulations. The Seller shall be committed to executing the settlement and shall have the right to sell the Underlying Securities or to execute cash settlement when the price increases, as provided in the Contract Specifications and these Rules
- 2) The Underlying Securities shall give the Futures Contract the key components as a security against which compliance shall arise and shall form the base for calculating the daily settlement (Mark to Market) and the final settlement, upon expiration of the Contract due to delivery or cash settlement.
- 3) Contract Size, which includes the number of Underlying Securities, shall be stated in the Contract Specifications.
- 4) The Volume of Price Movement (tick size), which means the scope of the price movement volume with respect to the Contract and shall be stated in the Contract Specifications
- 5) The Forward Price, which is the price agreed upon between the parties.
- 6) Mechanism of closing the transaction, which means the revocation of the obligations of the parties to the Contract by closing their positions. It shall be stated in the Contract Specifications.
- 7) Final Trading Time, which refers to the deadline for executing and registering the orders upon expiration of the Contract. They shall be provided for in the Contract Specifications.
- 8) Fixation Value is the value calculated to the Underlying Securities, which represents the basis for calculating Contract expiration settlement or calculating the daily settlement (Mark to Market).
- 9) Mechanism and Dates of Settlement
- 10) Contract Expiration Date is the last day of the month under which the final settlement between the Buyer and the Seller shall take place, while the details relating to month and year of expiration shall be defined upon designation of the Series.
- 11) Duration of the Series in Futures Contracts shall start from the first trading day and shall end upon expiration of the Contract.

12) Trading currency shall be in AED.

13) In case the Market has listed new Series during the period pertaining to the same Series, such Series shall be distinguished by the same volume and designation with respect to the actual listed Contracts.

14) Designation of contract Series shall be as follows (designation of series):

- a. Each Series shall be designated to each Futures Contract, so as to contain unified symbols.
- b. Contract expiration year shall be designated by referring to the final figure of the year in which the Series ends.
- c. Contract expiration month shall be designated using a code that refers to such a month.

Article (16) **Cash Settlement and Payment**

1. Each Derivatives Contract shall be settled by the CCP through the Settlement Bank in cash
2. In respect of each Derivatives Contract, the following payments shall be made:
 - a. Where the Final Settlement Price exceeds the Derivatives Contract price, the Derivative Member shall pay to the Central Clearing House, and the Central Clearing House pays to the Derivative Member through the Settlement Bank an amount calculated as the product of the number of Contracts and the difference of the Final Settlement Price and the Contract price, and
 - b. Where the Derivatives Contract price exceeds the Final Settlement Price, the buyer pays to the Central Clearing House through the Settlement Bank, and the Central Clearing House pays to the buyer through the Settlement Bank an amount calculated as the product of the number of Contracts and the difference of the Derivatives Contract price and the Final Settlement Price.

Article (17)

The cash Settlement for each Derivatives Contract shall be affected via Settlement Bank who will be a member of the Central Clearing House.

Article (18) **Corporate Actions**

Where any Corporate Actions occur with respect to an Underlying Securities, the Market may, in its sole discretion, but shall not be obligated to, determine:

- a) To make Adjustment to the Contract size and/or price.
- b) To make any other relevant variation to the Contract or any features of its specifications to best reflect the Corporate Action.

c) To decide to delist the contract before the expiry date of the Corporate Action, where such event following a Corporate Action announcement cannot be easily adjusted for; substituting the delisted Contract with a new Contract that reflects the same Underlying Securities as the delisted Contract, on the expiry day of the Corporate Action

d) Any decision to specifically handle the said Corporate Action to uphold the fairness and effectiveness of such adjustment.

e) The handling of the Corporate Actions will be in accordance with the Corporate Action adjustment policy of the Central Clearing House.

Article (19)

Trading in Underlying Securities

Where trading in the Underlying Securities is suspended or cancelled at its trading venue, the Market may, in its absolute discretion, take the following actions:

(a) If the Underlying Securities is temporarily suspended in accordance with the rules of its Primary Exchange, the relevant Contract(s) will be put in suspended trading mode until the Underlying Securities resumes trading at its primary trading venue.

(b) If the Underlying Securities is cancelled at its trading venue, the Market may, in its sole discretion, delist the relevant Contract(s) after duly informing of the method of settlement that will apply to such Contracts.

(c) When there is no relevant Reference Price available, in the case (b) above, the Market may, but is not obligated to, use a theoretically derived price for the purpose of final settlement of the Contract in accordance with the Central Clearing derivative rules.

Article (20)

Default in Settlement

1. Where a buyer or a seller fails to fulfil its payment obligation, in the manner prescribed within the Central Clearing rules, the Market may declare such party is in default.

2. In the event of Default by a buyer or seller in respect of a Derivative Contract, the Default Management Rules of the Central Clearing House will come into effect.

Article (21)

Delisting of Derivative Contracts

1) The Market may, from time to time and at its absolute discretion, delist any derivative contract by a 14 days prior notice to the Market.

2) If there are no open positions in the relevant derivative contract which the Market wishes to delist, such delisting shall become effective at the time determined by the Market.

3) If there are open financial positions in the relevant derivative contract which the Market wishes to delist, the Market may request early settlement of such open financial positions or restrict trading to the extent that the Market considers such trading to be necessary to enable participants to settle their open positions and to maintain Fair, orderly and transparent Market.

Article (22) Penalties

In the event of violation of these Regulations, the Market may take the following:

- 1) Advising the Derivatives Member or compelling it to close one or more of the counterparty transactions either instantly or within a specific period of time.
- 2) Serving a notice of warning to the Derivatives Member
- 3) Suspension of the approval granted to the Derivatives Member
- 4) Cancellation of the approval granted to the Derivatives Member.
- 5) Impose a fine on the Broker which obtained the approval to exercise Derivatives Member functions, within the maximum limit stipulated in the Authority's law and the Regulations issued pursuant thereto.
- 6) Impose penalties and other fines pursuant to the Regulations of the Market and to the extent it is not inconsistent with the law and Regulations of the Authority.
- 7) Refer any violator to the Authority to consider its violation and decide on the appropriate penalty

Article (23)

The Chief Executive Officer of the Market shall take all necessary decisions to implement the provisions of these Regulations.

Article (24)

The Market may, with the approval of the Authority, exempt any entity from the requirements of these Regulations based on a request from it personally or by an initiative from the Market.



Allocation Account Regulations

Article (1) Definitions

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

State	: United Arab Emirates.
SCA	: Securities and Commodities Authority.
Market	: Abu Dhabi Securities Exchange.
Clearing	The entity that conducts settlement and clearing operations for all orders carried out in the Market according to the Regulations and Decisions regulating thereof;
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.
Brokerage Company	: the brokerage company authorized by SCA and approved by ADX to trade through the Allocation Account.
Allocation Account	: A Broker Company's account with Clearing Entity designated to conduct purchase and sale of securities transactions in the name of the Foreign Broker or the Investment Manager, provided such transactions are allocated to the clients account during the allocation period in accordance with the provisions of these regulations;
Allocation Period	: the period determined for the Brokerage Company to allocate securities sale and purchase transactions between the Allocation Account and sub-accounts after the closure of the trading session in accordance with the provisions of these regulations.
Sub-accounts	: the Foreign Broker or Investment Manager clients accounts with the Clearing Entity.
Foreign Broker	: A legal person authorized by a similar supervisory body outside the State
Investment Manager	: A legal person authorized to conduct investment management activity by SCA or a recognized counterpart regulator outside the UAE.

Article (2)

General

1. A brokerage company may not open an Allocation Account unless the client is a Foreign Brokerage company or an Investment Manager. The Brokerage Company may open one or more Allocation Accounts to any of them.
2. Opening an Allocation Account with a brokerage company shall not prevent opening an Allocation Account with another Brokerage Company.

Article (3)

Requirements for Broker Company to Obtain Approval to use the Allocation Account

The Brokerage Company shall meet the following requirements in order to obtain ADX approval to trade through the Allocation Account

1. shall have the required technical and administrative capabilities to use the Allocation Account.
2. shall not have committed material violations of solvency standards or the account separation regulations approved by SCA during the six months preceding the approval request date.

Article (4)

Approval Application

The Brokerage Company willing to use the Allocation Account mechanism shall submit an application to the Market according to the form prepared for that purpose along with the information and documents supporting the Application, particularly:

1. A report clarifying the technical system used to manage the Allocation Account.
2. A report showing the document-keeping system for transactions made through the Allocation Account.
3. A report describing the internal control and audit systems and basis of the transactions carried out through the Allocation Account.
4. Form of Allocation Account opening agreement with the Foreign Broker or Investment Manager, including a detailed statement of rights and obligations of the parties.
5. The Market may request any other clarifications, information, or documents.

Article (5)

The Market shall issue its decision to approve or decline an application within (5) days from the date of submitting the application that satisfies the conditions set out in these Regulations

Article (6)

The Brokerage Company's Obligations

The Brokerage Company undertakes as follows:

1. Limit the use of the Allocation Account to the Foreign Broker and Investment Manager.
2. conclude an agreement with the Foreign Broker or Investment Manager willing to use the Allocation Account.
3. directly link the Allocation Account with the client's investor account for allocation purposes.
4. No adjustment to the sub-accounts shall be made except in accordance with a request to the Market at the request of the Foreign Broker or the Investment Manager
5. Not to execute the foreign investor or Investment Manager's orders prior to providing the brokerage company with sub-accounts to the Allocation Account, including the names and investor numbers of the sub-accounts' holders.
6. Execution of the Foreign Broker or Investment Manager's orders shall be carried out only through actual execution at the Market.
7. Any trading transaction from the Allocation Accounts shall be allocated only to one or more sub-accounts associated with that account.
8. allocate sales and purchases from the allocation account to sub-accounts at the Volume Weighted Average Price of quantities (VWAP) for operations performed during the trading session on the Allocation Account according to the mechanisms and procedures provided by the Market.
9. Not to conduct transactions that are fictitious, delusive, or misleading or deceiving investors either by deluding them of having an active market for this security, influencing its price (upward, downward, stabilizing the price), the volume of its trading in the market, or by influencing an investor's decision of whether or not to invest.
10. Refrain from executing any purchase or sale transactions except on the basis of proven orders from the Foreign Broker or Investment Manager, and shall archive and maintain such orders in accordance with the mechanism used to record and archive ordinary orders
11. Ensure the availability of sufficient balance of securities to ensure completion of settlement transactions
12. Observe settlement cap relating to trading transactions at the Market. The Market may decline any allocation transaction in any sub-account of the clients of the Foreign Broker or Investment Manager if the settlement cap is insufficient.
13. Maintain records showing the details of any transaction made through the Allocation Account, which include the following:
 - a. original sale or purchase order of the Foreign Broker or Investment Manager
 - b. allocation instructions of the Foreign Broker or Investment Manager, including allocation amounts and price.
14. Provide SCA and the Market with all the information and data they require with regard to its allocation account or any sub-account during the period specified in the application.

Article (7)
Allocation Period Obligations

On allocating securities, the brokerage company shall comply with the following:

1. Ensure that the transactions executed in the Allocation Account are not in violation of the applicable laws and regulations, in particular, regarding the ownership limits, ratios, the associated disclosures, and restriction durations prior to making the allocation transaction.
2. Allocate all the sale and purchase orders made in the Allocation Account to sub-accounts within one hour from the end of the trading session. The CEO may amend this duration as required by the Market.
3. Allocate the purchased securities by either of the following methods:
 - a. Manually, through the mechanism provided by the Market
 - b. Upload the allocation data using the file provided by the Market in accordance with the details included the system manual.

Article (8)

Failure to Allocate Securities

1. Upon the expiry of the allocation period, the securities that have been rejected by ADX system or have not been allocated during the allocation period, shall be transferred automatically and as per the mechanism specified by ADX to special account pertaining to the brokerage company with the Clearing to settle such quantities of securities.
2. the procedures relating to settlement system on Delivery Versus Payment basis (DVP) shall apply to settle the allocation failure cases.

Article (9)

Obligations relating to error in executing certain orders or allocation.

1. if the brokerage company at the end of the trading session, when reviewing all orders and trades, finds that wrong trading has been made in the Allocation Account, it is obliged to submit the necessary modification request on the form prepared for this at the Market to the trading supervisor within thirty minutes of closing the trading session during which the concerned transaction was made provided attaching a copy of the purchase orders or sales orders of the Foreign Broker sub-accounts or Investment Manager to that form.
2. If the brokerage company mistakenly allocated in the account of a client in the sub-accounts during the Allocation Period, it may correct such a mistake during the allocation period.

Article (10)

As an exception from the block trades regulations issued by the Market, the Allocation Account may be used to execute block trades in accordance with procedures governing the same.

Introduction



Omnibus Accounts Regulation Rules

Article (1) Introduction

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.
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).

¹ Chapter 19 has been added pursuant to ADX Board of Directors decision on 17/4/2023.

ARTICLE (2)

PRACTICING THE ACTIVITY OF THE REGISTERED OWNER

The activity of the Registered Owner in the Market may not be practiced without obtaining the approval of the Market in accordance with the terms, conditions and procedures stipulated in these Rules and any technical requirements decided by the Market 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, safe custody, portfolio management, or investment fund management.
- 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 Market.
- d. Any additional conditions or requirements decided by the Market.

2. Applicant must meet all approval conditions on an ongoing basis, and the Market 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 Market 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 Market.
 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 Market, 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.
- d. Any other information or data that the Market deems necessary to provide and to make a decision of approval or otherwise.

ARTICLE (5)
THE MARKET DECISION

1. The Market 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 Market.
2. The applicant shall register the approval issued by the Market with the Authority within a period not exceeding (5) five working days from the date of its issuance.
3. The Market 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 obtain an investor number for him in accordance with the applicable Market rules, 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 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 Market 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 Market.

ARTICLE (7)

THE REGISTERED OWNER'S OBLIGATIONS TOWARDS THE MARKET

The Registered Owner is obligated towards the Market 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 Market.
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 Market 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 Market 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 market with an electronic link mechanism to be agreed upon, allowing the Market 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 Market.
16. Enable the Market to view all data, information and documents related to the activity of the Registered Owner.
17. When requested by the Market, provide the Market 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 Market of any regulatory changes affecting its operations or obligations with respect to the Registered Owner's activity in the Market.
19. Any other obligations decided by the Market at any time after approval is granted.

ARTICLE (8)
GENERAL PROVISIONS

1. The Market may allocate one or more Omnibus Accounts to each Registered Owner in accordance with the applicable Market rules.
2. One or more trading accounts may be opened for each Omnibus Account with the broker, upon obtaining the approval of the Market in accordance with the applicable Market rules.
3. In the event of mutual listing of the security, the security may be transferred between the two markets 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.
4. The Registered Owner represents his clients in the Omnibus Account in dealing with the Market, the issuer of the security and third parties.
5. The Registered Owner may provide all services related to trading available in the Market, 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 without charging the client any expenses or fees:
 - a. 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.
 - b. Notify the clients, the Market 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 Market's approval and in accordance with the procedures established by the Market in this regard.



Off-Market Transfer of Ownership for Securities Financing Transactions Regulation

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.
Market	: Abu Dhabi Securities Exchange.
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.
Brokerage Company	: Trading broker or trading and clearing broker licensed by the Authority to practice such activity.
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 Market shall determine the type and quantity of securities, subject of Repo Transactions, and the same shall be annotated accordingly.
2. the Market may reject the request of securities transfer in the event of failure to comply with the regulations in force in SCA, the Market's procedures, or at the request of SCA or the judicial authority.
3. Transfer of securities by the Market shall not constitute an approval therefrom or notification thereto or to SCA of any of the necessary regulatory and legal requirements related to the disclosure of the rates and limits of ownership.
4. the Market'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 Market's procedures.
5. SCA and the Market 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 ADX.
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 Market.
7. Indemnify the Market for any violation of the regulations, rules, or procedures issued by SCA or the Market.

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 Market's regulations 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 Market 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 Market, 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 Repo Buyer is obliged to pay the due fee for completing the Repo Transaction. 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 Market.
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 Market, as per the form prepared by the Market, 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 Market 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.
Market	: Abu Dhabi Securities Exchange.
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 Market may reject the request of securities transfer if the regulations in force in SCA or the Market's procedures are not complied with or at the request of SCA or the judicial authority.
2. Transfer of securities by the Market 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 Market'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 Market's procedures.
4. The Market 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 Market for any violation of the regulations, rules, or procedures issued by SCA or the Market.

Article (4)

The Financial Institution shall fill in the form prepared by the Market 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 Market – in accordance with the form prepared by the Market - 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 Murabah Transaction. The transfer of ownership may only be made after ensuring that the fee is deposited into the Market's account and a copy of deposit details is provided to the Market for its registers purposes.

Article (6)

1. the Market 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 Market.



Fees and commission

Article (1)

The Board of Directors, after consultation with the Authority, shall issue a resolution specifying all fees and commissions charged by the Market 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 market shall continue until the issuance of the decision referred to in Article (1) above.



Penalties

Article (1)

1. The Market may take any of the following measures in case any natural or legal person violates any of the provisions contained in the Market'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 Market.
- b. Impose a fine not exceeding AED 100,000 on the violator.
- c. Suspend or revoke any Market approval for the exercise of any of the activities or functions mentioned in the Market Operating Rules Booklet.
- d. Liquidate or use any guarantees submitted to the Market in return for compliance with the provisions of the applicable legislation, rules and decisions.

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

Article (2)

The Market may issue a guide list of penalties and fines imposed by the Market when violating any of the provisions contained in the Market 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 Market may refer any violator to the Authority to consider its violation and impose the appropriate penalty if the Market finds that the violator has violated any of the Authority's legislation in force.



ADX

Thank you for choosing Abu Dhabi Securities Exchange (ADX)
Your Market of Choice

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

T: +971 2 627 7777 F: +971 2 612 8728

[adx_ae](#)

