LISTING AND DISCLOSURE RULES
For Foreign Exchange Traded Funds
(ETF’s)

Article (1)
These rules shall be referred to as “Listing and Disclosure rules For Foreign Exchange Traded Funds “and shall come into force effective the date specified by ADX Board of Directors.

Article (2)
In these rules, the following words and phrases shall have the meaning assigned to each of them, unless the context requires otherwise:

SCA Securities and Commodities Authority.
ETF A security that tracks an index or a basket of assets.

ETF Manager A legal person who manages the fund and publishes the portfolio composition file.

ETF Administrator a legal person appointed by the ETF Manager who:-

a) accepts and approves creation/redemption orders of units from the authorized participants;
b) co-ordinates operations and reporting of fund;
c) oversees compliance, tax, and audits of fund;
d) Values the assets and performs overnight (and possibly intra-day) NAV calculations;
e) accounts for accrued income & expenses
f) performs collateral management; and
g) Ensures that the assets underlying the fund are in compliance with the index that is being tracked and specified in the prospectus.

**Authorized Participant**

A legal person appointed by the ETF who undertakes the responsibility of creating and/or redeeming units of the ETF.

**ETF Custodian**

A legal person appointed by the ETF Manager who:

- a) Holds and maintains the assets of the fund.
- b) Is responsible for ensuring that any securities transferred from the Authorized Participant to the ETF Trust or transferred from the Trust to the AP are received or delivered.

**ETF Trust**

A legal person who issues the units of the ETF.
NAV  Net Asset Value of the ETF calculated at the end of the day.

iNAV  Indicative Net Asset Value of the ETF calculated periodically throughout the trading day.

CE  Chief Executive of ADX.

Article (3)

a) These rules shall regulate the listing of foreign ETF’s Units on ADX.
b) Units of local ETF’s will not be regulated by these rules.

Article (4)

a) To list the units of an ETF, the following requirements shall be fulfilled:-
   1) The ETF is established in a foreign jurisdiction recognized by SCA and ADX.
   2) The ETF is based on an index, indices or portfolio of securities.
   3) The ETF trust is regulated by a foreign regulator recognized by SCA and ADX.
   4) The ETF has been approved for distribution to the general public by the regulator in its home jurisdiction.
b) If the ETF is established in one of the European union countries, ADX may not accept listing unless the ETF adheres to “undertakings for collective investments securities regulations (UCITS III)” as amended from time to time.
c) The ETF will not be listed unless it gets SCA’s approval to be listed on ADX.

Article (5)

The ETF Trust shall provide a proof from the regulator in its home jurisdiction that the ETF is in compliance with all legal requirements in its home of origin.
Article (6)

The ETF Trust shall provide ADX with the following information on the listing application designated for this purpose:-

a) Name of the fund.
b) Fund’s objectives.
c) Fund’s initial capital and number of units.
d) Nominal value of the fund.
e) Fund’s investment policy including methods and standards of diversifying its investments, decision making and balancing methodology.
f) Names of ETF manager, administrator, custodian and swap provider (if applicable)
g) Policy of distributing or investing fund’s profits.
h) Announcement and calculation dates of NAV and iNAV.
i) Description of the procedure for creating and redeeming units including the basis for converting the shares to units or vice versa.
j) Conditions and procedures that lead to the liquidation of the fund.
k) Fund’s shareholders rights including corporate actions.
l) Conditions which necessitate calling for a general assembly meeting and the authorities in its ordinary or extra ordinary meeting.
m) The provisions and procedures related to amending articles of association.
n) All fees including management fees, administrative fees and any other applicable fees.

Article (7)

The following documents should be attached to the listing application form:-

a) The fund’s 3 years audited financial reports or the available financial reports if the fund has been in operation for a period less than three years. Newly established funds are exempted if there are no financial reports issued.
b) A list of the constituents of the fund along with their weights in the fund.
c) A summary of the fund’s articles of association including all provisions and procedures related to amending the articles of association.
d) The approved prospectus by the regulator in the country of incorporation in English language and a summary of it in Arabic language.
e) A comprehensive explanation about the risk associated with investing in the funds units.

f) The effects of taxation legislation on units’ holders.

g) A statement signed by the issuer declaring full responsibility of related information either published or provided to ADX.

Article (8)

If the ETF is a swap based ETF, then:-

a) The exposure reset value shall not exceed 5%. The CE may change this ratio by giving two weeks’ notice.

b) The ETF Manager shall provide a collateral equal in value to the exposure reset value and shall maintain this collateral on a weekly basis or as required by the ETF Administrator.

c) The ETF Manager should publish and inform ADX of any exposure that is not collateralized.

d) The ETF Administrator should manage the collateral and ensure that it covers the exposure at all times.

Article (9)

a) ADX has the right to accept or reject listing of any ETF based on its own discretion without the need to give a justification.

b) Listing decision is issued by the CE.

Article (10)

a) If ADX accepts the listing of the units of the ETF, then the ETF Trust should do the following:-

1) Publish a summary of the prospectus and article of association including the information mentioned in article (6) in two local news papers in English and Arabic Languages.

2) Submit the units register to ADX as per ADX template to hold the register for units’ holders.

b) ADX Shall disclose the names of the unit holders who own 5% or more of the issued units.
Article (11)
Before trading of the ETF Units starts, the ETF issuer should sign an undertaking to comply with:-
   a) SCA and ADX rules governing such listing and trading.
   b) Any new rules that may be issued by SCA or ADX to regulate Foreign ETF’s.

Article (12)
a) The ETF Trust shall provide SCA and ADX with the following periodic reports:-
   1) Quarterly financial report reviewed by a certified auditor within thirty days after the end of the relevant quarter.
   2) Annual financial report audited by a certified auditor within three months after the end of its fiscal year.
b) The reports mentioned in paragraph (a) of this article shall be prepared according to IFRS.

Article (13)
The ETF Trust shall provide or make available to ADX on a daily basis with the following information:-
   a) The aggregate number of units issued during the year.
   b) The aggregate number of units redeemed during the year.
   c) The assets underlying the ETF at the date of the report.
   d) Any changes in the index or portfolio that is tracked by the ETF.
   e) SWAP exposure value if applicable.
   f) Portfolio comparison file required to calculate iNAV in a format accepted by ADX.
Article (14)
The ETF Trust shall immediately disclose to its unit holders, SCA and ADX any information that materially affects the ETF, for example and without limitation:

a) Any material change to any investment policies relating to the ETF made in accordance with the constitutional document of the ETF.

b) Any decision to liquidate the ETF made in accordance with the constitutional document of the ETF.

c) Any legal actions brought by or against the ETF which may have material effect on the financial position or activities of the ETF.

Article (15)
The CE may exempt any ETF of any condition or requirement in these rates if he deems that necessary.