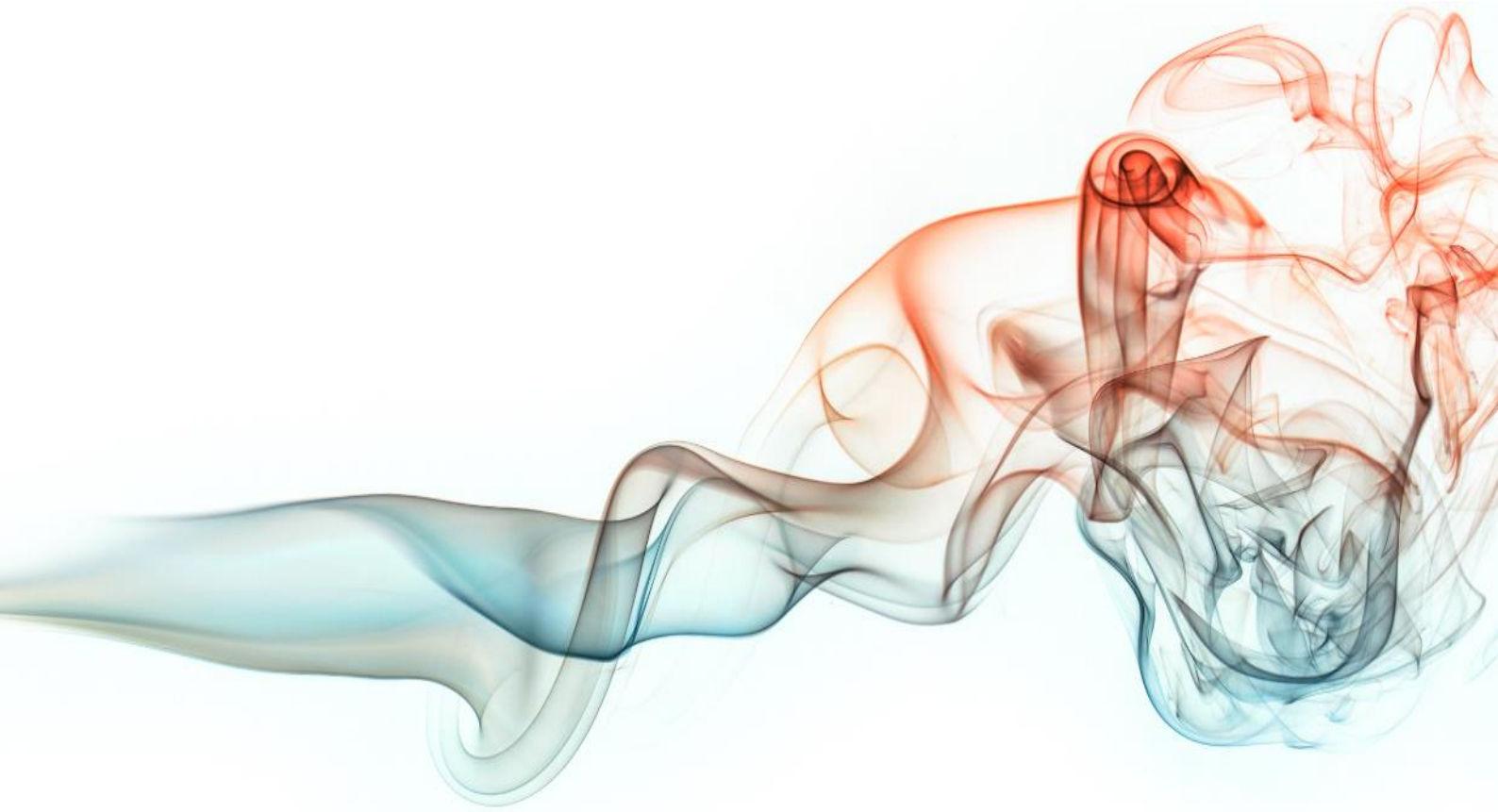




Nasdaq Dubai Operating Procedures

Clearing, Settlement and Risk management for Securities

Version 1.~~82~~83

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1. Introduction

The document intends to provide the operations team at the Clearing Member and Custodian with a clear understanding of all the Securities post trade activities at Nasdaq Dubai. The document also intends to provide information about the risk management methodology and the clearing structure at Nasdaq Dubai.

- a) Any reference to time in this notice is reference to Dubai times, unless otherwise stated.
- b) In this notice the terms “USD” or “US dollars” are used for the currency of the United States of America and “AED” or “UAE dirham” is used for the currency of the United Arab Emirates.

1.1 Scope

The document intends to cover post trade operational activities relating to clearing, risk management and settlement including their timelines.

1.2 Additional documentation

In addition to this document, Clearing Members are required to read and understand the following:

1. Nasdaq Dubai Business Rules
2. All information in the form of CAP notices and circulars from time to time, which are posted on the website
3. All updated information on the Nasdaq Dubai website: www.nasdaqdubai.com

1.3 Nasdaq Dubai assistance

The following Nasdaq Dubai teams will be available for your assistance. Please feel free to get in touch with any of us.

1. **Clearing & Settlement :** +971 4 305 5133 / 5135 / 5473, clearing@nasdaqdubai.com
2. **CSD:** +971 4 305 5133 / 5135, csdregistry@nasdaqdubai.com

1.4 Periodical review

The revision of the document will be done in the event of any of the following:

1. Any changes to the banking model including changes in banks
2. Any changes in the settlement model
3. Any changes in the risk management model including margining
4. Any other material changes including timelines etc.

2. Membership types

1. Trading Members (TM or Broker)

TMs are Members who execute trades on the Exchange. If a TM is not an ICM, it will need to have a relationship with a General Clearing Member for the clearing of executed trades.

2. Clearing Member (CM)

a) General Clearing Member (GCM):

GCMs are Members that clear and settle trades executed by other Trading Members. GCMs will typically have a set of Trading Members associated with them.

b) Individual Clearing Member (ICM):

ICMs cannot settle trades for another Trading Member. They are Members who clear and settle trades executed by them in their capacity as Trading Members.

3. Nasdaq Dubai Custodian

“Custodian” means a party as defined in the Business Rules that holds, manages, controls or takes custody of Securities by way of business for one or more of its Customers (or the underlying clients of the Customers) under a Segregated Account or an Omnibus Account.

“Settlement Agent” means a Custodian who agrees with a Clearing Member through an undertaking with Nasdaq Dubai to act as a cash and security Settlement Agent on behalf of the Clearing Member for trades cleared by the Clearing Member for any client of the Custodian.

3. Central security depository (CSD) account structure

Nasdaq Dubai has entered into a Service Level Agreement with Dubai Financial Market (DFM) to perform certain Clearing, Settlement and Depository (CSD) functions outsourced to DFM. These functions are performed on CSD system operated by DFM (Equator).

3.1 Investor Identification Number (NIN)

1. Each CSD account holder holding Nasdaq Dubai securities on Equator system must have a NIN in the CSD.
2. A Nasdaq Dubai Member or underlying clients can either set up a NIN directly with the CSD, or do so through a Nasdaq Dubai Custodian.
Where a NIN is set up via a Nasdaq Dubai Custodian (which is not also a common Custodian with DFM), this Investor NIN is restricted to holding only Nasdaq Dubai securities in the CSD and cannot be used to hold DFM securities. These NINs will be deemed as ‘restricted NINs’.
3. An investor can have one Investor NIN for each market with Custodians that are not common Custodians with Nasdaq Dubai and DFM. Where the investor already has an Investor NIN with a common Custodian, the investor can still maintain a ‘restricted NIN’ with another Nasdaq Dubai Custodian.
4. The onus is on Custodians and the relevant Nasdaq Dubai Members to ensure that new Investor NINs are not opened for clients who have an existing Investor NIN.
5. There are various accounts which are mapped to an Investor NIN, including restricted NINs:

- a. **CSD sub-account:** This is a safe-keeping account where Nasdaq Dubai securities will not be pre-validated for sell orders.
 - b. **Agent sub-account:** (Only applicable for Custodian Investor NIN) The Agent sub-account is also a safe-keeping account and will be used for pre-validation of sell orders. The Agent sub-account will be debited for settlement of sell trades and credited for settlement of buy trades. Where the Agent sub-account has an insufficient balance of securities, it must be funded with Nasdaq Dubai securities by the Custodian transferring Nasdaq Dubai securities from the CSD account to the Agent sub-account.
 - c. **Trading sub-account:** An investor can have one or more Trading sub-accounts. A Trading sub-account is opened by the investor's Trading Member via Equator system. Where the Investor NIN is setup as a Direct Investor NIN, pre-validation of sell orders is made in this account. If the Trading sub-account has insufficient Nasdaq Dubai securities, it must be funded with Nasdaq Dubai securities by the investor transferring Nasdaq Dubai securities from the CSD account to the Trading sub-account via the Trading Member. The Trading sub-account number is the number used to enter orders into the trading platform to trade Nasdaq Dubai securities. Member can also request Nasdaq Dubai to facilitate creation of a Trading Account. Additionally, the following Rejection Accounts will be introduced by Nasdaq Dubai as part of the Enhancements to the Clearing and Settlement Model:
 - A **Member Sell Rejection House Account** and a **Buy Rejection Sellout Account** under the Member's NIN
 - A **Client Buy Rejection Account** under the Custodian Client NIN per Client per Member using a Custodian for Settlement.
6. Total balances are calculated at the Investor NIN-level, *i.e.*, balances in the CSD sub-account and Agent sub-account (for Custodian Investor NIN only) and the Trading sub-accounts (for Direct Investor NINs only) will be aggregated, together with any other applicable sub-accounts, to arrive at the total holdings of the investor.

3.2 Creation of Investor Numbers (NIN)

1. Restricted NINs through Nasdaq Dubai Custodian (not a common Custodian on DFM market)

In order to create restricted NINs through Nasdaq Dubai Custodians, Custodians will need to contact Nasdaq Dubai to facilitate the opening of Investor NINs on behalf of their underlying clients. Custodians have an obligation to conduct adequate due diligence on the underlying clients to ensure that they do not have existing Investor NINs with the CSD. Custodians must ensure that the relevant supporting documents are readily available for inspection if requested by Nasdaq Dubai.

2. Custodian Investor NINs for Common Custodians

Investor numbers linked with DFM Custodians can be used to hold and trade Nasdaq Dubai securities if such DFM Custodian is also a Custodian of Nasdaq Dubai. The DFM Account opening process and documents will be required for such NIN opening process. Custodians must ensure that the relevant supporting documents are readily available for inspection if requested by Nasdaq Dubai.

3. Direct Investor NINs

The investor is required to complete the appropriate applications forms through its Trading Member. Investor using its existing NIN on DFM may use it to trade and hold Nasdaq Dubai securities after appointing a Nasdaq

Dubai Trading Member or Custodian. The rules and procedures of CSD pertaining to Investor NINs shall apply. Relevant NIN opening forms and requirements are available on DFM and Nasdaq Dubai websites.

3.2 Allocation Account

1. Account opening:
Member intending to use trade allocation feature must make a written request to Nasdaq Dubai to open and approve the use of allocation accounts
2. Purpose of Allocation Account:
 - a. Aggregation of executed transactions during the regular trading session for the purpose of allocation between the targeted accounts.
 - b. Calculating the weighted average of prices of aggregated deals.
3. Allocation account can only be used to execute trades for clients holding securities with Nasdaq Dubai Custodians.
4. The allocation account will be linked directly to the investor number granted to fund manager or the International broker for the purposes of implementing the allocation process. The same number shall be used if the fund manager or the sub-broker trades through more than one broker
5. The allocation account shall be segregated into three parts according to the nationality of the investor:
6. Trades for UAE clients are executed in an allocation account marked and setup as 'Local'.
7. Trades for GCC clients are executed using an allocation account marked and setup as 'GCC'.
8. Trades for Foreign clients are executed in an allocation account marked and setup as 'Foreign.'
 - a. In addition to above, auto-allocation accounts will be set up under each category to allocate any trades not allocated into target account under this procedure.
9. After the end of the normal trading session, and calculating the average of the prices, the Member shall allocate the aggregated deals in the allocation account to the targeted accounts according to the client's instructions.
10. Allocation period starts after the end of the daily trading session from 3:05 pm and ends at 3:35 pm or any other time determined by Nasdaq Dubai. There shall be no carry forward of trading deal in allocation accounts beyond T+0.
11. Brokers can allocate trading deals by one of the following means:
12. Manual allocation by quantity using the system functionality provided.
13. By uploading allocation data using a file. Nasdaq Dubai will provide relevant file format and specification on request.
14. At the end of the allocation period any unallocated trades will be auto-allocated to the Members auto-allocation account.
15. The Clearing Member is liable to the settlement of any obligations in the auto-allocation account following automatic allocation.
16. Member must maintain complete records of the allocation instructions and must provide this information to Nasdaq Dubai on request immediately.
17. All allocated trades will carry unique order numbers and ticket numbers to differentiate allocation trades from market trades.
18. Any loss made on account of allocation process shall be absorbed by Member.
19. Use of allocation account is allowed for the purposes of the execution of Block Trade.
20. Any trade account correction will be possible only during trading session.
21. Any amendment of wrong target account used for allocation process can be amended using current procedure for account corrections.

22. Sell Pre-validation :

- a. Allocation accounts will not have the sell pre-validation feature at the time of trade execution. However, pre-validation will be done at the time of trade allocation into target account. If there are insufficient securities in target account to meet sell obligation, then such trades will automatically be allocated to auto-allocation account. Member will be responsible to settle these trades in accordance with settlement procedure. Any settlement failure will be subject to buy-ins and cash compensation procedure.

23. Normal market fees as mentioned in Nasdaq Dubai fees schedule will be charged on the target accounts for allocated trades. Additionally, order fees as mentioned in Nasdaq Dubai fees schedule will be charged at time of execution using allocation account.

4. Nasdaq Dubai as a CCP

Nasdaq Dubai clearing house becomes the central counterparty (CCP) to all on-exchange trades executed on the Nasdaq Dubai trading system and which are eligible to be cleared with Nasdaq Dubai. All transactions accepted for clearing and settlement are novated. In other words, Nasdaq Dubai becomes the 'buyer' to every 'seller' and the 'seller' to every 'buyer'

5. On-exchange clearing and settlement procedure

5.1 Settlements of cash and security obligations for USD listed securities

Trades executed on the trading system for Nasdaq Dubai equities will be settled on a T+2 settlement cycle. A settlement holiday due to a currency will not be included when calculating T+2 cycle in the settlement cycle. The CSD system will be available for settlement of Nasdaq Dubai equities on 45 days from Mondays to ~~Thursday~~ Friday, excluding US currency settlement holidays. ~~Settlement holidays since USD currency settlement cannot be executed on Sundays and on Settlement holidays since USD currency settlement cannot be executed on Sundays and on~~

The settlement of securities obligations will be conducted on Equator system and its corresponding cash obligations will be settled through the appointed settlement banks. Nasdaq Dubai has appointed Standard Chartered Bank, and Emirates NBD as its settlement banks for the securities outsourced to the DFM system. Any change in Settlement banks will be informed to market via notice.

Securities Settlement of actions performed after market hours in accordance with the Clearing and Settlement Model detailed in in this procedure (i.e., actions such as late confirmations, optional reversals, optional buy-ins, mandatory buy-ins and auto-reversals) would occur on the same day the action is executed.

Cash settlement of the aforementioned transactions should take place on the following settlement day (that is not a USD Settlement Holiday).

5.1 Settlements of cash and security obligations for AED listed securities

Trades executed on the trading system for Nasdaq Dubai equities will be settled on a T+2 settlement cycle. For AED listed securities the CSD system will be available for 5 days from ~~Sunday to Thursday~~ Monday to Friday. The settlement of securities obligations will be conducted on Equator system and its corresponding cash obligations will be settled through the appointed settlement banks. Nasdaq Dubai has appointed Standard Chartered Bank, and Emirates NBD as its settlement banks for the securities outsourced to the DFM system. Any change in settlement banks will be informed to market via notice.

Securities Settlement of actions performed after market hours in accordance with the Clearing and Settlement Model detailed in in this procedure (i.e., actions such as late confirmations, optional reversals, optional buy-ins, mandatory buy-ins and auto-reversals) would occur on the same day the action is executed.

Cash settlement of the aforementioned transactions should take place on the following settlement day.

5.2 Transaction fees

Transaction fees (Trading and CSD fees) will be aggregated with Clearing Members or Custodians' cash obligation to be settled on T+2. Other types of fees will be levied and collected separately by relevant participants. Details on these transaction fees are available in the Fees Notice.

5.3 Settlement timeline

1. Trading day (T day)

- 1) On T day, Trading Members are given half an hour between (3:00 pm to 3:30 pm) to review their trades and contact the Market Operations Division for correction in case of any error in trading. If a Trading Member failed to do so during the specified period the Trading Member will be held responsible for any errors that appear in its trade and settlement report.

- 2) But if the Member sends the request for correction after 3:30 pm then it may be corrected by Nasdaq Dubai at its discretion on T+2. Correction fees as mentioned in Nasdaq Dubai Price list will be applicable.

Documents required:

- a) Formal letter from Trading Member duly signed by the authorized signatories' mentioning the trade details with a copy to General Clearing Member, if applicable.
- b) Copy of Trade Log Summary.

Note, however, the above error trade correction format applies only to trades in which Direct Client NINs are on both sides of the correction (i.e., the amendment is *from* a Direct Client NIN *to* another Direct Client NIN). For trade corrections involving Custodian Client NINs on either side of the amendment, ND error trade policies (as included in Appendix 4 of this document) will apply.

2. Settlement day -1 (SD -1)

Nasdaq Dubai will send the cash settlement reports to Nasdaq Dubai settlement banks by 4.30 pm on SD-1

3. Settlement day (T+2 day) :

- 1) On Settlement day Custodians can transfer all or part of their obligation to the Trading Member who has executed the trades and the Custodian should notify Nasdaq Dubai officially of the reasons of rejecting the

trades for settlements. The Clearing Member will be obliged to accept this rejected obligation and settle the payments on Settlement day.

- 2) Clearing Members and Custodians as Settlement Agents with cash settlement obligation must ensure that there are sufficient funds in their settlement accounts with the settlement bank by 10:00 am on the settlement day and not later than 11:30 am
- 3) The settlement bank will, not later than 12:30 pm, complete the settlement by debiting the settlement bank accounts of Clearing Members and Custodians with funds due to Nasdaq Dubai and crediting the settlement bank accounts of Clearing Members and Custodians with funds due from Nasdaq Dubai in accordance with the cash settlement reports sent on SD-1 day.
- 4) The settlement banks will send the financial confirmation report to the CSD no later than 12:30 pm confirming the financial settlement from and to all Clearing Members and Custodians as stated in the settlement reports, in addition to the transaction fees due from the Clearing Members and Custodians in favour of Nasdaq Dubai. Disciplinary action including but not limited to penalties and suspension may be imposed on any Clearing Member or Settlement Agent failing to provide the required funds by 12:30 pm. Securities settlement will occur at 12:15 pm after cash settlement is confirmed by a Settlement bank.

5.4 Procedures for managing settlement failure

The procedures outlined below provide details on how Nasdaq Dubai will manage securities transactions that are considered to be Unconfirmed Trades, as notified by Settlement Agents in accordance with Nasdaq Dubai's CSD Terms and Conditions for Trading/Clearing Members and for Custodians.

Settlement Agents will not be able to reject partial orders. Trading Members must ensure each client order is entered into and executed separately.

The procedures outlined below must be read and interpreted together with the details stated in Appendix 2 through 6 provided at the end of this document.

Effective from trades executed on 5th May 2013, Settlement Agents will have two options to manage unconfirmed trades on Custodian Client NINs:

Option 1) Settlement Agents can provide written confirmation to Nasdaq Dubai that a sell trade will not settle on the Settlement Date ("SD") and that it will not be confirmed beyond SD.

Option 2) Use the Late Confirmation Period to settle the Transaction.

The procedure in section 5.4.3 provides details on how Settlement failure caused by Market Makers trading activity will be managed

5.4.1. Option 1: Managing Unconfirmed Transactions without the late confirmation window

Settlement Agents will have option to provide written confirmation to Nasdaq Dubai that a sell trade will not settle on the Settlement Date ("SD") and that it will not be confirmed beyond SD. The confirmation must be received by Nasdaq Dubai on or before 10.00 am on SD. In this situation, Nasdaq Dubai will release the relevant Securities at 12:15 pm and the seller will be entitled to any corporate actions on these Securities. The affected buy trades identified for this sell trade will remain unsettled and will have to be resolved by:

- 1) the Settlement Agent revoking the written confirmation provided to Nasdaq Dubai by 2:00 pm on SD+2. The revocation must be made in writing by the Settlement Agent and be confirmed by the selling Clearing Member in writing [Sample letter format in Appendix 6].
- 2) the selling Member taking corrective action by buying failed Securities from the market between T and SD; or
- 3) mandatory Buy-in invoked by Nasdaq Dubai between 3:30 pm and 3:45 pm on SD+2.
- 4) If the delivery obligation on the Selling Clearing Member is not resolved by the corrective action in 1 –3 above, the affected buyer will be entitled to a Cash Settlement Replacement Amount in lieu of delivery of Securities.
- 5) The Cash Settlement Replacement Amount will be calculated on SD+2 and settled on SD+3.
- 6) The selling Clearing Member that failed to resolve the Unconfirmed Transaction will be liable for payment of the difference between the Cash Settlement Replacement Amount and value of the Unconfirmed Transaction.
- 7) Nasdaq Dubai will debit the selling Clearing Member's Settlement Bank account and credit the buying Clearing Member's Settlement Bank account by the value of the difference between the Cash Settlement Replacement Amount and value of the Unconfirmed Transaction on SD+3 by 10:00 am.
- 8) Cash and Securities settlement of all trades linked to the original sell trade will remain unsettled until either the Securities are made available by the selling Member (via a reversal/ mandatory Buy-In /market buy) or the payment of the Cash Settlement Replacement Amount as calculated in section 5.4.4.

Note: Linked buy trades that were due to settle before the Selling Member resolved its delivery obligation would be rescheduled to settle on the day the required securities are made available.

5.4.2 Managing Unconfirmed Transactions using the late confirmation window

1. Buy transactions:

1. Custodians acting as Settlement Agents as set out under Nasdaq Dubai's CSD Terms and Conditions for Custodians will have the right to reject buy transactions until 10:00 am on SD. The Clearing Member will make payments for all settlement obligations for such rejected transactions.
2. Shares pertaining to such rejected transactions will be credited to the Client Buy Rejection Account under the control of the Trading Member as detailed in the document titled "Information on Operational Enhancements to Clearing and Settlement Model" provided earlier by Nasdaq Dubai.
3. The Late Confirmation period for buy trades will be from 10:15 am on SD (after completion of securities settlement) until 2.00 pm on SD+2.
4. The executing Member must transfer the rejected purchased securities from the Client Buy Rejection Account to the Member Buy Rejection Sellout Account no later than 3 market days after SD ie.SD+3 if the Custodian client fails to confirm settlement of the rejected buy trade by 2.00 pm on SD+2.
5. Any gains from the sale shall be paid to Nasdaq Dubai. Gains shall include any cash or securities corporate actions. Where a securities corporate action applies, the Member shall sell the corporate action securities and determine any gains on a 'full-picture' basis i.e. Total proceeds from sale of principal trade plus disposal of corporate action securities, versus the original traded value, to determine the net gain.

2. Sell transactions:

1. Custodians must confirm to Nasdaq Dubai all Unconfirmed Trades. The Custodian must report this information to Nasdaq Dubai and the executing Trading Member/Clearing Member by 10:00 am on SD, via an email containing the relevant transaction details. Nasdaq Dubai will not accept any instructions after this time (sample letter included in Appendix 6). The cash and securities settlement obligations of the rejected sell trade will be transferred to the selling Member's Sell Rejection House Account
2. If the selling Member does not have sufficient balance in the Member Sell Rejection House Account, Nasdaq Dubai will create a negative balance of securities in the Member Sell Rejection House Account and retain the cash proceeds until resolution of the rejected trade.
3. Nasdaq Dubai will apply the 'Pending' status flag on the securities held under the Custodian client Agent Trading Account until resolution of the rejected trade. The 'Pending' status means that the Custodian client will not be entitled to corporate actions and cannot re-sell the securities.
4. There are 5 ways to resolve the sell rejection if the selling Member does not have sufficient balance in their Sell Rejection account:
 - a. Late Confirmations: The client can send matched settlement confirmations to the Custodian to confirm settlement by SD+2 provided the selling Member has not settled the rejected trade;
 - b. Purchase of securities directly from market: The Selling Member can purchase securities directly in the market by SD (for settlement on SD+2);
 - c. Optional Buy-in between SD and SD+1: The selling Member can utilise the buy-in mechanism between SD and SD+1 to purchase securities for immediate settlement;
 - d. Mandatory buy-in by Nasdaq Dubai: If the selling Member fails to resolve the sell rejection by SD+2, a mandatory buy-in against the selling Member will be invoked by Nasdaq Dubai on SD+2; and
 - e. Mandatory Cash Settlement Replacement against the selling Custodian client: If the mandatory buy-in against the selling Member fails, a Cash Settlement Replacement amount as mentioned in section 5.4.4 will be calculated against the remaining unsettled quantity on SD+2 against the Custodian client at the original traded price.

5.4.3 Managing Settlement failure caused by Market Making activity

To improve efficiency in Market Makers activity, Nasdaq Dubai will allow Market Makers to execute sell trades without pre-validation of Security balances. Market Makers are reminded of the Short Selling rules in Nasdaq Dubai Business Rules, Rulebook 1, Section 4.19.

Any failure to settle delivery obligations on the SD within the settlement deadline published in Nasdaq Dubai Clearing, Settlement and Risk Management Procedure for Securities will be subject to the following procedures:

1. Buying Securities from the market until SD and notifying Nasdaq Dubai of such action to close out the open position.
2. Member may utilize the optional buy-in auction mechanism between 3:30 pm and 3:45 pm on SD and SD+1 to purchase securities for immediate settlement; The maximum buy-in price permitted for new offer in this auction window will be the daily closing price (duly adjusted for any relevant corporate actions) plus fifteen percent.
3. If the buy position as explained in step 1 above fails to settle on its SD, the original unsettled position on SD+2 will be resolved through a mandatory Buy-in invoked by Nasdaq Dubai between 3:30 pm and 3:45 pm on SD+2. The maximum Buy-in price permitted in this auction window will be the daily closing price (duly adjusted for any relevant corporate actions) plus fifteen percent.

4. If the mandatory Buy-in fails to meet the Security shortage, the affected buyer will be entitled to a Cash Settlement Replacement Amount as calculated in section 5.4.4 in lieu of delivery of Securities.
5. The Member that failed to deliver Securities will be liable for payment of the difference between the Cash Settlement Replacement Amount and the value of the unsettled trade obligation. Nasdaq Dubai will pay this difference to affected buyer.
6. Penalties for Settlement delays: If a Member causes a Settlement failure on SD on account of a Market making activity, for USD listed securities there will be a penalty of USD100 or 0.05% of the Settlement value of the failed obligation, whichever is higher. For AED listed securities there will be a penalty of AED 367 or 0.05% of the settlement value of the failed obligation, whichever is higher. This penalty will be in addition to any other fees, charges and costs associated with the failure and as levied by Nasdaq Dubai.

5.4.4 Calculation of Cash Settlement Replacement Amount

Cash Settlement Replacement Amount is calculated using following formula:

Cash Compensation Reference Price x quantity of Securities not delivered + market fees (i.e. Trading and Clearing fees as published on Nasdaq Dubai website)

Whereby the Cash Compensation Reference Price is the higher of:

- i. the Security's highest traded price on Nasdaq Dubai on SD+2; or if the Security does not trade on SD+2, the highest traded price shall be the SD+2 Closing Price; and
- ii. the original trade price of the failed trade.

In the event of mandatory Securities corporate actions where the entitlement date occurs on or before SD+2, (e.g. splits, consolidation, bonus issue, etc.), the Cash Compensation Reference Price shall be the higher of:

- i. the Security's highest traded price on SD+2 adjusted for the corporate action (if the Security does not trade on SD+2, the highest traded price shall be the SD+2 Closing Price adjusted for any corporate action); and
- ii. the original trade price of the failed trade.

Further operational details on the above procedures are detailed in the Appendixes 2 through 6.

6 Risk management procedure

6.1 The Daily Trading Limit

1. The daily trading limit for an Individual Clearing Member at the start of a trading day is determined by the daily trading limit rate, as published by Nasdaq Dubai, and the value of the bank guarantee and/or cash deposited with Nasdaq Dubai in a designated Margin account to meet its margin requirement. The daily trading limit of a Trading Member at the start of the trading day is determined by the daily trading limit rate and the value of the bank guarantee and/or cash deposited by the General Clearing Member to meet its margin requirement.
2. All buy trades and non-pre-validated sell trades of an Individual Clearing Member's clients are validated against the daily trading limit of the Individual Clearing Member. All buy trades and non-pre-validated sell trades of Trading Members are validated against the General Clearing Member's daily trading limit. The Individual Clearing Member, and the General Clearing Member may, at any time (subject to approval procedures below), deposit an additional bank guarantee and/or cash with Nasdaq Dubai to increase the daily trading limit
3. During the trading day, the daily trading limit for Clearing Members is determined based on the daily trading limit rate published by Nasdaq Dubai. Buy trades and non-pre-validated sell trades would be deducted from the collateral provided by the Clearing Member at the daily trading limit rate, thus the maximum buy and non-pre-validated sell trades that can be executed would be calculated as follows = $\frac{\text{Member collateral}}{\text{Daily Trading Limit rate}}$. For example; for collateral of USD 1,000,000 and a daily trading limit rate of 10%; the maximum buy and non-pre-validated sell trades that can be executed would be $\frac{\text{USD } 1,000,000}{10\%} = \text{USD } 10,000,000$. The daily trading limit is adjusted on a real-time basis, based on the value of trades (i.e. matched orders).
4. Cash obligations for trades executed in USD listed securities will be in USD and in AED for trades executed in securities listed in AED, daily trading limit will be calculated in AED, irrespective of the currency in which bank guarantees or cash are provided. All cash obligations will be calculated in AED for application to compare with daily trading limit. The exchange rate used for such conversion will be USD1 = AED 3.67.
5. Generally, the daily trading limit at the start of the previous trading day is rolled-over as the daily trading limit for the next trading day. For example, if the daily trading limit for the previous trading day was AED 100 million, then the daily trading limit for the next trading day would begin at AED 100 million. However, Nasdaq Dubai has the discretion to not roll-over the full value of the previous trading day's daily trading limit for a specific Clearing Member on a case-by-case basis. Nasdaq Dubai will inform the Clearing Member, should it decide to take such action.
6. The bank guarantee (plus any additional cash) provided by a General Clearing Member at the start of a trading day is used to determine the daily trading limit for the validation of buy trades and non-pre-validated sells of all its associated Trading Members.
7. A General Clearing Member is responsible for monitoring the exposures of its Trading Member(s) and may instruct Nasdaq Dubai to suspend any of its Trading Members from trading. A General Clearing Member will remain liable for outstanding cash settlement obligations arising from the Trading Member's activities before the suspension is effective.

Note: Currently Nasdaq Dubai only provides Market Makers with the ability to sell non-pre-validated positions

Examples of how the daily trading limit is adjusted daily:

T day:				
Activity	Transaction value	Value deducted from the daily trading limit (10%)	Collateral Available	Note
Collateral held in Margin account			1,000,000	
Matched buy order	-1,000,000	-100,000	900,000	Transaction value*daily trading limit of 10%
Matched Sell order (pre-validated)	3,000,000	0	900,000	
Matched buy order	-3,000,000	-300,000	600,000	
Existing Buy order triggered for matching	-8,000,000 (cancelled)		Order triggered for matching will be cancelled. Other open orders remain as-is till they are triggered for matching	Once daily trading limit value is met , no new buy orders and non-pre-validated sells are accepted
Trading system will not allow any new buy orders				
Member must increase daily trading limit immediately with additional cash/ bank guarantee to continue trading				
T+1: daily trading limit refreshed to AED 1,000,000				

Example for Market Makers:

T day:				
Activity	Transaction value	Value deducted from the daily trading limit (10%)	Collateral Available	Note
Collateral held in Margin account			1,000,000	
Matched buy order	-1,000,000	-100,000	900,000	Transaction value*daily trading limit of 10%
Matched Sell order (non-pre-validated)	3,000,000	-300,000	600,000	If a Market Maker and executing a short sell
Matched buy order	-5,000,000	-500,000	100,000	
Matched sell order (pre-validated)	2,000,000	0	100,000	
Matched buy order	-1,000,000	-100,000	0	

Existing Buy order triggered for matching	-2,000,000 (cancelled)		Order triggered for matching will be cancelled. Other open orders remain as-is till they are triggered for matching	Once daily trading limit value is met , no new buy orders and non-pre-validated sells are accepted
Trading system will not allow any new buy orders				
Member must increase daily trading limit immediately with additional cash/bank guarantee to continue trading				
T+1: daily trading limit refreshed to AED 1,000,000				

6.2 Breach of Daily Trading Limit

1. If an Individual Clearing Member reaches its daily trading limit during the trading day, no new Orders can be created and existing Orders are cancelled and can only be re-entered once the daily trading limit is increased.
2. If a General Clearing Member reaches its daily trading limit during the trading day, no new Orders can be created by the Trading Members associated with that General Clearing Member and existing Orders are cancelled and can only be re-entered once the daily trading limit is increased by the General Clearing Member.
3. Although Nasdaq Dubai will inform the Clearing Member when it has reached the daily trading limit, the Clearing Member remains responsible for its own compliance (and the compliance of its Trading Members in case of a General Clearing Member) with the daily trading limit requirements.
4. Any breach of the daily trading limit during the trading day must be remedied immediately by the Clearing Member. The Clearing Member has the option of lodging additional cash or bank guarantee. Members may contact Nasdaq Dubai for bank account details to replenish the daily trading limit.
5. To replenish the daily trading limit, or to place cash in lieu of bank guarantee, cash shall be lodged into the Nasdaq Dubai bank account detailed below. The Nasdaq Dubai clearing team must be informed of such deposit at clearing@nasdaqdubai.com

USD Account details

Account number	01 1019082 03	0594176657610
IBAN number	AE600440000101101908203	AE560260000594176657610
Beneficiary Bank	STANDARD CHARTERED BANK, DIFC	EMIRATES NBD BANK
Beneficiary Bank Swift Address	SCBLAEADDIF	EBILAEADXXX
USD Correspondent Bank	STANDARD CHARTERED BANK NEW YORK	-
Correspondent Bank Swift Address	SCBLUS33XXX	-

AED Account details

Account number	01 4218787 03	0594176657609
IBAN number	AE390440000001421878703	AE830260000594176657609
Beneficiary Bank	STANDARD CHARTERED BANK, DUBAI	EMIRATES NBD BANK
Beneficiary Bank Swift Address	SCBLAEADXXX	EBILAEADXXX
AED Correspondent Bank	CENTRAL BANK OF UAE	-
Correspondent Bank Swift	CBAUAEAXXX	-

6.3 Margin requirement for clearing members

Additional Margin deposits of cash or bank guarantees may be requested by Nasdaq Dubai, beyond the provided collateral, if Nasdaq Dubai determines that the situation requires additional Margin to mitigate its risk from Members default.

If a Clearing Member's net cash payment obligation from all trades executed (including trades executed for Custodian's clients) exceeds the value of its collateral, Nasdaq Dubai will require additional collateral to cover the market risk for this cash payment obligation.

For example:

Net buy obligation:

Details	Value
Buy cash obligation	(USD 20,000,000)
Sell cash obligation	USD 10,000,000
Net Obligation (USD 20,000,000 – USD 10,000,000)	(USD 10,000,000)
Margin required (e.g. 20% *10,000,000)	USD 2,000,000
Collateral provided	USD 1,000,000
Margin Call (Collateral – required margin) (USD1,000,000 – USD2,000,000)	USD 1,000,000

Net sell obligation:

Details	Value
Buy cash obligation	(USD 10,000,000)
Sell cash obligation	USD 20,000,000
Net obligation (USD 10,000,000 – USD 20,000,000)	USD 10,000,000
Margin required (e.g. margin rate of 20%)	USD 0

Collateral provided	USD 1,000,000
Margin Call (Collateral – required margin) (USD 1,000,000 – USD 0)	USD 0

Obligation nets off:

Details	Value
Buy cash obligation	(USD 10,000,000)
Sell cash obligation	USD 10,000,000
Net obligation (USD 10,000,000 – USD 10,000,000)	USD 0
Margin required (e.g. margin rate of 20%)	USD 0
Collateral provided	USD 1,000,000
Margin Call (Collateral – required margin) (USD 1,000,000 – USD 0)	USD 0

Examples for Market Makers:

Net buy obligation:

Details	Value
Buy cash obligation	(USD 20,000,000)
Sell cash obligation	USD 10,000,000
Net obligation	(USD 10,000,000)
Margin required (e.g. 20% *10,000,000)	USD 2,000,000
Collateral provided	USD 1,000,000
Margin Call (Collateral – required margin) (USD1,000,000 – USD2,000,000)	USD 1,000,000

Net sell obligation:

Details	Value
Buy cash obligation	(USD 10,000,000)
Sell cash obligation	USD 18,000,000
Net obligation	USD 8,000,000
Margin required (e.g. 20%*8,000,000)	USD 1,600,000
Collateral provided	USD 1,000,000

Margin Call (Collateral – required margin) (USD1,000,000 – USD 1,600,000)	USD 600,000
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At Nasdaq Dubai's discretion, Nasdaq Dubai may accept requests to provide additional leverage after considering Members track record, market risk and margin requirements from such Members.

Nasdaq Dubai will calculate the additional margin required by considering the volatility of the security. Margin rates are published on the Nasdaq Dubai website on a weekly basis.

6.4 Intra-Day Margin

In certain circumstances (including but not limited to the accumulation of a larger than usual obligation by a particular Clearing Member or unusually large market movements), Nasdaq Dubai may recalculate the Margin requirements for any or all Clearing Members and require the Clearing Members to provide intra-day Margin accordingly. The timing for complying with such intra-day Margin requirements shall be as notified to the Clearing Member at the time a request for Margin is notified. Clearing Members should ensure that they pay the intra-day Margin within the deadline set for it.

6.5 Margin requirement and limits for outright transactions

For the purposes of this analysis, "Outright Transaction" is defined as a single, large value transaction between different Clearing Members that increases Nasdaq Dubai's settlement risk from its Clearing Members.

Any such Outright Transaction that increases a Clearing Member's obligation is to be limited to USD 20 million (or equivalent). Any transaction above this limit will require Nasdaq Dubai's prior approval before execution. Nasdaq Dubai will approve such a transaction subject to the availability of 100% upfront cash collateral to cover the excess over the set limits. Nasdaq Dubai reserves the right to reject any such transaction executed without prior approval.

Example: If Members intend to enter into an Outright Transaction worth USD 28 million with a different counterparty, such Members shall seek prior approval from Nasdaq Dubai and make necessary arrangements to place USD 8 million in cash collateral with Nasdaq Dubai (USD 28 million – USD 20 million).

6.6 Margin requirement for large cash exposure

Nasdaq Dubai will continue to Margin a Clearing Member's obligation post trading. However, if the Clearing Member's net cash exposure to the Nasdaq Dubai CCP exceeds USD 20 million (or equivalent), then Nasdaq Dubai reserves the right to call up to 100% cash collateral for such excess.

Example: If a Member's net cash payment obligation is USD 25 million, Nasdaq Dubai's margin requirement will be calculated as follows:

USD 4 million to be covered by Bank Guarantee or cash (i.e 20% on USD 20 million)

USD 5 million to be covered by cash collateral (100% X (USD 25 million - 20 million))

Members are required to post the stated margins on T+1 by 10:30 am. However, Nasdaq Dubai reserves right to request upfront collateral before execution of any such transaction that carries large exposure for Nasdaq Dubai.

6.7 Margin release

Clearing Members may request the withdrawal of those assets which are not required to meet the Margin requirement. In order to be eligible for such release of Margin on the same day, any such requests must be made to Nasdaq Dubai prior to 3.00pm. If approved, Margin will be released on the same day on a best effort basis, after considering the end of day margin requirements, and no later than next business day which is not a currency settlement holiday by 8.00pm.

6.8 Interest on cash margin

Cash Margin held at Nasdaq Dubai shall be transferred to the Margin Account in the name of Nasdaq Dubai at the Clearing Bank. Nasdaq Dubai will pay interest on cash margin provided the margins are reinvested and Nasdaq Dubai receives interest. The interest will be calculated on a monthly basis and credited on a quarterly basis to the funds held by Nasdaq Dubai as Margin of the Clearing Member.

The interest to be credited by Nasdaq Dubai to a Clearing Member on cash Margin shall be equal to the amount of interest which Nasdaq Dubai receives in respect of such cash Margin less the spread. No interest shall be paid on cash Margin which is less than USD 1,000,000 for cash margin held in USD and AED 1,000,000 for cash margins held in AED. Nasdaq Dubai will specify the minimum cash margin amount eligible for interest and the spreads in the Margin Notices..

If Cash Margin held by Nasdaq Dubai is more than USD 1,000,000 or AED 1,000,000, Nasdaq Dubai will pay interest to Clearing Member only on amount in excess of USD 1,000,000 for USD cash and AED 1,000,000 for AED cash.

<u>Cash Margin Amount in USD</u>	<u>Spread</u>
Between USD 1,000,000 and USD 9,999,999	0.50%
USD 10,000,000 or more	0.25% [on the amount exceeding USD 9,999,999]
<u>Cash Margin Amount in AED</u>	<u>Spread</u>
Between AED 1,000,000 and AED 24,999,999	0.50%
AED 25,000,000 or more	0.25% [on the amount exceeding AED 24,999,999]

6.9 Collateral submission

The Cash Margin should be deposited by the Clearing Member in the Settlement Bank. The Clearing Member's Settlement Bank in turn will transfer it to Nasdaq Dubai's Margin Account at the Clearing Bank. Bank guarantees shall be lodged with Nasdaq Dubai by the Clearing Member.

6.10 Bank guarantee procedures for clearing members

1. Each Individual Clearing Member or Settlement Agent is required to obtain a bank guarantee and/or deposit cash before it is permitted to trade Nasdaq Dubai securities. General Clearing Members are required to obtain a bank guarantee before the Trading Members associated with the General Clearing Member are permitted to trade. The bank guarantee must be substantially in the format prescribed by Nasdaq Dubai. If

a Member does not wish to obtain a bank guarantee, it may deposit cash as Eligible Margin, up to the amount of the desired daily trading limit.

2. A bank guarantee can be provided in AED or USD. Each Clearing Member may determine the minimum value of its bank guarantee and/or cash, provided that no Member may commence trading with collateral less than AED 1,000,000 or an amount otherwise approved by Nasdaq Dubai based on the Member's historical and expected trading volumes.

Subject to exposure and concentration limits, Nasdaq Dubai will generally accept bank guarantees from the banks licensed by UAE Central Bank. Clearing Members or Settlement Agents are requested to seek approval from Nasdaq Dubai before securing a bank guarantee, from one of these banks, as exposure and concentration risks may fluctuate. Any Member or Settlement Agent's request for bank approval must state the name of the bank, the jurisdiction of licensing and incorporation, and the expected monetary amount of the bank guarantee. If the Clearing Member or Settlement Agent does not seek approval in advance, it is possible that Nasdaq Dubai will reject the bank guarantee based on risk assessment.

3. Nasdaq Dubai will inform the Clearing Member or the Settlement Agent in writing whether the issuing bank is acceptable.
4. Nasdaq Dubai no longer accepts bank guarantees for a Clearing Member issued by a party related to such Clearing Member (such as a parent entity or an entity that is a Member of the same financial group of companies).
5. No alterations in bank guarantee value can be made once a bank guarantee is lodged. If any alterations are required, a new bank guarantee will be required. Nasdaq Dubai may at its sole discretion, approve a request to issue an alteration to a bank guarantee value without the need for a new bank guarantee.
6. Valuation of bank guarantees will generally be calculated at face value. However, Nasdaq Dubai reserves the right to apply haircuts in some instances, based on its risk assessment.
7. Bank guarantees must have a minimum validity of one year and will be automatically renewed for a further period of one (1) year upon the expiry of such period and each period of one (1) year thereafter, unless a written notice of termination is issued by the Bank at least ninety (90) days before expiry of the current validity period. The written notice of termination of the Bank Guarantee shall not be effective without the written consent of the Beneficiary.
8. Individual Clearing Member(s) as well as Trading Members which clear through a General Clearing Member will be suspended from trading three trading days before the termination of the Bank Guarantee.
9. Apportionment of the value of the bank guarantee for each market segment of Nasdaq Dubai may be made by Clearing Members through a prescribed form (Form B1 – Bank Guarantee Allocation Form) available on the Nasdaq Dubai website. This means that one bank guarantee lodged with Nasdaq Dubai, can be used to cover margins for equities and derivatives
10. To withdraw a bank guarantee lodged as Eligible Margin, the Clearing Member or Settlement Agent must submit a written request to Nasdaq Dubai stating the withdrawal date, the reasons for the withdrawal, and the Clearing Member's plans to cover Margin going forward or suspend trading privileges (subject to the terms stated on the Bank Guarantee).

Nasdaq Dubai will permit the withdrawal of a bank guarantee only upon replacement of Eligible Margin is submitted in a form of cash or another bank guarantee.

11. Bank guarantees shall be payable by the issuing bank to Nasdaq Dubai on demand. Nasdaq Dubai may demand the amount guaranteed in case of :
 - a. An actual or anticipated Event of Default as set out under Business Rule 10.1
 - b. A Declared Default as set out under Rule 10.2
 - c. Any other failure from Clearing Members to fulfill its obligation
12. The following documents are available on the Nasdaq Dubai website under Procedures section:
 - a. Bank guarantee Allocation Form – For allocating Bank Guarantee between Equities and Derivatives
 - b. Bank Guarantee Letter format

6.11 Cash settlement failure penalty

Upon the occurrence of delay in cash settlement on the Settlement Date (T+2), Nasdaq Dubai may, in its sole discretion, levy daily penalties and impose trading suspensions upon the Clearing Member as follows:

1. **Case 1:** If the Clearing Member does not settle either the full or partial amount of its settlement obligation at the Settlement Bank by 12:00 pm and the next day's (S+1) settlement obligation (resulting from T+1 transaction) is adequate to cover the amount due in addition to penalties levied, there will not be any Trading suspensions. However a financial penalty will be imposed from 12:30 pm and on S+1 the net amount after deducting unpaid settlement amount and penalties will be settled. (This action is subject to the Clearing Member having previous good track record and approval by Nasdaq Dubai management).
2. **Case 2:** If the Clearing Member does not settle either the full or partial amount of its settlement obligation at the Settlement Bank by 12:00 pm and the next day's (S+1) settlement obligation is insufficient to cover the amount due, the following action may be taken by Nasdaq Dubai:
 - If the Clearing Member does not settle the full amount of its dues at the Settlement Bank by 12:00 pm, the Clearing Member and any Trading Member(s) associated with a General Clearing Member may be suspended from buy side trading (suspended from buying and only allowed to sell Securities) at 12:30 pm, in addition to the financial penalty .
 - If the Clearing Member settles a partial amount of its settlement obligation at the Settlement Bank of between 0% to 50% of the amount due, the Clearing Member and any Trading Member(s) associated with a General Clearing Member may be suspended from buy side trading (suspended from buying and only allowed to sell Securities) from next trading day, in addition to the financial penalty.
 - If the Clearing Member settles a partial amount due at the Settlement Bank of more than 50% of the amount due, the Clearing Member and any Trading Member(s) associated with a General Clearing Member may be suspended from buy side trading (suspended from buying and only allowed to sell) at 10:30am, in addition to the financial penalty.
 - If the Clearing Member fails to pay until S+1 the Clearing Member and any Trading Member(s) associated with a General Clearing Member will remain suspended until the full amount is paid and a fine of double the value of the financial penalty will be levied.

3. Failure by Custodians to pay settlement obligations on behalf of Clearing Members

If the Custodian fails to make timely payment of a cash obligation in its role as a Settlement Agent, Nasdaq Dubai will levy the same penalties on the Custodian. When suspended, Trading Members will not be able to buy for clients of suspended Custodian.

Clearing Members' and Custodians' as Settlement Agents financial penalty amount in case of cash Settlement Fail until 12:00 pm is as follows:

Settlement amount range (in USD) or equivalent*	Fines (in USD)	Fines (in AED)
1 - 5,000,000	2,500	10,000
5,000,001 - 10,000,000	5,000	20,000
10,000,001 - 15,000,000	7,500	30,000
15,000,001 - 20,000,000	10,000	40,000
20,000,001 - 25,000,000	12,500	50,000

* The exchange rate used for such conversion will be USD1 = AED 3.67.

1. The fine is increased by USD 2,500 or AED 10,000 for each USD 5,000,000 of settlement amount.
2. Financial Penalty of USD 1,500 or AED 5,000 may be imposed in case the Clearing Member fails to meet a margin call of USD 15,000 or more by maximum 10:30 am on (T+1).
3. Nasdaq Dubai has the right to levy additional charges due to late settlement.

Penalties mentioned above are summarized as follows:

#	Settlement scenario	Next business day position: due to Nasdaq Dubai (-) due from Nasdaq Dubai (+)	Action	Penalties (from 10.30am)
1	Any Settlement Fail sum	If + > settlement fail sum	No suspension subject to: (i) CM having previous good track record; (ii) Approvals by Nasdaq Dubai management.	✓
2	Full Settlement Fail sum	- or if + < Settlement Fail sum	Suspension commencing from 12.30pm	✓
3	Settlement Fail sum ≤ 50%		Suspension commencing from next trading day	✓
4	Settlement Fail sum >50% to ≤ 100%		Suspension commencing from 12.30pm	✓

7. Clearing and settlement reporting mechanism for securities

Relevant trading and settlement reports will be placed in a folder which can be accessed by participants via ftp. Nasdaq Dubai uses a JSCAPE Secure FTP protocol called FTPES i.e. FTP forced explicit over SSL. This solution allows Members to transfer files from Nasdaq Dubai, servers to client system, using SSL authenticated (i.e. PKI Certificate) and transport encrypted sessions (i.e. TLS encryption protocols). The sessions can be via HTTPS from a web browser or via a traditional FTP client that supports FTPES.

AVAILABLE REPORTS

1. Intraday Trade Report

This report is generated at regular intervals (15 minutes) with details of all trades executed by Trading Member. This report will have incremental trades, i.e. trades executed in last 15 minutes. If there are no trades executed in last 15 minutes, this report will not be generated. Trades can also be seen Intraday on Clearing system (Equator)

Available to: Clearing Members

2. End of Day Trade Report

This report is generated at end of trading day (by 4.00pm) with details of all trades executed by Trading Members.

Available to: Trading Member, Clearing Members, Custodians (for trades executed by their clients)

3. Fees Details Report

This report is generated at end of trading day (by 4.00pm) with details of executed orders and market fees charged on those orders.

Available to: Trading Member, Clearing Members, Custodians (for trades executed by their clients)

4. Investor Position Report

This report is generated at end of trading day (by 4.00pm) with details of positions in investor accounts of Members and Custodians.

Available to: Trading Member, Clearing Members, Custodians

5. Buy-in Trade log

The buy-in process is handled in the Matching Engine system as a result of which the bid and offer details will be available in the Member back office. Brokers can extract the buy-in trades along with the market trades from Matching Engine. For clearing members/custodians who are not connected to Matching Engine system, CSD provides the details to the Member via email so that the transaction details are available with the Member for his reconciliation process. The buy-in trade log is generated after the buy-in execution process, which is 4:00pm Dubai time and it contains the executed bid and offer details. Details on the format of the buy-in trade log can be found in Appendix 2 of this document.

8. Off market transaction

The Nasdaq Dubai CSD provides a facility to its account holders to enter off-market trades in the CSD system, where there is no change in BO (beneficial ownership). Off-market trades are trades which are not entered through the Central Order Book and are not required to be reported to Nasdaq Dubai pursuant to its Business rule. CSD account holders such as Clearing Members and Custodians can enter off-market transactions. Unlike on-exchange trades, off-market trades are not anonymous and are not novated by the CCP. The buyer and the seller enter bilateral trade details in the CSD system. The system matches the trades on the basis of the following validations:

1. ISIN Code
2. Quantity
3. NIN number
4. Trade Date
5. Settlement Date
6. Settlement Cycle
7. Settlement Amount (with a USD 25 & AED 100 tolerance)
8. Account Number

Settlement of Off-market trades is on a gross-gross basis. CSD participants can specify the settlement date for off-market trades in which case, the actual movement of securities will happen only on the given day. On the scheduled settlement day, the CSD checks and reserves for available balances of security in the Member account until EOD. In cases where settlement of the OTC trade is pending due to inadequate securities, Nasdaq Dubai allows the said trade to be carried forward up to 10 business days after the original settlement date. This is facilitated through a re-trigger mechanism for securities settlement.. It should also be noted that in respect of trades which have been carried forward for settlement and eventually settling on a future date, only the original settlement date will be displayed in the Nasdaq Dubai system and not the actual settlement date.

9. Custody of securities

9.1 Securities safekeeping procedures

Investors who do not wish to deal with their securities can transfer their securities to the CSD sub-account for safekeeping where no one will have access to them without the investor's express permission. The CSD will not process any request to transfer the securities to a Trading Member or between Trading Members or to another investor account without obtaining the investor's signature on the required forms.

However, requests received from legal authorities such as a Court are complied with. Such request might involve pledging or selling the securities, and investor's approval on such requests is not required.

9.2 Reconciliation of securities in the CSD

Nasdaq Dubai reconciles Issuer balances on a daily basis after completion of security settlement and CSD transfer window. Such reconciliation involves verification of total security balances in CSD account, and reasons for differences if any.

At the time of applying corporate action such as bonus allocation and stock split, the CSD shall provide listed companies with different type of reports for checking purpose and for confirmation. The CSD provides the secondary listed companies with shareholders' register, and other trade reports on an ad hoc basis.

When executing a deposit and withdrawal for a secondary listed company, the Nasdaq Dubai CSD shall send a confirmation letter to the listed company's registrar confirming the action and the total number of securities deposited/withdrawn at Nasdaq Dubai as on that date.

When executing any type of ownership transfer for foreign investors, the Nasdaq Dubai CSD checks on the foreign ownership percentage before accepting any type of transfer for this category to avoid exceeding the foreign ownership limit specified by the listed company.

9.3 Transfer of securities between CSD accounts

1. Transfers effecting no change in beneficial ownership

Nasdaq Dubai allows transfers between the CSD Accounts where such transfer do not constitute a change in beneficial ownership. Nasdaq Dubai reserves the right to request documentary evidence to establish that such transfer does not constitute a change in beneficial ownership.

To facilitate the aforementioned transfer requests, Nasdaq Dubai requires the transfer request to be completed in full by the Custodian or Member. Relevant transfer forms shall be made available on Nasdaq Dubai website. Generally, the above transfer requests will be completed in 1 business day after verification of relevant supporting documents. However, requests received before 1 pm UAE time will be processed on a best efforts basis within the same business day. Any request received after 1 pm UAE time will be processed the next business day before market opens.

CSD Transfers are subject to fees, as published in Nasdaq Dubai price list and updated from time to time. Nasdaq Dubai encourages all omnibus account holder to be registered as Custodian with Nasdaq Dubai, or hold their CSD account through Nasdaq Dubai approved Custodian. Any transfers affected through omnibus accounts not registered through Nasdaq Dubai custodian shall be charged at a market fees as published in Nasdaq Dubai price list.

Please note that if Custodian or Nasdaq Dubai Member is involved in facilitating off-order book transaction, then such trade shall be reported to Nasdaq Dubai through the Central Order Book in accordance with procedure mentioned in Trading Manual.

2. Transfers effecting changes in beneficial ownership

Nasdaq Dubai generally will not accept any transfer request between different beneficial owners, with the following exceptions:

- a. Family transfers among relatives to the second degree.
- b. Transfers by inheritance (heirs account, account of each heir).
- c. Transfer from a company to a partner and vice versa.
- d. Transfer from parent company to subsidiary / affiliate.
- e. Transfer from a joint account to one of the parties and vice versa.
- f. Judicial transfers (by receiving court order).
- g. Transfer from founder to another founder.
- h. Transfer from a board Member to another.
- i. Assignments (purchase and sale transactions) made before market opening or after the opening in case of new listing and that according to the company's laws and regulations.
- j. Transfer for the purpose of Global Depository receipts/Depository Interest conversion.
- k. Transfers to facilitate stock lending and borrowing arrangements subject to valid confirmation from instructing Custodian or Member.
- l. Any other transfer, specifically approved by Nasdaq Dubai.

The above transfers are allowed with relevant evidence of the purpose of transfer. Nasdaq Dubai reserves the right to reject the transfer request if such rejection is necessary to enforce any right it has under the Terms and Conditions, the Operating Procedures or any other agreement with an account holder.

CSD transfers are subject to fees, as published in Nasdaq Dubai price list and updated from time to time.

9.4 Withdrawal and deposit of securities out of and into the CSD (mark up & mark down)

CSD account holders will be able to move shares across different markets or create/withdraw ADR/GDR products through the Transfer process available in the CSD system.

In case of a deposit/credit ("Mark Up") to the CSD account, the CSD will receive an instruction from the Foreign Registrar/DR Agent Bank giving the necessary details for the transfer including NIN, Account No., ISIN and quantity to be credited. The CSD will process the transfer request and credit the relevant account of the investor as a 'stock adjustment'. After duly completing the transfer, the CSD will inform the new balances to the Foreign Registrar/DR Agent.

In the case of a withdrawal/debit ("Mark Down") of securities to a CSD account, the account holder will submit a duly filled out form for such withdrawal to the CSD giving the details of the source and target account details among other details. CSD will verify the form and proceed with debiting the account of the account holder to the extent of securities marked-down through the stock adjustment screen. The CSD will then inform the concerned Registry/DR Agent of the debit to the Nasdaq Dubai CSD account holder and request for transfer of the securities to the recipient beneficiary as stated in the withdrawal form. After processing the request, the Registry/DR Agent will confirm the debit to the Nasdaq Dubai CSD.

Detailed instruction on cross border transfer of securities can be obtained from Appendix 1.

9.5 Blocking of securities

Nasdaq Dubai may block securities or cash to be credited to, or standing to the credit of a CSD account holders account if Nasdaq Dubai in its sole discretion determines that such blocking is necessary to enforce any right it has under the Terms and Conditions, the Operating Procedures or any other agreement with a Participant.

9.6 Pledging of securities

Nasdaq Dubai will require the duly filled in Pledge creation form along with the supporting documents as mentioned in the form along with the applicable fees. (For Pledge creation form please contact Nasdaq Dubai CSD team on +971 04 305 5135).

The securities to be pledged must be in the CSD account of the pledgor and must be freely available for pledge creation.

Nasdaq Dubai will open a special account for the pledgee under the NIN of the pledgor and credit the pledged securities to this account.

Nasdaq Dubai will implement the pledge and send a confirmation letter to the pledgee on the same day on best effort basis or the next day for all valid requests received. After a pledge is created, the pledgor will have no access to these securities.

To release a pledge, the pledgee will send a formal letter to CSD indicating details of pledge and number of pledge shares to be released.

9.7 Corporate actions

1. Sources of corporate action information

Corporate Action details are received from the Issuer/agent and Nasdaq Dubai Members are informed of the same via the cap announcement system. On receipt of the information Nasdaq Dubai will set up the security corporate action event in the Equator system. The following is the summarized process of some key corporate actions. Additional details and details for other types of corporate action will be provided to participants before such corporate action is processed.

2. Methods to be used by CSD to accept corporate action instructions from the depositors

Nasdaq Dubai CSD applies the Issuer's instructions and it gets actioned on the record date. The CSD will provide the listed company with the share book and other related reports required as evidence of applying the action. The action takes place at the CSD account where securities are available.

3. Distribution of cash dividends:

The information for the event cash dividend is received from the Issuer / agent and all the Members are informed of the same via the CAP Candi system. On receipt of the information Nasdaq Dubai will set up the corporate action in the CSD system and inform all the participants giving them details of the corporate action. On the record date, Nasdaq Dubai will identify list of the account holders on the CSD with their respective holdings for that securities. The Issuer or its agent such as a depository bank makes the payment for the dividend to Nasdaq Dubai on or after the payment date, Nasdaq Dubai takes at least 1 working day to process and disburse dividend payment to the eligible Members. There is no withholding tax by Nasdaq Dubai CSD on any cash benefits

declared by Issuer. However, corporate benefits paid by issuer/paying agent for certain securities on Nasdaq Dubai may be subject to WHT or other tax as applicable in the local jurisdiction, and hence would be paid out net of tax by them to the CSD for onward disbursement to its Members.

This cash benefit will be directly credited to account holder's bank account as mentioned to the CSD.

4. Distribution of stock dividend/bonus shares:

The stock dividend/bonus is a security benefit declared by an Issuer for existing securities held. The announcement and disclosure will be made public via the Nasdaq Dubai CAP Candi platform and through the Nasdaq Dubai website. On the payment date the CSD system executes the event and disburses the security benefits to the respective eligible CSD accounts in which the balances are held.

5. Consolidation/Splitting of shares:

Consolidation is an event where the face value of equity is consolidated .i.e. if the original face value of equity is USD/AED 10, due to consolidation the face value is changed to USD/AED 100. The total number of shares after the event will be less than that before the event.

A stock split is the opposite of consolidation; here the face value is split from the existing face value to new face value .i.e. if the original face value is USD/AED 10, due to a stock split the face value is changed to USD/AED 5. The total number of shares after the event will be more than that before the event.

Both of the above events belong to group of security credit and security debit, where old security is debited and new security is credited to the holders of security. Exchange of old and new security will be performed on the payment date and will be based on the holdings as at the record date.

The information for the consolidation / stock split is received from the Issuer / agent and the same is informed to all the Members via CAP Candi system.

On the record date, Nasdaq Dubai will identify a list of the account holders on the CSD with their respective holdings for those securities. The Issuer or agent fixes the payment date for the debit / credit of securities. Nasdaq Dubai takes at least 1 working day to process and disburse new securities to the Members.

6. Capital decrease/reduction:

Capital Decrease as the name suggests, enables the issuer to reduce the total number of securities in the market.

The original ISIN ceases to exist and the Issuer issues a new ISIN. During the corporate action execution, all the existing holdings will be removed and new holdings in new ISIN will be created in BPs account in a pro-rated basis.

The information for the capital decrease is received from the Issuer / agent and the same is informed to all the Members via CAP Candi system.

On the record date, Nasdaq Dubai will identify a list of the account holders in the CSD with their respective holdings for those securities. The Issuer or agent fixes the payment date for the debit / credit of securities. After receiving necessary approvals and documentations from relevant authority the CSD will debit the securities under the old ISIN and give credit of securities of the new ISIN to its Members on or after the payment date. Nasdaq Dubai takes at least 1 working day to process and disburse new securities to the Members.

7. Reducing the number of shares- increasing the par value per share:

The listed company reduces the number of its issued securities by raising the face value of the securities. For each set of old securities held by the investor new securities are issued according to the percentage decided by the listed company. This action will be taken without an increase of capital and without purchase of new shares in the market.

8. Interest

Interest events represent payment received periodically given by issuer / agent on a bond, debenture, and debt instrument to the holder of the securities.

The information regarding the interest is received from the Issuer / agent or anticipated from the security information as defined while creating the security and the same is notified to all the Members via CAP Candi system. On receipt of the information Nasdaq Dubai will set up the corporate action in the CSD system and inform all the participants giving them details of the corporate action.

On the record date, Nasdaq Dubai will identify the list of the account holders in the CSD and their respective holdings for those securities. The Issuer or its agent such as depository bank makes the payment for the interest to Nasdaq Dubai on or after the payment date. There is no withholding tax by Nasdaq Dubai CSD on any cash benefits declared by Issuer. However, corporate benefits paid by issuer/paying agent for certain securities on Nasdaq Dubai may be subject to WHT or other tax as applicable in the local jurisdiction, and hence would be paid out net of tax by them to the CSD for onward disbursement to its Members. This cash benefit will be directly credited to account holder's bank account as mentioned to the CSD. The account holder will be informed by Nasdaq Dubai of the interest disbursed via email.

9. Redemption

This event represents payment received on expiry of the security given by the issuer / agent on bonds, debentures, and debt instruments to its holders. The corporate action can be anticipated for such securities from the instrument master. The corporate action belongs to the security debit and cash credit group events. Removal of redeemed security and disbursement of cash will be performed on payment date based on actual holdings as on the record date.

The information for the redemption is received from the Issuer / agent or anticipated from the security information as defined while creating the security and the same is informed to all the Members via CAP Candi system. On receipt of the information Nasdaq Dubai will set up the corporate action in the CSD system. On the record date, Nasdaq Dubai will identify a list of the account holders in the CSD with their respective holdings for those securities.

The security may be restricted for any transfer from the record date till payment of redemption amount. The Issuer or its agent makes the payment for the redemption to Nasdaq Dubai on or after the payment date. Nasdaq Dubai takes 1 working day to debit securities and credit redemption amount to the Members. There is no withholding tax by Nasdaq Dubai CSD on any cash benefits declared by the Issuer. However, corporate benefits paid by issuer/paying agent for certain securities on Nasdaq Dubai may be subject to WHT or other tax as applicable in the local jurisdiction, and hence would be paid out net of tax by them to the CSD for onward disbursement to its Members.

Appendix 1: Cross border transfer of securities

A.1 Introduction

Purpose

The Nasdaq Dubai Cross-border Securities Guide aims to provide Members and interested third parties with the complete guide to transfer in and out of Nasdaq Dubai primary listed securities, dual listed securities and depository receipts through common depository banks. The guide contains all information needed to provide an overview of operational details of market links, such as transferring the securities or depository receipts and any instruction requirements.

Scope

This guide provides an overview and details of services offered by Nasdaq Dubai for cross-border securities (that is, primary listed securities, dual listed securities and depository receipts listed through common depository bank).

A Nasdaq Dubai account holder can choose to deliver securities from his account in the Nasdaq Dubai CSD to an account in a foreign depository held by the same account holder. Similarly a participant of a foreign depository can also choose to transfer securities from the account held in the foreign depository to his account at the Nasdaq Dubai CSD.

Organization of the document

Section No.	Contents
1	Transfer of Dual Listed Securities
2	Primary Listed securities
3	Transfer of Depository Receipts

Additional Information

In addition to this document, Members are required to read the following:

1. Nasdaq Dubai Business Rules
2. Nasdaq Dubai Market Model
3. Nasdaq Dubai Price List
4. Nasdaq Dubai Settlement Handbook
5. Nasdaq Dubai Corporate Action Handbook
6. Nasdaq Dubai website : <http://www.nasdaqdubai.com>

Nasdaq Dubai assistance:

Clearing & Risk: Clearing Team: +971 4 305 5648
CSD Team: +971 4 305 5133/35
Email: csdregistry@nasdaqdubai.com

Periodical Review:

Revision of this document will be done in the event of the following:

Any changes in corporate action model
Any change in securities / funds fails model
Any other material changes

A.2 Dual Listed Securities (Ordinary Shares):

The securities on which these transfers can take place are

- Securities primarily listed in Nasdaq Dubai CSD and with a secondary listing in a foreign depository
- Securities primarily listed in a foreign depository and with a secondary listing in Nasdaq Dubai CSD

A.2.1 Bahrain Stock Exchange

The securities of Al Baraka Banking Group (ABG) are dual listed on the Bahrain Stock Exchange and Nasdaq Dubai. To facilitate this link, securities of ABG held in electronic form are registered in the name of Nasdaq Dubai Guardian Ltd. on the Register of legal title held by KPMG Fakhro who are Registrar & Transfer Agents for ABG. Furthermore, BSE CSD has been admitted as a Custodian on Nasdaq Dubai CSD and an Omnibus account opened for holding balances of ABG investors in the BSE CSD.

A.2.1.1 Accounting Structure

Nasdaq Dubai will hold a Nasdaq Dubai CSD Guardian account with the KPMG Fakhro. In the Nasdaq Dubai system:

- The KPMG Fakhro will act as a Foreign Registry
- The KPMG Fakhro will have a Foreign Registry Nostro account at Nasdaq Dubai

From BSE-CSD Investor to Nasdaq Dubai CSD account

1. BSE-CSD Investor to submit an application form (**Annexure B**) to BSE-CSD Counter requesting transfer of certain securities (currently Al Baraka Banking Group – ABG) from his account at BSE-CSD to a participant account in Nasdaq Dubai CSD. Alternatively, BSE-CSD investor may submit the transfer form through facsimile.
2. On receipt of above transfer form, BSE-CSD staff to verify details such as investor name, investor ID, signature, etc. BSE-CSD to also check for adequacy of security balances in the investor account in the BSE-CSD system.
3. After performing all necessary due diligences, BSE-CSD to process the transfer request by debiting the said Investor account in the BSE-CSD system.

4. BSE-CSD will submit the transfer form to Nasdaq Dubai CSD, Nasdaq Dubai CSD will transfer the requested securities from BSE CSD account to the investor NIN account

From Nasdaq Dubai account to BSE-CSD Investor

1. Nasdaq Dubai CSD will receive the transfer form from account holder, and execute the same in the DFM Equator system
2. Nasdaq Dubai CSD will inform BSE CSD about the credit of securities into the BSE CSD account and the details of the client which needs to receive the securities in its account at BSE CSD
3. Pursuant to the above confirmation, BSE-CSD will then credit the investor account in its system as per details specified by the Nasdaq Dubai transferor.

A.2.2 Computershare Clearing Pty Ltd - Australia

The process facilitates the dual listing of securities on Nasdaq Dubai of any Australian company that uses Computershare Australia (“Computershare”) as their agent to maintain the Register of Legal Title (RoLT). The arrangement will enable a Nasdaq Dubai account holder to deliver the dual listed Australian security from their account in the Nasdaq Dubai CSD to a registered investor or an agent on the Register of Legal Title (RoLT) held by CHESS the registrar & transfer agents. Similarly an investor or his agent registered on the RoLT of the company can also transfer securities to an account of a Nasdaq Dubai CSD.

A.2.2.1 Accounting Structure

1. Computershare as the company’s Registrar to maintain its RoLT.
2. Nasdaq Dubai Guardian Limited is holding an account with Computershare Clearing Pty Ltd. Computershare Clearing Pty Ltd. will in turn establish a holding in CHESS in the name of Computershare Clearing Pty Ltd. <Nasdaq Dubai Guardian a/c>
3. Subsequent to the security being approved for listing on Nasdaq Dubai, Nasdaq Dubai CSD will make the particular security acceptable by setting it up on its systems.
4. Nasdaq Dubai CSD will create a ‘nostro’ a/c for Nasdaq Dubai Guardian holdings at Computershare Clearing Pty Ltd. At all times, this account will reflect the holdings under the name of Computer Clearing Pty Ltd Nasdaq Dubai Guardian on the RoLT.
5. The sum of all Nasdaq Dubai CSD account holdings in the particular security will equal the ‘nostro’ balance.

Transfer of securities from Australia to Nasdaq Dubai For Australian Brokers and Custodians

Brokers / Custodians will access Computershare’s market participant site at **(Annexure D)** Brokers / Custodians will complete all details online for the lodgements of securities into the Nasdaq Dubai.

1. The details in addition to the Brokers/ Custodian CHESS details will include: NIN Number, investor name, investor A/c number and the security details i.e. ISIN, ASX code, security name, quantity of securities for transfer and any reference details.
2. Subsequently securities will be delivered by the broker / Custodian via CHESS.
3. Computershare Clearing Pty Ltd. will match the CHESS delivery against the online application and deposit the securities into Nasdaq Dubai Guardian’s account.

4. Any deliveries that do not agree to the online application will be rejected by Computershare Clearing Pty Ltd.
5. Computershare Clearing Pty Ltd will advise Nasdaq Dubai CSD via e-mail of the full details of the deposit immediately. (Computershare Clearing Pty Ltd. will forward a copy of the online application to Nasdaq Dubai for their records.)
6. Upon receipt of the instruction, Nasdaq Dubai CSD will, using the web interface provided by Computershare, check for the additional securities in its name and subsequent to the verification of the same, credit the Nasdaq Dubai CSD NIN account with the securities.
7. Should any of the details provided by Computershare not match Nasdaq Dubai records, Nasdaq Dubai will reject the transfer and will request Computershare to reverse the transaction.
8. For all successful credits, Nasdaq Dubai CSD will then inform its account holder of the credit to their account.
9. Computershare will provide a holding statement on a periodical basis to Nasdaq Dubai CSD

For Australian Retail Holders

1. Retail holders will be asked to complete a "Request for Transfer To Nasdaq Dubai form".
2. The completed share transfer form from the investor will mention the following details: date of transfer, name of investor, investor ID details (if any, as may be applicable to Computershare), name of security, ISIN, ASX code, quantity of securities to be transferred, Nasdaq Dubai NIN (ID of Nasdaq Dubai account holder to whom the shares need to be transferred to), Nasdaq Dubai a/c no, reference details (any additional detail the investor may want to reference in relation to the transfer)
3. Any deliveries that do not agree to the transfer form will be rejected by Computershare Clearing Pty Ltd. but note that all efforts will be made by staff to contact the holder and have the problem rectified.
4. Upon successful validation of the form Computershare Clearing Pty Ltd will transfer the securities from the holder to Computershare Clearing Pty Ltd <Nasdaq Dubai Guardian a/c>
5. Computershare Clearing Pty Ltd will advise Nasdaq Dubai CSD via e-mail of the full details of the deposit immediately. (Computershare Clearing Pty Ltd. will forward a copy of the form to Nasdaq Dubai for their records.)
6. Upon receipt of the instruction, Nasdaq Dubai CSD will, using the web interface provided by Computershare, check for the additional securities in its name and subsequent to the verification of the same, credit the Nasdaq Dubai account holder 's account with the securities.
7. Should any of the details provided by Computershare Clearing Pty Ltd. not match Nasdaq Dubai records, Nasdaq Dubai will reject the transfer and will request Computershare Clearing Pty Ltd. to reverse the transaction.
8. For all successful credits, Nasdaq Dubai CSD will then inform its account holder of the credit to their account.
9. Computershare Clearing Pty Ltd. will provide a holding statement on a periodical basis to Nasdaq Dubai CSD

Transfer of securities from Nasdaq Dubai to Australia

1. A Nasdaq Dubai CSD account holder will instruct Nasdaq Dubai CSD to debit their account at the CSD and transfer the securities to a name on the RoLT or CHESS a/c of the company held by Computershare.
2. The Nasdaq Dubai CSD account holder will use a pre-specified form (**Annexure E**) to instruct this request to Nasdaq Dubai CSD. The instruction will contain the following minimum details: investor NIN, investor account number client name, security name, security ISIN/symbol, quantity of securities to be transferred, the CHESS participant ID, CHESS participant name, CHESS HIN, and CHESS registration details.

3. Nasdaq Dubai will on receipt of this request check the authenticity of the request and validate the Nasdaq Dubai details. Subsequent to the validations Nasdaq Dubai will debit the Nasdaq Dubai account holder's account with the securities.
4. Nasdaq Dubai will then instruct a share transfer to Computershare Clearing Pty Ltd. using a transfer form.
5. Computershare Clearing Pty Ltd. will verify Nasdaq Dubai request after due validation of the instruction and transfer securities from the Nasdaq Dubai Guardian to the CHESS participant name or register the securities as per the instructions received
6. Should any of the details provided by Nasdaq Dubai CSD not match the Computershare records, Computershare Clearing Pty Ltd. will reject the transfer and will request Nasdaq Dubai CSD to reverse the transaction.

A.2.3 Computershare Investors Services Inc. - Canada

The process facilitates the dual listing of securities on Nasdaq Dubai of any Canadian company that uses Computershare Canada ("Computershare") as their agent to maintain the Register of Legal Title (RoLT). The arrangement will enable a Nasdaq Dubai account holder to deliver the dual listed Canadian security from their account in the Nasdaq Dubai CSD to a registered investor or an agent on the Register of Legal Title (RoLT) held by CHESS the registrar & transfer agents. Similarly an investor or his agent registered on the RoLT of the company can also transfer securities to his account at the Nasdaq Dubai CSD.

A.2.3.1 Accounting Structure

1. Nasdaq Dubai Guardian Limited will hold an account, on the issuers register with Computershare Investor Services Inc. ("Computershare"). The account will be in the name of <Computershare Investor Services Inc TR for Nasdaq Dubai Guardian Limited>.
2. Subsequent to the security being approved for listing on Nasdaq Dubai, Nasdaq Dubai CSD will make the particular security acceptable by setting it up on its systems.
3. Nasdaq Dubai CSD will create a 'nostro' a/c for Nasdaq Dubai Guardian holdings at Computershare Investor Services Inc.
4. At all times, this Nasdaq Dubai TR account on the issuer's Canadian register will reflect the holdings under the name of Nasdaq Dubai Guardian on the RoLT.

Transfer of securities from Canada to Nasdaq Dubai

For Canadian Brokers and Custodians

1. CSD Participants will access Computershare's market participant's xSettle site or will obtain a Nasdaq Dubai Issuance form (**Annexure F**) from Computershare's web site, www.computershare.com <Shareholder Services> <download a form>. CSD Participants will complete all details online required for the lodgement of securities into Nasdaq Dubai. The details, in addition to the initiating CSD Participants details, will include Nasdaq Dubai CSD account holder identifications i.e. NIN, account holder name, a/c number and the security details i.e. ISIN/symbol, security name, quantity of securities for transfer and any reference details (especially helpful for mentioning underlying client/beneficiary details for the receiving Nasdaq Dubai account holder).
2. At the same time the CSD Participants will initiate a CSD withdrawal, by entering the withdrawal information into the CSDx system.
3. Once the CSD withdrawal and Nasdaq Dubai issuance instructions are received by Computershare, Computershare will screen the information received from the CSD Participant. If all is in good order,

Computershare will transfer the shares from CSD to the Nasdaq Dubai account, registered in the name of <Computershare Investor Services Inc TR Nasdaq Dubai Guardian Limited>, on the issuer's register.

4. Any information that is not in good form will be rejected by Computershare, but note that all reasonable efforts will be made by staff to contact the broker and have the problem rectified.
5. On the same day, Computershare will advise Nasdaq Dubai via e-mail of the full details of the Nasdaq Dubai deposit, by forwarding a copy of the information received from the Canadian CSD Participant. If the information is received after 4:00pm. Toronto time, Computershare will advise Nasdaq Dubai the next business day (in Canada).
6. Upon receipt of the instruction, Nasdaq Dubai will, using the web interface provided by Computershare, check for the additional securities in its name and subsequent to the verification of the same, credit the Nasdaq Dubai CSD account holder's account with the securities.
7. Should any of the details provided by Computershare not match Nasdaq Dubai records, Nasdaq Dubai will reject the transfer within 48 hours and will request Computershare to reverse the transaction.
8. For all successful credits, Nasdaq Dubai will then inform its account holder of the credit to their account.

Canadian Retail Holders

1. Certificated share holders will be asked to complete a Nasdaq Dubai issuance form (Annexure F). This is a printed copy of the web form as retail holders will not have access to deliver securities to Computershare via CSDx.
2. The completed Nasdaq Dubai Issuance form, from the investor, will mention the following details: registered name and address that currently appears on the certificate, certificate number, name of security, ISIN, quantity of securities to be issued, Nasdaq Dubai CSD account holder NIN, a/c no, reference details (any additional detail the investor may want to reference in relation to the transfer needed for underlying beneficiary/client information).
3. Share certificate and Nasdaq Dubai issuance form will be mailed / couriered or hand delivered to Computershare's Toronto office.
4. Any deliveries that do not agree to the information supplied on the Nasdaq Dubai Issuance form will be rejected by Computershare, but note that all efforts will be made by staff to contact the holder and have the problem rectified.
5. Upon successful validation of the form and share certificates, Computershare will transfer the securities from the holder's account to the Nasdaq Dubai account, registered in the name of <Computershare Investor Services Inc TR Nasdaq Dubai Guardian Limited>, on the issuers register.
6. Nasdaq Dubai will be notified on the same day if the share certificate and Nasdaq Dubai Issuance form was received prior to 12:00 p.m. Toronto time, or next day if the share certificate and Nasdaq Dubai Issuance form was received after 12:00 p.m. Toronto time, via e-mail the full details of the Nasdaq Dubai deposit, by forwarding a copy of the Nasdaq Dubai Issuance form, received from the shareholder.
7. Upon receipt of the instruction, Nasdaq Dubai will, using the web interface provided by Computershare, check for the additional securities in its name and subsequent to the verification of the same, credit the Nasdaq Dubai CSD account holder's account with the securities.
8. Should any of the details provided by Computershare not match Nasdaq Dubai records, Nasdaq Dubai will reject the transfer within 48 hours and will request Computershare to reverse the transaction.
9. For all successful credits, Nasdaq Dubai will then inform its account holder of the credit to their account.

Transfer of securities from Nasdaq Dubai to Canada

1. A Nasdaq Dubai CSD account holder will instruct Nasdaq Dubai CSD to debit their account at the CSD and transfer the securities to a name on the RoLT of the company held by Computershare.
2. The Nasdaq Dubai CSD account holder will use a pre-specified printed form (**Annexure G**) to instruct this request to Nasdaq Dubai CSD. The instruction will contain the following minimum details: Nasdaq Dubai CSD account holder NIN, Nasdaq Dubai CSD account holder name, Nasdaq Dubai CSD account holder's a/c number, security name, security ISIN/symbol, quantity of securities to be transferred. If the shares are to be dematerialized into CSD, the CSD deposit reference ID, CSD Participant firm name, CSD Participant contact name and telephone number is required. (Please note: The form should not be rejected if the CSD deposit reference ID is not mentioned, as long as the CSD Participant firm name and the CSD Participant contact details are present, Computershare will reach out to the CSD participant advising them of the delivery). If the securities are not to be dematerialized into a Canadian Participants account at CSD, then the name and address to appear on the Canadian register and delivery instructions, if they differ from the registered address must be supplied.
3. The Nasdaq Dubai will on receipt of this request check for completeness of the request and validate the Nasdaq Dubai details, as well as the requested Canadian register details. Subsequent to the validations, Nasdaq Dubai will debit the Nasdaq Dubai account holder's account with the securities.
4. On the same day, the Nasdaq Dubai CSD will advise Computershare, via e-mail to GlobalTransactionTeam@computershare.com of the full details of the Canadian register issuance, by forwarding a copy of the Nasdaq Dubai cancellation form received from the Nasdaq Dubai CSD account holder.
5. Computershare will verify Nasdaq Dubai's request and after due validation of the instructions, Computershare will transfer the securities from the Nasdaq Dubai TR account to the Canadian broker's account at CSD, using the CSD deposit reference number supplied or would reach out to the CSD Participant, requesting they initiate a CSD Deposit and to supply Computershare with the CSD deposit reference ID. If the request was to issue and release a share certificate, Computershare would transfer the securities from the Nasdaq Dubai TR account to the requested shareholder's account, on the issuer's register and issue a share certificate in the shareholder's name.
6. Should any of the details provided by Nasdaq Dubai CSD not be sufficient Computershare will, within 48 hours, reject the transfer and will request Nasdaq Dubai CSD to reverse the transaction.
7. Nasdaq Dubai will at the end of each day, reconcile the nostro balance for the security with the holdings on the RoLT at Computershare.

A.2.4 Computershare Investor Services PLC – United Kingdom

The processes outlined in this document are to facilitate the dual listing of securities on Nasdaq Dubai of any United Kingdom company. The arrangement outlined in this document will enable a Nasdaq Dubai account holder to deliver the dual listed United Kingdom security from their account in Nasdaq Dubai CSD (*Nasdaq Dubai Guardian Ltd*) to a shareholder direct or a CREST participant acting on their behalf. Similarly a shareholder or a CREST participant acting on their behalf can also transfer securities to an account of a Nasdaq Dubai CSD account holder via the facility offered by Computershare.

A2.4.1 Accounting Structure

- Nasdaq Dubai Guardian Limited will hold an account with the Custodian. Computershare will in turn establish a holding in CREST in the name of the nominee. <Nasdaq Dubai a/c>
- Subsequent to the security being approved for listing on Nasdaq Dubai, Nasdaq Dubai CSD will make the particular security acceptable by setting it up on its systems.

- Nasdaq Dubai CSD will create a 'nostro' a/c for Nasdaq Dubai Guardian holdings with the nominee. At all times, this account will reflect the holdings under the name of Nasdaq Dubai Guardian on the share register.
- The sum of all Nasdaq Dubai CSD account holdings in the particular security will equal the 'nostro' balance.

Transfer of securities from United Kingdom to Nasdaq Dubai

For United Kingdom Brokers and Computershare

1. Brokers / Computershare will access Computershare's market participant site at [www-uk.computershare.com/broker](http://www.uk.computershare.com/broker). Brokers / Computershare will complete all details online for the lodgement of Securities into the Nasdaq Dubai.
2. The details in addition to the Brokers/ Computershare CREST details, will include Nasdaq Dubai account holder identifications i.e. NIN , name, a/c number and the security details i.e. ISIN, security name, quantity of Securities for transfer and any reference details.
3. Brokers / Computershare will complete all details online for the lodgement of Securities into Nasdaq Dubai.
4. Subsequent Securities will be delivered by the broker / Computershare via CREST.
5. Computershare will process the CREST delivery against the on line application and deposit the Securities into Nasdaq Dubai Guardian's account with the nominee.
6. Any deliveries that do not agree to the online application will be rejected by Computershare; but note that all efforts will be made by staff to contact the broker and have the problem rectified.
7. Computershare will advise Nasdaq Dubai CSD via e-mail of the full details of the deposit immediately. Computershare will forward a copy of the online application to Nasdaq Dubai for their records.
8. Upon receipt of the instruction, Nasdaq Dubai CSD will, using the web interface provided by Computershare, check for the additional Securities in its name and subsequent to the verification of the same, credit the Nasdaq Dubai account holder's account with the Securities.
9. Should any of the details provided by Computershare not match Nasdaq Dubai records, Nasdaq Dubai will reject the transfer and will request Computershare to reverse the transaction.
10. For all successful credits, Nasdaq Dubai CSD will then inform its account holder of the credit to their account.
11. Computershare will provide a holding statement on a periodical basis to Nasdaq Dubai CSD (Periodicity to be discussed and agreed). Guardian will also have online access to view its custody account via Computershare Investor Centre.

For United Kingdom Retail Holders

1. Retail holders will be asked to complete a Request for Transfer to Nasdaq Dubai form. This is a hard copy of the web form as retail holders will not have access to deliver Securities to the Custodian via CREST.
2. The completed share transfer form from the investor will also include the following information: date of transfer, name of investor, investor ID details (if any, as may be applicable to Computershare), name of Security, ISIN, quantity of Securities to be transferred, Nasdaq Dubai account holder NIN, a/c no, reference details (any additional detail the investor may want to reference in relation to the transfer)
3. Any deliveries that do not agree to the application will be rejected by Computershare; but note that all efforts will be made by staff to contact the holder and have the problem rectified.
4. Upon successful validations of the form the Custodian will transfer the Securities from the holder to the nominee <Nasdaq Dubai a/c>

5. Computershare will advise Nasdaq Dubai CSD via e-mail of the full details of the deposit immediately. Computershare will forward a copy of the form to Nasdaq Dubai for their records.
6. Upon receipt of the instruction, Nasdaq Dubai CSD will, using the web interface provided by Computershare, check for the additional Securities in its name and subsequent to the verification of the same, credit the Nasdaq Dubai account holder's account with the Securities.
7. Should any of the details provided by Computershare not match Nasdaq Dubai records, Nasdaq Dubai will reject the transfer and will request Computershare to reverse the transaction.
8. For all successful credits, Nasdaq Dubai CSD will then inform its account holder of the credit to their account.
9. Computershare will provide a holding statement on a periodical basis to Nasdaq Dubai CSD (Periodicity to be discussed and agreed). Guardian will also have online access to its custody account via Computershare investor centre.

Transfer of securities from Nasdaq Dubai to United Kingdom

1. A Nasdaq Dubai CSD account holder will instruct Nasdaq Dubai CSD to debit their account at Nasdaq Dubai CSD and transfer the Securities to a name/nominee on the share register of the company held by Computershare
2. The Nasdaq Dubai CSD account holder will use a pre-specified physical form (see Annexure A) to instruct Nasdaq Dubai CSD. The instruction will contain the following minimum details: Nasdaq Dubai account holder NIN, name, a/c number, Security name, Security ISIN/Symbol, quantity of securities to be transferred, the CREST Participant ID, CREST Participant name, CREST NIN, and CREST registration details.
3. Nasdaq Dubai will, on receipt of this request, check the authenticity of the request and validate the Nasdaq Dubai details. Subsequent to the validation Nasdaq Dubai will debit the Nasdaq Dubai account holder's account with the Securities.
4. Nasdaq Dubai will then instruct a share transfer to the Custodian using a mutually agreed form.
5. Computershare will verify Nasdaq Dubai's request after due validation of the instruction and transfer Securities from the Nasdaq Dubai Guardian to the CREST participant name or register the Securities as per the instructions received
6. Should any of the details provided by Nasdaq Dubai CSD not match the Computershare records, Computershare will reject the transfer and will request Nasdaq Dubai CSD to reverse the transaction.
7. Nasdaq Dubai will at the end of each day, reconcile the nostro balance for the security with the holdings on the share register at Computershare.

A.2.5 Computershare Trust Company - US

The processes outlined in this document are to facilitate the dual listing of securities on Nasdaq Dubai of any US listed company. The arrangement outlined in this document will enable a Nasdaq Dubai account holder to deliver the dual listed US security from their account in Nasdaq Dubai CSD to a DTC participant (or to a registered investor or an agent on the Register of Legal Title (RoLT), once Computershare is appointed as Transfer Agent). Similarly, a DTC participant (or an investor or his agent registered on the RoLT of the company, after Computershare is appointed as Transfer Agent) can also transfer securities to an account of a Nasdaq Dubai CSD via the facility offered by Computershare.

A.2.5.1 Accounting Structure

- Computershare Trust Company, NA "CTCNA" will initially hold a custody position in DTC for Nasdaq Dubai Guardian Limited. Once Computershare is appointed as the Transfer Agent, the custody position may be held on the RoLT maintained by Computershare as Transfer Agent.

- Subsequent to the security being approved for listing on Nasdaq Dubai, Nasdaq Dubai CSD will make the particular security acceptable by setting it up on its systems.
- Nasdaq Dubai CSD will create a 'nostro' a/c for Nasdaq Dubai Guardian holdings at CTCNA. At all times, this account will reflect the holdings at CTCNA on behalf of Nasdaq Dubai Guardian (or under the name of Nasdaq Dubai Guardian on the RoLT).
- The sum of all Nasdaq Dubai CSD account in the particular security will equal the 'nostro' balance.

Transfer of securities from US to Nasdaq Dubai

For US Brokers and Custodians

1. US Market participants (DTC brokers/Custodians) will obtain a Nasdaq Dubai Issuance form from Computershare's web site, www.computershare.com. DTC Participants will complete all details required for the lodgement of securities into Nasdaq Dubai. The details will include Nasdaq Dubai account holder identifications i.e. NIN , name, a/c number and the security details i.e. ISIN, security name, quantity of securities for transfer and any reference details (especially helpful for mentioning underlying client/beneficiary details for the receiving Nasdaq Dubai account holder).
2. Securities will be delivered to CTCNA by the Broker / Custodian via DTC.
3. CTCNA will match the DTC delivery against the online application and accept the securities into Nasdaq Dubai Guardian's account.
4. Any deliveries that do not agree to the online application will be rejected by CTCNA, but note that all efforts will be made by staff to contact the broker and have the problem rectified.
5. CTCNA will advise Nasdaq Dubai CSD via e-mail of the full details of the deposit immediately. (CTCNA will forward a copy of the online application to Nasdaq Dubai for their records).
6. Upon receipt of the instruction, Nasdaq Dubai CSD will review and confirm instructions and subsequent to the verification of the same, credit the Nasdaq Dubai CSD account with the securities. (NB once computershare is appointed as Transfer Agent; Nasdaq Dubai CSD will be able to view its account online).
7. Should any of the details provided by Computershare not match Nasdaq Dubai records, Nasdaq Dubai will reject the transfer and will request Computershare to reverse the transaction.
8. For all successful credits, Nasdaq Dubai CSD will then inform its account holder of the credit to their account.
9. Computershare will provide a holding statement on a periodical basis to Nasdaq Dubai CSD (periodicity to be discussed and agreed).

For US Certificated Holders (this will be applicable only after Computershare is appointed as Transfer Agent.

Until such time, CTCNA will only accept shares via DTC).

1. Certificated holders will be asked to complete a Request for Transfer to Nasdaq Dubai form. This is a hard copy of the web form as certificated holders will not have access to deliver securities to CTCNA via DTC.
2. The share certificate and the completed share transfer form will be delivered to Computershare.
3. The completed share transfer form from the investor will mention the following details : date of transfer, name of investor, investor ID details (if any, as may be applicable to Computershare), name of security, ISIN quantity of securities to be transferred, Nasdaq Dubai account holder NIN, a/c no reference details (any additional detail the investor may want to reference in relation to the transfer)
4. Any share deliveries that do not agree to the "Request to Transfer" form will be rejected by CTCNA, but note that all efforts will be made by staff to contact the holder and have the problem rectified.
5. Upon successful validations of the form CTCNA will transfer the securities from the holder to CTCNA <Nasdaq Dubai Guardian a/c>

6. CTCNA will advise Nasdaq Dubai CSD via e-mail of the full details of the deposit immediately. (CTCNA will forward a copy of the form to Nasdaq Dubai for their records.)
7. Upon receipt of the instruction, Nasdaq Dubai CSD will, using the web interface provided by Computershare, check for the additional securities in its name and subsequent to the verification of the same, credit the Nasdaq Dubai account holder's account with the securities.
8. Should, any of the details provided by CTCNA not match Nasdaq Dubai records, Nasdaq Dubai will reject the transfer and will request CTCNA to reverse the transaction.
9. For all successful credits, Nasdaq Dubai CSD will then inform its account holder of the credit to their account.
10. CTCNA will provide to Nasdaq Dubai CSD a holding statement on a periodical basis (periodicity to be discussed and agreed).

Transfer of securities from Nasdaq Dubai to US

1. A Nasdaq Dubai CSD account holder will instruct Nasdaq Dubai CSD to debit their account at the CSD and transfer the securities to a DTC participant (or, after CTCNA is appointed as Transfer Agent, to a name on the RoLT of the company held by Computershare).
2. The Nasdaq Dubai CSD account holder will use a pre-specified physical form (see Annexure A) to instruct Nasdaq Dubai CSD. The instruction will contain the following minimum details: Nasdaq Dubai CSD NIN, name, a/c number, security name, security ISIN, quantity of securities to be transferred, the DTC participant number, DTC participant name, other applicable details (or registration details and mailing instructions if the recipient wishes to receive a physical certificate. NB – this can only take place after CTCNA is appointed as Transfer Agent).
3. Nasdaq Dubai will, on receipt of this request check the authenticity of the request and validate the Nasdaq Dubai details. Subsequent to the validations Nasdaq Dubai will debit the Nasdaq Dubai account holder's account with the securities.
4. Nasdaq Dubai will then instruct a share transfer to CTCNA via an email giving all the details.
5. CTCNA will verify Nasdaq Dubai's request after due validation of the instruction and transfer securities from the Nasdaq Dubai Guardian to the DTC Participant name or register the securities as per the instructions received
6. Should any of the details provided by Nasdaq Dubai CSD not match the Computershare records, CTCNA will reject the transfer and will request Nasdaq Dubai CSD to reverse the transaction.
7. Nasdaq Dubai will at the end of each day, reconcile the nostro balance for the security with the holdings at CTCNA.

A.2.6 American Stock Transfer & Trust Co. (AMSTOCK) - US

This document outlines the process flow for the movement of securities of a US Company whose register of legal title is held by American Stock Transfer & Trust Co. (AMSTOCK) and which has dual listing on Nasdaq Dubai. The movement is from an investor in US to an account holder at Nasdaq Dubai CSD and vice versa.

A.2.6.1 Accounting Structure

- American Stock Transfer & Trust Co. (AMSTOCK) - as the registrar for the US company
- Nasdaq Dubai CSD - the Central Securities Depository of Nasdaq Dubai
- Nasdaq Dubai Guardian Ltd – A bare nominee company of Nasdaq Dubai which holds title to all the assets held on Nasdaq Dubai CSD in order to shield these from any liabilities of its parent Nasdaq Dubai.
- Nasdaq Dubai account holder – Any person holding an account in Nasdaq Dubai CSD

The Shares held in Nasdaq Dubai CSD through this link will be registered in the name of Nasdaq Dubai Guardian Ltd with AMSTOCK. AMSTOCK will provide a periodical statement of holding and updated extract of register whenever there is any change in holdings.

Process Flow

Transfer In / Credit to Nasdaq Dubai CSD

1. When the investor wants to bring the securities to Nasdaq Dubai CSD he has to furnish following documents :
 - Stock Transfer Form (Annexure I)
 - Instruction letter specifying details of NIN, account, quantity for credit on Nasdaq Dubai CSD.
 - Registrar will provide extract of Register.
2. On receipt of the above documents, Nasdaq Dubai CSD will process the request in its systems after checking the validity of instructions. The transferee account holder will then be credited with the securities in his account on Nasdaq Dubai CSD.
3. Nasdaq Dubai will inform the transferee account holder the status of credit via email.

Transfer Out / Debit from Nasdaq Dubai CSD

1. When the Nasdaq Dubai account holder intends to take securities out of Nasdaq Dubai CSD and transfer shares to the US market, he needs to inform Nasdaq Dubai CSD either by way of a duly filled in share transfer form or via a MT599 Swift message.
2. Nasdaq Dubai CSD on receipt of duly signed share transfer form or MT599, will process the transfer request in its CSD systems after checking the validity of the instruction. On successful validation Nasdaq Dubai CSD will debit the securities from the account holder's account.
3. Nasdaq Dubai CSD will then send via email a scan copy of transfer form or copy of the MT599 received from the account holder to AMSTOCK for the onward credit to registered legal owner.
4. On receipt of a stock transfer form or copy of MT599 AMSTOCK will, after checking for the validity of instruction, transfer the securities from Nasdaq Dubai Guardian Limited to the required registered name on the register of legal title of ownership.
5. AMSTOCK will then send an updated register extract to Nasdaq Dubai CSD confirming the new holding in the name of Nasdaq Dubai Guardian Ltd.

A.3 Depository Receipts (DR) listed through Common Depository Bank

Process Flow Description for Depository Receipts

DR Issuing Bank (e.g. BONY, DB, Citibank, etc) holds securities in a foreign depository (e.g. CREST). The issuer of the shares will allow DR issuing bank to create DR's. DR issuing bank will issue DR's on these shares to be listed on Nasdaq Dubai.

A.3.1 Accounting Structure

Nasdaq Dubai will hold a Nasdaq Dubai CSD Guardian account with the DR issuing bank. In the Nasdaq Dubai system:

- The DR issuing bank will acts as a Foreign Registry
- The DR issuing bank will have a Foreign Registry Nostro account
- The account holders of the Nasdaq Dubai CSD can hold the DR.
- The sum of all account holdings of the DR will be equal to the foreign registry nostro balance of DR issuing bank.

A.3.1.1 Credit Instruction

1. Whenever a Nasdaq Dubai CSD account holder wishes to hold\trade DR's on Nasdaq Dubai, the participant will request DR issuing bank at foreign depository for further credit of DR's in the Nasdaq Dubai CSD.
2. Investor informs DR issuing bank for transfer of DR to Nasdaq Dubai CSD and provides Nasdaq Dubai CSD account details where credit is to be applied.
3. The DR issuing bank will register DR to be issued on its books in foreign depository in the name of "Nasdaq Dubai Guardian Ltd".
4. DR issuing bank will communicate the credit of the securities in the Guardian account to Nasdaq Dubai via SWIFT message MT599.
5. Nasdaq Dubai will debit the Nostro account at Nasdaq Dubai CSD with instructing quantity of DR's and credit the investor destination account at Nasdaq Dubai CSD as per the instruction received through SWIFT.
6. Nasdaq Dubai will inform DR issuing bank regarding successful credit in the relevant investor accounts.
7. The DR issuing bank will send a daily or weekly statement of transaction booked on the business day via the SWIFT MT535.

A.3.1.2 Debit Instruction

1. If Nasdaq Dubai CSD account holder wishes to transfer the DR holding at the Foreign Depository, the participants will give instruction to Nasdaq Dubai CSD.
2. The Nasdaq Dubai account holder will send MT599 to Nasdaq Dubai CSD to debit the DR holding in Nasdaq Dubai to be credited back to DR Issuing bank in foreign depository.
3. The MT599 sent by the account holder should give account details at Nasdaq Dubai CSD along with further credits at foreign depository.
4. Nasdaq Dubai will debit the account holders account and credit the nostro account at Nasdaq Dubai CSD as per received message.
5. Nasdaq Dubai will confirm the DR issuing bank via MT599 the debit at Nasdaq Dubai CSD and details for further credit to DR issuing bank at foreign depository.
6. After due diligence by the DR issuing bank, they will debit Nasdaq Dubai guardian account in own books and confirm to Nasdaq Dubai via MT599.

Annexure A

MT599 message format

Sequence A - General information

Not repetitive, MANDATORY

Status	Tag	Qualifier	Field name	Content	Comments
M	:16R:		Start of block	:16R:GENL	
M	:20C:	SEME	Sender Message reference	:20C::SEME//16x	
M	:23G:	NEWM	Message function	:23G:4!c	
		CANC			

Sub-sequence A1 – Linkages

Repetitive, MANDATORY

M	:16R:		Start of block	:16R:LINK	
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C	:20C:	PREV	Reference	:20C::PREV//16x	Reference of the original message in case of cancellation, not required for new transactions.
M	:20C:	RELA	Reference	:20C::RELA//16x	If :23G:NEWM Contents of ':20C::SEME//reference' attributed to the transaction by the Participant
M	:16S:		End of block	:16S:LINK	

End of sub-sequence A1

Repetitive Mandatory Subsequence A2 Status

M	:16R:		Start of Block	:16R:STAT	
M	:25D:		Status	:25D::4!c//4!c	:25D::IPRC//TRAD for request :25D::SETT//PACK or NACK for response
M	:16S:		End of Block	:16S:STAT	

End of Subsequence A2 Status

Not repetitive, MANDATORY

M	:16S:		End of block	:16S:GENL	
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End of sequence A

Sequence B – Transaction details

Not repetitive, MANDATORY

M	:16R:		Start of block	:16R:TRADEDET	
M	:98a:	SETT	Settlement date	:98A::SETT//8!n	
O	:98a:	TRAD	Trade date	:98A::TRAD//8!n	
M	:35B:		Identification of the financial instrument	:35B::ISIN1!e12!c [3*35x]	ISIN with ISIN Name
M	:22H:	REDE	Receive/Deliver Indicator	:22H::REDE//4!c	RECE or DELI
M	:22H:	PAYM	Payment Indicator	:22H::PAYM//4!c	FREEor APMT
C	:19A:	SETT	Settlement Amount	:19A::SETT//3!a15d	
M	:16S:		End of block	:16S:TRADEDET	

End of sequence B – Trade details

Sequence C – Financial instrument/account

Not repetitive, MANDATORY

M	:16R:		Start of block	:16R:FIAC	
M	:36B:	SETT	Quantity of financial instrument to be settled	:36B::SETT//UNIT/15d	
O	:92D:	CONV	Conversion Ratio	:92D::4!c//15d/15d	
M	:16S:		End of block	:16S:FIAC	

End of sequence C

Sequence E – Settlement details				Not repetitive, MANDATORY	
M	:16R:		Start of block	:16R:SETDET	
Sub-sequence E1– Settlement parties - PARTY				Not repetitive, MANDATORY	
M	:16R:		Start of block	:16R:SETPRTY	
M	:95a:	PRTY	Party	:95P::PRTY//4!a2!a2!c[3!c]	11 character participant ID of Nasdaq Dubai participant
M	:97A:	SAFE	Account	:97A::SAFE//15n	Account number provided by Nasdaq Dubai to the Nasdaq Dubai participant
M	:16S:		End of block	:16S:SETPRTY	
End of sub-sequence E1– Settlement parties – PARTY					
Sub-sequence E1– Settlement parties – COUNTERPARTY				Not repetitive, MANDATORY	
M	:16R:		Start of block	:16R:SETPRTY	
M	:95a:	CPTY	Counter Party	:95A	Counter Party
M	:97A:	SAFE	Account	:97A::SAFE//15n	Account number provided by Foreign Depository to the Foreign Depository participant
M	:16S:		End of block	:16S:SETPRTY	
End of sub-sequence E1– Settlement parties – COUNTERPARTY					
Subsequence E1 - Settlement parties – PSET				Not repetitive, CONDITIONAL	
M	:16R:		Start of block	:16R:SETPRTY	
M	:95a:	PSET	Place of Settlement (BIC code of foreign depository)	:95P::PSET//4!a2!a2!c[3!c]	Foreign Depository BIC
M	:16S:		End of block	:16S:SETPRTY	
End of Subsequence E1 - Settlement parties – PSET					
M	:16S:		End of block	:16S:SETDET	
End of sequence E					

A.4 Cross border CSD Links with MCDR (Egypt) and transfer process

MCDR will open an omnibus account with Nasdaq Dubai and securities will be immobilized in the Nasdaq Dubai CSD on behalf of MCDR for the benefit of MCDR participants. Corresponding credits will be provided to MCDR participants in their accounts held with MCDR. This service will facilitate MCDR participant's access to securities held in Nasdaq Dubai's CSD. Any net profits, coupon payments, dividends, taxes etc credited to or deducted from NDGL will be passed on to MCDR.

2. Eligible Account Holders

All requests to transfer securities from MCDR to Nasdaq Dubai and vice versa shall be provided only by MCDR and Nasdaq Dubai CSD participants (Custodians and Members) holding accounts in the Nasdaq Dubai CSD.

3. Mechanism for holding shares in the Nasdaq Dubai CSD and MCDR and Transfer Process.

All Shares in the Company will be held in the Nasdaq Dubai CSD and registered in the name of Nasdaq Dubai Guardian Limited. For those investors wishing to hold some or all of their Shares in MCDR, MCDR will maintain a direct account with the Nasdaq Dubai CSD to immobilize such Shares in Nasdaq Dubai CSD on behalf of MCDR participants. Corresponding credits for such Shares will be provided to MCDR participants in their accounts held with MCDR. This service will enable MCDR participants to access securities issued in the Nasdaq Dubai CSD.

In all cases of transfers of Shares referred to in this section, there should not be any change or difference, or purported change or difference, in the beneficial owner of the Shares before and after transfer.

4. Transfer of shares from MCDR to the Nasdaq Dubai CSD

An investor whose Shares are held in a securities account with MCDR and who wishes to sell some or all of their Shares on Nasdaq Dubai must first arrange to transfer the number of Shares subject to the transfer into their securities account with the Nasdaq Dubai CSD in accordance with the following procedures:

1. The investor must provide a transfer instruction to the Nasdaq Dubai CSD through their depository agent in Nasdaq Dubai CSD to receive the transfer of the number of Shares subject to the transfer from the MCDR account.
2. The investor must provide a transfer instruction to MCDR through their depository agent in MCDR to transfer the number of Shares subject to the transfer from their securities account with MCDR into their securities account with the Nasdaq Dubai CSD.
3. The relevant forms and transfer process will be made available to investors by their respective depository agents in the Nasdaq Dubai CSD and MCDR.

The Nasdaq Dubai CSD and MCDR will verify and reconcile the two transfer instructions in relation to the Shares to be transferred and in the event of any discrepancy, are entitled to return the relevant documents and not proceed with the proposed transfer. For all valid transfer instructions, the Nasdaq Dubai CSD and MCDR will provide confirmations to the investor's respective depository agents in the Nasdaq Dubai and MCDR.

The process to transfer some or all of the securities from MCDR to the Nasdaq Dubai CSD will take at least one market day (being a business day on which both the MCDR and the Nasdaq Dubai CSD are open for business) to complete. Shareholders will be advised to ensure such Share transfers are completed before they trade their securities on Nasdaq Dubai.

Egyptian investors will be subject to applicable procedures of EFSA and the Central Bank of Egypt.

5. Transfer of shares from Nasdaq Dubai CSD to MCDR

Investors whose Shares are held in their securities account with the Nasdaq Dubai CSD and who wish to sell some or all of their Shares on the EGX must first arrange to transfer the number of Shares subject to the transfer into their securities account with MCDR in accordance with the following procedures:

1. The investor must provide a transfer instruction to MCDR through their depository agent in MCDR with which they have a CSD account to receive the transfer of the number of Shares subject to the transfer from the Nasdaq Dubai CSD account.
2. The investor must provide a transfer instruction to Nasdaq Dubai through their depository agent in Nasdaq Dubai to transfer the number of Shares subject to the transfer from their securities account with the Nasdaq Dubai CSD into their securities account with MCDR.
3. The relevant forms and transfer process will be made available to investors by their respective depository agents in the Nasdaq Dubai CSD and MCDR.

The Nasdaq Dubai CSD and MCDR will verify and reconcile the two transfer instructions in relation to the Shares to be transferred and in the event of any discrepancy, are entitled to return the relevant documents

and not proceed with the proposed transfer. For all valid transfer instructions, the Nasdaq Dubai CSD will provide confirmations to the respective depositary agents in the Nasdaq Dubai CSD and MCDR.

The process to transfer some or all of the securities from the Nasdaq Dubai CSD to MCDR will take at least one market day (being a business day on which both the MCDR and the Nasdaq Dubai CSD are open for business) to complete. Shareholders will be advised to ensure such Share transfers are completed before they trade their Shares on the EGX.

6. Process flow for transfer of securities from MCDR to Nasdaq Dubai

1. MCDR participants must provide a free of payment transfer instruction to MCDR to transfer securities from their MCDR account into their CSD account held at Nasdaq Dubai CSD. Once received, MCDR will make a request to Nasdaq Dubai for a corresponding debit from their MCDR account and credit into transferee account held at Nasdaq Dubai CSD. If Instructions are placed using clearing system interface, details of account to be credited at Nasdaq Dubai must be provided in remark field of this system.
2. The receiving Custodian/Nasdaq Dubai Member will need to provide a counter instruction to Nasdaq Dubai to receive securities into its account in the Nasdaq Dubai CSD. Instructions can be provided by filling out the relevant 'Transfer Instruction Form' or by using the 'Clearing System Interface', specifying the details of the account to be credited in Nasdaq Dubai's CSD. The relevant transfer forms have been included under Schedule 1 of this document and will be made available on our website. If instructions are placed using the clearing system interface, details of the account to be credited must be provided in the 'remarks' field.
3. **Upon receipt of the above instructions Nasdaq Dubai CSD will match and accept the original instruction in the MCDR (as outlined in point 1).**
4. Nasdaq Dubai will notify the Custodian/Member about the credit of securities via email
5. Reconciliations will be conducted on daily basis between both CSDs to ensure the numbers of securities are reconciled correctly.

6.1 Timings

S No	Activity	Description	Time
1	Member instruction: RFP	Custodian/Member notifies Nasdaq Dubai of pending transfer (through relevant form / Clearing System Interface)	10:00 to 17:00 (UAE time)
2	Transfer into target account in Nasdaq Dubai CSD	Credit securities into target account (subject to all instructions being in place)	During Settlement batch every 1 hour between 15:00 till 18:00

7. Process flow for transfer of securities from Nasdaq Dubai CSD to MCDR

A Nasdaq Dubai Custodian/Member holding securities in the Nasdaq Dubai CSD will have the option to transfer eligible securities into its MCDR account using the following process:

1. The Custodian/Member must provide a free of payment transfer instruction to Nasdaq Dubai to move securities from its Nasdaq Dubai CSD account to its account held in MCDR. Such instructions must specify the MCDR account into which the securities must be onward credited. Instructions can be submitted by filling out the relevant 'Transfer Instruction Form' or using the 'Clearing System Interface. The relevant transfer forms have been included under Schedule 1 of this document and will be made available on our website. If instructions are placed using the clearing system interface, details of account to be credited in MCDR must be provided in the 'remarks' field.

2. The receiving participant in the MCDR will also be required to provide instructions to the MCDR to receive securities free of payment from their Nasdaq Dubai account held with Nasdaq Dubai into their account held in MCDR. On receipt of such request, MCDR will instruct Nasdaq Dubai for this transfer. Details of account held in MCDR account be provided in remark field of this system.
3. On receipt of the two matching instructions mentioned above, Nasdaq Dubai CSD will debit securities from the Custodian/Member account and credit the MCDR account.
4. Nasdaq Dubai will then match and accept the instructions in the MCDR provided by the receiving participant.
5. Nasdaq Dubai will notify the member about the debit of securities via email.
6. Reconciliations will be conducted on daily basis between both CSDs to ensure the numbers of securities are reconciled correctly.

7.1 TIMINGS

S No	Activity	Description	Time
1	Member instruction: DFP	Member notifies Nasdaq Dubai of pending transfer (through form / Clearing System Interface)	10:00 to 17:00 (UAE time)
2	MCDR Instruction matching/ Securities Mark down	Transfer securities out of NDGL account in MCDR to target MCDR account [subject to all instructions being in place]	Nasdaq Dubai to match instruction in MCDR and transfer securities during settlement batch every 1 hour between 15:00 till 18:00 Actual credit into target MCDR account would follow MCDR settlement timelines

Appendix 2: Details on Nasdaq Dubai clearing and settlement model

A.1 Key Summary

Custodians in their capacity as Settlement Agents may reject trades for settlement if matched settlement confirmations are not received by their confirmation deadline on SD]. If a buy and/or sell trade is rejected, the cash and/or securities obligations for the rejected trade will be passed back to the buying and/or selling Member. This gives Custodians control over securities held in agent accounts, and avoids the need for dual accounts. Rejection accounts will be introduced for Members trading on behalf of clients using a Custodian for settlement.

1. **A Client Buy Rejection Account** will be created under Custodian NINs for each Member trading on behalf of clients using a Custodian for settlement.
2. If a Custodian rejects settlement of a buy trade, securities will be transferred to the Client Buy Rejection Account under the control of the Member placed the buy order.
3. A separate **Member Sell Rejection House Account** will be created under each Member's NIN.
4. If a Custodian rejects settlement of a sell trade, securities settlement obligations will be transferred to the **Member Sell Rejection House Account** under the control of the Member that placed the sell order.
5. Custodians will not be able to reject partial orders. Members must ensure each client order is entered into and executed separately.

6. For unconfirmed transactions rejected per Section 5.4.2 of this document, a **late confirmation period** of two market days from Settlement Date (SD), (i.e. SD+2) will be introduced. Subject to agreement by the Member, a rejected trade may be subsequently accepted for settlement by the Custodian if matched settlement confirmations are received by the Custodian by SD+2. The late confirmation period will end at 2:00 pm on SD+2.
7. For Unconfirmed Transactions managed using the late confirmation period [section 5.4.2], penalties will be imposed on the client (NIN holder) for late settlement confirmations after SD+1 and will be collected through the Custodian. Penalty rates are stated in the Nasdaq Dubai fee document placed on its website.
8. A **buy-in mechanism** has been introduced for the Member to purchase securities to settle a rejected sell trade.
9. Any Member can sell securities to the buy-in market for buy-in bids posted by a selling Member with a negative balance in the Member's Sell Rejection House Account.
With respect to Members who do not have clients which use a Custodian for settlement (including trades by retail investors via direct trading accounts) only Part 9 above will be relevant.

A.2 Operational accounts

Types of Rejection Accounts – the following rejection accounts will be introduced by Nasdaq Dubai:

- 1) A Member Sell Rejection House Account and a Buy Rejection Sellout Account under the Member's NIN.
- 2) A Client Buy Rejection Account under the Custodian Client NIN per client, per Member using a Custodian for settlement.

A.2.2 Custodians rejection for settlement of purchase trades

These operational procedures are NOT applicable to Members which do not have clients using a Custodian for settlement.

- a) Custodians will be able to reject the settlement of purchase trades if there are no matched settlement confirmations from its client within the Nasdaq Dubai CSD cut-off time on SD.
- b) The Clearing Member will pay Nasdaq Dubai on SD (instead of the Custodian) based on the adjusted cash settlement positions on SD. Nasdaq Dubai will credit the purchased securities to the Custodian Client's Buy Rejection Account under the control of executing Member.
- c) If the Custodian client confirms settlement of the purchase trade within the late confirmation period and, subject to agreement by the executing Member, the Member can request Nasdaq Dubai to transfer the purchased securities from the Client Buy Rejection Account back to the Custodian client's Agent Trading Account.
- d) The transfer request by the executing Member is subject to the Custodian paying the Member for the purchased securities.
- e) The Late Confirmation period for buy trades will be from 10:15 am on SD (after completion of securities settlement) until 2.00 pm on SD+2.
- f) The executing Member must transfer the rejected purchased securities from the Client Buy Rejection Account to the Member Buy Rejection Sellout Account no later than 3 market days after SD ie.SD+3 if the Custodian client fails to confirm settlement of the rejected buy trade by 2.00 pm on SD+2.

- g) Members will have the discretion of whether or not to sellout the rejected buy securities using the Member Buy Rejection Sellout Account or keep the securities in the Broker Buy Rejection Sellout Account. Any gains arising from subsequent disposal of rejected buy securities must be remitted to Nasdaq Dubai.
- h) CMs must complete the Sell from Buy Rejection Sellout Account Report attached on a monthly basis for all sellouts for the month and submit to Nasdaq Dubai latest before the end of the 6th settlement day from the end of each month.
- i) All gains arising from disposal of securities of rejected Custodian buy trades shall be paid by CMs to Nasdaq Dubai bank account number 01101908202 or IBAN AE870440000101101908202 with Standard Chartered Bank, DIFC latest by the end of the 5th settlement day from the end of each month. Copy of the payment instruction must be submitted together with the report.
- j) Gains shall include any cash or securities corporate actions. Where a securities corporate action applies, the Member shall sell the corporate action securities and determine any gains on a 'full-picture' basis i.e. total proceeds from sale of principal trade plus disposal of corporate action securities, versus the original traded value, to determine the net gain.

A.2.3 Custodians rejection for settlement of sell trades

These operational procedures are NOT applicable to Members which do not have clients using a Custodian for settlement

A.2.3.1 Rejection of Unconfirmed Sell Transactions without the option to use the late confirmation window to reverse the rejection (irrevocably rejecting Unconfirmed Sell Transactions)

1. Settlement Agents must notify Nasdaq Dubai of Unconfirmed Sell Transactions managed using this option by specifically identifying the trades in the rejection letter submitted on Settlement date [SD] [sample letter format in Appendix 6]. Rejection of trades identified in this manner cannot be revoked past SD+2.
2. Nasdaq Dubai may accept a request to reverse the rejection from the Settlement Agent on SD+2 provided:
 - a. The Selling Member confirms that the rejection can be reversed via email
 - b. Both the request (from Settlement Agent) and the confirmation (from Selling Member) are received by 2:00 pm on SD+2
 - c. The selling client still has the securities balances needed to reverse the rejected sell trade.
3. The selling Investor's earmarked securities balances will be released immediately after Nasdaq Dubai completes the sell rejection process by 10:15 am and the seller will be entitled to corporate actions if the entitlement date falls anywhere between T and SD+2 (inclusive) of the unconfirmed Sell Transaction [provided the rejection is not reversed]. The original seller can sell the released securities starting from SD after the Exchange completes rejection of the sell trade.
4. Buying counterparties that had been matched to the rejected sell transactions will not be credited securities on SD. However, it is possible for them to onward sell from the time of purchase until the end of trading session on SD+2. Nasdaq Dubai will not subject buying counterparties that onward sell on Exchange in this manner to mandatory buy-ins for failing to have sufficient securities to deliver, since they did not receive securities for their corresponding buy transactions in the first place.
5. The Late Confirmation window (as explained in **A.2.3.1.1** and **A.2.3.2.1** of this Appendix) would not be available for affected buyers who had onward sold if they do not have sufficient owned balance for onward delivery. Essentially, if a Custodian client's buy was matched against a sell that subsequently got irrevocably rejected, then this client would be allowed to reject neither the buy nor any onward sells using the late confirmation process.
6. Cash and Securities settlement of all trades linked to the original sell trade will remain unsettled until the delivery obligation on the selling Member has been resolved as described below. Members / Settlement Agents for T-day buy transactions identified as the end buyer will be required to fund the value of such transactions on SD+2

7. The Selling Member executing the transaction will be responsible to obtain the necessary securities for onward delivery to the affected buyer(s). This delivery obligation on the selling Member may be resolved in four ways:
 - a. **Late confirmation:** The Settlement Agent revoking the written confirmation provided to Nasdaq Dubai by 2:00 pm on SD+2 as described in A.2.3.1.1 below.
 - b. **Securities borrowing:** The selling Member borrowing the required amount of securities (when securities lending and borrowing becomes operational).
 - c. **Purchase of securities directly from market:** The selling Member taking corrective action by buying failed securities from the market between T and SD as described in A.2.3.1.2 below.
 - d. **Mandatory Buy-in** invoked by Nasdaq Dubai between 3:30pm to 3:45pm on SD+2 for the quantity not rectified through (a) – (c) as described in A.2.3.1.3 below.
 - e. If the delivery obligation on the selling Member is not resolved in full through 7 (a) – (d), a Cash Settlement Replacement Amount would be calculated and the affected end buyer(s) would be cash settled. Further details are included in A.2.3.1.4
8. In case the delivery obligation on the selling Member is resolved partially via 7 (a) – (d), then Nasdaq Dubai may settle the affected end buyers on a partial basis. That is, up to the extent that securities were delivered, the end buyers may be settled per their normal settlement dates (for security), while end buyers not receiving any securities would be settled via a Cash Settlement Replace Amount.
9. Where there is a sell rejection in between a chain transaction, a new transaction chain will be created whereby the selling Member of the buyer-seller who rejected the onward sell trade will become the first selling Member in this new chain responsible for payment of any Cash Settlement Replacement Amount to the new end buyer in that chain.

A.2.3.1.1 Procedure for Late confirmations

- a. Settlement Agents may request to reverse such rejections until 2:00 pm on SD+2 via a letter to Nasdaq Dubai (sample format in Appendix 6).
- b. The selling Member's approval must be attached to such reversal requests.
- c. Since the selling investor's securities were released at the time of rejection, such reversal of rejection would only be processed if the selling Investor has sufficient securities to honor delivery (i.e. the investor has not further sold securities).
- d. Upon reversal, the negative balance in the Member's sell house rejection account will be removed when Nasdaq Dubai processes the reversal request. Cash settlement of such transactions will be scheduled to take place by 12:00 pm on the next settlement day, and will be netted against the cash settlement obligations of trades due for that day.

A.2.3.1.2 Procedure for Purchase of Securities directly from market

- a. The selling Member may resolve the negative balance in the Sell House Rejection Account by purchasing securities directly in the market between T and SD using the Buy Rejection Sellout Account.
- b. If this option is used, the settlement of affected buy trades will be rescheduled to take place on the later of either:
 1. the Settlement Date of the purchase by the selling Member, or;
 2. the Settlement Date of the trades linked to the original Unconfirmed Sell Transaction.
- c. The affected buyers would be settled to the extent of securities purchased on a first-matched basis.
- d. Effectively, the selling clearing Member would be responsible to pay for the purchased securities on the Settlement Date of the corrective buy, and in return would receive the value of the Unconfirmed Sell Transaction. Therefore, the selling Clearing Member would be responsible to settle the difference between these two amounts. The selling Member must remit any profits earned through this process to Nasdaq Dubai.

- e. In case the selling Member partially resolves the delivery obligation through a market buy, then Nasdaq Dubai may settle the affected end buyers on a partial basis. That is, up to the extent that securities were delivered, the end buyers may be settled for security (as described in b. above), while end buyers not receiving any securities would be settled via a Cash Settlement Replacement Amount as described in **A.2.3.1.4** below.

A.2.3.1.3 Procedure for Mandatory buy-in by Nasdaq Dubai

- a) All outstanding negative balances in the Member's Sell House Rejection Account which are not resolved via A2.3.1.1 - A2.3.1.2 will be posted by Nasdaq Dubai for mandatory buy-in on SD+2 itself.
- b) If the mandatory buy-in is successful (either partially or in full), the negative balance in the Broker's Sell Rejection House account will be settled to the extent of the quantity successfully bought-in.
- c) Cash settlement of affected T-day buy transactions resolved via a mandatory buy-in would be rescheduled to take place on S+2. Linked buy transactions that were due for settlement on S+1, S+2 or S+3 would be unaffected to the extent that the buy-in is successful (since the selling Member resolved its delivery obligation prior to the settlement of such trades).
- d) If the price of the securities purchased through the buy-in is higher than the price of the original sell transactions, the selling Clearing Member will be responsible to pay the shortfall. The maximum buy-in price permitted will be the daily closing price (duly adjusted for any relevant corporate actions) plus fifteen percent.
- e) If the price of the securities purchased through the buy-in is lower than the original sell price, the gains will be retained by Nasdaq Dubai.
- f) In case the buy-in partially resolves the selling Member's delivery obligation, then Nasdaq Dubai may settle the affected end buyers on a partial basis. That is, up to the extent that securities were delivered, the end buyers may be settled for security (as described in c. above), while end buyers not receiving securities would be settled via a Cash Settlement Replace Amount as described in **A.2.3.1.4** below.

A.2.3.1.4 Procedure for Mandatory Cash Replacement Amount against affected end buyers

- a) If the mandatory buy-in is not successful (partially or in whole), then at the end of SD+2, Nasdaq Dubai will identify the affected end buyers that consequently will not receive securities. For end buy trades identified as not receiving securities which are due for settlement on SD+1 or SD+2, Nasdaq Dubai will suspend the buyer from onward selling securities post SD+2. This is done in order minimize the length of chain transactions.
- b) As described in **A.2.3.1.2 (e)** and **A.2.3.1.3 (f)** Nasdaq Dubai may partially settle affected end buyers via a Cash Settlement Replacement Amount if the delivery obligation on the selling Member is only partially resolved.
- c) Funds settlement of all trades identified by Nasdaq Dubai as not receiving securities will commence from 10.00am on SD+3. The end buyer identified by Nasdaq Dubai would be compensated with a Cash Replacement Amount (calculated as described in **A.2.3.1.4.1** below), while all other buyers (that had subsequently onward sold) would be responsible for settling their respective buy and sell transactions.
- d) The Cash Settlement Replacement Amount will be paid to affected buyer's:
 1. Broker, where the buyer does not use a Settlement Agent (or where the end buy trade was due to settle on SD and it had been rejected by the Settlement Agent).
 2. Settlement Agent, where the buyer uses a Settlement Agent (for end buy trades settling on SD that have been accepted by the Settlement Agent, or for end buy trades settling on SD+1, SD+2 or SD+3, irrespective of whether these are confirmed by the Settlement Agent).
 - i. In case an *end-buy* trade settling on SD+1,SD+2 or SD+3 remains unconfirmed even at the end of the allowed Late Confirmation period for that trade, the Settlement Agent must transfer any benefits earned through the cash compensation process back to the selling Member.
- e) The Cash Settlement Replacement Amount will be calculated on SD+2 and send for settlement to banks on SD+3.

- f) The selling Member that failed to resolve the failed Unconfirmed Transaction will be liable to pay the difference between the Cash Settlement Replacement Amount and value of the original Unconfirmed Sell Transaction.
- g) Nasdaq Dubai will debit the selling Clearing Member's Settlement Bank account by this difference amount and credit the Settlement Bank account of the party identified in (d) above by the same value on SD+3 by 10:00am.

A.2.3.1.5 Handling Corporate Actions

- a) In cases where the record date of a corporate action falls on the Settlement Date of an irrevocably rejected sell Transaction, the selling party would be entitled to benefit from the corporate action (provided it is not late confirmed as per A.2.3.2.1 above)
- b) Affected end buyers that purchased securities on the entitlement date, but who were not present in the Security's sharebook on the record date (because their corresponding sell transaction had been irrevocably rejected) would be compensated in the following manner:
 - i. Where the rejected sell trade is subsequently settled with a securities delivery i.e. if the selling Member is successful in resolving its delivery obligation either via a market buy, borrowing securities or a through a successful buy-in on SD+2
 - 1. For mandatory securities type of corporate action, the end buyer will have to make a claim for the corporate action and receive the corporate action quantity. The original selling Member shall be responsible for buying the corporate action securities and for any costs related to the claim by the end buyer.
 - 2. For a mandatory cash type of corporate action, Nasdaq Dubai will pay the corporate action on the pay date of the corporate action event and debit the original selling Clearing Member for this amount. The original selling Clearing Member shall also be responsible for any costs incurred by the Exchange.
 - ii. Where the rejected sell trade is settled by buyer cash compensation:
 - 1. For mandatory securities type of corporate action, the end buyer will be compensated via the higher of the adjusted highest matched price of SD+2 or the original traded price as the Buyer Cash Compensation Reference Price.
 - 2. For a mandatory cash type of corporate action, Nasdaq Dubai will pay the corporate action on the pay date of the corporate action event and debit the selling Clearing Member for this amount.
- c) The selling Member which executed the rejected sell trade will be responsible for paying the Exchange the value of any corporate action event and applicable cost. The Exchange will debit this sum from the funds settlement account of the selling Clearing Member.

A.2.3.2 Rejection of Unconfirmed Sell Transactions with the option to use the late confirmation window to reverse the rejection

- a) Custodians may request rejection of Unconfirmed Sell Transactions up until Nasdaq Dubai CSD cut-off time on SD (refer to Appendix 6 for sample letter format). The cash and securities settlement obligations of the rejected sell trade will be transferred to the selling Member's Sell Rejection House Account.
- b) If the selling Member does not have sufficient balance in the Member Sell Rejection House Account, Nasdaq Dubai will create a negative balance of securities in the Member Sell Rejection House Account and retain the cash proceeds until resolution of the rejected trade.
- c) Nasdaq Dubai will apply the 'Pending' status flag on the securities held under the Custodian client Agent Trading Account until resolution of the rejected trade.
- d) The 'Pending' status means that the Custodian client will not be entitled to corporate actions and cannot re-sell the securities.
- e) There are 5 ways to resolve the sell rejection if the selling Member does not have sufficient balance in their Sell Rejection account:
 - 1. **Late Confirmations:** The client can send matched settlement confirmations to the Custodian to confirm settlement by SD+2 provided the selling Member has not settled the rejected trade;

2. **Purchase of securities directly from market:** The selling Member can purchase securities directly in the market by SD (for settlement on SD+2);
3. **Optional Buy-in between SD and SD+1:** The selling Member can utilise the buy-in mechanism between SD and SD+1 to purchase securities for immediate settlement;
4. **Mandatory buy-in by Nasdaq Dubai:** If the selling Member fails to resolve the sell rejection by SD+2, a mandatory buy-in against the selling Member will be invoked by Nasdaq Dubai on SD+2; and
5. **Mandatory Cash Replacement against the selling Custodian client:** If the mandatory buy-in against the selling Member fails, a Cash Replacement Amount will be calculated against the remaining unsettled quantity on SD+2 against the Custodian client at the original traded price.

A.2.3.2.1 Procedure for Late confirmations

- e. A Custodian client may provide matched settlement instructions until 2.00 pm on SD+2. This is subject to the selling Member's agreement to a late confirmation and the Custodian's acceptance of settlement of the sell trade.
- f. The Custodian must request Nasdaq Dubai to reverse the sell rejection. Upon reversal, the negative balance in the Sell House rejection account and the Pending status in the Custodian client Agent Trading Account will be removed (after 4.00 pm) on the day Nasdaq Dubai processes the reversal request.
- g. Cash settlement of the rejected trade will occur by 12:15 pm on the next settlement day, and will be netted against the cash settlement obligations of trades due for settlement on the next market day.
- h. Nasdaq Dubai will only reverse a sell rejection provided the rejected sell trade has not been settled by the selling Member.

A.2.3.2.2 Procedure for purchase of securities directly from market

- a) The selling Member may resolve the negative balance in the Sell House Rejection Account by purchasing securities directly in the market on SD, ensuring settlement within the Late Confirmation period i.e. SD+2. **This option is only exercised if the selling Member wants to resolve the rejected sell trade without waiting for a late confirmation from the Custodian client.**
- b) In such cases, Nasdaq Dubai will pay the selling Member the proceeds on the settlement day after the buy trade.

A.2.3.2.3 Procedure for Optional Buy-in between SD and SD+1

- a) The selling Member may buy the securities through Nasdaq Dubai's buy-in mechanism. The facility is available from 3.15 pm each settlement day of SD and SD+1. The buy-in matching process will commence at 3.45 pm
- b) This option is only available if the selling Member wants to resolve the rejected sell trade without waiting for a late confirmation from the Custodian client.
- c) The maximum buy-in price permitted will be the daily closing price (duly adjusted for any relevant corporate actions) plus fifteen percent.
- d) Offers to the buy-in will be matched based on best price offered, quantity and time of offer placement.
- e) Fees chargeable for buy-ins are included in the Nasdaq Dubai fee document.
- f) If the buy-in price is greater than the original traded price, the original executing Member must pay the difference. However, if the buy-in price is lower, then Nasdaq Dubai will retain the gains.
- g) The quantity offered can either be equal to, or less than, the buy-in bid quantity.

- h) If the buy-in is successful, late confirmation from the Custodian client will no longer be possible.

A.2.3.2.4 Procedure for Mandatory buy-in by Nasdaq Dubai

- i) All outstanding negative balances in the Member's Sell House Rejection Account which are not settled by SD+2 will be posted by Nasdaq Dubai to the buy-in board for mandatory buy-in.
- ii) If the mandatory buy-in is successful (either partially or in full), the negative balance in the Broker's Sell Rejection House account and the Pending status in the agent account will be settled based on the quantity of the successful buy-in.
- iii) Cash settlement of the buy-in is on the next settlement day.
- iv) For successful buy-ins, the Member placing the buy-in offer will receive the proceeds that were originally due to the selling Member that executed the rejected sell trade.
- v) The maximum buy-in price permitted will be the daily closing price (duly adjusted for any relevant corporate actions) plus fifteen percent.
- vi) If the price of the securities purchased through the buy-in is higher than the original sell price, the selling Member will be responsible to pay the shortfall.
- vii) If the price of the securities purchased through the buy-in is lower than the original sell price, the gains will be retained by Nasdaq Dubai.

A.2.3.2.5 Procedure for Mandatory Cash Settlement Replacement Amount against the selling Custodian client

- a) If the mandatory buy-in is only partially successful or fails entirely, a mandatory Cash Settlement Replacement amount against the Custodian client will be invoked by Nasdaq Dubai on the outstanding negative balance, based on the original traded price.

A.2.3.2.6 Buy-in Settlement Procedures for Consolidation, Splits and Bonus Issues

- a) Nasdaq Dubai may consider mandatory Cash Replacement Amount of all outstanding buy-in transactions for a consolidation, split or bonus issue on the book-close date.
- b) Detailed procedures on managing each type of corporate action will be communicated to the market prior to the corporate event.

A.3 Timelines for Buy and Sell rejection process

A.3.1 Timings for the applicable to Buy Rejection Events

#	Activity	Timing
1	Notification of error trades to Nasdaq Dubai by Broker (together with information on when the correction sell would be executed)	7.00 pm on SD-1 day of the error trade
2	Submission of requests for rejection of transaction for settlement by Custodian	10.00 am on SD

3	Settlement of payment obligations with Members for buy transactions rejected by Custodians	12:00 pm on SD
4	Securities credited to Client Buy Rejection Account of Member	From 12:15 pm on SD
5	Member requests to Nasdaq Dubai for transfer from Client buy rejection account to Agent account with Custodian (for acceptance of late confirmation by clients)	From 10:15am on SD after completion of securities settlement to 2.00 pm on SD+2 day
6	Member requests Nasdaq Dubai to transfer shares from client buy rejection account to Member buy rejection sellout account	BY 3.00 pm on SD+3

A.3.2 Timings for the applicable to Irrevocably Rejected Sell Transactions

#	Activity	Timing
1	Exchange processes irrevocable rejections	SD 12:00 pm
2	Original selling Member can execute corrective buy on market	T to SD 10:00 am – 3:00 pm
3	Original buyer (and subsequent buyers) can onward sell	T to SD+2 10:00 am – 3:00 pm
4	Deadline to revoke rejection of sell Transaction (subject to approval by selling Member & available balances).	SD+2 2:00 pm
5	Notification to buying custodian if they are not getting delivery on SD on account of irrevocable sell rejections	3:00pm
6	Selling Member mandatorily bought-in for quantity of rejected sells (not rectified via 3 or 4 above).	SD+2 3:30 pm – 3:45 pm
7	Buyers receive securities delivered through: a) reversal of sell rejection on SD+2 [#4 above] b) the mandatory buy-in process in #5 above	SD+2 4:00 pm
8	Cash settlement of buyers settled in #6 above. Cash and Securities settlement of affected buyers using shares delivered via a market buy by the selling Member on SD+1 -	SD+3 12:00 pm-12:15 pm
9	Cash and Securities settlement of affected buyers using Cash Settlement Replacement Amount against the selling broker	SD+3 12:00 pm-12:15 pm

A.3.3 Timings for the applicable to Sell Rejections that will use the Late Confirmation Window

#	Activity	Timing
1	Notification of error trades to Nasdaq Dubai by Broker (together with information on when the correction buy would be executed)	7.00 pm on SD-1 day of the error trade
2	Requests for rejection of transaction for settlement by Custodian	10.00 am on SD
3	Market buy-in by Member to settle the negative balance in the Member sell rejection house account	SD normal trading hours
4	Optional buy-in period for Member	From 3.30 pm to 3.45 pm on SD and SD+1
5	Reversal of rejection by Custodians on acceptance of late confirmations	From 10:15am on SD after completion of securities settlement to 2.00 pm on SD+2
6	Cash settlement for reversal of rejections	Next settlement day after the execution of the reversal.
7	Mandatory buy-in by Nasdaq Dubai	From 3.30 pm to 3.45 pm on SD+2
8	Mandatory Cash Settlement Replacement against Custodian client if mandatory buy-in is unsuccessful	From 3.45 pm on SD+2
9	Cash settlement for mandatory Cash Replacement	Next settlement day after mandatory cash closeout.

A.4 Penalty for Late Confirmation of Trade Settlement and Buy-in fees

As an Authorised Market Institution Nasdaq Dubai has a regulatory obligation to ensure the operation of a fair, orderly and efficient market. Penalties aim to promote market discipline and ensure clients send timely confirmation to Settlement Agents for adherence with the T+2 settlement timeline. Penalties will be invoiced to Settlement Agents on a monthly basis and must be paid no later than 14 days from the invoice date. Settlement Agents may pass these penalties to their clients responsible for the delays

A.4.1 Penalties for rejections not using the late confirmation window (as per section 5.4.1)

Nasdaq Dubai is introducing a penalty for settlement delays caused by Settlement Agents that have provided settlement rejection notice and subsequently revoked this notice through the method referred to in section 5.4.1 of this Operating Procedure.

The penalty for such transactions will be the higher of USD 100/ AED 367 or 0.05% of the settlement value on the affected order.

A.4.2 Penalties for rejections using the late confirmation window (as per section 5.4.2)

If the rejection reversal request (for sales) or transfer request (for buys) is executed by Nasdaq Dubai on:	Penalty Amount
S+1	Waived until further notice
S+2	USD 700 or 0.25% of trade value whichever is higher for USD listed securities AED 2,500 or 0.25% of trade value whichever is higher for AED listed securities

- Penalties will be invoiced to Custodians on a monthly basis and Nasdaq Dubai must be paid no later than 14 settlement days from the invoice date.

A.4.3 Penalties for rejections not using the late confirmation window (as per section 5.4.3)

If a Member causes a Settlement failure on SD on account of a Market making activity, there will be a penalty of USD100 or 0.05% of the Settlement value of the failed obligation, whichever is higher for USD listed securities, and AED 367 or 0.05% of the Settlement value of the failed obligation, whichever is higher for AED listed securities. This penalty will be in addition to any other fees, charges and costs associated with the failure and as levied by Nasdaq Dubai.

A.4.3 Buy-in Fees

The following are the approved fees in relation to buy-in trades.

Type of Buy-in trade	Fees
Buy-in bids	NIL
Buy-in offers	The buy-in fees shall be computed based on the following fee conditions: For USD listed securities: - Market fees: 0.05% on executed order value + USD 3 per executed order - CSD fees: 0.05% on executed order value For AED listed securities: - Market fees: 0.05% on executed order value + AED 10 per executed order - CSD fees: 0.05% on executed order value

- These fees will be levied on Clearing Member.

A.4.4 Transfer fees

Where a rejected buy trade is confirmed within the late confirmation period (S day to S+2), but the Member submits the corresponding transfer request *after* the stipulated deadline (S+2; 2:00 pm) due to a Member omission, then the following penalty structure will apply:

Day	Transfer Fee
S+3 onwards	USD 820 or 0.5% of contract value whichever is higher for USD listed securities(to be paid by the Clearing Member) AED 2,500 or 0.5% of contract value whichever is higher for AED listed securities(to be paid by the Clearing Member)

Where a Member requests a transfer of securities from the Client Buy Rejection Account into its Buy Rejection Sellout Account from S+4 onwards, then the following fees will apply:

Day	Transfer Fee
S+4 onwards	USD 820 or 0.5% of contract value whichever is higher (to be paid by the Clearing Member) for USD listed securities AED 3,000 or 0.5% of contract value whichever is higher (to be paid by the Clearing Member) for AED listed securities

Appendix 3: Requirement specification for buy-in trade log

In addition to the below report, the trade details can be extracted from the iNETWorkstation.

Report format

Name of the report- BUY-IN Trade Log ddmmyy.csv

Type - CSV

The report specifications are as shown below

Attribute	Data Type	Length	Sample fields	NULL(Y/N)
Board	Text	3	200 (Can be Alpha numeric)	N
Trade Source Name	Text	30	Buy in	N
Buy Trader	Text	30	AFHCT1	Y
Sell Trader	Text	30	AFHCT1	Y
Symbol	Text	50	BARKA	N
Buyer	Text	256	Standard Charter bank / DVP TESTING	N
Seller	Text	256	Standard Charter bank / DVP TESTING	N

Attribute	Data Type	Length	Sample fields	NULL(Y/N)
Buy Account	Text	12	86067853	N
Sell Account	Text	12	86067853	N
Volume	Real		25000	N
Price	Real		2.00	N
Total Value	Real		50000.00	N
Settlement Date	Date		5/2/2011	N
Yield	Real		2.00	Y
Time	DateTime		The format for this field <MMDDYYYY HH:MM:SS AM>	N
Amend Time	Datetime		The format for this field <MMDDYYYY HH:MM:SS AM>	Y
Status	Text	50	Matched	N
Buy No	Buy No	Integer	12	N
Sell No	Buy No	Integer	12	N
Trade Number	Text	22	The size of this type is from 0 to 21. Of the form "DD/MM/YYYY-xxxxxxxxxx" (20110417-000011580508)	Y
Accrued Interest	Real		100.25	Y
Buy Firm	Text	30	AFHC	N
Sell Firm	Text	30	AFHC	N
Trade Source Id	text	2	A	Y
Buy Broker Ref	Text	256	Free text	Y
Sell Broker Ref	Text	256	Free text	Y

Sample File Format:



Buy-in Trade File
sample.csv

APPENDIX 4: CONTRA TRADE AND ERROR TRADE CORRECTION

This procedure applies when a Trading Member executes a correcting trade to fix its error trade.

Nasdaq Dubai Procedures for Late Confirmation Settlement of Contra Trades

A. Special Procedures for settlement of buy rejections with pending settlement of contra sell trade:

1. Contra trades are defined as either a buy or sell trade followed by a corresponding sell or buy trade within the 5 day settlement cycle.

2. A buy trade with a pending settlement of sell trade which results in a zero (0) available balance or if there are insufficient balance in the Custodian Agent account to settle the sell trades, will be rejected by Nasdaq Dubai using special procedures outlined below.
3. For example, the opening balance is 5,000 while the client bought another 5,000 shares on T-Day and sold between T and S 10,000 shares and there is a request to reject the buy trade of 5,000 shares on S settlement date. The buy rejection will be processed by Nasdaq Dubai using the special procedures explained below.
4. Nasdaq Dubai will execute a request for a buy rejection using special procedures whereby the cash settlement obligations of the rejected buy trade will be paid by the buying Broker while the rejected buy securities will remain in the Custodian Agent account earmarked for settlement of the contra sell trade.
5. Nasdaq Dubai will notify the buying Broker of rejection using the special procedures where the rejected buy securities will not be credited to the Client Buy Rejection account when adjusting the buying Broker's market cash settlement obligations for the buy rejection.
6. Where the quantity of the rejected buy trade is greater than the contra sell trade, Nasdaq Dubai will transfer any balance of rejected buy securities to the Client Buy Rejection account on the date of the buy rejection.
7. The following are scenarios on how Nasdaq Dubai will apply the special procedures depending on how the rejection trades are settled:
8. Where the rejected buy trade is accepted by Custodian client and contra sell trade is accepted by Custodian client or is cash closed-out on S+2 [Contra sell trade executed with same Broker]:
 - i. If the client subsequently confirms settlement of the rejected buy trade, the buying Broker will collect the payment due from the Custodian [outside the Nasdaq Dubai system] but the buying Broker will not transfer any securities to the Custodian because the rejected buy securities has been earmarked in the Custodian Agent Account for settlement of the pending sell trade.
 - ii. If the contra sell trade is either accepted by the Custodian for settlement or is cash closed-out, the Custodian will receive the sell proceeds from Nasdaq Dubai on the settlement date of the contra sell trade or receive the retained sell proceeds on the cash close-out date + 1.
9. Where the rejected buy trade is accepted by Custodian client and contra sell trade NOT accepted by Custodian client and buy-in is successful [contra sell trade executed with same Broker]:
 - i. If the client subsequently confirms settlement of the rejected buy trade, the buying Broker will collect the payment due from the Custodian [outside the Nasdaq Dubai system] but will not transfer any securities to the Custodian because the rejected buy securities has been earmarked in the Custodian Agent account for settlement of the pending sell trade.
 - ii. If the contra sell trade is late confirmed by the Custodian; the rejected buy securities earmarked for settlement of the late confirmed contra sell trade will be placed under a Pending status when the contra sell trade is moved to the Sell Rejection House Account.
 - iii. If the rejected contra sell trade is NOT accepted by the Custodian and a buy-in is successful, the Pending status of the securities in the Custodian Agent Account will be released by Nasdaq Dubai on the date of the buy-in.
10. Where the rejected buy trade is NOT accepted by Custodian client and the contra sell trade is accepted by Custodian client or is cash closed-out on S+2 [Contra sell trade executed with same Broker]:

- i. Nasdaq Dubai will adjust the cash settlement obligations of the buying Broker on S – buying Broker pays for rejected buy trade but does not receive rejected buy securities.
 - ii. If the contra sell trade is either accepted by the Custodian for settlement or is cash closed-out, Nasdaq Dubai will adjust the cash settlement obligations of the Custodian either on the settlement date of the contra sell trade or on the cash close-out date + 1 whereby the sell proceeds will be debited from the Custodian and credited to the buying Broker.
 - iii. This means that the Custodian will NOT receive the sell proceeds if the client rejected the buy trade but confirms the contra sell trade for settlement.
11. Where the rejected buy trade is NOT accepted by Custodian and the contra sell trade is also NOT accepted by Custodian, either because both trades are error trades or because the sell trade was rejected using the option to late-confirm, and the buy-in is successful [Contra sell trade executed with same Broker]:
- i. Nasdaq Dubai will adjust the cash settlement obligations of the buying Broker on S: buying Broker pays for rejected buy trade but does not receive rejected buy securities.
 - ii. If the contra sell trade is also late confirmed by the Custodian;
 - I. Where the sell trade is an error trade, Nasdaq Dubai will also reject the sell trade using special procedures whereby only the cash proceeds will be adjusted and credited to the selling Broker net of any gains whereas the securities for the sell rejection will settle from the Custodian Agent Account. No entries will be reflected in Equator when such special procedures are invoked.
 - II. Where it is a late confirmation of a sell trade, the rejected buy securities earmarked for settlement of the contra sell trade will be placed under a Pending status when the contra sell trade is moved to the Sell Rejection House Account.
 - iii. If the contra sell trade rejected using the late confirmation option is NOT accepted by the Custodian and a buy-in is successful, securities under Pending status in the Custodian Agent Account will be transferred by Nasdaq Dubai to the Client Buy Rejection Account of buying Broker on date of the successful buy-in and Nasdaq Dubai will notify the buying Broker accordingly.
 - iv. If the Broker & Custodian subsequently finds out that the late confirmation is actually an error trade, at the request of the Broker, Nasdaq Dubai will withdraw the mandatory buy-in against the Broker on S+2 so that the sell late confirmation will be cash close-out against the rejected buy securities in the client Custodian Agent Account if the client fails to confirm the sell trade by S+2. Nasdaq Dubai will also adjust the cash settlement obligations to ensure that the cash closeout proceeds is not paid to the Custodian.
12. Where the rejected buy trade is accepted by Custodian client and the contra sell trade is accepted by Custodian client or is cash closed-out on S+2 [Contra sell trade executed with different Broker]:
- i. If the client subsequently confirms settlement of the rejected buy trade, the buying Broker will collect the payment due from the Custodian [outside the Nasdaq Dubai system] but the buying Broker will not transfer any securities to the Custodian because the rejected buy securities have been earmarked in the Custodian Agent Account for settlement of the pending sell trade.

- ii. If the contra sell trade is either accepted by the Custodian for settlement or is cash closed-out, the Custodian will receive the sell proceeds from Nasdaq Dubai on the settlement date of the contra sell trade or receive the retained sell proceeds on the cash close-out date + 1.
13. Where the rejected buy trade is accepted by Custodian client and the contra sell trade is NOT accepted by Custodian client and buy-in is successful [Contra sell trade executed with different Broker]:
- i. If the client subsequently confirms settlement of the rejected buy trade, the buying Broker will collect the payment due from the Custodian [outside the Nasdaq Dubai system] but will not transfer any securities to the Custodian because the rejected buy securities has been earmarked in the Custodian Agent Account for settlement of the pending sell trade.
 - ii. When the contra sell trade is rejected with the late-confirmation option by the Custodian; the rejected buy securities earmarked for settlement of the rejected contra sell trade will be placed under a Pending status when the contra sell trade is moved to the Sell Rejection House Account of the different Broker.
 - iii. If the late confirmed contra sell trade is NOT accepted by the Custodian and rejected contra sell trade is resolved by:
 - Market buy by the different Broker: Sell proceeds retained by Nasdaq Dubai will be paid to the different Broker; securities under Pending status in the Custodian Agent Account will be removed from Pending status on date of the settlement of the market buys by the different Broker and will remain under the Custodian Agent Account;
 - I. Successful buy-in by the different Broker: Sell proceeds retained by Nasdaq Dubai will be paid to the new selling Broker to the buy-in. The securities under Pending status in the Custodian Agent Account will be released on the date of the successful buy-in.
14. Where the rejected buy trade is NOT accepted by Custodian client and the contra sell trade is accepted by Custodian client or is cash closed-out on S+2 [Contra sell trade executed with different Broker]:
- i. Nasdaq Dubai will adjust the cash settlement obligations of the buying Broker on S – buying Broker pays for rejected buy trade but does not receive rejected buy securities.
 - ii. If the contra sell trade is either accepted by the Custodian for settlement or is cash closed-out, Nasdaq Dubai will adjust the cash settlement obligations of the Custodian either on the settlement date of the contra sell trade or on the cash close-out date + 1 whereby the sell proceeds will be debited from the Custodian and credited to the buying Broker.
 - iii. This means that the Custodian will NOT receive the sell proceeds if the client rejected the buy trade but confirms the contra sell trade for settlement.
15. Where the rejected buy trade is NOT accepted by Custodian and the contra sell trade is NOT accepted by Custodian and buy-in is successful [Contra sell trade executed with different Broker]:
- i. Nasdaq Dubai will adjust the cash settlement obligations of the buying Broker on S – buying Broker pays for rejected buy trade but does not receive rejected buy securities.
 - ii. When the contra sell trade is rejected using the late confirmation option by the Custodian; the rejected buy securities earmarked for settlement of the rejected contra sell trade will be placed under a Pending status when the contra sell trade is moved to the Sell Rejection House Account of the different Broker.

iii. If the late confirmed contra sell trade is NOT accepted by the Custodian and rejected contra sell trade is resolved by:

- I. Market buy by the different Broker: Sell proceeds retained by Nasdaq Dubai will be paid to the different Broker; securities under Pending status in the Custodian Agent Account will be transferred by Nasdaq Dubai to the Client Buy Rejection Account of buying Broker on date of the settlement of the market buy by the different Broker and Nasdaq Dubai will notify the buying Broker accordingly;

Successful buy-in: the securities under Pending status in the Custodian Agent Account will be transferred by Nasdaq Dubai to the Client Buy Rejection Account of the buying Broker on the date of the successful buy-in and the buying Broker will be notified accordingly by Nasdaq Dubai.

B. Settlement of Contra Correction Trade [Error Trade Corrections]

1. Processing of correction trades will be based on Custodian instructions to reject trades.
2. **Brokers MUST liaise with Custodians to settle correction trades; Custodians must indicate which rejections are correction trades executed by Brokers for settlement.**
3. Brokers **MUST** notify the market of error trades (via email / letter) by 7:00pm on T+1 of executing such errors, and also provide information on when the correction trade would be executed. Without this notification, Nasdaq Dubai reserves the right to process the trade as a *normal* rejection (i.e. as though the Custodian did not mark the trade with an 'Error Flag').
 - 3.1 Once the correction trade has been executed, it must be followed up by an official letter from the Broker in the format prescribed in Appendix 6.5.

The following procedures apply to the various error trade scenarios:

#	Trade Type	Correction Trade Scenario
A	Buy	A.I. Scenario A [Buy and correction sell settle on same day (S)] 1. Broker to execute the contra correction sell trade using the Client Trading Account. 2. Broker MUST inform Custodian and Nasdaq Dubai CSD that the correction sell trade is to settle the buy trades. 3. Nasdaq Dubai must be notified latest by end of S-1 7:00pm by using the Settlement of Trade Correction Request Letter. 4. Custodian requests rejection of buy and sell trade on S by 10:00 am, indicating that sell trade is correction trade. 5. On S-Day by 12.00 pm, Nasdaq Dubai will act on error correction only if the Custodian rejects both buy and sell trades and indicate that both are error trades: a. Nasdaq Dubai will reject buy and sell trade using pre-DVP method and net the cash settlement obligations. b. The cash settlement will be part of Nasdaq Dubai's adjustment of cash obligation process on S-day. 6. Nasdaq Dubai will retain any gains. A.II. Scenario B [Buy settles on S₁; correction sell settles on next settlement day (S₂)] 1. Broker to execute the contra correction sell trade using the Client Trading Account. 2. Broker MUST inform Custodian and Nasdaq Dubai CSD that the correction sell trade is to settle the buy trade latest by end of S₂-1 by using the prescribed Settlement of Trade Correction Request Letter. 3. Custodian requests rejection of buy on S₁ by 10:00 am. On S₁ by 12:00 pm, Nasdaq Dubai CSD rejects buy trade to Client Buy Rejection Account. 4. Custodian requests for rejection of sell trade on S₂ by 10:00 am, indicating that sell trade is correction trade. On S₂ by 9:00am, Nasdaq Dubai CSD rejects sell trade to Client Buy Rejection Account. 5. Nasdaq Dubai CSD settles cash obligations as follows: Buy trade on S₁; sell trade on S₂. A.III. Scenario C [Buy settles on S; correction sell settles on or after S+2] 1. Custodian requests rejection of buy on S by 10:00 am. On S by 12:00 pm, Nasdaq Dubai CSD rejects buy trade to Client Buy Rejection Account. 2. Broker MUST transfer buy rejection securities from the Client Buy Rejection Account to the Broker Buy Rejection Sellout Account by using the Request for Transfer of Securities for Sell-Out of Buy Rejection Securities Letter. 3. Broker MUST execute all sell-out trades of buy rejection securities by using the Broker Buy Rejection Sellout Account. 4. Nasdaq Dubai CSD settles cash obligations as follows: Buy trade on S; sell trade depends on when the Broker sells-out the rejected buy trade.

#	Trade Type	Correction Trade Scenario
		AIV. Special Procedures where securities of error buy trades is earmarked for settlement of contra sell trade 1. Where the error buy is earmarked for the settlement of a contra sell trade, Nasdaq Dubai will adopt special procedures explained in Part A section 6[d] to reject the error buy. 2. Because securities underlying the rejected buy are earmarked for settlement of the contra sell, Nasdaq Dubai cannot reject the error by using the Equator rejection function.

B Sell

B.I. Scenario A [Sell and correction settle buy on S]

1. Broker to execute the correction buy trade using the **Client Trading Account**. Custodian Agent Account will have Pending In securities balance from T.
2. Broker MUST inform Custodian and Nasdaq Dubai CSD that correction buy trade is to settle the sell trades latest by end of S-1 by using the prescribed Settlement of Trade Correction Request Letter.
3. Custodian requests rejection of buy and sell trade on S by 10:00 am indicating that buy trade is correction buy.
4. On S day by 12:00 pm, Nasdaq Dubai will act on error correction only if the Custodian rejects both buy and sell trades and indicate that both are error trades:
 - a. Nasdaq Dubai will reject buy and sell trade using pre-DVP method and net the cash settlement obligations.
 - b. The cash settlement will be part of Nasdaq Dubai's adjustment of cash obligation process on S.
5. Nasdaq Dubai will retain gains.

B.II. Scenario B [Sell settles on S₁; correction buy settles on next settlement day (S₂)]

1. Broker to execute the correction buy trade using the **Client Trading Account**. Custodian Agent Account will have Pending In securities balance from the date of the correction trade.
2. Broker MUST to inform Custodian and Nasdaq Dubai CSD that the correction buy trade is to settle the sell trades latest by end of S₁-1 by using the Settlement of Trade Correction Request Letter.
3. Custodian requests rejection of sell trade by S₁ 10:00 am. On S₁ by 12:00 pm, Nasdaq Dubai CSD rejects sell trade to Client Buy Rejection Account.
4. On S₂ by 10:00 am, Custodian requests for rejection of buy trade. On S₂ by 12:00 pm, Nasdaq Dubai CSD rejects buy trade to Client Buy Rejection Account.
6. Nasdaq Dubai CSD settles cash obligations settled as follows: Buy trade on S₂; sell trade on S₂+1 i.e. one settlement day after the settlement of the negative balance in the Client Buy Rejection Account.

B.III. Scenario C [Sell settles on S; correction buy settles on S+2 (S₂)]

1. Custodian requests rejection of sell trade on S day by 10:00 am. On S day by 12:00 pm, Nasdaq Dubai CSD rejects sell trade to **Broker Sell Rejection House Account**.
2. Broker to execute the correction buy trade using the **client Trading Account**.
3. Broker MUST inform Nasdaq Dubai CSD by 2:15 pm on S that the correction buy trade is to settle the rejected error sell trades by using the Settlement of Trade Correction Request Letter.
5. Upon being informed by the Selling Member of the corrective buy on S₂, Nasdaq Dubai CSD will transfer the sell rejection from the Broker Sell Rejection House Account to the Broker Buy Rejection Sellout Account to settle the rejected sell trade.
6. Nasdaq Dubai CSD settles cash obligations as follows: Buy trade and sell trade by 12:00 pm on S₂.

Deal Correction/Amendment [refers to the change of account process to amend trade from wrong account to correct account]

#	Trade Type	Procedure
1.	Buy	Where the Custodian rejected the wrong buy trade: - Broker to inform Nasdaq Dubai CSD and Custodian of buy trade correction. - Custodian will reject the wrong buy trade by 10.00 am on S day, indicating that the rejection is due for a deal correction. - Nasdaq Dubai CSD will correct the error buy trade to the Custodian Agent Account of the correct client by 9:00am on S before securities settlement. - Where there are matched settlement instructions from the correct client, no further action is required by the original Settlement Agent. - Where there are no matched settlement instructions from the correct client: - The Settlement agent must submit a separate request for trade settlement rejection of the correct buy trade; - Nasdaq Dubai CSD will execute the rejection of the correct client's trade to the Client Buy Rejection Account of the correct client by 12:00 pm on S before securities settlement. - Upon subsequent confirmation of settlement by the correct client, the Broker will request Nasdaq Dubai CSD to transfer securities from the Client Buy Rejection Account of the correct client to the Custodian Agent Account of the correct client.
2.	Sell	- Broker to inform Custodian and Nasdaq Dubai of the sell trade correction. - Settlement Agent will reject the wrong sell trade by 10:00 am on S day and indicating to Nasdaq Dubai that the Broker is requesting trade correction. - Nasdaq Dubai will NOT use the Rejection function to reject the wrong sell trade. - Nasdaq Dubai will transfer the wrong sell trade to the correct account with the Custodian before securities settlement. Securities in wrong Custodian Agent Account will move to free once Nasdaq Dubai initiates the correction. - Where there are no matched settlement instructions from the correct client: - The Custodian must also request for rejection of the correct sell trade. - After the Deal Correction process, Nasdaq Dubai will reject the corrected sell trade to the Broker Sell Rejection House Account by 12:00 pm on S day before securities settlement.

APPENDIX 5: PRESCRIBED LETTER FORMATS

1. Sample format: Request for Trade Settlement Rejection

(CUSTODIAN Letterhead)

Date:

Ref:

To: *[Name]*

Head of Market Operations

Nasdaq Dubai

P.O. Box: 53536

Dubai, U A E

Request for Trade Settlement Rejections [Nasdaq Dubai]

(Request must reach Nasdaq Dubai & DFM before 10.00am on SD)

Dear Sir/Madam,

We hereby confirm and agree to the net obligation to Nasdaq Dubai as per the below mentioned details:

Trade Date:

Settlement Date:

Total Gross value of trades as per obligation by Nasdaq Dubai:	USD/AED (Amount)
--	------------------

Total Market Comm. & fees as per obligation by Nasdaq Dubai:	USD/AED (Amount)
--	------------------

Total Gross value of trades accepted By (CUSTODIAN Name) as obligation:	USD/AED (Amount)
---	------------------

Total market Commission fees accepted by (CUSTODIAN Name) as obligation: USD/AED (Amount)

Total amount to be (paid/received) by (CUSTODIAN name): USD/AED (Amount)

The following amount to be settled by Clearing Member (Clearing Member Name):

Trade Type	Total Gross Value	Market Commission & Fees
Buy Trades		
Sell Trades		
Net Total		

Please note that we do not accept obligation for the following trades executed by (Clearing Member Name):

Buy Trades:

No.	Investor Name	Investor Number	Symbol	Buy	Quantity	Contract Number	Total Contract Value	Contract Market Comm. & Fees	Order Number	Quantity	Order Value	Order Mkt Comm. & Fees	Is this an Error Trade? Y/N
1.													
2.													
									Total:				

Sell Trades:

No.	Investor Name	Investor Number	Symbol	Sell	Quantity	Contract Number	Total Contract Value	Contract Market Comm. & Fees	Order Number	Quantity	Order Value	Order Mkt Comm. & Fees	Is this an Error Trade? Y/N
1.													
2.													
									Total:				

The following sell trades are irrevocably rejected for settlement and will not be late confirmed post the Settlement Date:

Irrevocably Rejected Sell Trades executed by [name of selling Clearing Member]:

No.	Investor Name	Investor Number	Symbol	Sell	Quantity	Contract Number	Total Contract Value	Contract Market Comm. & Fees	Order Number	Quantity	Order Value	Order Mkt Comm. & Fees
1.												
2.												
									Total:			

The respective Clearing Members will settle the above mentioned trades directly.

Thanking you for your cooperation

Yours faithfully

Signature

Name of authorized signatory (Company Stamp)

CC.

(Broker Names)

2. Sample format: Request for Reversal of Sell Rejections using the Late Confirmation window

(CUSTODIAN Letterhead)

Date:

Ref:

To: *[Name]*

Head of Market Operations

Nasdaq Dubai

P.O. Box: 53536

Dubai, U A E

Reversal of Sell Rejections using the late confirmation window [Nasdaq Dubai]

(Request must reach Nasdaq Dubai & DFM before 2.00pm for same day processing)

Dear Sir/Madam,

We hereby request Nasdaq Dubai to reverse the following rejected sell trades back to us and we confirm that we will settle the reversed trades:

No.	Late Confirmation Date	Rejection Letter Reference Number	Broker Which Accepted Sell Rejection	Settlement Date	Investor Name	Investor Number	Client Agent Account Number	Symbol	Contract Note Number	Contract Quantity	Contract Value	Market Fees & Comm	Order Number	Order Market Comm. & Fees
1.														
2.														
									Total:					

We hereby agree that Nasdaq Dubai / DFM will only approve the reversal request subject to the corresponding sell trades remaining unsettled by the Clearing Member.

Thank you.

Yours faithfully

Signature

Name of authorized signatory

(Company Stamp)

CC.

(Clearing Members Names)

3. Sample format: Request for Transfer of Securities – Reversal of Buy Rejections

(Clearing Member's Letterhead)

Date:

Ref:

To: [Name]

Head of Market Operations

Nasdaq Dubai

P.O. Box: 53536

Dubai, U A E

Transfer of Securities – Reversal of Buy Rejections

(Request must reach Nasdaq Dubai and DFM before 2.00pm for same day processing)

Dear Sir/Madam,

We hereby request you to effect a transfer of securities arising from Late Confirmation by our clients for settlement of the following buy trades.

Please transfer securities to the client's agent trading account with CUSTODIAN:

No.	Rejection Date	Rejection Letter Reference Number	Trade Date	Settlement Date	Transfer From Rejection Account Number	Investor Name	Investor Number	Symbol	Quantity	Contract No.	Contract Value	Order No.	Transfer Type 1=Trade transfer 2=CA transfer
1.													
2.													
									Total:				

We confirm that the transfer request is in compliance with the relevant transfer conditions as set out in the **Nasdaq Dubai Rules and Procedures** on Transfer of Securities arising from late settlement confirmation of buy trades by clients.

Thank you.

Yours faithfully

Signature

Name of authorized signatory

(Company Stamp)

CC.

(CUSTODIAN)

4. Sample format: Request for Transfer of Securities to Broker Buy Rejection Sellout Account for Sell-out of Buy Rejection Securities

(Clearing Member's Letterhead)

Date:

Ref:

To: [Name]

Head of Market Operations

Nasdaq Dubai

P.O. Box: 53536

Dubai, U A E

Transfer of Securities – Sellout of Buy Rejection Securities

(Request must reach DFM before 2.00pm for same day processing)

Dear Sir/Madam,

We hereby request you to effect a transfer of securities from the **Client Buy Rejection Account to the Broker Buy Rejection Sellout Account** for us to execute a sell-out of the rejected buy trades.

Please transfer securities to the Broker Buy Rejection Account:

No.	Rejection Date	Rejection Letter Reference Number	Trade Date	Settlement Date	Transfer From Client Buy Rejection Account Number	Transfer To Broker Buy Rejection Sellout Account Number	Investor Name	Investor Number	Symbol	Quantity	Original Order number	Order Value
1.												
2.												

Thank you.

Yours faithfully

Signature

Name of authorized signatory

(Company Stamp)

CC.

(CUSTODIAN)

5. Sample format: Request for Settlement of Trade Correction

(Broker Letterhead)

Date:

Ref:

To: [Name]

Head of Market Operations

Nasdaq Dubai

P.O. Box: 53536

Dubai, U A E

Request for Settlement of Trade Correction [Nasdaq Dubai]

[Details of the error trade *and* correction trade must be submitted *as early as possible*, but **never** later than 8:00am on the SD of the error trade]

Dear Sir/Madam,

We hereby request you to initiate settlement correction of the following:

No.	Rejection Date	Buy or Sell	Trade Date	Settlement Date	Rejection Account Number	Investor Name	Investor Number	Symbol	Quantity	Contract Value	Order Value	Order No.
1.												
2.												
									Total:			

Details of Trade to be corrected:

No.	Rejection Date	Buy or Sell	Trade Date	Settlement Date	Rejection Account Number	Investor Name	Investor Number	Symbol	Quantity	Contract Value	Order Value	Order No.
1.												
2.												
									Total:			

Thank you.

Yours faithfully

Signature

Name of authorized signatory (Company Stamp)

CC.

(CUSTODIAN)

6. Sample format: Request for Reversal of Sell Rejections not using the Late Confirmation window

(CUSTODIAN Letterhead)

Date:

Ref:

To: *[Name]*

Head of Market Operations

Nasdaq Dubai

P.O. Box: 53536

Dubai, U A E

Reversal of Sell Rejections using the late confirmation window [Nasdaq Dubai]

(Request must reach Nasdaq Dubai & DFM before 2.00pm for same day processing)

Dear Sir/Madam,

We hereby request Nasdaq Dubai to reverse the following rejected sell trades back to us and we confirm that we will settle the reversed trades:

No.	Late Confirmation Date	Rejection Letter Reference Number	Broker Which Accepted Sell Rejection	Settlement Date	Investor Name	Investor Number	Client Agent Account Number	Symbol	Contract Note Number	Contract Quantity	Contract Value	Market Fees & Comm	Order Number	Order Market Comm. & Fees
1.														
2.														

A copy of the Clearing Member's approval is also attached herewith.

Thank you.

Yours faithfully

Signature

Name of authorized signatory

(Company Stamp)

CC.

(Clearing Member's Names)