



# Nasdaq Dubai Business Rules

## Rulebook 2

Derivatives, Exchange Traded Commodities, Debt Securities,  
Structured Products and Collective Investment Funds

For more  
information

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# 1. Definitions and Interpretation

## 1.1 Definitions

The following defined terms have the meaning given below:

<b>Admission and Disclosure Standards</b>	Nasdaq Dubai's Admission and Disclosure Standards for Securities Admitted or seeking to be Admitted to Trading, as amended from time to time.
<b>Admission to Trading/Admitted to Trading/ Admitted to Trading on our Market</b>	The process by which Nasdaq Dubai admits Investments to its systems to permit Members to enter into transactions in such Investments under and subject to the Business Rules of Nasdaq Dubai.  The terms "admitted" and "traded" shall be construed accordingly.
<b>Access Facility</b>	A facility provided by a Trading Member to a Customer for routing Customer Orders to the Nasdaq Dubai Market .
<b>Account Holder</b>	Any Person holding an account with a financial institution, custodian or a CSD.
<b>Account Position Report</b>	A daily report containing the information in Rule 7.5.2(6)
<b>Admitted Derivative Contract</b>	Any Derivative Contract Nasdaq Dubai has Admitted to Trading.
<b>Admitted Financial Instrument</b>	Any debt product, exchange traded commodity, structured product or collective investment fund Admitted to Trading, and any Investment Entitlements to Admitted Securities (as provided for in the Personal Property Law No. 9 of 2005)
<b>Admitted Security</b>	Any Security Admitted to Trading.
<b>Anti-Money Laundering Notice</b>	The Notice described as such.
<b>Appeals Committee</b>	A committee drawn from a Panel appointed by Nasdaq Dubai to hear and determine appeals.
<b>Applicant</b>	An applicant for Membership or Direct Clearing Customer of Nasdaq Dubai.
<b>Articles of Association</b>	The articles of association of Nasdaq Dubai Limited as amended and/or supplemented from time to time.
<b>Authorised Firm</b>	An authorised firm as defined in the DFSA Rules.
<b>Authorised Market Institution</b>	An authorised market institution as defined in the DFSA Rules.
<b>Block Trade</b>	An Off-Order Book Transaction in an Admitted Financial Instrument and/or Admitted Derivatives Contract that is equal to or exceeds the Normal Block Amount set for such Admitted Financial Instrument and/or Admitted Derivatives Contract from time to time.
<b>Board</b>	The Board of Directors of Nasdaq Dubai (including any committee of the Board of Directors to which powers have been delegated in accordance with the Articles of Association or these Rules).
<b>Business Day</b>	Any day on which Nasdaq Dubai Systems are open for trading as advised by Circular.
<b>Business Rules or Rules</b>	The Business Rules of Nasdaq Dubai as adopted by the Board and approved by DFSA, as amended, and as supplemented by Notices.
<b>Buy-in Agent</b>	A Clearing Member or Custodian appointed by Nasdaq Dubai to act as Nasdaq Dubai's agent in order to Cure a Failing Seller's Settlement Fail in accordance with the terms and conditions of the Settlement Fail Notice and the Rules.
<b>Buy-in Procedures</b>	Procedures initiated by Nasdaq Dubai or Failing Seller, which includes the appointment of a Buy-in Agent in order to Cure a Failing Seller's Settlement

	Fail in accordance with the terms and conditions of the Settlement Fail Notice and the Rules.
<b>Cancel</b>	In the case of an Order, any action to remove the Order from the Central Order Book. In the case of a Transaction (including a CCP Transaction), any action by Nasdaq Dubai to cancel that Transaction and restate positions as if the Transaction had not been executed or created. In the case of an Off-Order Book Transaction that has been reported to Nasdaq Dubai and accepted by Nasdaq Dubai Systems, any action by Nasdaq Dubai to cancel that Transaction (as far as Nasdaq Dubai is concerned) and restate the positions as if the Transaction had not been reported to Nasdaq Dubai and accepted by Nasdaq Dubai Systems. In the case of a Settlement Transaction, any action by Nasdaq Dubai to restate the Net Open Position for a specific Admitted Financial Instrument as if one or more Transactions had not occurred. "Cancelled" and "Cancellation" shall be construed accordingly.
<b>Cash Settlement Replacement Amount</b>	An amount calculated in accordance with a Notice issued pursuant to Rule 7.4.
<b>CCP Transaction</b>	A contract, created upon novation of a Derivatives Transaction, between a Clearing Member or Direct Clearing Customer and Nasdaq Dubai as the central counterparty under which each party agrees to deliver Admitted Securities and/or pay or receive cash as described in Rule 7.3.3.
<b>Central Order Book</b>	A Nasdaq Dubai facility for the display of Orders and the submission and execution of Orders in an Admitted Financial Instrument, Admitted Security or Admitted Derivative Contract as applicable.
<b>Circular</b>	A communication issued to the Members by Nasdaq Dubai either pursuant to these Rules or otherwise and labelled "Circular" and delivered by fax or by email to the address notified by such Members to Nasdaq Dubai, or as posted on the Nasdaq Dubai website ( <a href="http://www.nasdaqdubai.com">www.nasdaqdubai.com</a> ).
<b>Clearing Agreement</b>	A written agreement entered into between a General Clearing Member and a Trading Member or a prospective Trading Member for the clearing and settlement of the Trading Member's Transactions on Nasdaq Dubai.
<b>Clearing Bank</b>	A bank appointed by Nasdaq Dubai for the settlement of cash obligations arising from Transactions on Nasdaq Dubai or in relation to Eligible Securities and associated actions.
<b>Clearing Client Agreement</b>	A written agreement entered into between a Guarantee Agent and Direct Clearing Customer detailing the terms and conditions under which the Guarantee Agent and Direct Clearing Customer shall fulfill their obligations under a Direct Clearing Customer Agreement.
<b>Clearing Guarantee Fund</b>	An amount of US Dollars 10 million, as the same may be increased or decreased by Nasdaq Dubai by Circular
<b>Clearing Member</b>	Either an Individual Clearing Member or a General Clearing Member. In respect of a Direct Clearing Customer and a Segregated Clearing Account, a Clearing Member is the Guarantee Agent.
<b>Closing-out Contract</b>	A contract effected under these Rules, being a contract on the same terms as an unsettled contract to which a Defaulting Member or Direct Clearing Customer is party save as to the price and save that where the Defaulting Member or Direct Clearing Customer is a seller under the terms of the unsettled contract the Defaulting Member or the Direct Clearing Customer shall be a buyer under the terms of the Closing-out Contract and vice versa, and references to "closing-out" and "closed-out" shall be construed accordingly.
<b>Closing Price</b>	A price determined by Nasdaq Dubai for each Admitted Financial Instrument

	or Admitted Derivative Contract at the end of each Business Day in accordance with the method published by Circular.
<b>Conditional Trade/Conditional Trading</b>	Has the meaning assigned to it in Rule 5.18
<b>Contract Series</b>	The specific terms and arrangements applying to an Admitted Derivative Contract that is admitted to trading on the Nasdaq Dubai Derivatives Market, issued by Nasdaq Dubai by a Notice pursuant to Rule 6.8.
<b>Contract Specifications</b>	The general specifications of Contract Series, issued by Nasdaq Dubai by a Circular pursuant to Rule 6.6.
<b>Counterparty</b>	A person who is party to a contract as principal.
<b>Cross Trade</b>	The simultaneous execution by a single Trading Member of opposing buy and sell Orders for an identical quantity of a particular Admitted Financial Instrument and/or Admitted Derivatives Contract and at the same price, whether between Customers of that specific Trading Member or between a Customer of that specific Trading Member and the Trading Member.
<b>CSD</b>	The central securities depository of Nasdaq Dubai.
<b>Custodian</b>	A Person, other than a Member, that holds entitlements in a CSD on behalf of third parties by way of business.
<b>Customer</b>	Any Person who employs the services of a Member in relation to one or more Orders and/or in relation to one or more Off-Order Book Transactions.
<b>Customer Securities Account</b>	An account maintained by a Member for holding Admitted Securities for the benefit of a Customer.
<b>Customer Business</b>	Clearing and settlement business undertaken by a Clearing Member in the name of the Member (and without prejudice to the Member's obligations under these Rules including without limitation Rule 2.8) for its Customer(s). All references to "Customer" shall be construed accordingly.
<b>Customer Margin</b>	Margin provided by a Member or Direct Clearing Customers in respect of Customer Business or the Direct Clearing Customers Business respectively including any Margin provided by a Guarantee Agent in respect of a Direct Clearing Customer.
<b>Cure, Curing</b>	The satisfaction of a Failing Seller's Settlement Fail by such Failing Seller, Nasdaq Dubai or the Buy-in Agent, as applicable, in each case as provided for under the terms and conditions of the Settlement Fail Notice and the Rules.
<b>Debt Securities</b>	Include Debentures, as defined in GLO of the DFSA rulebook, bonds, sukus, banknotes and other debt instruments.
<b>Declared Default</b>	A declaration made by Nasdaq Dubai pursuant to Rule 11.2.
<b>Default Declaration Date</b>	The date determined and described as such by Nasdaq Dubai pursuant to Chapter 11.
<b>Defaulting Member</b>	A Member declared by Nasdaq Dubai to be a Defaulting Member.
<b>Defaulting Direct Clearing Customer</b>	A Direct Clearing Customer declared by Nasdaq Dubai to be a Defaulting Direct Clearing Customer.
<b>Derivative Contract</b>	A Derivative Contract shall have the same meaning as a derivative in the Glossary Module of the DFSA Rulebook.
<b>Derivatives Account</b>	An account with Nasdaq Dubai maintained by a Derivatives Clearing Member for recording CCP Transactions of the Derivatives Clearing Member.
<b>Derivatives Clearing Member</b>	A Clearing Member who has been accepted by Nasdaq Dubai to clear and settle Derivatives Transactions.
<b>Derivatives Trading Member</b>	A Person who has been admitted by Nasdaq Dubai to trade in Admitted Derivative Contracts.
<b>Derivatives Transaction</b>	Any Transaction entered into by a Trading Member to buy or sell an Admitted



	Derivative Contract.
<b>DFSA</b>	The Dubai Financial Services Authority.
<b>DFSA Rulebook or DFSA Rules</b>	Means the rules and regulations of the DFSA as amended from time to time.
<b>DIFC</b>	The Dubai International Financial Centre.
<b>DIFC Court</b>	The DIFC Court as established under Dubai and DIFC laws.
<b>Direct Clearing Customer</b>	A Customer of a Derivatives Trading and Clearing Member, approved by Nasdaq Dubai to act as Counterparty in respect of clearing proprietary Derivative Transactions executed within a Segregated Clearing Account opened in accordance with this Rules.
<b>Direct Clearing Customer Agreement</b>	An tripartite agreement executed by a Guarantee Agent, Nasdaq Dubai and Direct Clearing Customer which, inter alia, provides the terms and condition by which a Direct Clearing Customer shall be entitled to act as a principal and Counterparty for CCP Transactions in accordance with the Rules.
<b>Direct Clearing Customer Business</b>	Clearing and settlement business undertaken by a Direct Clearing Customer for its own benefit and/or the benefit of its affiliate companies.
<b>Disciplinary Committee</b>	A committee drawn from a Panel appointed by Nasdaq Dubai to hear complaints and decide disciplinary action against Issuers or Members as applicable.
<b>Disciplinary Committee and Appeals Committee Procedures</b>	Rulebook 4 of the Nasdaq Dubai Business Rules.
<b>Eligible Margin</b>	US Dollar cash and such other cash, Eligible Securities, bank guarantees and other assets which Members or Direct Clearing Customers may provide to Nasdaq Dubai for Margin purposes as set out by Circular.
<b>Eligible Securities</b>	Any Security eligible for holding in a General Account in the CSD.
<b>Event of Default</b>	The events specified in Rule 11.1.1.
<b>Failing Buyer/Seller</b>	A Clearing Member responsible for the occurrence of a Settlement Fail, in accordance with the Rules.
<b>Free Of Payment (FOP)</b>	The movement of securities that is not accompanied by an assured reciprocal cash payment.
<b>Futures Contract</b>	A future as defined in the DFSA Rules.
<b>General Account</b>	An account in the CSD for custody of Eligible Securities.
<b>General Clearing Member</b>	A Person: (i) accepted by Nasdaq Dubai to clear and settle Transactions on its own behalf and to enter into Clearing Agreements with Trading Members to clear and settle their Transactions on the Nasdaq Dubai Markets and who has also been accepted by Nasdaq Dubai as a Trading Member; or (ii) accepted by Nasdaq Dubai to enter into Clearing Agreements with Trading Members to clear and settle their Transactions on the Nasdaq Dubai Markets.
<b>Guarantee Agent</b>	A Derivative Clearing Member appointed by a Direct Clearing Customer under a Direct Clearing Customer Agreement to guarantee the clearing and settlement of Derivative Transactions executed by the Guarantee Agent on behalf of the Direct Clearing Customer.
<b>Haircut</b>	The difference between the actual market value and the value ascribed to Eligible Margin by Nasdaq Dubai expressed in percentage terms.
<b>House Business</b>	Clearing and settlement business undertaken by a Clearing Member for its own benefit or for the benefit of its associates (as defined in the DFSA Rulebook). All references to “House” or “House Account(s)” shall be construed accordingly.

<b>House Margin</b>	Margin provided by a Member in respect of House Business.
<b>Individual Clearing Member</b>	A Person accepted by Nasdaq Dubai to clear and settle Transactions only on its own behalf and who has also been accepted by Nasdaq Dubai as a Trading Member.
<b>Information Licence Agreement</b>	The agreement described as such and entered into between Nasdaq Dubai and a company that wishes to distribute Nasdaq Dubai information, including market data and corporate actions, as the same may be amended and supplemented from time to time.
<b>Investment</b>	As defined in the GLO.
<b>Investment Grade Rating</b>	A rating of not less than BBB from Standards and Poors or BBB+ from Moodys.
<b>Investor Account</b>	Any of the following: (1) an account in the CSD in the name of an Account Holder who is not also a Member; (2) an account in the CSD in the name of an Account Holder who may be a Custodian and who is either not a Member or if they are a Member they have opened one or more Investor Account(s) in addition to any other accounts which they are required to open for the purposes of being a Trading Member and/or a Clearing Member.
<b>ISIN</b>	A system of securities codes used internationally to facilitate Transactions between professionals, defined by the International Standards Organisation (ISO).
<b>Issuer</b>	(1) In relation to a Security or a Derivative, the Person by whom it is or is to be deemed to be created in favour of; (2) In relation to a unit in a collective investment fund, the operator of the fund; (3) In relation to a certificate, the Person who issued or is to issue the Security to which the certificate or other instrument relates.
<b>Lead Manager</b>	A financial institution which is responsible for advising Issuers in accessing and facilitating the raising of capital.
<b>Liquidation Date</b>	A date determined by Nasdaq Dubai pursuant to Chapter 11 which may be the same date as the Default Declaration Date or a later date.
<b>Margin</b>	An amount of cash, or the number of Eligible Securities, bank guarantees or other assets as Nasdaq Dubai may determine, which is calculated in respect of a Clearing Member or Direct Clearing Customer's Net Open Position and/or liabilities under CCP Transactions.
<b>Margin Account</b>	The account in the name of Nasdaq Dubai held by Nasdaq Dubai at the Clearing Bank for the receipt, payment and holding of cash Margin.
<b>Margin Reports</b>	A daily report containing the information in Rule 7.5.2(7)
<b>Market Counterparty</b>	A market counterparty as defined in the DFSA Rules.
<b>Market Maker</b>	Any Member who has entered into a Market Maker Agreement with Nasdaq Dubai and whose Agreement has not been terminated.
<b>Market Maker Agreement</b>	The agreement described as such and entered into between a Member that is acting as a Market Maker and Nasdaq Dubai, as the same may be amended and/or supplemented from time to time.
<b>Markets Law</b>	The Markets Law 2012 of the DIFC as amended from time to time.
<b>Member</b>	A Trading Member, a Clearing Member or both.
<b>Membership</b>	A Person's membership of Nasdaq Dubai either as a Clearing Member, a Trading Member, or both.
<b>Membership Agreement</b>	The agreement described as such and entered into between a Member and Nasdaq Dubai, as the same may be amended and/or supplemented from time to time.

<b>Minimum Capital Requirement</b>	A Member's minimum capital requirement as prescribed by Notice.
<b>Modify</b>	Any action to alter an Order, Settlement Transaction or CCP Transaction for further processing and restate positions relating to the Order, Settlement Transaction or CCP Transaction. "Modification" shall be construed accordingly.
<b>Nasdaq Dubai</b>	Nasdaq Dubai Limited, DIFC registered company limited by shares, including its Board, senior executives, employees, agents and any Person acting under delegated authority.
<b>Nasdaq Dubai Derivatives Market</b>	Any market for Derivatives operated by Nasdaq Dubai.
<b>Nasdaq Dubai Market</b>	Nasdaq Dubai Derivatives Market and/or Nasdaq Dubai Securities Market
<b>Nasdaq Dubai Securities Market</b>	Any market for Securities operated by Nasdaq Dubai.
<b>Nasdaq Dubai Systems</b>	The facilities and processes made available by Nasdaq Dubai for the communication and processing of Orders, Settlement Transactions, CCP Transactions, Off-Order Book Transactions, market data and related messaging, enquiries, reporting, data collection and dissemination.
<b>Net Open Position</b>	The netted obligation of a Clearing Member, Direct Clearing Customer or Nasdaq Dubai to deliver a specific Admitted Financial Instrument, Admitted Derivative Contract or the net cash payment obligation of a Clearing Member, Direct Clearing Customer or Nasdaq Dubai.
<b>Normal Block Amount or NBA</b>	A threshold value which shall be the minimum value or quantity for a relevant Admitted Financial Instrument and/or Admitted Derivatives Contract for Block Trades, as determined and published by Nasdaq Dubai from time to time.
<b>Notice</b>	A communication issued to Members by Nasdaq Dubai pursuant to these Rules and labelled "Notice" and delivered by fax or by email to the address notified by such Members to Nasdaq Dubai, or as posted on the Nasdaq Dubai website ( <a href="http://www.nasdaqdubai.com">www.nasdaqdubai.com</a> ).
<b>Official List of Securities</b>	The list of Securities maintained by the DFSA in accordance with Section 29 of the Markets Law 2012
<b>Off-Order Book Transaction</b>	Any Transaction for the sale or purchase of any Admitted Financial Instrument and/or Admitted Derivatives Contract entered into or effected by a Member (whether for its own book or for a Customer, and whether entered into with another Member or not) otherwise than through the Central Order Book, including Cross Trades which are entered into or effected otherwise than through the Central Order Book, but excluding, for the avoidance of doubt, Settlement Transactions.
<b>Options Contract</b>	An option as defined in the DFSA Rules.
<b>Order</b>	A request transmitted to the Central Order Book by or through a Member for the purchase or sale of a given Admitted Financial Instrument and/or Admitted Derivative Contract.
<b>Panel</b>	Collectively those Persons appointed by Nasdaq Dubai as eligible to serve on the Disciplinary and Appeals Committees.
<b>Person</b>	Any individual, corporation, partnership, association, trust or entity as the context admits or requires.
<b>Potential Event of Default</b>	Any event which, with the giving of notification or the lapse of time or both, would constitute an Event of Default.
<b>Price Sensitive Information</b>	Information of a specific or precise nature, which is of a confidential nature or has not been made public, relating to an Issuer, any Admitted Financial Instrument and/or Admitted Derivatives Contract of such Issuer or any Underlying Instrument or the Order or trade in such Admitted Financial

	Instrument and/or Admitted Derivatives Contract or any instrument underlying an Admitted Financial Instrument and/or Admitted Derivatives Contract or the level of any index of which an Admitted Financial Instrument is a component, which, if it were made public, could have a significant effect on the price of the Admitted Financial Instrument and/or Admitted Derivatives Contract or could influence investors' decisions to purchase or sell such Admitted Financial Instrument and/or Admitted Derivative Contract.
<b>Principal Securities Account</b>	An account with the CSD for holding Admitted Securities which the Account Holder holds otherwise than for the benefit of its Customers.
<b>Procedures</b>	Any procedure or manual that Nasdaq Dubai may publish by Notice to Members pursuant to these Rules and labelled "Procedure(s)" or "Manual(s)" and delivered by fax or by email to the address notified by such Members to Nasdaq Dubai, or as posted on the Nasdaq Dubai website ( <a href="http://www.nasdaqdubai.com">www.nasdaqdubai.com</a> ).
<b>Professional Client</b>	A professional client as defined in the DFSA Rules.
<b>Recognised Member</b>	A Person who holds a Recognition Notice, issued pursuant to Article 37 of the Markets Law, recognising it as a Recognised Member.
<b>Registry</b>	The service operated by Nasdaq Dubai for maintaining the register of Members (the list of shareholders) of a company.
<b>Regulatory Law</b>	The Regulatory Law 2004 of the DIFC.
<b>Representative</b>	The individual appointed by a Member to Nasdaq Dubai as required Rule 3.7.
<b>Risk Based Capital Requirements</b>	The risk based capital requirements notified by Nasdaq Dubai to members from time to time.
<b>Securities Clearing Member</b>	A Clearing Member who has been accepted by Nasdaq Dubai to clear and settle Securities Transactions.
<b>Securities Settlement Pool Account</b>	An account maintained by a Clearing Member in the CSD for settlement of Admitted Securities.
<b>Securities Trading Member</b>	A Person who has been admitted by Nasdaq Dubai to trade in Admitted Securities.
<b>Securities Transaction</b>	Any transaction between Trading Members to buy or sell an Admitted Financial Instrument on the Nasdaq Dubai Securities Market.
<b>Security</b>	A security shall have the same meaning as set out in the Glossary Module of the DFSA Rulebook.
<b>Segregated Clearing Account</b>	An account with Nasdaq Dubai maintained by a Direct Clearing Customer as provided under a Direct Clearing Customer Agreement and in accordance with this Rule for recording proprietary CCP Transactions, assets and positions of the Direct Clearing Customer.
<b>Settlement Account</b>	A cash account maintained by Nasdaq Dubai at the Clearing Bank for the purposes of clearing and settlement.
<b>Settlement Bank</b>	A bank appointed by a Clearing Member or a Direct Clearing Customer for clearing and settlement of cash obligations arising from Transactions on Nasdaq Dubai or in relation to Eligible Securities and associated actions.
<b>Settlement Date</b>	Any day on which Nasdaq Dubai will make settlements as advised by Circular; or the date specified for settlement of a Settlement Transaction or CCP Transaction.
<b>Settlement Fail</b>	A Failing Seller's failure to deliver all or any part of the required quantity of an Admitted Financial Instrument on the Settlement Date.
<b>Settlement Fail Notice</b>	Upon the occurrence of a Settlement Fail, a notice issued by Nasdaq Dubai

	setting out the terms and conditions of (i) a Failing Seller's obligation to Cure a Settlement Fail, (ii) the consequences and penalties incurred by a Failing Seller upon its failure to Cure a Settlement Fail, and (iii) Nasdaq Dubai's authority to Cure, or cause its agents to Cure, any Settlement Fail, in each case in accordance with the timing provided for therein.
<b>Settlement Obligations Report</b>	A daily report containing the information in Rule 7.5.2(4)
<b>Settlement Report</b>	A report produced by Nasdaq Dubai showing the expected settlement obligations for a Settlement Date.
<b>Settlement Transaction</b>	A contract, created upon novation of a Securities Transaction, between a Clearing Member and Nasdaq Dubai as central counterparty under which each party agrees to deliver Admitted Financial Instrument and pay cash as described in Rule 7.3.3.
<b>Theoretical Opening Price</b>	The price calculated and published by Nasdaq Dubai during the Order accumulation period phase of the market pursuant to Chapter 5.
<b>Trader(s)</b>	Employee(s) or agents of a Member engaged in trading on the Nasdaq Dubai Markets.
<b>Trade History Report</b>	A daily report containing the information in Rule 7.5.2(5)
<b>Trading Hours</b>	The trading hours on Business Days, as determined by Nasdaq Dubai and published by Circular.
<b>Trading Manager</b>	An individual appointed within a Member's organisation, and registered with Nasdaq Dubai.
<b>Trading Member</b>	A Securities Trading Member or a Derivatives Trading Member.
<b>Trading Member Obligations Report</b>	A daily report containing the information in Rule 7.5.2(3)
<b>Trading Safeguards Limit</b>	A symmetrically positive and negative limit for price movements which will trigger a volatility interruption to continuous trading in the Central Order Book as provided at Rule 5.13 (Admitted Financial Instruments) and 6.15 (Admitted Derivative Contracts). Trading Safeguards Limit may be static (a pre-determined range around a pre-set reference price) or dynamic (a range which varies with each successive price movement during continuous trading).
<b>Transaction</b>	A Securities Transaction or a Derivatives Transaction.
<b>Underlying Instrument</b>	An instrument or index underlying an Admitted Derivative Contract or by reference to which the price or value of an Admitted Derivative Contract is determined.
<b>Upcoming Cash Settlement Report</b>	A daily report containing the information in Rule 7.5.2(2)
<b>Upcoming Securities Settlement Report</b>	A daily report containing the information in Rule 7.5.2(1)
<b>US Dollar, Dollar, US\$ or USD</b>	The lawful currency of the United States of America.

## 1.2 Interpretation

- 1.2.1 Where reference is made in these Rules to a Rule, regulation or statutory provision, it is a reference to that Rule, regulation or statutory provision as amended, and includes a reference to that Rule, regulation or statutory provision as extended or applied by or under any other provision, publication or Notice, unless the contrary intention appears.

1.2.2 Unless the contrary intention appears:

- 1) Words in these Rules importing the masculine gender include the feminine and words importing the feminine gender include the masculine;
- 2) Words in these Rules in the singular include the plural and words in the plural include the singular;
- 3) A reference to a 'time' is a reference to a time in the DIFC;
- 4) Every reference to a DFSA Rule, a Law or a Regulation is a reference to a DFSA Rule, a Law or a Regulation of the DIFC as the same may be amended from time to time and includes a reference to that provision as extended or applied by or under any other provision unless the contrary intention applies; and
- 5) A reference to a Chapter is a reference to a Chapter of these Rules.

1.2.3 Headings are for convenience only and shall not affect the interpretation of these Rules.

1.2.3 A reference to 'writing' includes any record capable of being published, whether or not in electronic form, unless a contrary intention is otherwise specified.

1.2.4 Subject to any right of review or appeal to a tribunal or the DIFC Court that may be prescribed in DIFC law or DFSA Rules, the decision of Nasdaq Dubai shall be final in relation to the interpretation of these Rules.

## 2. General Provisions

### 2.1 Powers are Additional

The powers of Nasdaq Dubai under these Rules are in addition to the powers of the Board under the Articles of Association and at law.

### 2.2 Procedures

2.2.1 Nasdaq Dubai may from time to time approve written Procedures relating to the operations of Nasdaq Dubai, the conduct of Members and Direct Clearing Customers and the structure and operation of electronic communications between Members and Nasdaq Dubai.

2.2.2 The Procedures do not form part of these Rules. However, if a Rule requires a person to comply with any part of the Procedures, failure by the person to comply with that part of the Procedures is a contravention of the Rule.

2.2.3 Nasdaq Dubai may approve changes to the Procedures from time to time and must notify Members and Direct Clearing Customers of any such changes before they take effect.

2.2.4 Any notification sent by Nasdaq Dubai to the Guarantee Agent in respect of any changes in accordance with Rule 2.2.3 shall be deemed duly notified to the Direct Clearing Customer.

## 2.3 Power to amend Rules

Nasdaq Dubai may from time to time amend these Rules, in accordance with the procedure set out in the Authorised Market Institutions module of the DFSA rulebook. Amendments to these Rules shall be published by Notice and shall become binding on Members at the time specified in such Notice.

## 2.4 Fees and charges

Nasdaq Dubai may impose such fees and other charges as it may from time to time determine and publish by Notice. In addition, Nasdaq Dubai may vary its fees and charges. Fees and charges may also vary by the volume of Trading and/or Clearing business undertaken on Nasdaq Dubai, the investment or Transaction type, whether the Member is a Market Maker and/or any other basis as set out in a Circular. Nasdaq Dubai shall provide reasonable advance notice to the Members or Direct Clearing Customers where applicable, of any changes to any such fees or charges or the imposition of any new fees and charges.

## 2.5 Overdue interest

Any amount to be paid by a Member or a Direct Clearing Customer and not paid by its due date for payment of the same shall be treated as an unpaid amount and shall bear interest at the rate reasonably determined by Nasdaq Dubai to be the cost of funding such amount plus 2 percent per annum. Interest shall accrue on a daily basis and shall compound and shall be payable as a separate debt. In case of the Direct Clearing Customer, the obligation to pay shall be transferred to the Guarantee Agent.

## 2.6 English language requirement

Every document required to be provided to Nasdaq Dubai or provided by Nasdaq Dubai shall be in English.

## 2.7 Not transferable

Membership of, or the approval given to a Direct Clearing Customer by Nasdaq Dubai is not transferable without the prior written consent of Nasdaq Dubai. Nasdaq Dubai shall be entitled to obtain a prior confirmation that the Guarantee Agent has no objection to the transfer of the Direct Clearing Customer's approval.

## 2.8 Members to act as Principals

- 2.8.1. Subject to Rule 2.8.2, each Member shall act as principal in all of its activities with Nasdaq Dubai (including without limitation, when trading and/or, clearing and/or settling) and shall be responsible and liable to Nasdaq Dubai as principal and not as agent.
- 2.8.2. Direct Clearing Customers shall act as principal in respect of their activities on Nasdaq Dubai including but not limited to their clearing and/or settlement obligations.

## 2.9 Liability of Nasdaq Dubai

2.9.1 Subject to Rule 2.9.4, Nasdaq Dubai shall have no obligation or liability to any Direct Clearing Customer, Member, Custodian or any of their Customers, including without limitation in the event of:

- 1) any loss or damage (including consequential loss or damage) which may be suffered or incurred or which may arise directly or indirectly in respect of Nasdaq Dubai activities;
- 2) a Member's use or inability to use Nasdaq Dubai Systems;
- 3) a failure, error or omission on the part of Nasdaq Dubai including any loss or damage in respect of:
  - (i) the result of trading on the Nasdaq Dubai Markets, or the suspension, interruption, cancellation or closure of trading, on such markets;
  - (ii) any inoperability or malfunction of equipment, software or any other product supplied to a Member, or in respect of its installation, maintenance or removal; or
  - (iii) subject to Article 27 of the Markets Law, the exercise by Nasdaq Dubai of a decision making power;
- 4) Nasdaq Dubai accepting a Member's resignation or Nasdaq Dubai decision to suspend or terminate a Member or declare a Member to be a Defaulting Member or any decision of the Disciplinary Committee or Appeals Committee exercising their powers.
- 5) Nasdaq Dubai decision to suspend or terminate a Direct Clearing Customer's account and the rights of the Direct Clearing Customer to same or declare a Direct Clearing Customer to be a Defaulting Direct Clearing Customer or any decision of the Disciplinary Committee or Appeals Committee exercising their powers.

2.9.2 Without limiting Rule 2.9.1, Nasdaq Dubai makes no warranty, express or implied, and shall have no liability to any person in respect of, or in connection with, any of the following:

- 1) the originality, accuracy, timeliness or completeness of company information or market data;
- 2) results obtained from the use of any company information, market data or indices in respect of any product or instrument or index-linked or index-related products, whether in the form of contracts or options;
- 3) the merchantability and fitness for a particular purpose of, or use of, company information, market data or indices;
- 4) any direct, special, punitive, indirect or consequential damages (including loss of profits), even when notified of the possibility of such damages;
- 5) any errors, omissions or delays in calculating or disseminating company information or market data; or
- 6) any instruments or products referencing company information, market data or indices, whether in the form of contracts or options.



- 2.9.3 Nasdaq Dubai may require a Member or a Direct Clearing Customer (or the Guarantee Agent) to pay Nasdaq Dubai's costs of producing (pursuant to court order, regulatory request or other legal process) records relating to the business or affairs of a Member or a Direct Clearing Customer, any of its directors, senior executive, officers, partners, Traders, Trading Manager, Representatives, employees or agents. This applies regardless of who requires the production.
- 2.9.4 Unless otherwise prohibited by any applicable law (including in respect of death or personal injury resulting from negligence), nothing in these Rules shall exclude, restrict or limit the liability of Nasdaq Dubai:
- 1) for fraud, wilful default or negligence of Nasdaq Dubai provided that notwithstanding any fraud, wilful default or negligence, Nasdaq Dubai shall not be liable for any indirect or consequential damages (including loss of profits), even when notified of the possibility of such damages; or
  - 2) under Article 94 of the Regulatory Law.
- 2.9.5 Nasdaq Dubai shall not be required to make any payment pursuant to Rule 2.9.4(1) unless the Member or Direct Clearing Customer has provided written details of the claim to Nasdaq Dubai no later than 18 calendar months following the date on which the Member or Direct Clearing Customer became or should reasonably have become aware of the specific act, fact, circumstance or event which gave rise to the claim.

## 2.10 Liability arising from a Declared Default of a Defaulting Member or Defaulting Direct Clearing Customer

- 2.10.1 The liability of Nasdaq Dubai to Clearing Members in the event of a Declared Default of a Clearing Member or a Direct Clearing Customer is limited to the total value of the Clearing Guarantee Fund plus any funds realised by Nasdaq Dubai from the liquidation of the assets of the defaulting Clearing Member or Direct Clearing Customer less any costs incurred by Nasdaq Dubai in relation to such Declared Default.
- 2.10.2 For the avoidance of doubt, in the event of a Declared Default of a Clearing Member or Guarantee Agent ('Clearing Member X'), no other Clearing Member or Guarantee Agent shall be required to make any contribution to the Clearing Guarantee Fund in respect of the default of Clearing Member X.

## 2.11 Indemnity to Nasdaq Dubai and Agents

- 2.11.1 Each Member hereby undertakes to indemnify Nasdaq Dubai and each of its agent, including, without limitation, the applicable Buy-in Agent (if any), against all direct (but not any indirect) losses, costs, damages, expenses and liabilities whatsoever ("Losses") incurred or suffered by Nasdaq Dubai or such agent (if any) where such Losses arose out of or in connection with:
- 1) any breach by the Member of its obligations under these Rules, including , without limitation, the occurrence of a Settlement Fail, or
  - 2) any wilful, unlawful, reckless or negligent act or omission by the Member.
- 2.11.2 Without limitation to Rule 2.11.1 above, if any legal proceedings, arbitration or other proceedings are brought to impose any liability on Nasdaq Dubai or its agent for an alleged

failure on Nasdaq Dubai's part to prevent or to require action by a Member or Direct Clearing Customer (the "Affected Member or Direct Clearing Customer") or any of its directors, officers, employees or agents, such Affected Member or Direct Clearing Customer hereby undertakes to indemnify Nasdaq Dubai and its agent against:

- 1) all expenses and reasonable legal fees reasonably incurred by Nasdaq Dubai and its agent (if any) in connection with the proceedings;
- 2) any payment made by Nasdaq Dubai or its agent (if any) in connection with any settlement of the proceedings; and
- 3) any payment made by Nasdaq Dubai or its agent (if any) as a result of any order or award made in the proceedings.

2.11.3 Unless otherwise prohibited by any applicable law, a Member shall not be required to indemnify Nasdaq Dubai or its agent under this Rule 2.11 against Losses arising out of or in connection with fraud, wilful default or negligence of Nasdaq Dubai or its agent (if any).

## 2.12 Waiver

No indulgence or concession granted by Nasdaq Dubai, and no omission or delay in exercising any rights, powers or privileges of Nasdaq Dubai under these Rules, shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

## 2.13 Force Majeure

Unless otherwise expressly provided for in these Rules, Nasdaq Dubai shall not be liable for any act or omission or for any failure, suspension, restriction or delay in the provision of services and facilities or the performance in whole or in part of its obligations under these Rules, if, such act, omission, failure, suspension, restriction or delay arises out of causes beyond its reasonable control. Such causes may include, but shall not be limited to, acts of God, war, terrorism, civil disturbances, riots, acts of a civil or military authority, embargoes, fires, floods, explosions, accidents, labour disputes, mechanical breakdowns, computer or system failures or other failures of equipment, failures of or defects in computer or system software, unavailability of or restrictions on any online communications system or communication media or facilities, interruptions (whether in whole or in part) of power supplies or other utility or service, any suspension, restriction or closure of any market, any market emergency, failure, interruption or suspension of any depository or Custodian, bank or financial institution, any law, decree, regulation or order or directive of any government, competent authority or any court or tribunal, and any other causes in all cases which are beyond Nasdaq Dubai's reasonable control.

## 2.14 Nasdaq Dubai voice recording

Nasdaq Dubai may record telephone conversations without the use of warning tone. The records will be the sole property of Nasdaq Dubai and may be adduced as evidence in any court, regulatory, disciplinary or other proceedings as evidence of the matters discussed.

## 2.15 Data Protection

Nasdaq Dubai may collect and retain personal information on Members and Direct Clearing Customers' employees, officers and directors and other Persons. Nasdaq Dubai may process personal data in

connection with its activities and, if necessary, transmit or transfer such data to countries or territories outside the DIFC. Nasdaq Dubai shall operate in accordance with the Data Protection Law 2007 DIFC Law No.1 of 2007 as amended from time to time with respect to personal information on Nasdaq Dubai Systems, Nasdaq Dubai acknowledges that (a) Members and/or Direct Clearing Customers may, pursuant to these Rules and/or at the request of Nasdaq Dubai, transfer information about their employees, officers and directors and other Persons to Nasdaq Dubai, and (b) such transfers may, in the absence of appropriate arrangements to protect the transferred information, place Members and/or Direct Clearing Customers in breach of European or other data protection or privacy laws. In relation to each such transfer or set of transfers Nasdaq Dubai shall therefore, if so requested in writing by the relevant Member or Direct Clearing Customer, promptly enter into a contract (as data importer) with that Member or Direct Clearing Customer (as data exporter) on the terms annexed (under the heading "SET II") to European Commission Decision 2001/497/EC (as amended by European Commission Decision 2004/915/EC), with option (iii) selected in Clause II(h) and such information inserted in Annex B to describe the transfer or set of transfers as that Member or Direct Clearing Customer may reasonably specify in its request.

## 2.16 Confidentiality

Unless otherwise provided for under these Rules or in any other agreement or arrangement between Nasdaq Dubai, a Member or Direct Clearing Customer, Nasdaq Dubai shall treat all information and documents acquired by it under or in connection with these Rules (including without limitation Chapter 3, Chapter 4 and Chapter 8 and including all personal information in respect of a Member or Direct Clearing Customer's employees, officers and directors and other Persons) as confidential ("Confidential Information"). Nasdaq Dubai shall however be entitled to disclose Confidential Information in all or any of the following circumstances:

- 1) for the purpose of enabling Nasdaq Dubai to institute, carry on or defend any proceedings including any court proceedings;
- 2) for any purpose referred to in DIFC financial services laws or any regulations or orders under such laws;
- 3) under compulsion of law;
- 4) for the purpose of enabling Nasdaq Dubai to discharge its functions having regard in particular to the protection of investors and the maintenance of high standards of integrity and fair dealing;
- 5) in relation to the enforcement of that Member or Direct Clearing Customer's obligations under these Rules;
- 6) for any other purpose with the consent of the Person from whom the information was obtained and, if different, the Person to whom it relates.

Provided that nothing shall prevent Nasdaq Dubai from disclosing any Confidential Information which is already in the public domain in any jurisdiction unless it has come into the public domain as a result of a breach by Nasdaq Dubai of this Rule 2.16.

## 2.17 Invalidity

The invalidity, illegality and unenforceability in whole or in part of any of the provisions of these Rules shall not affect the validity, legality and enforceability of the remaining part or provisions of these Rules.

## 2.18 Conclusive Evidence

Any written statement or report provided by Nasdaq Dubai, which relates to trading, clearing and/or settlement shall, in the absence of manifest error, be final and conclusive unless disputed by the recipient within 10 Business Days of its dispatch by Nasdaq Dubai. Except as otherwise agreed by Nasdaq Dubai, the failure of any Member or Direct Clearing Customer to inform Nasdaq Dubai of any error or omission in any advice, statement or report promptly (in any event within 10 Business Days of its dispatch by Nasdaq Dubai) shall constitute a waiver in favour of Nasdaq Dubai by such Member or Direct Clearing Customer of any right to require rectification.

## 2.19 Anti-Money Laundering

Nasdaq Dubai shall issue an Anti-Money Laundering Notice which shall inter alia set out the anti-money laundering regime which Nasdaq Dubai requires its Members and Direct Clearing Customers to comply with. Members and Direct Clearing Customers must comply with the Anti-Money Laundering Notice and any Circular issued pursuant to such Notice. In addition and without limitation to any other provision of the Anti-Money Laundering Notice, Circular or any other provision of these Rules, Nasdaq Dubai may take such action as Nasdaq Dubai in its sole discretion deems appropriate, to identify, deter, and prevent: (i) market misconduct taking place on or in relation to any of the Nasdaq Dubai Markets; and/or (ii) any of the Nasdaq Dubai Markets being used for or in relation to financial crime, money laundering and/or terrorist financing.

## 2.20 Governing Law

2.20.1 These Rules shall be governed by and construed in accordance with the laws of the DIFC and each Member and Direct Clearing Customer irrevocably submits to the exclusive jurisdiction of the DIFC Court.

2.20.2 Each Member and Direct Clearing Customer irrevocably:

- 1) waives any objection arising at any time to the laying of venue of any proceedings brought in DIFC;
- 2) waives any claim that such proceedings have been brought in an inconvenient forum; and
- 3) further waives the right to object with respect to such proceedings that the DIFC Court does not have jurisdiction over it.

2.20.3 Nasdaq Dubai shall be entitled to institute proceedings in any other jurisdiction to enforce the obligations of a Member or Direct Clearing Customer which arise under or in connection with these Rules.

## 2.21 Market Place Service

- 2.21.1 The Market Place Service provides the following services to Trading Members with respect to Admitted Financial Instruments and/or Admitted Derivative Contracts: (i) receiving, cancelling and varying Orders from Trading Members to be submitted to and executed in the Central Order Book on behalf of those Trading Members, (ii) receiving, cancelling and varying Orders from Trading Members for execution or arranging execution otherwise than in the Central Order Book on behalf of those Trading Members, (iii) receiving and handling indications of interest in Admitted Financial Instruments and/or Admitted Derivative Contracts from and on behalf of Trading Members, and (iv) such other services as Nasdaq Dubai notifies to Trading Members from time to time.
- 2.21.2 The Market Place Service shall be provided, and Trading Members may only use the Market Place Service, in accordance with these Rules and Procedures, which may be advised to Members from time to time. For the avoidance of doubt, Orders submitted by way of the Market Place Service and Transactions resulting therefrom will be subject to these Rules as if the Orders had been entered by Trading Members directly in the Central Order Book by electronic means.
- 2.21.3 All communications relating to the placing, cancellation or variation of Orders between Trading Members and Nasdaq Dubai in relation to the Market Place Service shall be made by telephone. In order to ensure that it is able to perform its regulatory functions, Nasdaq Dubai records all telephone conversations relating to the placement, cancellation, variation or handling of Orders and indications of interest by Members with Nasdaq Dubai in relation to the Market Place Service.
- 2.21.4 Subject to these Rules and Procedures, which may be advised to Members from time to time, Nasdaq Dubai will use its reasonable endeavours to give effect to the instructions given to the Market Place Service by a Trading Member in relation to the placement, cancellation, variation or handling of Orders or indications of interest in Admitted Financial Instruments and/or Admitted Derivative Contracts.
- 2.21.5 Without prejudice to Rule 2.9 and subject to Rule 2.9.4, Nasdaq Dubai shall have no obligation or liability to any Member or any of its Customers, including without limitation in respect of: (i) a Member's use of or inability to use the Market Place Service; and (ii) any delay, default or failure in Nasdaq Dubai's placing, cancellation, variation, execution or handling of any Order or indication of interest in any Admitted Financial Instrument and/or Admitted Derivative Contract.
- 2.21.6 Nasdaq Dubai may levy a fee for a Trading Member's use of the Market Place Service, such fee to be advised from time to time by way of Notice.

## 3. Membership

### 3.1 Application for Membership

#### 3.1.1 Qualifications

An Applicant shall, prior to being admitted as a Member:

- 1) be an Authorised Firm or a Recognised Member;

- 2) satisfy Nasdaq Dubai that it has the professional and organisational capabilities that are appropriate to allow it to discharge its obligations under each category of Membership for which admission is sought;
- 3) satisfy Nasdaq Dubai that it has in place policies, procedures, systems and controls (including policies, procedures, systems and controls for the prevention of money laundering and the prevention of terrorist financing) to ensure that it will comply, on a continuous basis and in respect of each category of Membership for which admission is sought, with all requirements imposed by or pursuant to these Rules including without limitation those set out in the Anti-Money Laundering Notice;
- 4) satisfy Nasdaq Dubai as to its technical capacity to be connected to Nasdaq Dubai Systems and shall, if required, make such modifications to its technical environment as may be required by Nasdaq Dubai;
- 5) authorise Nasdaq Dubai or its agents to audit the Applicant's technical environment;
- 6) satisfy Nasdaq Dubai that it will, either directly or through a General Clearing Member, meet all clearing and settlement obligations that it will have in respect of each category of Membership for which admission is sought.

### 3.1.2 Application

- 1) An application may be made for admission as any or all of Securities Trading Member, Derivatives Trading Member, Securities Clearing Member and Derivatives Clearing Member.
- 2) Any person who is a Direct Clearing Customer of Nasdaq Dubai shall not apply for admission as a Member under this Chapter 3 unless the Direct Clearing Customer has notified Nasdaq Dubai of its intention to terminate its right to the use of its Segregated Clearing Accounts and the Segregated Clearing Account has been closed in accordance with these Rules.
- 3) An application for Membership shall be made in such form and shall include such information as Nasdaq Dubai may require, and shall, without limitation, include the following, where applicable:
  - (i) a signed Membership Application form;
  - (ii) a copy of the Applicant's regulatory licence, recognition or authorisation to engage in activities on Nasdaq Dubai;
  - (iii) a description of proposed activities and capacities in which the Applicant will undertake such activities;
  - (iv) details of the personnel and technical resources which the Applicant will allocate to its activity as a Trading Member;
  - (v) details of the Applicant's internal rules and procedures which will apply in relation to trading on Nasdaq Dubai;
  - (vi) the Applicant's business profile;

- (vii) details of all other relevant financial markets and professional associations of which the Applicant is a Member;
  - (viii) details of Persons that directly or indirectly have the ability to exercise control over 30 percent of the Applicant's shares or voting rights;
  - (ix) details of the Applicant's governance, corporate structure and a list of the senior management;
  - (x) confirmation from the Applicant's General Clearing Member that it will clear and settle for the Applicant;
  - (xi) copies of policies, procedures, systems and controls for the prevention of money laundering and the prevention of terrorist financing;
  - (xii) a signed Membership Agreement and
  - (xiii) any other information or provisions reasonably requested by Nasdaq Dubai for the purposes of considering the application to become a Member.
- 4) Where the Member wishes to become a Clearing Member, it must also:
- (i) satisfy Nasdaq Dubai that it complies with those provisions of the Nasdaq Dubai Notice on Minimum Capital Requirements which are relevant to its Clearing Membership; and
  - (ii) satisfy Nasdaq Dubai that its payment and settlement operations comply with Nasdaq Dubai requirements for clearing and settlement.
- 5) A Member is eligible to be appointed as a Guarantee Agent and have such appointment confirmed by Nasdaq Dubai if it:
- (i) is admitted as a Derivative Trading and Clearing Member of Nasdaq Dubai;
  - (ii) has appropriate board and/or regulatory authorizations (if required) to seek the appointment;
  - (iii) can satisfy any additional capital adequacy requirements as Nasdaq Dubai may define from time to time as relevant to the appointment;
  - (iv) can provide details of its internal policies and procedures that will apply in relation to the appointment;
  - (v) has provided a written confirmation accepting its appointment as a Guarantee Agent for a Direct Clearing Customer subject to Nasdaq Dubai's approval;
  - (vi) can provide an undertaking to Nasdaq Dubai to guarantee any failed clearing and settlement obligations of the Direct Clearing Customer;
  - (vii) can provide updates of its business profile, governance, corporate structure, senior management, internal policies and procedures as Nasdaq Dubai may require;

- (viii) any other information or provisions reasonably requested by Nasdaq Dubai for the purpose of confirming its appointment as a Guarantee Agent.
- 6) Nasdaq Dubai shall in its discretion, refuse the appointment of a Derivative Trading and Clearing Member as a Guarantee Agent where the Derivative Trading and Clearing Member does not satisfy the above requirements.
- 7) Nasdaq Dubai may require the Guarantee Agent to provide a copy of relevant agreements to be executed between the Guarantee Agent and Direct Clearing Client such as the Clearing Client Agreement.
- 8) Nasdaq Dubai may examine and make copies of the books and records of the Applicant and take such evidence as may be necessary to ascertain those facts which have a bearing on the application.

### 3.1.3 Admission as a Member

- 1) A decision on an application for Membership is entirely at the discretion of the Board and shall be final and conclusive. Applicants will be notified of the Board's decision in writing within 10 Business Days
- 2) The Board may:
  - (i) admit an Applicant unconditionally;
  - (ii) admit an Applicant subject to such terms and conditions as Nasdaq Dubai may prescribe; or
  - (iii) refuse the application.

### 3.1.4 Admission Fee

- 1) An Applicant that has been admitted as a Member shall pay the admission fee for the relevant category of Membership in the amount and on the due date for payment of the same as specified by Circular and notified to the Member.
- 2) If an Applicant has not paid any admission fee within 6 months of admission then without limitation to any other obligation which the Member may have under these Rules (including an obligation to pay overdue interest under Rule 2.5) Membership shall lapse without hearing or notice at midnight on the last Business Day of that six month period.

### 3.1.5 Entitlement to Conduct Business

- 1) Upon admission as a Member, and subject to satisfaction of the requirements in Rule 3.2, the Member shall be entitled to conduct business in respect of each category of Membership for which it has been admitted.
- 2) If a Member has not commenced business in respect of the relevant category of Membership within 6 months of being notified of admission, Nasdaq Dubai may revoke its Membership without notice or hearing.



## 3.2 Members' Continuing Obligations

3.2.1 A Member shall at all times in respect of each category of Membership for which it has been admitted:

- 1) comply with every provision of its Membership Agreement and every other undertaking and agreement, between the Member and Nasdaq Dubai;
- 2) comply with these Rules;
- 3) hold an appropriate regulatory licence, recognition or authorisation;
- 4) comply with operational, procedural and technical requirements of Nasdaq Dubai Systems and networks, as specified by Nasdaq Dubai from time to time;
- 5) maintain sufficient personnel with adequate knowledge, experience, training and competence to ensure the Member's compliance with these Rules, and in particular shall maintain a Representative and Trading Manager who may be the same individual;
- 6) maintain adequate procedures and controls in relation to its Membership of Nasdaq Dubai;
- 7) pay such fees and charges in such amounts and on or before such dates specified by Nasdaq Dubai;
- 8) observe high ethical standards and act with honesty, integrity, fairness, due skill and care;
- 9) comply with the provisions of the Anti-Money Laundering Notice and the Circular issued pursuant to such Notice; and
- 10) refrain from any act or course of conduct which is likely to harm the reputation of Nasdaq Dubai.

3.2.2 In addition to Rule 3.2.1, a Trading Member shall at all times in respect of each category of Membership for which it is a Trading Member:

- 1) maintain satisfactory systems for the execution, recording and reporting of Transactions; and
- 2) maintain satisfactory systems or arrangements for clearing and settlement.

3.2.3 In addition to Rule 3.2.1, a Clearing Member shall at all times in respect of each category of Membership for which it is a Clearing Member:

- 1) maintain satisfactory systems for the execution, recording, reporting, clearing and settlement of Transactions, Settlement Transactions and CCP Transactions;
- 2) comply with the relevant provisions of the Nasdaq Dubai Notice on Minimum Capital Requirements;
- 3) comply with any Risk Based Capital Requirements that Nasdaq Dubai may in its sole discretion and by Notice impose on that Member; and

- 4) make regular financial returns as prescribed by Nasdaq Dubai, which unless Nasdaq Dubai otherwise notifies a Member shall be satisfied by the provision of annual audited returns.

3.2.4 In addition to Rules 3.2.1, 3.2.2, and 3.2.3, a Derivative Trading and Clearing Member shall at all times in respect of the Segregated Clearing Account for which it is a Guarantee Agent:

- 1) comply with the provision of its Direct Clearing Agreement and every other undertaking and agreement by and between the Guarantee Agent, Direct Clearing Customer and Nasdaq Dubai;
- 2) maintain its Derivative Trading and Clearing Membership of Nasdaq Dubai;
- 3) comply with any additional capital adequacy requirements as Nasdaq Dubai may define from time to time as being relevant for the performance of this activity; and
- 4) maintain a valid and subsisting appointment as Guarantee Agent.

3.2.5 Notifications

- 1) A Member shall give Nasdaq Dubai prior written notice of:
  - (i) a change of name or the name under which it does business;
  - (ii) a change in the address of its principal place of business;
  - (iii) a change in its legal, corporate or partnership structure;
  - (iv) a change in the identity of any Persons that directly or indirectly have the ability to exercise control over 30 percent of the Applicant's shares or voting rights;
  - (v) where the Member is a Trading Member, a change of General Clearing Member;
- 2) A Member shall promptly notify Nasdaq Dubai of:
  - (i) any Event of Default;
  - (ii) a change of information provided in the Member's application or any facts and circumstances concerning the Member which may significantly affect the performance of its obligations under these Rules, or a Clearing Agreement;
  - (iii) any relevant formally notified investigation, enforcement proceeding, sanction, formal notification or injunction against the Member or, any partner (solely in the case of a partnership which is a Member), board director, senior executive with responsibility for trading on Nasdaq Dubai Systems, a Trader, Trading Manager or Representative by any regulator or law enforcement authority;
  - (iv) any event or emergency, whether or not outside the Member's control, which impairs the Member's ability to comply with these Rules, along with any steps being taken by the Member to mitigate such non-compliance;
  - (v) the death, retirement, resignation, termination of employment or association of a partner (solely in the case of a partnership which is a Member), board director,

senior executive with responsibility for trading on Nasdaq Dubai Systems, Trader, Trading Manager or Representative;

- (vi) the appointment of or any change of Trader, Trading Manager or Representative;
  - (vii) any facts or circumstances which may affect the legal form or organisation of the Member or its trading or settlement activities including (without limitation) any consolidation, reorganisation, merger, change of control or similar event to which the Member is or will become a party provided that it is relevant to the Member's Membership of Nasdaq Dubai.
- 3) Following notification from a Member under Rule 3.2.5(1) or Rule 3.2.5(2):
- (i) a Member shall make such additional information available to Nasdaq Dubai as Nasdaq Dubai may request provided that it is relevant to the Member's Membership of Nasdaq Dubai; and
  - (ii) Nasdaq Dubai may take such action as it considers appropriate.

### 3.3 Maintenance of records

3.3.1 A Member shall maintain adequate accounting and other records to document all of its Transactions and, if applicable, the settlement thereof, and also records in connection with the custody of Admitted Financial instruments. The records shall contain inter alia:

- 1) the Member's name;
- 2) the identity of the counterparty;
- 3) the Trading Account Number;
- 4) the date and time of execution;
- 5) the type of Transaction; e.g. purchase or sale, opening or closing position;
- 6) the Admitted Financial Instrument and/or Admitted Derivatives Contract and the quantity involved in the Transaction;
- 7) the unit price applied and the total consideration in the quotation currency at which the Transaction was executed;
- 8) whether the Member was acting for its own book;
- 9) the settlement amount, currency and, if different from the quotation currency, the exchange rate applied;
- 10) the settlement date of the Transaction; and
- 11) the identity of a Customer (if any).

3.3.2 Members are required to keep books and records to maintain the information and instructions of clients, whether written, recorded on the phone or having been received in any other appropriate electronic means.

- 3.3.3 Each Member shall maintain the data, information, financial statements, forms, books, records, Customer complaints, instructions, reports and filings relating to its Nasdaq Dubai business for a period of 6 years.

## 3.4 Cooperation with Nasdaq Dubai

- 3.4.1 In dealing with Nasdaq Dubai, DFSA and/or other Members, Members shall act in an open and cooperative manner, be honest and truthful and not mislead or conceal any material matter.

- 3.4.2 Members shall comply with the spirit as well as the letter of these Rules.

## 3.5 Member conduct

A Member must not engage in:

- 1) any action or any course of conduct that is aimed at artificially moving the price or value of any Admitted Financial Instrument and/or Admitted Derivatives Contract or any instrument underlying an Admitted Financial Instrument or Admitted Derivatives Contract or the level of any index of which an Admitted Financial Instrument is a component;
- 2) any activity designed to create a false, misleading or artificial appearance of activity in any Admitted Financial Instrument and/or Admitted Derivatives Contract or any instrument underlying an Admitted Financial Instrument or Admitted Derivatives Contract or the level of any index of which an Admitted Financial Instrument is a component;
- 3) the activity of entering into the Nasdaq Dubai Systems artificial Orders or otherwise entering into or causing any artificial Transaction;
- 4) reporting a fictitious Transaction or any other false data to Nasdaq Dubai or causing such data to be input into the Nasdaq Dubai Systems;
- 5) any action or any course of conduct that creates or may reasonably be expected to create any false or misleading impression as to the market in, or price or value of, any Admitted Financial Instrument and/or Admitted Derivatives Contract or any instrument underlying an Admitted Financial Instrument and/or Admitted Derivatives Contract or the level of any index of which an Admitted Financial Instrument is a component;
- 6) any action or any course of conduct that causes or contributes to a breach of any applicable law, regulation or Rule by any other Person (whether or not a Trading Member) including without limitation any applicable law, regulation or Rule relating to market misconduct, financial crime, money laundering and/or terrorist financing;
- 7) any action which would hinder or disrupt the fair and orderly functioning of the Nasdaq Dubai Markets;
- 8) any other action or any other course of conduct that may damage the integrity and the transparency of the Nasdaq Dubai Markets; or
- 9) agreeing or acting in concert with, or providing any assistance to, any Person (whether or not a Member) with a view to or in connection with any action or course of conduct referred to in this Rule.

## 3.6 Use of Nasdaq Dubai Systems

Members shall not engage in conduct which is likely to impair the operation of Nasdaq Dubai Systems. Such practices include, but are not limited to, submitting unwarranted or excessive electronic messages or requests to Nasdaq Dubai Systems (provided that the use of an electronic trading engine shall not of itself be considered to give rise to excessive electronic messages).

## 3.7 Representative of a Member

- 3.7.1 A Member shall appoint, in writing, an individual as its Representative who shall be fit and proper (as determined by Nasdaq Dubai) and a senior officer, director or partner of the Member or otherwise seconded to the Member from a company within the same group as the Member and the Member shall accept full responsibility for the person so seconded.
- 3.7.2 The Representative shall:
- 1) represent the Member in all dealings with Nasdaq Dubai, and shall have full power to bind the Member; and
  - 2) take all reasonable steps to ensure that the Member, including each officer, director, partner, secondee and employee of the Member, shall comply with these Rules.
- 3.7.3 Nasdaq Dubai may decline to recognise an individual as a Representative or terminate such recognition if it considers that the individual is not or is no longer fit and proper to act as the Representative.
- 3.7.4 If the same individual has been appointed as a Representative and Trading Manager and Nasdaq Dubai declines to recognise him as a Representative or terminates such recognition under Rule 3.7.3, the individual's appointment as Trading Manager shall be automatically and simultaneously terminated with immediate effect.
- 3.7.5 Registration as the Representative of a Member is personal and may not be transferred, nor shall the Representative delegate all or any part of its obligations without the prior written consent of Nasdaq Dubai.
- 3.7.6 In respect of a Member who is Guarantee Agent, a Representative shall be eligible to act as the point of contact under the Direct Clearing Customer Agreement.

## 3.8 Trading Manager

- 3.8.1 A Member must appoint one or more individuals to act as Trading Managers.
- 3.8.2 A Member must appoint a sufficient number of Trading Managers to adequately carry out the functions in Rule 3.8.7.
- 3.8.3 Nasdaq Dubai may require a Member to appoint additional Trading Managers.
- 3.8.4 A Member shall ensure that a Trading Manager is contactable during Trading Hours.
- 3.8.5 Trading Managers must be registered with Nasdaq Dubai and must be fit and proper (as set out by Notice) to fulfil the role of Trading Manager.

- 3.8.6 Registration as a Trading Manager is personal and may not be transferred, nor shall the Trading Manager delegate all or any part of its obligations without the prior written consent of Nasdaq Dubai.
- 3.8.7 Trading Managers shall be responsible for selecting and supervising the Traders of the Member. Trading Managers shall ensure that the Traders are fit and proper and possess sufficient qualifications to conduct business on the Nasdaq Dubai Market
- 3.8.8 If a Trading Manager no longer complies with the requirements of Rule 3.8.5 or has acted in a manner that is or could be in the opinion of Nasdaq Dubai detrimental to the interests of Nasdaq Dubai or the Member (including a breach of these Rules) then Nasdaq Dubai may, without appeal, decline to register an individual as a Trading Manager or terminate such registration if it considers that the individual is not or is no longer fit and proper to act as Trading Manager.
- 3.8.9 If the same individual has been appointed as a Trading Manager and Representative and Nasdaq Dubai declines to register him as a Trading Manager or terminates such registration under Rule 3.8.8, the individual's appointment as Representative shall be automatically and simultaneously terminated with immediate effect.
- 3.8.10 The obligations of a Trading Manager are the obligations of the Member, so that a breach by a Trading Manager of this Rule 3.8 shall not give rise to personal liability on the part of the Trading Manager.

## 4. Direct Clearing Customer

### 4.1 Application for Direct Clearing Customer

#### 4.1.1 Qualifications

An applicant shall, prior to being approved as a Direct Clearing Customer:

- 1) be a financial firm licensed and regulated by a financial regulator;
- 2) satisfy Nasdaq Dubai that it has all necessary authorization including but not limited to constitutional powers, board and where required, regulatory authorization, that are appropriate to allow it discharge its obligations as a Direct Clearing Customer;
- 3) satisfy Nasdaq Dubai that it is adequately capitalized to minimize and at best, eliminate any counterparty risks;
- 4) satisfy Nasdaq Dubai that it has in place policies, procedures, systems and controls (including policies, procedures, systems and controls for the prevention of money laundering and the prevention of terrorist financing) to ensure that it will comply, on a continuous basis with all requirements imposed by or pursuant to these Rules, including without limitation those set out in the Anti-Money Laundering Notice;
- 5) satisfy Nasdaq Dubai as to its technical capacity to be connected to Nasdaq Dubai Systems and shall, if required, make such modifications to its technical environment as may be required by Nasdaq Dubai;
- 6) satisfy the requirements specified under Rule 4.1.2(2).

#### 4.1.2 Application

- 1) A Member of Nasdaq Dubai cannot apply for a Segregated Clearing Account as a Direct Clearing Customer.
- 2) An application for Direct Clearing Customer shall be made in such form and shall include such information as Nasdaq Dubai may require, and shall, without limitation, include the following, where applicable:
  - (i) a signed Application form;
  - (ii) a copy of the Applicant's regulatory licence, board authorization and regulatory authorisation (where required) to operate and/or control a Segregated Clearing Account within the CSD;
  - (iii) details of the Applicant's internal rules and procedures which will apply in relation to its clearing and settlement obligation on Nasdaq Dubai;
  - (iv) the Applicant's business profile;
  - (v) Audited annual financial returns not older than nine (9) months prior to the application;
  - (vi) confirmation if the Applicant is likely to clear and settle the proprietary Derivative Transactions of any affiliate companies through the Segregated Clearing Account;
  - (vii) details of Persons that directly or indirectly have the ability to exercise control over 30 percent of the Applicant's shares or voting rights;
  - (viii) details of the Applicant's governance, corporate structure and a list of the senior management;
  - (ix) confirmation that it is able to meet the Minimum Capital Requirement defined by Nasdaq Dubai which is relevant to the Direct Clearing Customer's counterparty risk and market exposure;
  - (x) satisfy Nasdaq Dubai that its payment and settlement operations comply with Nasdaq Dubai requirements for clearing and settlement
  - (xi) confirmation of the appointment of a Guarantee Agent and acceptance of such appointment by the Guarantee Agent including the execution of relevant agreements;
  - (xii) copies of policies, procedures, systems and controls for the prevention of money laundering and the prevention of terrorist financing;
  - (xiii) a signed Direct Clearing Customer Agreement
  - (xiv) copies of its regulatory history and disciplinary actions (if any) and
  - (xv) any other information or provisions reasonably requested by Nasdaq Dubai for the purposes of considering the application to become a Direct Clearing Customer.

- 3) An application for a Direct Clearing Customer status shall be granted by way of an approval of Nasdaq Dubai to grant the Direct Clearing Customer the use of a Segregated Clearing Account within the CSD.

#### 4.1.3 Approval of a Direct Clearing Customer

A decision on an application for approval of a Direct Clearing Customer shall be entirely at the discretion of Nasdaq Dubai.

Nasdaq Dubai may:

- (i) Approve the Direct Clearing Customer unconditionally;
- (ii) Approve the Direct Clearing Customer subject to such terms and conditions as Nasdaq Dubai may prescribe or
- (iii) Refuse the application.

#### 4.1.4. Entitlement to Conduct Business

- 1) A Direct Clearing Customer shall be entitled to operate his Segregated Clearing Account upon obtaining approval as a Direct Clearing Customer and subject to the satisfaction of the requirements in Rule 4.2.
- 2) If a Segregated Clearing Account remains inactive for any consecutive period of six (6) months of being approved, Nasdaq Dubai may close out the Segregated Clearing Account without notice.

## 4.2. Direct Clearing Customers' Continuing Obligations

4.2.1. A Direct Clearing Customer shall at all times in respect of its Segregated Clearing Account:

- 1) comply with every provision of its Direct Clearing Customer Agreement and every other undertaking and agreement, by or between the Direct Clearing Customer, Guarantee Agent and Nasdaq Dubai;
- 2) comply with these Rules;
- 3) hold an appropriate regulatory licence, and authorisation;
- 4) comply with operational, procedural and technical requirements of Nasdaq Dubai Systems and networks, as specified by Nasdaq Dubai from time to time;
- 5) maintain sufficient Margin to cover all its positions within the Segregated Clearing Account;
- 6) maintain satisfactory systems and arrangements for clearing and settlement;
- 7) maintain sufficient personnel with adequate knowledge, experience, training and competence to ensure compliance with these Rules;
- 8) comply with the relevant provisions of Nasdaq Dubai Notice on adequate capital requirements;



- 9) comply with any Risk Based Capital Requirements that Nasdaq Dubai may in its sole discretion and by Notice impose on the Direct Clearing Member;
- 10) maintain an account with a Nasdaq Dubai approved Settlement Bank;
- 11) have an appointed Guarantee Agent;
- 12) make regular financial returns as prescribed by Nasdaq Dubai, which unless Nasdaq Dubai otherwise notifies to the Direct Clearing Customer, shall be satisfied by the provision of annual audited returns;
- 13) pay such fees and charges in such amounts and on or before such dates specified by Nasdaq Dubai;
- 14) observe high ethical standards and act with honesty, integrity, fairness, due skill and care;
- 15) comply with the provisions of the Anti-Money Laundering Notice and the Circular issued pursuant to such Notice; and
- 16) refrain from any act or course of conduct which is likely to harm the reputation of Nasdaq Dubai.

## 4.3 Notifications:

4.3.1 A Direct Clearing Customer shall give Nasdaq Dubai prior written notice of:

- 1) a change of name or the name under which it does business;
- 2) a change in the address of its principal place of business;
- 3) a change in its legal, corporate or partnership structure;
- 4) a change in the identity of any Persons that directly or indirectly have the ability to exercise control over 30 percent of the Direct Clearing Customer's shares or voting rights;
- 5) a change of its Guarantee Agent.

4.3.2 A Direct Clearing Customer shall promptly notify Nasdaq Dubai of:

- 1) any Event of Default;
- 2) a change of information provided in the Direct Clearing Customer's application or any facts and circumstances concerning the Direct Clearing Customer which may significantly affect the performance of its obligations under these Rules, a Clearing Client Agreement or a Direct Clearing Customer Agreement;
- 3) any relevant formally notified investigation, enforcement proceeding, sanction, formal notification or injunction against the Direct Clearing Customer; or a board director, senior executive or, any partner (solely in the case of a partnership which is a Direct Clearing Customer), by any regulator or law enforcement authority;
- 4) any event or emergency, whether or not outside the Direct Clearing Customer's control, which impairs the Direct Clearing Customer's ability to comply with these Rules, along

with any steps being taken by the Direct Clearing Customer to mitigate such non-compliance;

- 5) the death, retirement, resignation, termination of employment or association of a board director or senior executive; or of a partner (solely in the case of a partnership which is a Direct Clearing Customer);
- 6) any facts or circumstances which may affect the legal form or organisation of the Direct Clearing Customer and/or clearing and settlement activities including (without limitation) any consolidation, reorganisation, merger, change of control or similar event to which the Direct Clearing Customer is or will become a party provided that it is relevant to the Direct Clearing Customer's activities in Nasdaq Dubai.

4.3.3 Following notification from a Direct Clearing Customer under Rules 4.3.1 or 4.3.2:

- 1) a Direct Clearing Customer shall make such additional information available to Nasdaq Dubai as Nasdaq Dubai may request provided that it is relevant to the Direct Clearing Customer's activities in Nasdaq Dubai; and
- 2) Nasdaq Dubai may take such action as it considers appropriate.

## 4.4 Maintenance of records

Direct Clearing Customer shall keep books and records and for such period as Nasdaq Dubai may determine from time to time to maintain information relevant to the operation of the Segregated Clearing Account.

## 4.5 Cooperation with Nasdaq Dubai

4.5.1 Direct Clearing Customer shall, in their dealing with Nasdaq Dubai, DFSA and/or Guarantee Agent, act in an open and cooperative manner, be honest and truthful and not mislead or conceal any material matter.

4.5.2 Direct Clearing Customers shall comply with the spirit as well as the letter of these Rules.

# 5 Trading Rules for Admitted Securities

## 5.1 Scope

This Chapter 5 sets out the Rules governing trading on the Nasdaq Dubai Securities Market.

## 5.2 Market Overview

5.2.1 Nasdaq Dubai operates a market model that centres around a Central Order Book where Orders are submitted by Members including those Members, if any, who are Market Makers in specific Admitted Securities. The Central Order Book provides anonymous, automated Order matching on the basis of price and time priority resulting in Transactions binding on the Members. Orders in the Central Order Book that stipulate no price limit are given priority, and where price limits are equal, priority will be given according to the time of entry.

- 5.2.2 Transactions are entered into by Members when Orders from opposite sides of the Central Order Book are matched in Nasdaq Dubai Systems or when an Off-Order Book Transaction entered into by a Member is accepted by Nasdaq Dubai Systems as an Off-Order Book Transaction.
- 5.2.3 Generally, Central Order Book trading begins with an opening auction (following a period in which Orders are accumulated without execution) which is followed by continuous trading and a closing auction (following a period in which Orders are accumulated without execution). However, Nasdaq Dubai may change the trading phases which apply to the trading of particular Admitted Financial Instruments and/or determine that particular Admitted Financial Instruments will be traded solely by auction.

## 5.3 Binding Contract

For the purpose of these Rules (and without prejudice to any agreement between Members relating to Off-Order Book Transactions), a Securities Transaction is created between Securities Trading Members when:

- 1) an Order to buy and an Order to sell are matched within Nasdaq Dubai Systems; or
- 2) when it is reported and confirmed by the Trading Members through Nasdaq Dubai Systems.

## 5.4 Business Days and Trading Hours

- 5.4.1 Business Days for a calendar year and Trading Hours will be published by Circular.
- 5.4.2 Trading Hours may be extended or reduced in exceptional circumstances at the discretion of Nasdaq Dubai.

## 5.5 Currency of trading

Unless otherwise provided for by Nasdaq Dubai, all Orders shall be expressed in US Dollars.

## 5.6 Order Requirements

- 5.6.1 Minimum indications for any Order submitted to the Central Order Book shall include, at a minimum:
- 1) identification of the Member submitting the Order;
  - 2) the ISIN or the trading symbol assigned by Nasdaq Dubai to such Admitted Financial Instrument and/or Admitted Derivatives Contract;
  - 3) whether the Order is for a purchase or a sale;
  - 4) the Order quantity;
  - 5) the price, where applicable;
  - 6) whether the Order is:
    - (i) for House Business; or

- (ii) Customer Business; or
  - (iii) Market Maker activities.
- 5.6.2 Nasdaq Dubai may, by Circular, set a minimum or a maximum Order quantity or value for specified Admitted Securities.
- 5.6.3 Orders entered into the Central Order Book may, depending on the Order type, be for immediate execution, valid for a Business Day, valid until a specified date, or until Cancelled, provided that no Order shall extend beyond the date of entry into the Central Order Book plus 365 days. Absent specification of its duration, an Order shall be deemed to be valid for the Business Day.
- 5.6.4 Unexecuted Orders in respect of a specific Admitted Financial Instrument and/or Admitted Derivative Contract shall be Cancelled in the Central Order Book upon the occurrence or the announcement of certain events concerning the Issuer which are likely to substantially affect the price of such Admitted Financial Instrument and/or Admitted Derivative Contract, as set out by Notice. Members must agree with Customers whether, in the event that such Orders are Cancelled, whether the express renewal of Orders is required or whether Members are entitled to re-enter Orders after having performed any necessary price or quantity adjustments, where appropriate.

## 5.7 Order Types and Parameters

- 5.7.1 Only the following types of Orders may be submitted to the Central Order Book:
  - 1) Limit Orders: Limit Orders are purchase or sale Orders that can only be executed at the specified price limit or a better price;
  - 2) Market Orders: Market Orders are purchase or sale Orders with no price limit which, in continuous trading, are executed immediately at the best opposite price limit (existence of matching Order in the opposite side is essential) with any remaining unexecuted portion being automatically transformed into a limit Order at the best opposite price limit and added to the Central Order Book;
  - 3) Stop Orders: Stop Orders are purchase or sale Orders which are triggered when a specified Transaction price is reached in trading. In the case of a stop loss Order, a market Order shall be automatically generated and added to the Central Order Book. In the case of a stop limit Order, a limit Order shall be automatically generated and added to the Central Order Book;
  - 4) Special conditions: certain types of Orders may be made subject to the following volume related special conditions in accordance with a matrix of Order types and execution conditions set out by Notice:
    - (i) “*fill-and-kill Orders*”, also referred to as “*execute-and-eliminate Orders*”, are Orders which are executed to the fullest extent possible either immediately upon entry during continuous trading or at the general matching of an auction, with any remaining unexecuted portion being Cancelled;
    - (ii) “*minimum-quantity Orders*” are Orders which must be executed immediately to the extent of a specified minimum quantity, with any remaining unexecuted portion being added to the Central Order Book; provided that such Orders shall be

Cancelled failing immediate execution of the specified minimum quantity; “fill-or-kill Orders” are Orders which must be executed immediately and in full, failing which they shall be Cancelled (minimum quantity equal the total quantity of the Order);

- (iii) “iceberg Orders”, also referred to as “hidden-size Orders”, are Orders of which only specified tranches, that may not be less than a threshold specified by Notice (except for the final tranche), are successively entered in the Central Order Book, and disclosed to the market with the current time stamp, following full execution of the preceding tranche.

## 5.8 Trading phases

- 5.8.1 The provisions of Rule 5.8.2 to Rule 5.8.4 set out the various trading phases which Nasdaq Dubai may operate. Nasdaq Dubai may choose, in its sole discretion, whether to operate continuous trading in respect of a specific Admitted Financial Instrument and/or Admitted Derivative Contract, or to operate an auction in respect of a specific Admitted Financial Instrument, or to combine auction trading with continuous trading for a specific Admitted Financial Instrument or Admitted Derivative Contract. The method of trading for a specific Admitted Financial Instrument and/or Admitted Derivative Contract will be notified by Circular.
- 5.8.2 The opening phase comprises an opening auction which shall be held at the beginning of each Business Day prior to the commencement of continuous trading. The opening price issued by the opening auction is the last Theoretical Opening Price calculated before matching. Once the opening auction is running Orders already entered may not be Cancelled or Modified and new Orders may not be entered.
- 5.8.3 Continuous trading: Upon completion of the opening auction, trading shall take place on a continuous basis, with each incoming Order being checked immediately for possible execution against Orders on the opposite side of the Central Order Book and any remaining unexecuted portion of such Order being added to the Central Order Book.
- 5.8.4 Closing auction: Except for certain types of Admitted Securities designated by Nasdaq Dubai, the final price shall be determined through a closing auction. The processes of the closing auction are the same as described for the opening phase save that they are called pre-closing, no cancellation period, and closing auction.

## 5.9 Pre and Post-Trading Order Book Management

During a period specified by Nasdaq Dubai before and after the close of trading, Trading Members can access the Central Order Book for the purpose of modifying or cancelling existing Orders for the current and next Business Day.

## 5.10 Market Maker

- 5.10.1 Nasdaq Dubai may but shall not be obliged to appoint one or more Market Makers in respect of a specific Admitted Financial Instrument. A Member who wishes to be a Market Maker shall enter into a Market Maker Agreement, which shall specify inter alia details of the market making obligations assumed by that Market Maker in respect of a specific Admitted Financial Instrument. The provisions of the Market Maker Agreement may amend, supplement and /or modify the provisions of this Rule 5.10 and without limitation may set out a number of additional circumstances in which the Market Maker will not be required to enter and/or maintain its bid

and ask Orders. In the event of any conflict between the provisions of this Rule 5.10 and the provisions of the Market Maker Agreement, the provisions of the Market Maker Agreement shall prevail.

5.10.2 Subject to the provisions of the Market Maker Agreement, a Market Maker shall enter bid and ask Orders for each Admitted Financial Instrument for which it is registered as a Market Maker.

5.10.3 Unless otherwise provided for in the Market Maker Agreement or unless otherwise decided by Nasdaq Dubai, a Market Maker shall enter and actively maintain its bid and ask Orders in respect of each specific Admitted Financial Instrument for which it is a Market Maker:

- 1) in at least the minimum Order size;
- 2) within the maximum spread between bid and ask prices; and
- 3) for the minimum required time period.
- 4) If a Market Maker fails to enter and actively maintain its bid and ask Orders as provided for in accordance with the provisions of this Rule 5.10.3, then Nasdaq Dubai may require the Market Maker to enter or re-enter, as the case may be, its bid and ask Orders. If Nasdaq Dubai acting in its sole discretion, determines that the Market Maker has failed to enter and/or actively maintain its bid and ask Orders or that its bid and ask Orders do not comply with the provisions of Rule 5.10.3 (which the Member and Nasdaq Dubai may have agreed to modify in the Market Making Agreement), then Nasdaq Dubai may take all or any of the actions set out in Rule 5.10.6.

5.10.4 Nasdaq Dubai may allow a Market Maker to be relieved from its obligation to submit bid and ask Orders when otherwise required to do so (either in respect of a specific Admitted Financial Instrument for which it is a Market Maker or generally), or to withdraw all or certain of its bid and ask Orders during Trading Hours. Nasdaq Dubai may grant the Market Maker “excused withdrawal status” in any of the following circumstances:

- 1) if:
  - (i) there are religious or public holidays at the place of operation of the Market Maker; and
  - (ii) the Market Maker submits a written request to Nasdaq Dubai no less than one Business Day prior to such religious or public holiday; and
  - (iii) Nasdaq Dubai in its sole discretion determines that there are exceptional circumstances for granting such a request; or
- 2) if a Market Maker’s ability to submit bid and ask Orders is impaired by reasons beyond its control, and the Market Maker has immediately notified Nasdaq Dubai of this fact with supporting reasons or evidence; or
- 3) if the Market Maker is subject to other applicable regulations that prevent it from trading in the Admitted Financial Instrument, or the Admitted Financial Instrument is placed on that Market Maker’s restricted trading list and the Market Maker provides details of this restriction; or
- 4) if Nasdaq Dubai declares a fast market; or

- 5) if any other exceptional situation occurs that has an adverse effect on the ability of the Market Maker to submit bid and ask Orders and the Market Maker has provided prior notification to Nasdaq Dubai.

5.10.5 A Market Maker which does not meet the requirements of Rule 5.10.4 shall be deemed to have withdrawn from the market on an unexcused basis.

5.10.6 If a Market Maker is deemed to have withdrawn on an unexcused basis, Nasdaq Dubai may, without limitation and without right of appeal take all or any of the following actions:

- 1) assess trading fees at the rate applicable to Members not acting as a Market Maker; and
- 2) take such other action as may be provided for in the Market Maker Agreement.

5.10.7 Upon request the Market Maker shall promptly provide Nasdaq Dubai a report of:

- 1) profits, losses and the overall size of their portfolio related to the activities of market making; and
- 2) any other information that Nasdaq Dubai considers appropriate to monitor the activities of market making as set out in Procedures and published by way of Notice.

5.10.8 The reporting period in Rule 5.10.7 will be at the discretion of Nasdaq Dubai.

## 5.11 Off-Order Book Transactions

5.11.1 Nothing in these Rules shall prevent Members from entering into Off-Order Book Transactions in Admitted Securities. However, all Off-Order Book Transactions in Admitted Securities, with the exception of Admitted Securities that are Debt Securities, must be reported to Nasdaq Dubai in accordance with these Rules.

5.11.2 Off-Order Book Transactions must be cleared and settled in accordance with Chapter 7.

## 5.12 Cross Trades and Block Trades

5.12.1 Cross Trades:

- 1) are Transactions which are reported to Nasdaq Dubai through the Central Order Book that unless otherwise provided for in a Notice, can only be effected at a price within the market's best bid/ask spread at the time of entry through the Central Order Book, or by way of exception to the time priority principle, they may be executed at the market's best bid/ask limit in the case of Cross Trades whose size exceeds the quantity disclosed at such bid/ask limit; or
- 2) are Off-Order Book Transactions.

5.12.2 Block Trades:

- 1) Block Trades shall mean Off-Order Book Transactions that are equal to or exceed the Normal Block Amount for the Admitted Financial Instrument; and

- 2) Nasdaq Dubai shall review the Normal Block Amounts in respect of Block Trades at least annually and/or whenever market conditions require an earlier change, and amend them, where appropriate, by Circular.
- 3) Shall be affected in accordance with Procedures published by Nasdaq Dubai as amended from time to time.

## 5.13 Trading Safeguards

- 5.13.1 If any Order entered in the Central Order Book will cause the price of any Admitted Financial Instrument to exceed the Trading Safeguards Limit set out by Nasdaq Dubai by Circular for the specific Admitted Financial Instrument, Nasdaq Dubai Systems shall prevent the Order from entering the Nasdaq Dubai Market.
- 5.13.2 Nasdaq Dubai may suspend trading in any Admitted Financial Instrument in order to prevent or halt disorderly market conditions, either on its own initiative and in its sole discretion, or upon the instructions of the DFSA.
- 5.13.3 Nasdaq Dubai may in its sole discretion declare that there is a fast market. In particular and without limitation it may declare a fast market where the frequency of submission of Orders exceeds that which Nasdaq Dubai Systems can accommodate. Members must satisfy themselves that they are aware of the consequences of a fast market. Where a fast market is declared a Member who has an automated trading system must disconnect its automated trading system from Nasdaq Dubai Systems and shall not reconnect its automated trading systems until Nasdaq Dubai declares that a fast market has ceased.
- 5.13.4 Unless otherwise approved by Nasdaq Dubai in its sole discretion, a Member may not enter an Order to sell an Admitted Financial Instrument where the seller does not, at the time of execution of the sale, have an exercisable and unconditional right to vest such Admitted Financial Instrument in the purchaser but has, prior to the execution of the sale, borrowed the Admitted Financial Instrument, obtained confirmation from another Member that the Member has the Admitted Financial Instrument available to lend to the selling Member, or otherwise affirmatively identified the availability for purchase of such Admitted Financial Instrument, as will enable delivery of the same to be made to the purchaser under the said sale.

## 5.14 Cancellations and Modifications

- 5.14.1 A Member shall be entitled to modify or cancel an Order pending in the Central Order Book at any time except if otherwise set out in the Procedures or prohibited under any other provision of this Chapter 5.
- 5.14.2 Members cannot Cancel or Modify Transactions. However, in the case of a material error by a Member which was notified to Nasdaq Dubai within 15 minutes of the Transaction having been executed, Nasdaq Dubai may, but shall not be obliged to, Cancel all Transactions effected as a consequence of such error for a specified time. Nasdaq Dubai may also Cancel any and all Transactions which in its reasonable judgement do not comply with a Rule, a DFSA Rule, or applicable law or regulation.
- 5.14.3 Nasdaq Dubai shall inform Members as soon as possible of such a Cancellation if made during the trading session. For Cancellations made after the close of the trading session, Nasdaq Dubai shall inform Members at the latest before the opening of the following trading session.



## 5.15 Confirmations, Reporting and Publication

### 5.15.1 Confirmations

Nasdaq Dubai Systems shall acknowledge receipt of all Orders entered into the Central Order Book. Nasdaq Dubai Systems shall send a confirmation of any Securities Transactions to the relevant Securities Trading Members upon full or partial execution of any Order. The confirmation shall state the unfilled Order quantity (if any).

### 5.15.2 Reporting of Securities Transactions

- 1) Central Order Book Securities Transactions: Securities Transactions carried out in the Central Order Book are automatically and immediately deemed to have been reported to Nasdaq Dubai.
- 2) Off-Order Book Transactions: A Member who (whether for its own book or for a Customer) has entered into an Off-Order Book Transaction shall (subject to Rule 5.15.4 below) immediately report that Off-Order Book Transaction to Nasdaq Dubai. On being reported to Nasdaq Dubai and accepted by Nasdaq Dubai Systems, the Off-Order Book Transaction will be recorded by Nasdaq Dubai as an Off-Order Book Transaction. When reporting an Off-Order Book Transaction, the Member shall indicate whether such Off-Order Book Transaction was for its own book or not. An Off-Order Book Transaction shall be deemed to have been effected on Nasdaq Dubai Market (and hence, unless the context requires otherwise, to be a Transaction or trade for the purposes of these Rules) only once it has been reported to Nasdaq Dubai and accepted by Nasdaq Dubai Systems.

### 5.15.3 Pre-Trade Transparency

Nasdaq Dubai shall continuously disseminate to:

- 1) Members;
- 2) direct access Customers;
- 3) eligible information vendors; and
- 4) other Persons which have entered into Nasdaq Dubai Information Licence Agreement.

The market by price including the number of Orders and total disclosed Order quantity at each such price.

### 5.15.4 Post-Trade Publication

- 1) For each Securities Transaction carried out in the Central Order Book, Nasdaq Dubai shall immediately disseminate the quantity, price and time of execution of such Securities Transaction.
- 2) Block Trades in which the Member is not acting for its own book shall be published upon reporting.
- 3) Where the Member is acting or conducting Principal Business, Block Trades shall be reported and published as follows:

- (i) within 60 minutes after execution if the amount of the Block Trade is less than twice the relevant NBA;
- (ii) within 120 minutes after execution if the amount of the Block Trade is equal to or greater than twice the relevant NBA.

## 5.16 Access Facilities for Customers

5.16.1 A Member may provide Access Facilities to its Customers

5.16.2 All business undertaken by a Customer via an Access Facility will be done in the name of the Member and the Member shall be fully responsible for all Orders entered by the Customer and for the conduct of all such business as principal.

## 5.17 Audit Trail

A Member shall immediately upon receipt of an Order and upon each Modification thereof, time-stamp by a process other than handwriting and record such Order in the manner set out by Notice (save in the case of a systems failure in which case only a Member may timestamp and record such Order by handwriting). All records concerning Orders, classified chronologically, shall be maintained in compliance with Rule 3.3.1(5) and available for inspection by Nasdaq Dubai.

## 5.18 Conditional Trading

5.18.1 For the purposes of Rule 5.18:

- 1) “Conditional Trade” or “Conditional Trading” means any Transaction or trading in an Admitted Financial Instrument, which is subject to the Conditions specified in Rule 5.18.1(2).
- 2) “Condition” means:
  - (i) a condition that the registration of Admitted Financial Instruments which have been Conditionally Traded in the names of the holders of such Admitted Financial Instruments shall have been made within the time specified by Nasdaq Dubai; and
  - (ii) any other condition imposed by Nasdaq Dubai on the Admitted Financial Instruments and/or the Issuer.
- 3) Nasdaq Dubai is entitled to rely on any notice received from the Issuer or the Lead Manager as conclusive evidence of the fulfilment or non-fulfilment of a Condition.

- 5.18.2
- 1) Nasdaq Dubai will specify, by way of Notice, the date by which a Condition shall be satisfied, not exceeding a period of 3 Business Days from the commencement of Conditional Trading unless Nasdaq Dubai extends the period in accordance with (2).
  - 2) Nasdaq Dubai may extend the date in (1) under exceptional circumstances and solely at its discretion upon written request of the Issuer or the Lead Manager prior to the expiration of the date specified in the Notice given under (1).
  - 3) If Nasdaq Dubai agrees to the request, it will inform the Members by way of Notice of such extension.

5.18.3 Conditional Trading of Admitted Financial Instrument on Nasdaq Dubai will be permitted upon the approval of Nasdaq Dubai in its sole discretion and subject to the following conditions:

- 1) the Issuer or the Lead Manager requests in writing approval from Nasdaq Dubai to Conditionally Trade an Admitted Financial Instrument;
- 2) Nasdaq Dubai approves the Conditional Trading and notifies Members by way of Notice of the date of commencement of the Conditional Trading and the earliest Settlement Date and the applicable settlement convention;
- 3) the Issuer has publicly announced the offer price and allocation details; and
- 4) the Issuer or Lead Manager notifies Nasdaq Dubai of the fulfilment or non-fulfilment of a Condition in accordance with Rule 5.18.2.

5.18.4 1) A Conditional Trade is Cancelled after non-fulfilment of a Condition. The Cancellation is effective:

- (i) If no notice of fulfilment or non fulfilment is received by Nasdaq Dubai immediately following the date on which the Condition was required to be satisfied; or
  - (ii) If notice of non-fulfilment was given to Nasdaq Dubai, upon receipt of that notice.
- 2) Such Cancellation will occur without any liability on the part of the Members concerned, except for any applicable fees payable to Nasdaq Dubai in connection with the Conditional Trading of such Admitted Securities.
  - 3) Nasdaq Dubai will promptly notify its Members of non-fulfilment of a Condition and Cancellation of a Conditional Trade by way of Notice

5.18.5 A Conditional Trade will become unconditional:

- i. following receipt of a notice of fulfilment by Nasdaq Dubai from the Issuer of a Condition;
- ii. Nasdaq Dubai providing Notice to Members that such Conditional Trade has become unconditional.

5.18.6 Nasdaq Dubai will confirm by way of Notice:

- i. the earliest Settlement Date for Conditional Trades; and
- ii. the use of Rolling Settlement as the applicable convention upon which settlement of Conditional Trades will occur.

## 5.19 Short Selling

Unless otherwise approved by Nasdaq Dubai in its sole discretion, a Member may not enter an Order to sell an Admitted Financial Instrument where the selling Member:

- 1) does not, at the time of execution of the sale, have an exercisable and unconditional right to vest such Admitted Financial Instrument in the purchaser; or

- 2) has not, prior to the execution of the sale:
  - (i) borrowed the Admitted Financial Instrument;
  - (ii) obtained confirmation from another Member that the Member has the Admitted Financial Instrument available to lend to the selling Member, or
  - (iii) otherwise affirmatively identified the availability for purchase of such Admitted Financial Instrument, as will enable delivery of the same to be made to the purchaser under the said sale.

## 5.20 Customer Transaction Confirmations Notes (Securities)

5.20.1 When a Member executes a Securities Transaction for a Customer, it must ensure a trade confirmation note is sent to the Customer as soon as possible and in any case no later than two (2) days following the date of execution of the Transaction.

5.20.2 The confirmation notes should contain the following information:

- 1) the Member's name and address;
- 2) whether the Member executed the Transaction as principal or agent, e.g. 'we have bought/sold for/to you as agent... OR we have sold/bought to/from you as principal...'
- 3) the Customer's name, account number or other identifier;
- 4) a description of the Investment and the quantity involved;
- 5) whether the Transaction was a purchase or sale;
- 6) the price or unit price at which the Transaction was executed;
- 7) if applicable, a statement that makes it clear that the Transaction was executed on an execution-only basis, e.g. 'carried out on a non-advised (execution-only) basis'
- 8) the date and time of the Transaction;
- 9) the total amount payable and the date on which it is due;
- 10) the amount of the Member's charges in connection with the Transaction, including commission charges, fees, taxes or duties and, if trading as principal, the amount of any mark-up or mark-down in the unit price;
- 11) a statement confirming that the trade was executed on and subject to the Business Rules of Nasdaq Dubai.

5.20.3 A Member may combine items (6) and (10) in respect of a Transaction where the Customer has requested a confirmation note showing a single price (net price) combining both of these items. Net price must be stated on the confirmation note.

5.20.4 A Member is not required to issue a confirmation note where a Professional Client has advised in writing that he does not wish to receive such confirmation notes.

5.20.5 A Member must retain a copy of each confirmation note sent to a Customer and retain it for a minimum of six (6) years from the date of despatch.

## 6 Trading Rules for Admitted Derivative Contracts

### 6.1 Scope

This Chapter 6 sets out the Rules governing trading on the Nasdaq Dubai Derivatives Market.

### 6.2 Market Overview

Derivative Contracts are traded on the Nasdaq Dubai Derivatives Market. The Nasdaq Dubai Derivatives Market operates a market model that centres around a Central Order Book where Orders are submitted by Members including those Members, if any, who are Market Makers in specific Admitted Derivative Contracts. The Central Order Book provides anonymous, automated Order matching on the basis of price and time priority resulting in Transactions binding on the Members. Orders in the Central Order Book that stipulate no price limit are given priority, and where price limits are equal, priority will be given according to the time of entry.

### 6.3 Binding Contract

For the purpose of these Rules, a Derivatives Transaction is created on the Nasdaq Dubai Derivatives Market between Derivatives Trading Members when:

- 1) an Order to buy and an Order to sell are matched within the Nasdaq Dubai Systems; or
- 2) when it is reported and confirmed by the Derivatives Trading Members through Nasdaq Dubai Systems.

### 6.4 Business Days and Trading Hours

6.4.1 Nasdaq Dubai will publish by Circular the Business Days for a calendar year and Trading Hours for the Derivatives Market, and the opening and closing trading times for each Admitted Derivative Contract within the Trading Hours.

6.4.2 Trading Hours may be extended or reduced in exceptional circumstances at the discretion of Nasdaq Dubai.

### 6.5 Currency of Trading

Unless otherwise provided for by Nasdaq Dubai, Orders may be expressed in any currency determined by Nasdaq Dubai through Notice including but not limited to Emirati Dirhams and US Dollars.

### 6.6 Contract Specifications

6.6.1 Nasdaq Dubai will by Notice publish Contract Specifications which set out the general terms applicable to Options Contracts and Futures Contracts of the type specified in the Notice.

- 6.6.2 Nasdaq Dubai may from time to time amend the Contract Specifications, with any such amendments being published by Notice. Unless Nasdaq Dubai considers that it is in the interests of maintaining a fair and orderly market, amendments to Contract Specifications will not apply to existing CCP Transactions.

## 6.7 Underlying Instruments

- 6.7.1 Nasdaq Dubai will from time to time determine and publish by Notice a list of permitted Underlying Instruments.
- 6.7.2 Subject to Rule 6.7.3, Nasdaq Dubai may by Notice in its sole discretion remove any Underlying Instrument from the list of permitted Underlying Instruments in Rule 6.7.1.
- 6.7.3 No Underlying Instruments shall be removed in accordance with Rule 6.7.2 if there are any existing CCP Transactions in such Underlying Instrument.

## 6.8 Contract Series

- 6.8.1 Nasdaq Dubai may by Notice admit to trading Contract Series which may be either Options Contracts or Futures Contracts.
- 6.8.2 At the time it admits a Contract Series to trading, Nasdaq Dubai will notify Members of the specific terms applicable to that Contract Series (including, for example, in the case of an Options Contract, the expiry date, exercise style and contract size).
- 6.8.3 A Member must not enter into any Derivatives Transaction in respect of a Contract Series after Trading closes (or such other time as Nasdaq Dubai may specify by Notice) on the expiry date (in the case of Options Contracts) or on the last trading day (in the case of Futures Contracts) of that Contract Series.

## 6.9 Order Requirements

- 6.9.1 Minimum indications for any Order submitted to the Central Order Book shall include, at a minimum:
- 1) identification of the Member submitting the Order;
  - 2) the ISIN or the trading symbol assigned by Nasdaq Dubai to such Admitted Derivative Contract;
  - 3) whether the Order is for a purchase or a sale;
  - 4) the Order quantity;
  - 5) the price, where applicable;
  - 6) whether the Order is entered into in respect of:
    - (i) House Business; or
    - (ii) Customer Business; or

(iii) Market Maker activities.

6.9.2 Nasdaq Dubai may, by Circular, set a minimum or a maximum Order quantity for specified Admitted Derivative Contracts.

6.9.3 Orders entered into the Central Order Book may, depending on the Order type, be for immediate execution, valid for a Business Day, valid until a specified date, or until Cancelled, provided that no Order shall extend beyond the date of entry into the Central Order Book plus 365 days. Absent specification of its duration, an Order shall be deemed to be valid for the Business Day.

## 6.10 Order Types and Parameters

6.10.1 Only the following types of Orders may be submitted to the Central Order Book:

- 1) Limit Orders: Limit Orders are purchase or sale Orders that can only be executed at the specified price limit or a better price;
- 2) Market Orders: Market Orders are purchase or sale Orders with no price limit which, in continuous trading, are executed immediately at the best opposite price limit (existence of matching Order in the opposite side is essential) with any remaining unexecuted portion being automatically transformed into a limit Order at the best opposite price limit and added to the Central Order Book;
- 3) Stop Orders: Stop Orders are purchase or sale Orders which are triggered when a specified Transaction price is reached in trading. In the case of a stop loss Order, a market Order shall be automatically generated and added to the Central Order Book. In the case of a stop limit Order, a limit Order shall be automatically generated and added to the Central Order Book;
- 4) Special conditions: certain types of Orders may be made subject to the following volume related special conditions in accordance with a matrix of Order types and execution conditions set out by Notice:
  - (i) *“fill-and-kill Orders”*, also referred to as *“execute-and-eliminate Orders”*, are Orders which are executed to the fullest extent possible either immediately upon entry during continuous trading or at the general matching of an auction, with any remaining unexecuted portion being Cancelled;
  - (ii) *“minimum-quantity Orders”* are Orders which must be executed immediately to the extent of a specified minimum quantity, with any remaining unexecuted portion being added to the Central Order Book; provided that such Orders shall be Cancelled failing immediate execution of the specified minimum quantity; *“fill-or-kill Orders”* are Orders which must be executed immediately and in full, failing which they shall be Cancelled (minimum quantity equal the total quantity of the Order);
  - (iii) *“iceberg Orders”*, also referred to as *“hidden-size Orders”*, are Orders of which only specified tranches, that may not be less than a threshold specified by Notice (except for the final tranche), are successively entered in the Central Order Book, and disclosed to the market with the current time stamp, following full execution of the preceding tranche.

## 6.11 Pre and Post-Trading Order Book Management

During a period specified by Nasdaq Dubai before and after the close of trading, Trading Members can access the Central Order Book for the purpose of modifying or cancelling existing Orders for the current and next Business Day.

## 6.12 Market Maker

Nasdaq Dubai may but shall not be obliged to appoint one or more Market Makers in respect of a specific Admitted Derivative Contract. Nasdaq Dubai will indicate whether the Market Maker must make markets on a continuous basis or in response to quote requests or both in accordance with the Procedures.

## 6.13 Off-Order Book Transactions

6.13.1 Nothing in these Rules shall prevent Members from entering into Off-Order Book Transactions in Admitted Derivative Contracts. However, all Off-Order Book Transactions in Admitted Derivative Contracts must be reported to Nasdaq Dubai in accordance with these Rules.

6.13.2 Off-Order Book Transactions in Admitted Derivative Contracts must be cleared and settled in accordance with Chapter 7.

## 6.14 Cross Trades and Block Trades

6.14.1 Cross Trades:

- 1) are Transactions which are reported to Nasdaq Dubai through the Central Order Book that unless otherwise provided for in a Notice, can only be effected at a price within the market's best bid/ask spread at the time of entry through the Central Order Book, or by way of exception to the time priority principle, they may be executed at the market's best bid/ask limit in the case of Cross Trades whose size exceeds the quantity disclosed at such bid/ask limit; or
- 2) are Off-Order Book Transactions

6.14.2 Block Trades:

- 1) Block Trades shall mean Off-Order Book Transactions that are equal to or exceed the Normal Block Amount for the Admitted Financial Instrument and/or Admitted Derivative Contract; and
- 2) Nasdaq Dubai shall review the Normal Block Amounts in respect of Block Trades at least annually and/or whenever market conditions require an earlier change, and amend them, where appropriate, by Circular.

## 6.15 Trading Safeguards

6.15.1 If any Order entered in the Central Order Book will cause the price of any Admitted Derivative Contract to exceed the Trading Safeguards Limit set out by the Nasdaq Dubai by Circular for the specific Admitted Derivative Contract, the Nasdaq Dubai Systems shall prevent the Order from entering the Nasdaq Dubai Markets.



- 6.15.2 Nasdaq Dubai may terminate or suspend a trading session for one or more Admitted Derivative Contracts in order to prevent or halt disorderly market conditions, either on its own initiative and in its sole discretion, or upon the instructions of the DFSA.
- 6.15.3 In the event that the trading session for an Admitted Derivative Contract is suspended or halted, Nasdaq Dubai may in its absolute discretion determine:
- 1) at what time on that trading day or a subsequent trading day the conduct of business can be resumed;
  - 2) whether to set prices at a level determined by it as being a fair reflection of the market, as they see fit; and
  - 3) whether the conduct of business in one or more Admitted Derivative Contracts should be resumed with the relevant scheduled closing time delayed to a later date.
- 6.15.4 Nasdaq Dubai may make its determination on a trading day later than the trading day on which the conduct of business is suspended or halted. Any determination will be published as a Notice and may be revoked by a later determination.
- 6.15.5 Nasdaq Dubai may suspend or limit the availability for trading of an Admitted Derivative Contract or take any other measure it deems necessary in order to prevent or halt disorderly market conditions, either on its own initiative and in its sole discretion, or upon the instructions of the DFSA.
- 6.15.6 Position Limits
- 1) Nasdaq Dubai may prescribe and set out by Notice a limit on the number of Admitted Derivative Contracts in a Contract Series, Underlying Instrument, delivery month, expiry month or an expiry date which may be recorded with Nasdaq Dubai. The limit may be imposed in respect of each or all of the Derivatives Accounts of the Clearing Member.
  - 2) If Nasdaq Dubai determines that a Position Limit has been breached, Nasdaq Dubai may do one or more of the following:
    - (i) direct the Clearing Member to close out, or cause to be closed out, one or more CCP Transactions immediately or within a specified time; and
    - (ii) take, or refrain from taking, any other action which Nasdaq Dubai considers appropriate.
  - 3) If Nasdaq Dubai considers that the number of CCP Transactions relating to a particular Admitted Derivative Contract in a Contract Series, Underlying Instrument, delivery month, expiry month or expiry date, to which a Clearing Member is a party, is on aggregate excessive and not appropriate, Nasdaq Dubai may do one or more of the following:
    - (i) direct one or more Clearing Members to close out or cause to be closed out one or more CCP Transactions immediately or within a specified time even though a Position Limit has not been exceeded; and
    - (ii) take, or refrain from taking, any other action which Nasdaq Dubai considers appropriate.

## 6.16 Cancellations and Modifications

- 6.16.1 A Member shall be entitled to modify or cancel an Order pending in the Central Order Book except as set out in the Procedures or otherwise prohibited under any other provision of this Chapter 6.
- 6.16.2 Members cannot Cancel or Modify Derivatives Transactions. However, in the case of a material error by a Member which was notified to Nasdaq Dubai within 15 minutes of the Derivatives Transactions having been executed on the Nasdaq Dubai Derivatives Market, Nasdaq Dubai may but shall not be obliged to cancel all Derivatives Transactions effected as a consequence of such error for a specified time interval. Nasdaq Dubai may also Cancel any and all Derivatives Transactions on the Nasdaq Dubai Derivatives Market which, in its reasonable judgment, do not comply with a Rule, a DFSA Rule, an applicable law or regulation.
- 6.16.3 Nasdaq Dubai shall inform Members as soon as possible of such a Cancellation if made during the trading session. For cancellations made after the close of the trading session, Nasdaq Dubai shall inform Members at the latest before the opening of the following trading session.

## 6.17 Confirmations, Reporting and Publication

### 6.17.1 Confirmations

Nasdaq Dubai Systems shall acknowledge receipt of all Orders entered into the Central Order Book. Nasdaq Dubai Systems shall send a confirmation of Derivatives Transactions to the relevant Trading Members upon full or partial execution of any Order. The confirmation shall state the unfilled Order quantity (if any).

### 6.17.2 Reporting of Derivatives Transactions

- 1) Derivatives Transactions are automatically and immediately deemed to have been reported to Nasdaq Dubai.
- 2) Off-Order Book Transactions: A Member who (whether for its own book or for a Customer) has entered into an Off-Order Book Transaction shall (subject to Rule 6.17.4 below) immediately report that Transaction to Nasdaq Dubai. On being reported to Nasdaq Dubai and accepted by Nasdaq Dubai Systems, the Off-Order Book Transaction will be recorded by Nasdaq Dubai as an Off-Order Book Transaction. When reporting an Off-Order Book Transaction, the Member shall indicate whether such Off-Order Book Transaction was for its own book or not. An Off-Order Book Transaction shall be deemed to have been effected on the Nasdaq Dubai Market (and hence, unless the context requires otherwise, to be a Transaction or trade for the purposes of these Rules) only once it has been reported to Nasdaq Dubai and accepted by Nasdaq Dubai Systems.

### 6.17.3 Pre-Trade Transparency

Nasdaq Dubai shall continuously disseminate to:

- 1) Members;
- 2) direct access Customers;
- 3) eligible information vendors; and

- 4) other Persons which have entered into Nasdaq Dubai Information Licence Agreement.

The market by price including the number of Orders and total disclosed Order quantity at each such price.

#### 6.17.4 Post-Trade Publication

- 1) For each Derivatives Transaction, Nasdaq Dubai shall immediately disseminate the quantity, price and time of execution of such Derivatives Transaction.
- 2) Block Trades in which the Member is not acting for its own book shall be published upon reporting.
- 3) Where the Member is acting for its own book, Block Trades shall be reported and published as follows:
  - (i) within 60 minutes after execution if the amount of the Block Trade is less than five times the relevant NBA;
  - (ii) within 120 minutes after execution if the amount of the Block Trade is equal to or greater than five times the relevant NBA.

## 6.18 Access Facilities for Customers

6.18.1 A Member may provide Access Facilities to its Customers

6.18.2 All business undertaken by a Customer via an Access Facility will be done in the name of the Member and the Member shall be fully responsible for all Orders entered by the Customer and for the conduct of all such business as principal.

## 6.19 Audit Trail

A Member shall immediately upon receipt of an Order and upon each modification thereof, time-stamp by a process other than handwriting and record such Order in the manner set out by Notice (save in the case of a systems failure in which case only a Member may timestamp and record such Order by handwriting). All records concerning Orders, classified chronologically, shall be maintained in compliance with Rule 3.3.1(5) and available for inspection by Nasdaq Dubai.

## 6.20 Trading Members to separate Market Maker activities

A Trading Member must separate effectively its Market Maker activities from its other activities including:

- 1) using separate open interface devices exclusively for Market Maker activities; and
- 2) ensuring that any persons performing Market Maker activities on its behalf do not execute Customer Orders or have access to Customer Orders or Customer information when performing Market Maker activities.

## 6.21 Market Makers to establish separate Accounts

A Market Maker must ensure that the Clearing Member which clears its Derivatives Transactions establishes a separate Derivatives Account solely for the recording of Derivatives Transactions entered into by the Market Maker pursuant to its Market Maker activities referred to in Rule 6.12.

## 6.22 Pre-Negotiation and Pre-Arrangement

- 6.22.1 Members can only negotiate or pre-arrange Cross Transactions or Off-Order Book Transactions where this is expressly permitted by, and conducted in accordance with, these Rules or Procedures.
- 6.22.2 Any prior negotiation or arrangement other than that referred to in Rule 6.22.1 will give rise to a violation of these Rules, and Transactions entered into further to such negotiation or arrangement may be declared invalid.

## 6.23 Customer Transaction Confirmations Notes (Derivatives)

- 6.23.1 When a Member executes a Derivatives Transaction for a Customer, it must ensure a trade confirmation note is sent to the Customer as soon as possible and in any case no later than two (2) days following the date of execution of the Transaction.
- 6.23.2 Confirmation notes should contain the following information:
  - 1) the Member's name and address;
  - 2) whether the Member executed the Transaction as principal or agent, e.g. 'we have bought/sold for/to you as agent... OR we have sold/bought to/from you as principal...'
  - 3) the Customer's name, account number or other identifier;
  - 4) a description of the Investment and the quantity involved;
  - 5) whether the Transaction was a purchase or sale;
  - 6) whether the Transaction was an opening or closing Transaction;
  - 7) the price or unit price at which the Transaction was executed;
  - 8) if applicable, a statement that makes it clear that the Transaction was executed on an execution-only basis, e.g. 'carried out on a non-advised (execution-only) basis'
  - 9) the date and time of the Transaction;
  - 10) the total amount payable and the date on which it is due;
  - 11) the amount of the Members charges in connection with the Transaction, including commission charges, fees, taxes or duties and, if trading as principal, the amount of any mark-up or mark-down in the unit price;
  - 12) any applicable maturity, delivery or expiry dates relevant to the Transaction;

- 13) in the case of an Options Contract, the date of exercise or reference to the last exercise date;
- 14) whether the exercise creates a sale or purchase in the underlying asset;
- 15) in the case of an Options Contract, the strike price;
- 16) if the Transaction closes out an open Futures position, all essential details required in respect of each contract comprised in the open position and each contract by which it was closed out and the profit or loss to the Customer arising out of closing out that position (a difference account).
- 17) a statement confirming that the trade was executed on and subject to the Business Rules of Nasdaq Dubai.

6.23.3 A Member may combine items (7) and (11) in respect of a Transaction where the Customer has requested a confirmation note showing a single price (net price) combining both of these items. Net price must be stated on the confirmation note.

6.23.4 A Member must retain a copy of each confirmation note sent to a Customer and retain it for a minimum of six (6) years from the date of despatch.

## 6.24 Customer Derivative Statements

6.24.1 Where a Member operates a Customer's account with uncovered open Derivative positions, it must promptly provide that Customer with a detailed monthly statement of account. The statement must include:

- 1) the number, description and value of each Investment;
- 2) the amount of cash held;
- 3) the total value of the portfolio;
- 4) a statement of the basis on which the value of each Investment has been calculated.
- 5) details of margin payments and receipts made during the reporting period;
- 6) details of Derivative Transactions carried out during the reporting period;
- 7) details of open positions, expiry dates and closed positions.
- 8) in relation to each open position in the account at the end of the account period, the unrealised profit or loss to the Customer (before deducting or adding any commission which would be payable on closing out);
- 9) in relation to each Transaction executed during the account period to close out a Customer's position, the resulting profit or loss to the Customer after deducting or adding any commission;
- 10) the aggregate of each of the following in, or relating to, the Customer's portfolio at the close of business on the valuation date:

- (i) cash;
- (ii) collateral value;
- (iii) management fees; and
- (iv) commissions; and

6.24.2 (1) Where a Member holds or controls a Customer's collateral for the purpose of covering Derivative positions, it must send that Customer a statement containing a list of the collateral held or controlled and the market value of that collateral as at the date of reporting.

- 1) The statement sent to the Customer must be prepared within 25 Business Days of the statement date.
- 2) The statement must be sent to the Customer at least every six months or in the case of a Professional Client or Market Counterparty at other intervals as agreed in writing.

6.24.3 A Member must retain a copy of each statement sent to Customers in accordance with Rule 6.24 and retain it for a minimum of six (6) years from the date of despatch.

## 7 Clearing and settlement

### 7.1 Admitted Financial Instruments and Admitted Derivative Contract eligible for clearing and settlement on Nasdaq Dubai

- 7.1.1 All Securities Transactions shall be settled on Nasdaq Dubai, except those that are excluded by Nasdaq Dubai and published by way of Notice.
- 7.1.2 All Securities Transactions shall be cleared on Nasdaq Dubai, except those that are excluded by Rule 7.1.3.
- 7.1.3 Securities Transactions executed by a Member for its own account or for a Customer who is a Professional Client or a Market Counterparty, and excluded by Nasdaq Dubai and published by way of Notice shall not be cleared on Nasdaq Dubai.
- 7.1.4 Securities Transactions which are not cleared and settled through Nasdaq Dubai in accordance with Rule 7.1.1 and Rule 7.1.2 shall not be subject to the clearing and settlement requirements (as applicable) under these Rules and the relevant clearing and settlement arrangements, if any, shall be advised to Members by way of Notice.

### 7.2 Clearing Members

- 7.2.1 A Clearing Member shall be responsible for the clearing and settlement of all Settlement Transactions and CCP Transactions entered into by it or a Trading Member for whom it undertakes clearing and settlement pursuant to a Clearing Agreement. A General Clearing Member shall continue to be responsible for Settlement Transactions and CCP Transactions even if it is no longer acting for the Trading Member which entered into relevant underlying

Transactions and/or a Trading Member is in default of its obligations to the General Clearing Member and/or is declared a Defaulting Member.

- 7.2.2 A General Clearing Member shall not be entitled to refuse to accept any Settlement Transaction or CCP Transaction arising out of a Transaction entered into by a Trading Member for whom it undertakes clearing and settlement pursuant to a Clearing Agreement.
- 7.2.3 General Clearing Members must enter into a Clearing Agreement with each Trading Member for whom they agree to provide clearing and settlement services. The terms of the Clearing Agreement shall, inter alia, govern the relationship between the General Clearing Member and the Trading Member in respect of rights and obligations of the parties. For the avoidance of doubt, the Clearing Agreement shall not affect any of the obligations of the General Clearing Member to Nasdaq Dubai under these Rules.
- 7.2.4 Without limitation to the obligations of a Clearing Member under these Rules, and notwithstanding that these Rules and the Procedures may provide a mechanism for addressing a settlement failure, a Clearing Member must settle each Settlement Transaction and CCP Transaction on the relevant Settlement Date.
- 7.2.5 For the avoidance of doubt nothing in Rule 7.6 shall affect the obligations of a Clearing Member to Nasdaq Dubai. In particular and without limitation the Clearing Member shall be responsible for the clearing and settlement of all Settlement Transactions and CCP Transactions entered into by it or a Trading Member for whom it undertakes clearing and settlement pursuant to a Clearing Agreement as principal, notwithstanding that the Clearing Member is operating in a segregated basis as set out in Rule 7.6.

## 7.3 Clearing

### 7.3.1 Transactions for Clearing

- 1) All Settlement Transactions or CCP Transactions executed on the Central Order Book are automatically subject to clearing and settlement in accordance with these Rules generally and this Chapter 7 specifically.
- 2) Transactions which are not automatically subject to clearing and settlement through Nasdaq Dubai in accordance with Rule 7.3.1 (1) may be cleared and settled through Nasdaq Dubai following Nasdaq Dubai's prior approval.

### 7.3.2 "Buyer" and "Seller"

For purposes of this Chapter 7, in respect of clearing and settlement of Transactions in Admitted Financial Instruments or Admitted Derivative Contracts:

- 1) "Buyer" shall mean the Clearing Member or Direct Clearing Customer to be recorded as purchasing an Admitted Financial Instrument or Admitted Derivative Contract; and
- 2) "Seller" shall mean the Clearing Member or Direct Clearing Customer to be recorded as selling an Admitted Financial Instrument or Admitted Derivative Contract.

### 7.3.3 Novation of Transactions in Admitted Financial Instruments or Admitted Derivative Contracts

- 1) Nasdaq Dubai shall act as the central counterparty to a Transaction received for clearing pursuant to Rule 7.3.1 and shall undertake the settlement of the Transaction, subject to Rule 7.1.
- 2) Upon the creation of a binding contract pursuant to Rule 5.3, the Securities Transaction shall be novated. Novation shall result in two separate Settlement Transactions:
  - (i) a Settlement Transaction between the Buyer and Nasdaq Dubai (in substitution for the original Securities Trading Member); and
  - (ii) a Settlement Transaction between the Seller and Nasdaq Dubai (in substitution for the original Securities Trading Member).
- 3) Upon the creation of a binding contract pursuant to Rule 6.3, the Derivatives Transaction shall be novated. Novation shall result in two separate CCP Transactions:
  - (i) a CCP Transaction between the Buyer and Nasdaq Dubai (in substitution for the original Derivatives Trading Member); and
  - (ii) a CCP Transaction between the Seller and Nasdaq Dubai (in substitution for the original Derivatives Trading Member).
- 4) Each separate Settlement Transaction or CCP Transaction shall be identical to the relevant Securities Transaction or Derivatives Transaction, as the case may be, except for the parties thereto and except as provided in Rule 7.3.4. The rights and obligations of a Clearing Member or Direct Clearing Customer with respect to a Settlement Transaction or a CCP Transaction shall entirely supersede and replace the rights and obligations of a Trading Member (if not the same legal entity) with respect to the relevant Securities Transaction or Derivatives Transaction.

#### 7.3.4 Terms of Settlement Transactions and CCP Transactions

Each Settlement Transaction and CCP Transaction shall incorporate the following terms:

- 1) Nasdaq Dubai shall have no liability for any brokerage commission or levy;
- 2) Nasdaq Dubai shall have no liability for consequential loss of any kind, no matter how arising; and
- 3) Nasdaq Dubai shall have no liability to any Person on a Settlement Transaction or CCP Transaction other than the relevant Clearing Member or Direct Clearing Customer for such Settlement Transaction or CCP Transaction, whether or not it has actual notice of any interest of such Person.

#### 7.3.5 Netting of Settlement Transactions or CCP Transactions

- 1) On each Business Day, Nasdaq Dubai shall net with each Clearing Member or Direct Clearing Customer the gross open obligations arising from Settlement Transactions of such Clearing Member or Direct Clearing Customer into a Net Open Position for cash and each Admitted Financial Instrument.
- 2) In the case of an Admitted Derivative Contract, the Net Open Position will be an obligation to deliver to Nasdaq Dubai or a right to receive from Nasdaq Dubai the netted quantity of



the relevant Admitted Derivative Contract. In the case of cash, the Net Open Position will be an obligation to make a payment or a right to receive a payment of the net sum of cash.

#### 7.3.6 Position reporting

By the time and in the manner set out in the Procedures, a Member must report to Nasdaq Dubai:

- (i) the number of CCP Transactions recorded with Nasdaq Dubai at that time in respect of each Customer of the Member including a Direct Clearing Customer in the case of a Guarantee Agent;
- (ii) the number of CCP Transactions recorded with Nasdaq Dubai at that time in respect of each person whose positions are recorded in the Member's House Account;
- (iii) the number of CCP Transactions recorded with Nasdaq Dubai at that time in respect of the Member's Market Maker activities; and
- (iv) any other information of the type set out in the Procedures.

#### 7.3.7 Cancellation of Settlement Transactions and CCP Transactions

- 1) The Cancellation of a Securities Transaction or Derivatives Transaction by Nasdaq Dubai shall result in the Cancellation of the relevant Settlement Transactions or CCP Transactions of Clearing Members or Direct Clearing Customer recorded as Buyer and Seller for those Settlement Transactions or CCP Transactions.
- 2) Net Open Positions will be adjusted to reflect the Cancellation of Settlement Transactions or CCP Transactions following Cancellation.

#### 7.3.8 Transfer of CCP Transactions

- 1) If a Clearing Member or Direct Clearing Customer (the "Transferring Clearing Member") requests Nasdaq Dubai to transfer a CCP Transaction to another Clearing Member or Direct Clearing Customer, (the "Receiving Clearing Member or Direct Clearing Customer"), Nasdaq Dubai will transfer the CCP Transaction only if:
  - (i) the Receiving Clearing Member or Direct Clearing Customer has agreed to the transfer and that agreement has been communicated to Nasdaq Dubai in accordance with the Procedures;
  - (ii) the Receiving Clearing Member or Direct Clearing Customer is entitled under these Rules to have that CCP Transaction registered in its name;
  - (iii) any conditions stipulated by Nasdaq Dubai in connection with the transfer have been met; and
  - (iv) Nasdaq Dubai consents to the transfer in accordance with the Procedures.
- 2) Upon the transfer of a CCP Transaction under this Rule 7.3.8, the CCP Transaction between the Transferring Clearing Member or Direct Clearing Customer and Nasdaq

Dubai is discharged and replaced by novation with a CCP Transaction on the same terms between the Receiving Clearing Member or Direct Clearing Customer and Nasdaq Dubai.

- 3) Nasdaq Dubai will transfer a CCP Transaction under this Rule 7.3.8 by simultaneously cancelling the registration of the CCP Transaction in the name of the Transferring Clearing Member or Direct Clearing Customer and registering a new CCP Transaction on the same terms in the name of the Receiving Clearing Member or Direct Clearing Customer and in a Derivatives Account designated by the receiving Clearing Member or Direct Clearing Member.
- 4) A Guarantee Agent may request Nasdaq Dubai to transfer a CCP Transaction to a Direct Clearing Customer in accordance with this Rule 7.3.8.
- 5) If a Clearing Member or Direct Clearing Customer requests Nasdaq Dubai to transfer a CCP Transaction from one of its Derivatives Accounts to another of its Derivatives Accounts, Nasdaq Dubai will transfer the CCP Transaction if:
  - (i) an error has been made in the designation of the Derivatives Transaction which gave rise to the CCP Transaction and the Member or Direct Clearing Customer notifies Nasdaq Dubai of the error by the time and in the manner specified in the Procedures; or
  - (ii) any conditions stipulated by Nasdaq Dubai in connection with the transfer have been met and Nasdaq Dubai consents to the transfer in accordance with the Procedures.

#### 7.3.9 Closing out CCP Transactions

- 1) If a Clearing Member or Direct Clearing Customer is recorded as the Buyer for one CCP Transaction and as the Seller for another CCP Transaction, and both CCP Transactions relate to an Admitted Derivative Contract in the same Contract Series, delivery month, expiry month or expiry date, the Clearing Member or Direct Clearing Customer may instruct Nasdaq Dubai to close out those CCP Transactions in accordance with the Procedures by setting off the rights and obligations of the Clearing Member or Direct Clearing Customer and Nasdaq Dubai under those CCP Transactions at that time, and determining any net payment amount to be paid by one party to the other.
- 2) Subject to Paragraph (3) below, the closing out of two CCP Transactions under this Rule 7.3.9 is irrevocable. Close out does not release the Clearing Member or Direct Clearing Customer or Nasdaq Dubai from the rights and obligations under those CCP Transactions existing at the time of close-out.
- 3) If a Clearing Member or Direct Clearing Customer notifies Nasdaq Dubai in writing by the time specified in the Procedures that the Clearing Member or Direct Clearing Customer or Nasdaq Dubai has made an error in closing out two CCP Transactions, Nasdaq Dubai may take any action it considers appropriate to reinstate the CCP Transactions.

#### 7.3.10 Adjustments

- 1) If Nasdaq Dubai considers an adjustment should be made to a Contract Series as a result of any of the pro-rata corporate events listed in the Procedures, it may, without limitation and by Notice:

- (i) make an adjustment to the Contract Series or to a related CCP Transaction, in order to ensure that the value of the CCP Transaction is as far as practicable the same as it would have been had the event not occurred; and
  - (ii) unless it considers it inappropriate to do so in the circumstances, round the adjustment of any term under this Rule 7.3.10 to the nearest cent or unit of the Underlying Instrument.
- 2) Nasdaq Dubai may by Notice determine when an adjustment is to be effective.
- 3) If Nasdaq Dubai considers that it is not reasonably practicable to make an adjustment for an event pursuant to this Rule 7.3.10, Nasdaq Dubai may decide not to make an adjustment and may instead terminate or close-out CCP Transactions.

#### 7.3.11 Margin Requirements

- 1) Clearing Members and Direct Clearing Customers are required to provide Margin in respect of their clearing and settlement obligations to Nasdaq Dubai. Margin shall be provided separately for settlement obligations in respect of Admitted Securities and Admitted Derivative Contracts.
- 2) The obligation to meet margin requirement in respect of a Segregated Clearing Account shall be held jointly by a Guarantee Agent and Direct Clearing Customer.
- 3) The methods for calculating each Margin component, notifying Margin calls and the timely delivery of Margin by Clearing Members and Direct Clearing Customers will be provided by Notice.

#### 7.3.12 Intra-day Margin Calls

In certain circumstances (including but not limited to the accumulation of a larger than usual Net Open Position or liability under a CCP Transaction by a particular Clearing Member or a Direct Clearing Customer, or unusually large movements in the price of an Admitted Financial Instrument and/or Admitted Derivatives Contract or type of Admitted Financial Instrument), Nasdaq Dubai may recalculate the Margin requirements for any or all Clearing Members or Direct Clearing Customers and require a Clearing Member or Direct Clearing Customers to provide Margin accordingly. The timing for complying with such further Margin requirements shall be as notified to the Clearing Member or Direct Clearing Customers at the time a request for further Margin is notified.

#### 7.3.13 Treatment of Margin

- 1) Margin provided by a Securities Clearing Member to Nasdaq Dubai shall be used by Nasdaq Dubai towards discharging the Securities Clearing Member's obligations to Nasdaq Dubai (if any) following a Declared Default by that Securities Clearing Member.
- 2) Margin provided by a Derivatives Clearing Member or Direct Clearing Customer to Nasdaq Dubai shall be used by Nasdaq Dubai towards discharging the Derivatives Clearing Member's or Direct Clearing Customer's obligations respectively to Nasdaq Dubai (if any) following a Declared Default by that Derivatives Clearing Member or Direct Clearing Customer.

- 3) Nasdaq Dubai shall invest cash Margin in a conservative manner and pay interest to Clearing Members or Direct Clearing Customers on cash Margin at such rate and on such basis as provided by Circular.

#### 7.3.14 Eligible Margin, Haircuts and Concentration Limits

- 1) Nasdaq Dubai shall have sole discretion to determine Eligible Margin and shall specify the type of cash, Eligible Securities, bank guarantees and other assets comprising Eligible Margin by Circular.
- 2) Nasdaq Dubai shall have sole discretion to determine the valuation of Eligible Margin including the Haircut applied to each type of Eligible Margin and shall publish such Haircut by Circular.
- 3) Nasdaq Dubai shall have sole discretion at any time to restrict the quantity or proportion of each type of individual Eligible Securities, bank guarantees or other assets which any or all Clearing Members or Direct Clearing Customers can provide as Eligible Margin. Without limitation, this provision may be applied by Nasdaq Dubai:
  - (i) to impose a minimum requirement by proportion and/or value for cash Margin;
  - (ii) to reject a guarantee or certificate of deposit for a specific bank.

#### 7.3.15 Providing Margin

- 1) Cash Margin shall be transferred to Nasdaq Dubai's Margin Account at the Clearing Bank by the Clearing Member's Settlement Bank or a Direct Clearing Customer's Settlement Bank.
- 2) Cash Margin may be transferred to Nasdaq Dubai's Margin Account at the Clearing Bank by a Guarantee Agent's Settlement Bank on behalf of a Direct Clearing Customer.
- 3) Bank guarantees and certificates of deposit shall be lodged with Nasdaq Dubai.
- 4) Eligible Securities shall be delivered to Nasdaq Dubai by transfer to a Nasdaq Dubai account whether held within Nasdaq Dubai or otherwise. Admitted Securities may be pledged in a Clearing Member's General Account within the CSD by designation in favour of Nasdaq Dubai.
- 5) Direct Clearing Customers may pledge Admitted Securities in the Direct Clearing Customer's General Account within the CSD by designation in favour of Nasdaq Dubai. Where such Eligible Securities are held within an Omnibus Account for the Direct Clearing Customer, the Eligible Securities shall be delivered to Nasdaq Dubai by transfer to a Nasdaq Dubai account whether held within Nasdaq Dubai or otherwise.
- 6) Guarantee Agents may deliver Eligible Securities to Nasdaq Dubai on behalf of a Direct Clearing Customer in accordance with Rule 7.3.15(4).
- 7) Nasdaq Dubai may identify other methods of providing Margin by Circular.

#### 7.3.16 Provisional Margining

While a Margin requirement remains unfulfilled, Nasdaq Dubai may freeze Eligible Securities held for a Clearing Member or Direct Clearing Member to an equivalent value. Nasdaq Dubai will remove the freeze upon receipt of the Margin required.

#### 7.3.17 Withdrawal or substitution of Margin

- 1) Clearing Members or Direct Clearing Customers may request the withdrawal of those assets which are not required to meet the Margin requirement.
- 2) Where a Clearing Member or Direct Clearing Customer desires to withdraw particular assets or types of assets, it shall provide other assets which satisfy the Margin requirement and subsequently request withdrawal of the desired assets.

#### 7.3.18 Insolvency of Nasdaq Dubai and Margin

- 1) If Nasdaq Dubai becomes insolvent, then any Eligible Margin provided by a Clearing Member which remains after all of the obligations of the Clearing Member to Nasdaq Dubai have been discharged in full shall be returned to that Clearing Member.
- 2) If Nasdaq Dubai becomes insolvent, then any Eligible Margin provided by a Direct Clearing Customer and/or Guarantee Agent which remains after all of the obligations of the Direct Clearing Customer to Nasdaq Dubai have been discharged in full shall be returned to the Direct Clearing Customer.

## 7.4 Settlement

7.4.1 Unless otherwise determined by Nasdaq Dubai by Notice, all settlements of cash shall be in any currency acceptable to Nasdaq Dubai including but not limited to Emirati Dirhams and US Dollars.

7.4.2 Timing of settlement shall be provided by Notice. Such Notice will provide:

- 1) The latest time for the transfer of Admitted Securities to the Securities Settlement Pool Account of the Clearing Member; and
- 2) The latest time for the transfer of cash to the Settlement Bank.

7.4.3 Members shall also comply with Procedures relating to the exercise or assignment of CCP Transactions that are Options Contracts and the tender or delivery of CCP Transactions that are Futures Contracts.

7.4.4 Settlement shall be made by the transfer of Admitted Securities in satisfaction of each Clearing Member's or Direct Clearing Customer's Net Open Position for each Settlement Transaction and each CCP Transaction that is required to be physically settled for receipt by Nasdaq Dubai on the Settlement Date. Admitted Securities shall be transferred within the CSD Cash shall be transferred between Nasdaq Dubai's Settlement Account at the Clearing Bank and Clearing Members' or Direct Clearing Customer's accounts at their Settlement Banks.

7.4.5 Settlements are final when:

- 1) cash is received at the Clearing Bank or a Settlement Bank; and

- 2) in the case of Settlement Transactions or CCP Transactions that are required to be physically settled, when Admitted Securities are credited or debited to an account at the CSD.

#### 7.4.6 Provisioning for Settlement

- 1) Prior to a time specified by Notice, each Clearing Member or Direct Clearing Customer shall:
  - (i) ensure that the quantities of Admitted Securities required for settlement of their Net Open Position, or any CCP Transactions that is required to be physically settled, for a Settlement Date are held in the Securities Settlement Pool Account or Segregated Clearing Account for such Clearing Member or Direct Clearing Customer respectively; and/or
  - (ii) ensure that its Settlement Bank provides the cash required to Nasdaq Dubai's Settlement Account at the Clearing Bank or Settlement Bank. In the event that a Settlement Bank is unwilling or unable to meet the Clearing Member or Direct Clearing Customer's payment obligation, the Clearing Member or Direct Clearing Customer and the Settlement Bank are both required to promptly notify Nasdaq Dubai. Nasdaq Dubai shall promptly notify the Guarantee Agent with respect to a Direct Clearing Customer who is unwilling or unable to fulfil the obligations herein and the Guarantee Agent shall make prompt arrangements to settle the obligation.
- 2) At a time on the Settlement Date specified by Notice, Nasdaq Dubai shall freeze the Admitted Securities required for settlement of the Net Open Position or CCP Transaction that is required to be physically settled, and shall debit the Securities Settlement Pool Account or Segregated Clearing Account of such Clearing Member or Direct Clearing Customer respectively. The Clearing Member or the Direct Clearing Customer shall at all times ensure that Nasdaq Dubai has the right to debit such Clearing Member's or Direct Clearing Customer's Securities Settlement Pool Account or Segregated Clearing Account respectively.

#### 7.4.7 Consequences of a Clearing Member's Settlement Fail

- 1) In the event of a Settlement Fail, Nasdaq Dubai may, but shall have no obligation to deliver Notice in the form of a Settlement Fail Notice to the Failing Seller that:
  - (i) such Failing Seller has caused a Settlement Fail;
  - (ii) the Failing Seller remains obligated to Cure the Settlement Fail;
  - (iii) the Failing Seller has until the completion of all Fails Settlement Transactions on the within two Settlements days following the Settlement Fail to Cure such Settlement Fail;
  - (iv) such Cure shall be subject to all applicable penalties, fees, costs and expenses;
  - (v) if the Failing Seller fails to Cure the Settlement Fail as stated in (iii) above, Nasdaq Dubai shall appoint a Buy-in Agent to satisfy the Failing Seller's obligation to Cure the Settlement Fail;

- (vi) upon the appointment of a Buy-in Agent, the Failing Seller shall thereafter be responsible for all amounts owed under (iv) above and all fees, costs and expenses incurred by the Buy-in Agent in connection with the Buy-in Agent's efforts to Cure the Settlement Fail, regardless of whether the Buy-in Agent is successful or otherwise; and
  - (vii) if the Buy-in Agent cannot, using its commercially reasonable efforts, Cure the Settlement Fail, Nasdaq Dubai shall commence compulsory cash settlement procedures to ensure the satisfaction of the Failing Seller's obligations, in each case as described in the Settlement Fail Notice.
- 2) If a Clearing Member causes a Settlement Fail to occur then, without prejudice to Nasdaq Dubai's rights under Chapter 11, Nasdaq Dubai shall be entitled to undertake all or any of the following actions:
- (i) carry forward the shortfall in respect of the Net Open Position or CCP Transaction until the next Settlement Date;
  - (ii) conduct a buy-in in accordance with Rule 7.4.7( 1)(v) above;
  - (iii) make demand upon the Clearing Member for the Clearing Member to pay a Cash Settlement Replacement Amount in respect of those Admitted Securities which the Clearing Member has failed to deliver;
  - (iv) charge the costs incurred in remedying a shortfall (whether by buy-in, close-out or carrying forward) to the Clearing Member failing to deliver on a timely basis;
  - (v) institute a disciplinary action as provided for in these Rules; and
  - (vi) any other action Nasdaq Dubai believes, in its sole discretion, to be in the best interest of Members and Nasdaq Dubai.
- 3) If all or part of a shortfall of cash persists at the time of settlement, then the Nasdaq Dubai will effect settlement notwithstanding the shortfall to the extent of its maximum defined settlement liability as provided in Rule 2.9. Nasdaq Dubai shall be entitled to undertake all or any of the following actions:
- (i) liquidate and apply Margin;
  - (ii) sell and apply the proceeds of other assets of the Clearing Member in the custody of Nasdaq Dubai;
  - (iii) charge the costs incurred in remedying the shortfall to the Clearing Member which failed to make payment on a timely basis; and
  - (iv) institute a disciplinary action as provided for in these Rules.
- 4) In accordance with the terms and conditions of the Settlement Fail Notice, affected Clearing Members may seek compensation from the Failing Seller for losses resulting from a Settlement Fail.

#### 7.4.8 Settlement Fail Allocation

- 1) In the event of a settlement failure, Nasdaq Dubai shall be entitled, at its sole discretion, to:
  - (i) identify Clearing Members who will fail to receive Admitted Securities in respect of the shortfall. Identification of the Clearing Members so affected will be on a pro rata basis. Clearing Members are obliged to accept Nasdaq Dubai's allocation of any shortfall;
  - (ii) apply the Closing Price to recalculate the Net Open Position of Clearing Members with failed settlements, or the liability of those Clearing Members under CCP Transactions;
  - (iii) recalculate the Net Open Position for all affected Clearing Members or the liability of those Clearing Members under CCP Transactions for the next Settlement Date;
  - (iv) cancel its obligation to deliver Admitted Securities and replace it with an obligation to pay the Cash Settlement Replacement Amount in respect of such undelivered Admitted Securities; and
  - (v) notify all affected Clearing Members of the actions taken.
- 2) Affected Clearing Members may seek compensation (which shall not include any consequential or indirect losses) from Nasdaq Dubai, for losses resulting from a failed delivery which Nasdaq Dubai shall without limitation to its own rights under these Rules be entitled to recover from the Clearing Member responsible for the settlement failure. The method for seeking compensation shall be set out in a Circular.

## 7.5 Clearing and Settlement Reporting

- 7.5.1 Clearing Members may view information and download reports in respect of their clearing and settlement obligations. Reports shall be available to a Direct Clearing Customer only upon the Guarantee Agent authorising Nasdaq Dubai to provide the reports directly to the Direct Clearing Customer.
- 7.5.2 The following reports for each Clearing Member and/or Direct Clearing Customer will be available on a daily basis:
  - 1) Upcoming Securities Settlement Report which will show:
    - (i) for each Admitted Financial Instrument and for each Settlement Date, the net quantity of Admitted Securities, to be delivered or received by the Clearing Member; and
    - (ii) for each Admitted Financial Instrument and for each Settlement Date, the underlying Transactions and the gross quantity of Admitted Securities to be delivered or received for each Transaction;
  - 2) Upcoming Cash Settlement Report which will show:
    - (i) for each Settlement Date, the net cash to be paid or received by the Clearing Member or Direct Clearing Customer through its designated Settlement Bank;



- (ii) for each Settlement Date, the underlying Transactions and the gross cash to be paid or received for each Transaction;
- 3) Trading Member Obligations Report which will provide details of Admitted Securities and cash obligations for each Trading Member for which the Clearing Member provides clearing services;
- 4) Settlement Obligations Report which will allow Clearing Members or Direct Clearing Customer to review their Net Open Positions and liabilities under CCP Transactions with Nasdaq Dubai;
- 5) Trade History Report which shows, for each Business Day, a list of all Transactions executed on that Business Day, and the current status of each Transaction;
- 6) Account Position Report which will be available (i.e. the Clearing Member's or Direct Clearing Customer's current Net Open Position and liabilities under CCP Transactions) as a 'close of business' version which shall be the 'official' end of day Net Open Position or liabilities under CCP Transactions; and
- 7) Margin Report which will include (i) the Clearing Member's or Direct Clearing Customer's current Net Open Position and liabilities under CCP Transactions as a 'close of business' version, which shall be the 'official' version used for the Margin call; and (ii) Margin calculations for each Business Day.

7.5.3 Clearing Members and Direct Clearing Customers shall be responsible for checking reports and shall notify Nasdaq Dubai in the event of any error by no later than 12 noon on the Business Day following the day on which the Settlement Transaction or CCP Transaction was entered into.

## 7.6 Segregation

7.6.1 A Clearing Member shall segregate its clearing and settlement arrangements for Admitted Financial Instruments into House Business, Customer Business and Market Maker activities.

7.6.2 Clearing Members shall operate two sets of all relevant accounts with Nasdaq Dubai, the Settlement Bank, the CSD, and any other party (if any), from a time agreed between Nasdaq Dubai and such Clearing Member. Whenever a Clearing Member enters into a Settlement Transaction or a CCP Transaction, it shall notify Nasdaq Dubai as to whether the Settlement Transaction or CCP Transaction is House Business or Customer Business and Nasdaq Dubai shall record the Settlement Transaction or CCP Transaction in accordance with the Clearing Member's designation. If the Clearing Member fails or refuses to make a designation, Nasdaq Dubai shall treat the Settlement Transaction as House Business. Segregation shall continue to apply to netting of Settlement Transactions and of liabilities under CCP Transactions, so that the Net Open Positions (for cash and each Admitted Financial Instrument) and liabilities under CCP Transactions shall be segregated into Net Open Positions and liabilities in respect of House Business and Customer Business.

7.6.3 When a Clearing Member provides Margin to Nasdaq Dubai it shall notify Nasdaq Dubai as to whether the Margin should be designated as House Margin or Customer Margin, and Nasdaq Dubai shall make the appropriate designation.

7.6.4 In addition to and without limitation to its other rights under these Rules, Nasdaq Dubai shall at all times and without notice to a Clearing Member, be entitled to apply all or any surplus cash

and/or securities standing to the credit of the House Account against all or any deficit on the Customer Account.

- 7.6.5 For the avoidance of doubt, an Event of Default and/or a Declared Default under Chapter 11 shall not be affected by the segregation of Margin into House Margin and Customer Margin, so for example a Member's failure to meet a Margin call shall be an Event of Default regardless as to whether the Margin has been segregated into House Margin or Customer Margin, and the failure to pay meant that there was insufficient Margin recorded in favour of the Customer Margin Account.
- 7.6.6 All clearing and settlement arrangements in respect of a Direct Clearing Customer's Segregated Clearing Account shall be segregated from any other accounts held by or on behalf of the Direct Clearing Customer within Nasdaq Dubai.

## 7.7 Banking Arrangements

- 7.7.1 Nasdaq Dubai shall appoint a bank as its Clearing Bank for the purpose of settlement of cash obligations. The Clearing Bank shall:
- 1) Be a Category 1 Bank authorised by the DFSA;
  - 2) Have a proven capability for timely US Dollar settlement; and
  - 3) Have an Investment Grade Rating.
- 7.7.2 Nasdaq Dubai shall provide Clearing Members with as much notice as possible of any change of Clearing Bank.
- 7.7.3 Nasdaq Dubai shall maintain the following accounts at the Clearing Bank:
- 1) A Settlement Account for settlement;
  - 2) A Margin Account for cash Margin;
  - 3) Any other accounts from time to time agreed between Nasdaq Dubai and the Clearing Bank.
- 7.7.4 Appointment of Settlement Banks
- 1) Each Clearing Member or Direct Clearing Customer shall appoint a Settlement Bank for the purpose of settlement of cash obligations.
  - 2) A Clearing Member or Direct Clearing Customer shall give at least 15 days notice of any change of Settlement Bank unless a shorter period is agreed with Nasdaq Dubai.
  - 3) Nasdaq Dubai shall have the right, at its sole discretion, to refuse to add a Settlement Bank nominated by the Clearing Member or a Direct Clearing Customer to the list of approved Settlement Banks.
  - 4) Fees, charges, credit and collateral arrangements, interest on debit and credit balances, and other conditions of the arrangements between the Clearing Member or Direct Clearing Customer and the Settlement Bank shall be matters for commercial negotiation and agreement between them.

#### 7.7.5 The Settlement Bank shall:

- 1) Have a proven capability for timely US Dollar settlement;
- 2) Have an Investment Grade Rating;
- 3) Enter into an agreement with Nasdaq Dubai and the Clearing Bank in which, inter alia, it provides Nasdaq Dubai with a written undertaking:
  - (i) to inform Nasdaq Dubai by a time specified by Notice if the Settlement Bank will not make a required payment to the Clearing Bank;
  - (ii) to give Nasdaq Dubai 3 months notice of a decision to cease to provide Settlement Bank services to a Clearing Member or the Direct Clearing Customer.
- 4) Make an application to Nasdaq Dubai to be added to the list of approved Settlement Banks and enter into such additional documentation as Nasdaq Dubai may require.
- 5) Nasdaq Dubai shall maintain a list of approved Settlement Banks which it shall publish by Circular. Nasdaq Dubai may remove a bank from the list of approved Settlement Banks at its sole discretion. Nasdaq Dubai shall give as much advance notification as possible of any removal from the list of approved Settlement Banks. Any changes to the list of approved Settlement Banks shall be promptly published by Circular.

7.7.6 Nasdaq Dubai may permit a Settlement Bank to cease to act as Settlement Bank for one or more Clearing Members or Direct Clearing Customers –by providing not less than 3 months notice.

## 8 Powers of Nasdaq Dubai

### 8.1 Additional Powers

The powers set out in this Chapter 8 are in addition to and without limitation of the rights and powers of Nasdaq Dubai set out elsewhere in these Rules.

### 8.2 Complaints

Nasdaq Dubai shall have a power to receive and consider complaints from Members, Customers or employees, agents, regulators or others about a Member. If Nasdaq Dubai does not consider a complaint to be insubstantial or frivolous, it shall investigate the complaint and consider whether disciplinary proceedings should be instituted against a Member. Nasdaq Dubai shall maintain a record of complaints detailing the complainant, the complaint, the action taken and the outcome of the complaint.

### 8.3 Power to waive enforcement of these Rules

Nasdaq Dubai shall have sole discretion as to whether to waive all or any part of these Rules. Any waiver of a Rule which may have a material affect (as determined by Nasdaq Dubai after consultation with DFSA) shall be notified to DFSA and approved by DFSA prior to the grant of any waiver.

## 8.4 Fair, orderly and efficient markets

Nasdaq Dubai may take such action as Nasdaq Dubai in its sole discretion deems appropriate to ensure the operation of a fair, orderly and efficient market in the DIFC and to secure compliance with these Rules.

## 8.5 Power to delegate

Subject to applicable law and regulation, the Board may delegate such of its powers, authorities and discretions as it may from time to time determine to such officers, Persons and such committees, composed of directors and otherwise, as the Board may from time to time authorise.

Nasdaq Dubai shall not delegate any of its regulatory powers or functions without the express written authority of the DFSA.

Nasdaq Dubai shall be responsible to the Members for ensuring that any third parties to whom any of its powers, authorities and discretions are delegated act in accordance with the obligations of Nasdaq Dubai under these Rules, including but not limited to Data Protection obligations.

## 8.6 Information, Monitoring and Investigation

8.6.1 Nasdaq Dubai may, for the purpose of obtaining information about any matter which it considers may relate to these Rules or to the integrity of the Nasdaq Dubai Markets:

- 1) require the provision forthwith by a Member of accurate relevant information in respect of its Transactions in Admitted Securities and Admitted Derivative Contracts relating to such Admitted Securities and Admitted Derivative Contracts and Underlying Instruments etc, in a format, electronic or otherwise, specified by Nasdaq Dubai;
- 2) require the prompt production by a Member of relevant documents (which, for the purposes of these Rules, shall include anything in which information of any description is recorded) in the Member's possession, custody, power or control and, if any such documents cannot be produced, require the Member to state to the best of its knowledge and belief where and in whose possession, custody, power or control they are, and require the Member to take all reasonable steps to produce them or procure their production;
- 3) interview upon reasonable notice any relevant employee or relevant agent (or any relevant employee of such agent) of a Member and require such person to answer questions and provide explanations and/or require answers and explanations from the Member, and record such answers and explanations electronically or otherwise;
- 4) require the attendance, upon reasonable notice, of any relevant employee or relevant agent (or any relevant employee of such agent) of a Member at a specified date, time and place, to answer questions, provide explanations and/or give evidence and require the Member to procure such attendance;
- 5) require the provision of information relating to any person who is to be, is or has been a relevant employee or relevant agent (or any relevant employee of such agent) of the Member or engaged in its business; and

- 6) send any relevant authorised representative of Nasdaq Dubai to a Member's offices, for the purpose of inspections and investigations and to ensure compliance with these Rules.
- 8.6.2 A Member must not do anything to frustrate the employee or agent from co-operating with a Nasdaq Dubai investigation.
  - 8.6.3 A Member is responsible to Nasdaq Dubai for the conduct of its employees and agents. Such conduct shall be treated for the purposes of these Rules as conduct of the Member.
  - 8.6.4 A Member shall not knowingly provide Nasdaq Dubai with any information (including information for the purpose of becoming a Member) which is false, misleading or inaccurate and shall comply or procure compliance with a request by Nasdaq Dubai for explanation or verification of information provided to Nasdaq Dubai. If a Member subsequently discovers that it has provided false, misleading or inaccurate information inadvertently, it shall immediately inform Nasdaq Dubai and submit the correct information together with an explanation.
  - 8.6.5 Nasdaq Dubai shall maintain a record of all investigations detailing the investigation, action taken, and outcome of the investigation.

## 9 Resignation, Suspension and Termination

### 9.1 Resignation

- 9.1.1 Trading Members and Individual Clearing Members may resign from any category of Membership by providing written notification of resignation to Nasdaq Dubai. The resignation shall take effect 2 months from receipt of the notification unless Nasdaq Dubai and the Member agree an earlier date.
- 9.1.2 General Clearing Members may resign from any category of Membership by providing written notification of resignation to Nasdaq Dubai. The resignation shall take effect 12 months from receipt of the notification unless Nasdaq Dubai and the General Clearing Member agree an earlier date. A General Clearing Member shall also promptly submit to Nasdaq Dubai a program setting out the manner and timing of the winding down and/or the transfer of the General Clearing Member's business.
- 9.1.3 A resigning Member shall not enter into Transactions or Settlement Transactions with Settlement Dates later than the last day of such Member's Membership.

### 9.2 Suspension

- 9.2.1 Nasdaq Dubai shall be entitled to suspend a Member in any of the following circumstances:
  - 1) any breach of these Rules;
  - 2) any alleged breach of these Rules where such breach, if proven, could have a material adverse effect on Nasdaq Dubai; or
  - 3) an Event of Default.

- 9.2.2 A suspension shall be for a fixed period as determined by Nasdaq Dubai in its sole discretion.
- 9.2.3 A suspension shall remain in force for any period notified to the Member or until Nasdaq Dubai determines that the suspension shall be extended or Membership is terminated.
- 9.2.4 A Member shall be entitled to appeal against the decision to suspend its Membership by making an appeal to the Appeals Committee in accordance with the Disciplinary Committee and Appeals Committee Procedures.
- 9.2.5 Nasdaq Dubai shall be entitled to suspend a Segregated Clearing Account and the rights of the Direct Clearing Customer to operate the account in any of the following circumstances:
- 1) any breach of these Rules or the Direct Clearing Customer Agreement;
  - 2) any alleged breach of these Rules where such breach, if proven, could have a material adverse effect on Nasdaq Dubai;
  - 3) circumstances defined under the Direct Clearing Customer Agreement as capable of resulting to the suspension of the Segregated Clearing Account and the rights of the Direct Clearing Customer to operate such account;
  - 4) an Event of Default.
- 9.2.6 A Segregated Clearing Account which is suspended for a period exceeding ten (10) Business Days shall become subject to closure on Nasdaq Dubai unless Nasdaq Dubai extends the maximum suspension period stated herein for the purpose of allowing the Direct Clearing Customer remedy the event(s) that led to the suspension of the Segregated Clearing Account only.
- 9.2.7 The decision to suspend a Segregated Clearing Account shall be at the sole discretion of Nasdaq Dubai.

### 9.3 Termination

- 9.3.1 The Board shall be entitled to terminate, either with immediate effect or by specifying a future date, the Membership of a Member in any of the following circumstances:
- 1) any breach of these Rules;
  - 2) an Event of Default, whether or not it has resulted in a Declared Default;
  - 3) dissolution of the Member;
  - 4) the Member ceasing to carry on transacting business in Admitted Financial Instruments for a period of 6 months; or
  - 5) the Member being suspended under Rule 9.2 and Nasdaq Dubai, in its sole discretion, determining that the Member has not or is unlikely to remedy to the satisfaction of Nasdaq Dubai the matters giving rise to the suspension.
- 9.3.2 Any termination of Membership shall be decided by the Board. Save in the case of an Event of Default or a Declared Default, any termination shall be subject to the following procedural requirements:

- 1) Nasdaq Dubai shall investigate the alleged grounds for termination;
  - 2) Where the Board determines that the Membership shall be terminated, Nasdaq Dubai shall notify the Member and such notification shall set out a summary statement of the grounds on which the Board has determined that such termination shall be made.
- 9.3.3 A Member shall be entitled to appeal against the decision to terminate its Membership by making an appeal to the Appeals Committee in accordance with the Disciplinary Committee and Appeals Committee Procedures.
- 9.3.4 Nasdaq Dubai shall be entitled to close out the Segregation Clearing Account and terminate the right of the Direct Clearing Customer to operate such account either with immediate effect or by specifying a future date in any of the following circumstances:
- 1) Any breach of these Rules and/or the Direct Clearing Customer Agreement;
  - 2) An Event of Default, whether or not it has resulted in a Declared Default;
  - 3) The dissolution of the Direct Clearing Customer;
  - 4) Any circumstances defined under the Direct Clearing Customer Agreement as capable of resulting in the closing out of the Segregated Clearing Account and terminating the rights of the Direct Clearing Customer to operate such account;
  - 5) The Direct Clearing Customer is unable to remedy the event leading to the suspension of the Segregated Clearing Account within the defined period.
- 9.3.5 The closing out of an account and the consequential termination of the right of the Direct Clearing Customer to operate such account will effectively terminate the Direct Clearing Customer Agreement and the obligation of the Guarantee Agent toward the account.
- 9.3.6 The Direct Clearing Customer shall cease and cause the Guarantee Agent to cease from carrying out any further transaction in Admitted Derivative Contracts on the Segregated Clearing Account for the period leading to the close out of the account.
- 9.3.7 The decision to close out a Segregated Clearing Account shall be at the sole discretion of Nasdaq Dubai.

## 9.4 General provisions relating to resignation, suspension and termination

- 9.4.1 A resigning, suspended or terminated Member shall perform and complete all Transactions and/or Settlement Transactions entered into prior to the effective date of resignation, suspension or termination unless Nasdaq Dubai, in its sole discretion, decides otherwise.
- 9.4.2 Nasdaq Dubai may publish the resignation, suspension or termination of a Member in any manner it deems appropriate. Nasdaq Dubai will notify the DFSA and all other Members (including the Trading Members of a General Clearing Member) and may notify other relevant regulatory authorities of the resignation, suspension and termination.
- 9.4.3 A resigning, suspended or terminated Member shall act in good faith and take such actions as may be necessary, convenient or desirable to assist Nasdaq Dubai in all matters arising out of such resignation, suspension or termination. In particular, and without limitation, a General

Clearing Member shall agree with Nasdaq Dubai a program for transferring its Trading Members to other General Clearing Members.

- 9.4.4 A resigning or terminated Member shall not be entitled to the repayment of any fees, dues, assessments, fines or charges paid by such Member to Nasdaq Dubai, nor shall the resigning Member be discharged from the obligation to pay any fees, dues, assessments, fines or charges in respect of the period preceding the effective date of resignation or termination.
- 9.4.5 Subject to any legal or regulatory requirement to retain such information, a resigning or terminated Member shall return to Nasdaq Dubai all software, equipment and documentation provided by Nasdaq Dubai.
- 9.4.6 A former Member shall:
- 1) continue to be liable to Nasdaq Dubai for all obligations and liabilities incurred by it under these Rules during the period of its Membership; and
  - 2) remain subject to disciplinary action for any act or omission committed by it during the period of its Membership,

Until the latest to occur of: (i) three years following the date on which a Member has ceased to be a Member; or (ii) if Nasdaq Dubai has instituted proceedings or taken any action against the former Member during the three year period, until all of Nasdaq Dubai's remedies against the former Member have been exhausted.

- 9.4.7 Where a Segregated Clearing Account is to be closed out and the rights of the Direct Clearing Customer to operate the account is to be terminated, the Direct Clearing Customer shall be liable to pay all outstanding fees, dues, assessments, fines, or charges in respect of the period preceding the effective date of the close out of the Segregated Clearing Account. This liability may be transferred to the Guarantee Agent in the event of the Direct Clearing Customer's failure or inability to pay same. The Direct Clearing Customer shall not be entitled to a refund of any fees, dues, assessments, fines or charges paid to Nasdaq Dubai.
- 9.4.8 A Direct Clearing Customer or Guarantee Agent shall perform and complete all CCP Transactions entered into prior to the effective date of the close out of the Segregated Clearing Account.
- 9.4.9 The Direct Clearing Customer or Guarantee Agent shall provide the details of a valid account within Nasdaq Dubai to Nasdaq Dubai for the purpose of transferring the assets in the Segregated Clearing Account prior to the closing out of same, subject to Rule 12.4.2.
- 9.4.10 Where a Segregated Clearing Account is to be closed as a result of an Event of Default, including but not limited to failure to meet a margin call and/or settlement of obligations to Nasdaq Dubai, Nasdaq Dubai shall be entitled to sell out part or all of the assets within the Segregated Clearing Account to settle any outstanding positions and/or obligations.
- 9.4.11 The Direct Clearing Customer or Guarantee Agent shall, at the request of Nasdaq Dubai, promptly provide details of an alternative account within Nasdaq Dubai wherein assets remaining in the Segregated Clearing Account, following the settlement of any outstanding positions and/or obligations, shall be transferred into.
- 9.4.12 Nasdaq Dubai shall at its sole discretion, hold on behalf of the Direct Clearing Customer, all assets within a Segregated Clearing Account as it deems fit where the Direct Clearing Customer does not provide details of an alternative account within Nasdaq Dubai for the transfer of assets



remaining in a Segregated Clearing Account. The Direct Clearing Customer shall be liable to pay Nasdaq Dubai any fees that may apply with respect to Nasdaq Dubai holding the assets on behalf of the Direct Clearing Customer.

9.4.13 A former Direct Clearing Customer or Guarantee Agent shall:

- 1) continue to be liable to Nasdaq Dubai for all obligations and liabilities incurred by it under these Rules during the period of operating the Segregated Clearing Account; and
- 2) remain subject to disciplinary action for any act or omission committed by it during the period of operating the Segregated Clearing Account,

Until the latest to occur of: (i) three years following the date on which a Direct Clearing Customer ceased to operate the Segregated Clearing Account; or (ii) if Nasdaq Dubai has instituted proceedings or taken any action against the former Direct Clearing Customer during the three year period, until all of Nasdaq Dubai's remedies against the former Direct Clearing Customer have been exhausted.

9.4.14 The rights and powers of Nasdaq Dubai under this Chapter are in addition to and without prejudice to the rights and powers of Nasdaq Dubai under Chapter 10 and at law.

## 10. Disciplinary and Appeals Procedures

10.1 The matter of disciplinary proceedings may include matters as to conduct or omission by a Member or Direct Clearing Customer; or any Persons employed by or contracted to a Member or Direct Clearing Customer; or directors, partners or officers of a Member or Direct Clearing Customer.

10.2 Nasdaq Dubai may, in its sole discretion and after making such enquiries it deems fit, bring disciplinary proceedings against a Member or Direct Clearing Customer if in the opinion of Nasdaq Dubai the Member or Direct Clearing Customer has or may have contravened these Rules. In considering whether to institute disciplinary proceedings, Nasdaq Dubai shall consider all of the circumstances of the case, including, without limitation, whether the event was intentional, the impact of the event on the market, and the Member or Direct Clearing Customer's previous disciplinary record. Nasdaq Dubai institutes disciplinary proceedings by referring a matter to the Disciplinary Committee.

10.3 Appeals against decisions of Nasdaq Dubai must be made by service of a written notice to Nasdaq Dubai after the issuance of the decision by Nasdaq Dubai or the Disciplinary Committee, as appropriate.

10.4 Detailed Disciplinary Committee and Appeals Committee Procedures are set out in Rulebook 4 of the Business Rules.

# 11. Default Rules

## 11.1 Event of Default

11.1.1 An event, or series of events whether related or not, which occurs in relation to a Member or Direct Clearing Customer, shall constitute an Event of Default if Nasdaq Dubai in its absolute discretion so determines. Events of Default under this Rule 11.1.1 may include, without limitation, any of the following:

- 1) A Direct Clearing Customer fails to make or indicates that it will or may suspend when due, any payment required to be made by it for the purpose of satisfying its clearing obligations or settlement obligations including any cash Margin obligations, whether or not arising from an intraday margin call. For the avoidance of doubt, a default of the Direct Clearing Customer shall trigger the liability of the Guarantee Agent;
- 2) a Member fails to make, or indicates that it will or may suspend, when due, any payment required to be made by it for the purpose of satisfying its clearing obligations or its settlement obligations (including, for the avoidance of doubt, any cash Margin obligation, whether or not arising from an intraday margin call);
- 3) a Member or Direct Clearing Customer fails to make, or indicates that it will or may suspend, when due, any delivery required to be made by it for the purpose of satisfying its clearing obligations or its settlement obligations (including, for the avoidance of doubt, any Margin obligation, whether or not arising from an intraday margin call);
- 4) a Member or Direct Clearing Customer defaults in any other obligation under these Rules, which if capable of being remedied, is not remedied to the satisfaction of Nasdaq Dubai within 5 days of a notification by Nasdaq Dubai ;
- 5) a Member is expelled or suspended from Membership of any other exchange or clearing house or settlement facility;
- 6) any representation or warranty made by a Member or Direct Clearing Customer in its application for Membership or the operation of a Segregated Clearing Account respectively was or has become incorrect in any material respect;
- 7) the Member or Direct Clearing Customer fails to comply with the continuing obligation requirements of these Rules as set out at Rules 3.2 or 4.2 respectively ;
- 8) the Member or Direct Clearing Customer is in breach of any agreement between the Member or Direct Clearing Customer and Nasdaq Dubai or any undertaking provided by the Member or Direct Clearing Customer to Nasdaq Dubai;
- 9) a bankruptcy petition is presented; or a bankruptcy order is made; or the Member or Direct Clearing Customer becomes insolvent or bankrupt as defined under any bankruptcy or insolvency law applicable to it; or a voluntary case is commenced by it (other than for the purposes of a solvent reconstruction or amalgamation); or an involuntary case or other procedure is commenced against it seeking or proposing liquidation, reorganisation, an arrangement or composition, or a freeze or moratorium, or other similar relief is sought with respect to it or its debts under any bankruptcy, insolvency, regulatory,

supervisory or similar law, or other proceedings are instituted against or by it seeking the appointment of an insolvency officer of it or a substantial part of its assets;

- 10) an enforcement proceeding, sanction, formal notification or injunction against the Member or Direct Clearing Customer is instituted by any regulator or law enforcement authority;
- 11) if, in the opinion of Nasdaq Dubai, there is a material adverse change in the creditworthiness of the Member or Direct Clearing Customer.; or
- 12) a Potential Event of Default occurs.

## 11.2 Declared Default

Nasdaq Dubai shall, in its absolute discretion, determine whether it will treat an Event of Default as a Declared Default and shall determine the Default Declaration Date and time. It shall notify the Defaulting Member or Defaulting Direct Clearing Customer, DFSA and other Members of the Declared Default and Default Declaration Date and time in writing.

## 11.3 Default Remedies (including netting and close-out)

### 11.3.1 Trading Member that is a Defaulting Member

Upon the occurrence of a Declared Default, where the Defaulting Member is a Trading Member, Nasdaq Dubai may without limitation take such action as Nasdaq Dubai deems necessary, expedient or desirable for the protection of Nasdaq Dubai in respect of such Declared Default. This action may include all or any of the following:

- 1) Suspending the Defaulting Member's connection to the Nasdaq Dubai Markets;
- 2) Cancelling any Order or Transaction of the Defaulting Member;
- 3) Freezing the Defaulting Member's accounts (if any) in the CSD (including a Clearing Member's Customer Securities Accounts but excluding for the avoidance of doubt, any accounts in the CSD maintained by the Defaulting Member for parties other than the Defaulting Member);
- 4) Selling all or any Eligible Securities standing to the credit of the Defaulting Member's Principal Securities Accounts (if any) in the CSD; and/or
- 5) Obtaining advice or assistance in connection with any action required to address the Declared Default at the expense of the Defaulting Member.

### 11.3.2 Clearing Member that is a Defaulting Member

Upon the occurrence of a Declared Default, where the Defaulting Member is a Clearing Member, Nasdaq Dubai may, without limitation take such action as Nasdaq Dubai deems necessary, expedient or desirable for the protection of Nasdaq Dubai in respect of such Declared Default. This action may include closing out and netting in accordance with Rule 11.3.4 below, and/or all or any of the following:

- 1) Suspending the Defaulting Member's connection to the Nasdaq Dubai Markets and the CSD;

- 2) Cancelling any Order, Transaction Settlement Transaction or CCP Transaction of the Defaulting Member;
- 3) Rolling forward and/or otherwise amending Settlement Transactions or CCP Transactions in respect of the Defaulting Member and other affected Clearing Members;
- 4) Freezing the Defaulting Member's accounts (including a Clearing Member's Customer Securities Accounts but excluding, for the avoidance of doubt, any accounts in the CSD maintained by the Defaulting Member for parties other than the Defaulting Member);
- 5) Making payment or delivery from the Defaulting Member's accounts in settlement of its obligations;
- 6) By agreement with one or more Clearing Members, transferring Customer Transactions, Settlement Transactions or CCP Transactions and associated Margin from the Defaulting Member to such other Clearing Member(s);
- 7) Declaring one or more obligations of the Defaulting Member to be immediately due and payable and/or immediately due and deliverable;
- 8) Borrowing or buying Admitted Securities to meet delivery obligations of the Defaulting Member or borrowing cash to meet payment obligations of the Defaulting Member;
- 9) Applying the Defaulting Member's Margin;
- 10) Entering into one or more Transactions, whether or not for accelerated delivery, to reduce or eliminate the Net Open Position or to hedge all or part of the Net Open Position of the Defaulting Member;
- 11) Selling Eligible Securities standing to the credit of the Defaulting Member's Principal Securities Accounts in the CSD;
- 12) Obtaining advice or assistance in connection with any action required to address the default at the expense of the Defaulting Member;
- 13) Imposing costs and charges for the Defaulting Member's late delivery and/or payment;
- 14) Making one or more drawings on the Clearing Guarantee Fund;
- 15) closing out any or all CCP Transactions to which the Defaulting Member is party as principal in accordance with Rule 11.3.5(i) below, or in accordance with Rule 11.3.5(ii) below if Nasdaq Dubai determines, in its absolute discretion, that it would be impracticable or inappropriate for action to be taken under Rule 10.3.5(i);
- 16) Directing that any or all CCP Transactions which are contracts in the terms of Options Contracts to which the Defaulting Member is party as buyer be exercised by or on behalf of the Defaulting Member on a day on which the exercise of an option may be made under the terms of the relevant Options Contract;
- 17) Directing that any or all CCP Transactions which are in the terms of Options Contracts shall expire on the expiry date for such Options Contracts;

- 18) Terminating any or all CCP Transactions to which the Defaulting Member is party as principal; or
- 19) Implementing, or directing that there be implemented, any other provision of these Rules or the terms of the relevant Derivative or taking any other steps calculated by Nasdaq Dubai to achieve the purpose of this Chapter 11.

### 11.3.3 Direct Clearing Customer that is a Defaulting Direct Clearing Customer

Upon the occurrence of a Declared Default of a Direct Clearing Customer, Nasdaq Dubai may, without limitation take such action as Nasdaq Dubai deems necessary, expedient or desirable for the protection of Nasdaq Dubai in respect of such Declared Default. This action may include closing out and netting in accordance with Rule 11.3.4 below, and/or all or any of the following:

- 1) Suspending the Direct Clearing Customer's connection to the Nasdaq Dubai Markets and the CSD;
- 2) Cancelling any Order or CCP Transaction of the Defaulting Direct Clearing Customer;
- 3) Freezing the Defaulting Direct Clearing Customer's Segregated Clearing Account but excluding, for the avoidance of doubt, any other individual accounts in the CSD maintained by or on behalf of the Defaulting Direct Clearing Customer;
- 4) Making payment or delivery from the Defaulting Direct Clearing Customer's Segregated Clearing Accounts in settlement of its obligations;
- 5) Declaring one or more obligations of the Defaulting Direct Clearing Customer to be immediately due and payable and/or immediately due and deliverable;
- 6) Transferring the obligation of the Defaulting Direct Clearing Customer to the Guarantee Agent
- 7) Transferring all of the Defaulting Direct Clearing Customer's Margin to the Guarantee Agent;
- 8) Selling Eligible Securities standing to the credit of the Defaulting Direct Clearing Customer's Segregated Clearing Account in the CSD;
- 9) Imposing costs and charges for the Defaulting Direct Clearing Customer's late delivery and/or payment;
- 10) Closing out any or all CCP Transactions to which the Defaulting Direct Clearing Customer is party as principal in accordance with Rule 11.3.5(i) below, or in accordance with Rule 11.3.35(ii) below if Nasdaq Dubai determines, in its absolute discretion, that it would be impracticable or inappropriate for action to be taken under Rule 11.3.5(i);
- 11) Directing that any or all CCP Transactions which are contracts in the terms of Options Contracts to which the Defaulting Member is party as buyer be exercised by or on behalf of the Defaulting Member on a day on which the exercise of an option may be made under the terms of the relevant Options Contract;
- 12) Directing that any or all CCP Transactions which are in the terms of Derivative Contracts shall expire on the expiry date for such Derivative Contracts;

- 13) Terminating any or all CCP Transactions to which the Defaulting Direct Clearing Customer is party as principal; or
- 14) Implementing, or directing that there be implemented, any other provision of these Rules or the terms of the relevant Derivative or taking any other steps calculated by Nasdaq Dubai to achieve the purpose of this Chapter 11.

#### 11.3.4 Close-out and netting

- 1) Neither Nasdaq Dubai nor the Defaulting Member or Defaulting Direct Clearing Customer shall be obliged to make any further payment or delivery under any Settlement Transaction or CCP Transaction which, but for this Chapter 11, would have fallen due after the Liquidation Date and such obligations shall be satisfied by the settlement (whether by payment, set off or otherwise) of a liquidation Amount calculated in accordance with this Rule 11.3.4.
- 2) Nasdaq Dubai shall determine (on or as soon as is reasonably practicable following the Liquidation Date) its total cost, loss or as the case may be, gain in any currency as determined by Nasdaq Dubai, including but not limited to Emirati Dirhams or US Dollars as a result of the termination of each payment or delivery that it would otherwise have been required to make under a Settlement Transaction or CCP Transaction. When determining the cost or loss, Nasdaq Dubai may take into account any loss of bargain, cost of funding or, without duplication, cost, loss or as the case may be gain as a result of the termination, liquidation, obtaining, performing or re-establishing of any hedge or related trading position. For the avoidance of doubt, where applicable, the provisions of this Rule 11.3.4(2) shall apply so that Nasdaq Dubai shall make a separate determination in respect of House Business and Customer Business.
- 3) Nasdaq Dubai shall treat each of its costs or losses determined under Rule 11.3.4(2) as a positive amount and each of its gains determined under Rule 11.3.4(2) as a negative amount. Nasdaq Dubai shall aggregate all such amounts so as to produce a single net positive or negative amount in any currency as determined by Nasdaq Dubai, including but not limited to Emirati Dirhams or US Dollars. Where applicable, the provisions of this Rule 11.3.4(3) shall apply separately in respect of House Business and Customer Business so that a single net positive or negative amount in any currency as determined by Nasdaq Dubai, including but not limited to Emirati Dirhams or US Dollars shall be determined in respect of House Business (the "House Net Amount") and a single net positive or negative amount in any currency as determined by Nasdaq Dubai, including but not limited to Emirati Dirhams or US Dollars shall be determined in respect of Customer Business (the "Customer Net Amount").
- 4) If the amount determined under Rule 11.3.4(2) is a positive amount, the Defaulting Member or Defaulting Direct Clearing Customer shall pay such amount to Nasdaq Dubai; if it is a negative amount Nasdaq Dubai shall pay such amount to the Defaulting Member or Defaulting Direct Clearing Customer; provided that Nasdaq Dubai shall not be required to pay such negative amount to the Defaulting Member or Defaulting Direct Clearing Customer unless and until all of the obligations of the Defaulting Member or Defaulting Direct Clearing Customer (howsoever arising) to Nasdaq Dubai have been satisfied in full and Nasdaq Dubai shall without limitation be entitled to exercise its right of set off under Rule 11.5. Nasdaq Dubai shall notify the Defaulting Member or the Defaulting Direct Clearing Customer of the amount payable or receivable by the Defaulting Member or Defaulting Direct Clearing Customer under this provision. Any amount payable by the

Defaulting Member or Defaulting Direct Clearing Customer under this Rule 11.3.4 shall be immediately due and payable by the Defaulting Member or Defaulting Direct Clearing Customer.

- 5) If Nasdaq Dubai makes a direction under Rule 11.3.2 to close-out CCP Transactions, it shall:
  - i) create or direct a Member to create a Derivatives Transaction in the terms of an Admitted Derivative Contract by a Member for allocation to the Defaulting Member or Defaulting Direct Clearing Customer, in order to effect a Closing-out Contract to which the Defaulting Member or Defaulting Direct Clearing Customer and such Counterparty become party; or
  - ii) reverse the relevant entries in the books of account of the Defaulting Member or Defaulting Direct Clearing Customer at a price determined by Nasdaq Dubai, which price may, without prejudice to the generality of this Rule 11.3.4(5):
    - (A) be the price at which a relevant Closing-out Contract is made under paragraph (1) of this Rule 11.3.4;
    - (B) be determined by reference to an appropriate Exchange settlement price for the relevant Contract;
    - (C) be determined by Nasdaq Dubai with regard to market conditions; or
    - (D) take into account any compensation that Nasdaq Dubai considers should be paid by or to the Defaulting Member.

## 11.4 Currency calculations

For the purposes of any calculations under this Chapter 11, Nasdaq Dubai may convert amounts denominated in any other currency to any other currency as may be determined by Nasdaq Dubai, from time to time, including but not limited to Emirati Dirhams and US Dollars, at the spot rate of exchange (reasonably selected by Nasdaq Dubai) prevailing at the time of such calculation.

## 11.5 Set off

11.5.1 Subject to Rule 11.5.2 and without prejudice to any other rights Nasdaq Dubai may have, whether under these Rules, by agreement, by operation of law or otherwise, Nasdaq Dubai may at any time and without notice to a Defaulting Member or Defaulting Direct Clearing Customer set off any amount (whether actual, contingent, present or future) payable or owing by Nasdaq Dubai to the Defaulting Member or Defaulting Direct Clearing Customer against any amount (whether actual, contingent, present or future) payable or owing by the Defaulting Member or Defaulting Direct Clearing Customer to Nasdaq Dubai. Nasdaq Dubai shall notify the Defaulting Member or Defaulting Direct Clearing Customer of any set off effected under these Rules. If any obligation is unascertained, Nasdaq Dubai may make a good faith estimation of that obligation and effect set off in respect of that obligation, subject to Nasdaq Dubai adjusting its accounting once such obligation is ascertained.

11.5.2 Where applicable, then without prejudice to any other rights which Nasdaq Dubai may have, whether under these Rules, by agreement, by operation of law or otherwise, Nasdaq Dubai may at any time and without notice to a Defaulting Member:

- 1) set off any amount (whether actual, contingent, present or future) payable or owing by Nasdaq Dubai to the Defaulting Member in respect of its Customer Business against any amount (whether actual, contingent, present or future) payable or owing by the Defaulting Member to Nasdaq Dubai in respect of the Customer Business of the Defaulting Member;
- 2) separately, set off any amount (whether actual, contingent, present or future) payable or owing by Nasdaq Dubai to the Defaulting Member in respect of its House Business against any amount (whether actual, contingent, present or future) payable or owing in respect of the Customer Business of the Defaulting Member and/or the Defaulting Member's House Business.

11.5.3 Nasdaq Dubai shall notify the Defaulting Member or Defaulting Direct Clearing Customer of any set off effected under these Rules. If any obligation is unascertained, Nasdaq Dubai may make a good faith estimation of that obligation and effect set off in respect of that obligation, subject to Nasdaq Dubai adjusting its accounting once such obligation is ascertained.

## 11.6 Rights in addition

Nasdaq Dubai's rights under these Rules are in addition to, and not in limitation or exclusion of, any rights Nasdaq Dubai may have whether by agreement, by operation of law or otherwise.

## 11.7 Discharge of obligations

Following the exercise by Nasdaq Dubai of its rights under these Rules (in particular this Chapter 11 and Rule 2.11) and under any other agreement with the Defaulting Member or Defaulting Direct Clearing Customer and at law, Nasdaq Dubai shall return any surplus proceeds to the Defaulting Member or Defaulting Direct Clearing Customer (or its liquidator or other insolvency practitioner as the case may be) only after Nasdaq Dubai shall have received a written acknowledgement (or such other undertaking as Nasdaq Dubai may require) that the returned surplus proceeds are accepted by the Defaulting Member or Defaulting Direct Clearing Customer (or its liquidator or insolvency practitioner as the case may be) in full and final settlement of all claims which the Defaulting Member or Defaulting Direct Clearing Customer may have against Nasdaq Dubai.

## 11.8 Drawing on the Clearing Guarantee Fund

11.8.1 Nasdaq Dubai shall maintain a Clearing Guarantee Fund which shall only be used to satisfy any loss or liquidity requirement Nasdaq Dubai incurs as a result of a Defaulting Member or Defaulting Direct Clearing Customer's obligations.

11.8.2 If Nasdaq Dubai makes drawings from the Clearing Guarantee Fund, Nasdaq Dubai shall replenish the Clearing Guarantee Fund from the proceeds of actions taken under Rule 11.4.

## 11.9 Defaulting Member's Further Obligations

11.9.1 Without prejudice to Nasdaq Dubai's right to be indemnified under Rule 2.11, if the proceeds realised pursuant to this Chapter 11 are insufficient for the payment of all the Defaulting Member or Defaulting Direct Clearing Customer's liabilities to Nasdaq Dubai then the Defaulting Member or Defaulting Direct Clearing Customer shall promptly pay on demand the deficit together with overdue interest.



## 12. CSD and Registry

### 12.1 Legal and Beneficial Title

- 12.1.1 All Admitted Financial Instruments which are held in the CSD shall be registered in the name of Nasdaq Dubai Guardian Limited.
- 12.1.2 Certificates in the name of Nasdaq Dubai Guardian Limited will be issued and delivered to Nasdaq Dubai Guardian Limited as bare nominee for the CSD.
- 12.1.3 Where Admitted Financial Instruments are held in a central securities depository other than that of the CSD, the relevant arrangements under which those Admitted Financial Instruments are held shall be notified to each Account Holder.
- 12.1.4 Unless otherwise agreed with a Member, all Eligible Securities other than Admitted Securities shall be delivered to the CSD through deposit to the CSD Accounts with custodians for such Eligible Securities.
- 12.1.5 Account Holders holding entitlements to securities through the CSD shall be deemed the owners of such securities and shall have all rights and protections as provided in the Personal Property Law DIFC Law No.9 of 2005 and incidental to such ownership, including, without limitation, receipt of interest and dividend payments and exercise of voting and other rights.
- 12.1.6 Custodians and other investment intermediaries may be subject to regulatory requirements in the DIFC and elsewhere with respect to custody and safekeeping of Eligible Securities. Nothing in this Chapter shall affect any regulatory requirements which may apply.

### 12.2 Account Types

- 12.2.1 The following types of accounts may be opened by agreement with the CSD:
  - 1) General Account;
  - 2) Investor Account;
  - 3) Securities Settlement Pool Account;
  - 4) Segregated Clearing Account.
- 12.2.2 Clearing Members must have at least one General Account. Trading Members may open General Accounts or hold Eligible Securities through their General Clearing Member. Investor Accounts shall be restricted to Persons other than Members. Direct Clearing Customers shall be restricted to one Segregated Clearing Account per Guarantee Agent.
- 12.2.3 A General Account may be either a Principal Securities Account or a Customer Securities Account. Any Eligible Securities held in a General Account (other than a Customer Securities Account) shall be deemed by Nasdaq Dubai to be property of the Member or the Direct Clearing Customer.

### 12.3 Account Opening

- 12.3.1 Account holders will be required to apply to open accounts, sign appropriate documentation and pay the relevant fees and charges. Account documentation will provide for the handling of corporate actions, cash distributions and other events affecting relevant securities.
- 12.3.2 Nasdaq Dubai may, at its sole discretion, restrict the categories of Persons entitled to open accounts and apply other conditions.
- 12.3.3 A Securities Settlement Pool Account will be opened by Nasdaq Dubai as a matter of course for each Clearing Member.

## 12.4 Account Closing

- 12.4.1 Accounts may be closed by account holders on instruction to Nasdaq Dubai. Prior to closing the account all assets must be transferred to another account.
- 12.4.2 Nasdaq Dubai may apply other conditions to the closing of accounts.

## 12.5 Transfers within the CSD

- 12.5.1 All instructions for transfer must specify a valid account for delivery and a valid Business Date (free of payment transfer) or Settlement Date (delivery versus payment transfer).
- 12.5.2 Instructions for transfer may be for immediate or future delivery. Instructions must specify the date for future delivery, in such form as Nasdaq Dubai may prescribe.
- 12.5.3 Instructions for transfer will only be executed if sufficient Eligible Securities are available to satisfy in full the transfer instruction. If the Account Holder does not have sufficient securities or cash to satisfy a transfer instruction when required, then the transfer or payment instruction shall be cancelled and the Account Holder notified of the failed instruction.
- 12.5.4 Transfers against payment require matching instructions from the Account Holder making payment and the Account Holder delivering Eligible Securities. Instructions for transfer against payment will not be effective until a matching instruction is received and matching has occurred. Unmatched instructions will be notified to the Account Holder at the end of the date instructed, however, Account Holders will be able to view unmatched instructions on-line.
- 12.5.5 Free of payment transfers can be instructed from transfer from any of the Account Holder's accounts to any other account, including other accounts of the Account Holder.
- 12.5.6 Securities and cash shall be transferred in accordance with the times specified by Circular.

## 12.6 Designation of assets within an Account

- 12.6.1 Assets within a General Account may be designated for the following purposes:
  - 1) Assets provided as collateral or margin (whether for securities lending or other secured Transactions including pledges);
  - 2) Assets received as collateral or margin (whether for securities lending or other secured Transactions including pledges);
  - 3) Margin provided to Nasdaq Dubai

- 12.6.2 Instructions for designation will only be executed if sufficient Eligible Securities are available to satisfy in full the designation instruction. If the Account Holder does not have sufficient Eligible Securities to satisfy a designation instruction when required, then the designation instruction shall be cancelled and the Account Holder notified of the failed instruction.

## 12.7 Securities Settlement Pool Accounts

- 12.7.1 Clearing Members shall hold a Securities Settlement Pool Account for settlement purposes only.
- 12.7.2 Overnight balances of securities are not permitted in a Securities Settlement Pool Account except by prior agreement between the Clearing Member and Nasdaq Dubai.

## 12.8 Recording and transfer of shares on a DIFC Register of Members

- 12.8.1 The provisions of this Rule 12.8 apply only to shares issued by DIFC corporations who have appointed Nasdaq Dubai to maintain the register of Members (as provided for in the Companies Law).
- 12.8.2 Account Holders may request an entry on the register of Members for themselves or any beneficial owner of shares.
- 12.8.3 Transfer of shares on the register will be effected by a debit of entitlements from the transferor's CSD Account and the creation of a credit on the register of Members in favour of the shareholder in accordance with instructions of the Account Holder.
- 12.8.4 An entry on the register of Members vests legal title to shares in the registered shareholder.
- 12.8.5 Where a shareholder wishes to transfer shares from the register to an account in the CSD, an Account Holder must agree the transfer with Nasdaq Dubai in advance. The shareholder will instruct a transfer to the Registry in favour of Nasdaq Dubai Guardian Limited.
- 12.8.6 Upon confirmation of registration of holding from the Registry in favour of Nasdaq Dubai Guardian Limited, the CSD will credit the transferred securities to the Account Holder.

## 12.9 Recording and transfer of shares on a Foreign Issuer's Register of Members

- 12.9.1 The provisions of this Rule 12.9 apply only to shares issued by non-DIFC corporations.
- 12.9.2 Account Holders may request an entry on the register of Members for themselves or any beneficial owner of shares.
- 12.9.3 Transfer instructions will be made by Nasdaq Dubai Guardian Limited in accordance with the governing law on share transfers applicable in the relevant issuing jurisdiction and documents governing issuance of the relevant securities.
- 12.9.4 At the time Nasdaq Dubai instructs transfer to a foreign registrar, it will debit entitlements from the transferor's CSD Account.
- 12.9.5 Nasdaq Dubai is not liable for the performance of a foreign registrar or issuer with respect to fulfilment of any registration instructions.

- 12.9.6 Where a shareholder wishes to transfer shares from the register to an account in the CSD, an Account Holder must agree the transfer with Nasdaq Dubai in advance. The shareholder will instruct a transfer to the registrar in favour of Nasdaq Dubai Guardian Limited in accordance with the governing law on share transfers applicable in the relevant issuing jurisdiction and documents governing issuance of the relevant securities.
- 12.9.7 Upon confirmation of registration, and issuance and receipt of a certificate where required, the CSD will credit the transferred securities to the Account Holder.

## 12.10 Initial Public Offering

Newly issued Admitted Securities registered and delivered to Nasdaq Dubai Guardian Limited will be credited to Account Holders in the CSD pursuant to the instructions of the issuer or its agent.

## 12.11 Pledge

Account Holders may pledge Eligible Securities held in the CSD by submitting a pledge instruction to the CSD in favour of a pledgee. The CSD will designate pledged Eligible Securities as being held to the order of and controlled by the pledgee. Nasdaq Dubai shall not accept any instructions from the Account Holder unless otherwise instructed by the pledgee.

## 12.12 Reconciliation

- 12.12.1 The CSD will ensure that the ownership interest recorded on the Registry and with foreign registrars or upper-tier custodians is equal to the cumulative entitlements of all Account Holders for each Eligible Security.
- 12.12.2 If, having undertaken a reconciliation as provided for in Rule 12.12.1, there is a shortfall between the entitlements in the CSD and the recorded interest of Nasdaq Dubai, then Nasdaq Dubai will investigate the shortfall and take such actions, acting in good faith, as it deems appropriate.