



# Regulations of Brokerage, Trading & Professional Code of Conduct

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## Rules for Brokerage Firms Registration

Dubai Financial Market's Board of Directors;

Having perused the Federal Law No. (4) of 2000 concerning the Emirates Securities and Commodities "ESCA" Authority and Market, and its amendments;

And the Local law of the Emirate of Dubai Decree No. (14) of 2000 concerning the Establishment of the Dubai Financial Market "DFM", and its amendments;

And the Regulations issued by the Securities and Commodities Authority "SCA" in accordance with the Federal Law No. (4) of 2000 concerning the Emirates Securities and Commodities Authority and Market, and its amendments;

And the SCA Board of Directors' Resolution No. (27) of 2014 concerning the Brokerage in Securities and its amendments;

And SCA Board of Directors' Resolution No. (2/r) of 2000 related to the regulations on Market Membership,

And SCA Board of Directors' Resolution No. (2) of 2001 related to the regulations on Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities,

And SCA Board of Directors' Resolution No. (3/r) of 2001 related to the regulations as to the Functioning of the Market, as amended,

And all Regulations, Resolutions and Rules issued by the DFM Board of Directors;

The Dubai Financial Market's Board of Directors has resolved the following resolutions:



## Rules of Broker Registration

### Article (1) Definitions

The following words and expressions shall have the meaning assigned thereto hereunder, unless the context otherwise requires:

The Country	The United Arab Emirates
The Law	The Federal Law No. (4) of 2000 concerning the Emirates Securities and Commodities Authority and Market
Brokerage Regulations	SCA Board of Directors' Resolution No. (27) of 2014 concerning the Regulations of Securities Brokerage, and its amendments.
Central Bank	The UAE Central Bank
SCA	The Emirates Securities and Commodities Authority
The Market, DFM	The Dubai Financial Market
The Board	DFM Board of Directors
CEO	DFM CEO
Registration	DFM Registration
Brokerage	Practicing Brokerage business to buy or sell Securities at DFM based on the provisions of the present law.
Trading	The purchase and sale of securities in the market
Settlement Account	The bank account dedicated to the settlement of securities trading transactions
Settlement Bank	The bank approved by DFM, through which settlement accounts are opened
Clearing House	The entity that conducts the clearing and settlement operations for all orders that are executed in the Market, in accordance with the regulating systems and resolutions.
Securities	Shares, bonds and promissory notes issued by joint stock companies; bonds and promissory notes issued by the Federal Government or Local Governments, public authorities and public institutions in the State, as well as any other financial instruments acceptable to SCA.
Brokerage Firms	A juristic person licensed to practice brokerage activities.
Brokerage Firm (Trading Member)	The Brokerage Firm that receives and records orders of purchasing or selling Securities without conducting clearing and settlement operations for these transactions.
Brokerage Firm (Trading and Clearing Member)	The Brokerage Firm that receives and records orders of purchasing or selling Securities, and conducts clearing and settlement operations for these transactions.



## Chapter One: Broker Registration Requirements

### Article (2)

- a. For practicing Brokerage, licensed Brokers should be registered at DFM.
- b. The Brokerage firm shall submit the registration form along with the following information and documents:
  1. Name and address of brokerage firm.
  2. Company's Registrar Certificate.
  3. Company's memorandum and articles of association.
  4. Valid license issued by SCA for carrying out brokerage business.
  5. List of company's Board of Directors members, partners as well as their addresses and the shares held by them or their relatives to the second-degree relatives.
  6. List of the names of persons holding the following positions, following approval from SCA, as well as their addresses and the shares held by them or their relatives to the second-degree relatives:
    - General Manager or Executive Director
    - COO
    - Trading Manager
    - Brokerage firm representatives
    - Internal auditor
  7. List of the names of all employees, their titles and the shares owned by them.
  8. Any other conditions, requirements or documents required by DFM.

### Article (3)

- a. The CEO shall, based on the registration request that fulfills all conditions and requirements, register the Broker within (30) days in the Brokers' Register.
- b. The CEO shall, cancel the Broker Registration, if the said Broker has included false or misleading information in its application form.
- c. If the registration request is rejected, the broker may submit a new form after a minimum period of 3 months from the date it has been notified of the rejection.
- d. The SCA shall be notified of the approval or rejection of the registration.

The Broker when registering shall continuously meet all registration conditions and requirements.



#### Article (4)

- a. If the registration form is approved, The following conditions shall be fulfilled:
  1. To submit a valid guarantee, by one of the banks operating in the Country, in accordance with guarantee rules stated in the Brokerage Regulations
  2. To open a settlement account with the settlement bank approved by the DFM
  3. To submit a written pledge by the Board of Directors, by which the DFM is authorized to instruct the Settlement Bank to withdraw from the settlement account, in case the broker failed to meet any of its obligations towards the Market.
  4. To pay all fees due to DFM
  5. To submit documents that prove the broker has provided all software and technical systems requested by DFM and SCA
  6. To submit a certificate issued by an approved external auditor, stating that the brokerage company has in place supporting accounting systems that settle and calculate assets, cash liabilities, securities and financial solvency on a daily basis
  7. The CEO shall determine the date on which the brokerage firm may commence its brokerage activities in the market, following the completion of all requirements stated in clause (a) above of this Article
- b. A brokerage firm whose registration is approved may trade listed securities and use the Market facilities and systems in accordance with applicable regulations.

### Chapter Two: Registration Period

#### Article (5)

- a. Registration of the brokerage firm is renewed annually via an application that shall be submitted to the DFM at least one month before expiration of the membership, along with renewal fees due to the Market. The CEO shall have the right to suspend the brokerage firm if the membership renewal form is not submitted or completed within the specified deadline
- b. The brokerage firm shall renew its SCA license before submitting its renewal request
- c. Renewal of registration of brokerage firms and their related services shall be unified to coincide with the start of each new Gregorian year.



## Chapter Three: Obligations of the Brokerage Firm

### Article (6)

The brokerage firm shall comply with the rules and provisions applied by the SCA and DFM, and in particular, the firm shall comply with the following:

1. Observing the Professional Code of Conduct for brokerage firms
2. Ensuring that all authorized persons are fully aware of their duties and responsibilities, setting the necessary internal systems to supervise them and ensure their compliance to the code of conduct, and taking the necessary measures that ensure optimal selection and recruitment of employees
3. Notifying the Market of any violations committed by the authorized persons
4. Maintaining the minimum requirement of the guarantee
5. Segregating the company's accounts from the accounts of its clients in accordance with the mechanism and rules issued by SCA in this regard
6. Observing the interests of its clients, communicating with them and providing them with all the information they require in a clear, correct and accurate manner
7. Maintaining the confidentiality of its clients' information, and refraining from disclosing such information except to SCA, DFM and the competent judicial authorities
8. Immediately notifying the Market of any change of information submitted to and held by the Market, including the information included in the membership application form, or any other data related to the company, its operations or its organizational structure
9. Immediately notifying the Market of any information or material changes that occur, which may affect the company's business, reputation, financial position, solvency, or its ability to meet its obligations towards the Market, the clearing house or its clients
10. Notifying the Market of the identity of any client that fails to meet its obligations
11. Payment of fees, commissions and fines due to the market immediately on their due dates
12. Developing a guide for operational procedures that includes detailed procedures and mechanisms for all operations and procedures within the company, starting with opening client accounts, to receiving and executing their orders, to settlement and confirmation of trading deals, as well as submission of regular reports to the clients
13. Setting control systems within the company in order to regulate and monitor risk management systems and policies, as well as anti-money laundering procedures, in accordance with the circular issued by SCA in this regard. The company shall also set clear procedures for receiving and handling client complaints
14. Notifying the Market of the content of the company's advertising campaigns launched to promote its services, in order to ensure such campaigns do not offend or harm other parties.



## Brokerage Firm Obligations towards DFM and SCA

### Article (7)

The brokerage firm shall comply with all obligations as stipulated in Article (17) of the Securities Brokerage Regulations, and in particular, the firm shall comply with the following:

1. Maintaining the level of financial solvency necessary for carrying out its activities and meeting its obligations, in accordance to the criteria issued by SCA in this regard.
2. Notifying the Market of:
  - a. Any material changes or developments that occur in the company, or any deficit that may affect its financial position
  - b. Any adjustment made to the information and data contained in its license application
  - c. Any change or adjustment made to the orders system used by the company
  - d. Any change in the members of its Board of Directors or Management Board
  - e. Any attachment or pledging of the company's assets, or any lawsuits in which the company or any of its SCA-approved employees take part, and any court rulings issued in said lawsuits which may affect the company's financial position
  - f. Any acts committed by its employees in violation of laws, regulations or circulars applied by SCA or DFM
3. Dedicating autonomous department for each activity if the company was licensed to carry out more than one activity, while observing total segregation between departments and activities to avoid conflict of interests
4. Refraining from publishing or promoting any incorrect information related to status of parties whose securities are listed in the Market
5. Verifying the eligibility of its clients, and the soundness of transactions executed via the company
6. Refraining from executing any buying or selling orders outside trading sessions, unless allowed by applicable laws
7. Meeting all obligations arising from trading brokered by the brokerage firm, within the specified timelines.
8. Proving client's consent for all executed orders, by acquiring client signature on written order forms, or by recording and archiving orders received by phone or online, in accordance with the rules and technical requirements set by SCA. The brokerage firm shall also verify the orders received by fax or email, or any other electronic means, and keeping copies of such orders, while also issuing a confirmation for the client regarding all executed orders on the same day of the execution. In all cases, the onus of proof falls on the Brokerage Firm towards the Authority and the Market.



9. Maintaining commercial books and records or using computers and other modern technologies in accordance with the International Financial Reporting Standards (IFRS), as well as rules issued by SCA, and retaining client orders whether written, recorded through phone or received by any other electronic means approved by SCA, for a period of ten (10) years. Backup copies of such data and documents must be retained for the same period in order to preserve the client's data and transactions and to avoid any causes of damage to them.
10. Maintaining, at all times, the records, documents, accounts and financial statements that show its financial position and its clients' financial positions, transactions, and agreements to open accounts for each of them. The SCA must be provided with access thereto and must be enabled to review all information related thereto immediately upon request.
11. Having the necessary number of employees in its offices within the DFM trading floor, in accordance with SCA and DFM requirements
12. Complying with all regulatory rules, procedures and requirements determined by SCA with respect to internal controls and the functions of the compliance officer.

## **Brokerage Firm Obligations towards its Clients**

### **Article (8)**

Brokerage firms and their employees, shall comply with the Professional Code of Conduct, and shall refrain from any act that may harm the reputation of the Market, its members or traders. In particular, brokerage firms and their employees shall:

1. No Broker shall trade in Securities in favor of any of the clients thereof except after concluding an agreement therewith, dated and signed by the persons legally authorized by the parties to do so. The agreement shall set out the rights and obligations of both parties, method of terminating the agreement, the client's investment goals, means of receiving orders and notifications, and where the securities will be held, making sure that all key data included in the SCA form are provided. Such data must be updated periodically.
2. Verifying the client's ability to make the payment for purchased securities before the settlement date. In case securities are bought and sold during the same trading session, the client must have in its cash account enough credit to cover the value of purchase. Clearing cannot be applied when shares are bought and sold during the same trading session.
3. Refrain from dealing with third parties on behalf of clients unless authorized by a power of attorney authenticated from inside or outside the Country, in accordance with the procedures adopted by the competent bodies, or authorized by powers of attorney deposited with the Market within the limits set by the power of attorney. The power of attorney shall define the limits and authorities of the agent regarding the account and the handling of shares.
4. Include the basic information within client orders, including the date and time of the order, the type of security, number of securities, and price of securities and expiry of the order. If the order is written, it should include the signature of the client or the representative of the client.
5. Not receive or keep any blank and signed orders from the clients.
6. Refrain from disposing clients' monies in any manner contrary to their instructions or in violation of the activity for which the Brokerage Firm is authorized to practice.



7. Notify the client and custodian in writing or by the agreed means of communications of the executed transactions in the client's account upon the execution thereof. The client or custodian may object to any transaction in accordance with the procedures of Delivery versus Payment.
8. Not combine its role as a Brokerage Firm and the role of an agent in a contract it has brokered.
9. Provide the client with a detailed quarterly statement of account - in the event of executing Trading orders during that period - without prejudice to the right of the client to request a detailed statement of account or a statement of his Securities balance at any time.
10. Maintain the confidentiality of client data, transactions and orders, and not utilize them to achieve benefits or gains for the brokerage firm, or any of its employees, or others.
11. Observe the principles of honesty and integrity, and avoid conflict of interest situations when practicing its activities. The brokerage firm shall not favour personal interests or third party interests over the interests of clients and refrain from prejudice among clients; and execute their orders on a first received first served basis.
12. Practice the licensed activity while exerting care and prudence in accordance with the provisions of the Law and the regulations issued in implementation thereof and the conditions and controls based on which the license was issued; and observe the business norms in this regard and the principles of trust, fairness, equality and care for the interests of clients.
13. Obtain from each of its clients a statement of the bank account number, to which the client's cash dividends will be transferred. The client shall sign this statement in approval thereof. The brokerage firm shall ensure obtaining such statements from clients before executing any trading on their behalf, and shall provide the Market with a list of names of all clients, along with copies of their signed statements.
14. In addition to obligations stated in articles (6), (8) and (9) above, the brokerage firm shall comply with all the provisions of article (16) of the Securities Brokerage Regulations, issued by SCA.
15. Brokerage firms shall open in the Market a trading account for any investor seeking trading, without requiring a minimum advance deposit.
16. The brokerage firm is not allowed to open more than one account for the same investor.
17. Trading in the broker's portfolio or in the shares of a parent, subsidiary, sister or Affiliate Company is not allowed unless it is carried in accordance with the applicable SCA regulations and DFM rules.



## **Broker's Rights**

### **Article (9)**

1. A broker shall not receive from investors, commission that exceed the limits set by SCA. Commissions are distributed in accordance with the regulations and resolutions issued by SCA in this regard.
2. The value of securities deals is settled between the broker and its clients in accordance with the trading regulations and brokers regulations.
3. If the client fails to pay the price of Securities related to the executed deal within the two settlement days, the brokerage firm is obliged to sell the said Securities no later than one working day from the settlement date, upon approval from the Market. The selling shall be at the Market price, where the client incurs any losses arising from the selling.
4. If the brokerage firm fails to comply by provision (3) above of this Article, it incurs the losses arising from the abovementioned selling of Securities.
5. In all cases, any profits arising from the abovementioned selling of Securities shall be deposited in the Investor Protection Fund's account, in accordance with the provisions of this article.

## **Regulations for Brokerage Firms that are Trading Members**

### **Article (10)**

The brokerage firm (Trading Member) shall:

1. Conduct a contract with a Clearing Member to settle clients' accounts, or accounts of the company. The contract shall cover regulating the relation between both parties, the rights and obligations of each, work procedure and means of distributing commission among the parties. Once signed, a copy of the contract shall be submitted to both SCA and DFM.
2. Not receive any cash from its clients, as clients shall pay to the Clearing Member.

## **Regulations for Brokerage Firms that are Trading and Clearing Members**

### **Article (11)**

The brokerage firm (Trading and Clearing Member) shall:

1. Settle its obligations to the Market according to Market regulations
2. Not pay any cash to clients with debit balances, and not pay any amounts that exceed a client's credit balance, while observing margin trading regulations
3. Not add credit to clients' accounts via postdated cheques, except after these cheques have been cashed
4. Not sell shares of debtor clients without Market approval
5. Not commit any actions that lead to the freezing of clients' securities or prevent the clients from utilizing these securities, whether this was in the interest of the company or any other party, except in accordance with a court ruling, or procedures applicable in the Market, or SCA resolutions.



## Chapter Four: Penalties

### Article (12)

If the brokerage firm fails to meet any of its obligations towards the Market or the clearing house, or if it was proved that the brokerage firm has violated provisions of the Law or regulations or rules issued by the Law, then the Market may impose one of more of the following penalties:

1. Serve a warning
2. Seize part or all of the Bank Guarantee
3. In the event of a material change in the management of a Brokerage Firm, or in case its representatives fail to attend trading sessions for more than one week without notifying the Market, or if the brokerage firm failed to meet one of its license requirements, the Market may suspend the Brokerage Firm from operating for a period that does not exceed five (5) working days, or refer the matter to SCA to take the appropriate decision if there are reasons that justify the suspension of the Brokerage Firm for a longer period.

The Brokerage Firm may appeal the Market decision to SCA within thirty days from the date it was notified of the suspension.

## Rules of Securities Trading

### Definitions

These rules are entitled “Rules of Securities Trading in Dubai Financial Market” and are effective from the date set by the DFM Board of Directors.

The following words and expressions shall have the meanings assigned thereto hereunder, unless the context indicates otherwise:

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The Law	The Federal Law No. (4) of 2000 concerning the Emirates Securities and Commodities Authority and Market
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SCA	The Emirates Securities and Commodities Authority
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The Market/DFM	The Dubai Financial Market
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Board of Directors	DFM Board of Directors
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<b>CEO</b>	DFM CEO.
<b>Brokerage Regulations</b>	SCA Board of Directors' Resolution No. (27) of 2014 concerning the Regulations of Securities Brokerage.
<b>Broker</b>	A juristic person licensed by the Law to undertake Brokerage business.
<b>Brokers Register</b>	A register maintained by DFM, in which information related to Market brokers is recorded.
<b>Brokers Representatives Register</b>	A register maintained by DFM, in which information related to representatives of Market brokers is recorded.
<b>Trading</b>	The process of buying and selling Securities in the Market.
<b>Trading System</b>	The approved and used system for execution of trading transactions in the Market.
<b>Trading Floor</b>	The trading floor in the Market.
<b>Securities</b>	Shares, bonds and notes issued by joint stock companies, bonds and notes issued by the Federal Government or Local Governments, public authorities and public institutions in the State, and any other financial instruments accepted by the Authority.
<b>Order</b>	An instruction submitted to the trading system for the buying or selling of a particular Security.
<b>Closing Price</b>	The price of balance between supplied and in demand securities, calculated by the trading system following the entry, adjustment or cancelation of a share order during the pre-closing session, taking place between 14:45 and 15:55 according to criteria outlined in the guide for using the electronic trading system, issued based on Securities trading rules.

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### Article (1)

- a. Securities trading in the Market is carried out through Brokerage Firms. Trading transactions are documented in registers maintained in Market records.
- b. A Broker shall conduct an agreement with its clients, setting out the rights and obligations of both parties, method of terminating the agreement, the client's investment goals, means of receiving orders and notifications, and where the securities will be held, making sure that all key data included in the SCA form are provided. Such data must be updated periodically.
- c. The Broker may not dispose of the monies or trade the securities of its clients except in accordance with provisions of the Law, and the regulations, rules and resolutions issued according hereto, and the provisions of the agreement with the client.
- d. Any clause in the agreement that contradicts applicable laws is considered void

### Article (2)

- a. The Broker shall obtain its clients' orders in written form or via phone, in accordance with SCA regulations, which authorize the Broker to handle the Securities on behalf of its clients. These orders are binding to the Broker.
- b. The Client may issue an order to the Broker for the buying or selling of a Security, either via fax, email or any other electronic means.
- c. The Broker shall at all times prove to the Market that it has obtained an order that states the name of the client, the issuer, type of transaction (buying or selling), the number of securities, price, date and validity of the order.
- d. The Broker shall handle the orders received from its clients fairly and justly, and based on the time these orders were received. Clients' orders and transactions executed on their behalf shall have the priority, in all cases, over orders executed for the Broker or any other account in which the Broker holds an interest.
- e. The Order shall determine the price at which the client wishes to execute, based on the types of orders set by the Market.
- f. All means available to the Broker and compliant with SCA regulations, through which an order is received are valid, should a dispute arise between the Broker and its Client.
- g. The Broker shall maintain financial solvency necessary for carrying out its activities, in accordance to the criteria issued by SCA in this regard.



### Article (3)

- a. Any natural person is not allowed to enter buying and selling orders into the trading system unless this person is registered in the Brokerage Firms Representatives Register.
- b. Notwithstanding paragraph (a) of this Article, a Client may enter orders into the trading systems online or via any other electronic platform provided by the Broker for this purpose, provided that the rules and regulations issued by SCA in this regard are observed.
- c. The Broker shall exert its utmost efforts to ensure its Clients get the best selling and buying prices at the time of execution according to the priority of their orders, and with no prejudice to the conditions set by their orders.
- d. The Broker may not disclose any undisclosed information that came to its knowledge, nor may the Broker invest based on such information.
- e. The Broker shall be fully responsible for the Orders entered by the Broker into the trading system.
- f. The Broker may not enter multiple orders for the same investor at the same price.
- g. The Broker shall comply by the rules of trading inactive shares as set by the Market.
- h. The Broker shall notify the Client that all of his phone calls relating to placing buying and selling orders are registered, and shall comply with technical rules and requirements for the telephone recording system in brokerage companies issued by the SCA.

### Article (4)

Taking into account the provisions of Articles (3) and (5) of the regulations on Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities, issued by SCA in 2001, as amended, trading transactions in the Market are carried out in accordance with the guide for the use of the trading system, issued by the Market. The Market may amend this guide as required or necessary.

### Article (5)

- a. The Broker shall notify the client of the executed transactions in the client's account upon the execution thereof.
- b. The Broker shall submit to the client a statement of account that outlines the client's balance of securities and cash, and all transactions executed on behalf of the client, every three months unless a shorter period is stipulated in the agreement between the two parties.

### Article (6)

If the Broker has an interest in the transaction to be executed in the client's account, or if the Broker has a relation to the transaction, that may lead to a conflict of interests, then the Broker may not execute the said transaction unless appropriate measures are taken to ensure the client's interests are met and that the client received a fair treatment.



## Article (7)

- a. The Broker may not execute any transaction related to a security for its benefit or the benefit of any of its clients based on internal/insider information related to that security or any other related security.
- b. The information indicated below are considered internal/insider information:
- c. Information related to any person's intention to buy or sell any specific security in large volumes, or to the person having actually executed said transactions.
- d. Financial consultations prepared by the Broker, before being published.
- e. The Broker may not offer any financial consultation to any person based on internal/insider information.
- f. The Broker may not execute any order on behalf of any of its clients if the Broker knows this order is based on internal/insider information.
- g. When executing trading for the listed company's Board of Directors members, its general manager or any of its insider employees, the Broker shall comply with Article (14) of the regulations on Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities, issued by SCA in 2001, as amended, along with Article (17) of the Regulations on Listing, issued by SCA, as amended.

## Article (8)

- a. The Broker, or any person, may not commit any act that aims to give an incorrect and misleading idea about the price of any security, or its trading volume, in a manner that significantly affects the supply/demand on this particular security, and may not exploit information related to investors' orders for its own benefit or the benefit of others.
- b. The Broker shall not execute any transaction for any of its clients if this transaction is in violation of paragraph (a) of this Article.

## Article (9)

- a. The Broker may not execute any order related to a security if this order violates the Articles of Association of the issuer of this security, or violates any effective laws in the Country.
- b. If an order that violates paragraph (a) of this Article is executed, the Market has the right to compel the Broker to re-sell or re-buy this particular security, or part of it, so the situation is restored to what it was before executing the order.
- c. If the amount resulting of the re-selling or re-buying indicated in paragraph (b) of this Article exceeds the amounts paid by the client according to the violating order, the Broker is obliged to transfer the resulting amount to the Market, which will dispose of it according to brokerage regulations. If the resulting amount is less than what the client paid, the Broker shall incur the loss.
- d. Carrying out the procedure set out in paragraphs (b) and (c) of this Article shall not prevent the Market from taking disciplinary action against the offending Broker.



## Article (10)

- a. The Broker shall pay the value of securities sold on behalf of its clients after deducting commissions and fees, before the end of two days or the end of the settlement period set by the Market. Payments shall be made through cheques in the name of the broker and in favour of the registered client, without being stamped to the order of the first beneficiary. Alternatively, the payment can be made through financial transfers to the client's account.
- b. If the client does not request to receive the value of sold securities, the Broker shall add this value to the client's balance, before the end of the settlement period for the sold securities.
- c. The buying client shall pay for the securities bought on its behalf before the settlement date, and the broker shall verify its client's ability to make the said payment. In case securities are bought and sold during the same trading session, the client must have in its cash account enough credit to cover the value of purchase.
- d. If the buying client fails to pay the price of Securities bought on its behalf, and the commissions due on the transaction within the settlement period, then the Broker may sell the said Securities, at market price, upon market approval. Any profits resulting from the selling shall be deposited in the Investor Protection Fund's account. Any losses resulting from the selling shall be incurred by the client.
- e. If the brokerage firm fails to comply by provision (d) above of this Article, it incurs the losses arising from the abovementioned selling of Securities.
- f. When dealing in cash with its clients, the Broker shall comply with the applicable anti-money laundering regulations.

## Article (11)

- a. The Broker may request the Market to adjust the trading account number for a certain transaction, if trading was conducted on this account by mistake.
- b. The adjustment request must be submitted within 30 minutes after conclusion of the trading session. In urgent cases, the CEO may approve adjustment requests submitted after this time.
- c. There will be fees imposed on any adjustment request submitted after 30 minutes of closing the trading session.
- d. The Market has the right to request all necessary documents and take necessary measures to verify the mistake.



### Article (12)

- a. By a resolution from the CEO or the person acting on CEO's behalf, the buying or selling orders of a certain security may be canceled if the said orders were in violation of the Law or the regulations and procedures applicable in the Market.
- b. By a resolution from the CEO or the person acting on CEO's behalf, any transaction executed during the trading session as a result of a technical glitch in the Market's systems may be canceled.
- c. By a resolution from the CEO or the person acting on CEO's behalf, a trading transaction that has been executed may be canceled or adjusted upon receiving a written request from both Brokers of the transaction, at the Market's discretion, provided that there are valid and serious reasons that justify the cancellation or adjustment of the transaction. Both parties involved in the transaction may, therefore, return to their status before execution of the said transaction.
- d. When requesting the cancellation or adjustment of a trading transaction, the concerned Broker shall fill and submit to the Market the appropriate form.
- e. The Market shall not be responsible for the compensation of any Broker or investor as a result of canceling the transaction according to the provisions of this Article.
- f. SCA may cancel trading transactions that are in violation of the Law or the regulations, resolutions or circulars related thereto. SCA may instruct that the situation is restored to what it was before executing the trading in accordance with Market procedure, and without harming others.

### Article (13)

Trading in the Market is carried out through various pricing categories determined by the Board of Directors and listed in the Guide indicated in Article (4) of these Rules.

### Article (14)

The Broker shall comply with all regulatory, administrative and technical procedures necessary for the execution of these Rules, as issued by the Board of Directors and the CEO.

### Article (15)

- a. The Broker may not trade securities for its own portfolio except through itself. Suspended brokerage firms may trade through other brokerage firms, upon approval from the Market.
- b. The Broker that trades securities for its own portfolio shall indicate the same in its agreement with its clients.



#### **Article (16)**

Upon approval of SCA, the Market determines days of trading and times of trading session.

#### **Article (17)**

DFM General Manager may, upon SCA approval, temporarily suspend trading of any listed security, under exceptional circumstances that may threaten the good workflow and order in the Market, or as deemed necessary by the General Manager

#### **Article (18)**

The Market shall determine the maximum allowed limit up/limit down compared to the previous closing price, provided it does not exceed the limit set by SCA.

#### **Article (19)**

SCA, the Broker, the Market and the Clearing House shall receive the trading commission as determined in Article (7/bis) of the regulations on Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities, issued by SCA in 2001, as amended, along with Article (17) of the Regulations on Listing, issued by SCA, as amended.

#### **Article (20)**

Any clause in the Market's regulations, any resolution by the Board of Directors, or any circular issued by the Market is considered void if it contradicts the provisions of these Rules.



## The Professional Code of Conduct

### Definitions

The following words and expressions shall have the meanings assigned thereto hereunder, unless the context indicates otherwise:

<b>The Law</b>	The Federal Law No. (4) of 2000 concerning the Emirates Securities and Commodities Authority and Market.
<b>SCA</b>	The Emirates Securities and Commodities Authority.
<b>The Market/DFM</b>	The Dubai Financial Market.
<b>CEO</b>	DFM CEO.
<b>Brokerage Regulations</b>	SCA Board of Directors' Resolution No. (27) of 2014 concerning the Regulations of Securities Brokerage.
<b>Brokerage Firm</b>	A juristic person licensed to undertake Brokerage activities.
<b>Trading</b>	The purchase and sale of securities in the market.
<b>Securities</b>	Shares, bonds and notes issued by joint stock companies, bonds and notes issued by the Federal Government or Local Governments, public authorities and public institutions in the State, and any other financial instruments accepted by the Authority.



### Article (1)

The Brokerage Firm and its employees shall observe the Professional Code of Conduct and ethics of the profession when carrying out its licensed activities. In particular, the following:

1. Complying with the Law, the regulations and resolutions issued by SCA, as well as internal regulations, circulars and rules issued by the Market.
2. Abiding by the ethics of the profession, and refraining from any acts that would be detrimental to the reputation of another Brokerage Firm or the reputation of the Market, its members or traders therein.
3. Employ methods that ensure the respect and trust of the public, when conducting its business and attracting clients
4. Taking all necessary measures to ensure immediate execution of its clients' orders, endeavoring to provide the best available value.
5. Exerting care and prudence in accordance with the provisions of the Law and the regulations issued in implementation thereof and the conditions and controls based on which the license was issued; and observing the business norms in this regard and the principles of trust, fairness, equality and care for the interests of clients, and execution of their orders on a first received first served basis.

### Article (2)

1. The Brokerage Firm shall, at all times, ensure that any person employed to deal with clients or on their behalf is the right fit who has the necessary qualifications for such role, including professional experience and training to perform the tasks for which this person has been appointed.
2. The Brokerage Firm shall, at all times, ensure that it has at its disposal the necessary resources that enable effective and constant supervision of its employees or other persons appointed to deal with clients, on their behalf, with other brokerage firms, or with the Market.
3. In all cases, the Brokerage Firm is held responsible for any acts, mistakes or negligence committed by its employees while performing their jobs.
4. The Brokerage Firm shall not allow any person who is not licensed or registered to use the electronic trading system or the electronic clearing system. It shall not allow the use of its username by unauthorized persons.
5. The Brokerage Firm shall abide by the standards of occupational security, safety and health, endeavour to prevent causes and acts that may lead to the disruption of security and safety within the Market.



### Article (3)

The Brokerage Firm shall take reasonable and possible steps to determine the identity, contact details, financial solvency and investment goals of the client, including at least:

- a. For a Natural Person:
  1. Full name as in the Passport. Passport number, date of issuance and place of issuance.
  2. Nationality and place of residence.
  3. Profession, exact address, P.O.Box and phone number.
  
- b. For the Corporate Person:
  1. Name of Company or Entity and its nationality.
  2. Commercial Register No., Commercial License, place and date of issuance for both.
  3. Copy of the Memorandum of Association for the founding company as per the Laws of the native country.
  4. Address, P.O.Box, zip code and other contact details of main headquarters.
  5. Name of person authorized to manage accounts, person's nationality, passport number, date and place of passport issuance, person's profession and an authorization letter.
  
- c. For Securities Portfolios managed by a licensed investment manager:
  1. Full name of portfolio manager as in the Passport, Passport number, date and place of issuance, and nationality of portfolio manager.
  2. Place of residence, exact address, P.O.Box and other contact details of the portfolio manager.
  
- d. For Investment Funds:
  1. Nature of the entity, its legal form, type and capital.
  2. Copy of the Memorandum of Association.
  3. Full name of the investment/fund manager, as applicable, as in the Passport. Passport number, date and place of issuance, and nationality of the manager.
  4. Address, P.O.Box, zip code and other contact details.



#### Article (4)

- a. The Brokerage Firm shall notify the SCA and DFM of any material information that may occur related to its financial position.
- b. The Brokerage Firm shall observe in dealing with its clients the principals of honesty and integrity, shall observe its clients' interests and act fairly when the nature of the clients' dealings with it are similar, avoiding any acts that provide some, and not all, of its clients with advantage or incentive or any special information, whether directly or indirectly. The Brokerage Firm shall not take any action that may harm any of its clients.
- c. The Brokerage Firm shall exert its utmost efforts to ensure its Clients get the best selling and buying prices at the time of execution according to the priority of their orders, and with no prejudice to the conditions set by their orders.
- d. The Brokerage Firm shall ensure that orders received from its clients are written and signed by the same client, or received through the call recording system, fax or email. Oral orders are not allowed, approved or taken into account.
- e. The Brokerage Firm shall maintain the confidentiality of all information related to its client's transactions and account, and refrain from disclosing such information except upon permission from the client, or in compliance with orders issued by SCA, DFM or competent judicial authorities
- f. The Brokerage Firm shall segregate its accounts from the accounts of its clients in accordance with the regulations issued by SCA, as amended.
- g. The Brokerage Firm shall abide by SCA regulations pertaining to call recording.
- h. The Brokerage Firm shall maintain financial solvency necessary to carry out its activities in accordance with the criteria issued by SCA in this regard.
- i. The Brokerage Firm shall have clear policies regarding the dealings of its employees.
- j. If an employee of a brokerage firm moved to work at another brokerage firm, this employee shall maintain the confidentiality of information related to the previous brokerage firm and its clients.
- k. The Brokerage Firm shall have in place an internal system for handling complaints from its clients, while ensuring the following, at all times:
  1. That all client complaints related to its business are handled in a proper and timely manner.
  2. That steps are taken to verify and respond immediately to these complaints.
  3. That the client has been informed about the other steps available according to rules and regulations, in case the client's complaint was not handled immediately.
  4. The Brokerage Firm shall adhere to the contents of the complaint, and submit in a timely manner all information to the Market management for investigation.
- l. The Brokerage Firm may not offer any consultations or recommendations for decisions related to investing in listed securities, unless licensed by SCA to carry out such activity.
- m. If for some reason, the Brokerage Firm sensed that a person is manipulating or trying to manipulate the Market, it shall immediately notify the Market of the same. It shall also notify the Market of any action or transaction that is considered a forbidden transaction, whether the said action has been or is being committed, by the firm's client, employee or another brokerage firm.
- n. The Brokerage Firm shall not publish or promote any Market data or the status of Market listed entities, unless such information is verified and made public by the concerned entity.



#### Article (5)

- a. The Brokerage Firm or any of its employees may not take advantage of their knowledge of a client's orders, for the execution of trading transactions for their own accounts or other accounts.
- b. The Brokerage Firm, whether acting solely or in complicity with others, take any action that manipulates or misleads investors, including:
  - 1. Executing trading transaction(s) on a particular security in order to delude investors that it is an active security, or to impact its price (increase, reduce or fix its price) or the volume of its trading, or in order to influence the investor's decision regarding investment.
  - 2. Entering, adjusting and/or canceling the buying or selling order(s) of a particular security, in order to delude investors that it is an active security, or to impact its price or the volume of its trading, or in order to influence the investor's decision regarding investment.
- c. The Brokerage Firm may not trade any securities for its own account or for an account in which it holds an interest, based on previous knowledge held by the firm relating to future trading for, or with its clients.
- d. The Brokerage Firm may not, whether acting solely or in complicity or others, exploit information related to investors' orders for its personal benefit or the benefit of others.
- e. The Brokerage Firm may not, fully or partially, refrain from providing any consultation or other services related to its activity, before ensuring the immediate notification of all affected clients, and before taking the necessary measures related to outstanding work or unfinished business related to the accounts of such affected clients.
- f. The Brokerage Firm may not harm the reputation of another brokerage firm by accusing the latter of professional negligence or shortcomings, or spreading rumors about other brokerage firms.

#### Article (6)

The Brokerage Firm shall provide its clients with adequate information related to it, its affiliates, any conditions or restrictions relevant to the execution of its activities, the identities and status of its employees. The firm's financial statements shall also be accessible by its clients.

#### Article (7)

The Brokerage Firm, where it holds a material interest or a relation where an actual or potential conflict of trading interests is implied, shall disclose to the client this material interest or conflict of interests, and shall take reasonable measures to ensure fair and just treatment of this client.



### **Article (8)**

The Brokerage Firm shall keep updated records, physical or electronic. The Market has the right to access and review these records. As a minimum, these records shall include the following information:

- a. All concluded client agreements
- b. Buying and selling orders executed by the Brokerage firm, as well as all orders received by phone.
- c. All securities owned by the Brokerage Firm and its employees.
- d. All Securities owned by clients of the Brokerage Firm, as well as any client assets held by the Firm or a third party acting on its behalf.
- e. All accounting entries and transactions.

### **Article (9)**

When conducting an investigation into brokerage firms, the Market shall take into account the Articles stated in these Rules, as well as the Brokerage Regulations and the Market's Rules and Regulations.

### **Article (10)**

The Professional Code of Conduct applies to all Brokerage Firms licensed to operate in the Market, including members of their Boards of Directors, their Trading Managers and their Representatives.



## Guide for Using the Online Trading System

### Issued pursuant to the provisions of article (6) of Trading Regulations

#### Definitions

This guide is entitled “the Guide for Using the DFM Online Trading System” and is effective on the date defined by the CEO. The following words and expressions shall have the meanings assigned thereto hereunder, unless the context indicates otherwise:

SCA	The Emirates Securities and Commodities Authority
DFM/The Market	The Dubai Financial Market
The Board of Directors	DFM Board of Directors
CEO	DFM CEO
Market Monitor	The commissioner person from DFM, responsible for trading monitor
Brokerage Firm	A juristic person licensed by the SCA to undertake Brokerage.
Brokerage Firm Register	A register maintained by DFM, in which information related to Market brokers is recorded.
Brokerage Firm Representatives Register	A register maintained by DFM, in which information related to representatives of Market brokers is recorded.
Trading	The process of buying and selling Securities in the Market
Trading System	The approved and used system for execution of trading transactions in the Market
Trading floor	The trading floor in the Market
Trading Session	A time period during which orders are entered, adjusted or canceled and transactions are executed
Securities	Shares, bonds and notes issued by joint stock companies, bonds and notes issued by the Federal Government or Local Governments, public authorities and public institutions in the State, and any other financial instruments accepted by the Authority.
Authorization	A request submitted by the client to the brokerage firm, in which it requests and authorizes the brokerage firm to execute the buying or selling of a particular Security at certain conditions set by the Client in accordance with these Rules



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<b>Order</b>	An instruction submitted to the trading system for the buying or selling of a particular Security
<b>Regular Orders</b>	Orders issued for the buying or selling of a particular security, which include no conditions and has the priority over special orders at the same price
<b>Special Orders</b>	Orders issued for the buying or selling of a particular security at certain conditions
<b>Orders Register</b>	A register including all buying and selling orders for a particular Security
<b>The Deal</b>	A match between the buying order and the selling order through the trading system used by the Market.
<b>Opening Price</b>	The price of the balance between the quantities offered and the quantities required, which is calculated by the trading system after the introduction of any order on the stock, or modified or cancelled at the end of the opening session in accordance with the accounting standards contained in the manual of the electronic trading system, issued based on the instructions for trading securities.
<b>Closing Price</b>	The price of balance between supplied and in demand securities, calculated by the trading system following the entry, adjustment or cancelation of a share order during the pre-closing session, taking place between 13:45 and 13:55 according to criteria outlined in the guide for using the electronic trading system, issued based on Securities trading rules.
<b>General Index</b>	A statistics tool that measures the change in share price for companies listed in the Market

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### Article (1)

- a. Securities listed in the Market are traded within the price limits set by the Market.
- b. Price limits do not apply to shares on their first trading session in the Market. The share price is floated from the date of listing until the conclusion of the trading session during which a transaction involving the share is executed. The Closing Price for the share at the end of the trading session is considered the benchmark to calculate change limits at the start of the next trading session.
- c. For companies listed in the Market as Dual Listed Companies (foreign companies), which are listed and whose securities are traded in another financial market, the Opening Price for the Security is determined on the first trading day in the Market based on the last Closing Price of this Security in the principal market. The maximum and minimum daily limits of the price margin are applied according to Market procedure as of Security's first day of trading at the Market.
- d. As appropriate and when justified, the Market management may apply different procedures for the trading of foreign shares listed in the Market.
- e. Every trading day, duration orders are re-loaded in the trading system from previous trading day and goes through all trading rule validations. Any order not meeting the validation, will be expired or made private.

### Article (2)

The Trading session of every Market is divided into the following stages:

- a. Pre-opening session
- b. Opening session
- c. Trading session
- d. Pre-closing session
- e. Trade At Last session
- f. Closing session
- g. Buyin Session

### Article (3)

- a. The Pre-opening session aims to determine the opening price of listed Securities to be used in the Trading Session.
- b. The Brokerage Firm may enter orders at Market price during the pre-opening session
- c. The order price entered during the pre-opening session is considered general knowledge. Consequently, orders are displayed at their actual prices in the Market to ensure that the opening price is determined based on supply and demand
- d. The opening price is updated every time orders are entered during the pre-opening session. The Opening price, however, is calculated at the conclusion of the pre-opening session.



- e. Only one opening price is calculated for every share, based on the available orders in the regular conditions register and in accordance with the following criteria:
1. The price that sees the largest executable trading volume, and in case more than one price meet this condition, refer to clause (2) of this paragraph.
  2. The price that sees the least inexecutable trading volume, and in case more than one price meet this condition, refer to clause (3) of this paragraph.
  3. Ascertain where the Market pressure exists from the potential prices from paragraph 2 – on the buy side or the sell side.
    - i. If the Market pressure on the sell side (negative sign of unmatched quantity) then use the lowest of the potential prices.
    - ii. If the Market pressure on the buy side (positive sign of unmatched quantity) then use the highest of the potential prices
    - iii. If both Market pressure exists on buy side and sell side, or the inexecutable trading volume is 0 proceed to clause (4) of this paragraph, consulting the ref price.
  4. Consulting Reference price:
    - i. The fourth and final principle determines the opening price from the range of prices from paragraph (3) on the basis of their proximity to a reference price.
    - ii. Reference price will be the last trade price before the opening session, If no last traded price for the day then it will be the previous days close price (or adjusted price for corporate action, if any).
    - iii. Narrow the options of potential opening prices within the entire range of possible opening prices to 2 opening prices.
    - iv. If the reference price is greater than or equal to the higher of the 2 opening prices then the higher price becomes the opening price.
    - v. If the reference price is lesser than or equal to the lower of the 2 opening prices then the lower price becomes the opening price.
    - vi. If the reference price lies between the 2 possible opening price, then the opening price closet to the reference price becomes the opening price.
    - vii. If the reference price is equally distant from the 2 possible opening price then the higher of the 2 possible opening price becomes the opening price.
- f. Volumes of all orders entered into the trading system are taken into account when calculating the Opening Price.
- g. Orders may be entered, adjusted or canceled during the pre-opening session. Unexecuted and valid orders may be transferred from the previous day to the current session. In the last 5 minutes of the pre-opening session, selling and buying orders cannot be canceled, the buyer cannot reduce the buying price and the seller cannot increase the selling price, and in all cases, the number of shares offered for buying or selling cannot be reduced.
- h. During the pre-opening session, the trading system arranges orders based on the rules of priority. No trading is conducted at this stage. Market Order type takes the priority than limit price order.
- i. Special Orders like All-Or-None, Minimum Fill Qty, Minimum Execution quantity which has condition on the quantity for matching are not allowed during pre-open session.



#### Article (4)

- a. Executable volumes are executed during the opening session at the Opening Price calculated by the trading system.
- b. Unexecuted orders, or the remaining partially-executed orders, are transferred to the trading session
- c. For the securities that have Opening price calculated, unexecuted Market Order will be converted to Limit Orders at the Opening price with balance quantity and placed in the order book.
- d. For the securities that don't have Opening price calculated, unexecuted Market Orders will be expired.

#### Article (5)

- a. Selling and buying of Securities during the trading session is conducted continuously. The brokerage firm can enter orders and execute trading transactions when prices and any other conditions match. It can also adjust, cancel, suspend or activate any orders that have not been executed or have been partially executed.
- b. During the trading session, if a buying order is entered at an equal or higher price than the price on the selling side, or when a selling order is entered at an equal or lower price than the price on the buying side, the transaction is executed at the price set on the other side.
- c. During the trading session, if a buying or selling order is entered with an executable volume at more than one price at the other side, these orders shall be executed according to the available price chain in order of priority until all the orders are executed. If the order is not fully executed, then the remaining unexecuted volume remains in the orders register within the trading system, at the last executed price.
- d. Special orders like All-Or-None, Minimum Fill Qty, Minimum Execution Qty order having condition for matching quantity can be placed during trading session.



## Article (6)

The Pre-Closing Session is a session where orders are automatically collected within the central orders register without being executed. Orders may be adjusted or cancelled during this session. New orders at determined prices can be entered during the pre-closing session, market price orders can be entered as well. By the end of this session, orders are matched on the basis of the Theoretical Auction Price, which is calculated according to the following criteria:

If single matching price is not determined after the first step the model progresses to the second step and, if necessary, the third and fourth.

1. Maximum Tradable Volume, which is the price that generates the greatest volume of trading.
2. Establishing the Minimum Surplus, if there is more than one price at which there is a Maximum Tradable Volume, the price with minimum unexecuted volume will be chosen
3. Ascertain where the Market Pressure exists from the potential auction prices from paragraph 2 – on the buy side or the sell side.
  - i. If the Market pressure on the sell side (negative sign of unmatched quantity) then use the lowest of the potential prices.
  - ii. If the Market pressure on the buy side (positive sign of unmatched quantity) then use the highest of the potential prices
  - iii. If both Market pressure exists on buy side and sell side, or the Minimum Surplus is 0 proceed to clause (4) of this paragraph, consulting the ref price.
4. Consulting Reference price:
  - i. The fourth and final step determines the closing price from the range of prices from paragraph (3) on the basis of their proximity to a reference price.
  - ii. Reference price will be the last trade price before the closing session. If no last traded price for the day then the previous days close price (adjusted price for corporate action, if any)
  - iii. Narrow the options of potential closing prices within the entire range of possible closing prices to 2 closing price
  - iv. If the reference price is greater than or equal to the higher of the 2 closing prices then the higher price becomes the closing price
  - v. If the reference price is lesser than or equal to the lower of the 2 closing prices then the lower price becomes the closing price
  - vi. If the reference price lies between the 2 possible closing prices, then the closing price closest to the reference price becomes the closing price.
  - vii. If the reference price is equally distant from the 2 possible closing prices then the higher of the 2 possible closing price becomes the closing price.

## Article (7)

The Trade-At-Last is the session where orders can be entered, amended only at the reference price. Reference price is set to last trade price previous session, if no last trade price then it takes previous day's closing price or issue price for day one of listing. Orders at the end of Pre-closing which are not matched are moved to Trade-At-Last session. Trade-At-Last session will have execution only at the Reference price.



## Article (8)

During the Closing Session, data and information are displayed, enquiries may be made and necessary reports are printed. The Brokerage Firm cannot adjust or enter new orders during this session. The Brokerage Firm licensed for Allocation can perform trade allocation for the trades executed during trading session.

## Article (9)

BuyIn session allows the brokerage firm who have not delivered the shares for sell trade settlement to get the shares from the market.

### 1. BuyIn Session Event Flow

- i. Securities Settlement will be executed in Equator which may identify failed settlement and negative balances. Sell Trades that are failed to settle will be picked for BuyIn session.
- ii. BuyIn buy orders will be placed in the BuyIn board based on the failed sell trades, trade by trade.
- iii. Failed Sell trades from S day to S+1 day will be placed as Private Orders (Optional BuyIn) and Failed trades on S+2 day will be placed as Open order (Mandatory BuyIn).
- iv. During BuyIn Activation session, Approved Dealers or Traders can activate the Private BuyIn buy orders (Opening of Optional BuyIn buy orders).
- v. During BuyIn Offer session, the order book will be made available for placing sell orders against it. BuyIn Buy orders will be placed with Mandatory BuyIn orders “oldest ticket number first” followed by Optional BuyIn Orders depending on activation time.
- vi. Mandatory BuyIn Buy orders cannot be amended or withdrawn.
- vii. BuyIn Offer session, Brokerage Firm can place their offers (sell orders) within the price limits against the available BuyIn buy orders.
- viii. BuyIn End session, uncrossing of the BuyIn order book and matching. Equator will receive the trades for closing the failed sell trade.

### 2. BuyIn Initialisation Session

- i. In BuyIn Initialisation session system will create the BuyIn buy orders.
- ii. For failed trade of S day and S+1 day the BuyIn buy order will be created as Private.
- iii. For failed trade of S+2 day the BuyIn buy order will be created as Open.
- iv. No order entry allowed for the Brokerage Firm. No order change allowed.
- v. S+2 BuyIn buy orders will be placed in the orderbook with orders with old trade number as high priority.

### 3. BuyIn Optional Activation session

- i. In BuyIn Optional Activation session Brokerage Firm are allowed to activate their optional buyin buy order.
- ii. No order entry allowed for the Brokerage Firm.
- iii. Optional BuyIn buy order with status Private on activation will be placed in the orderbook after Mandatory BuyIn buy orders as per the time of activation.



#### 4. BuyIn Offer session

- i. Sell orders can be placed in BuyIn Offer session with following attributes
- ii. Limit order
- iii. Session duration
- iv. No buy orders are allowed in BuyIn board.

#### 5. BuyIn End session

BuyIn session will end with crossing of order book and matching priority will be FIFO.

- i. Price
- ii. Time

#### 6. BuyIn Sell Order validation

##### i. Reference price

- Once the main board is closed, the official close price will be determined. For BuyIn board the official close price of the symbol in the main board will be set as reference price for the symbol in the BuyIn board. On ex-date and book close date, the BuyIn buy reference will be re-adjusted as per the corporate action factor.

##### ii. Price Limits

- The limits at which the orders can be placed will be disseminated via feed and displayed in the XW as well. The limits will be based on the reference price of the symbol in BuyIn board.

##### iii. Sell position

- When a sell order is placed in BuyIn board, the position check will be:
- The lower of Owned quantity or Available Quantity minus pledged shares if any



## Article (10)

1. In terms of price, Orders are classified as follows:
  - a. Limit Order: A buying or selling order for a number of shares at a stipulated price.
  - b. Market Order: A buying or selling order for a number of shares at the Market price.
  - c. Trigger Order: A buying or selling order for a number of shares at Limit/Market price based on trigger condition either on last price/best bid/offer.
2. Market Orders can be entered during the Trading session, Pre-opening and Pre-Closing session.
3. If an order is entered into the trading system at Market price, it is executed at the best price available on the other side till the matching quantity is available on the other side at prices of the order in the order book. If the order is partially executed, the remaining part of it is displayed at the last execution price.
4. If an order is entered into the trading system as Market At Best, it is executed only at the best price available at the top of the order book quantity, it will not match with 2nd level of price point in the order book the partially executed remaining part of its displayed at the last execution price.
5. Market Order is rejected if no orders exist on the other side.
6. The price set for a Market Order is equivalent to the best Market Price within price limits
7. Trigger Order can be entered with Limit/Market Price and specifying the trigger condition. Trigger condition can be set on last trade price/ best bid/offer. If the trigger condition is not met, the order remains as Inactive-Trigger status in the orders table. If the trigger condition is met, the order becomes Open and entered into the order book.

## Article (11)

In terms of validity, Orders are classified as follows:

1. Day Order: This order expires if it is not executed by the end of the trading session on the day it was entered.
2. Good-Till-Cancelled: If not executed, this order expires if the investor cancels it.
3. Immediate-Or-Cancel (Or: Immediate): This order is valid only during the trading session and must be executed immediately. Any remaining unexecuted parts of the order are cancelled.
4. Good-Till-Date: This order expires if it is not executed by the end of a specified date.
5. If no time-limit is set for the validity of an order, this order will be considered a Day Order. All time-specified orders are automatically removed from the trading system once expired.



## Article (12)

Special orders entered into the trading system are classified as follows:

1. Fill-or-Kill (FOK) Orders: Must be executed in full, and cannot be partially executed. If not executed, it is expired.
2. Fill-and-Kill (FAK): May be executed in full or in part depending on market conditions at the time it is entered, and at the specified price or better (which could be a limit price or at market price). The remaining part of any FAK order that is not executed immediately and in full is expired.
3. All-Or-None (AON): Must be executed in full and cannot be partially executed. If not executed, it remains in the order book.
4. Minimum Fill Qty (MF): A minimum number of shares must be executed before it is possible to trade the order. It is possible to have more than one corresponding-order for every partial trade. Following execution of the minimum fill or more, the minimum fill requirement is rescinded and the order is treated like other regular orders.
5. Minimum Execution: Shares are traded in specific blocks (groups) provided that the quantity is above the “Minimum Execution” quantity. If the balance quantity is less than the minimum requirement, the order shall be removed.
6. Hidden Orders (Ice berg orders)
  - a. Hidden orders allow the submission of an order while only disclosing a portion of the entire quantity.
  - b. The minimum exposed quantity is 10%.
  - c. Disclosed quantities are only refreshed from the hidden quantity after a full execution and it loses its priority in the order book.

Special Orders such as FOK, FAK, AON, Minimum Fill Qty and Minimum Execution can be placed and will stay in the orderbook only during continuous trading session. Any such order entered during continuous trading session will become Private once the session changes to auction session such as pre-close, resume-auction.

## Article (13)

Arrangement of buying and selling orders and execution of trading transactions are done separately based on the following priorities:

1. Price Priority: given to the best price as follows:
  - a. The buying order at a higher price is given priority over other buying orders.
  - b. The selling order at a lower price is given priority over other selling orders.
2. Timing: If multiple orders are entered at the same price, they are arranged based on timing priority as follows:
  - a. Priority is given to orders entered earlier over those entered at a later time.
  - b. Priority is given to orders entered during the previous trading session over those entered during the current trading day.
3. If an order is adjusted, in terms of price, volume, investor number, the addition or cancellation of a special condition, this order then loses its priority and is arranged according to the date of adjustment. This does not apply to adjustment to the order validity.



#### Article (14)

A feature to change a previous order can be used in order to adjust the features of a valid order, while observing the following:

1. This feature cannot be used to change the share type, market type or order type. If these features need to be changed, the order must be canceled and re-entered.
2. The adjusted original order is given a new time stamp and a new line priority if the change affected the price, investor's account number, an increase in the declared volume or the addition/cancellation of a special condition.
3. The entered order does not lose its priority if the declared volume is decreased or if its validity duration is changed.
4. While being adjusted, the order is not deleted from the Orders Register, and therefore can still be traded.

#### Article (15)

Order cancellation is a feature in the trading system and once it is used, the original order cannot be recovered. If the Order is traded, the cancellation is rejected.

#### Article (16)

Existing orders in a company's orders register are executed based on the following priorities:

1. Best Price – execution priority is given to the best price.
2. Timing of entry – Orders are arranged in order of its entry, where the order with the earliest time stamp is placed first, on a first received first served basis.
3. The execution should not breach the trading limit of the brokerage firm or the ownership limit of the company. If the execution is about to breach the trading limit of the brokerage firm or the ownership of the company the order will be suspended.

#### Article (17)

1. The maximum allowed buying or selling order value entered into the trading system is AED 20,000.000 per order.
2. The Brokerage Firm is not allowed to enter buying order(s) that exceed the maximum amount of trading allowed for the company.

#### Article (18)

Minimum units used in trading are determined as follows:

1. Minimum amount unit: a minimum of one share can be traded for all shares.
2. Minimum for price in dirham unit:
  - a. For shares that have the value of AED 10 or more, the minimum share price change limit is AED 0.05.
  - b. For shares that have the value of less than AED 10, the minimum share price change limit is AED 0.01.
  - c. For shares that have the value of less than AED 1 or more, the minimum share price change limit is AED 0.001.



### Article (19)

1. Debt instruments are bought or sold via brokerage firms.
2. A debt instrument trading unit consists of one instrument based on its nominal value in each issuance. One executed transaction consists of one unit or its multiples.
3. Prices are displayed against buying and selling orders in the trading system based on the unit price, excluding any incremental interests. The buyer pays the price of bought units according to their market price, in addition to incremental interests until the settlement date.

### Article (20)

1. Corporate Action will update the listed quantity, previous price and market cap on ex-date.
2. XW will display the unadjusted and adjusted previous price.
3. 52 week high/low will be displayed based on the adjusted high and low price.
4. On Ex-date of Price adjusted symbol, all open duration orders will be expired at start of the trading session.

### Article (21)

General provisions on the use of DFM trading system:

1. Representatives of the brokerage firm shall keep confidential the username and password for the DFM trading system, and shall not allow any other employee in the firm to use the password or username. The brokerage firm shall immediately notify the Market in case this representative went on leave or left the job.
2. The brokerage firm shall determine the authorities of its employees on the trading system.
3. The Brokerage firm shall commit to connect its own trading system to the Market's system in accordance with the regulations issued by SCA and DFM in this regard. It is also obliged not to use the Market trading system without approval from the Market.
4. Authorized brokerage firms shall implement and activate the internal electronic trading system officially in the Market.
5. If the brokerage firm commits any violations that affect the Market, the Market may exercise any of the following authorities via the electronic systems connected to the Market trading system:
  - a. Suspension of a username that belongs to a broker's representative until their violations are verified.
  - b. Suspension of a service provided by the broker's representative in the Market in case of violation (e.g. online trading, mobile phone trading, Direct Market Access).
  - c. Imposing fines and suspension of the Brokerage Firm.

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