

Rules

Of

Qatar Central Securities Depository

First Part

General Definitions and Provisions

Chapter I: Definitions

Article No. (1)

Unless the context otherwise requires, the following terms and phrases shall, in application of the provisions of these rules, be deemed to mean the meanings stated opposite to each:

Law	Law No. 8 of 2012 on Qatar Financial Markets Authority.
Applicable Law	All the applicable legislations in the State of Qatar.
Authority	Qatar Financial Markets Authority.
QSE	Qatar Stock Exchange.

Company	Qatar Central Securities Depository
Broker	Any person who is authorized by the Authority to practice brokerage, and whose membership is accepted by the Company.
Person	Any natural person or legal entity.
Member	Any Person whose membership at the Company is accepted.
Custodian	A legal entity whose membership at the Company is accepted after such entity is authorized by the Authority to practice any of the custody services provided for in Article No. (2) of the fourth attachment of the Financial Services System issued by the Authority such as keeping an investor's money or securities with regard to investment of securities issued to the public or traded in a financial market that is subject to the Authority control, or practicing other activities such as paying or receiving money on behalf of investors, receiving or delivering securities on behalf of investors, exercising any of the investor's rights on behalf of same such as receiving dividends or attending general assemblies, and following up the registration of securities ownership transfer.
Lending and Borrowing Participants	A natural person or a legal entity that is authorized by the Authority and certified by the Company, and that works on behalf of its clients or for its own in lending and borrowing securities.
Settlement Participant	Any person who is authorized to participate in settlement and clearance.
Issuer	Any legal entity who issues securities that are registered at the Company.
Transaction	Any selling, or buying, or transferring of securities at the Company.
Securities	Shares and bonds of Qatari shareholding companies; and bonds, instruments, and bills issued by the government, or a Qatari public authority or institution; or any other securities including non-Qatari securities that are authorized by the Authority. Other investment derivatives, goods, and tools that are authorized by the Authority shall be deemed securities.

Security Holder	A person who is registered at the company to own the security.
Depository Account	An account at the Company where securities are registered.
Settlement Report	The report issued by the Company where obligations and net payables on the settlement date are stated.
Settlement Bank	The bank that makes the cash settlement operations among the members involved in the settlement operation.
Settlement Account	The settlement account of each member in the settlement bank according to these rules.
Account of Reserve Guarantee Fund	Guarantees that are submitted by the participants in favor of the Company, and that are kept by the Company.
Settlement Guarantee	The initial bank guarantee, and the reserve guarantee fund, and the supplemental guarantee as prescribed in these rules.
Corporate Actions	The actions of the Issuers with respect to security holders such as cash dividends, bonus shares, rights issue, merger, and others.
Procedure Guide	The Procedure Guide attached to these rules which shall be deemed an integral part thereof.
Day	Any official working day of the company
Settlement Day	The day specified by the Procedure Guide

Chapter II: General Provisions

Article No. (2)

The company shall undertake the following tasks and powers:

1. Listing of securities, safekeeping, and transfer of their ownership.

2. Securities Depository.
3. Securities settlement and clearance.
4. Create and manage the Settlement Guarantee Fund.
5. Prove dealing with securities including buy and sell transactions, and transfer of ownership, listing, pledge, confiscation, dividends and other transactions in relevant registers.
6. Any other duties related to securities determined by the Authority.

Article (3)

Membership is mandatory in the company for each of the following:

1. An issuer of the securities listed in the financial market.
2. Financial services company whose activities require the need to link to the depository entity.
3. Any other entity determined by the Authority.

Article (4)

In application of the provisions of these rules, the addresses of sections, chapters, and sub-headings of the Articles, shall be for the purpose of arranging these rules and ease of reference, shall not constitute part of their provisions, or affect their interpretation or restrict the meanings.

Article (5)

The referred periods of time, notices or others in these rules shall be calculated according to the local time of State of Qatar unless stated otherwise.

Article (6)

These rules shall be issued in Arabic and translated into English, and when there are differences between the two languages, the Arabic text shall prevail for the purposes of interpretation or application.

Article (7)

All orders, correspondence with the company, and documents submitted by the clients shall be in Arabic. Applications, correspondence and/or documents may be submitted in English subject to the approval of the company.

Article (8)

These rules and amendments thereto shall be published on company's website, in addition to any other means the company may deem appropriate in order to ensure the audience notification.

Article (9)

Without prejudice to the provisions of the previous article, these rules and amendments thereto, notification and/or message shall be sent to issuers and/or company members by hand, mailing address, facsimile or e-mail, as determined by the consignee in writing or by any other means the company may deem appropriate.

The notification or the message shall be considered duly sent in the time of being delivered by hand or sent by electronic means mentioned hereinabove.

In case of sending the notification or the message on mailing address, it shall be considered received on the seventh day from the date of deposit at the competent post office.

Article (10)

Proof in securities lawsuits shall be in all methods of proof including electronic data produced by computer, telephone records, text messages, telexes, faxes and other electronic media.

Article (11)

The company shall not disclose the confidential information and data received by it through practicing its powers, duties and functions, except for entities, and in the following cases:

1. The concerned party benefits from the confidential information unless it is in violation of any of applicable laws.
2. The Authority.
3. QSE for the purpose of investigation or any other purpose after having the Authority approval.
4. Qatar judicial authorities.
5. Any entity, organization, or authority in the State of Qatar whose business is related to combatting money laundering and terrorism financing.
6. Any market or other entity that undertakes clearance, settlement and depository or central registration in accordance with the agreements entered into by the company with any of the markets or other parties after having the Authority's approval.

7. In cases of necessity estimated by the company in order to perform or exercise any of its powers and duties in accordance with the laws and regulations governing its work after the approval of the Authority.

Article (12)

Without prejudice to the provisions of any of the articles hereof, every stakeholder may appeal before the Authority against resolutions entered by the Company pursuant to these rules during the due times and in accordance with appeal procedures prescribed by the Authority.

Second Part

Company membership

Chapter I

Membership conditions and procedures

Article (13)

Any entity which desires to acquire the company membership shall submit an application to the company in the form prepared for such purpose and accompanied by the following- :

1. A license issued by the Authority for exercising activity.
2. Statement of board members and the persons authorized to sign.
3. A copy of the articles of association.
4. A copy of the commercial registry.
5. A membership payment receipt fee.

Article (14)

The company shall set forth the necessary regulations to ensure the implementation of the members' obligations with respect to the settlement of transactions arising from trading in securities. Same shall be in accordance with the provisions of these rules and shall be approved by the Authority.

Article (15)

The company shall decide on the membership application within fifteen days from its submission.

The company shall have no right to refuse the membership application without giving reasons.

In all cases, the concerned party shall be notified by the decision of acceptance or rejection within one week from the date of its issuance.

The concerned party may appeal the decision to the Authority, within the working hours and in accordance with procedures approved by the Authority in this regard.

Article (16)

A broker, custodian or settlement participant shall be liable before the company for all obligations of the entities that get through him the company's services, clearance and settlement.

Chapter II

Membership Provisions

Article (17)

A Company's member shall comply with rules, regulations and procedures set forth by the Company pursuant to the provisions of law and regulations of the Authority. The member shall adhere to the Procedure Guide as well.

These rules and any amendments thereto shall apply after having the approval of the Authority and notifying the members thereof.

Chapter III

Membership

Cessation and Expiration

Article (18)

The Board of Directors of the company may cease the membership if any of members violates the rules, regulations or the provisions of the procedure guide, provided that such member has not eliminated such violation under the conditions and within the time specified by the Company Board of Directors.

Reasons of cessation shall be issued by the absolute majority of the Board members present, for a period not exceeding thirty days, and the decision shall determine the procedures to be followed during the suspension period and shall be under the Authority's approval.

The company shall complete the transactions of the member's clients at the time of cessation decision.

A Member may appeal before the Authority against the decision of cessation according to the Authority's applicable rules.

Article (19)

The membership of the broker or custodian shall be cancelled in the following cases:

1. Bankrupt of the broker or the custodian, or the demise of the legal status thereof, or losing one of the membership conditions.

2. Cancelling the license of the broker or custodian for the licensed activity by the Authority.
3. Cancelling the membership by a decision from the Authority due to violation of the member to the provisions of the law, regulations or systems issued in implementation thereof.
4. Cancelling the membership upon the request of the member.

In all cases, the Member whose membership was cancelled shall notify his clients within three business days from the date of cancelation. Same shall also settle all his obligations towards his clients.

The decision of membership cessation due to losing membership conditions, or violating the rules and regulations of the company shall be effective only after the approval by the Authority and notification of the QSE thereof.

A Member shall have the right to appeal before the Authority against the decision given by the company of cancelling his membership in accordance with the appeal rules applicable by the Authority.

Third Part

Central Depository and Registration

Chapter I: Central Depository

Article (20)

The registers of the following securities shall be deposited at the company:

1. Securities issued by any issuer and approved by the Authority if the securities are offered for a public offer, such as: (stocks, bonds, treasury bills, instruments and financial indicators, derivatives and other....)

In such case, the issuer shall deliver the shareholders' registers to the company during a period not exceeding one month from the closing date of the subscription.

2. Any other securities in accordance with the conditions set by the board of directors of the company and approved by the Authority.

Article (21)

Depositing the securities shall be by transferring the registered data with the QSE on the date determined by the company and approved by the Authority, and the company's liability shall be for these securities and for the integrity of the data including their rights and obligations as of such date.

Dealing with securities deposited at the company or the requirement of rights arising thereof shall be only by book-entry in the company's electronic records.

Article (22)

Securities registration at the company shall be upon the request of the issuer accompanied by the following documents and data: -

1. Basic securities' data issued by it including: types of securities, versions of each type, currency of issuance, number of shares and its categories, the value of each of them, and the paid amount of it.
2. A list of the subscribers of the securities subject of listing, and the proportion paid by each of them.
3. CD, e-mail or any other electronic method. The issuer shall guarantee the safety of these data, documents and shall be responsible thereof without any liability on the company.
4. Approval of the Authority for the deposit.

Article (23)

The company shall cease the settlement of any trading operations immediately after being notified in any way that it has been made in violation of the provisions of the law, or the rules and regulations of the Authority, the rules of dealing in QSE, these rules or the provisions of the procedure guide, and shall notify the Authority and QSE thereof.

Chapter II

Clearance and Settlement

Article (24)

The company shall conduct the clearance and settlement operations of the securities transactions made at QSE for the benefit of the settlement participants in order to determine the net rights and obligations of each of them, and settle the status arising from trading of the securities deposited with it and transfer its ownership.

Clearance shall be on the basis of delivery versus payment of the price within a period not exceeding the period specified by the Company to complete its settlement operation.

The company shall transfer ownership of the securities subject of these operation e-records.

The Procedure Guide shall include the operations included in clearance and settlement of the transactions and the procedures contained therein.

Article (25)

The company shall undertake the clearance and depository functions according to the principles set forth in these rules, and according to the notifications and published directives.

Article (26)

The company shall undertake the security clearance and settlement of securities, including the transactions excluded from the trading system, the corporate actions, and lending and borrowing operations, and shall put restrictions on the ownership of securities in accordance with the applicable laws.

Article (27)

Securities' data shall be electronically saved in the systems of the company.

Article (28)

Identification number (NIN) includes all important information about the security holder, in particular, its name, address, identification number, date of birth, nationality, phone number and whether he is a natural person or a legal entity, as well as the names of authorized signatories on the behalf of the legal entity with their identification card and with a copy of the decision of the senior management for opening the account and any other data determined by the Company in accordance with the requirements of the rules of combatting money laundering and terrorism financing.

Article (29)

The Company shall maintain in a special register all the previous transfers and authorizations related to securities, power of attorneys, and all decisions taken at the general assemblies for the security holders, dividends and initial subscription rights.

Article (30)

The company may reject the listing of securities if the listing data are incomplete or if the issuer does not follow the provisions set forth in these rules or in the procedure guide or if it fails to pay the fees or commissions payable to the company.

Article (31)

The company shall immediately send a report to the Authority about the non-compliance of the issuer with such rules.

Article (32)

The Issuer shall be responsible for investigating the final results of the IPO of the securities, for allocation thereof, and for the initial details about the holders of the registered securities in the Central Registry when being accepted for trading for the first time. The issuer shall make the security holders bear the responsibility for providing the data and details accurately and correctly. In all cases, the company shall not assume responsibility for these data.

Article (33)

Amending the security holder's data in the company shall be made upon an amendment or correction application signed personally by him or by his legal representative and shall be under his own responsibility. The application shall include all the necessary documents.

Article (34)

Amending the security holder's contact data shall apply to his data at all other issuers.

Article (35)

The multilateral settlement operations of transactions and payments between brokers and custodians shall be made by the company settlement account. Such account shall not be used for any other purpose.

Article (36)

The Company shall reserve the guarantees provided by the settlement participant, and the company shall be the primary beneficiary of these guarantees which may be used in case that the settlement participant violates its settlement obligations, or fails to perform payments.

The company may liquidate the guarantees of all settlement participants through the Reserve Guarantee Fund jointly and severally among them. The company shall have the right to deposit these guarantees at the Settlement Bank. .

Article (37)

Every settlement participant shall open a settlement account in any licensed bank in the State of Qatar called participant's "Settlement Account". Same shall authorize the company to give instructions to the Settlement Bank on the manner how to do the required work in this account at appropriate time. The settlement participant shall also allow the bank to give the information related to such account to the relevant authorities. The settlement account may be changed only by an approval obtained from the company and the Settlement Bank. The company and Settlement Bank are entitled to refuse or accept the change.

Article (38)

Any amounts payable to brokers and custodians shall be added or deducted in their own settlement account, regarding the activities of trading on the settlement day.

Article (39)

The settlement participant shall bear all the interests, fees and costs of opening and activating the settlement account as per the system followed by the Settlement Bank.

Article (40)

The company shall open the following accounts on their own systems:

1. An account on behalf of the security holder held by the company, which is known as Identification Number of the shareholder (NIN).
2. A trading account on behalf of the security holder belonging to the broker or custodian with whom he deals.
3. A custody account on behalf of the security holder belonging to the custodian licensee under the applicable law.
4. Any other accounts the company may deem necessary to be opened to facilitate its work.

All the accounts shall be linked to the shareholder identification number (NIN)

Article (41)

The company shall open a depository account upon the request of the security holder or as a result of subscription of specific securities, and according to which, the method and the required data for opening the account shall be determined.

Article (42)

The security holder shall notify the company in writing of any changes of the data as soon as they occur without any liability on the company.

Article (43)

The security holder may give instructions regarding its account at the company and shall be responsible for the correctness and accuracy of such instructions and the company shall rely on them. The company shall act pursuant to the instructions given by the trading system with respect to the transactions carried out within the trading system.

Article (44)

Every settlement participant shall control its own settlement cap during the trading day and at the end of the day, and it shall not exceed same.

Article (45)

The company shall provide, during the trading day, a report showing the settlement cap which includes the net rights and obligations of each settlement participant.

Article (46)

The company shall calculate the net daily amount and dues payable by or to the settlement participant for each day of trading on the basis of the difference between the total amount of buying and selling orders executed during the trading day.

Article (47)

Each settlement participant shall on the settlement date bear to pay the mentioned amount in the settlement report on the settlement day, and shall settle the buy transactions executed by or through him.

Article (48)

Each settlement participant shall verify that his net balance of funds in the settlement account is sufficient to settle any amounts due on that day, according to the settlement report for that day before nine o'clock in the morning of the settlement day.

Article (49)

A settlement participant shall notify the company immediately after the discovery of an error or discrepancy in the report of its own settlement before nine o'clock of the next trading morning.

Chapter III: Settlement Guarantees

Article (50)

A settlement participant shall provide the company with three guarantees allocated to ensure the settlement operation, the first is the initial bank guarantee, the second is the reserve bank guarantee and the third is the supplemental guarantee.

Article (51)

Initial guarantee and reserve guarantee:

The initial bank guarantee and reserve bank guarantee shall fulfill the following conditions:

- (1) Shall be issued on behalf of and in favor of the company from one of the licensed banks in the State of Qatar, where the initial bank guarantee shall be at an amount of twenty million Qatari Riyals, and the reserve bank guarantee shall be at an amount of five million Qatari Riyals, and shall be calculated in the trading cap for each member at a percentage of 100%
- (2) Shall not be pending on a condition and irrevocable.
- (3) Shall be performed once the company requests same from the guarantee bank.
- (4) Shall be valid from the date of issuance and throughout the period in which the participant is involved in the settlement activity.

Article (52)

Without prejudice to the accountability of the settlement participant, the initial and reserve bank guarantee shall be allocated to conduct the financial settlement if it is found that the balance of the settlement participant in the settlement account is not enough to complete the settlement wholly or partially, and that the participant has not yet deposited the amounts required for settlement in the account.

Article (53)

The reserve bank guarantee provided by the settlement participant shall be allocated to the account of reserve guarantee fund for all brokers and custodians and may be liquefied to cover any deficit.

Article (54)

The supplemental guarantee:

A Settlement participant who desires to conduct transactions that include net settlement obligations exceeding the settlement cap may provide a supplemental bank guarantee on behalf of and in favor of the company from one of the licensed banks in the State of Qatar. Also, this guarantee shall not be pending on a condition, and the performance shall be once the company's request from Guarantee bank is made, and its set value shall be at an amount equal to a percentage of 100% of any net settlement obligation exceeding the settlement cap of the settlement participant.

Article (55)

If the settlement participant does not make his own settlement on the specified time, the Company may withdraw any amount of the available funds under the initial bank guarantee at first, then the supplemental guarantee if the initial bank guarantee did not fulfill the total required dues.

Article (56)

If the amounts for the initial or reserve bank guarantees are not sufficient to meet the obligations of the settlement, the company may liquidate all or part of the available guarantees in the Guarantee Reserve Funds to make a settlement, and the violating settlement participant shall pay any fees and any other penalties that the company deems appropriate after the approval of the Authority.

Article (57)

The amounts withdrawn by the company from Guarantee Reserve Funds shall be returned to the same funds by reimbursing the amounts immediately by the violating settlement participant as it was before its withdrawal and bearing all the incurred expenses on it.

Article (58)

In all cases, the broker or the custodian shall not be exempted from its obligations in the settlement or from supporting the settlement account, even if the settlement was made from the prescribed guarantees.

Chapter IV

Book Entry

Article (59)

Book entry shall, in application of the provisions of these rules, be deemed to mean registering the data in the electronic records of the company.

Article (60)

The company shall keep electronic records in the names of the security holders including the rights and obligations that may arise according to the Procedure Guide.

Article (61)

The company shall maintain the data of ownership transfer, documents and related registers to a period not less than ten years, unless otherwise specified by the applicable laws and other terms.

Article (62)

The company shall conduct an electronic book entry for all securities that were deposited with it including the type of the security, the nominal value thereof, the specific data of each issuer, the holder of the deposited security, the date of deposit, and the data of the broker or custodian with whom he deals.

Chapter V

Exempt Operations

Article (63)

Exempt operations shall mean the operations that are not subject to the trading procedures in specific exceptional cases.

Article (64)

Exempt operations shall include the following:

1. Transferring ownership of securities in cases of inheritance, guardianship, gift or charitable endowment or family endowment or joint endowment.
2. Transferring ownership of securities among spouses and second degree relatives.

3. Transferring ownership of securities pursuant to an order or ruling entered from the competent court.
4. Transferring ownership of fractional shares resulting from IPOs and bonus shares for the benefit of issuers through the allocated accounts for that purpose.
5. Exchanging the shares of the companies' founders among themselves within the prescribed period by the law.
6. Transferring the securities of unlisted shareholding companies
7. Transferring the securities owned by the State, bodies, public institutions in the shareholding companies.
8. Any other transactions excluded by the company from the trading system after the approval of the Authority.

Article (65)

The company shall charge commissions determined by its Board of Directors for its performance of the exempt operations stipulated in the previous article and after the approval of the Authority.

The company shall not charge the donor any commissions or fees for the transactions of charitable endowment, family endowment, or joint endowment, or for the will of charitable, family or joint endowment, or for the will of kindness and goodness pursuant to the provisions of the Law of Endowment issued by Law No. (8) of 1996.

Fourth Part

Pledging band Freezing of securities

Chapter I: General Provisions

Article (66)

Pledge shall mean registering the pledge rights to the securities owned by the debtor (pledgor) in favor of the creditor (pledgee), and the pledge shall be made under an agreement entered into by and between the creditor (pledgee) and the debtor (pledgor) and shall be called the pledge agreement, then same shall be annotated at the company if the conditions are met and in accordance with the provisions stipulated herein.

Release of the pledge shall mean the release of pledge upon the request of the creditor (pledgee), or upon execution of an order or a ruling issued by the competent court due to expiration of the pledge upon payment of the debt contained in the pledge or due to one of the reasons provided by the law.

Freezing the securities shall mean banning the disposal temporarily in the conditions set forth in these rules and the ban shall be removed by the removal of its cause.

Article (67)

The right secured by pledge may be transferred from one pledgee to another unless stated otherwise in the applicable laws, in the pledge agreement, or in any other agreement made between the pledgee (creditor) and the debtor (pledgor), and the transfer shall be made after notifying the debtor, then the pledge shall be registered in favor of the new pledgee (creditor) and all other terms and conditions set forth herein shall apply.

Article (68)

All details of the pledge shall be registered upon the request of the pledgor in the depository account, and the company shall register the details of a pledge in the debtor's depository account upon receipt of the required documents, and the pledgee shall be notified in writing thereof.

Article (69)

The pledge shall be lifted upon the request of the pledgee according to applicable procedures by the company or any other legal proceedings allowing same.

Article (70)

The securities pledged or confiscated through the trading system shall be disposed or excluded from the trading system only in the cases provided for herein.

Chapter II

Securities' pledge and release of pledge procedures

Article (71)

The pledgee shall send to the company the application for the pledge registration signed by him or by the person authorized to sign by the pledgee. His signature shall be accredited by the company and the application shall be sealed with the stamp of the bank or financial institution requesting the pledge registration on the client's balance in favor of the bank or financial institution. The application shall include the name of the pledgor identical to the name written in his account statement and the identification number of the pledgor (NIN), and shall determine the type and the amount of requisite securities to be pledged. The pledgee shall attach the following documents to the request of annotating the pledge:

If the debtor is a natural person:

A certified copy of the pledge agreement made by and between the pledgee and the pledgor showing the date of drawing up the pledge agreement, and the name of the pledgor which is identical to his name in the account, his address, the name of the pledgor's agent, if any, the statement of his power of attorney in particular, and determining the type and amount of securities to be pledged, and identifying the person to whom the income of securities subject of the pledge is payable.

1. A certified acknowledgment of the pledge signed by pledgor or by his official agent
2. A copy of the ID and the commercial registry of the debtor and his official agent
3. A copy of the power of attorney of the pledgor

In all cases, the specialized employee of the deposit company shall verify the absence of a restriction or condition on the disposition of the assets of the company in its memorandum of association or articles of association that may hinder the pledge registration in the company.

Article (72)

The pledge agreement, the acknowledgment of the pledge, as well as any other documents shall be authenticated outside the State of Qatar by the competent authentication department in the State where the documents were issued and shall be authenticated by the Ministry of Foreign Affairs in that State and by the Qatari diplomatic mission thereof.

Article (73)

The company shall verify the application of the conditions previously stated and shall be assured whether the balance of the pledgor is enough to register the pledge of securities stated in the request of pledgee, the pledge agreement, and the pledge acknowledgment, through disclosure of the pledgor's balance in its databases.

Article (74)

In case of sufficient balance and fulfillment of conditions, the company shall carry out the reservation process to the securities subject to pledge by annotating in their registers, which means that the pledge is accomplished. The pledgee shall be notified that the pledge is fully accomplished on the securities subject of the pledge.

Article (75)

The bonus shares shall be added, on their due date, to the shares subject of the pledge and shall be pledged in favor of pledgee with the original shares subject of the pledge unless the pledge agreement provides otherwise.

Article (76)

The company may release the pledge only upon an application that is submitted by the pledgee and that meets the data provided by the previous articles and under the responsibility of the pledgee regarding his abidance by the legally prescribed procedures in this regard.

However, the company may cancel restrictions on pledge in the cases prescribed by the law including issuance of an enforceable ruling or order by a competent court for releasing the pledge and selling the pledged securities. In all cases, the pledgee shall be notified by the applied procedures related to the pledge.

Article (77)

If a court ruling is issued by the competent court to confiscate the pledged securities or sell them for the benefit of other creditors, the company shall, prior to the implementation of the court order, notify the court in writing with the pledge. The notification shall include the data of the pledge and the request of required procedures. A copy shall be sent to the pledgee. In all cases, the final court ruling shall be implemented upon notifying the company and the pledgee of whatever procedures made in this regard.

Article (78)

If the debt secured by the pledge expires, the pledgee shall request immediately from the company to cancel the pledge registration under a letter including the data provided in the previous articles and the company shall notify the pledgee of what proves the release of the pledge in the manner that he deems appropriate and the pledgee shall be responsible for the delay.

Chapter III: Securities Freezing

Article (79)

The company shall freeze the securities in the depository account in the following circumstances:

- (1) A court ruling entered by a competent court.
- (2) Upon the request of the Authority.
- (3) Upon the request of the account holder or its own agent.
- (4) Upon the request of the General Authority for Minors Affairs.
- (5) If the company sees the necessity of taking such action in these situations after having the approval of the Authority.

Fifth Part

Custodians

Article (80)

The company may deal with the custodian only after fulfilling the following conditions: -

- (1) Obtaining a license from the Authority to practice the activity of a custodian.
- (2) Providing the financial guarantees determined by the company.

- (3) The activity of the custodian shall be done through an independent department which is directly affiliated to a member of the higher department of the company that he belongs to.
- (4) Custodians shall have separate accounts in accordance with the provisions of applicable laws.
- (5) Custodians department shall have computer programs according to the conditions and specifications determined by the company and a linking line between the information system of the custodian and the company.
- (6) Custodians department shall have written work regulations and documentary cycle, as well as determining the competence of each person in the department, and in particular the person(s) responsible for receiving, registering, implementing and saving the clients' requests and instructions.
- (7) Custodians department shall have a system to store and retrieve clients' instructions, data and activity logs for a period of not less than ten years.
- (8) Custodian department shall have the experience and competence.
- (9) Insurance against liability for non-commercial losses and damages, against professional liability, and against the risk of loss or damage of the clients' documents or money by using secure means approved by the Authority.
- (10) Determining the method of settling disputes which arise between the parties.

Article (81)

A Custodian shall enter into an agreement in writing with clients (final investors) to observe the rules set by the Authority which include the following:

- (1) The custodian shall save, keep and manage the securities accounts on behalf of and in favor of the security holder in accordance with and within the limits of his instructions.
- (2) The custodian shall give the utmost care in the execution of orders according to the instructions of the client.
- (3) Determining the commission of custodian for services he renders.
- (4) Determining the method of settling disputes which arise between parties.

Article (82)

A Custodian shall keep a register for each client that includes the following:-

- (1) The client's name, place of residence, address of correspondence, legal status, and nationality.
- (2) The names and capacity of those authorized to sign for or represent the client at the custodian.

Article (83)

On dealing with clients, the custodian shall comply with the following: -

- (1) Shall comply with the principles of probity and care to their interests, and equality among those having similar nature and conditions of dealings, and shall avoid whatever would distinguish between them either directly or indirectly.
- (2) Shall comply with the rules and systems of securities' keeping and management that are set by the Authority and Company.

- (3) Separation between the securities owned by him and his own accounts and what belongs to his clients.
- (4) Crediting and debiting of payments resulting from dealing in securities and managing same in each client's account.
- (5) Returning securities for the client and what he deserves cash amounts upon his request, taking into account the agreement made with the client.
- (6) Keeping the main data for his clients and a statement of the securities dealt with, the agreements that have been signed between the custodian and the licensee, as well as the correspondence between them.
- (7) Submitting the required data to the Authority and Company.

Article (84)

A Licensee who works as a custodian may stop practicing his activity only after notifying the company and obtaining the approval of the authority, and after verifying that he is finally discharged from his obligations in accordance with the conditions and procedures specified by the Authority.

Article (85)

The Procedure guide attached to these rules shall state the settlement and handling procedures related to the custodians.

Sixth Part Investigation and Complaints

Chapter I: General Provisions

Article (86)

The provisions of this chapter shall not violate any action performed by the company pursuant to the provisions of these rules, or the company's right to conduct investigations at its head office, or any of the provisions of law concerning the powers and authorities of the Authority.

In all cases, the investigations conducted by the company are limited to violations against the rules of the company only and without prejudice to the powers of Authority in conducting investigations as it deems appropriate.

Article (87)

The company shall send periodic reports to the Authority in order to observe the members' commitment to these rules.

Article (88)

If the company discovers serious indicators of violating the legislations which shall be applied by the member, it shall submit a report thereon to the authority.

Article (89)

The company may start investigations to uncover the truth about the alleged violation committed by the member regarding these rules and the gravity of the violation.

Article (90)

Investigations shall be conducted by the company on its own, or as a result of inspections conducted by the competent administration of the company, or upon the request of the Authority, or upon a complaint by the stakeholder, and the proceedings shall be started after obtaining the approval of the Chief Executive Officer of the company or his authorized representative.

Article (91)

A committee called Investigation Committee shall be established in the company and shall be under the presidency by the Head of Legal Affairs Department of the company, and the membership of three members selected by the company's CEO.

Composing the committee and the rewards thereof shall be under a decision issued by the company's CEO.

The committee shall have a rapporteur chosen by the president, whose duties shall include following up and implementing the issued decisions according to the recommendations of the Committee and its affairs. Such rapporteur shall receive the same reward prescribed for a committee member.

Article (92)

The investigation committee shall be competent of conducting investigations regarding violation of the members, issuers, and the persons subject to these rules, and of taking actions thereon according to the investigation procedures set forth in this section. The Committee shall provide guarantees of the investigations and maintain the confidentiality thereof except in the cases prescribed by these rules. The committee shall submit its recommendations to the company's CEO.

Chapter II: Investigation and Disposition Procedures

Article (93)

The Committee may conduct investigations if the member violates the provisions of these rules in accordance with the actions set forth in the following articles.

Article (94)

The violator shall be called by the Committee under an attendance request sent to him in writing or via fax or e-mail, provided that receipt of the request is verified. In the case of urgency, same may be contacted by telephone to be summoned to the investigation and asked about what is attributed to him, or for interrogating or confronting same with the documents or information available at the Company.

The summons shall include the time and place of attendance, a summary of the subject of the violation, and the documents which shall be submitted to the investigation committee.

Article (95)

The committee shall penalize the member only after interrogating him in writing and hearing his testimony, and his defense and shall write down same in a report prepared by the investigation committee.

Article (96)

Investigations shall begin by confronting the violating member with the violation against him and clearly informing him that he is being interrogated regarding such violation. It shall be made clear to him that he may be subject to certain measures or penalties in case of conviction. Interrogation shall be made by making all the details of the violation attributed to him clear and confronting him with the various evidence against him and discussing same with him in details, and asking him to respond to the facts and evidence attributed to him. He shall be enabled him to defend himself by submitting the documents that negates the violation. He shall have the right to submit the oral and written clarifications that support his point of view. The investigation committee shall review the papers and documents related to the violation subject of the investigation, and shall attach copies thereof to the records of investigation.

Article (97)

The Investigation Committee may take the following actions in order to conduct investigations regarding the facts subject of the violation:

- 1- Ask the member to provide any information or copies of the recordings, or documents related to the subject of the violation or the investigation.
- 2- Send a representative to the offices of the member during the official working hours. Such representative shall have the right to access to the registers and documents related to the investigation, or any other documents required by the investigation procedures kept by the member.
- 3- Summon any of the managers of the member or the staff or representatives or agents thereof, at the time and place deemed appropriate by the committee, whether at the company's headquarters or at the headquarters of the member, in order to answer questions or provide clarification on the violation being investigated.

Article (98)

The company shall not disclose to the members the confidential information and documents obtained during the investigations, and same shall be used only for the purposes of the investigation, arbitration, or accounting related to the investigation.

Providing the Authority or judicial authorities or any other entity which has the right to have access to such information and documents or to obtain them under the applicable laws, or agreements with other stock exchanges or clearance institutions conditional on their commitment to keep the confidentiality of information obtained shall not be deemed a violation of this article.

Article (99)

The investigation committee shall prepare a detailed report on the incident immediately after the end of the investigation procedures, which shall explain the facts and procedures that have been done about the incident, the investigations that were conducted, the clarifications and documents provided by the member, the aspects of his defense, the opinion of the Committee about these aspects of defense, the results that have been concluded, the rules that have been violated, and the legal opinion about it.

Article (100)

The report shall be submitted to the company's CEO who may take the decision to close the investigation, or apply any of the following sanctions:

- 1- Issue a written warning to the violating member not to repeat the violation in future.
- 2- Warn the violating member by removing the violations alleged against him as per the conditions and period of time recommended by the Investigation Committee.
- 3- Apply a fine against the violating member according to the table of sanctions prepared by the company and approved by the Authority.
- 4- Prohibit the member from some or all of his activities for a period not exceeding six months.
- 5- Terminate the membership after the approval of the Board of Directors of the Company.

The decisions of cessation or termination of membership are valid only after the Authority's approval.

Article (101)

The issued decision on the investigation result shall be sent to the member by hand or by registered mail, and the Authority shall be notified thereof.

Article (102)

A member may submit a petition against the decision given against him before the Authority, according to the grievance procedures at the Authority.

In all cases, the implementation of the decision to cease or terminate membership shall be done only after the approval of the Authority, even if no appeal of the decision is made before the Authority.

Article (103)

Submitting a petition shall lead to stopping the aggrieved decision until a decision is issued by the Authority to rule on the petition.

Article (104)

If the Authority issued a decision of the petition's rejection, or of the elapse of its time, whichever is earlier, it shall be published on the website of the company, and the company members and the entities that concluded membership agreement with the company shall be notified thereof in case that the issued decision included cessation or termination of membership.

Chapter III: Complaints

Article (105)

The company shall set the rules and procedures for giving decisions on the complaints submitted to it, and these rules and procedures shall be approved by the Authority.

Article (106)

Complaint submission to the company shall not prejudice the right of the Authority to examine the subject of the complaint and take the appropriate actions thereon according to the rules and regulations applicable at the Authority.

Article (107)

Whoever has capacity and interest shall have the right to appeal at the Authority against the decisions taken by the company about the complaints in the time and procedures followed at the Authority in this regard .

Seventh Part

Final provisions

Article (108)

The company shall prepare the Procedure Guide concerning practicing its licensed activities.

Article (109)

The company shall prepare Services Guide and provide members or others therewith. The Guide shall include a statement of such services, procedures and how to get them, and the fees for these services, and the method and dates of payment thereof.

Article (110)

In dealing with members, the Company shall abide by the principles of probity and care about their interests and by achieving equality among them, and shall avoid discrimination among them in any way, directly or indirectly.

Article (111)

The company shall not do any work that leads to any damage for any member, and shall take the necessary measures to prevent the existence of any conflict of interests between it and its members or between the members and each other.

Article (112)

The company shall set procedures that ensure full confidentiality of data and information and the non-accessibility thereof to other parties without a written approval of the person concerned or his representative or one of his heirs or legatees, or of the Authority, or as an execution to a court judgment, or up on a request by the General Prosecution's based on an investigation conducted thereby.

Article (113)

The company shall establish and manage systems and programs sufficient to preserve the data of shareholders in accordance with the law and regulations and systems of the Authority issued in implementation thereof, and these rules.

The company shall take the necessary measures to make these data not subject to the risk of loss or damage, including the establishment of emergency center alternative to the company to be suitably faraway from its headquarters, and in order to face any risks or potential disasters, and using protection programs for hacking and preparing backups of regular databases during the trading day, and creation of a reserve system alternative to shareholders data base to face any risks.

Article (114)

The company shall develop principles of the code of conduct that includes controls of employees trading at the company.

Article (115)

The Company shall meet the requirements of legislations to combat money laundering and terrorism financing.

Article (116)

The Company shall set rules and procedures to combat money laundering and terrorism financing, and get the approval on these rules and procedures from the Authority.

Article (117)

The Company shall issue policies and risk management guide and internal controls of the company.

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