

Cairo & Alexandria Stock Exchanges Membership Rules

General Provisions

Article One

These rules aim at enforcing governance principles and limiting the risks related to dealing in the stock exchange through managing and controlling such risks by allowing a member to deal in the stock exchange and exercise the activities he is licensed for by the Capital Market Authority (CMA). Such a license is granted according to his financial and technical potentials, the experience of the company's managers and employees and the automated programs and systems used for data processing, early detection and warning against the risks resulting from different activities.

Article Three

In application to the provisions of these rules the following terms mean the definition mentioned thereto:

- 1- The Law: the Capital Market Law # 95 of 1992.
- 2- The stock exchange: Cairo and Alexandria Stock Exchanges
- 3- The CMA: The Capital Market Authority
- 4- A Member: Cairo and Alexandria Stock Exchange member.
- 5- Stock Exchange Board: board of directors of the Cairo and Alexandria Stock exchanges
- 6- Stock Exchange Chairman: Chairman of the Cairo and Alexandria Stock exchanges
- 7- The Committee: The stock Exchange membership committee
- 8- Securities intermediaries: Companies working in the field of securities intermediaries and brokerage.
- 9- Member Company's Employees: board members, managing directors, executive managers and executors approved at the stock exchange and the member employees who are directly working with the public and other employees specified by a decree from the stock exchange board of directors and approved by the CMA.
- 10- Insiders: Employees working for issuing companies or others who have access to insider information or specific nature information for these companies, which have not been made available to the public or published to a special group of people or certain entities if such information might have a direct effect on traded or tradable securities prices.
- 11- Material information : information that might have a tangible effect on the security presented for trading or effect on the investment decisions of those dealing on this security or an effect on the trading trends in the market.

Any of the following events shall be specifically called material information:

- Contracts and expression of interest related to the works of the issuing company whether signed by the issuing company or any of the entities of the related group of this issuing company.
- Promises, estimate, forecasts and predictions related to the company's work or any of the entities of the related group.
- Any event related to the issuing company that is considered material for the investor in making his decision to deal on this security.
- Any event related to the issuing company that is, if published, will most likely affect the market price of the security.

Material information will become published when it is made available to the investing public at the same time and in the same method according to the rules and procedures governing and regulating disclosure at the stock exchange.

- 12- Insider information: any material information that has not been published to the public and that is related to the works of any of the companies listed at the stock exchange or any of the entities of the related group.
- 13- Insiders: any one who has information on the company or the securities issued by this company that might realize a certain benefit for him or for any other person, whether he came across this information in a legal or illegal mean and whether he came to know this information by himself or through another person in a direct or indirect way.
- 14- Insider dealer: any person who realized a benefit, whether directly or indirectly, for himself or for others from dealing upon or using insider information. In this case, the beneficiary of the information referred to will be considered to have realized a benefit in application to the provisions of article 64 of the law.

Part One
Provisions and Procedures of Stock Exchange Membership

Article One
Stock Exchange Membership

The Stock Exchange membership shall be for companies licensed by the CMA to exercise securities intermediaries' transactions and other activities related to securities brokerage and indicated in details in these rules.

Article Two
Application for Stock Exchange Membership

Application for the stock exchange membership shall be submitted to the membership committee referred to in article four of these rules. The application shall be submitted on the form prepared by the stock exchange and approved by the CMA for that purpose.

The names of all employees working for a member shall be registered at the Stock Exchange as per the terms and provisions included in these rules.

Article Three
Membership Application Documents

The application to the stock exchange membership must be signed by the legal representative of the company applying for membership, stamped by its seal and the following documents must be attached to the application:

- 1- An official extract from the commercial registration of the applicant company.
- 2- Copy of the company's updated articles of Association.
- 3- An extract of the CMA's license to exercise any of the securities intermediaries' activity.
- 4- A statement from the CMA of all the penalties imposed by the CMA on the company or any of its current or former employees.
- 5- A statement from the central depository and registry company indicating the company's compliance in paying its dues in a timely manner as specified by the central depository and registry company and the Settlement Guarantee Fund committee.
- 6- The headquarters' address of the main activity and the addresses of local or overseas branches.
- 7- The company's shareholders' structure, a statement of the board members, the company's legal representative, their addresses and their resume.
- 8- If the applicant entity is owned or its ownership or management is shared with other companies or entities or under the supervision of other companies or entities, the consolidated organizational structure of these companies and entities should be submitted. This is in addition to a statement indicating the percentage of ownership and the relations including a list of the names and addresses of such individuals and entities indicating the financial and functional relation between them and the company. In addition to a statement of shareholders' structure of the

- company and the related entity, board members, legal representatives, their addresses and resumes.
- 9- A statement indicating the company's investments in other affiliated or related companies, the shareholder structure of these companies, a statement of the board members, names of legal representatives, addresses and resumes.
 - 10- The Criminal record for each of the company's legal representatives and managers.
 - 11- A copy of the company's current work plan or documents indicating the current and proposed activity.
 - 12- A statement of the company's organizational structure including names and mandates of its employees and a certificate of the qualifications and experience that match their tasks.
 - 13- A copy of the automated systems at the company for data processing starting from opening independent account for each client (general –cash- credit- securities accounts) issuing and writing orders, automated link to the stock exchange trading system, maintaining clients accounts, automated link with the clearing, settlement and central depository system and issuing invoices and statements of accounts. Provided that a member submits an approved statement from the CMA and from the clearing house indicating that he satisfies the requirements of automated link with each of them.
 - 14- A declaration from the company's legal representative that all the above mentioned documents and data are correct and up-to-date. In addition to a declaration of providing the stock exchanges with any modifications on the submitted documents and data whenever the modifications occur.
 - 15- A certificate of the membership of any of the capital market professional associations approved by the CMA as per the terms and conditions specified by a decree issued from the CMA.

All the documents submitted should be stamped by the company's stamp.

The stock exchange may contact the competent entities to verify the validity of the data and statements submitted from the company, it may also take any of the procedures referred to in the executive regulations in case of revealing the invalidity of any of the data and declaration referred to.

Article 4

The Stock Exchange Membership Committee

The stock exchange membership committee shall be formed through a decree from its board of directors; it shall comprise nine members with the stock exchange chairman as the chairman and the following members:

- 1- Six members from the stock exchange board of directors selected to represent different categories in the board.
- 2- One of the managers of the stock exchange.
- 3- One of the stock exchange legal counselors.

The stock exchange membership department shall assist the committee in performing its functions and this department will be the executive committee in charge with membership conditions and procedures. The manager of the membership department shall be the committee's secretary. In all cases dealing with the committee shall be through the membership department.

Article five

Membership Committee Meetings

The membership committee shall meet upon an invitation from its chairman at least once a month and whenever necessary. Its meeting shall only be valid with the attendance of the majority of its members and its decrees shall be issued by the same majority and in case of equal votes, the chairman's side will govern.

Article Six

Mandates of the Stock Exchange Membership Committee

The membership committee is concerned with the following:

- 1- Reviewing membership applications and verifying that all the conditions and documents referred to in the rules are complete and then take a relevant decision.
- 2- Reviewing the expiry and termination of membership and presenting relevant recommendations to the stock exchange for decision making.
- 3- Verify that the technical and financial standards and requirements for each member are valid.
- 4- Follow the measures included into the executive regulations of the law.
- 5- Receive, review and examine member's recommendations and complaints and making relevant decisions without violation to the mandates of the stock exchange legal departments. This shall be done according to the controls and rules established by the committee and as approved the stock exchange chairman.

Article Seven

Examining Membership Application

A membership application shall be liable to the following provisions:

- 1- The membership application and its attachments shall be submitted to the stock exchange management and the types of activities to be exercised by the company should be specified.
- 2- The membership department at the stock exchange shall examine the application and notify the applicant within two working days with the incomplete documents he submitted. It shall prepare a memorandum on the application and present it to the committee within one week as a maximum from the date the application is submitted.

- 3- The committee shall examine the submitted memorandum in view of the submitted application, the attached documents and the point of view of the membership department. The committee shall notify the applicant within fifteen days from submitting the applications along with all the required documents and data to be completed according to the provisions of these rules.
- 4- The committee shall issue its decisions within thirty days from the date of submitting the application with the required data and documents.

The committee's decision shall be to accept, reject or defer making a decision on the application until the required data is completed. The acceptance decision shall specify the activities that the member can practice and the membership branch where he will be enrolled. If the decision is rejection or deferment, it should be justified and communicated to the applicant.

In case that the applicant completes all the data and documents required by the committee, the committee shall issue a relevant decision within fifteen days from the day of completing all the documents.

In all cases, the applicant shall be notified with the committee's decisions within three days from the day it is issued and the stock exchange shall notify the CMA with the decisions issued by the committee within one week from the day they are issued.

The member may submit a new application after three months as a minimum from the date the committee's rejection decision is issued if the relevant reasons have been removed.

Complaints against the committee's decisions concerning listing applications may be submitted to the stock exchange board of directors within fifteen days from that date of notification with the relevant decision.

Article Eight **Registering the Member Company Employees**

All the names of member company employees who exercise any type or level of stock exchange transaction or with the member company clients shall be registered at the stock exchange.

Registration shall be limited to employees licensed to exercise the activity from the CMA, it is prohibited for the employees not licensed by the CMA or registered at the stock exchange to exercise the activity.

The following documents shall be attached to the registration application:

- 1- A recent criminal record.
- 2- An extract from the license issued by the CMA to practice intermediaries' activity and other posts specified in a decree issued by the CMA.

- 3- A statement of the professional history and experiences in addition to a statement approved by the CMA of the penalties issued during the last three years preceding the date of submitting the application.
- 4- Evidence that the applicant for registration has not declared his bankruptcy during the last five years.
- 5- The educational qualifications of the applicant for registration.
- 6- A written undertaking from the applicant for registration that he will comply with the provisions of the law, regulations, decrees and rules governing the stock exchange work.

Applicants wishing to register as an executor in the stock exchange must pass the exam held by the stock exchange to test his familiarity with the rules and procedures organizing transactions at the stock exchange and the applied trading systems.

The stock exchange shall notify the CMA with the names of employees registered at the stock exchange upon satisfying registration provisions with a week from the registration date.

Article Nine **Membership Fees**

A member shall pay the listing fees and subscriptions referred to in article 19 of the law along with the listing application for the fees and as for the subscriptions they should be paid no later than January 31 of every year.

Article Ten **The Stock Exchange Authority in Verifying Member's Compliance with Membership Rules**

Without violation to the CMA's authorities and rights stipulated in the law and the executive regulations, the committee shall have the right to take any of the actions necessary to make sure that a member complies with the correct application of the rules and provisions governing his activity.

The committee shall also have the right to follow any of the measures stipulated in executive regulations of the law in case of any violation committed by a member or any member company employees of such rules and decrees.

The Stock Exchange shall notify the CMA with any information it has on the violation of members or representatives or managers of these rules or decrees.

Article Eleven
Membership Expiration and Termination

The membership will expire in the following cases:

- The expiration of the member's legal entity.
- Termination of the license of practicing the activity at the stock exchange.
- Liquidations of the member's activity in consideration to the provisions of article 33 of the law.

A member may request to terminate his membership in consideration to the provisions of this article provided that he submits his application to the stock exchange at least three month before the date he requests the termination of his membership during which he shall pay all his dues towards third parties.

The application related decision shall be issued by the stock exchange board of directors upon a report from the membership committee, the application shall not be answered unless it has been verified that a member pays all of the obligations referred to.

Part Two
Activities and Members Posts

Article Twelve
Activities Exercised by Members and the Employees Registered at the Stock Exchange

A member, through his employees who are registered at the stock exchange, may exercise the activities referred to in this article and after satisfying all the technical standards and provisions included into the stock exchange board of directors decree as indicated in annex 1, in addition to the conditions used as a base for granting him the license.

The activities to be exercised at the stock exchange can be grouped into two groups of activities according to the availability and compliance with the criteria and conditions as follows:

Group of basic activities:

These are the activities allowed for all stock exchange members provided that they get a license to practice the activity of securities intermediaries and satisfy the financial and technical conditions included into the rules governing trading at the stock exchange. The activities include the following:

- 1- Current not deferred trading including trading through screens at the members' headquarters.
- 2- Orders market - over-the Counter.
- 3- Deals market -over-the -counter

Group of specialized activities:

These are the activities that could be exercised by the stock exchange members provided that they get the license required by the CMA and satisfy all the financial and technical solvency standards required to exercise these activities which include:

- 1- Margin trading.
- 2- Short selling
- 3- Same day trading
- 4- Public and private placements and takeover offers.
- 5- Bond dealers activity
- 6- Custodian activities
- 7- E-trading
- 8- Other activities added and licensed to members by the CMA.

The stock exchange shall issue a separate attachment for the requirements and standards of each activity as approved by the CMA.

Article 13
Classification of the Stock Exchange Members

Stock exchange members could be classified as follows:

Section one: An executing member who undertakes settlement:

A member in this section is allowed to exercise all the basic activities only and not the specialized ones according to the license granted by the CMA and in view of the financial solvency of a member and his technical capabilities.

Section Two: An executing member who undertakes settlement through custodians:

This section includes the stock exchange members who are not members at the central depository and registry company provided that they sign a written agreement with one of the custodians who will undertake the settlement. They may exercise activities according to the license granted by the CMA and in view of the financial solvency of a member and his technical capabilities

Section three: An executing member who undertakes settlement and exercise the specialized activities:

A member in this section is authorized to exercise any of the basic activities in addition to the possibility of exercising any of the specialized activities according to the license granted by the CMA and in view of the financial solvency of a member and his technical capabilities.

Section four: Primary dealers:

This section includes stock exchange members who are banks and have a license from the CMA to work as a primary dealers. This is in addition to the members from securities brokerage companies who have license that requires dealing and brokerage in bonds activity according to article three of the issuing articles of decree # of the Minister of Finance # 480 of 2002.

Section Five: Custodians

This section includes stock exchange members who have a license to practice custodian activity.

Article Fourteen
Criteria for allowing members to exercise different activities

A member will be licensed to exercise all or some of the activities referred to in both of the previously mentioned articles of these rules according to the review made by the membership committee to include the availability of the following items:

- 1- The member's ability to meet all the standards and requirements of practicing the activities according to attachment #1.
- 2- The member's ability to meet at all times the financial solvency and technical requirements according to the provisions of the law, the executive regulations, the rules and decrees issued in implementation of such law and regulations in addition to the provisions included into these regulations.
- 3- The availability of technical criteria specially as regulated by the law, the executive regulations, the rules and decrees issued in implementation of such law and regulations in addition to the provisions included into these regulations concerning the data processing automation systems for having separate accounts for each client, issuing and writing orders, follow up and automated link with the stock exchange trading system, the relevant follow up, maintaining clients accounts, follow up and automated link with the clearing, settlement and central depository system, billing and statements of accounts.
- 4- The activities the members are licensed for exercising by the CMA.
- 5- A member's compliance with clearing and settlement transactions and the settlement guarantee fund.
- 6- Qualifications and experience of the member's managing directors, executive managers and employees in view of the controls issued in application to the provisions or article 29 of the law.

If a member no longer satisfies any of the criteria or provisions used as a basis for licensing his activity, the membership committee shall follow any of the procedures stipulated in articles 89 bis (C) and 89 bis (D) of the executive regulations till he fulfills the criteria or provision during the period specified by the committee. If the member does not comply during the specified period, the committee shall send a recommendation to the board of directors to take the action or the procedures required towards the member. Such recommendation shall be submitted to the CMA for a related decision after having it approved by the board of directors.

Part Three
Members' Rights and Obligations
Article Fifteen
Members' Rights

Without violation to members' rights included into any of the laws, or regulations, or rules or decrees governing and regulating dealing at the stock exchange, the members shall have the following rights:

- 1- A member may submit his remarks and proposals concerning developing or updating the effective membership rules.

- 2- A member has the right to submit a complaint to the stock exchange chairman or the committee whether against any of his clients or other members or any of the stock exchange departments provided that the complaint is supported with the documents that confirm its validity.

Article Sixteen
Compliance with Disclosure of Annual and Quarterly Financial Reports

A member shall submit the annual financial reports to the stock exchange no later than 90 days after the end of the fiscal year and the quarterly financial reports no later than 45 days after the end of the quarterly period. All the reports shall be prepared according to the Egyptian accounting standards.

Article Seventeen
Supporting Loans

Supporting loans in the members' net capital account shall not be taken into consideration unless they meet the provisions included into the executive regulations of the law.

Article Eighteen
Modification or Suspension of Activity

A member may not exercise any new activity or suspend any other activity he is exercising unless the issue is submitted to the committee and a relevant approval is issued.

A member may notify the membership department whenever any modifications are made on his capital.

A member may also notify the committee with any conditions or cases that might violate the standards and conditions used to allow him to exercise his activity.

Article Nineteen
Member's Obligations Towards the Client

The member is obliged to do the following:

- 1- Complete a "know your client" form at least once every two years and whenever a need arises and sign an agreement with his clients according to the model agreement form attached to article 256 of the executive regulations of the law.
- 2- Sign additional contracts with the clients in the activities requiring such contracts according to the forms attached to these rules.
- 3- Verify the character, capacity, eligibility and worthiness of clients, their representatives and their agents for dealing and issuing sale and purchase orders, verify the validity of signatures included into these orders and under the full legal responsibility of the member.
- 4- Follow the procedures required for complete separation in banks between the clients' and the members' cash accounts so that each one of them will have a separate account, in addition to separation in member's books and in a clearly and

secured automated way between cash accounts of each client. In addition to observing clients' rights towards their cash balances deposited at the banks specially those related to any relevant returns according to the agreement signed with the client.

- 5- Follow all the procedures required for complete separation of the clients' paper accounts.
In all cases, any accounts or balances related to a certain client should not be used to cover the accounts and balances of another client. Supporting documents for the preceding procedures should be maintained so as to ensure sound application and make them available to the stock exchange and the CMA whenever requested.
- 6- Complete separation between the function of managing clients' accounts and dealing with clients in general and the relevant officers on one side and the functions of execution to deal with the stock exchange trading systems and the relevant officers on the other hand.
- 7- Educate the client with all types of activity exercised by a member and the relevant advantages and risks.
- 8- Notify the clients with any material information disclosed at the stock exchange that have relevance to the sale and purchase orders issued by those clients to the member and would not have been implemented before this disclosure. The notification referred to should be made through any of the means specified in the rules for receiving such orders.
- 9- Send monthly regular statement of accounts to the clients indicating their balances. In addition, the member's internal auditor shall notify the CMA and the stock exchange in case of any discrepancy or objection from clients on the sent balances. This should be done during three working days from the day the member receives the client's objection.

Article Twenty

A member's Obligation to Assist Clients with Limited Experience

A member, before executing transactions for a client with limited experience in the field of capital markets- as per the data indicated into the know your client form- shall provide him with the information he needs to make his investment decision.

Article Twenty One

Reports Related Members' Obligations:

A member shall notify the stock exchange in writing whenever any of the following events occur:

- 1- A law-suit or a legal action is raised against a member or any of his employees as related to his activity at the stock exchange or raising a public action against any of the member's founders or managers or employees.
- 2- Any change in the management or administrative structure or legal system of the member.
- 3- Any change in the member's shareholders' structure that entails that what he owns exceeds 5% of the member's share capital.

- 4- A member's inability or failure to pay his debts or financial obligations towards others.
- 5- Exceeding the credit allowed for clients for more than the limits stipulated for the members licensed to exercise this activity or violation of any of the additional financial percentages or standards included into the executive regulations of the law.
- 6- Variables that might lead to the violation of any of the financial standards to be adhered to and limiting the net capital to be maintained by the member.
- 7- Any new emerging conditions that affect the member's ability to protect the rights of his clients while stating the reasons and circumstances of such conditions and the steps and procedures taken or to be taken.

Article Twenty Two **Risk Management**

Each member shall form the department to be in charge with risk management, its tasks will be examined to specify the risks he faces and how to manage and overcome them. It shall also ensure that the member's minimum solvency is adhered to. A member shall also establish the systems for the department to guarantee the accurate performance of its tasks.

Article Twenty Three **Internal Control System**

A member has to establish an internal control system to make sure that all tasks performed by the employees and the executors of transaction are correct and that a member shall be responsible for the efficiency of his internal control system.

A member shall also develop a clear manual of the internal control procedures to be followed and the officers in charge along with their job titles and qualifications. In addition, the internal auditor should be designated. A member shall also verify the efficiency of control officers in view of the training courses they have attended and their years of experience in addition to verifying the honesty of employees having direct relation with clients or participating in executing their orders.

Article Twenty Four **Obligations of Internal Auditors**

A member's internal control department shall raise the performance efficiency of the different departments and ensure complete application of all the rules and decrees governing dealings, it is specifically required to do the following:

- 1- Verify the existence of a manual for the work procedures in each of the member's departments including the mandates of each department and the work distribution method.
- 2- Verify the existence of a complete and well controlled document cycle for the different department specially client's accounts department (accounts' manager) execution department (trading), operations department (back office operations) and risk management department.

- 3- Verify complete separation between accounts and balances whether cash or paper according to the provisions included in these rules.
- 4- Verify that there is a complete separation and no overlapping between the officer in charge with clients' accounts department and execution of transactions at the stock exchange.
- 5- Verify that there is a complete separation and no exchange of information between investment banks and research department of the same member.
- 6- Verify that the member's employees exercise the activities they are licensed for and that no penalties are imposed upon them.

Article Twenty Five
Internal Auditors' reports

A member's internal control officer shall notify the CMA and the stock exchange immediately and in writing of any errors or violations to the laws, regulations, rules, procedures and systems governing dealing in the stock exchange in addition to any errors in execution committed by any of the member's employees whenever they are discovered. He shall submit a memorandum including all the procedures taken and the recommendations for removing such violation within three days from its discovery, unless such problems have been solved and the relevant reasons have been removed without causing any damage to the participants or others.

Article Twenty Six
The efficiency of the member's employees

A member has to make sufficient investigations on his employees specially the executors, internal auditors, employees in charge of supervising clients' balances and having direct contact with them and their managers and the employees of research departments. It is not allowed to appoint employees who are not licensed by the CMA as per the rules established by the CMA in this regard.

The CMA and stock exchange shall have the right, at any time, to request data on the member's employees

Article Twenty Seven
Transactions of Employees and Board Members

In compliance with the controls issued by the CMA regulating trading, a member shall notify the trading control department at the stock exchange with the trading data for any of the board members, managing directors, managers, executors or for the benefit of their relatives up to the second degree or the commercial partners before the beginning of the trading session where the relevant orders shall be inserted into the trading systems.

Article Twenty Eight
Data Automation System (electronic data processing)

A member has to provide the following:

- 1- The technology and equipment appropriate for data entry of his clients' orders and retrieve reports and trading data from the stock exchange trading system.
- 2- An automatic system to extract the daily reports of the executed transactions, billing, statements of accounts and discount and addition from and to the clients' cash accounts and the securities accounts, in addition to the required statements of accounts.
- 3- The required automated link system with the central depository and registry company, custodians, the stock exchange and the CMA.
- 4- A system for safekeeping data to face any problems in its automated system. This is in addition to observing all the controls and measures established in this regard and according to the attached annexes.
- 5- Accounting and automated system to manage and deal with risks related to the activities he exercises.
- 6- Establish allocations for facing the decrease in securities prices as regards correction accounts and escrow accounts.
- 7- An automated system for classifying and managing clients' accounts and separation between the clients' cash accounts, margin accounts, and debit and credit accounts.

Article Twenty Nine
Examining Work Systems

A member shall undertake a continuous examination of the work systems, clients' accounts and branches out of the records established for this purpose in order to ensure the sound execution of transactions, the accuracy of the clients' accounts and that there are no violations to the rules and procedures regulating the work at the stock exchange. A member shall also develop a periodical report on the review of the work results of each office or branch regularly. He shall also maintain these reports indicating the dates of review.

Article Thirty
Controls of Presence at the stock Exchange

All executors and employees of member companies and market participants shall comply with the following measures during their presence at the trading counter or at any of the stock exchange premises or any of the affiliated buildings:

- 1- It is prohibited for more than one executor of one member to be present inside the trading rooms. An executor shall carry his own identification card which is issued by the stock exchange and indicates his affiliation to the member. In case that this card is lost, an executor will be authorized, under the member's responsibility, to access the trading room through a written authorization from the member he represents after getting the approval of the membership department at the stock exchange.
- 2- Those who do not have a license to exercise any of the stock exchange trading transactions (the executors) are prohibited from executing trading transactions whether at the trading room or through any of the remote trading system.

- 3- In cases, where the access of a member's technical employees is required to the stock exchange premises or to any of the affiliated buildings, each one of them shall have a written and sealed authorization from the member and signed by his legal representative. This is in addition to the approval of the competent department at the stock exchange.
- 4- Presence or access to the trading room is prohibited after the official working hours except with permission from the stock exchange management.
- 5- Executors are not allowed to use any of the computer equipments or telephones or any other systems that do not belong to the member he represents except after getting an authorization from the competent departments at the stock exchange, the member he works for and the member he uses his equipment.
- 6- All executors shall abide by the rules of good behavior and the accepted ethical rules inside the trading rooms in addition to maintaining a quiet atmosphere during the official working hours.
- 7- It is prohibited to use the computers available at the trading room in purposes other than the purpose they have been assigned for.
- 8- Wearing appropriate attire while being at the stock exchange and maintain the security, quietness and cleanliness of the place is required.
- 9- Members are prohibited from allowing any employees other than the executors approved by the stock exchange to execute transactions or register orders at the trading rooms or at the member's premises through the remote trading screens. This prohibition applies to executors whose license have expired or those who are suspended or whose licenses have been withdrawn.

Article Thirty One

Prohibition of Guaranteeing Results for Trading in Securities:

A member may not give any direct or indirect guarantees to the securities investor against loss resulting from trading or reaching an advance agreement of a specific profit margin.

Article Thirty Two

Fair dealing with clients.

Members and their employees are not allowed:

- 1- Using or lending securities balances to clients except in cases where a member is allowed to exercise such activities according to the provisions of the law, the executive regulations, the rules and decrees issued in implementation thereto.
- 2- Provide any loans or credit facilities to clients except in cases where a member is allowed to exercise such activities according to the provisions of the law, the executive regulations, the rules and decrees issued in implementation thereto. This is without violation to the provisions included into article 262 of the executive regulations of the law.
- 3- Give any privilege to any client on the benefit of others including giving them priority to execute some the orders and denying it to others or without giving consideration to precedence in receiving such orders.

Article Thirty Three
Maintaining Confidentiality

All the member's employees shall maintain the confidentiality of the client's accounts and data and the market participants. All the employees of the member firms are prohibited from releasing client's confidential information or accounts or clients' data or market participants.

Article Thirty Four
Client's orders

Transactions shall not be executed without any actual orders issued from actual clients prior to execution as per the terms included into this article. A member shall incur the responsibility of proving the existence of the orders and making them available to the CMA and stock exchange officials whenever requested.

A member shall insure that orders issued from a client include:

- 1- Data and time of order.
- 2- Quantity, price and type of securities to be traded.
- 3- Name and capacity of the person issuing the order.
- 4- Conditions and duration of order validity.
- 5- The Custodian.
- 6- Any special terms from the client.
- 7- Any execution terms as included into the stock exchange trading systems.

Sale or purchase orders may be given from the client to the member through one of the following means according to the provisions of the executive regulations of the law and controls issued by the CMA:

- 1- In writing by the client in person or his agent.
- 2- By Fax, if it is agreed upon between the client and the member.
- 3- By telephone provided that the order be recorded by the member and provided that it is already agreed in writing between the client and the member to give orders by phone. All the related procedures should also be adhered to.
- 4- By electronic mail and the internet as per the control issued in this regard.

Article Thirty Five
Conflict of Interest

A member shall notify the client and receive a prior agreement from him before executing any order for his benefit in the following cases:

- 1- If the member participates in marketing or promoting the traded security.
- 2- If the member has previously participated in the placement process of the security during the last year.
- 3- If the member and the security's issuing entity are liable to one legal entity or one department or there is an affiliation between them.

Article Thirty Six

The Relation with the Stock Exchange Employees and Other Employees

A member may not establish any written or verbal work relations with any of the stock exchange employees or the employees of any other member whether in return for a wage or no wage even if outside the official working hours.

Article Thirty Seven

False employment

A member may not make any false employments within his activity to achieve an interest of any type or to fulfill any of the provisions stipulated at any of the laws, regulations, decrees and rules regulating the stock exchange trading.

Part Four

Illegal Practices in Stock Exchange Transactions

Article Thirty Eight

Insider information based transactions

Without violation to the laws or regulations or rules of decrees regulating work at the stock exchange, a member, his employees and the market participants are not allowed to benefit from insider information by any means.

A member or any of his employees whether working in the management section or in the internal control unit or participating in supervision of shares offering process for a certain company or those who, due to the nature of their work, can have access to insider information related to marketable securities, are prohibited from using this information for their personal benefit or releasing them to a third party whether directly or indirectly.

Trading a security is prohibited if the person dealing came to know, whether directly or indirectly, related material information and he knows that it is existing and unannounced information.

Members shall also comply with the procedures of disclosure of dealings of insiders within issuing companies in addition to treasury shares as per the rules and procedures of listing and delisting of securities and any rules or decrees issued concerning insider information based transactions.

Article Thirty Nine

Unjustifiable effect on securities prices and illegal agreements

A member or any of his employees are not allowed to manipulate prices. Price manipulation will occur if one or more of the following acts are committed:

- 1- Affecting the market or prices through trading or execution of transactions that do not lead to the change of the actual beneficiary.
- 2- Publish or help publish non-audited or misleading news, in addition to publishing news related to an expected change in the price of security with the purpose of having an effect on its prices or the relevant transactions.
- 3- Provide clients with inaccurate or misleading information or recommendations or giving recommendations or information to clients that lead to excessive or unjustifiable dealing to achieve a special benefit or with the purpose of receiving commissions.
- 4- Previously agreed upon transactions or effecting transactions or inserting orders into the stock exchange trading system with the purpose of making a fictitious effect on the existence of trading on a security or manipulate its prices with the purpose of facilitating the sale or purchase of such a security.
- 5- Participate in any agreement or practices that lead to misleading or deceiving investors or create an effect or a fictitious control over the price of one security or some securities in the market as a whole.
- 6- Inserting orders, whether on his own or in collaboration with others, into the stock exchange trading system with the purpose of creating a misleading or false image of the volume of activity or liquidity of a certain security in the market.
- 7- Inserting orders into the stock exchange trading system to create a false effect on the market or prices without a real ownership transfer.

Article Forty

Utilizing or Making Use of Front Running

A member or any of his employees may not make use of an order or a group of orders issued from a client or a group of clients if such quantities may change the price of the security or trade in the same direction of the order before executing clients' orders and thus achieve profits for himself or for others.

In addition, a member may not enter an agreement with others or issue recommendations for them to go into the same directions of these orders before executing them.

Article Forty one

Compliance with Anti-money Laundering

Members shall comply with the application of law 80 of 2002 concerning anti-money laundering and its executive regulations and controls issued by the CMA to that effect.

