



## Chapter 8 – Dubai Financial Market (DFM)

11 Questions



# Brokerage Firms

Brokerage firms operating on the DFM must meet certain **obligations** which are listed in the upcoming content.



# Obligations to the DFM and SCA

Brokerage Firm's Obligations including the following :

- **Financial solvency** – The **level** necessary for brokerage firms to carry out their **activities and meet their obligations**, as per the criteria **issued by SCA**.



# Obligations to the DFM and SCA

**Market notifications** – each brokerage firm is required to notify the market of the following: Any Change or Adjustment -

- That occur in the company, or any deficit that may **affect its financial position**
- The **data** contained in its **licence application**
- The **orders system** used by the **company**
- The members of its **board of directors or management board**



# Obligations to the DFM and SCA

**Market notifications** – each brokerage firm is required to notify the market of the following:



Any **pledging of the company's assets, any lawsuits** in which the company or any of its employees take part and any **court rulings** issued in said lawsuits which may **affect the company's financial position**

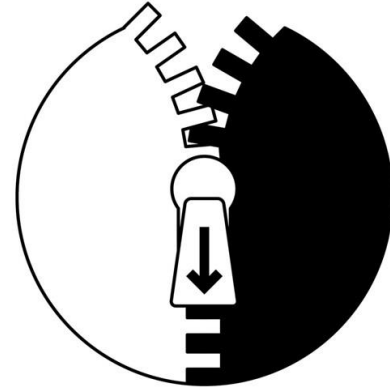


Any acts committed by its employees in **violation of laws, regulations or circulars** applied by SCA or DFM.



# Obligations to the DFM and SCA

**Segregating departments** – To avoid conflict of interests, if licensed to carry out more than one activity, brokerage firms must have **autonomous, dedicated departments for each activity and segregate** between the **departments and activities**.



**Not publishing incorrect information** – brokerage firms must **refrain from publishing or promoting any incorrect information** related to parties whose securities are listed on the market.



# Obligations to the DFM and SCA

Verifying eligibility – brokerage firms must verify the **eligibility of their clients, and the soundness of transactions executed.**



Not executing outside trading sessions – brokerages must **refrain from executing any buying or selling orders outside trading sessions,** unless allowed by applicable laws.



Meeting trading obligations – brokerage firms must **meet all obligations** arising from **trading brokered within the specified timelines.**



# Obligations to the DFM and SCA

**Evidencing consent** – brokerages must be able to **prove client consent** for all executed orders, by **acquiring client signature** on written order forms, recording and archiving orders received by phone, fax or email, in accordance with the rules and technical requirements set by SCA.



**Maintaining records** – brokerages **must maintain** records or use modern technologies in accordance **with the International Financial Reporting Standards (IFRS) & rules issued by SCA**. Retain client orders whether written or received by any other electronic means approved by SCA, for a **period of ten years**. **Backup copies** of such data and documents **must be retained** for the same period in order to preserve the client's data and transactions and to avoid any damage to them.





# Obligations to the DFM and SCA

**Enabling SCA access** – SCA must be provided with access and be able to review all records & information upon request, that show the brokerage's and its clients' financial positions to open accounts for each of them.

**Minimum Employee numbers** – brokerages must have the necessary number of employees in its offices within the DFM trading floor, in accordance with SCA and DFM requirements.

**Compliance** – brokerages must comply with all regulatory rules, requirements determined by SCA with respect to internal controls and the functions of the compliance officer.



Brokerage firm is not required to notify the market of ?

- A. Any changes in the members of its board of Directors or management board.
- B. Adjustment made to the information and data contained in its licence application.
- C. Change in the number of employees.
- D. Change or adjustment made to the orders system used by the company.

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# Obligations of Brokerage Firms to Clients

Brokerage firms and their employees are required to comply with the Professional Code of Conduct, and refrain from any act that may harm the reputation of the market, its members or traders. In particular, brokerage firms and their employees must adhere to the following:

Brokers **must not trade in securities** in favour of a client until **an agreement is in place**, dated and signed by persons legally authorised by the parties. The agreement sets out :

1. the rights and obligations of both parties,
2. the method of terminating the agreement,
3. the client's investment goals,
4. the means of receiving orders, notifications and holding securities, data must be updated periodically.

Brokers must **verify** the client's ability to **make the payment for purchased securities** before the settlement date.



# Obligations of Brokerage Firms to Clients

Brokerage firms and their employees are required to comply with the Professional Code of Conduct, and refrain from any act that may harm the reputation of the market, its members or traders. In particular, brokerage firms and their employees must adhere to the following:

Brokers must not deal with **third parties on behalf of clients** unless authorised by an authenticated power of attorney. The **power of attorney** will define **the limits and authorities of the agent** regarding the account and the handling of shares.



Brokers must **capture basic information** within client orders like the date and time of the order, the type, number & price of securities and expiry of the order. If the order is written, it should include **the signature of the client** or the representative of the client.



# Obligations of Brokerage Firms to Clients



Brokers must not receive or keep any blank and signed orders from the clients.



Brokers should not dispose of clients' money in any manner contrary or in violation of the activity for which the brokerage firm is authorised to practice.



Executed transactions must be notified to the client in the agreed means of communications. The client may object to any transaction in accordance with the procedures of delivery versus payment.



# Obligations of Brokerage Firms to Clients



Firms must not combine the role of brokerage with the role of an agent in a contract brokered.



The client must be provided with a quarterly statement – if trading orders are executed in the said period – client has the right to request a detailed statement of account or of securities balance at any time.



Brokerage firms must maintain the confidentiality of client data, transactions and not utilise them to achieve any benefits



# Obligations of Brokerage Firms to Clients

Observe **honesty and integrity and avoid conflict** of interest situations. The brokerage firm must put the interests of clients over any other and must refrain from prejudice among clients

Practise the licensed activity with care and prudence in accordance with the **provisions of the law and the regulations** on which the licence was issued. Also, business norms and the principles of trust, equality and care should be observed

Obtain from each client a **statement of the bank account number** to which the client's cash dividends will be transferred. The statement must be signed by the client.



# Obligations of Brokerage Firms to Clients

Brokerage firms must open a **trading account on the market** for any investor seeking trading, without requiring a minimum advance deposit

The brokerage firm is **not allowed to open more than one account** for the same investor.

**Trading in the broker's portfolio** or in the shares of a parent, subsidiary, sister or affiliate company is not allowed unless it is carried **in accordance with SCA regulations and DFM rules.**





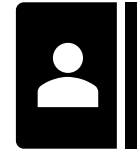
# Trading Members and Clearing Members

- Brokerage firms that are just **trading members of the DFM** must enter into a **contract** which will detail the relationship between both parties, the rights and obligations of each, work procedures and means of distributing commission among the parties. A copy must be **submitted to SCA and DFM**. The trading member must not receive any cash from its clients, with the clients paying the clearing member.
- Brokerage firms that are both **trading and clearing members** must settle their **obligations** to the DFM according to the **DFM's regulations**. They must **not pay** any cash to **clients with debit balances**, and not pay any amounts that exceed a **client's credit balance**, while observing margin trading regulations. Credit must not be added to clients' accounts via post-dated cheques, except after these cheques have been cashed.



# Trading Members and Clearing Members

## Members -



- Are **not permitted to sell shares** of debtor clients without DFM approval
- Must **not commit any actions** that lead to the freezing of clients' securities or prevent the clients from utilising their securities, except with a court ruling, procedures applicable in the DFM, or SCA resolutions.

## Brokers



- **Cannot receive commission** from investors that exceeds the limits set by SCA
- **Commissions are distributed** in accordance with the regulations and resolutions issued by SCA.
- The **value of securities deals** is settled between the broker and its clients in accordance with the trading and brokers regulations.



# Trading Members and Clearing Members

**If the client fails to pay the price of securities** related to the executed deal within the two settlement days

- **The brokerage firm** is obliged to sell the securities **within a working day** from the settlement date, upon approval from the DFM.
- **The selling must** be at the market price, with the client incurring any losses arising.
- **Any profits** arising from the selling of securities must be deposited in the Investor Protection Fund's account.



# Question Time

As per Regulations for Trading and Clearing members, which of the following is True?

- A. The trading member must receive any cash from its clients, with the clients paying the clearing member.
- B. Trading members of the DFM must enter into a contract stating the relationship between both parties, work procedures and means of distributing commission
- C. Members are permitted to sell shares of debtor clients without DFM approval.
- D. Brokers can receive commission from investors that exceeds the limits set by SCA


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# Rules of Securities Trading in the DFM

The rules governing order handling (Articles 2 & 3)

## Order Handling

- The orders are **binding** on the brokerage firm. The **client order** for the buying or selling of a security can arrive via **various means**.
- The broker must be able to **prove to the DFM** that it has obtained an order that states  
 name of the client, the issuer, type of transaction, the number of securities, price, date and validity of the order.
- The broker must handle the orders **fairly and based on the time these orders were received**. Clients' orders and transactions executed on their behalf have **priority over orders executed for the broker** or any other account in which the broker holds an interest.



# Order Handling

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Persons registered in the brokerage firm's **representatives register** are allowed to enter buying and selling orders into the trading system.

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This requirement **does not prevent** a client entering orders into **the trading systems online** or via any **electronic platform** provided by the broker.

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The brokerage to ensure its clients get **the best selling and buying prices** at the time of execution according to the priority of their orders, and with no prejudice to the conditions set by their orders.

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The broker is **not permitted to share** any undisclosed information that came to its knowledge, **nor permitted to invest** based on such information. It is the broker that is **responsible** for the orders entered by the broker into the trading system.

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# Broker Reporting Requirements

- Upon execution, the broker **must notify** the client of the **executed transactions** on that client's account.
- Unless a shorter period is stipulated in the client agreement, the broker **must submit** to the client a statement of account that outlines the **client's balance of securities and cash, and all transactions executed** on behalf of the client, every three months.

Know brokers  
reporting  
requirements  
(Article 5)

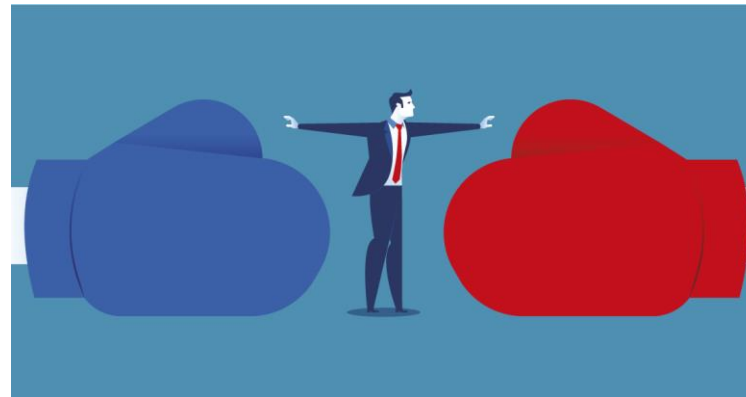


# Other Broker Rules and Requirements

## Conflicts of Interest

- If the broker has an interest in the transaction to be executed in the client's account, or if the transaction that may lead to a conflict of interests, then the broker **may not execute this transaction unless the client's interests are met.**

Know the rules relating to:  
conflicts of interest  
(Article 6)



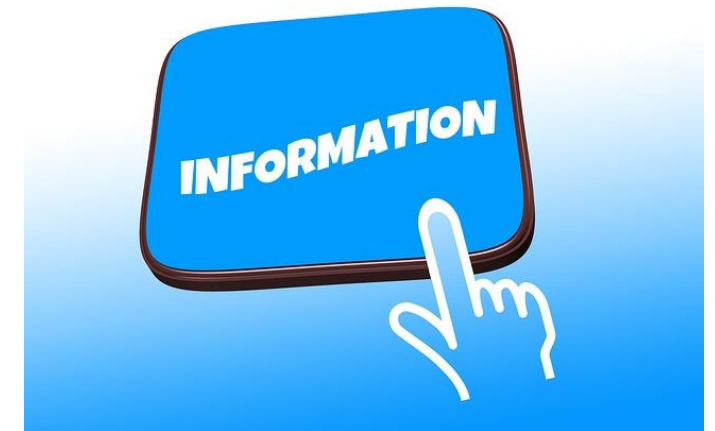


# Other Broker Rules and Requirements

## Internal/Insider Information

- A broker **must not execute** any transaction related to a security **for its benefit or the benefit of any of its clients** based on internal/insider information related to that security or any other related security.
- **Information** related to any person's intention **to buy or sell** any specific security in large volumes, or to the person having executed said transactions is considered internal/insider information.
- **Prior to publication**, financial consultations prepared by the broker are considered internal/insider information.
- A broker **should not execute any order on behalf of a client** if the broker knows the order is based on internal/insider information.

Know the rules relating to:  
insider trading (Article 7)



# Other Broker Rules and Requirements

## Dealing for Board Members

When executing trades for a member of the board of directors, or any of its insider employees, ensure that the client is not dealing within the closed period (**the ten days leading up to the announcement of material information, or the 15 days leading up to the disclosure of financial statements**) and abides by the requirements to clear trades and disclose trades to the market.

Know the rules  
relating to:  
board members  
(Article 7)



# Other Broker Rules and Requirements

## Misleading Information

A broker must not commit any act that aims to give an incorrect and misleading idea about **the price** of any security, or its **trading volume**, that **affects the supply/demand** of the particular security and may not exploit information related to investors' orders for its own benefit or the benefit of others.

Know the rules relating to:  
**misleading information**  
(Article 8)



# Other Broker Rules and Requirements

## Violations of the Articles of Association

**Must not execute any order** related to a security if the order violates the articles of association of the issuer or violates any effective laws in the country. The **DFM has the right to compel the broker to re-sell or re-buy** the particular security so that the situation is reversed. If the amount that results from the re-selling or re-buying exceeds the amounts paid by the client, the **broker must transfer the amount to the DFM. If the amount is less than what the client paid**, the broker suffers the loss. Unravelling the violating transaction does not prevent the **DFM taking disciplinary action** against the offending broker.

## Mistakes

If trading was conducted on a particular account **by mistake**, the broker can request the DFM to adjust the trading account number for the transaction. The adjustment request must normally be submitted **within 30 minutes after conclusion of the trading session. In exceptional cases**, the CEO of the market may accept adjustment requests submitted after this time, on approval from SCA.

The DFM has the right to **request all necessary documents** and take necessary measures to verify the mistake

Know the rules relating to:  
articles of association of an issuer (Article 9);  
mistakes (Article 11)



# Other Broker Rules and Requirements

**Cancellations** - The various situations that might result in the cancellation of orders, include the following:

By a resolution from the CEO of the market or the person on his behalf, the buying or selling orders of a certain security may be cancelled where:

- the **orders were in violation of the law** or the regulations and procedures applicable in the market
- the transactions executed during the trading session were as **a result of a technical glitch** in the market's systems
- on receiving a **written request from both brokers** of the transaction, at the market's discretion, provided that there are **valid reasons for the cancellation**. Both parties involved in the transaction will return to their status before execution of the transaction.

Know the rules relating to:  
articles of association of an issuer (Article 9);  
mistakes (Article 11)



# Other Broker Rules and Requirements

## Cancellations

SCA can cancel trading transactions that are in **violation of the law or the regulations**, resolutions or circulars.

SCA may instruct that the situation is restored to what it was before executing the trading in accordance with DFM's procedure, and without harming others.

Know the rules relating to: cancellations (Article 12);



The buying or selling orders of a certain security may be cancelled where :

- A. On receiving a written request from both brokers of the transaction, at the market's discretion, provided that there are valid reasons for the cancelation.
- B. The orders were in violation of the law or the regulations and procedures applicable in the market.
- C. The transactions executed during the trading session were as a result of a technical glitch in the market's systems
- D. All of the above.

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# Brokers Representatives

All representatives and employees of the broker are **not allowed** to trade securities listed on the DFM **except through the brokerage firm and with the approval of the DFM.** Trading through other brokerage firms requires the approval of the CEO of the DFM





# Settlement Requirements

**Brokers must pay** the value of securities sold on behalf of their clients **after deducting commissions and fees** before the **end of two days** or the **end of the settlement period** set by the DFM. Payments are made through **cheques** in the name of the broker and of the registered client, or through financial transfers to the client's account.

If **the client** does not request to receive **the value of sold securities** the broker must **add this value to the client's balance** before the end of the settlement period for the sold securities.

The **buying client** must pay for the securities bought on its behalf **before the settlement date** and the broker must **verify its client's ability** to make the required payment

Know settlement  
requirements  
(Article 10)



# Settlement Requirements

If securities are **bought and sold** during the same trading session, the client must have in its cash account enough credit to **cover the value of purchase**.

If the **buying client fails to pay the price** of the securities bought on its behalf, and the commissions due on the transaction within the settlement period, then **the broker may sell the securities**, at market price, upon market approval. Any **profits resulting** from the selling are deposited in **the Investor Protection Fund's account**. Any **losses resulting** from the selling are **incurred by the client or the brokerage firm**.



# Question Time

Brokers must pay the value of securities sold on behalf of their clients, after deducting commissions and fees, before the end of how many days of the settlement period set by the DFM?

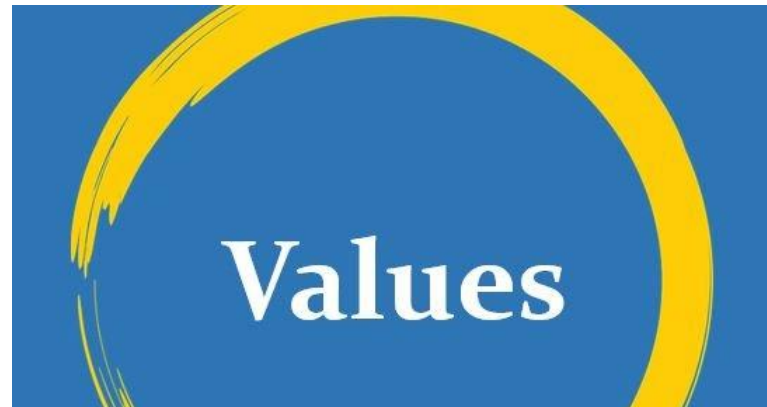
- A. 1
- B. 5
- C. 2
- D. 7

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# The Professional Code of Conduct (DFM)

The DFM's Professional Code of Conduct is required of all its **brokerage firms and their employees**. It expects firms and their employees **to abide by the ethics of the profession**, and **refrain** from any acts that would be **detrimental to the reputation** of another brokerage firm or the reputation of the market, its members or traders.



# Obligations to Employees and Representatives

Brokerage firms must ensure that any persons employed to deal with clients, have **the necessary qualifications for their role**, including professional experience and training to perform the tasks expected.

Brokerage firms must have the **necessary resources** to enable effective and constant supervision of its employees or persons dealing with clients, brokerage firms or with the market.

Know brokerage firms' obligations in relation to their employees and representatives (Article 2)



# Obligations to Employees and Representatives

The brokerage firm is held responsible for any **mistakes or negligence committed by its employees** while performing their jobs. It must **not allow** any person **who is not licensed or registered** to use the electronic trading system or the electronic clearing system. It must **not allow the use** of its username by **unauthorised persons**.

Representatives of the broker must **not execute buying or selling orders** for their own benefit or of their employers or members of the board of their companies, or the employees of their companies or their spouses, ascendants or descendants to the second degree, except upon approval of the market.

Representatives of the broker and the other employees of brokerage firms may **not trade for their own accounts** except through their own firms and upon a **written approval** of the brokerage firm manager and the DFM.



# Obligations in Relation to CDD

The DFM's Professional Code of Conduct requires brokerage firms to take reasonable steps to determine **the identity, contact details, financial solvency and investment goals** of their clients

Know brokerage firms' obligations in relation to client due diligence (Article 3)



# Obligations in Relation to CDD

Brokerage firms must determine **the identity** of their clients, which includes -

**For natural persons:**

- **full name** as in the passport, **passport** number, date of issuance and place of issuance
- **nationality** and place of residence
- profession, **exact address**, PO Box and phone number.

**For the corporate persons:**

- **name** of company/entity and its nationality
- commercial **register number, commercial licence**, place and date of issuance for both
- copy of the **memorandum of association** for the founding company as per the laws of the native country
- **address**, PO Box, zip code and other contact details of main headquarters
- **name of person authorised** to manage accounts, that person's nationality, passport number, date and place of passport issuance, profession and an authorisation letter.





# Obligations in Relation to CDD

Brokerage firms must determine **the identity** of their clients, which includes -

For securities portfolios managed by a licensed investment manager:

- **full name of portfolio manager** as in the passport, **passport** number, date and place of issuance, and **nationality**
- place of residence, **exact address**, PO Box and other contact details of the portfolio manager.

For investment funds:

- **nature of the entity**, its legal form, type and capital
- copy of **the memorandum of association**
- **full name of the investment/fund manager**, as applicable, as in the passport, passport number, date and place of issuance, and nationality of the manager
- **address**, PO Box, zip code and other contact details.



# Other Obligations

The DFM's Professional Code of Conduct includes several obligations additional to those considered above. Amongst these are the following:



Know brokerage firms' obligations in relation to: fairness (Article 4)

## Fairness

The brokerage firm must observe in dealing with its clients the **principles of honesty and integrity and act fairly** when the nature of the clients' dealings with it are similar, **avoiding any acts** that provide some, and not all, of its clients **with advantage or incentive or any special information**, whether directly or indirectly.



# Other Obligations

The DFM's Professional Code of Conduct includes several obligations additional to those considered above. Amongst these are the following:

## Order Taking

The brokerage firm must ensure that **orders received** from its clients are **written and signed** by the client or received through the **call recording system**. Oral orders are **not allowed**, should **not** be **approved**.

## Confidentiality

The brokerage firm must maintain the confidentiality of all information **related to its client's transactions and account**, and **refrain from disclosing** such information **except** with the client's permission, in compliance with orders issued by SCA, the DFM or competent judicial authorities. **Segregation**

The brokerage firm must segregate **its accounts from the accounts of its clients** in accordance with the regulations issued by SCA.



# Other Obligations

The DFM's Professional Code of Conduct includes several obligations additional to those considered above. Amongst these are the following:

## Call Recording

The brokerage firm must abide by SCA **regulations** in relation to the recording of calls.

## Complaints

The brokerage firm must have an **internal system** for handling complaints from its clients, always ensuring the following that:

- all client complaints related to its business are handled in a **proper and timely manner**
- steps are taken to **verify and respond immediately** to these complaints
- the client has been informed about the other steps available according to **rules and regulations**, in case the client's complaint was not handled immediately.
- The brokerage firm must **adhere to the contents** of the complaint and **submit in a timely manner all information** to the market management for investigation.



# Other Obligations

The DFM's Professional Code of Conduct includes several obligations additional to those considered above. Amongst these are the following:

## Suspicious Activity

If the brokerage firm senses that **a person is manipulating or trying to manipulate** the market, it shall immediately **notify the DFM**.

## Market Data

The brokerage must not **publish or promote** any market data or the status of market listed entities unless such information is **verified and made public by the concerned entity**.



# Prohibited Actions

The DFM's Professional Code of Conducts prohibits certain actions, as follows:

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Brokerage firms, or any of their employees, must **not take advantage of their knowledge of a client's orders** for the execution of trading transactions for their own accounts or other accounts.

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Brokerage firm, whether acting solely or in complicity with others, must not take any action that **manipulates or misleads investors, including:**

**Executing trading transaction(s) on a particular security & Updating activity of the buying or selling order(s) of a particular security**

In order to delude investors that it is an active security, or to impact its price or the volume of its trading, or in order to influence the investor's decision regarding investment



# Prohibited Actions

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the brokerage firm must **not trade any securities** for its own account or for which it **holds an interest**, based on previous knowledge held by the firm relating to future trading for, or with its clients

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the brokerage firm **must not**, whether acting solely or in complicity, **exploit information related to investors' orders** for its personal benefit or the benefit of others

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the brokerage firm **must not, refrain from providing any consultation or services** related to its activity, before ensuring the notification of all affected clients, and before taking the necessary measures on outstanding work to the accounts of such affected clients

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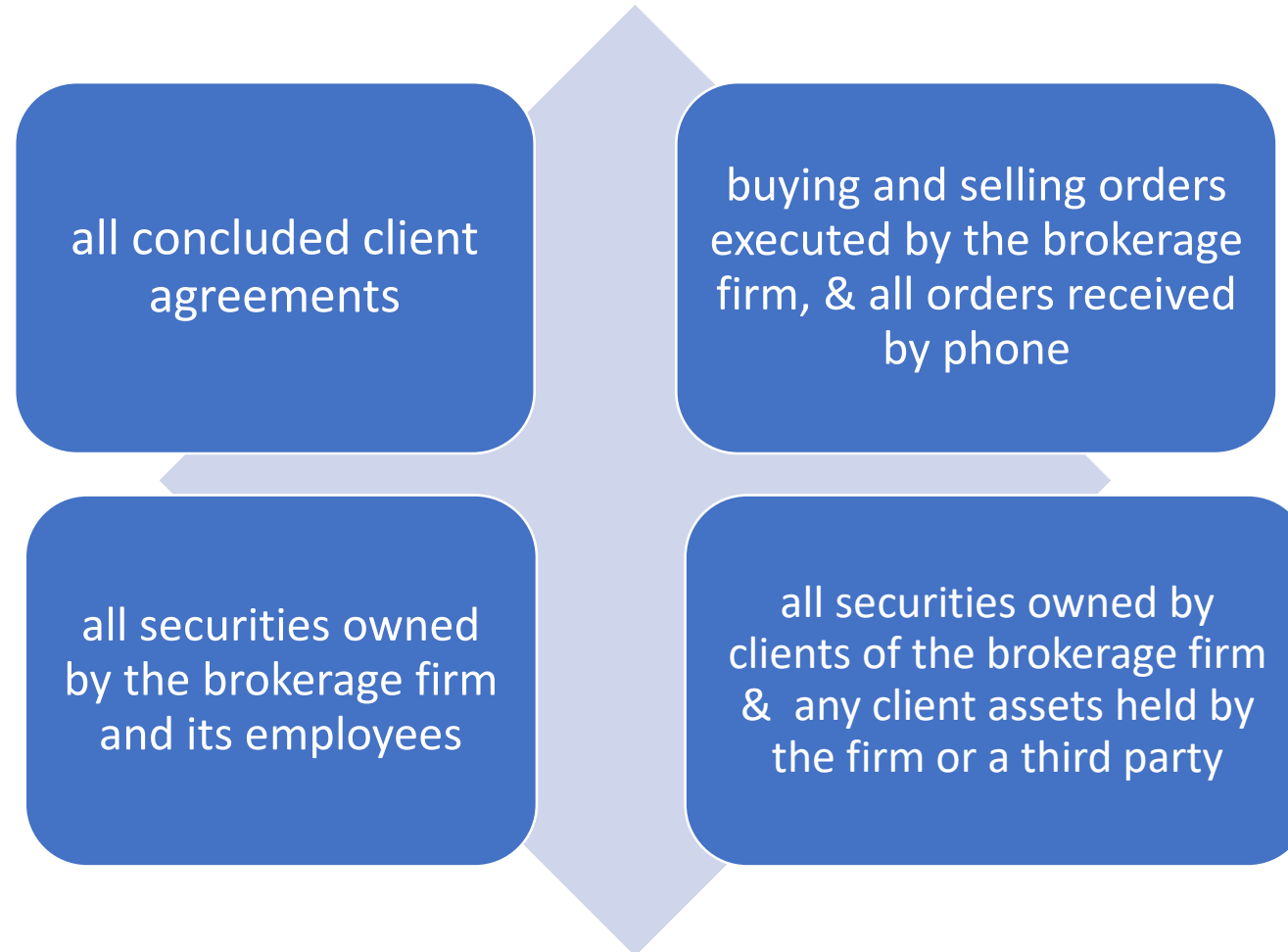
the brokerage firm **must not harm the reputation of another brokerage firm** by accusing the latter of professional negligence or shortcomings or spreading rumours about other brokerage firms.



# Record Keeping

Brokerage firms must keep up to date records, physical or electronic. The DFM has the right to access and review these records.

As a minimum, the records must include the following:



Know record keeping requirements (Article 8)





# Online Trading Regulations (DFM)

Know how price  
limits are applied  
(Article 1)

## Price Limits

- **Securities listed on the DFM** are traded within the price limits set by the market. Price limits **do not apply to shares on their very first trading session.**
- The closing price is used **as the benchmark to calculate change limits at the start of the next trading session.**
- **For dual listed companies** which have securities traded in another market, the opening price is **based on the last closing price in the principal market.**
- The **maximum and minimum daily limits** of the price margin are applied according to market procedure as of the first day of trading on the DFM.
- **Management reserves** the right to apply **different procedures** for the trading of foreign shares.



# Pre-Opening and Opening Sessions

- The **pre-opening session determines** the opening price that will be used in the subsequent trading session.
- Brokerage firms are **not permitted** to enter orders at **market price during the pre-opening session**
- The prices entered during the pre-opening session are considered general knowledge, with the orders displayed in the market **to enable the opening price to be based on supply and demand.**

Know activities carried out during the: pre-opening session (Article 3); opening session (Article 4)



# Pre-Opening and Opening Sessions

The indicative opening price is updated every time orders are entered which is calculated at the conclusion of the pre-opening session based on the following criteria:

1. the price that sees the **largest executable trading volume**. If more than one price meets this condition, then
2. the price that sees the **least inexecutable trading volume**. If more than one price meets this condition, then
3. the price **that sees the least possible change from the closing price for the previous trading day**. If more than one price meets this condition, then
4. **the highest price.**



# Pre-Opening and Opening Sessions

1. **Volumes of all orders** entered are considered when **calculating the opening price**.
2. **Orders may be updated** (subject to below) during the **pre-opening session**.
3. **Unexecuted and valid orders** may be **transferred** from the previous day to the current session.
4. **At the end** of the pre-opening, **selling and buying** cannot be cancelled, the buyer and the seller cannot decrease/increase the buying/selling price, the number of shares offered cannot be reduced.
5. **During the pre-opening** no trading is conducted, but the trading system **arranges orders** as follows:
  - All entered buying orders are shown at an equal or higher price than the indicative opening price.
  - All entered selling orders are shown at an equal or lower price than the indicative opening price



# Opening Session

At the end of the pre-opening, the session sees all executable **volumes executed** at the opening price calculated by the trading system.

**Unexecuted orders** or the remaining partially-executed orders, are **carried forward into the trading session.**



- **Selling and buying** during the trading session is **continuous**.
- **Orders** are entered and **trading executed** when **prices and conditions match**.
- Can **update orders** that have **not been or partially executed**.
- When **Buying / Selling order** is entered at **an equal or higher price** than the buying / selling price - The transaction is executed at the **price set on the other side**.
- When buying or selling order is entered with **an executable volume at more than one price** at the other side, they will be executed according to the **available price chain & prioritised**
- If the order is **not fully executed**, then the remaining **unexecuted volume** stays on the **last executed price**.



# Pre-Closing and Closing Sessions

## Pre-Closing Session

Orders are **automatically collected** within the central orders register **without being executed** in the pre-closing session.

Orders may be **adjusted or cancelled**.

New orders at determined prices can be entered during the **pre-closing session**, but **not at the market price**.

At the end of this session, orders are matched based on the **theoretical auction price**, which is calculated according to the criteria outlined here.

If a **single matching price is not determined** after the first step the **model progresses** to the second and the third as necessary



**Step 1 Maximum tradable volume** – is the price that generates the greatest volume of trading.

**Step 2 Establishing the minimum surplus** – if a maximum tradable volume is more than one price, the price with minimum unexecuted volume will be chosen.

**Step 3 Mid-point** – The point of the prices that have more than one maximum tradable volume and at least two prices with the same minimum surplus. To determine the theoretical auction price, the mid-point is rounded up to the nearest price tick





**Data & information** are displayed, enquiries can be made, and necessary reports are printed.

**Brokerage firms** cannot adjust or cancel orders, nor enter new orders during this session.

**Orders** can be categorised into different types depending on the price, time in force (validity) and other special conditions.



# Order Types (DFM)

## Order types

Orders can be categorised in different types depending on the price, time in force and fill conditions



## Price

- There are two different types of order in the price category
  - **Limit order** - Order to trade a specific number of shares **at a specific price**
  - **Market order** - Order to trade a specific number of shares **at the market price**
- Market orders are **further subject to the following rules:**
  - A market order:
    - May be concluded **at any price** better than or equal to the limit price
    - **May only be entered** during the continuous trading session
    - **Shall be rejected** if there is no opposite order
    - Will be **assigned a limit price within 2%** of the best available price in the market at the time the order is placed

Know the order types: limit & market (Article 8)



# Other Types of Order

Know : day order (Article 9); good-till-cancelled (Article 9); immediate-or-cancel (Article 9); good-till-date (Article 9);

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**Day orders** – Trade orders valid until **the close of the same trading** day

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**Good till cancelled** - Order if not executed **will remain** unless the investor cancels it.

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**Immediate-Or-Cancel**- Referred to as an **immediate order**, is only valid **during the trading session** and must be executed immediately. **Unexecuted parts** of the order are cancelled.

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**Good-Till-Date** - Order expires if it is not executed **by the end of a specified date**.

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# Other Types of Order

Know : at-the close (Article 9); fill-or-kill (FOK) (Article 10); fill-and-kill (FAK) (Article 10)

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**At-the-Close** – orders expire at the **end of the trading** session.

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**Special Orders** - Special orders that can be entered into the **trading system are as follows:**

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**Fill-or-Kill (FOK) Orders** – must be **executed in full** and cannot be partially executed.

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**Fill-and-Kill (FAK) Orders** – may be **executed in full or in part depending** on market conditions at the time of entry. .

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# Order Handling

## Prioritisation of Orders

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

Know : order  
prioritisation  
Articles 11, 12, 13  
& 14

Price priority – given to the **best price as follows:**

Buying order at a higher price is given priority over other buying orders

Selling order at a lower price is given priority over other selling orders.

Timing – Multiple orders are entered at the same price, **they are proritised based on timing:**

priority is given to orders entered earlier

priority is given to orders entered during the previous trading session over those on the current trading day.

An order if adjusted, in terms of price, volume, investor number, addition or cancellation of a special condition, then this **loses its priority** and is arranged according to date and time of adjustment. Not applied to adjustment to the order validity.



# Prioritisation of Orders

**Certain features** of a previous order can be changed with the order remaining valid.

The **adjusted original order** is given a new time stamp and a new line priority if the change affected the price, investor's account number, an increase in the declared volume or the addition/cancellation of a special condition.

The **entered order does not lose its priority** if the declared volume is decreased or if its validity duration is changed.

While being adjusted, the **order is not deleted**, and therefore can still be traded.

**Changes cannot be made** to the share type, market type or order type. To change these,, the order must be **cancelled and re-entered**.

**Order cancellation** can be done on the trading system and once it is used, the original order cannot be recovered. If the order has been traded, the cancellation is rejected.



# Prioritisation of Orders

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

**Best price** – execution priority is given to the best price

**Timing of entry** – orders are arranged in order of entry, where the order with the earliest time stamp is placed first, on a first received first served basis.

