

Rules and Regulations
of the
Dutch Caribbean Securities Exchange N.V.
DCSX

RULES AND REGULATIONS OF THE DUTCH CARIBBEAN SECURITIES EXCHANGE

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THE DUTCH CARIBBEAN SECURITIES EXCHANGE

Chapter 0

Law and Jurisdiction

Rule 0.1 Choice of Law

The Exchange, these Rules, all legal relationships established by these Rules and all transactions effected on or through the Exchange shall be construed in and governed by the Articles and laws prevailing in Curacao.

Rule 0.2 Priority

If there is a conflict between these Rules, the Articles and the laws of Curacao, the Articles will take priority over these Rules and the laws of Curacao will take priority over the Articles.

Rule 0.3 Arbitration

(A) Except as otherwise provided for in these Rules, all disputes relating to or resulting from:

- (1) the these Rules;
- (2) any legal relationships established by these Rules;
- (3) transactions effected on or through the Exchange,

shall exclusively be settled by arbitration in accordance with the rules of the Arbitration Institute of the Netherlands Antilles and Aruba or its successor.

(B) This arbitration shall take place on Curacao and shall be conducted in the English language.

CHAPTER 1

Exchange Organization and Administration

Rule 1.1 Supervisory Board of Directors

Rule 1.1.1 General

The policy making body of the Exchange of the Netherlands Antilles shall be the Supervisory Board of Directors, which shall be composed of at least three Supervisory Directors.

Rule 1.1.2 Appointment

Each Supervisory Director is appointed by the General Meeting of Shareholders of the Exchange.

Rule 1.1.3 Duties and Guidelines

The Supervisory Board can define specified duties for each of its members and can establish guidelines under which the Supervisory Board must perform.

Rule 1.1.4 The Chairman of the Supervisory Board

The Supervisory Board shall elect one of its Supervisory Directors as the Chairman of the Exchange.

Rule 1.2 Vacancies

Any vacancy that may occur on the Supervisory Board caused by death, resignation or dismissal shall be filled by the General Meeting of Shareholders of the Exchange.

Rule 1.3 Suspension from Office

A Supervisory Director is suspended in his duties of a Supervisory Director upon a decision by the General meeting of Shareholders of the Exchange.

Rule 1.4 Removal from Office

Each Supervisory Director can be dismissed by the General Meeting of Shareholders of the Exchange.

Rule 1.5 Meetings

Meetings of the Supervisory Board shall be held upon call of the Chairman or at the request of two other members of the entire Supervisory Board. At these meetings also the members of the Managing Board will be present unless the Supervisory Board decides otherwise.

Rule 1.6 Notice of Meetings

Written notice of meetings of the Supervisory Board stating the time, place and purpose thereof shall be given by personal delivery, by (E)-mail or telefax not less than two days before the date of the meeting, unless such notice is waived by each Supervisory Director so notified. The Chairman, if in his judgment an emergency exists requiring immediate consideration by the Supervisory Board, may call a meeting of the Supervisory Board on not less than one hour's notice to each Supervisory Director of the time and place of the meeting, either given personally to the Supervisory Director (whether in writing, orally or by telephone) or delivered to the Supervisory Director's last address as recorded in the books of the Exchange. A meeting of the Supervisory Board may be held without notice if all Supervisory Directors are present or if those absent waive notice of or otherwise signify their consent to such meeting being held.

Rule 1.7 Quorum

A majority of the members of the Supervisory Board then serving shall constitute a quorum at any meeting of the Supervisory Board. Supervisory Directors may participate in any meeting by means of telephone or any other communications facility provided that such person participating in the meeting hears and can be heard by all other participants and a person participating in a meeting by such means is deemed to be present in person at the meeting.

Rule 1.8 Voting

Each Supervisory Director shall be entitled to one vote. Except as otherwise provided, the Supervisory Board shall act by majority vote of Supervisory Directors present at any duly called meeting at which a quorum is present.

Rule 1.9 Resolution outside a Meeting

Any resolution which may be authorized or taken at a meeting of the Supervisory Directors may also be authorized or taken outside a meeting, provided that all of the Supervisory Directors consent in writing to not having a meeting and that the majority of the Supervisory Directors approves of that resolution.

Rule 1.10 Powers

The Supervisory Board shall be the supervisory and policy making body of the Exchange with exclusive power to decide on the general policies of the Exchange, any resolutions not being daily management, business or operations of the Exchange, to supervise the management of the Managing Board and to adopt any rules and guidelines for the management, business or operations of the Exchange, including the Rules of the Exchange. It shall conduct its business and affairs and exercise all rights granted to by law and the articles, with all powers necessary for making policies of the Exchange and for the promotion of the Exchange's welfare, objects and purposes, including. In the exercise of such powers, the Supervisory Board, may, without limitation:

- (A) **Rule making:**
subject to regulatory approval, to adopt any rules and guidelines for the management, business or operations of the Exchange, including these Rules to and make changes, amendments and additions thereto, as it deems necessary or appropriate, to ensure the protection of investors or the interest of members or the Exchange or to maintain a fair and orderly market. These will become effective on such date as is determined by the Supervisory Board, which shall be not less than 14 days after notice of a new rule or amendment to an existing rule has been delivered to the Managing Board, the Members of the Exchange and the parties to whom such rule or amendment is applicable, provided that meeting of the Priority Shareholders A have approved in advance to any adoption or amendment of the Rules of the Exchange.
- (B) **Orders:**
issue such orders, resolutions, interpretations and directions and make such decisions as it deems necessary or appropriate in connection with these Rules;
- (C) **Penalties:**
establish the penalty system for violation of these Rules or any relevant agreement with the Exchange by one of the Exchange's stakeholders;
- (D) **Financials:**
adopt the Exchange's annual budget and financial statements;
- (E) **Fees:**

determine from time-to-time the dues, assessments, other fees and charges to be levied by the Exchange;

(F) **Managing Board:**

appoint, dismiss and suspend the members of the Managing Board;

(G) **Compensation:**

set reasonable levels of compensation for the members of the Managing Board; and

(H) **Other:**

any other regulatory matters relating to the fair, transparent and efficient operation of the market and protection of investors.

Rule 1.11 Establishment of Committees

The Supervisory Board may exercise its authority either directly or through one or more committees established by it.

Rule 1.11.1 Committees

There shall be an Appeals Committee. Other committees may be established from time to time by the Supervisory Board. Committees shall have such authority as is vested in them by the Rules, or as is delegated to them by the Supervisory Board.

Rule 1.11.2 Appointment - Vacancies and Removal

The Supervisory Board shall appoint the members of the committees established to serve for a term of one year. The Supervisory Board may, at any time, remove any member of a committee so appointed. Any vacancy occurring in a committee shall be filled by the Supervisory Board, for the remainder of the term.

Rule 1.11.3 Committee Procedures

Except as otherwise provided in these Rules, each committee shall determine its own time and manner of conducting its meetings; a majority of the members of the committee shall constitute a quorum; and the vote of a majority of the members of a committee present at a meeting at which a quorum is present shall be the act of the committee. Committees may act informally by written consent of all of the members of the committee.

Rule 1.11.4 Selection of Members

Each committee shall be comprised of at least 3 members, at least one of whom shall be a member of the Supervisory Board. Except for the Appeals Committee, the membership of other committees shall be chosen in such a way as to assure fair representation of Exchange members in the administration of the Exchange.

Rule 1.11.5 Interested Persons; conflict of interest

No Supervisory Director or member of a committee shall be disqualified solely by reason of his or her office from providing services to or contracting with the Exchange. Any such relationship entered into by or on behalf of the Exchange with any Supervisory Director or committee member or in which any Supervisory Director or committee member is in anyway interested may, however, be avoided by a majority vote of non-interested members of the Supervisory Board or committee members. No Supervisory Director or committee member so contracting or being so interested shall be liable to account to the Exchange or any of its members or creditors for any profit realized from any such contract or arrangement solely by reason of such Supervisory Director or committee member holding that office or the fiduciary relationship thereby established. Notwithstanding the preceding three sentences, however, every Supervisory Director or committee member is under the obligation to disclose in advance

to the Supervisory Board of Supervisory Directors or committee, as the case may be, any instance in which such Supervisory Director, committee member or an affiliated entity has a direct or substantial indirect interest in a matter before the Supervisory Board or the committee or in a matter otherwise involving the Exchange which poses a substantial likelihood of creating a material conflict between the interests of such Supervisory Director or committee member and the interests of the Exchange. Such Supervisory Director or committee member shall reclude him or herself from participation in the consideration of such matters where necessary or appropriate and from voting on any such matter, although his or her presence at a meeting at which such matter is considered shall count toward the quorum requirements for the meeting.

Rule 1.12 Appeals Committee

The Appeals Committee shall be comprised of at least three committee members, at least one of whom shall be a member of the Supervisory Board. The Appeals Committee shall hear appeals from disciplinary actions or resolutions (provided that these resolutions are appealable under these Rules) taken by the Managing Board. The Appeals Committee shall report its findings in writing to the Supervisory Board at the next regular meeting of the Supervisory Board following the issuance of the Appeals Committee's written decision, as required by Rules 3.15 and 3.18. The Chairman may not serve on the Appeals Committee.

Rule 1.13 Managing Board

Rule 1.13.1 General

The Managing Board consists of one or more Managing Directors, the number to be decided by the Supervisory Board.

Rule 1.13.2 Appointment

The Managing Directors are appointed by the Supervisory Board. One or more Supervisory Directors can be also be Managing Directors, provided however that such Supervisory Directors are a minority in the Supervisory Board and that also their number of votes is less than the number of votes of the other Supervisory Directors. The Supervisory Board sets levels of compensation and other conditions of the appointed Managing Directors.

Rule 1.13.3 Guidelines

The Supervisory Board can establish guidelines under which the Managing Board must perform.

Rule 1.13.4 The Managing Board and other Officers of the Managing Board

The Supervisory Board can appoint a chairman of the Managing Board who will then have the title of Chief Executive Officer of the Exchange. The Supervisory Board can appoint other Managing Directors in the capacity of Chief Operating Officer, Chief Financial Officer or any other capacity they deem necessary or appropriate.

Rule 1.14 Vacancies

Any vacancy that may occur on the Managing Board caused by death, resignation or dismissal, shall be filled by the Supervisory Board.

Rule 1.15 Suspension from Office

A Managing Director can be suspended by the Supervisory Board. If a Managing Director is suspended and the Supervisory Board has not dismissed such Managing Director with two months after the suspension, the suspension ends by force of law.

Rule 1.16 Removal from Office

A Managing Director can be dismissed by the Supervisory Board.

Rule 1.17 Meetings

Meetings of the Managing Board will be held upon call of the Chief Executive Officer or at the request of any other members of the Managing Board. Meetings of the Managing Board can also be called by the Supervisory Board whereby the Supervisory Board can decide that one or more of its members are present in such meeting of the Managing Board.

Rule 1.18 Notice of Meetings

Written notice of meetings of the Managing Board stating the time, place and purpose thereof shall be given by personal delivery, by (E)-mail or telefax not less than two days before the date of the meeting, unless such notice is waived by each Managing Director so notified. The Chief Executive Officer, if in his judgment an emergency exists requiring immediate consideration by the Managing Board, may call a meeting of the Managing Board on not less than one hour's notice to each Managing Director of the time and place of the meeting, either given personally to a Managing Director (whether in writing, orally or by telephone) or delivered to a Managing Director's last address as recorded in the books of the Exchange. A meeting of the Management Board may be held without notice if all Managing Directors are present or if those absent waive notice of or otherwise signify their consent to such meeting being held.

Rule 1.19 Quorum

A majority of the members of the Managing Board then serving shall constitute a quorum at any meeting of the Managing Board. Managing Directors may participate in any meeting by means of telephone or any other communications facility provided that such person participating in the meeting hears and can be heard by all other participants and a person participating in a meeting by such means is deemed to be present in person at the meeting. Each Managing Director can give one of the other Managing Directors a power of attorney in order to represent him at the meeting of the Managing Board, and such represented Managing Director is deemed to be present in person at the meeting.

Rule 1.20 Voting

Each Managing Director shall be entitled to one vote. Except as otherwise provided, the Managing Board shall act by majority vote of Managing Directors present at any duly called meeting at which a quorum is present.

Rule 1.21 Resolution Outside a Meeting

Any resolution which may be authorized or taken at a meeting of the Managing Directors may also be authorized or taken outside a meeting, provided that all of the Managing Directors consent in writing to not having a meeting and that the majority of the Managing Directors approves of that resolution.

Rule 1.22 Powers

The Managing Board is responsible for the daily management, business and operations of the Exchange, the administration of its affairs, the execution of the resolutions and rules of the Supervisory Board, the external representation of the Exchange, and all other corporate powers in accordance with the law and the articles, unless when such powers are vested in the Supervisory Board. In the exercise of such daily powers, the Managing Board, may, without limitation:

- (A) act upon any matters relating to the fair, transparent and efficient operation of the market and protection of investors

- (B) prescribe penalties for violation of the Exchange Rules;
- (C) prepare the Exchange's annual budget and financial statements;
- (D) retain third-parties to manage or provide services to the Exchange;
- (E) take emergency actions (including, without limitation, limiting or stopping trading) in the event of any threatened or actual market manipulation, any governmental act or any other event that threatens to disrupt trading or operation of the Exchange;
- (F) take action against any Broker, Market Maker or Listing Advisor in respect of any alleged breach of these Rules or any other misconduct or default on its part; and
- (G) set reasonable levels of compensation for Exchange employees.

Any question whether a matter belongs to the daily management, business and operations, will be decided by the Supervisory Board.

Rule 1.23 Absence

If one or more members of the Managing Board are absent or not available to perform their duties, the daily management of exchange remains with the other Managing Directors. In case all Managing Directors are absent or unavailable to perform their duties, daily operation of the exchange are managed by the Supervisory Board, which than may or may not appoint temporary Managing Directors.

Rule 1.24 Supervision

The Managing Board is supervised by the Supervisory Board. The Managing Board informs and reports to the Supervisory Board all information necessary for the proper supervision of their duties by the Supervisory Board. The Supervisory Board can appoint one of its Supervisory Directors or any third party expert to have access to the buildings and the assets of the Exchange and this person will be authorized to review and copy all accounts, papers and other documents necessary for their supervision of the Managing Board.

Rule 1.25 Representation

Rule 1.25.1 The Exchange will be represented in and out of court by each of its Managing Directors severally.

Rule 1.25.2 In case of a conflict of interest between the Exchange and one of its Managing Directors, either in private or in its capacity as a Managing Director, the Exchange will be represented by the other Managing Director who has no conflict of interest with the Exchange.

Rule 1.25.3 The Managing Board may, within the limits of its powers, appoint attorneys-at- fact and establish their powers for representing the Exchange.

Rule 1.25.4 Notwithstanding any other rule, any act of the Managing Board in excess of ANG 25,000 requires the prior approval of the Priority Shareholder A.

Rule 1.26 Extent of Indemnification

The Exchange shall indemnify every person who is or was an Indemnity against those expenses and liabilities incurred in connection with any pending or threatened claim, action, suit or proceeding or settlement thereof in which he may be involved or threatened to be involved in his capacity as such, to the maximum extent permitted by law except such expenses and liabilities as are occasioned by his own willful neglect or default.

Rule 1.27 Expenses

Expenses incurred with respect to any claim, action, suit or proceeding may be advanced by the Exchange prior to the final disposition thereof upon receipt of an undertaking by the Indemnity to repay such amount as shall ultimately be determined not to be subject to indemnification by the Exchange.

Rule 1.28 Duration and Non-Exclusivity

The rights of indemnification provided hereunder shall not be deemed exclusive of other rights to which any such indemnity may be entitled, shall continue as to a person who has ceased to be a Supervisory Director, Managing Director, committee member, attorney-at-fact or employee, and shall inure to the benefit of such person's heirs and legal representation.

Rule 1.29 Insurance

The Exchange, by authorization of the Supervisory Board, may purchase and maintain insurance on behalf of any person who is or was a Supervisory Director, Managing Director, committee member, attorney-at-fact or employee of the Exchange against any liability asserted against him and incurred by him in any capacity, or arising out of his status as such, whether or not the Exchange would have the power to indemnify him against such liability.

Rule 1.30 Exchange Liability

Neither the Exchange nor any of its Supervisory Directors, Managing Directors, committee members, attorney's-at-fact or employees shall be liable for any loss, damage, cost, expense, or other liability or claim suffered or incurred by a Member, Broker, Market Maker or any other contractor of the Exchange as a result of the use by such Member, Broker, Market Maker or other contractor of the Exchange's facilities and systems, or any failure thereof, or the Exchange's performance under these rules or any agreement with such Member, Broker, Market Maker or contractor, except in case of willful misconduct or gross negligence of the Exchange as evidenced by a final judgment of a competent Curacao court.

Rule 1.31 Indemnity

By making use of the Exchange's facilities, any Member, Broker, Market Maker or any other contractor of the Exchange expressly agree to accept liability arising from the use thereof and shall indemnify and hold the Exchange and any of its Supervisory Directors, Managing Directors, committee members, attorney's-at-fact or employees harmless for any loss, damage, cost, expense, or other liability or claim suffered or incurred by any third party as a result of or arising from any failure of the Exchange's facilities or systems or any other act from the Exchange, or the omission thereof, except in case of willful misconduct or gross negligence of the Exchange as evidenced by a final judgment of a competent Curacao court.

Rule 1.32 Confidentiality

Consistent with the National Ordinance Supervision of Stock Exchanges, no Supervisory Director, Managing Director, committee member, attorney-at-fact or employee of the Exchange shall disclose or use any information or data obtained by him or her in connection with his or her Exchange duties except in the performance of those duties. This prohibition shall not prohibit disclosure of information or data as required by applicable law or supervisory directive, or which belong to the public domain.

CHAPTER 2

Shareholders; Members and Associated Persons

Section A: Shareholder structure

Rule 2.1 Law

The shareholder structure is ruled by the mandatory provisions of Curacao corporate law and the Articles.

Rule 2.2 Shares

The capital of the Exchange consists of one priority share 'A' with a nominal value of USD 1 and ordinary shares 'B' with a nominal value of USD 40.000.

Rule 2.3 Foundation

Priority Shareholder 'A' can only be the Foundation.

Rule 2.4 Members

Shareholders 'B' will be called Members. Members can only be private persons or legal entities, who either as a Broker, trader or otherwise, are actively engaged at the Exchange, and who have been admitted as shareholder B by the Foundation.

Rule 2.5 Issuance 'B' Shares

The issuance of 'B' Shares, the subscription price and other conditions are established by the Foundation. With the issuance of 'B' Shares each Shareholder has the right of first refusal prorated to its number of shares already held, except when otherwise decided by the Foundation.

Rule 2.6 Redemption

The Exchange may only redeem 'B' Shares.

Rule 2.7 Transfer

The transfer of 'B' Shares is subject to the right of first refusal of all other Shareholders except in case the transferor is the Foundation. The right of first refusal can be exercised prorated to the number of Shares already held.

Rule 2.8 Mandatory Offer

If a Member is put under a moratorium, is declared bankrupt, is dissolved, disappears in case of a legal merger or split-up or is no longer actively engaged at the Exchange, either as a Broker, trader or otherwise, such Member is under the mandatory obligation to offer its 'B' Shares to all other Shareholders.

Rule 2.9 Rules

The adoption and amendment of the Rules are subject to the prior approval of the Foundation.

Rule 2.10 General Meetings of Shareholders

General meeting of Shareholders will be held on Curaçao.

Rule 2.11 The Annual General Meeting

The Annual General Meeting of Shareholders must be held before 1 October of each financial year. In this Annual General Meeting, the Managing Board reports on their administration and management of the Exchange and the Supervisory Board on their Supervision of the Managing Board during the past financial year. The same time the General Meeting of shareholders will approve of balance sheet and profit at lost account, together with the notes thereto.

Rule 2.11.1 Each of the Supervisory and Managing Directors, and Shareholders together representing more than 10% of the issued share capital in the Exchange, are authorized to convene a General Meeting of Shareholders.

Rule 2.11.2 The notice period for convening a General Meeting of Shareholders is at least 12 days. Any proposals of the Shareholders for matters to be put on the agenda must be timely notified to the Managing Board.

Rule 2.11.3 If not all requirements for convening a General Meeting of Shareholders have been adhered to, valid resolutions can only be taken if all issued Shares in the Exchange are fully represented at the meeting and that all resolutions are taken with unanimous consent.

Rule 2.12 Chair; Proxies

The Chair of the General Meeting of Shareholders will be chosen by the Shareholders in the meeting. Shareholders can be represented by an attorney-at-fact who is authorized in writing, by telegraph, electronic mail or telex.

Rule 2.13 Majority voting

Unless otherwise provided for in the Article, all resolutions are taken by a simple majority.

Rule 2.14 Resolutions outside the meeting

All resolutions of the General Meeting of Shareholders can also be taken in writing through voting by letters, telefax or electronic mail; provided that all Shareholders and Directors have been notified in a timely manner on this written procedure and all Shareholders have voted.

Rule 2.15 Powers

The general meeting of Shareholders shall exclusively resolve on:

- (A) the appointment, dismissal and suspension of the Supervisory Directors;
- (B) the approval of the annual accounts and the profit & loss accounts of the Exchange;
- (C) the payment of dividend or any dissolution distributions.

Rule 2.16 Voting Power Members

Each Member has only one vote, irrespective of the number of B Shares it holds. For the purpose of this rule all legal entities and private persons who legally, organizational or beneficial belong to one group, such to be decided at the sole discretion of the Foundation, will be considered as one Shareholder.

Rule 2.17 Special voting power Foundation

Any resolutions for the merger, split off, conversion, amendment of the Articles or the dissolution of the Exchange can only be taken by the Foundation. In case of dissolution, any rules for the liquidation of the assets of the Exchange will be decided upon by the Foundation.

Section B

Members

Rule 2.18 Eligibility

The Foundation may, at its sole discretion, approve or disapprove applications for a membership. Any Financial Institution shall be eligible for membership on the Exchange.

Rule 2.19 Application for Membership

The application for membership and any membership agreement shall be in the form as the Foundation may from time to time prescribe, either generally or in the case of a particular applicant. The Foundation may set general approval criteria applicable to all applicants and/or special criteria for a particular group of applicants or for one a particular applicant only. At any time after receiving an application and before determining it, the Foundation may require the applicant to provide any additional information it deems fit. When filing the membership application the applicant and, where applicable, its Parent Financial Institution, represents that it:

- (A) will provide a certification, legal opinion, or other appropriate documentation, that the applicant or, as the case may be, its Parent Financial Institution is authorized to do business in the country where its principal place of business is located;
- (B) will provide, to the extent applicable, a list of the other jurisdictions in which it or, as the case may be, its Parent Financial Institution, are authorized to do business;
- (C) will immediately notify the Exchange if it or, as the case may be, its Parent Financial Institution, ceases to be authorized to do business in any jurisdiction in which it was authorized to do business at the time the applicant became a member of the Exchange;
- (D) will abide by, comply with, and adhere to all the provisions of these Rules;
- (E) will pay such dues, assessments, other fees and charges in the manner and amounts as will be due under these Rules;
- (F) agrees that neither the Exchange nor any of its Supervisory Directors, Managing Directors, committee members, attorney's-at-fact or employees shall be liable, except for willful malfeasance, to the applicant or to any other person, for any action taken by them or by any failure by them to act, in their official capacity, or by any employee of the Exchange while acting within the scope of his employment, in connection with the administration or enforcement of any of the provisions of these Rules or any penalty imposed by the Exchange;
- (G) will maintain and make available to the Exchange such books and records as may be required to be maintained by the Exchange; and
- (H) will provide such other reasonable information with respect to the applicant as the Exchange may require.

Rule 2.20 Procedures for Admission as a Member

Rule 2.20.1 Applications shall be addressed to, and reviewed by, the Managing Board. If the Managing Board is satisfied that the applicant is qualified for membership pursuant to the provisions of the Rules, the Managing Board shall promptly put the admission for approval before the Foundation.

Rule 2.20.2 If the Managing Board is not satisfied that the applicant is qualified for membership, the Managing Board shall promptly notify the applicant in writing of the reasons why the qualifications for membership are deficient. The applicant shall then be afforded the opportunity, to the extent possible, to remedy such deficiencies. If the Managing Board refuses to put an application before the Foundation within 2 weeks after the filing of the application, or in case of any remedies, within 2 weeks after filing the last remedy, the applicant shall have the right to be heard on this refusal by an appeal to the Appeals Committee. Decisions of the Appeals Committee shall be final.

Rule 2.20.4 The Foundation may grant membership subject to such conditions or restrictions as it thinks fit and the Foundation may, at any time by written notice to a Member, vary any conditions or restrictions, or impose further conditions or restrictions. The Foundation may at all times refuse any application without specifying the reasons. All decisions of the Foundation are final and not subject to appeal.

Rule 2.20.5 In making an application for membership, the applicant shall be deemed to have agreed that if its application is approved it will thereupon become and be a Member in accordance with, and be irrevocably bound by, these Rules.

Rule 2.21 Obligations Of Exchange Members and Associated Persons

All Members and their Associated Persons, as a condition of membership, agree to and shall at all times comply with these Rules and any decisions, orders, directions or other things made or done by or on behalf of the Exchange pursuant thereto. Every Member and its Associated Persons shall forthwith notify the Exchange of any material change to the information provided by it to the Exchange in connection with the Member's application for membership. Every Member and its Associated Persons must disclose promptly, but in any event, within 3 business days, to the Exchange any action, suit, investigation, inquiry, or proceeding (formal or informal) pending or threatened against or affecting the Member or any Associated Person, or any of their officers or directors or their respective property or assets, by or before any court or other tribunal, any arbitrator, any governmental authority, or any self-regulatory organization of which any of them is a member, if such action, suit, investigation, inquiry, or proceeding has or may have a material impact on the solvability or liquidity of such Member or its Associated Person.

Rule 2.22 Procedure for Discontinuance of Exchange Membership

Members may maintain membership in the Exchange only so long as they possess all the qualifications for membership. When the Exchange has reason to believe that a Member has stopped to meet such qualifications, the Exchange may start up the procedure to revoke the membership in accordance with the Articles and Rule 2.8 above. The revocation shall not in any way operate to relieve or release the Member from the observance or discharge of its obligations to the Exchange or others pursuant to these Rules arising and subsisting prior to such revocation.

Rule 2.23 Voluntary Termination of Membership

A Member can only voluntarily terminate his membership by offering his B Shares to the Exchange for redemption in accordance with the Articles and Rule 2.6 above or for sale in accordance with the Articles and Rule 2.7 above.

Rule 2.24 Membership Fees

All applicants for membership shall pay an application fee of USD 5,000 which shall not be refundable in any event and, if admitted to membership, an annual fee of USD. 5,000 or such other amount as may be determined by the Foundation.

Rule 2.25 Annual Members Meeting

2.25.1 There will be an annual meeting of the Members which shall be held on the first Friday in May in each year, or as soon thereafter as practicable, and shall be held at a place and time determined by the Chairman.

2.25.2 The written notice of the annual meeting shall state the time and place thereof and shall be given to all Members not less than five days before the date of the meeting.

2.25.3 The Chairman shall set the agenda for the meeting.

2.25.4 The purpose of the annual meeting shall be for the Chairman to report to the Members on the state of affairs of the Exchange and to receive the comments and suggestions of the Members on matters on the agenda.]

CHAPTER 3

Brokers and Market Makers

Section A: Brokers

Rule 3.1 Eligibility

The Exchange may, at its discretion, approve or disapprove applications for the admittance as a Broker to the Exchange. Any Broker or Associated Person, shall be eligible as Broker on the Exchange.

Rule 3.2 Application for Broker

Rule 3.2.1 An application as Broker shall be in the form as the Exchange may from time to time prescribe, either generally or in the case of a particular applicant. The Exchange may set general approval criteria applicable to all applicants as well as special criteria for a particular group of applicants or for one a particular applicant only. At any time after receiving an application and before determining it, the Exchange may require the applicant to provide additional information.

Rule 3.2.2 Upon filing its application the applicant, and, where required, its Regulated Financial Institution, and/or any party acting in the capacity of a Guarantor of the obligations of the applicant, commits that it:

- (A) will, upon request of the Exchange, provide a certification, legal opinion, or other appropriate documentation, that the applicant or, as the case may be, its Regulated Financial Institution or Guarantor is authorized to do business in the country where its principal place of business is located;
- (B) will, upon request of the Exchange, provide a list of the other jurisdictions in which it or, as the case may be, its Regulated Financial Institution or Guarantor are authorized to do business;
- (C) will immediately notify the Exchange if it or, as the case may be, its Regulated Financial Institution or Guarantor ceases to be authorized to do business in any jurisdiction in which it is authorized to do business at the time it becomes a Broker to the Exchange;
- (D) will abide by, comply with, and adhere to the provisions of these Rules and all orders and decisions of the Supervisory Board, any of its committees and the Managing Board, including any penalties imposed by the latter, all the extent permitted by law;
- (E) will pay such dues, assessments, other fees and charges in the manner and amount as shall from time to time be fixed by the Exchange;
- (F) agrees that neither the Exchange nor any of its Supervisory Directors, Managing Directors, committee Brokers, attorney's-at-fact or employees shall be liable, except for willful malfeasance, to the applicant or to any other person, for any action taken by them or by any failure by them to act, in their official capacity, or by any employee of the Exchange while acting within the scope of his employment, in connection with the administration or enforcement of any of the provisions of these Rules or any penalty imposed by the Exchange;
- (G) will maintain and make available to the Exchange such books and records as may be required to be maintained by the Rules; and
- (H) will provide such other reasonable information with respect to the applicant as the Exchange may require.

Rule 3.3 Procedures for Admission as a Broker

Rule 3.3.1 Applications shall be addressed to, and reviewed by, the Managing Board. If the Managing Board is satisfied that the applicant is qualified to act as a Broker, the Managing Board shall promptly approve of the application. The Exchange may at all times deny an application without specifying the reasons.

Rule 3.3.2 If the Managing Board is not satisfied that the applicant is qualified to act as Broker, the Managing Board shall promptly notify the applicant in writing of the reasons why the qualifications are deficient. To the extent possible, the applicant shall then be afforded the opportunity to remedy such deficiencies. If the Managing Board does not decide on an application within 30 days after the filing of the application, or in case of any remedies, within 14 days after filing the last remedy, the application is considered to be denied. Such fictive denial of the application shall be subject to the right of appeal before the Appeals Committee in accordance with Rule 3.7.

Rule 3.3.3 The Exchange may subject a Broker to such conditions or restrictions as it thinks fit and the Exchange may, at any time by written notice to the Broker, vary any conditions or restrictions, or impose further conditions or restrictions.

Rule 3.3.4 In making an application as a Broker, the applicant shall be deemed to have agreed that if its application is approved it will thereupon become and be a Broker in accordance with, and be irrevocably bound by, these Rules.

Rule 3.4 Obligations Of Exchange Brokers and Associated Persons

All Brokers, and to extent applicable its Regulated Financial Institution, agree to and shall at all times comply with these Rules and any decisions, orders, directions or other things made or done by or on behalf of the Exchange pursuant thereto. Every Broker and its Regulated Financial Institution shall forthwith notify the Exchange of any material change to the information provided by it to the Exchange in connection with the Broker's application as Broker. Every Broker and its Regulated Financial Institution must disclose promptly, but in any event, within 3 business days, to the Exchange any action, suit, investigation, inquiry, or proceeding (formal or informal) pending or threatened against or affecting the Broker or any Regulated Financial Institution, or any of their officers or directors or their respective property or assets, by or before any court or other tribunal, any arbitrator, any governmental authority, or any self-regulatory organization at which any of them is registered, if such action, suit, investigation, inquiry, or proceeding has or may have a material impact on the solvability or liquidity of such Broker or its Regulated Financial Institution.

Rule 3.5 Acknowledgements by Broker

Rule 3.5.1 Broker agrees to enter into a detailed Brokerage agreement with all Clients and will maintain a database of all Clients. Any such Brokerage agreement shall not contravene any provisions of these Rules or any other agreement between the Broker and the Exchange.

Rule 3.5.2 A Broker shall maintain separate books of accounts in respect of its dealings with its Clients, and under no circumstances it shall commingle the funds received from or payables to any one Client with that of other Clients or parties.

Rule 3.5.3 A Broker agree that he shall abide by all statutory responsibilities and obligations imposed on him by the Rules, the Exchange Brokerage Agreement and/or any other rules or regulations as set by the Exchange applicable to Brokers in general.

Rule 3.5.4 Broker shall abide by the code of conduct as may be specified by the Exchange.

Rule 3.5.5 A Broker shall each ensure the necessary protection to his Clients regarding their rights. A Broker shall not do anything, which can likely harm the interest of Clients with and for whom he may have had transactions in Securities.

Rule 3.6 Responsibilities of Exchange and Broker

The Exchange shall provide to the Broker access to the Exchange facilities, products and services on such terms and such conditions as the Exchange, in its sole discretion, may from time to time establish. The Exchange reserves the right, in its sole discretion, to reject any account or order that Broker may tender to the Exchange.

It shall be the responsibility of the Exchange to make available to the Broker and keep him apprised about trading/ settlement cycles, delivery/ payment schedules, and all changes therein from time to time. In turn, it shall be the responsibility of Broker to comply with the Exchange procedures which apply to Broker. The Exchange shall maintain information for a period of ten years evidencing separate records, including accounts of the dealings in Securities entered into on behalf of Broker.

Rule 3.6.1 If a Broker holds or receives money from or on behalf of Client, it shall forthwith deposit or transfer the amount to a separate bank account, which can be kept in the name of Broker, but in the title of which the word "Client" shall appear (hereinafter referred to as "Client Account").

Rule 3.6.2 A Broker may at its own discretion decide to keep one consolidated Client Account for all its Clients. A Broker can also opt to open different bank accounts, each in the name of a Client.

Rule 3.6.3 When the Broker receives a check or draft representing in part money belonging to Client, and in part money belonging to Broker, he shall deposit the whole amount of such check or draft into the Client Account and from there effect subsequent transfer of its share of the amount to its own account.

Rule 3.6.4 The Exchange and a Broker shall reconcile their accounts at the end of each quarter with references made to all the settlements which took place during that quarter.

Rule 3.6.5 A Broker shall send to Client a monthly statement in respect of each account of Client within 15 business days after the end of each such monthly period, unless no transactions have taken place during such period. A Broker shall in any event send to Client such a statement once a year. Such statement shall reflect the execution prices of the transactions and the corresponding Brokerage fees separately.

Rule 3.6.6 Broker shall make available to Client and its auditors all such information, records and statements as they may reasonably require to the extent that the same relate to Client, at all reasonable times and on reasonable notice.

Rule 3.6.7 Broker shall send to Customer a contract note in respect of each executed order. A contract note (or a confirmation statement) shall, in the absence of manifest error, be conclusive and deemed acknowledged by Customer as correct, unless Broker receives written notice to the contrary within two business days of delivery of the contract note or Broker notifies Customer of an error therein within the same period

Rule 3.6.8 Broker shall issue confirmation statements to each Client within 24 hours of receipt of the contract notes from the Exchange, wherein Broker shall specify the registration number as allotted by the Exchange, the name of the Broker responsible for the execution of the order, Broker's ID-number, the name of the Exchange, reference number of Broker's contract notes, the rate at which the sale or purchase is made, and the Brokerage fee. On the cover of each confirmation memo it should clearly state that in case the Client disputes the confirmation he should do so within two days of delivery of the confirmation.

Rule 3.7 Performance

Rule 3.7.1 Broker shall, on instructions of Client and on the basis of the Client Brokerage Agreement, provide Brokerage Services to Client. Broker shall comply with any instructions given to it or purported to be given by Client and shall be entitled to act for Client upon any such Instructions.

Rule 3.7.2 Broker may in its absolute discretion refuse to execute any instruction given by or on behalf of Client and shall use reasonable endeavors to notify Client forthwith of any such decision.

Rule 3.7.3 Broker shall effect settlement of rights and/or obligations resulting from transactions effected pursuant to the Brokerage Services, such as but not limited to settlement of and payment for and delivery of Securities, in accordance with Curacao law, the Curacao regulations and market practices and/or in accordance with the terms of the transactions effected hereby.

Rule 3.7.4 Broker hereby agrees to instruct their bank to credit the bank account held by Client or, if no such account has been opened, the Broker Client Account or such other account to be agreed from time to time in the event that Broker receives any dividend and/or interest entitlements on Securities held by or on behalf of Client or its nominee.

Rule 3.7.5 Broker shall only make delivery of cash and/or any of the securities of Client:

- (A) in the course of settlement of transactions notified to Broker;
- (B) on the instructions of Client;
- (C) pursuant to any security and/or pledge arrangement agreed hereunder or otherwise between Client and Broker.

In executing instructions for the Brokerage services, Broker shall be entitled at its option, to deal with itself or with third parties as the other party. Notwithstanding the provisions in these Rules, Broker shall not be liable for any shortcomings of such third parties if it has exercised due care and diligence in selecting these third parties.

Rule 3.8 Broker-Client Obligations and Duties

Broker shall have and perform the following obligations and duties, as well as such other obligations as the Broker and the client from time to time mutually agree:

- (A) to register the securities in the name of Broker, provided however that, if instructed to do so by Client, the Broker may deposit any of the securities in a depository or clearing system;
- (B) to deposit in the bank account held by Client or, if no such account has been opened, the Broker Client Account all moneys received from or for the account of the Client;
- (C) when instructed to do so by Client and subject to the provisions in these Rules, to make settlement of transactions undertaken by or for the account of Client, delivering or receiving the securities or other assets of Client and making or receiving payments for the account of Client. However, Broker is not obliged to deliver securities or assets which cannot be covered by securities or assets which he holds for Client or to make any payments other than from the Broker Client Account;
- (D) to collect and deposit in the Broker Client Account all income and other payments in connection with the securities;

- (E) to employ any legal, financial or other experts which Broker deem necessary to comply with his duties and obligations under these Rules, the costs of which will be reimbursed to Broker by Client, if reasonable and duly evidenced by appropriate documents;
- (F) when instructed to do so by or on behalf of Client, to remit money to Brokers or others for the account of Client and to pay or procure the payment of any invoices or other financial obligations of Client;
- (G) to deliver and surrender any bonds or other instruments as and when the same fall due for payment or repayment and to pay all calls and debit the accounts of Client accordingly and to effect all necessary or appropriate exchanges of bonds or other instruments; and
- (H) to deliver to Client all forms of proxy and all notices of meetings and any other notices or announcements in connection with the securities, provided however that, unless instructed to do so by Client, Broker shall not vote on or in respect of the securities or deliver any executed form of proxy to vote thereon or in respect thereof.

Rule 3.9 General Ledger and Record keeping

The securities held at any one time by Broker shall be recorded in and ascertainable from the books and/or ledgers of Broker and the Broker and such books and ledgers shall constitute conclusive evidence of the securities and transactions retained on behalf of Client.

Rule 3.9.1 Broker hereby agrees that:

- (A) all transactions in securities on behalf of Clients of Broker shall be settled by delivery and/or payment, or squaring off, or settlement as per the due date specified by the Exchange, between the contracting parties in accordance with the Rules and subject to the procedures for settlement of transactions laid down by the Exchange from time to time.
- (B) he shall not encourage sales/purchases with the object of generating Brokerage fee/commission.

Rule 3.9.2 Broker shall not, without the prior written approval of the Exchange, place any advertisement in any newspaper, publication, periodical or any other medium or communicate with the public in any manner if such advertisement or communication refers in any manner to the Exchange, its service providers, the Rules and Regulations, the Broker application, the Pricing Schedule or these Rules.

Rule 3.10 Payments and Transfer of Securities

Rule 3.10.1 All securities, which have been purchased for the Client by the Broker, will be transferred to the Broker, or to any sub-Broker or nominee, as Broker, or registered in the name of the Broker or a sub-Broker or nominee, as the case may be. Such transfer and registration will be subject, however, to payment in full of all moneys due in connection with such purchase (including, for the avoidance of doubt, the gross purchase price). If such indebtedness is not satisfied by the Client within 3 days of the date the same became due, such securities will not be transferred to nor held by the Broker on behalf of the Client, but will be freely available to the Broker.

Rule 3.10.2 If, pursuant to the previous Rule hereof, the securities will not be transferred to or held by the Broker on behalf of the Client, the Client is not released from its obligation to pay the Broker. Such payment obligations will be reduced to the extent that the net proceeds of the sale of such securities are available to the Broker.

Rule 3.10.3 The Broker will be under no obligation whatsoever vis-à-vis the Client in connection with securities referred to above unless and until the Client has satisfied its payment obligations vis-à-vis the Broker in full.

Rule 3.11 Books and Records

Brokers shall prepare, maintain and furnish to the Exchange copies of all reports, financial information, records and regulatory filings as required of Broker, or of its Regulated Financial Institution, by the relevant Supervising Authority.

Rule 3.12 Furnishing of Records

Rule 3.12.1 Upon request of the Exchange the Broker shall furnish the Exchange with any records, files, or financial information pertaining to transactions executed on or through the Exchange. Further, the Exchange shall be allowed access, at any time, to the books and records of the Broker, in order to obtain or verify information related to transactions executed on or through the Exchange or activities relating to the Exchange or to obtain all such information as the Exchange deems necessary or appropriate in the interest of a proper investigation. Broker shall provide all assistance in any investigation conducted by or on behalf of the Exchange.

Rule 3.12.2 Broker shall submit to the Exchange order, market and transaction data, and such financial information concerning its capital adequacy and liquidity, if any, as the Exchange may specify, in such form and on such schedule as the Exchange may require.

Rule 3.12.3 The Exchange may supply information about a Broker to the Central Bank and any such transmission of information shall not be treated as a publication for the purposes of the law of defamation nor shall the Exchange incur any liability as a consequence of supplying such information.

Rule 3.13 Internal Controls

Every Broker shall adopt, maintain and diligently enforce a written system of internal control and adequate administrative organization to ensure that:

- (A) when acting as agent, the Broker acts in the best interests of clients at all times;
- (B) the Broker's directors, officers and employees act in conformity with their relevant responsibilities under applicable legal and self-regulatory requirements and these Rules; and
- (C) a sound conduct of the Broker's activities and accounting therefore is performed. The Exchange may from time to time establish minimum criteria concerning the adequacy of Brokers' internal control systems and administrative organization.

Rule 3.14 Letter of Guarantee

Rule 3.14.1 Before Broker is allowed to initiate trading activities on the Exchange, Broker or Guarantor shall issue a Letter of Guarantee of USD 100,000 to the Exchange. The Letter of Guarantee shall not be deemed to be margin for Broker or any of Broker's Clients and shall in no way constitute an ownership interest in the Exchange.

Rule 3.14.2 Depending on the daily volume of trading of the accounts of Broker and its Clients, the risk involved in such trading, and such other factors as the Exchange may, in its sole discretion, deem applicable, Broker or its Guarantor may be required to increase the USD amount, as the Exchange may from time to time specify. Broker or its Guarantor understands that the Exchange may change such amount from time to time.

Rule 3.14.3 In addition and without prejudice to the remedies provided for in these Rules, Broker or its Guarantor understands any amounts held in the Letter of Guarantee may be used by the Exchange at any time to off-set indebtedness resulting from trading and other activities from Broker or its Clients. In the event that funds from the Letter of Guarantee are so used, Broker or its Guarantor shall immediately issue a renewed Letter of Guarantee specified by the Exchange.

Rule 3.14.4 Guarantors shall be liable, on a joint and several bases, for all indebtedness arising from the trading and other activities of Broker and its Clients through the Exchange.

Rule 3.15 Disputes and notifications

Rule 3.15.1 If any dispute arises between Exchange and Broker, first settlement through negotiation with the help of the Appeals Committee of the Exchange will be sought. Exchange and Broker hereby agree that they shall cooperate with such Exchange or third party officials as appointed by the Appeals Committee and provide all relevant documents in their possession to these officials so as to expedite the settlement through the negotiation process. If no such settlement is possible, the parties hereby agree to refer such dispute to arbitration in accordance with Rule 0.3 of these Rules.

Rule 3.15.2 In case of any arbitration, Exchange and Broker hereby agree that they will assist and cooperate with each other in order to effectuate fast and proper arbitration proceedings.

Rule 3.15.3 If any dispute arises between Customer and Broker, then Broker should notify the Exchange as soon as possible but not later than 1 month after the date of dispute. Both Customer and Broker have the right to appeal any decision taken have the dispute as far as possible, then be settled through negotiation with the help of the Appeals Committee of the Exchange. Broker hereby agrees that he shall cooperate with such Exchange or third party officials as appointed by the Appeals Committee and provide all relevant documents in his possession to these officials so as to expedite the settlement through the negotiation. If the dispute persists, the dispute shall be referred to the Arbitration in accordance with the Rule 0. 3 of these Rules.

Rule 3.16 Discontinuance as a Broker

No Broker may continue as a Broker of the Exchange where, in addition to other circumstances included in the Exchange Brokerage Agreement, such Broker or, when applicable, its Regulated Financial Institution:

- (A) is not duly registered and in good standing anymore under the laws of any country or governmental body having jurisdiction over its activities;
- (B) does not remain in substantial compliance with the registration, qualification, capital, financial reporting, customer protection and other requirements of every regulatory authority with which it or they are registered and every self-regulatory organization with which it is registered;
- (C) has failed to adhere to the Rules, including those rules relating to the maintenance of books and records;
- (D) is subject to any unsatisfied liens, judgments or unsubordinated creditor claims of a material nature, which, in the absence of a reasonable explanation therefore, remain outstanding for more than six months;
- (E) is subject to any bankruptcy proceeding, receivership or arrangement for the benefit of creditors;
- (F) has engaged in an established pattern of failure to pay just debts; or
- (G) has engaged, and there is a reasonable likelihood that such organization again may engage, in acts or practices inconsistent with just and equitable principles of trade.

Rule 3.17 Disciplinary Actions

Rule 3.17.1 The Exchange has the authority to investigate any alleged breach of these Rules or other misconduct on the part of a Broker and to impose such penalty with respect to any such breach or misconduct as it deems appropriate in the circumstances including, but not limited to expulsion as a Broker, suspension of Broker privileges, payments of fines not exceeding USD 10,000 or a reprimand. For purposes of this provision, "misconduct" includes, but is not limited to, a breach of any agreement or undertaking entered into with the Exchange, a breach of any provision of the Rules, the provision of false or inaccurate information to the Exchange, a failure to provide information requested by the Exchange, any fraudulent, dishonest or unethical conduct or behavior, a failure to comply with a decision, order or direction made or given by or on behalf of the Exchange, or any other conduct detrimental to the interests of the Exchange or tending to demonstrate that the Broker is not a fit and proper person to enjoy Exchange trading privileges or has engaged or may engage in conduct inconsistent with just and equitable principles of trade.

Rule 3.17.2 Brokers shall cooperate with the Exchange in any investigation and provide full access to books, records, customer names and other information the Exchange requests in connection with any such investigation.

Rule 3.17.3 In lieu of commencing a disciplinary proceeding the Exchange may impose a fine, not to exceed USD 1,000, on any Broker for violation of a Rule which it determines to be minor in nature. Alternatively, the Exchange may instead of imposing a penalty give an opportunity to the Broker to remedy or cure the breach or misconduct within a specified time period. In either case, payment of the fine or agreement to cure the alleged breach shall be deemed to be a waiver by the Broker of its rights to a disciplinary proceeding or other formal review of the matter by the Exchange.

Rule 3.17.4 If, following an investigation or review, it appears to the Exchange that there is probable cause for finding a breach of these Rules or other misconduct and that disciplinary proceedings are warranted, the Exchange shall as soon as practicable issue a statement of charges against the Broker specifying the acts which the Broker is alleged to have engaged in and affording the Broker an opportunity (by means of written representation to, and/or appearance before, the person or persons designated by Exchange) to answer the allegation or give an explanation with respect thereto within 15 days after service of the charges. The Exchange may make a determination without a hearing and may impose a penalty in case the violations have not been admitted or the charges have not been denied or answered or are otherwise are in dispute.

Rule 3.17.5 In the event that the Exchange determines that a hearing is warranted, it shall be held before at least one senior officer of the Exchange, or a special sub-committee consisting of one or more senior Exchange officers and such other persons as the Exchange may appoint ("Hearing Officers"). The responding Broker shall be given at least 15 business days notice of the time and place of the hearing and a statement of the matters to be considered therein. The Hearing Officer(s) shall determine all questions concerning the admissibility of evidence and the conduct of the hearing. Formal rules of evidence shall not apply. A transcript of the hearing shall be made and becomes part of the record.

Rule 3.17.6 Following a hearing, the Hearing Officer(s) shall prepare a decision in writing, based solely on the record, determining whether the Broker has committed a violation and imposing a penalty, if any, therefore. The decision shall include a statement of findings and conclusions, with reasons therefore. The respondent shall promptly be sent a copy of the decision.

Rule 3.17.7 Pending determination of a disciplinary matter, the Exchange may suspend the privileges of a Broker. Notwithstanding such suspension, the Broker shall remain obligated to comply with the provisions of the Rules. The Exchange shall promptly notify any Broker in writing of such suspension, the duration of the suspension, and the extent to which such Broker may use the facilities or services of the Exchange during such suspension.

Rule 3.17.8 The Exchange may, in its discretion, by written circular or otherwise, make known to other Brokers or to the public generally any disciplinary decision.

Rule 3.18 Appeals

Rule 3.18.1 Any decision of the Exchange to reject an application for Broker or impose a disciplinary penalty on a Broker may be appealed to the Appeals Committee, which may affirm, reverse or modify, in whole or in part, the relevant determination. The decision of the Appeals Committee shall be in writing, shall disclose the reasons for its decision and shall be final and binding, notwithstanding the provisions of applicable law in this respect.

Rule 3.18.2 An appellant must give notice of its appeal within 30 days of the date of notification of the Exchange's determination or within 30 days of the date of any fictive denial the Exchange and such notice shall address and respond to the reasons given by the Exchange for the decision. The appellant shall be given an opportunity (by means of written representation to and/or appearance before the Appeals Committee) to set out and enlarge upon the grounds of its appeal. The Appeals Committee shall determine all questions concerning the conduct of a hearing. Formal rules of evidence shall not apply. The Appeals Committee shall present its decision within 30 days of the later of receipt of the appellant's written representation and/or the appearance of the appellant before the Appeals Committee. Any records pertaining to an appeal shall be maintained for a period of five years.

Rule 3.19 Procedure for the Discontinuance as a Broker on Exchange

Brokers may remain Broker on the Exchange only so long as they possess all the qualifications as a Broker. When the Exchange has reason to believe that a Broker fails to meet such qualifications then the Exchange may act to terminate the Brokerage agreement. Termination of the Brokerage Agreement shall not in any way operate to relieve or release a Broker from the observance or discharge of its obligations to the Exchange or others pursuant to these Rules arising and subsisting prior to such termination.

Rule 3.20 Voluntary Termination by a Broker

A Broker may voluntarily terminate the Brokerage Agreement only by a written resignation addressed to the Exchange. Such resignation shall not take effect until:

- (A) the later of 30 days after receipt thereof,
- (B) all indebtedness due the Exchange shall have been paid in full, or
- (C) any Exchange disciplinary action brought against the Broker has reached a final disposition and any examination of such Broker in process is completed; provided, however, that the Exchange may declare a resignation effective at any time.

Section B: Market Makers

Rule 3.21 Approval

Upon request of a Broker, the Managing Board may approve that one or more Brokers act as Market Maker for one or more Designated Securities. Only Brokers who are in compliance with these Rules and any other applicable rule and regulation shall be eligible for approval as a Market Maker.

Rule 3.22 Procedures for Admission as a Market Maker

3.22.1 Applications shall be addressed to, and reviewed by, the Managing Board. If the Managing Board is satisfied that the applicant is qualified to act as a Market maker, the

Managing Board shall promptly approve of the application. The Exchange may at all times deny an application without specifying the reasons.

3.22.2 If the Managing Board is not satisfied that the applicant is qualified to act as Market Maker, the Managing Board shall promptly notify the applicant in writing of the reasons why the qualifications are deficient. To the extent possible, the applicant shall then be afforded the opportunity to remedy such deficiencies. If the Managing Board does not decide on an application within 30 days after the filing of the application, or in case of any remedies, within 14 days after filing the last remedy, the application is considered to be denied. Such fictive denial of the application shall be subject to the right of appeal before the Appeals Committee in accordance with Rule 3.18.

3.22.3 The Exchange may subject a Market Maker to such conditions or restrictions as it thinks fit and the Exchange may, at any time by written notice to the Market Maker, vary any conditions or restrictions, or impose further conditions or restrictions.

3.22.4 These Rules and any other rules applicable to Brokers are also applicable to Market Makers except when these Rules and such other rules require otherwise.

Rule 3.23 Functions

A Market Maker shall perform the following functions:

- (A) upon request of any Broker, guarantee settlement at such Market Maker's customary charge, for transactions executed through the System in Designated Securities for which he is a Market Maker;
- (B) upon request of any Broker, at such Market Maker's customary charge, act as clearing contra-party for transactions executed through the System in Designated Securities for which he is Market Maker;
- (C) provide to all Brokers through the System, during Exchange trading hours, continuous bids and offers for round lots of Designated Securities for which he is a Market Maker;
- (D) guarantee the execution of up to 100 shares of public agency market orders in Designated Securities for which he is Market Maker. If there exists two or more Market Makers in a Designated Security, then, unless the Board has approved one member as the primary Market Maker in that Security, the guarantee obligation shall rotate among such Market Makers on a daily basis;
- (E) guarantee the execution of up to 100 shares at the opening price of opening public agency market orders and limit orders which are priced better than such opening price. If there exist two or more Market Makers in a Designated Security, then, unless the Board has approved one member as the primary Market Maker in that Security, the guarantee obligation shall rotate among such Market Makers on a daily basis; and
- (F) a Broker registered with the Exchange as a Market Maker shall forfeit his right to continue as a Market Maker Dealer if he fails to provide to all Brokers through the System, during Exchange trading hours, continuous bids and offers for round lots of Designated Securities for which he is registered as a Market Maker.

Rule 3.24 Discontinuance as a Market Maker

No Market Maker may continue as a market maker of the Exchange where, in addition to other circumstances included in the Exchange Market Maker Agreement, such Market Maker or, when applicable, its Regulated Financial Institution:

- (A) is not duly registered and in good standing anymore under the laws of any country or governmental body having jurisdiction over its activities;

- (B) does not remain in substantial compliance with the registration, qualification, capital, financial reporting, customer protection and other requirements of every regulatory authority with which it or they are registered and every self-regulatory organization with which it is registered;
- (C) has failed to adhere to the Rules, including those rules relating to the maintenance of books and records;
- (D) is subject to any unsatisfied liens, judgments or unsubordinated creditor claims of a material nature, which, in the absence of a reasonable explanation therefore, remain outstanding for more than six months;
- (E) is subject to any bankruptcy proceeding, receivership or arrangement for the benefit of creditors;
- (F) has engaged in an established pattern of failure to pay just debts; or
- (G) has engaged, and there is a reasonable likelihood that such organization again may engage, in acts or practices inconsistent with just and equitable principles of trade.

Rule 3.25 Disciplinary Actions

Rule 3.25.1 The Exchange has the authority to investigate any alleged breach of these Rules or other misconduct on the part of a Market Maker and to impose such penalty with respect to any such breach or misconduct as it deems appropriate in the circumstances including, but not limited to expulsion as a Market Maker, suspension of Market Maker privileges, payments of fines not exceeding USD 50,000 or a reprimand. For purposes of this provision, "misconduct" includes, but is not limited to, a breach of any agreement or undertaking entered into with the Exchange, a breach of any provision of the Rules, the provision of false or inaccurate information to the Exchange, a failure to provide information requested by the Exchange, any fraudulent, dishonest or unethical conduct or behavior, a failure to comply with a decision, order or direction made or given by or on behalf of the Exchange, or any other conduct detrimental to the interests of the Exchange or tending to demonstrate that the Market Maker is not a fit and proper person to enjoy Exchange trading privileges or has engaged or may engage in conduct inconsistent with just and equitable principles of trade.

Rule 3.25.2 Market Makers shall cooperate with the Exchange in any investigation and provide full access to books, records, customer names and other information the Exchange requests in connection with any such investigation.

Rule 3.25.3 In lieu of commencing a disciplinary proceeding the Exchange may impose a fine, not to exceed USD 5,000, on any Market Maker for violation of a Rule which it determines to be minor in nature. Alternatively, the Exchange may instead of imposing a penalty give an opportunity to the Market Maker to remedy or cure the breach or misconduct within a specified time period. In either case, payment of the fine or agreement to cure the alleged breach shall be deemed to be a waiver by the Market Maker of its rights to a disciplinary proceeding or other formal review of the matter by the Exchange.

Rule 3.25.4 If, following an investigation or review, it appears to the Exchange that there is probable cause for finding a breach of these Rules or other misconduct and that disciplinary proceedings are warranted, the Exchange shall as soon as practicable issue a statement of charges against the Market Maker specifying the acts which the Market Maker is alleged to have engaged in and affording the Market Maker an opportunity (by means of written representation to, and/or appearance before, the person or persons designated by Exchange) to answer the allegation or give an explanation with respect thereto within 15 days after service of the charges. The Exchange may make a determination without a hearing and may impose a penalty in case the violations have not been admitted or the charges have not been denied or answered or are otherwise are in dispute.

Rule 3.25.5 In the event that the Exchange determines that a hearing is warranted, it shall be held before at least one senior officer of the Exchange, or a special sub-committee consisting of one or more senior Exchange officers and such other persons as the Exchange may appoint ("Hearing Officers"). The responding Market Maker shall be given at least 15 business days notice of the time and place of the hearing and a statement of the matters to be considered therein. The Hearing Officer(s) shall determine all questions concerning the admissibility of evidence and the conduct of the hearing. Formal rules of evidence shall not apply. A transcript of the hearing shall be made and becomes part of the record.

Rule 3.25.6 Following a hearing, the Hearing Officer(s) shall prepare a decision in writing, based solely on the record, determining whether the Market Maker has committed a violation and imposing a penalty, if any, therefore. The decision shall include a statement of findings and conclusions, with reasons therefore. The respondent shall promptly be sent a copy of the decision.

Rule 3.25.7 Pending determination of a disciplinary matter, the Exchange may suspend the privileges of a Market Maker. Notwithstanding such suspension, the Market Maker shall remain obligated to comply with the provisions of the Rules. The Exchange shall promptly notify any Market Maker in writing of such suspension, the duration of the suspension, and the extent to which such Market Maker may use the facilities or services of the Exchange during such suspension.

Rule 3.25.8 The Exchange may, in its discretion, by written circular or otherwise, make known to other Market Makers or to the public generally any disciplinary decision.

Rule 3.26 Appeals

Rule 3.26.1 Any decision of the Exchange to reject an application for Market Maker or impose a disciplinary penalty on a Market Maker may be appealed to the Appeals Committee, which may affirm, reverse or modify, in whole or in part, the relevant determination. The decision of the Appeals Committee shall be in writing, shall disclose the reasons for its decision and shall be final and binding, notwithstanding the provisions of applicable law in this respect.

Rule 3.26.2 An appellant must give notice of its appeal within 30 days of the date of notification of the Exchange's determination or within 30 days of the date of any fictive denial the Exchange and such notice shall address and respond to the reasons given by the Exchange for the decision. The appellant shall be given an opportunity (by means of written representation to and/or appearance before the Appeals Committee) to set out and enlarge upon the grounds of its appeal. The Appeals Committee shall determine all questions concerning the conduct of a hearing. Formal rules of evidence shall not apply. The Appeals Committee shall present its decision within 30 days of the later of receipt of the appellant's written representation and/or the appearance of the appellant before the Appeals Committee. Any records pertaining to an appeal shall be maintained for a period of five years.

Rule 3.27 Procedure for the Discontinuance as a Market Maker on Exchange

Market Makers may remain Market Maker on the Exchange only so long as they possess all the qualifications as a Market Maker. When the Exchange has reason to believe that a Market Maker fails to meet such qualifications then the Exchange may act to terminate the Exchange Market Maker agreement. Termination of the Exchange Market Maker Agreement shall not in any way operate to relieve or release a Market Maker from the observance or discharge of its obligations to the Exchange or others pursuant to these Rules arising and subsisting prior to such termination.

Rule 3.28 Voluntary Termination by a Market Maker

A Market Maker may voluntarily terminate the Exchange Market Maker Agreement only by a written resignation addressed to the Exchange. Such resignation shall not take effect until:

- (A) the later of 30 days after receipt thereof;
- (B) until all indebtedness due the Exchange shall have been paid in full; or
- (C) until any Exchange disciplinary action brought against the Market Maker has reached a final disposition and any examination of such Market Maker in process is completed; provided, however, that the Exchange may declare a resignation effective at any time.

Rule 3.29 Books and Records

Each Market Maker shall prepare and maintain and shall make available to the Exchange on request copies of all reports, records and regulatory filings prepared or kept by the Market Maker.

Rule 3.30 Furnishing of Records

Rule 3.30.1 Upon request of the Exchange the Market Maker shall furnish the Exchange with any records, files, or financial information pertaining to transactions executed on or through the Exchange. Further, the Exchange shall be allowed access, at any time, to the books and records of the Broker, in order to obtain or verify information related to transactions executed on or through the Exchange or activities relating to the Exchange or to obtain all such information as the Exchange deems necessary or appropriate in the interest of a proper investigation. Broker shall provide all assistance in any investigation conducted by or on behalf of the Exchange.

Rule 3.30.2 Market Makers shall submit to the Exchange order, market and transaction data, and such financial information concerning its capital adequacy and liquidity, if any, as the Exchange may specify, in such form and on such schedule as the Exchange may require.

Rule 3.30.3 The Exchange may supply information about a Market Maker to the Central Bank and any such transmission of information shall not be treated as a publication for the purposes of the law of defamation nor shall the Exchange incur any liability as a consequence of supplying such information.

Rule 3.31 Internal Controls

Every Market Maker shall adopt, maintain and diligently enforce a written system of internal control and adequate administrative organization to ensure that:

- (A) when acting as agent, the Market Maker acts in the best interests of clients at all times;
- (B) the Market Maker's directors, officers and employees act in conformity with their relevant responsibilities under applicable legal and self-regulatory requirements and these Rules; and
- (C) a sound conduct of the Market Maker's activities and accounting therefore is performed. The Exchange may from time to time establish minimum criteria concerning the adequacy of Market Makers' internal control systems and administrative organization.

Rule 3.32 Additional Guarantee

Each Market Maker, next to his Brokers guarantee under Rule 3.14, either through itself or the Guarantor, will issue a Letter of Guarantee of USD 50.000 to the Exchange. The Letter of Guarantee shall not be deemed to be margin for the Member or any of Member's customers and shall in no way constitute an ownership interest in the Exchange.

CHAPTER 4

Trading

Rule 4.1 DCSX Securities Trading System

Definitions

When used in this Chapter:

- (A) the term "System" means the DCSX Securities Trading System, an electronic securities communication and execution facility through which bids and offers of competing dealers, as well as public orders, are consolidated for review and execution by Brokers. The System combines the display of both the limit order file and current quotation/last sale information to Brokers with the matching and execution of like-priced orders, bids and offers according to programmed price/time and agency/principal priorities in order to give Brokers the ability to perform the Brokerage and market-making functions performed on other exchanges. In addition, the System provides for the automatic execution of orders under predetermined conditions;
- (B) the term "Member" is a financial institution that has at least one membership on an exchange. Such a firm enjoys the rights, privileges and obligations of membership;
- (C) the term "Broker" means a registered person or company who acts as an agent between the buyer and the seller on the exchange where the securities are traded;
- (D) the term "Market Maker" means a Broker/Dealer who maintains firm bid and offer prices in a given security by standing ready to buy or sell round lots at publicly quoted prices.
- (E) the term Broker/Dealer means a registered person or company who acts as Principal in a securities transaction and trade for its own account and risk. When buying from a Broker acting as a Dealer, a customer receives securities from the Dealers inventory; the confirmation must disclose this;
- (F) the term "Designated Security" means a security designated by the Exchange to be traded by Market Makers. Any class of securities listed or admitted to trading privileges on the Exchange shall be eligible to become a Designated Security. All Designated Securities are eligible for odd-lot, round-lot and partial round-lot executions;
- (G) the term "Securities" refers to all investment products listed and traded on the Exchange;
- (H) the term "Public Agency Order" means any order entered by a Brokers as agent for the account of a person, other than a Broker, or a Market Maker
- (I) the term "Professional Agency Order" means an order entered by a Brokers as agent for the account of a non-member Broker-dealer;
- (J) the term "Exchange" also includes the electronically integrated System marketplace consisting of the premises on which System terminals are located and the System supervisory center.

Rule 4.2 General Provisions

- (A) these Rules are formulated in accordance with the Securities Exchange Law of the Netherlands Antilles, and the rules and regulations of the Dutch Caribbean Securities Exchange (DCSX), for the purpose of regulating securities trading practices, maintaining an orderly securities market and protecting the legitimate rights and interests of investors.

(B) these Rules apply to the trading in securities and derivative products (hereinafter collectively, securities) listed on the DCSX (hereinafter, the Exchange).
Those not provided in these Rules are governed by other relevant rules of the Exchange.

(C) the principle of openness, fairness and equitability shall be observed in the trading of securities.

(D) all Brokers shall comply with relevant laws, bylaws, and rules of the Exchange, and adhere to the principle of free will, compensation, honesty and good faith in the trading activities.

(E) securities are traded on a dematerialized and centralized basis or by such other means as the Exchange may approve.

Rule 4.3 Marketplace

Rule 4.3.1 Trading Venue

(A) the Exchange provides the market place and facilities for securities trading, which comprise the trading system, order routing system and relevant communication system.

(B) upon the authorization of the Exchange, Brokers may route orders to the trading system of the Exchange.

(C) unless permitted by the Exchange, only the following persons are granted access to the trading system:

- (1) registered Brokers; and
- (2) Exchange officers.

(D) the Exchange gives approval to Brokers and grants access to the trading system upon signing of the Broker Agreement. The rules thereon are formulated separately and come into effect upon approval of the Brokers.

Rule 4.3.2 Trading Instruments

The following securities may be listed and traded on the Exchange:

- (1) stocks;
- (2) mutual funds, ETFs and other fund types;
- (3) bonds;
- (4) other instruments as approved by the DCSX.

Rule 4.3.3 Trading Hours

(C) the Exchange is open for trading from Monday through Friday.
The market is closed on public holidays and other dates as announced by the Exchange.

(B) trading hours will be from 9:00 – 16:00.
The Exchange may adjust trading hours as it deems fit and upon prior notification to Brokers.

(C) in case of trading suspension, trading hours are not extended.

Rule 4.4 Trading of Securities

Rule 4.4.1 General Rules

- (A) upon acceptance of a client instruction, the Broker shall place order with the Exchange as instructed and bear corresponding trading and settlement obligations.
When orders are successfully executed, the investors shall deliver the relevant securities or pay corresponding cash to the Broker and the Broker shall return the proceeds from its sale of the securities to the investor or deliver the securities purchased.
- (B) the Broker shall send trading orders to the Exchange through the order routing system and effect trades in accordance with these Rules. Transaction records are returned to the Brokers by the Exchange through its designated clearing & settlement partner.
- (C) all Brokers shall take good care of client instructions and their own trading orders to the Exchange.

Rule 4.4.2 Client Instruction

- (A) in order to trade Exchange listed securities, investors shall open securities accounts and cash accounts and sign stock broking agreements with a Broker. The client-Broker relation is established upon effect of the agreement.
- (B) the procedures to open securities accounts are subject to the regulations of the registration and clearing institution designated by the Exchange.
- (C) clients must instruct a Broker in any recordable way of communication to buy or sell securities on their behalf. Instructions shall follow relevant operation procedures.
- (D) unless otherwise specified, a client instruction shall include information on the following:
 - (1) number of the client's securities account;
 - (2) codes of securities to be traded;
 - (3) buy or sell;
 - (4) trade quantity;
 - (5) price; and
 - (6) other information as required by the Exchange and the Broker.
- (E) clients may cancel the unexecuted remainder of an instruction. Brokers shall return to the clients the cash or securities corresponding to the cancelled or disabled instructions upon confirmation thereof.

Rule 4.4.3 Order types admitted for securities trading.

- (A) a "Limit" order is an order to buy a security at a specific price or lower, or to sell at a specific price or higher;
- (B) a "Market" order is an order to buy or sell a security at the best price currently available;
- (C) a "Good Till Cancelled" order is an order to buy or sell a security, usually at a particular price, that remains in effect until executed or cancelled;
- (D) a "Fill or Kill" order is an order to buy or sell a security which if not executed immediately in its entirety, is cancelled automatically;
- (E) a "Fill and Kill" order is an order to buy or sell a security which if not executed immediately in its entirety, the remaining part of the order not filled will be cancelled automatically;

- (F) a "Buy Stop" order is an order to buy a security marked to be held until the market price rises to the stop, then to be executed automatically as a market order at the best available price;
- (G) a "Sell Stop" order is an order to sell a security marked to be held until the market price falls to the stop, then to be executed automatically as a market order at the best available price;
- (H) a "Stop Limit" order is an order to buy or sell a security at a specific price or better, but only after a given stop price has been reached or passed;
- (I) a "Firm" order is an order to buy or sell a security for the proprietary account of the Broker/Dealer, the buy or sell order is not conditional upon customer's confirmation;
- (J) other types of orders as specified by the Exchange. Orders must be routed in the format as specified by the Exchange.

Rule 4.4.4 Daily price limits

The Exchange may impose a daily price limit on trading of securities and mutual funds under special supervision by the Exchange.

- (A) the price limit is calculated as follows: price limit = previous closing price plus or minus the limit percentage;
- (B) securities are not subject to a price limit on their first trading day in any of the following cases;
 - (1) listing of IPO shares;
 - (2) listing of new shares;
 - (3) listing resumption; or
 - (4) other cases as recognized by the Exchange.
- (C) the Exchange may adjust the daily price limit.
- (D) for securities that have a price limit imposed only those orders within the price limit are valid. Orders extending the limit are invalid orders.

Rule 4.5 Order Entry

It shall be the responsibility of all Brokers when trading on the Exchange to effect such transactions through the System. Brokers may enter orders to buy and sell in Designated Securities through System terminals, which may have computer interfaces that have communications capability with the System and are directly linked to the System.

Rule 4.6 Order Display and Priorities

- (A) the System shall display all current principal interest and agency orders of Brokers in Designated Securities and the last sale price for Designated Securities to each Brokers for purposes of trading.
- (B) the System shall automatically match and execute like-priced orders, bids and offers in accordance with the price-time and agency/principal priorities set forth in this Rule.
- (C) public agency orders entered in the System which have not been executed may be removed from the System only by the Brokers who entered the order and only for the purpose of canceling the order.
- (D) public agency orders to buy or sell at a particular price shall have priority over all

other bids and offers in the System at the same price. Subject to the foregoing condition:

- (1) all bids entered in the System shall be queued for execution so that the highest price bid shall be the first to be executed and so that, in the case of bids at the same price, the bid entered earliest in time shall be the first to be executed; and
 - (2) all offers entered in the System shall be queued for execution so that the lowest price offered shall be the first to be executed and so that, in the case of offers at the same price, the offer entered earliest in time shall be first to be executed.
- (E) it shall be the responsibility of each Market Maker or other Brokers when trading on the Exchange for his own account or as agent for professional agency orders in round lots of Designated Securities to effect such transactions through the System and, in so doing, to yield priority to:
- (1) all public agency orders in the System at prices equal to, or better than, his order, bid or offer; and
 - (2) all orders, bids and offers of Market Makers and other Brokers for their own accounts and as agents for professional agency orders in the System at prices better than his order, bid or offer or at the same price in the event any such orders, bids or offers were entered in the System at an earlier time than his order, bid or offer.

Rule 4.7 Block Trading

The Exchange will reserve the right to refuse or register any block trade and may require Brokers to justify any trades negotiated at apparently abnormal levels.

The Exchange will monitor and adjust, when necessary, the minimum size of block trades to protect the quality of the market.

The Exchange will post a message detailing the block trade via the DCSX Website and order book, once the block trade has been validated and accepted by the Exchange.

- (A) Brokers may transact off-Exchange block trades, as a bilaterally agreed transaction on the Exchange. The minimum size of the block trade will be for:
- (1) equities; 10.000 shares
 - (2) bonds; USD 250.000.
- (B) Brokers may not aggregate separate orders to meet minimum threshold requirements.
- (C) the price of the trade must lie during market hours:
- within the average bid-ask spread of the trading line of the market of reference calculated on the basis of the quantity to be reported at the time of the declaration.
 - between the High and the Low trading price during the day.
- (D) the price has to be equal to the last adjusted closing price:
- if the transaction takes place after the trading hours
 - if there are no buy and/or sell orders in the trading order book of the market of reference.
- (E) Brokers have the obligation to ensure that any block trade price quoted satisfies fair value principles. i.e. that such price must be fair and reasonable given the lot size of the block trade and the price and size of business being quoted in the central order book.
- (F) Brokers have the obligation to follow the mandatory matching criteria:

- price;
- quantity;
- contra-party;
- direction;
- settlement date;
- indicator of guarantee;
- exchange Symbol or ISIN.

(G) Brokers must report Block Trades to the Exchange as soon as practicable but no later than five minutes after the transaction took place through the Block Order Exchange trade function.

(H) block trades must be included within existing price reports with a separate trade type indicator.

Rule 4.8 Confirmations

The Exchange shall provide hard-copy confirmation for each transaction effected through the System promptly to each Brokers (or his agent) who is a party to that transaction, supplying the following information: size, price, security, whether the Brokers was a buyer or a seller and the transaction identification number.

Rule 4.9 Access

Any Brokers may obtain from the Exchange electronic means of direct access to the System upon the payment of such reasonable fees as the Board may specify from time to time.

Rule 4.10 Hours of Trading

The Exchange reserves the right to expand or reduce trading sessions as it determines appropriate.

Rule 4.11 Unit of Trading

The unit of trading of shares on the Exchange shall be 100 shares, and the unit of trading of bonds on the Exchange shall be USD.1.000 original principal amount.

Rule 4.12 Price Variations

Bids or offers in shares traded on the Exchange shall not be made at a smaller price variation than 0.01 per share and in bonds traded in percentage at a smaller variation than 0.01% of the principal amount or 0.01 in the equivalent currency. Exceptions are possible and if applicable they will be listed in a separate Notice.

Rule 4.13 Trading Ex-Dividend

Transactions in stocks (except those made for "cash") shall be ex-dividend or ex-rights on the fourth business day preceding the record date fixed by the corporation or the date of the closing of transfer books. Should such record date or such closing of transfer books occur upon a day other than a business day, this Rule shall apply for the fifth preceding business day. Transactions in stocks made for "cash" shall be ex-dividend or ex-rights on the business day following said record date or date of closing of transfer books. In respect to stock dividends and/or splits which are 25% or greater, the ex-dividend date shall be the first business date following the payable date, except in the case of a dually or multiply-traded security where the principal exchange on which such a security is traded shall have a different rule or when the Board of the Exchange shall provide otherwise.

Rule 4.14 Orders to be Reduced and Increased on Ex-Date

- (A) except when the Exchange shall provide otherwise, when a security is quoted "ex-dividend", "ex-distribution", "ex-rights" or "ex-interest", the following kinds of orders shall be reduced in price and increased in shares, in the case of stock dividends and stock distributions which result in round lots, on the day the security sells ex:
- (1) open buy orders;
 - (2) open stop orders to sell (with open stop limit orders to sell, the limit, as well as the stop price, shall be reduced);
 - (3) open stop orders to buy; and
 - (4) open sell orders.
- (B) the procedure to be followed in reducing the above kinds of orders shall be as follows:
- (1) in the case of a cash dividend disbursement, the price shall be reduced by the amount of such disbursement in an amount equal to, or a multiple of, the variation in which bids and offers are made. Should the disbursement be in an amount other than the variation in which bids and offers are made, or a multiple thereof, orders shall be reduced by the next higher variation;
 - (2) in the case of stock dividends or other stock distributions, open buy orders and open stop orders to sell shall be reduced in price by the proportional value of a stock dividend or stock distribution on the day a security sells ex-dividend or ex-distribution. The new price of the order is determined by dividing the price of the original order by 100% plus the percentage value of the stock dividend or stock distribution. If, as a result of this calculation, the price is not equivalent to or is not a multiple of the variation of a dollar in which bids and offers are made in the particular security, the price should be rounded to the next lower variation; and
 - (3) in the case of reverse splits, all orders (including open sell orders and open stop orders to buy) should be canceled.
- (C) in the case of a stock dividend or stock distribution, the procedure to be followed in increasing open buy orders and open stop orders to sell shall be as follows:
- (1) when there is a stock dividend or stock distribution which results in one or more full shares of each share held, the number of shares in open buy orders and open stop orders to sell shall be increased accordingly;
 - (2) when there is a stock dividend or stock distribution on less than a one-for-one basis which thus results in fractional shares, open buy orders and open stop orders to sell shall be increased to the lowest full round lot; and
 - (3) when there is a stock dividend or stock distribution which results in fractional shares combined with full shares, the number of shares in open buy orders and open stop orders to sell shall be increased to the lowest full round lot.
- (D) open orders held by a Broker prior to the day a stock sells ex-dividend, ex-distribution or ex-rights shall be reduced in price and, if the above is applicable, increased in shares by the value of the dividend or distribution of rights, unless the member is otherwise instructed by the customer from whom the orders were received.

Rule 4.15 Trading Suspensions

The CEO of the Exchange shall have the power to suspend trading in any and all securities traded on the Exchange whenever in his opinion such suspension would be in the public interest. No such action shall continue longer than a period of two days, or as soon thereafter as a quorum of the Board of the DCSX can be assembled, unless the Board approves the continuation of such suspension.

Rule 4.16 Trading Halts

Trading halts in a particular security or for the entire market can be called by the authorized Exchange official for the following reasons:

- (A) order imbalance;
- (B) news pending;
- (C) awaiting important information; or
- (D) computer or network technical problems.

Rule 4.17 Publication of Transactions and Changes

- (A) the Exchange shall cause to be disseminated for publication all last sale price reports of transactions executed through the facilities of the Exchange.
- (B) to facilitate the dissemination of such last sale price reports, each member shall cause to be reported to the Exchange, as promptly as possible after execution, but in no event later than 90 seconds, information concerning the price, name of security and size of each transaction and other information the Exchange may require.
- (C) an official of the Exchange shall approve any corrections to reports of transactions. Any such corrections shall be made as promptly as possible after discovery of the error.

Rule 4.18 Market Manipulation

No Member, Parent or Affiliated Company, Broker or Guarantor shall execute or cause to be executed or participate in an account for which there are executed purchases of any security at successively higher prices, or sales of any security at successively lower prices, for the purpose of creating or inducing a false, misleading or artificial appearance of activity in such security on the Exchange or for the purpose of unduly or improperly influencing the market price for such security or for the purpose of establishing a price which does not reflect the true state of the market in such security.

Rule 4.19 Fictitious Transactions

No Member, Parent or Affiliated Company, Broker or Guarantor, for the purpose of creating or inducing a false, artificial or misleading appearance of activity in a security traded on the Exchange or creating or inducing a false, artificial or misleading appearance with respect to the market in such security shall:

- (A) execute any transaction in such security which involves no change in the beneficial ownership thereof;
- (B) enter any order or orders for the purchase of such security with the knowledge that an order or orders of substantially the same size, and at substantially the same price, for the sale of such security, has been or will be entered by or for the same or different parties; or
- (C) enter any order or orders for the sale of any such security with the knowledge that

an order or orders of substantially the same size, and at substantially the same price, for the purchase of such security, has been or will be entered by or for the same or different parties.

Rule 4.20 Excessive Sales by Member

No Member, Parent or Affiliated Company, Broker or Guarantor shall execute purchases or sales of any security traded on the Exchange for any account in which such Member, Parent or Affiliated Company, Brokers or Guarantor is directly or indirectly interested, which purchases or sales are excessive in view of the Member, Parent or Affiliated Company, Broker or Guarantor's financial resources or in view of the market for such security.

Rule 4.21 Manipulative Transactions

- (A) no Member, Parent or Affiliated Company, Broker or Guarantor shall participate or have any interest, directly or indirectly, in the profits of a manipulative operation or knowingly manage or finance a manipulative operation.
- (B) any pool, syndicate or joint account organized or used intentionally for the purpose of unfairly influencing the market price of a security shall be deemed to be a manipulative operation.
- (C) the solicitation of subscriptions to or the acceptance of discretionary orders from any such pool, syndicate or joint account shall be deemed to be managing a manipulative operation.
- (D) the carrying on margin of a position in such security or the advancing of credit through loans to any such pool, syndicate or joint account shall be deemed to be financing a manipulative operation.

Rule 4.22 Dissemination of False Information

No Member, Parent or Affiliated Company, Broker or Guarantor shall make any statement or circulate and disseminate any information concerning any security traded on the System which such Member, Parent or Affiliated Company, Broker or Guarantor knows or has reasonable grounds for believing is false or misleading or would improperly influence the market price of such security.

Rule 4.23 Customer Priority

- (A) no Member, Parent or Affiliated Company, Broker or Guarantor shall:
 - (1) personally buy or initiate the purchase of any security traded on the System for its own account or for any account in which it or any associated person of Member, Parent or Affiliated Company, Broker or Guarantor is directly or indirectly interested while such a Member, Parent or Affiliated Company, Broker or Guarantor holds or has knowledge that any person associated with it holds an unexecuted market order to buy such security in the unit of trading for a customer; or
 - (2) sell or initiate the sale of any such security for any such account while it personally holds or has knowledge that any person associated with it holds an unexecuted market order to sell such security in the unit of trading for a customer.
- (B) no Member, Parent or Affiliated Company, Broker or Guarantor shall:
 - (1) buy or initiate the purchase of any such security for any account in which it or any associated person of the Member, Parent or Affiliated Company, Broker or Guarantor is directly or indirectly interested at or below the price at which it personally holds or has

knowledge that any person associated with it holds an unexecuted limited price order to buy such security in the unit of trading for a customer; or

- (2) sell or initiate the sale of any such security for any such account at or above the price at which it personally holds or has knowledge that any person associated with it holds an unexecuted limited price order to sell such security in the unit of trading for a customer.

(C) the provisions of paragraphs (A) and (B) of this Rule shall not apply:

- (1) to any purchase or sale of any such security in an amount less than the unit of trading made by a Member, Parent or Affiliated Company, Broker or Guarantor to offset odd-lot orders for customers;
- (2) to any purchase or sale of any such security upon terms for delivery other than those specified in such unexecuted market or limited price order; or
- (3) to any unexecuted order that is subject to a condition that has not been satisfied.

Rule 4.24 Joint Activity

No Broker, directly or indirectly, shall hold any interest or participation in any joint account for buying or selling in a security traded on the Exchange, unless such joint account is promptly reported to the System. The report should contain the following information for each account:

- (A) the name of the account, with names of all participants and their respective interests in profits and losses;
- (B) a statement regarding the purpose of the account;
- (C) the name of the Broker carrying and clearing the account; and
- (D) a copy of any written agreement or instrument relating to the account.

Rule 4.25 Best Execution

In executing customer orders, a Broker is not a guarantor of "best execution" but must use the care of a reasonably prudent person in the light of all circumstances deemed relevant by the Broker and having regard for the Brokerage judgment and experience.

Rule 4.26 Insider Dealing

No Member, Parent or Affiliated Company, Broker or Guarantor nor any of their officers, directors or employees, shall deal in securities traded on the Exchange while in possession of confidential, unpublished, price sensitive information with the intention of making a profit or avoiding a loss, nor shall they provide such information to another person for profit making or loss avoidance purposes.

Rule 4.27 Lawful Property

A Broker shall not accept any property from a customer or prospective customer for the purpose of its trading activities on the System unless it has reasonable grounds for believing that such property has been lawfully acquired by such customer and has not been connected with or derived from any criminal or unlawful activity, transaction or source.

Rule 4.28 Segregation of Customer Accounts

Every Broker, in maintaining its records of account and otherwise, shall keep segregated the transactions and property of its customers from those of itself and shall hold all customer funds and securities in separate accounts. Every Broker that holds money and/or securities on behalf of third parties shall make appropriate arrangements to protect the rights of customers, particularly in the event of insolvency and to prevent customers' money and/or securities from being used by the Brokers for its own account without the express permission of the customer.

Rule 4.29 Private Securities Transactions

Every Broker shall adopt, maintain and diligently enforce a written code of conduct concerning securities transactions executed by persons associated with the member. The Exchange may from time to time establish minimum criteria concerning the adequacy of such codes.

CHAPTER 5

Order Handling Rules

Rule 5.1 Verification of Orders

All orders for execution from Brokers for their customers' or their own account shall be sent to the Exchange for verification before being forwarded for execution.

Rule 5.2 Non-Verification

An order may not be verified if:

- (A) it appears the order may not be in compliance with any of the Exchange's Rules;
- (B) it appears the order is incomplete or is incorrect; or
- (C) the Broker transmitting the order is not in compliance with the Rules of the Exchange.

Rule 5.3 Rejected Orders

If an order is rejected for any reason, neither the Exchange, nor its Directors, committee members, officers or employees shall be held responsible or liable for any loss to the Broker or its customers.

Rule 5.4 Relations with Brokers

- (A) the Broker, and not the Exchange, shall be responsible to customers for providing services. The Exchange shall not be deemed to have a fiduciary relationship with any Broker or any of the Brokers' customers,
- (B) the Broker shall not be deemed to be an agent of the Exchange for any purpose. The Broker acknowledges that the Exchange does not control the business or operations of the Broker,
- (C) the Exchange may rely, without inquiry, on the validity of all order, customer and other information furnished to it by any Broker.

Rule 5.5 Supervision of Orders and Accounts

- (A) Brokers shall be responsible for reviewing and providing information concerning new customer accounts. Before accepting or operating a securities trading account for any customer, a Broker shall ensure that he knows who the customer is and shall enter into a customer agreement which shall contain a statement that in respect of transactions is duly concluded on the Exchange. The Rules of the Exchange shall apply and shall be binding on both the Broker and the customer,
- (B) Brokers shall agree to diligently supervise compliance with all applicable laws, rules and regulations of any regulatory or self-regulatory agency or organization having jurisdiction over the Broker, including without limitation, the Exchange, through the use of a compliance manual or other written procedures. The Broker shall review transactions and accounts to assure compliance with prohibitions against manipulative practices and insider trading and other requirements of applicable regulatory and self-regulatory rules and regulations to which Brokers or their customers are subject,
- (C) Brokers shall obtain all essential facts relating to each customer, each cash and

margin account, each order, and each person holding a power of attorney over any account, in order to assess the suitability of transactions, the authenticity of orders, signatures, endorsements, certificates, or other documentation, and the frequency of trading. The Broker shall commit that, to the best of its knowledge, it will not open or maintain accounts for persons who are minors or who are otherwise legally incompetent and that it will comply with laws, rules or regulations that govern the manner and circumstances in which accounts may be opened or transactions authorized,

- (D) a Broker shall be solely responsible for any recommendation or advice it may offer to its customers,
- (E) Brokers shall be solely responsible for obtaining customer approval for and supervising discretionary accounts,
- (F) the Exchange may in future, but is not required to, decide to permit option trading. Brokers shall obtain the required signatures on all option agreements, shall obtain proper approval of the opening of all option accounts and shall otherwise comply with all applicable laws, rules and regulations relating to options accounts and options trading. The Broker shall deliver to the Exchange one original and one copy of the signed option agreement for each customer approved by it for options trading in a form acceptable to the Exchange,
- (G) Brokers shall give required notices and obtain required approvals of employers in each case in which a customer is an employee of a Broker or dealer, a self-regulatory organization, or a financial institution.

Rule 5.6 Extension of Credit

- (A) the Exchange may, but is not required to, permit customers of Brokers to purchase securities on margin, but all transactions for a customer will be deemed to be cash transactions, and payment for those transactions will be required in the manner applicable to cash transactions, unless, on or prior to settlement, the Broker has furnished the Exchange with a properly executed and binding customer margin agreement and consent to loan of securities in a form acceptable to the Exchange,
- (B) all margin accounts introduced by the Broker shall be subject to the Exchange's margin requirements as in effect from time to time. The Exchange reserves the right (but shall not be obligated) to refuse any transaction in a margin account or group of accounts without the actual receipt of the necessary margin and to impose a higher margin requirement for a particular account when, in the Exchange's discretion, the past history or nature of the account or other factors or the securities held in it, warrants such action. In all instances, the Broker shall be responsible for determining the amount of credit suitable for every account and may require higher margin than imposed by the Exchange for any particular account, group of accounts, or all accounts introduced by a Broker to the Exchange,
- (C) the Broker shall be responsible for the initial margin requirement for any transaction until such initial margin has been received by the Exchange in acceptable form. After the initial margin for a transaction has been received, subsequent margin calls may be made by the Exchange at its discretion. The Exchange shall calculate the maintenance requirement and notify the Broker of any amounts due. The Broker shall be responsible for issuing the margin call to its customer and obtaining the amount due directly from the customer. If the Broker fails to take the appropriate action the Exchange reserves the right to collect the amount due directly from the customer. The Broker agrees to cooperate with the Exchange in complying with and obtaining margin in response to such calls. If any customer fails to meet a maintenance call, the Broker shall be liable to the Exchange for

any loss or damage it may incur unless the Broker establishes that the loss or damage was directly attributable to the Exchange's failure to give proper and timely notification to the Broker or customer,

- (D) in the event that satisfactory margin is not provided within the time specified by the Exchange, or securities sold are not delivered as required, the Exchange may take such actions as it deems appropriate, including but not limited to the sale or purchase of securities in connection with the account. The Broker shall cooperate with the Exchange by entering appropriate orders to buy-in or sell-out securities in any such instance. Compliance with a request to withhold action shall not be deemed a waiver by the Exchange of any of its rights, including but not limited to the right to close out a contract or position if in the Exchange's judgment changing conditions render such action advisable, with or without prior notification to customer or the Broker,
- (E) interest charged with respect to debit balances in customers' accounts shall be determined in accordance with the Exchange's Pricing Schedule. The Broker shall send each margin customer a written disclosure statement, in a form acceptable to the Exchange, at the time of the opening of a margin account,
- (F) the Exchange shall charge against the account of the Broker an amount equal to the value of any unsecured debit or short position (on a "mark to market" basis) in a customer account if that position has not been promptly resolved by payment or delivery. Any remaining debit shall be charged against the Broker's deposit account and be considered a claim against the Broker.

Rule 5.7 Receipt and Delivery of Funds and Securities

- (A) the Exchange, through its correspondent relationships, shall perform normal and reasonable cashing functions for customer accounts introduced by the Broker. These functions shall include receipt and delivery of securities purchased, sold, borrowed, and loaned; receipt and payment of funds owed by or to customers; and provision of custody for securities and funds. The Broker shall provide the Exchange with the basic data and documents that are necessary or appropriate to permit the Exchange to perform its obligations under this paragraph, including but not limited to copies of records documenting receipt of customers' funds and securities received directly by the Broker. Such data and documents must be compatible with the requirements of the Exchange's data processing systems,
- (B) Brokers shall be responsible for purchases made for customers until actual and complete payment has been received by the Exchange. When payment is tendered to the Exchange in the form of an electronic bank transfer, the Broker shall remain responsible until the electronic bank transfer has been received and finally credited to the appropriate bank,
- (C) Brokers shall be responsible for sales until the Exchange has received, in acceptable form, the securities involved in a transaction. If the Exchange does not receive delivery of securities in an acceptable form, the Exchange may buy-in all or part of the securities for the accounts of the customer of the Broker or the Broker,
- (D) in the case of the purchase or sale of securities on a "when issued" basis, and in the case of a purchase or sale where distribution or delivery is otherwise delayed (except pursuant to a margin agreement), the Broker shall remain responsible until necessary and satisfactory payment of funds or delivery of securities, as required by the Exchange's Rules, has been received by the Exchange,
- (E) Brokers shall promptly deposit with the Exchange funds or securities received by the Broker from its customers, in such manner as the Exchange prescribes, together with such information as may be relevant or necessary to enable the

Exchange or the Exchange's contractor to record such remittances and receipts in the respective customer accounts,

- (F) in the event of a failure to timely deposit required funds or securities, the Exchange may take appropriate remedial action. Without waiving or otherwise limiting its right to take other remedial action, the Exchange may at its option charge interest at rates as stated in the Exchange's Pricing Schedule or in these Rules. The Broker may pass such charges on to its customers but remains responsible therefor until actually paid,
- (G) Brokers shall obtain each customer's agreement to accept partial deliveries and to abide by other clearance arrangements as may be directed by any exchange or association. With respect to any settlements which involve the drafting of securities, draft charges, including interest expense, will be borne by the Broker.

Rule 5.8 Unsettled Market Contract

- (A) a "Default" or "Failed Trade" shall be defined as a situation where a Broker to a particular transaction is unable to deliver either the shares or the cash payment within five (5) business days after Trade Day. Settlement is Trade Day + three (3) settlement days (T+3) as specified by the executed transaction,
- (B) the Exchange, by means of the Depository, Clearing & Settlement House shall notify both the defaulting Broker and the contra-party Broker as soon as practicable after a Broker has been declared a defaulting Broker of the steps it will take with reference to the transaction that cannot be cleared and settled in T+3,
- (C) the Exchange shall not be obliged to take steps if it would be impracticable or if a settlement is reached between the defaulting Broker and the contra-party Broker, acting as principals to the transaction,
- (D) in the event of a Failed Trade transaction between two Brokers executed on the Exchange that cannot be cleared and settled within T+3, the Exchange, by means of the Depository, Clearing & Settlement House, will determine a "Settlement Amount" for each security which is the subject of a Failed Trade. Such Settlement Amount will be final, conclusive and binding upon the defaulting Broker and the contra-party Broker to each such Failed Trade,
- (E) the defaulting Broker will be discharged from its obligation to pay or deliver with respect to the Failed Trade transaction and will be obliged to pay the relevant Broker the Settlement Amount. The Exchange will consult the Depository, Clearing & Settlement House in calculating the Settlement Amount to the extent deemed appropriate by the Exchange in its sole discretion,
- (F) all rights and liabilities of the defaulting Broker and the contra-party Broker, including the right and liability to pay or receive fees or commissions with respect thereto, shall be discharged on completion of the steps taken by the Exchange with respect to such Failed Trade,
- (G) the defaulting Broker or (as the case may be) the contra-party shall be liable to pay the Settlement Amount determined by the Exchange. The Settlement Amount shall be determined by reference to the difference between the price for such Failed Trade transaction and the settlement price pursuant to the terms of the transaction or any agreement between the parties to such transaction. The rights and obligations of the parties shall be converted into an obligation to pay and a right to receive a single liquidated sum,
- (H) the defaulting Broker will be fined for liquidated damages for violating trading rules an amount between USD 500 and the claim for actual damage caused to the Exchange interest as a commercial operation and to the integrity and safety of its market.

Rule 5.9 Confirmations and Statements

- (A) the Exchange shall prepare confirmations and summary periodic statements and shall, to the extent required, transmit them to Brokers in a timely fashion. Confirmations and statements shall be prepared on forms disclosing that the account is carried on a fully disclosed basis for the Broker's customer in accordance with applicable rules, regulation and interpretations,
- (B) the Broker shall examine promptly all confirmations, statements, and other reports provided by the Exchange and must promptly notify the Exchange of any error claimed.

Rule 5.10 Acceptance and Execution of Transactions

- (A) the Exchange shall execute transactions in customers' accounts and release or deposit money or securities to or for accounts only upon the Broker's instructions. The Exchange reserves the right to accept written or oral transaction orders from the Broker's customers in circumstances where it determines that the customers are unable to execute those transactions through the Broker. Notwithstanding any instructions to the contrary, the Exchange may, after giving reasonable notice:
 - (1) refuse to confirm a transaction or cancel a confirmation;
 - (2) reject a delivery or receipt of securities or money;
 - (3) refuse to clear a trade executed by the Broker; or
 - (4) refuse to execute a trade for the account of a customer or the Broker.
- (B) the Broker shall be responsible for transmission to the Exchange of all customer orders and for any errors in the Broker's recording or transmission of such orders,
- (C) the Exchange shall be responsible for any errors it might make in the further transmission and execution of such orders after their receipt, in proper and complete form, from the Broker,
- (D) unless otherwise agreed in writing, the Exchange shall have no obligation to settle contracts and transactions in securities:
 - (1) between the Broker and other Brokers and dealers;
 - (2) between the Broker and its customers; or
 - (3) between the Broker and third persons.

Rule 5.11 Other Obligations

- (A) the Exchange may, at its reasonable option, and consistent with common industry practice, retain one or more independent organizations to perform functions and services. If any such organization fails to perform an assigned function accurately, in accordance with specifications, or within the customary time periods, the Exchange shall cause the organization to correct any error in its next regularly scheduled processing operation and to deliver any overdue work as soon as reasonably practicable. Except as stated in this subparagraph, the Exchange shall not be responsible for any losses, damages, liabilities or expenses claimed by a Broker or its customers arising from any such failure beyond the amount of such losses, damages or expenses which the Exchange is able to recover pursuant to the

terms of its agreements,

- (B) as used in this Chapter, the term "Exchange" refers to the Dutch Caribbean Securities Exchange, DCSX, the Dutch Caribbean Securities Exchange Trading System and any firm designated by the Exchange's Board with whom the Exchange has a contractual relationship to provide any of the services provided for Brokers in this Chapter of the Exchange Rules.

Rule 5.12 Fees and Settlements for Securities and Other Transactions

- (A) the Broker shall notify each of the Broker's customers the commission, markup and any other charge or expense that Broker will charge for each transaction. Brokers shall establish the commissions, mark-ups and other charges or expenses to be charged to customers in accordance with all applicable laws, rules, and regulations of regulatory and self-regulatory agencies and organizations. The Exchange shall exercise no control or influence over the establishment of such commissions, mark-ups or other charges or expenses. This provision shall not affect the Exchange's right to charge Brokers or their customers' reasonable fees for services provided, including, without limitation, transaction fees, fees for inactive accounts, and other appropriate fees. The Broker shall notify its customers of the Exchange fees charged to them. The Broker will be liable for the payment thereof. The Exchange shall also have the right to require of Brokers such financial guarantees as may be required to secure the trading of Brokers and their customers,
- (B) commissions charged the Broker's customers shall be collected by the Broker. The Exchange's compensation referred to in Subparagraph (C) below and any other amount owed to the Exchange shall be remitted to the Exchange on a monthly basis, promptly following the final settlement date of each month,
- (C) as compensation for services provided pursuant to these Rules the Exchange shall be credited from the commissions, mark-ups, mark-downs or fees charged the Broker's customers the amounts set forth in the Exchange's Pricing Schedule. The Pricing Schedule may be changed by the Exchange at any time on thirty days prior written notice or from time to time.

CHAPTER 6

Clearing and Settlement

Rule 6.1 General Rule

These Clearing and Settlement rules are applicable to the clearing of transactions in securities and the settlement of such transactions through the Depository, Clearing & Settlement department of SFT Bank N.V.(hereinafter Depository, Clearing & Settlement House) These rules are binding on Brokers and clients and any agent acting on their behalf. (Rules 5.4 and 5.5)

Rule 6.2 Settlement Guarantee

Rule 6.2.1 A Broker must guarantee settlement of all transactions in securities effected by it through the central order book of the Exchange trading system.

Rule 6.2.2 Subject to rule 6.2.3, a Broker must also guarantee settlement of all reported transactions in securities entered into by it as agent on behalf of a client or as principal with a client;

Rule 6.2.3 Rule 6.2.2 is not applicable to reported transactions where either one or two Brokers are involved and where the clients who are parties to such reported transactions have, between themselves, concluded the terms of the transaction and instructed the Broker or Brokers to report the transaction through the Exchange trading system. A client will have no recourse against a Broker in respect of such transactions;

Rule 6.2.4 Except in the circumstances set out in rule 6.2.3, any action by a client in respect of a transaction in securities will be against the Broker that effected the transaction on the instruction of such client, and not against any other Broker or client of such Broker;

Rule 6.2.5 A Broker must make its clients aware of their settlement obligations in terms of the rules. However, if a client is not aware of such settlement obligations, he nevertheless remains bound by the relevant rules.

Rule 6.3 Settlement principles for transactions in securities

All transactions in securities must be settled through the Depository, Clearing & Settlement House in accordance with the following principles:

- (A) contract note by contract note;
- (B) between the ultimate buyer and the ultimate seller;
- (C) on a handling and contractual basis, whereby transactions become contractually due to be settled a prescribed number of days after the trade date; and
- (D) on a net basis per Broker, per trade type and per equity security, whereby individual contract notes are consolidated and offset into net amounts of securities and funds for settlement.

Rule 6.4 Depository, Clearing & Settlement House

Rule 6.4.1 The Depository, Clearing & Settlement House will;

- (A) manage the settlement of transactions in securities effected through the central order book of the Exchange trading system and the risks associated with such settlement to ensure that the principles set out in rules 6.2 and 6.3 are adhered to;

(B) in its sole discretion and in exceptional circumstances, revise the settlement day of a transaction on the basis set out in rule 6.11;

(C) in exceptional circumstances, extend the times referred to in rules 6.6. to 6.12.

Rule 6.4.2 In order to perform its functions in terms of rule 6.4.1, the Depository, Clearing & Settlement House may:

(A) monitor the settlement obligations of Brokers and their clients;

(B) ensure that the settlement obligations of Brokers are met on the settlement date;

(C) monitor uncommitted settlements and take appropriate action in respect of such settlements;

(D) take action when the settlement of a transaction in securities is unlikely to take place on settlement date, incomplete transaction;

(E) buy and sell securities through the Exchange trading system, once instructed by the Exchange, to meet any obligations arising from the management of the settlement process and the risks associated with such process;

(F) impose penalties, as prescribed by directive, on Brokers for any action or omission by a Broker which is potentially disruptive and/or has the effect of disrupting the settlement process and the functions of the Depository, Clearing & Settlement House;

(G) instruct a Broker or a client (via the Broker) to move the settlement of a purchase or sale transaction forward on the basis set out in rule 6.11;

(H) instruct a Broker or a client (via the Broker), once advised by the Exchange, to close a purchase or sale transaction on the basis set out in rule 6.12.

Rule 6.5 General pre-trade settlement requirements

Rule 6.5.1 Broker and non-Broker client order entry:

(A) non-Broker client may only place an order with a Broker to transact securities if the non-Broker client has established a Depository, Clearing & Settlement Account (DCSA) with the Depository, Clearing & Settlement House;

(B) in respect of a sell order;

(1) the securities to be sold are held in electronic form by the Broker's DCSA, in the case of a Broker's client, or by the client's DCSA, in the case of a non-Broker's client;

(2) a Broker's client is able to evidence to a Broker that they own the securities to be sold in electronic form and that such securities will be available for settlement on settlement date;

(3) another transaction has been concluded which provides for an equivalent amount of securities being available for settlement on settlement date;

(4) a satisfactory borrowing arrangement is in place which provides for an equivalent amount of securities being available for settlement on settlement date;

(5) a corporate action provides for an equivalent amount of securities being available for settlement on settlement date.

A non-Broker client is any financial institution or Broker/Dealer under supervision of the BNA or Supervisory Authority in its jurisdiction.

Rule 6.5.2 A Broker may only enter an order on the Exchange securities trading system or report a trade to the Exchange securities trading system if the Broker has established a DCSA, with the Depository, Clearing & Settlement House, has SWIFT connectivity and has taken reasonable steps to satisfy itself that:

- (A) if the client is a non-Broker's client, the client has established a DCSA and the Depository, Clearing & Settlement House has confirmed, in the manner determined by the Exchange that the details of that client held by the Depository, Clearing & Settlement House correspond with and match the details of the client held by the Broker
- (B) the securities to be sold are held in electronic form by the Broker's DCSA, in the case of a Broker's client or proprietary transaction, or by the client's DCSA, in the case of a non-Broker's client transaction;
- (C) a Broker's client has evidenced to a Broker that they own the securities to be sold in electronic form and that such securities will be available for settlement on settlement date;
- (D) another transaction has been concluded which provides for an equivalent amount of securities being available for settlement on settlement date;
- (E) a satisfactory borrowing arrangement is in place which provides for an equivalent amount of securities being available for settlement on settlement date;
- (F) a corporate action provides for an equivalent amount of securities being available for settlement on settlement date.

Rule 6.6 General settlement provisions

Rule 6.6.1 A transaction conducted in securities by a Broker must:

- (A) be allocated to a client or a Broker's proprietary account on the trade date;
- (B) communicated to a client by no later than 12h00 on the business day after the original trade;
- (C) in the absence of notification from the client to the contrary by no later than 12h00 on the second business day after the trade date, be deemed to have been accepted by the client;
- (D) be committed to by the DCSA of the Broker or client by no later than 12h00 on the third business day after the trade date; and
- (E) be settled on the third business day after the trade date (T+3) in accordance with the settlement timetable as prescribed by these rules.
- (F) allocation corrections may not be made after 16h00 on the second business day after the trade date. Any corrections must be communicated to, and accepted by the client within sufficient time to allow for the DCSA of the client to comply with rule 6.6.1.D

Rule 6.6.2 If the DCSA of a Broker did not settle a transaction by 16h00 on the third business day after the trade date or the Depository, Clearing & Settlement House has otherwise determined, by that time, that a Broker will not be able to settle a transaction, the transaction will be a failed trade and will be dealt with in terms of the failed trade procedures as set out in rule 6.12, unless the Depository, Clearing & Settlement House moves the settlement of the transaction forward to a subsequent date on the basis set out in rule 6.11

Rule 6.6.3 Notwithstanding the provisions of rule 6.6.2 if:

- (A) a Broker advises the Depository, Clearing & Settlement House at any stage that the DCSA of the Broker will not be in a position to settle a transaction on settlement date;

- (B) the Depository, Clearing & Settlement House is not able to procure that the settlement of the transaction will take place on settlement date or the Depository, Clearing & Settlement House does not move the settlement forward to a subsequent date;
- (C) the transaction will be declared a failed trade by no later than 09h00 on the next business day and will be dealt with in terms of the failed trade procedures as set out in rule 6.12 and the Exchange rules.

Rule 6.7 Non-Broker's client DCSA settlement obligations

Rule 6.7.1 The allocation of a transaction to a non-Broker's client DCSA will result in the Broker's obligation to settle the transaction being substituted with the client's obligation to settle the transaction through the client's DCSA.

Rule 6.7.2 A non-Broker's client DCSA must, by no later than 12h00 on the second business day after the trade date, give instructions to the Depository, Clearing & Settlement House to settle the transaction. In the event of the correction of an allocation of a trade which results in a new confirmation of the trade by the Broker, the instruction to the Depository, Clearing & Settlement House to settle the transaction must be given within sufficient time to allow for the DCSA of such client to commit to settle in accordance with rule 6.7.3.

Rule 6.7.3 A non-Broker's client must endeavour to ensure and procure that his DCSA has committed to settle the transaction on his behalf by no later than 12h00 on the third business day after the trade date.

Rule 6.7.4 If a non-Broker's client fails to comply with rule 6.7.3, or the Broker is advised or otherwise becomes aware, at any stage, that a non-Broker's client is unable to settle a transaction, the Broker may proceed in the manner set out in rule 6.10.

Rule 6.7.5 In the absence of a commitment from the DCSA of a non-Broker's client before 12h00 on the third business day after the trade date, the non-Broker's client must nevertheless ensure that his DCSA commits to settle the transaction by 09h00 on the fourth business day after the trade date.

Rule 6.7.6 If a non-Broker's client fails to meet his obligations in terms of rule 6.7.5, which includes any indication by the non-Broker's client, at any stage, that he is unable to settle a transaction, the Broker will, by no later than 10h00 on the fourth business day after the trade date, assume the obligation to settle the transaction through the Broker's DCSA.

Rule 6.8 Broker's client settlement obligations

Rule 6.8.1 A Broker's client must, by no later than 16h00 on the second business day after the trade date, ensure that the Broker which effected the transaction on behalf of such client will be in a position to settle the transaction on settlement date, either by providing the securities or funds required to settle the transaction to the Broker or by entering into an arrangement with the Broker to facilitate settlement of the transaction.

Rule 6.8.2 if a Broker's client fails to comply with rule 6.8.1 or the Broker is advised or otherwise becomes aware, at any stage, that a Broker's client is unable to settle a transaction, the Broker may proceed in the manner set out in rule 6.10.

Rule 6.9 Broker settlement obligations

Rule 6.9.1 A Broker must at all times endeavour to ensure that the settlement of transactions in securities effected by the Broker takes place.

Rule 6.9.2 The settlement officer of a Broker must immediately inform the Depository, Clearing & Settlement House when any transaction in securities is unlikely to settle.

Rule 6.9.3 No Broker may, on settlement date, alter or stop payment in respect of a Depository, Clearing & Settlement House settlement instruction.

Rule 6.9.4 If a Broker employs or retains a settlement agent to perform its obligations or to take any action in terms of the rules, such Broker must ensure that the obligations performed or actions taken are in accordance with the rules.

Rule 6.9.5 A Broker must, by no later than 12h00 on the third business day after the trade day, ensure that the DCSA of the Broker has committed to settle the transactions in respect of the accounts.

Rule 6.9.6 If a non-Broker's client fails to comply with rule 6.7.3, or the Broker is advised or otherwise becomes aware, at any stage, that a non-Broker's client is unable to settle a transaction, the Broker must, by no later than 10h00 on the fourth business day after the trade date, assume the obligation to settle the relevant transaction.

Rule 6.9.7 A Broker must, by no later than 12h00 on the fourth business day after the trade date, ensure that the DCSA of the Broker commits to settle any transactions, in respect of non-Broker's clients, that the Broker is obliged to settle in terms of rule 6.9.6.

Rule 6.9.8 If a client, at any stage, advises a Broker or the Broker otherwise becomes aware, that the client is not able to settle a transaction; the Broker must endeavor to enter into an arrangement to ensure that the transaction settles on settlement date. If the Broker is unable to enter into such arrangement, the Broker must immediately notify the Depository, Clearing & Settlement House.

Rule 6.9.9 If the Depository, Clearing & Settlement House receives notification in terms of rule 6.9.8 and is able to procure the settlement of the transaction by means of the borrowing of securities or funds, as the case may be, then the Broker must by no later than the close of business on the next business day:

- (A) in respect of a sale transaction, buy such securities either for the account of the relevant client or for the Broker's own account;
- (B) in respect of a purchase transaction, sell such securities either for the account of the relevant client or for the Broker's own account;
- (C) in order to ensure the return of the securities or funds to the Depository, Clearing & Settlement House.

Rule 6.9.10 If the Depository, Clearing & Settlement House receives notification in terms of rule 6.9.8, and the Depository, Clearing & Settlement House either moves the settlement in terms of rule 6.11 forward or declares the transaction to be a failed trade in terms of rule 6.6.3, the Broker must act in accordance with the instructions received from the Depository, Clearing & Settlement House in terms of rule 6.11 or rule 6.12, respectively.

Rule 6.9.11 A Broker must not use a client's securities to settle the obligations of:

- (1) another client;
- (2) proprietary position.

Rule 6.10 Breaches of client settlement obligations

Rule 6.10.1 If a client breaches his settlement obligations as set out in the rules, subject to any agreement with the client or notification to the client to the contrary, and to any action taken by the Depository, Clearing & Settlement House in terms of the handling of settlement procedures set out in rule 6.11 or the failed trade procedures set out in rule 6.12, the Broker may:

- (A) in respect of a sale transaction, buy such securities for the account of the client and claim the difference between the selling consideration of such securities and the purchase consideration for such securities;
- (B) in respect of a purchase transaction, sell such securities for the account of the client and claim the difference between the purchase consideration of such securities and the selling consideration for such securities;
- (C) sell for the account of such client:
 - (1) so many of any other securities belonging to such client and held by or in the custody of such Broker;
 - (2) so many of any other securities due to be received by the Broker on the relevant settlement date in respect of any purchase transaction previously entered into by such client with or through the Broker,

as is necessary to realise an amount equal to the amount still owing by the client in respect of such securities, after the sale or purchase of the securities in terms of rules 6.10.1.A and 6.10.1.B, as the case may be.

Rule 6.10.2 If a Broker acts in accordance with rule 6.10.1, the timing of the relevant purchases or sales as referred to in rules 6.10.1.A to 6.10.1.C and the price at which such transactions are executed should take into consideration:

- (A) the time at which the breach by the client was or should have been identified by the Broker;
- (B) any agreement with or notification to the client with regard to the timing of such transactions; and
- (C) the market conditions in relation to the relevant equity security, bearing in mind the overriding principle that the client is responsible for meeting his settlement obligations and that if he does not meet those obligations, the Broker may take reasonable action to diminish its risk arising out of such a breach of obligations.

Rule 6.10.3 The client will be liable for any losses, costs and charges incurred, or charges imposed, as a consequence of a breach and the Broker may charge interest in relation thereto.

Rule 6.11 Delayed Settlement

Rule 6.11.1 The delayed settlement will be carried out in the following manner:

- (A) the Depository, Clearing & Settlement House will match the transaction for which settlement has been delayed against an opposite transaction or transactions represented by one or more contract notes, being mindful of any apparent implications for the parties concerned.
- (B) the Depository, Clearing & Settlement House will advise the failing and non-failing Broker that the transaction will be moved forward to a deferred settlement date determined by the Depository, Clearing & Settlement House, which should not be more than 5 business days after the settlement date of the original transaction.
- (C) the Depository, Clearing & Settlement House will instruct the DCSA of the non-failing party to lift its commitment on the original transaction so that the settlement of the transaction may be moved forward.

- (D) the Depository, Clearing & Settlement House will instruct the non-failing Broker to transfer the original transaction to a proprietary account if the transaction was booked to a client's account.
- (E) on instruction of the Exchange the Depository, Clearing & Settlement House will book an opposite settlement transaction through the Exchange trading system between the failing Broker and the non-failing Broker for the same quantity and at the same price as the non-failing party's original transaction.
- (F) if the failing or non-failing party is a client, the Broker that transacted on behalf of the client must re-book the original transaction to the client for settlement on the delayed settlement date.

Rule 6.11.2 If settlement does not take place on the delayed settlement date, the transaction will be declared to be a failed trade and the affected Brokers must act in accordance with the instructions received from the Depository, Clearing & Settlement House in terms of rule 6.12.

Rule 6.11.3 The non-failing Broker must, before the close of business on the business day following that on which the handling of settlement has been completed, submit a statement, in writing, to the Depository, Clearing & Settlement House detailing:

- (1) if applicable, any corporate action which the equity security is subject to from the day of the original transaction; and
- (2) any expenses incurred or income foregone by the Broker or the client as a consequence of the handling of settlement, including interest.

Rule 6.11.4 If the security of the original transaction is subject to a corporate action and the handling of settlement results in either of the parties not receiving an entitlement, the claim for the loss of entitlement will be managed by the Depository, Clearing & Settlement House so as to, as closely as possible, place the parties in the position that they would have been in had the original transaction not been delayed.

Rule 6.11.5 The Depository, Clearing & Settlement House will, on request, use reasonable endeavours to procure that the purchaser of the securities involved in a handling of settlement will be able to exercise any voting rights attached to those securities during the period between the original settlement date and the delayed settlement date.

Rule 6.11.6 Any margin taken on the original transaction will be retained by the Depository, Clearing & Settlement House until payment of any claims on the delayed settlement has been made.

Rule 6.12 Failed trades

Rule 6.12.1 A failed trade will be dealt with in the following manner:

- (A) the Depository, Clearing & Settlement House will match on instruction of the Exchange a failed trade against an opposite transaction or transactions represented by one or more contract notes, being mindful of any apparent implications for the parties concerned.
- (B) the Depository, Clearing & Settlement House will advise the non-failing Broker that its transaction has been selected in terms of rule 6.12.1.A;
- (C) the Depository, Clearing & Settlement House will instruct the DCSA of the non-failing party to lift its commitment on the original transaction.

- (D) the Depository, Clearing & Settlement House will instruct the non-failing Broker to transfer the original transaction to a proprietary account if the transaction was booked to a client's account.
- (E) the Depository, Clearing & Settlement House will book an opposite settlement transaction through the Exchange trading system between the failing Broker and the non-failing Broker for the same quantity and at the same price as the non-failing party's original transaction.

Rule 6.12.2 Redress in respect of a failed trade will be dealt with in the following manner:

- (A) the Depository, Clearing & Settlement House, in consultation with the Exchange will consider the circumstances of the original transaction, the factors which gave rise to its failure to settle and the current prevailing market conditions, and consequently determine the manner in which the matter be most suitably resolved by:
 - (1) the non-failing Broker re-establishing the non-failing party's original transaction by way of re-transacting and recovering any costs from the failing party, on the basis set out in rule 6.12.3; or
 - (2) determining appropriate compensation payable by the failing party to the non-failing party on the basis set out in rule 6.12.4.
- (B) the Depository, Clearing & Settlement House will notify the failing Broker and non-failing Broker of the decision.

Rule 6.12.3 Re-transacting in respect of a failed trade must be dealt with in the following manner:

- (A) the non-failing Broker must re-transact the trade in the market for its own account within a period specified by the Depository, Clearing & Settlement House and, where the non-failing party is a client; re-book the original transaction to the client's account at the original price.
- (B) the non-failing Broker must, before the close of business on the business day following that on which the re-transaction has been completed, submit a statement, in writing, to the Depository, Clearing & Settlement House detailing:
 - (1) the date, price and quantity of securities of the original transaction and re-transaction, and the consequential profit or loss;
 - (2) if applicable, any corporate action which the equity security is subject to from the day of the original transaction; and
 - (3) any expenses incurred or income foregone by the Broker or the client as a consequence of the re-transaction, including interest.
- (C) the Depository, Clearing & Settlement House will consider the information supplied by the non-failing Broker and determine the extent of any financial prejudice suffered, if any. Payment will be made to the non-failing Broker utilizing the margin held in respect of the failing Broker. Should the margin be insufficient, the failing Broker must pay any shortfall to the Depository, Clearing & Settlement House on the day of receipt of the instruction to do so. In the event that the re-transaction results in a surplus, such surplus is payable to the Exchange.
- (D) in determining the extent of the financial prejudice suffered, the Depository, Clearing & Settlement House may review the price of the re-transaction with reference to the principle of best execution.
- (E) any margin taken on the original transaction will be retained by the Depository, Clearing & Settlement House until payment of any claims on the re-transaction has been made.

Rule 6.12.4 Compensation in respect of a failed trade will be dealt with in the following manner:

- (A) in determining the compensation referred to in rule 6.12.2.A.2, the following factors may be considered:
- (1) the price at which the securities were originally transacted;
 - (2) the prevailing market conditions at the time the securities were originally transacted;
 - (3) the circumstances of the original transaction;
 - (4) the nature and pattern of trading in the equity security since the original transaction;
 - (5) the current market conditions;
 - (6) any publicly available information regarding the equity security or the issuer of the equity security;
 - (7) any corporate action which the equity security is subject to from the day of the original transaction;
 - (8) any expenses incurred or income foregone by the Broker or the client as a consequence of the failed trade, including interest; and
 - (9) any other factors deemed relevant.

Rule 6.12.5 The non-failing Broker must, before the close of business on the business day after notification in terms of rule 6.12.2.B, submit a statement, in writing, to the Depository, Clearing & Settlement House detailing:

- (A) if applicable, any corporate action which the security is subject to from the day of the original transaction; and
- (B) any expenses incurred or income foregone by the Broker or the client as a consequence of the failed trade, including interest.

Rule 6.12.6 Where it is determined that it is appropriate to compensate the non-failing party in respect of a failed trade, compensation will be paid to the non-failing Broker utilizing the margin held in respect of the failing Broker. Should the margin be insufficient, the failing Broker must pay any shortfall to the Depository, Clearing & Settlement House on the day of receipt of the instruction to do so.

Rule 6.12.7 Any margin taken on the original transaction will be retained by the Depository, Clearing & Settlement House until payment of any compensation has been made.

Rule 6.13 Borrowing of securities to prevent a trade from failing

Rule 6.13.1 If a Broker:

- (A) is not able to comply with rule 6.9.7 in respect of a sale transaction; or
- (B) at any time notifies the Depository, Clearing & Settlement House, or the Depository, Clearing & Settlement House becomes aware, that the Broker will not be able to settle a sale transaction on settlement date,

the Depository, Clearing & Settlement House will endeavour to borrow, as agent, on behalf of the Broker as undisclosed principal, the securities required by the Broker to comply with its obligations to settle the transaction.

Rule 6.13.2 The arrangement whereby the Depository, Clearing & Settlement House facilitates the borrowing of securities on behalf of the Broker to enable the Broker to settle a transaction will be on the terms and conditions set out in the directives.

Rule 6.13.3 A Broker must make good any corporate action arising on the loaned securities during the loan period and the effects of taxation in the hands of the lender, where applicable, within 5 days of the payment date of the relevant corporate action.

Rule 6.13.4 A client will be responsible for the payment of any costs that may be incurred by the Broker as a result of the Broker having borrowed the securities to effect settlement (including costs related to manufactured dividends and other similar costs), and any penalty imposed on the Broker by the Depository, Clearing & Settlement House, where the client failed to deliver the securities required to settle the transaction.

Rule 6.14 Lending of funds to prevent a trade from failing

Rule 6.14.1 If a Broker:

- (A) is not able to comply with rule 6.9.7 in respect of a purchase transaction; or
- (B) at any time notifies the Depository, Clearing & Settlement House, or the Depository, Clearing & Settlement House becomes aware, that the Broker will not be able to settle a purchase transaction on settlement date,

the Depository, Clearing & Settlement House may, on the terms and conditions set out in the directives, lend to the Broker the funds required by the Broker to comply with its obligations to settle the transaction.

Rule 6.14.2 A client will be responsible for the payment of any costs that may be incurred by the Broker as a result of the Broker having borrowed the funds to effect settlement, and any penalty imposed on the Broker by the Depository, Clearing & Settlement House, where the client failed to pay the funds required to settle the transaction.

Rule 6.15 Margin on transactions in securities

Rule 6.15.1 A Broker will be required to provide margin to the Exchange as contemplated in rule 6.15.2 in respect of unsettled transactions in securities.

Rule 6.15.2 Margin is payable by a Broker before 12h00 on the fourth business day after the trade;

- (A) in respect of a non-Broker's client transaction where, by end of day on the third business day after the trade date, the DCSA of the non-Broker's client has not committed to settle the transaction on behalf of that client;
- (B) in respect of a Broker's client sale transaction where, by end of day on the third business day after the trade date, the Broker's client:
 - (1) does not have sufficient securities in the custody of the Broker or the Broker's DCSA for the transaction to settle on settlement date;
 - (2) has not entered into a securities borrowing arrangement to facilitate settlement of the sale on settlement date, as reflected on the BDCSA system; or
 - (3) has not concluded a purchase transaction which is due to settle on or before the settlement date of the sale and which will provide sufficient securities for the sale to settle on settlement date.

Rule 6.15.3 In respect of a Broker's client purchase transaction where, by end of day on the third business day after the trade date, the Broker's client:

- (A) does not have sufficient funds in the custody of the Broker or the Broker's DCSA for the transaction to settle on settlement date; or
- (B) has not concluded a sale transaction which is due to settle on or before the settlement date of the purchase and which will provide sufficient funds for the purchase to settle on settlement date.

Rule 6.15.4 In respect of a sale transaction for the Broker's own account where, by end of day on the third business day after the trade date, the Broker:

- (A) does not have sufficient securities available for the transaction to settle on settlement date;
- (B) has not entered into a securities borrowing arrangement to facilitate settlement of the sale on settlement date, as reflected on the DCSA system; or
- (C) has not concluded a purchase transaction which is due to settle on or before the settlement date of the sale and which will provide sufficient securities for the sale to settle on settlement date;

Rule 6.15.5 In respect of a purchase transaction for the Broker's own account where the Broker has not concluded a sale transaction due to settle on the settlement date of the purchase which will provide sufficient funds for the purchase to settle on settlement date.

Rule 6.15.6 Margin is calculated in accordance with principles set out in the directives and is payable and repayable on such dates as may be prescribed in the directives.

Rule 6.15.7 To the extent that margin payable by a Broker relates to transactions on a client's account, the Broker may recover such margin from the client. The Broker must refund the client forthwith upon the repayment of margin to the Broker by the Exchange.

Rule 6.16 Penalties and fees

Rule 6.16.1 The Depository, Clearing & Settlement House may:

- (A) impose a penalty on a Broker which fails to effect instructions or settlement in accordance with the settlement timetable, as prescribed by directive; and
- (B) charge any Broker the fees associated with settlement of securities, as prescribed by directive.

Rule 6.16.2 The penalty referred to in rule 6.16.1.A is levied in accordance with a schedule as prescribed by directive.

Rule 6.16.3 Payment of the penalty imposed or fees charged in terms of rule 6.16.1 must be made to the Depository, Clearing & Settlement House within 5 business days of notification.

Rule 6.16.4 A client is responsible for the payment of any penalty or fees imposed on the Broker by the Depository, Clearing & Settlement House or the Exchange where the client is in breach of his settlement obligations.