

TERMS OF USE

PILOT FOR THE TRADING AND RETIREMENT OF CARBON CREDITS

1. Introduction

These Terms of Use (hereinafter referred to as "Terms") outline the rules, guidelines, and obligations governing the carbon credit trading, settlement and retirement pilot program ("Pilot"), operated by Dubai Financial Market PJSC ("DFM" or the "Market") and its subsidiary companies Dubai Clear LLC and Dubai Central Securities Depository LLC (herein referred to also as its Subsidiaries) The purpose of this Pilot is to explore, set-up, execute, verify the admission, trading, settlement and retirement of carbon credits. By accessing the Pilot, participants agree to abide by these Terms.

2. Pilot Scope

The Pilot comprises all phases of the Carbon Credit trading, settlement, and retirement process, including but not limited to:

- 2.1. Admission of Securities Phase: This phase involves admission of carbon credits to the DFM. All validation and verification activities will be conducted by independent third-party verifiers ("Verification Bodies"). As part of the Pilot, Carbon Credits that have successfully undergone the verification process through Verification Bodies may be listed as Securities on the DFM trading platform ("DFM Platform"). The DFM Platform will conduct real-time execution and reporting of all orders and transactions. These carbon credits once admitted, shall be referred to as "Carbon Credit Securities".
- 2.2. Trading Phase: This phase focuses on the trading of Carbon Credit Securities. Carbon Credit Securities listed on DFM Platform may be bought and sold by eligible participants in accordance with the terms and conditions herein.
- 2.3. Clearing & Settlement Phase: Trades of Carbon Credit Securities shall be settled by Dubai Clear LLC (Dubai Clear) by its Clearing Members in accordance with the Dubai Clear Rules and the terms and conditions herein.
- 2.4. Registry and Retirement Phase: Dubai CSD LLC (Dubai CSD) shall be the registry of Carbon Credit Securities traded on the DFM Platform. Carbon Credit Securities to be traded on the DFM Platform must be reflected in the participants' accounts with Dubai CSD. The registry will maintain the records and track the ownership and retirement status of carbon credits. The registry will provide a transparent and auditable record of all transactions. This phase involves the creation and retirement or transfer of the securities to a Verification Body. Upon successful retirement, a retirement confirmation will be issued to the retiring entity, confirming the retirement of the specified number of carbon credits.

3. Pilot Duration and Termination

- 3.1. The Pilot is expected to run for a closed period set by the Market which will be communicated to the participants of the Pilot through a separate communication.

3.2. These Terms shall remain in effect until the completion of the Pilot including any further extensions or until terminated by mutual written agreement of the parties. Termination does not release any parties from fulfilling their obligations or responsibilities accrued during the Pilot.

4. Responsibilities and Obligations

4.1. All participants involved in the Pilot, including but not limited to traders, Members, and end investors, shall adhere to the following obligations:

- 4.1.1. Comply with all applicable laws, regulations, and standards related to Carbon Credit Securities trading, depository, clearing, settlement, and retirement.
- 4.1.2. Cooperate fully with DFM, providing accurate and timely information required for the Pilot, whenever needed or required.
- 4.1.3. Adhere to the established trading, depository, clearing, settlement, and retirement processes as outlined in these Terms.

5. Marketing

All participants involved in the Pilot give permission to the Market to use their name, and logo in any marketing materials including press releases, website, social media, and COP28 Expo stand.

6. Limitation of Liability

- 6.1. DFM and its Subsidiaries shall not be held liable for any losses, damages, or liabilities incurred during or derived from the Pilot. To the fullest extent permitted by applicable law, DFM and its affiliates, officers, directors, employees, and agents shall not be liable for any direct, indirect, incidental, consequential, or special damages, including but not limited to loss of profits, data, or business opportunities, arising from, or related to the use of or participation in the Pilot or DFM Platform.
- 6.2. The verification of carbon credits involves Verification Bodies and may be subject to errors or discrepancies DFM and its Subsidiaries will not guarantee verification accuracy.
- 6.3. DFM shall not be held liable for the fluctuation of carbon credits' value due to changes in market conditions, regulatory changes, or other factors. Carbon credits can experience price fluctuations due to various factors, including changes in emissions regulations, market sentiment, and economic conditions. The value of carbon credits may rise or fall, and past performance is not indicative of future results. Carbon credits can be subject to suspension or cancellation after verification due to shortcomings or non-performance in the credit creation project.
- 6.4. DFM and its Subsidiaries are not responsible for the actions, decisions, or conduct of participants within the Pilot, including but not limited to trading decisions.
- 6.5. While DFM strives to maintain the DFM Platform secure and reliable, participants acknowledge that operational risks, including system failures, data breaches, or technical issues, may occur. DFM shall take reasonable measures to minimize such risks and provide

timely support in case of issues however DFM does not warrant or guarantee the absence of technical issues, system failures, or disruptions. Participants agree to use the DFDM Platform at their own risk.

6.6. DFM does not provide investment advice or recommendations. Any information or guidance provided by DFM is intended for informational purposes only.

7. Release of Liability

Participants hereby release and discharge DFM and its Subsidiaries from any claims, liabilities, losses, or damages arising from their participation in the Pilot and acknowledge that they have read and understood these Terms and agree to be bound by them.

8. No Guarantees

All participants understand and acknowledge that the Pilot does not guarantee profits or specific outcomes.

9. Compliance

By participating in the Pilot, all participants hereby acknowledge and agree to comply with all applicable terms the terms and conditions herein.

10. Market Supervision and Oversight

10.1 DFM's Market Supervision Team monitors trading and disclosure activities.

10.2 DFM in its full discretion can (i) suspend and cancel CCS transactions, (ii) instruct participants in the Pilot, and (iii) take any other appropriate action to maintain a fair and orderly market.

11. Privacy

Any personal information provided by participants will be handled in accordance with applicable data privacy laws and regulations. Participants consent to the processing of their personal data as necessary for participation in the Pilot.

12. Confidentiality

All participants involved in the Pilot, including but not limited to traders, Members, and end investors, shall undertake to maintain all information related to the Pilot strictly confidential, including trade details and participant identities.

13. Force Majeure:

DFM shall not be liable for any failure or delay in the performance of its obligations under these Terms resulting from acts beyond its reasonable control, including but not limited to acts of God, acts of terrorism, natural disasters, and government actions.

14. Amendment and Modification

These Terms may be updated or modified by DFM from time to time. Participants shall review the Terms periodically to ensure compliance with the latest version of these Terms.

15. Governing Law

These Terms shall be governed by and construed in accordance with the laws of the United Arab Emirates, as applicable in the Emirate of Dubai. Any disputes arising from or related to these Terms shall be subject to the exclusive jurisdiction of the courts of Dubai.

16. Carbon Credit Registry for Pilot Trades

16.1. Seller and Buyer participants must ensure that they are in possession of an active Investor Number and a Trading Account under the records of Dubai Central Securities Depository LLC (Dubai CSD).

16.2. Sellers must ensure that their Carbon Credit Securities (CCS) to be sold must be transferred to the Dubai CSD's Verification Body account for such quantity of CCS to be reflected in the Seller participant's Trading Account with Dubai CSD.

16.3. The Seller participant will not be able to sell CCS if the process in 16.2 is not completed successfully.

16.4. For retirement of CCS, the participant through its Member, is required to contact Dubai CSD to request retirement of the CCS. Dubai CSD will withdraw the CCS from the investor's account with Dubai CSD before requesting the Verification Body to retire the CCS. The retirement certificate will be generated in the name of the CCS holder in Dubai CSD and will be shared with the requesting Member.

16.5. For transfer of CCS, the participant is required to contact its Trading Member to withdraw the CCS from the participant's account with Dubai CSD. Dubai CSD will then transfer the CCS from Dubai CSD's Verification Body account to the participant's Verification Body account thereafter. The participant must also ensure that matching instructions are provided by the participant to the Verification Body to complete the transfer of CCS from Dubai CSD to the participant. Once the Participant receives the CCS in its Verification Body account, Verification Body's process for retirement of CCS will become applicable.

16.6. At the end of the Pilot, any CCS held by the participants must be retired or transferred.

16.6.1. For any remaining CCS, Dubai CSD will enforce a mandatory retirement of the CCS and will deliver the retirement certificate to the buying participant through the participants' Trading Member.

17. Clearing & Settlement of Pilot Trades

- 17.1. Settlement of the trades of CCS of the DFM Platform during the Pilot period (“Pilot Trades”) shall be performed by Dubai Clear LLC (Dubai Clear or the Clearing House) under the Terms and Conditions outlined herein.
- 17.2. Pilot Trades shall only be settled by a Clearing Member of Dubai Clear. DVP settlement by Settlement Agents is not applicable. Participants cannot directly settle CCS trades unless the participant is a Clearing Member or uses the services of its Trading Clearing Member.
- 17.3. All existing Dubai Clear Rules for its clearing members shall be applicable except the following Chapters of the Dubai Clear Rules, which will be disapplied:
- 17.3.1. Chapter 1 – Settlement Agent Status
 - 17.3.2. Chapter 2:
 - 17.3.2.1. Criteria for Admission of Settlement Agent
 - 17.3.2.2. Transitional Provisions
 - 17.3.2.3. Settlement Agent Undertakings
 - 17.3.3. Chapter 3 regarding Novation, Registration of Contracts and Transfers:
 - 17.3.3.1. Transfer Obligations;
 - 17.3.3.2. Payment Netting;
 - 17.3.3.3. Settlement Agents Participation in relations to Cash Contracts
 - 17.3.4. Chapter 4 – Settlements and Deliveries
 - 17.3.4.1. Settlement of payment obligations by Settlement Agent;
 - 17.3.4.2. Settlement of Delivery Obligations by Settlement Agent;
 - 17.3.4.3. Reservation of Title on Buying Contracts;
 - 17.3.4.4. Failure to deliver: Selling Contracts in relation to Cash Contracts;
 - 17.3.4.5. Settlement Agent rejection in relation to Cash Contracts;
 - 17.3.4.6. Release of Initial Margin and Variation Margin;
 - 17.3.5. Chapter 5 – Buy-ins;
 - 17.3.6. Chapter 6 – Collateral and Valuations;
 - 17.3.7. Chapter 7 – Miscellaneous;
- 17.4. **Default Rules.** For the avoidance of doubt, the trade obligations for Pilot trade participants shall be settled between the Pilot Trade participants and its Clearing Member. Dubai Clear shall not be responsible for any non-fulfillment of settlement obligations between Pilot Trade participants and its Clearing Member.
- 17.5. Pilot Trades shall be settled on a T+2 settlement cycle at 8.30AM UAE time for funds settlement followed by settlement of CCS.
- 17.6. There are no funds and CCS settlement on a non-UAE business day.
- 17.7. Funds settlement shall be in the traded currency. Clearing Members are responsible for ensuring that they already have an active bank account in the traded currency with Emirates NBD Bank PJSC.
- 17.8. Clearing Members hereby authorizes the Clearing House to debit/credit the settlement bank account of the Clearing Member with Emirates NBD Bank PJSC.

- 17.9. Settlement is on a trade-by-trade basis. This means that the Clearing House will settle the funds obligation of all buy trades of a Clearing Member first followed by the funds obligation of sell trades.
- 17.10. A trade must be settled in full. Partial settlement of a trade is not permitted.
- 17.11. Where there is insufficient funds or CCS, the Clearing House will not proceed with the settlement of the Pilot Trades and consider the Pilot Trades as cancelled for settlement. The Clearing Member is responsible for resolving Pilot Trades that cannot be settled by the Clearing House. Buy-ins will not be conducted by the Clearing House to resolve non-delivery of CCS.
- 17.12. Settlement of Pilot Trades is independent of settlement of Novated Trades of the DFM Market. There will be no netting of funds settlement obligations for Pilot Trades.
- 17.13. There will be no netting of funds obligations of a Clearing Member for funds and CCS settlement for Pilot Trades.
- 17.14. Dubai Clear shall settle Pilot Trades only if Clearing Members ensure sufficient funds and/or CCS are available on the respective Settlement Date.

18. Contract Specifications & Pilot Trades

- 18.1. Pilot Trades of CCS will be conducted on DFM Trading Platform under the Terms and Conditions outlined herein.
- 18.2. Pilot Trades of CCS will be conducted as per the Contract Specifications published on the DFM website.
- 18.3. CCS will be listed on a new market DCX - DFM Carbon Exchange and new board 540 - Dubai Carbon Credits
- 18.4. CCS will be available for Pilot Trades from 09:30 AM to 03:00 PM.
- 18.5. Pilot Trades of CCS will be conducted in a closed environment wherein only the pre-registered Members of DFM will be provided access to the DCX market.
- 18.6. Members to place Orders and execute trades in CCS only for pre-registered Clients solely. In case of any inquiries on the pre-registered Clients, please contact DFM. The Market has the authority to cancel any orders/ trades done for non-registered Clients.
- 18.7. Orders on CCS can be entered, amended, and withdrawn using only DFM provided trading GUI – Nasdaq Matching Engine XW. Member OMS will not be receiving data feed for CCS.
- 18.8. Pilot Trades on CCS will be conducted through normal Orderbook matching with Price/Time priority. Direct Deal service will also be available on CCS for Off-Orderbook transaction reporting.

- 18.9. Members are responsible to ensure that the buyer has pre-funded the Order value before placing Order on CCS. Nasdaq Matching XW will not perform pre-trade check of cash validation.
- 18.10. Pilot Trades executed on CCS can be downloaded from Nasdaq Matching XW and used for post trade activities.
- 18.11. Members executing Pilot Trades on CCS are responsible for cash settlement for their Clients participating in the Pilot Trades.
- 18.12. All existing DFM Rules for Trading shall be applicable except the following Chapters, which will be disappplied:
- 18.12.1. Direct Market Access
 - 18.12.2. Electronic trading
 - 18.12.3. Proprietary Trading
 - 18.12.4. Market Makers
 - 18.12.5. Liquidity Providers
 - 18.12.6. Regulated Short Selling
 - 18.12.7. Allocation Accounts
 - 18.12.8. Omnibus Accounts
 - 18.12.9. Margin Trading
 - 18.12.10. Short Term Margin Trading
 - 18.12.11. Price Stabilization
 - 18.12.12. Authorised Investment Fund Participant
 - 18.12.13. Regulated Derivatives Members and Trading.

TERMS OF USE

FOR THE TRADING AND RETIREMENT OF CARBON CREDITS & CARBON RETIREMENT RIGHTS DURING THE DFM PILOT

19.Introduction

These Terms of Use (hereinafter referred to as "Terms") outline the rules, guidelines, and obligations governing the Carbon Credit Trading, Settlement and Retirement pilot program ("Pilot"), operated by Dubai Financial Market PJSC ("DFM") and its subsidiary companies Dubai Clear LLC and Dubai Central Securities Depository LLC (herein referred to also as its "Subsidiaries"). The purpose of this Pilot is to explore, set-up, execute, verify the admission, trading, settlement, and retirement of carbon credits. By accessing the Pilot, participants agree to abide by these Terms.

Carbon Retirement Rights (CRR) provided by Dubai Electricity and Water Authority PJSC ("DEWA") in the Pilot for the trading of Carbon Retirement Rights ("CRRs") are derived from Certified Emission Reductions ("CERs") registered with the United Nations Clean Development Mechanism ("UNCDM").

20.Pilot Scope

The Pilot comprises all phases of the carbon credit trading, settlement, and retirement process, including but not limited to:

- 20.1. Admission of Securities Phase: DFM will create a type of Security in Dubai CSD which represent a right to retire carbon credits (CRRs/ Carbon Retirement Rights). All validation and verification activities for the underlying will be conducted by independent third-party verifiers (“Verification Bodies”). As part of the Pilot, carbon credits that have successfully completed the verification process through a Verification Body may be listed as Securities on the DFM trading platform ("DFM Platform"). The DFM Platform will conduct real-time execution and reporting of all orders and transactions.
- 20.2. Trading Phase: This phase focuses on the trading of CRRs listed on the DFM Platform which may be bought and sold by eligible participants in accordance with the terms and conditions herein.
- 20.3. Clearing & Settlement Phase: Trades in CRRs shall be settled by Dubai Clear LLC (“Dubai Clear”) by its Clearing Members in accordance with the Dubai Clear Rules and the terms and conditions herein.
- 20.4. Registry and Retirement Phase: This phase involves the creation and retirement of the CRRs to a Verification Body. Dubai CSD LLC (“Dubai CSD”) shall be the registry of CRRs traded on the DFM Platform. CRRs to be sold on the DFM Platform must be reflected in the participants’ accounts with Dubai CSD. The registry will maintain the records and track the holdings and retirement status of carbon credits. The registry will provide a transparent and auditable record of all transactions. Upon successful retirement, a retirement or cancellation confirmation will be issued to the retiring entity, confirming the retirement of the specified number of carbon credits.

21. Pilot Duration and Termination

- 21.1. The Pilot is expected to run for a closed period set by the Market which will be communicated to the participants of the pilot through a separate communication.
- 21.2. These Terms shall remain in effect until the completion of the Pilot including any further extensions or until terminated by mutual written agreement of the parties. Termination does not release any parties from fulfilling their obligations or responsibilities accrued during the Pilot.

22. Responsibilities and Obligations

- 22.1. All participants involved in the Pilot, including but not limited to traders, Members, and end investors, shall adhere to the following obligations:
 - 22.1.1. Comply with all applicable laws, regulations, and standards related to CRRs trading, Depository, Clearing & Settlement, and retirement.

22.1.2. Cooperate fully with DFM, providing accurate and timely information required for the Pilot, whenever needed or required.

22.1.3. Adhere to the established trading, Depository, Clearing & Settlement, and retirement processes as outlined in this document.

23. Marketing

All participants involved in the Pilot give permission to the Market to use their name, and logo in any marketing materials including press releases, website, social media, and COP28 Expo stand.

24. Limitation of Liability

24.1. DFM and its Subsidiaries shall not be held liable for ownership of carbon credits, any losses, damages, or liabilities incurred during or derived from the Pilot. To the fullest extent permitted by applicable law, neither DEWA, nor DFM and its affiliates, officers, directors, employees, and agents shall not be liable for any direct, indirect, incidental, consequential, or special damages, including but not limited to loss of profits, data, or business opportunities, arising from, or related to the use of or participation in the Pilot or DFM Platform.

24.2. The verification of carbon credits involves Verification Bodies and may be subject to errors or discrepancies DFM and its Subsidiaries will not guarantee verification accuracy, provided that the Market selects reputable Verification Bodies of good standing

24.3. DFM shall not be held liable for the fluctuation of carbon credits or retirement rights value due to changes in market conditions, regulatory changes, or other factors. Carbon credits can experience price fluctuations due to various factors, including changes in emissions regulations, market sentiment, and economic conditions. The value of carbon credits may rise or fall, and past performance is not indicative of future results. Carbon credits can be subject to suspension or cancellation after verification due to shortcomings or non-performance in the credit creation project.

24.4. DFM and its Subsidiaries are not responsible for the actions, decisions, or conduct of participants within the Pilot, including but not limited to trading decisions.

24.5. While DFM strives to maintain the DFM Platform secure and reliable, participants acknowledge that operational risks, including system failures, data breaches, or technical issues, may occur. DFM shall take reasonable measures to minimize such risks and provide timely support in case of issues however DFM does not warrant or guarantee the absence of technical issues, system failures, or disruptions. Participants agree to use the DFM Platform at their own risk.

24.6. DFM does not provide investment advice or recommendations. Any information or guidance provided by DFM is intended for informational purposes only.

25. Release of Liability

Participants hereby release and discharge DFM and its Subsidiaries from any claims, liabilities, losses, or damages arising from their participation in the Pilot and acknowledge that they have read and understood these Terms and agree to be bound by them.

26.No Guarantees

All participants understand and acknowledge that the Pilot does not guarantee profits or specific outcomes.

27.Compliance

By participating in the Pilot, all participants hereby acknowledge and agree to comply with all applicable terms the terms and conditions herein.

28. Market Supervision and Oversight

28.1. DFM's Market Supervision Team monitors trading and disclosure activities.

28.2. DFM in its full discretion can (i) suspend and cancel CCS transactions, (ii) instruct participants in the Pilot, and (iii) take any other appropriate action to maintain a fair and orderly market.

28.3. Participants will act accordingly and without undue delay upon the instruction of the DFM Market Supervision Team.

29. Privacy

Any personal information provided by participants will be handled in accordance with applicable data privacy laws and regulations. Participants consent to the processing of their personal data as necessary for participation in the Pilot.

30. Confidentiality

All participants involved in the Pilot, including but not limited to traders, Members, and end investors, shall undertake to maintain all information related to the Pilot strictly confidential, including trade details and participant identities.

31. Force Majeure

Neither Party shall be liable for any failure or delay in the performance of its obligations under these Terms resulting from acts beyond its reasonable control, including but not limited to acts of God, acts of terrorism, natural disasters, and government actions.

32. Amendment and Modification

These Terms may be updated or modified by DFM from time to time. Participants shall review the Terms periodically to ensure compliance with the latest version of these Terms.

33. Governing Law

These Terms shall be governed by and construed in accordance with the laws of the United Arab Emirates, as applicable in the Emirate of Dubai. Any disputes arising from or related to these Terms shall be subject to the exclusive jurisdiction of the courts of Dubai.

34. Carbon Credit Registry for Pilot Trades

34.1. Seller and/or Buyer participants must ensure that they are in possession of an active Investor Number and a Trading Account under the records of Dubai Central Securities Depository LLC (Dubai CSD).

DEWA will have the full capacity and authority to offer CERs for the purpose of the Pilot (“DFM Accepted CER”).

34.2. DEWA will supply a certain quantity of CERs for the creation of CRR by DFM through Dubai CSD. Prior to the commencement of the Pilot, DFM will reflect the CRRs in the register of Dubai CSD. Each CRR represents the unconditional right to instruct DEWA to retire one CER registered with UNCDM. The right to retire is exclusively bestowed on the holder of the CRR.

34.3. CRRs will be admitted as Securities for trading in the Pilot, and during the Pilot Testing Period only, and any transaction in CRR completed outside of the Central Order Book will be reported to the exchange through its Direct Deal portal.

34.4. The holder of the CRR is the owner of the CERs DFM Accepted Projects. The holder of the CRR shall have the right to instruct DEWA to retire the CERs.

34.5. For retirement of CRR, the process as described in 19 will be followed.

35. Clearing & Settlement of Pilot Trades

35.1. Settlement of the trades of the DFM Platform during the Pilot period (“Pilot Trades”) shall be performed by Dubai Clear LLC (Dubai Clear or the Clearing House) under the Terms and Conditions outlined herein.

35.2. Pilot Trades shall only be settled by a Clearing Member of Dubai Clear. DVP settlement by Settlement Agents is not applicable. Plot Participants cannot directly settle trades unless the participant is a Clearing Member or uses the services of its Trading Clearing Member.

35.3. All existing Dubai Clear Rules for its clearing members shall be applicable except the following Chapters of the Dubai Clear Rules, which will be disapplied:

35.3.1. Chapter 1 Settlement Agent Status

35.3.2. Chapter 2

35.3.2.1. Criteria for Admission of Settlement Agent

35.3.2.2. Transitional Provisions

35.3.2.3. Settlement Agent Undertakings

35.3.3. Chapter 3 regarding Novation, Registration of Contracts and Transfers:

35.3.3.1. Transfer Obligations;

35.3.3.2. Payment Netting;

35.3.3.3. Settlement Agents Participation in relations to Cash Contracts

35.3.4. Chapter 4 – Settlements and Deliveries

35.3.4.1. Settlement of payment obligations by Settlement Agent;

35.3.4.2. Settlement of Delivery Obligations by Settlement Agent;

35.3.4.3. Reservation of Title on Buying Contracts;

35.3.4.4. Failure to deliver: Selling Contracts in relation to Cash Contracts;

35.3.4.5. Settlement Agent rejection in relation to Cash Contracts;

- 35.3.4.6. Release of Initial Margin and Variation Margin;
- 35.3.5. Chapter 5 – Buy-ins;
- 35.3.6. Chapter 6 – Collateral and Valuations;
- 35.3.7. Chapter 7 – Miscellaneous;

- 35.4. **Default Rules.** For the avoidance of doubt, the trade obligations for Pilot trade participants shall be settled between the Pilot Trade participants and its Clearing Member. Dubai Clear shall not be responsible for any non-fulfillment of settlement obligations between Pilot Trade participants and its Clearing Member.
- 35.5. Pilot Trades shall be settled on a T+2 settlement cycle at 8.30AM UAE time for funds settlement, followed by settlement of CRR.
- 35.6. There are no fund or CRR settlement on a non-UAE business day.
- 35.7. Funds settlement shall be in the traded currency. Clearing Members are responsible for ensuring that they already have an active bank account in the traded currency with Emirates NBD Bank PJSC.
- 35.8. Clearing Members hereby authorizes the Clearing House to debit/credit the settlement bank account of the Clearing Member with Emirates NBD Bank PJSC.
- 35.9. Settlement is on a trade-by-trade basis. This means that the Clearing House will settle the funds obligation of all buy trades of a Clearing Member first followed by the funds obligation of sell trades.
- 35.10. A trade must be settled in full. Partial settlement of a trade is not permitted.
- 35.11. Where there are insufficient funds or CRRs, the Clearing House will not proceed with the settlement of the Pilot Trades and consider the Pilot Trades as cancelled for settlement. The Clearing Member is responsible for resolving Pilot Trades that cannot be settled by the Clearing House. Buy-ins will not be conducted by the Clearing House to resolve non-delivery of CRRs.
- 35.12. Settlement of Pilot Trades is independent of settlement of Novated Trades of the DFM Market. There will be no netting of funds settlement obligations for Pilot Trades.
- 35.13. There will be no netting of funds obligations of a Clearing Member for funds and CRR settlement for Pilot Trades.
- 35.14. Dubai Clear shall settle Pilot Trades only if Clearing Members ensure sufficient funds, and CRR are available on the respective Settlement Date.

36. Contract Specifications & Pilot Trades

- 36.1. DEWA will submit their indicative offer price for the CRRs (“Offer Price”). This Offer Price will be applied as the reference price for the first day of trading. The daily close price will become the next day reference price.

- 36.2. DEWA will offer the daily order input and commits to providing an offer price for the CRR to be present in the market for the duration of the Pilot.
- 36.3. Buyers of CRR will only be permitted to sell the CRR in the Pilot and during the Pilot Testing Period only.
- 36.4. Pilot Trades will be conducted on DFM Trading Platform under the Terms and Conditions outlined herein.
- 36.5. Pilot Trades will be conducted as per the Contract Specifications published on the DFM website.
- 36.6. CRRs will be listed on a new market DCX - DFM Carbon Exchange and new board 540 - Dubai Carbon Credits
- 36.7. CRR will be available for Pilot Trades from 09:30 AM to 03:00 PM.
- 36.8. Pilot Trades will be conducted in a closed environment wherein only the pre-registered Members of DFM will be provided access to the DCX market.
- 36.9. Members to place Orders and execute trades only for pre-registered Clients solely. In case of any inquiries on the pre-registered Clients, please contact DFM. The Market has the authority to cancel any orders and/or trades executed for non-registered Clients.
- 36.10. Orders during the Pilot can be entered, amended, and withdrawn using only DFM provided trading GUI – Nasdaq Matching Engine XW. Member OMS will not be receiving data feed for CRR.
- 36.11. Pilot Trades will be conducted through normal Orderbook matching with Price/Time priority. Direct Deal service will also be available on CRR for Off-Orderbook transaction reporting.
- 36.12. Members are responsible to ensure that the buyer has pre-funded the Order value before placing Order on CRR. Nasdaq Matching XW will not perform pre-trade check of cash validation.
- 36.13. Pilot Trades executed can be downloaded from Nasdaq Matching XW and used for post trade activities.
- 36.14. Members executing Pilot Trades are responsible for cash settlement for their Clients participating in the Pilot Trades.
- 36.15. All existing DFM Rules for Trading shall be applicable except the following Chapters, which will be disappled:
- 36.15.1. Direct Market Access
 - 36.15.2. Electronic trading
 - 36.15.3. Proprietary Trading
 - 36.15.4. Market Makers
 - 36.15.5. Liquidity Providers
 - 36.15.6. Regulated Short Selling

- 36.15.7. Allocation Accounts
- 36.15.8. Omnibus Accounts
- 36.15.9. Margin Trading
- 36.15.10. Short Term Margin Trading
- 36.15.11. Price Stabilization
- 36.15.12. Authorised Investment Fund Participant
- 36.15.13. Regulated Derivatives Members and Trading.

37. Retirement Process & Cancellation Certificate

- 37.1. DEWA will cancel such CERs in the UNCDM register upon receiving the instruction from Dubai CSD.
- 37.2. DEWA understands that voluntary cancellation in UNCDM allows project participants who hold CERs in the UNCDM registry to cancel them on their own behalf or on behalf of third parties.
- 37.3. The holder of the CRR will have the right to instruct Dubai CSD through a Trading Clearing Member to exercise the right to retire the CER held in the UN CDM register.
- 37.4. DEWA will issue a cancellation or retirement certificate by the registrar of the UNCDM and will each be in the name of the Participant holding the CRR (“CDM Voluntary Cancellation Certificates”) within the timeframe set by the UN CDM for CER cancellation.
- 37.5. CRR which have been sold from the DEWA NIN account and are held beyond the Pilot cut-off time on 8 December will be automatically retired.