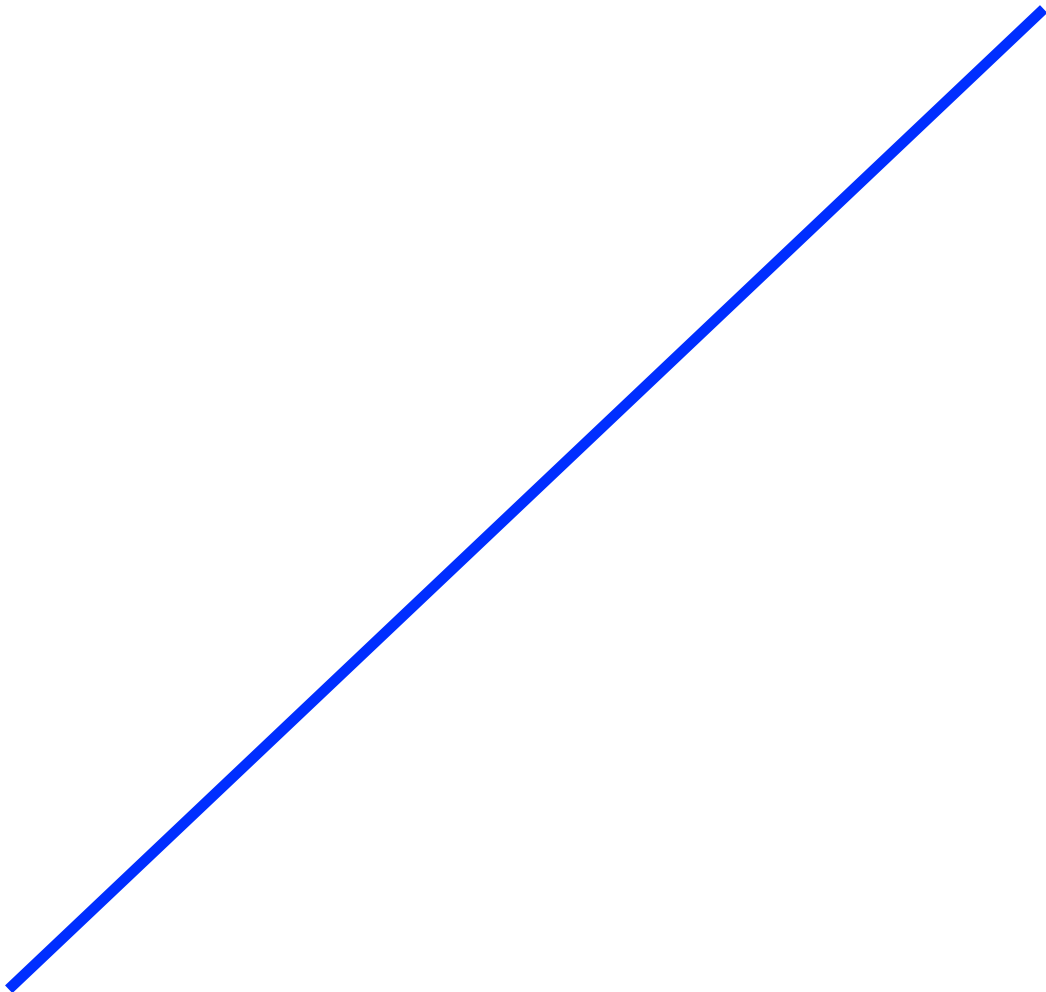


Central Securities
Lending and Borrowing



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1. General Overview

In the Central SLB model Dubai Clear will operate a central lending and borrowing process in accordance with the controls below. Dubai Clear will receive borrowed securities from lenders and thereafter, lend them to Approved Borrowers referred to in Section 4.1 below.

Terms used in these Rules have the meanings specified in the Central Clearing Rules, Securities Lending and Borrowing Rules, the Market Rules and the Authority's decisions.

2. Lender

- 2.1 Lenders may be retail or institutional investors who have an investor number ('NIN') with Central Securities Depository LLC ('Dubai CSD').
- 2.2 An investor must complete the Lender Registration Form and be approved by Central Clearing before becoming a Lender for the Central SLB model.
- 2.3 Lenders may lend Securities owned by them.
- 2.4 In case the lending is conducted through a Trading and Clearing Member, the Member must be a Lending Agent who completes the Lender's registration form and obtains approval from the Central Clearing.
- 2.5 Where the owned Securities are deposited in the CSD Account, the Lender must sign-up to the Central SLB program directly with the Central Clearing by completing the Lender Registration Form.
- 2.6 The Lender will be governed by the terms and conditions. The Lender agrees to the terms and conditions when the Lender signs the registration form.
- 2.7 In addition to the Lender's intention to lend Securities, the Lender or the Lending Agent must also (if allowed by the Central Clearing's procedures) indicate the quantity and symbol of the company the investor is interested in lending to the Central Clearing in the Lender registration form.
- 2.8 The Lender may need to have a minimum quantity of owned Securities balances as may be prescribed by the Clearing House in its circulars from time to time to enable the Clearing House to select the Lender for loan matching.
- 2.9 The Lender will receive Lending returns from the Central Clearing for Securities onward lent by the Clearing House.
- 2.10 The Lending returns calculation will only commence from the date Securities is successfully debited from the Lender's account and not when the Lender submits the lending interest.
- 2.11 The Lending returns will be paid on a monthly basis after the end of every month the Central Clearing through the Central Securities Depository to the Lender's designated method of payment.
- 2.12 Lender may recall a loan it has lent partially or in full in accordance with the terms of the Clearing House, and he wishes to use his rights associated with Corporate Action, the Lender must recall the loan and return the loaned Securities on the date of closing the register except for the following;

- Bonus Issues
- Share Split
- Consolidations

2.13 The annual cash dividends or bonus shares associated with borrowed Securities shall be the right of the Lender and not the Borrower, and the Clearing House shall transfer the cash dividends or shares dividends to the Lenders on the existing loans when any of them are distributed and shall be paid by the Borrower.

3. Central Lending Agents

The Central Clearing is the CLA.

- 3.1 Act as a central counterparty to guarantee return of Securities or their market value equivalent at the time of recall to Lenders, as well as any other amounts of money estimated by The Central Clearing in accordance with its procedures and the cases determined by it as compensation to the lender in the event of any kind of damage as a result of non-recovery of its Securities.
- 3.2 Provide a central location for Approved Borrowers to find Securities for borrowing.
- 3.3 Keep records of loans between Lenders and Central Clearing and between Central Clearing and Approved Borrowers.
- 3.4 Manage accepted collateral lodged by Approved Borrowers.
- 3.5 Process corporate actions on behalf of Lenders for outstanding loans and also for collateral lodged by Approved Borrowers if such collateral is Securities listed on the Market.
- 3.6 Instruct the Central Securities Depository to transfer securities between the Securities Accounts of Lenders and Approved Borrowers or clients of Approved Borrowers.

4. Approved Borrowers

- 4.1 The following categories of borrowers shall be considered as Approved Borrowers once registered with The Central Clearing:
 - 4.1.1 Borrowers who are Members of The Central Clearing;
 - 4.1.2 Borrowers if he is a foreign entity licensed by a supervisory authority similar to the Authority or banking supervisory authority dealing in its name and for its account or on behalf of its customers.
- 4.2 The Central Clearing will only lend Securities to Approved Borrowers who are entitled to re-lend Securities to their clients.
- 4.3 Approved Borrowers may be required to borrow a minimum quantity of Securities as may be prescribed in the Central Clearing circulars from time to time.
- 4.4 There is a minimum loan period of 1 business day for loans but no maximum loan period if the Lender or the Approved Borrower did not specify a loan expiry date.
- 4.5 The Approved Borrower shall pay a fee and lending returns to the Central Clearing and the fee will be calculated from the Settlement Date of the loan and not the Trade Date.
- 4.6 The Approved Borrower may return a loan in full quantities or in partial quantities.

- 4.7 The Approved Borrower must lodge collateral according to the Central Clearing's collateral requirements before a loan transaction is approved by the Central Clearing

5. Outsourcing by the Central Clearing Company

- 5.1 The Central Clearing may outsource some of its operations to third parties in accordance with the outsourcing rules specified in the decisions issued by the Authority.

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