

Special Deal Procedures with Cash Settlement for Investors using Custodians/ Settlement Agents

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Overview:

The special deal procedures with cash settlement option are only applicable where a buying investor (“Buyer”) and selling investor (“Seller”) use a custodian (Settlement Agent), unless exempted by Dubai Clear. To qualify for a Special Deal Transaction, the Total Deal Value of the transaction or aggregated transactions should be AED 10 million and above.

The buyer and seller should comply with the following steps below:

1. Fill & send the “e-Special Deal Forms” through DFM e-services, which contains the following details:
 - Buyer/Seller Details (Name and Investor Number).
 - Date of executing the deal.
 - Security Name
 - Number of securities.
 - Security Price (agreed price between buyer and seller, which should be last closing price or higher).
 - Special Deal value
 - Name of the Custodian (Settlement Agent) (if the Seller/Buyer is under the custody of a Custodian (Settlement Agent))
2. Both parties should deposit the special deal fees in Dubai Clear’s bank account number 0412063720929 (IBAN AE370260000412063720929) with Emirates National Bank of Dubai and attach the fee payment credit advice copy with their request.
 - Each Seller and Buyer to agree on the respective Deal Execution Date, number of securities to be sold/acquired and the Total Deal Value.
 - The Price per Security required by Dubai Clear is used only for calculating the Special Deal Transaction Fee payable to Dubai Clear. This price must not be lower than the Security’s closing price on the trading day preceding the request date, as indicated on the Special Deal Request Form.

Special Deal Fees:

- Special deal fee is 0.000275 in case of bonds and 0.00275 in case of securities for both Buyers and Sellers independently.

Note:

For Government and Semi-Government entities, as well as institutions or entities in which the government holds a percentage of ownership, the Special Deal Fee is 0.0001 for bonds and 0.001 for securities, applied independently to both the Buyer and the Seller. In addition, Dubai Clear will invoice 5% VAT on the fee, effective from the VAT implementation date to both the Buyer and the Seller.

The method of calculating Fees:

- **Bonds:** Number of Units X (Unit value/100) X Last Close Price (LCP) or price of Special Deal which should be higher than LCP X Special Deal fees.

- **Securities** Number of securities X Last Close Price (LCP) or price of Special Deal which should be higher than LCP X Special Deal fees

Notes:

1. It is the responsibility of the Seller and the Buyer to provide instructions to its Settlement Agent to settle securities and cash for any Special Deal Transactions. The Settlement Agent must complete the prescribed Special Deal Transaction Form on behalf of the Seller and the Buyer.
2. Each Seller and Buyer's Settlement Agent shall send a separate request form to Dubai Clear to complete the Special Deal Transaction on behalf of the Seller and the Buyer.
3. The request date on the Special Deal Request Forms ("request forms") shall not be earlier than 2 settlement days from the date Dubai Clear received the request forms for processing to ensure that the requests are current.
4. Dubai Clear will approve each Special Deal Transaction within 1 business day:
 - a. if the Seller's Settlement Agent and Buyer's Settlement Agent submit a complete request form through e-service together with the relevant documentation by 8.00 am and
 - b. if all funding arrangements and payment of special deal fees in readily available funds in the relevant bank accounts of Dubai Clear are completed.
 - c. Dubai Clear will reject the request through e-service if the conditions above are not met after 3 DFM settlement days.
5. To the extent Dubai Clear already has copies of the relevant documentation (e.g. as a result of documentation required for a NIN application), such documentation will not need to be provided again to Dubai Clear for processing the Special Deal Transaction.
6. The following requirements must be complied with by the Seller and Buyer before Dubai Clear will complete processing any Special Deal Transaction requests:
 - a. Each Seller's securities to be sold must be free of encumbrances and must be in the CDS Registry Account maintained with Dubai CSD. Securities under pledge can only be accepted for the Special Deal Transaction subject to the release of such pledge before execution of the Special Deal Transaction by Dubai Clear. Securities under a Trading Member account cannot be used for settlement of the Special Deal Transaction.
 - b. At the same time as the Seller's Settlement agent and Buyer's Settlement Agent submit their respective request forms through e-service, both must ensure that the respective Special Deal Transaction Fees have been paid to the specified account of Dubai Clear in readily available funds and attach a copy of payment advice with their respective request forms.
 - c. Dubai Clear will not execute the Special Deal Transaction if the Special Deal Transaction Fees due from the Seller and/or the Buyer are not reflected as available in Dubai Clear's bank account
 - d. By 9:30 am (Dubai time) on the Special Deal Transaction Execution Date, the Buyer's Settlement Agent must ensure that the Total Deal Value (in AED) must be credited to the Dubai Clear bank accounts with either Emirates National Bank of Dubai (ENBD) (if the Buyer's Settlement Agent bank account is with ENBD) or the Dubai Clear bank account with Standard Chartered Bank (SCB) (if the Buyer's Settlement Agents bank account is with SCB) in readily available funds.

- e. Upon receipt of the Total Deal Value in readily available funds, Dubai Clear will confirm receipt to the Buyer's Settlement Agent and will then transfer the Total Deal Value to the Seller's Settlement Agent's bank account with the Dubai Clear settlement bank.
 - f. After Dubai Clear has transferred the Total Deal Value to the Seller's Settlement Agent's bank account, Dubai Clear will: (i) execute the transfer of the securities to the Buyer's account with the custodian member (Settlement Agent) by 4:00 pm; and (ii) provide evidence to the Buyer's Settlement Agent that Dubai Clear has executed such transfer.
7. The Buyer must ensure compliance with the content of Article 14 of DECISION NO (2/R) OF 2001 concerning the regulations as to TRADING, CLEARING, SETTLEMENT, TRANSFER OF OWNERSHIP AND CUSTODY OF SECURITIES, which provides for the following:
- a. The chairman and the members of the board of directors of a company whose securities are listed in the DFM, and its general manager, or any of its employees who are acquainted with the fundamental data of the company, shall not effect dispositions himself or through others by dealing in the securities of the company itself, or in the securities of a parent, subsidiary, allied or affiliate company of such company, during the following periods:
 - I. Ten (10) working days prior to the announcement of any significant information which affects the share price by way of a rise or a fall, unless the information was a result of sudden adventitious events.
 - II. fifteen (15) days prior to the end of the quarterly, half-yearly or annual financial period and until disclosure of the financial statements has been made.
 - III. This request is not valid if the transactions are executed or required to be executed during the prohibiting periods for the disclosure of the financial statements and material information as required by the provisions of Article (14) Trading, Clearing, Settlement, Transfer and Custody of Securities Law.
 - b. Article 14 of the Trading, Clearing, Settlement, Transfer of Ownership and Custody Law does not address the employees of the company who are not insiders, the prohibition on trading in the periods mentioned therein does not apply to them, and they shall abide by article 38 of Law No. (4) Of 2000 and Article (17) of Listing regulation, and then commit to obtain market approval prior to any trading on the company's securities. The provisions of the law shall be observed when the above-mentioned persons act by themselves or by others by dealing with the securities of the company itself or in the securities of the parent company, affiliate or affiliate of that company, and any transaction contrary thereto shall be null and void.
8. in relation to a Seller, where the securities are not in the CDS Registry Account maintained with Dubai CSD on the Deal Execution Date, Dubai Clear will not process the Special Deal Transaction in relation to such Seller and will return the Deal Value amount back to the Buyer's Settlement Agent's bank account on the business day immediately following the Deal Execution Date.
9. This service has been added under Investor and Custodian Member Settlement Agent e-services. Therefore, please use the relevant form which is available in the eService Portal.

*** End ***

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