

ESWATINI STOCK EXCHANGE LIMITED



A registered Securities Exchange in terms of section 11 of the Securities Act, 2010
Corporate Registration Number R7/21342, ID 200310201011472, Kingdom of Eswatini

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AUTOMATED TRADING SYSTEM (ATS) TRADING RULES

17 March 2020

Eswatini Stock Exchange Trading Rules

Rules made by the Eswatini Stock Exchange under Section 16 of the Securities Act, 2010.

1. Short Title

These rules are cited as the Eswatini Stock Exchange Trading Rules 2019.

2. Interpretation

(1) In these rules, unless the context otherwise requires-

“**Act**” means the Securities Act 2010.

“**ATS**” or “**ATS Service**” means the software, hardware, communications and network systems, which are used to carry out transactions or other operations related to transactions on Eswatini Stock Exchange.

“**CSD**” means the Central Securities Depository

“**CSD Rules**” means the rules established by the Central Securities Depository

“**Dealer Representative**” refers to a representative of a Stockbroker/Dealer designated as such by the ESE and registered with the ESE for the purpose of carrying out order entry on ESE ATS on behalf of the licensed Stockbroker/Dealer.

“**ESE**” means the Eswatini Stock Exchange

“**ESE ATS Operator**” includes a representative of a Securities dealing firm also known as a Stockbroking firm designated as such by the ESE and registered with the ESE.

“**Market Report**” means an official publication of the ESE which provides information about the trading volumes and prices of securities traded on the ESE and covers activities of the ESE, Stockbroker/Dealers and listed issuers.

“**Registrar**” means the Financial Services Regulatory Authority (FSRA) in Eswatini.

“**Stockbroker/Dealer**” means a company licensed as such under the Act, and/or the Financial Services Regulatory Authority Act, 2010.

“**Schedule**” or “**Schedule of Trading Procedures**” means the procedures adopted by Eswatini Stock Exchange and which form part of the rules.

“**Trade**” or “**Transaction**” means any purchase or sale of a security conducted via ATS.



(2) Words and expressions not defined in these rules shall bear the meaning ascribed to them in the Securities Act, 2010, the Financial Services Regulatory Authority Act, 2010 or the CSD Rules, as the case may be.



OBJECTIVES

The ATS Rules and procedures provide for the basic principles and terms of trading in securities at the Eswatini Stock Exchange so as to achieve effective and efficient execution of trades under the ATS.

The ATS Rules and Procedures regulate the conduct of transactions on the ESE and any other operations related to ESE transactions to ensure fairness in execution of trades.

PART A – TRADING OPERATIONS

3. Trading Sessions

Trading on the Eswatini Stock Exchange (ESE) is conducted in trading sessions.

Trading sessions shall be conducted in hours established and as set out in the trading schedule detailed by the Eswatini Stock Exchange. The ESE, in consultation with the Stockbroker/Dealer, may change the time of the trading sessions. Where possible, the ESE will notify the Registrar and Stockbroker/Dealer regarding the same through a letter and email at least 24 hours before the day the trading time will be varied.

3.1 Off-market transfers

- (i) All trading in securities listed on ESE must be conducted through the Eswatini Stock Exchange Automated Trading System (ESE ATS).
- (ii) Trading on ESE Listed securities outside the ESE ATS is prohibited.
- (iii) All transactions without cash consideration entered into between first degree relation, shareowner and an institution, company share reconstruction/restructuring shall be treated as Favour Registration and shall be marked as so by the Exchange. Where first degree relation shall mean and include spouse, parents, children, brothers, sisters and any person who is financially dependent on the transferor.
- (iv) For the purposes of this Rule 3.1, “trading in securities” shall include making or offering to make with any person or inducing or attempting to induce any person to enter into or to offer to enter into –
 - (a) any agreement for or with a view to acquiring or disposing of securities, or
 - (b) any agreement the purpose or pretended purpose of which is to secure a profit to any of the parties from the yield of securities or by reference to fluctuation in the price of securities.

4. Persons permitted to trade

4.1 The Exchange does not recognise in its dealings, any other parties other than through Stockbroker/Dealer.

4.2 Only authorised dealers are permitted to trade. Stockbroker/Dealer who have not paid their annual fees will not be permitted to trade. The fees are payable in January of each year.

4.3 A client may be granted direct access to trade in the ESE ATS by a registered Stockbroker/Dealer. All risks associated with the client's trading activities shall be borne by the respective Stockbroker/Dealer.

4.4 Each Stockbroker/Dealer shall have a unique trading code.

5. Supervision of Trading Sessions

Trading on the ESE shall be supervised and monitored by the ATS and CSD Officer, the Monitoring and Surveillance Officer or any other ESE employee appointed by the ESE.

6. Trading Halts

6.1 The Chief Executive Officer (CEO) of the ESE may call a temporary trading halt if he/she deems that a disorderly market has developed.

6.2 A market halt can occur during a trading session where, in the opinion of the CEO, circumstances exist, or are about to occur that could result in something other than the transparent, fair and orderly trading of listed securities.

6.3 Any such halts shall be communicated to the Registrar to note as soon as practical.

6.4 The ESE shall make a press announcement of a market halt that extends beyond two trading sessions.

7. Security Halt and suspension

7.1 The Exchange may temporarily halt trading in one or more securities in the following circumstances;

- a) Upon request of the issuer where ESE agrees that the security halt will benefit the whole market;
- b) By the Exchange:
 - (i) Where the issuer had not made public any price sensitive information which has leaked to the market. The halt will be lifted upon the issuer making an announcement on the information in question;
 - (ii) Where in the opinion of the CEO, circumstances exist or are about to occur that could result in something other than the transparent, fair and orderly trading of the specific securities.

7.2 The Exchange shall inform the issuer of any halt in the trading of its securities within 30 minutes after the halt has been imposed.

7.3 The maximum allowable period for a trading and security halt shall not exceed 5 trading days.

7.4 Where instructed by the Registrar, the ESE shall suspend trading in any or all securities. Securities trading suspension may occur in the following circumstances among others:

- a. By the ESE if it is of the opinion that it is desirable to do so in order to protect

investors or the market and/or if the listed company has failed to comply with the listings requirements.

- b. Upon request by the company in the following circumstances:
 - i. Where a listed company is placed under provisional liquidation or in judicial management or subject to an application for a scheme of arrangement or reconstruction under the Act, and/or the Financial Services Regulatory Authority Act, 2010.
 - ii. Where the request is made by the directors of a listed company and it is apparent that there are two levels of information in the market and the ESE Board of Directors or a Committee thereof constituted to handle such matters considers that this situation cannot be remedied by the immediate publication of an announcement to clarify the situation.

7.5 Securities of companies which have been suspended from trading by the ESE shall not be traded during the period of suspension.

7.6 All decisions to suspend or resume trading shall be communicated to all Stockbroking firms through the ESE ATS messaging system and the ESE Data Portal. The Central Securities Depository shall also be informed of such decisions.

8. Schedule of Trading Procedures

Without prejudice to the requirements of these rules, the trading operations shall be carried out in accordance with the Schedule of Trading Procedures laid down by the ESE.

The Trading Procedures shall provide for:

- a. The trade matching mechanisms;
- b. The transmission and types of orders;
- c. Days and opening hours of the ESE trading sessions;
- d. Types of transactions concluded on the ESE;
- e. The types of Markets and Boards operated by the ESE; and
- f. The surveillance mechanisms of the ESE.

9. Trading of securities on “cum” and “ex” basis

For the purpose of trading, all securities will be traded and quoted “cum” for a minimum of fourteen business days before the Last Date of Registration (LDR). On the next business day after the last cum date, the securities will be traded and quoted “ex” until the dividend payment date. Buyers of securities who transacted on an “ex” basis shall have no rights to the entitlements declared by the company concerned. The LDR shall be a Friday.

10. Settlement Procedures

10.1 All purchases and sales between members shall be settled using the delivery against payment principle on T+3 for equities and T+2 for debt securities. No purchase or sales transactions will

be allowed involving the issue of post-dated or held cheques, or any such similar device. Any member who fails to meet his obligations in terms of this Rule shall be declared a defaulter.

10.2 Stockbroker/Dealer shall be required to have cash accounts and to enter into a guarantee arrangement with their settlement banks guarantee settlement of trades.

10.3 Stockbroker/Dealer shall ensure that buyers of securities have made an advance payment of 100% of an approximate value of the trade in the case of an individual investor. In the case of an institutional investor, the Stockbroker/Dealer shall ensure that it has obtained an undertaking to make payment on production of a contract note. This is to ensure that funds are available in the Stockbroker/Dealer cash account with the respective settlement bank by the settlement date.

10.4 Settlement will take place in Swaziland Inter-Bank Payment and Settlement System (SWIPPS) via the respective settlement bank's account on net basis on the settlement date

11. Unwinding of trades

In the case of a "Fund Settlement failure" or a "Securities Settlement failure" as defined in the CSD Rules and Procedures, trades already concluded on the ESE may be unwound pursuant to the CSD Rules and Procedures.

In the event of a trade being unwound, the ESE shall rectify the volume and the traded value results pertaining to the day the trade was concluded on the ESE. The ESE shall publish the fact that there has been a failed trade on the market, indicating the Custodian/Stockbroker/ Dealer concerned and the reasons. The ESE shall also charge a cancellation penalty to the concerned Stockbroker/Dealer for a failed trade.

12. Official Price List and other market data information

12.1 The right to record and publish the prices related to Transactions on ESE is the prerogative and the sole property of the ESE. The copyrights of the ESE therein are reserved. No person may make a commercial use of the publication of the prices and any other market data information, in any form or manner whatsoever, unless prior written consent has been given by the ESE and on such terms and conditions for such use as the ESE at its absolute discretion shall impose.

12.2 The ESE shall publish daily and periodic information on the prices, traded volumes, indices and any other market data, necessary to ensure transparency and equity to investors.

12.3 The ESE shall maintain a suitable communication system through which it will publish the particulars for all listed securities, and the form in which and the precise time within which the information is to be provided, as well as the means by which it is to be made available, having regard to the nature, size and needs of the market concerned and of the investors operating on that market.

13. Violations

13.1 The Head of Operations may, in consultation with the CEO, refer the cases of violations of these rules to the ESE Board of Directors or a Committee thereof constituted to handle such matters.

- a. Any member or his/her authorized dealers, who, in any circumstances, either directly or indirectly commits a breach of any of the provisions of these rules shall be liable at the discretion of the listings committee to one or more of the following penalties.
- b. Reprimand
- c. Fine as prescribed in the ESE Members Rules;
- d. Suspension;
- e. Termination of membership and recommending withdrawal of licence to Central Bank of Eswatini

13.2 Violations of these rules shall be recorded in the Complaint Register maintained by the ESE.

PART B – STOCKBROKER/DEALER

14. Obligations of Stockbroker/Dealer

14.1 Each Stockbroker/Dealer shall keep and maintain records of the date and time of receipt of each client order.

14.2 The principal officer of the Stockbroker / Dealer shall be solely responsible for the accuracy of details of orders entered into the ESE ATS system in accordance with the Procedures.

15. Client's orders

15.1A broker must act in good faith at all times, and meet high standards of professional ethics, including exercising fairness when placing client orders so as not to disadvantage one client over another.

15.2A Stockbroker/Dealer when placing a client order, shall act in the client's best interest and according to the client's instructions at all times

15.3A Stockbroker/Dealer shall not buy or sell securities on or for its own account or for the account of a Related party as defined in these Rules while the firm holds an unexecuted order on the same terms from a client to deal in one or more such securities. For the purpose of this Rule, a limit order, which cannot be executed owing to price differences, shall be deemed not to be an unexecuted order.

For the purposes of this Rule –

- a) Related party includes:
 - (i) The Stockbroker/Dealer also referred to as a stockbroking firm;
 - (ii) A director and shareholder of the Stockbroker/Dealer also referred to as a stockbroking firm
 - (iii) An employee of the Stockbroker/Dealer also referred to as stockbroking firm.
 - (iv) Immediate families of any such directors, shareholders, employees and consultants of the Stockbroker/Dealer also known as stockbroking firms; and
 - (v) Family companies and family trusts of any one or more of such directors, shareholders, employees, advisers, or their immediate families.
- b) Immediate family shall mean and include spouse, parents, children, brothers, sisters and any person who is financially dependent on the transferor.

15.4 A Stockbroker/Dealer which allocates a sale or purchase of securities to fulfil all or part of an order from a Related party for its own account when it has an unfulfilled order on the same terms for those securities from a client which is not a Related party shall contravene these Rules.

15.5 Each Stockbroker/Dealer shall maintain a daily record of orders received from clients showing the name of each client, the specific order and the time the order was given. It shall be the duty of the Stockbroker/Dealer to carry out the customer's orders promptly in a manner best suited to serve the customer's interest.

16. Access to the ESE ATS Service

Only Stockbroker/Dealer which satisfy the requirements set out in Rule 17 shall deal in securities through ESE ATS.

17. Requirements for Stockbroker/Dealer

17.1 A Stockbroker/Dealer or Stockbroking firm shall at all times demonstrate to the satisfaction of the ESE that it meets the following standards:

- a. A Stockbroker/Dealer shall maintain a separate customer bank account to be used for settlement and collection of money belonging to customers.
- b. A Stockbroker/Dealer shall ensure that, in the case of a buy order, the client has made an advance payment of 100% of an approximate value of the trade in the case of an individual investor. In the case of an institutional investor, the Stockbroker/Dealer shall ensure that it has obtained an undertaking to make payment on production of a contract note;
- c. It has adequate personnel, premises, communication and data processing capabilities, books and records to enable it to fulfill its obligations and operational requirements promptly and accurately; and
- d. It :
 - (i) satisfies all standards prescribed by the ESE, and
 - (ii) Submits all documents or information as the ESE may from time to time prescribe for the use of the ESE ATS service, and the Registrar shall be informed of any such prescriptions.

17.2 Registration of ATS Users

17.2.1 No Stockbroker/Dealer shall appoint any person associated with that Stockbroker/Dealer to place orders or execute trades on its behalf through the ATS unless that person is registered with the ESE as an ESE ATS User.

17.2.2 Save where the Exchange otherwise agrees, no person shall be eligible for registration as an ESE ATS User unless the person has met all the below attributes:

- a. Is in possession of a valid securities representative licence issued by the Registrar.
- b. Participated in a training course on how the ESE ATS system works as conducted by the ESE.
- c. Satisfied the ESE that he/she has the requisite knowledge and experience of markets operations.

17.2.3 The ESE reserves the right to restrict the different types of securities a participant may have access to for the purpose of trading.

17.2.4 The ESE shall maintain a register of all ATS Users.

18. Security

Each Stockbroker/Dealer is responsible for taking appropriate and diligent security measures concerning its own personnel, physical access to computers and other equipment connected to ESE ATS and the confidentiality of usernames and passwords used to access the ESE ATS computer system.

19. Acting on Stockbroker/Dealer instructions

19.1 Each Stockbroker/Dealer shall file with the ESE a designation in the format prescribed by the ESE signed by two designated employees of the Stockbroker/Dealer, of the name, office, telephone and facsimile numbers, and specimen signatures of those employees who are duly authorized to legally and validly act on behalf of the Stockbroker/Dealer in all trading matters. Such designation becomes effective when ESE acknowledges receipt thereof by signing a duplicate copy remitted to the Stockbroker/Dealer. ESE is authorized and instructed by the Stockbroker/Dealer to rely on such effective designation and on any replacement thereof.

19.2 Notwithstanding the fact that the ESE may require further confirmation before acting on an instruction from a Stockbroker/Dealer, the ESE shall rely on and accept any written instruction, facsimile, telephoned or electronic message from any designated personnel of the Stockbroker/Dealer. ESE is not required to verify the source of a facsimile, telephone or electronic message given in accordance with this Rule.

19.3 ESE is not responsible or liable for any act done or omissions done by it in good faith when relying on any message given in accordance with this Rule even if the message is proven to be erroneous, forged or ambiguous.

20. Exclusion of Liability

When acting in good faith and without negligence, the ESE shall not be liable to any Stockbroker/Dealer or investor for:

- (i) any loss of opportunity, profit, goodwill, interest or use of money or securities;
- (ii) any other special, indirect or consequential loss, damage, expense, liability or claim; which is suffered or incurred by any Stockbroker/Dealer or investor arising from or related to the ESE ATS Service.

21. Limitation of Liability

ESE's liability to any Stockbroker/Dealer in respect of the ESE ATS service, for a loss not excluded by the Rules or arising from any other cause, shall in any event be limited to the

net amount that the ESE recovers from its insurers or any other person for and in respect of that loss.

Where the aforesaid liability is incurred by ESE towards more than one Stockbroker/Dealer or investor, the net amount recovered by the ESE as aforesaid is distributed among all such Stockbroker/Dealer and investors pro rata to their entitlement.

22. System Failure

Where the ESE or a Stockbroker/Dealer is unable to operate the ATS Service due to a system failure as laid down in Rules 22.1 and 22.2, or due to an act of God or force majeure or any act outside the control of ESE, the ESE shall not be liable to pay any compensation or indemnity to any person who incurs a loss as a result of a delay in effecting any transaction.

22.1 Stockbroker/Dealer system failures

22.1.1 A Stockbroker/Dealer which has system problems, preventing it from updating its quotes or removing orders from the ATS, must inform the ESE immediately if it wishes to remove such orders from the system. After informing the ESE, it is not allowed to deal with its clients, including by telephone, on such quotes or orders until the system is operative again.

22.1.2 If a Stockbroker/Dealer encounters a system problem which prevents it from accessing the ATS, it shall notify the ESE forthwith and an employee who is authorised by the securities dealing to do so may request the deletion of all its orders on the ATS. The Stockbroker/Dealer authorised ESE ATS user may also be granted permission to access the ATS from a workstation located at the ESE's site.

22.2 ESE ATS System Failure

When there occurs an event that prevents ESE to operate the ATS at its site, the ESE shall shift its operations to a "Disaster" Recovery Site in accordance with the Disaster Recovery Plan. Upon adequate notification, Stockbroker/Dealer shall ensure that their authorised ESE ATS Operator is present at the "Disaster" Recovery Site. The Registrar shall be informed immediately upon the occurrence of such an event.

PART C – SUSPENSION OF STOCKBROKERS/DEALERS

23 Misleading Acts and Conducts

23.1 When conducting its business on the ESE, a Stockbroker/Dealer or any of its authorized dealers shall at all times observe high standards of integrity and fair dealing and in particular shall:

- (a) Act with due skill, act and diligence;
- (b) Avoid any conflict of interest with its clients;
- (c) Execute orders promptly; and
- (d) Report any trading disputes between them and the other members of the ESE to the ESE promptly.

23.2 A Stockbroker/Dealer or any of its authorized dealers shall not:

- (a) do any act or engage in any course of conduct which creates or is likely to create a false or misleading impression as to the market in, or the price or value of any security;
- (b) cause or enter into any artificial transaction;
- (c) cause a fictitious transaction or a false price to be input into the ATS;
- (d) do any act or engage in any course of conduct which is likely to damage the image, the good repute, the fairness or the integrity of the securities market; or
- (e) do any act or engage in any course of conduct which causes, or contribute to, a breach of the ESEs rules by another Stockbroker / Dealer .

23.3 Members shall ensure that their dealers comply at all times with the ESE Trading Rules and any other directive from time to time made in respect of the operations of the ESE.

24 Suspension of the use of the ESE ATS service

24.1 When in the opinion of the ESE sufficient cause exists, the ESE may suspend the right of a Stockbroker/Dealer or its authorized representative to use the ESE ATS service until the ESE determines that the sufficient cause no longer exists. The Registrar shall be informed forthwith in writing.

24.2 Sufficient cause for suspension of a Stockbroker/Dealer from the ESE ATS Service exists when the ESE determines an actual or imminent:

- (a) unjustified non-performance of a material provision, or repeated breach of any provision of these Rules or the Procedures; and
- (b) revocation of the Stockbroker/Dealer's licence by the Registrar.

PART D – TRADING RULES AND PROCEDURES

25 Amendment of Rules and Schedule of Trading Procedures

The Board of Directors of the ESE may, with the approval of the Registrar, from time to time amend these Rules and the Schedule of Trading Procedures. For the purpose of proposing and making any such amendment, the ESE shall promptly notify Stockbroker/Dealer and the Central Securities Depository of any proposal to amend the Rules or the Schedule of Trading Procedures and of the text of the proposed Rule or Procedure and a brief description of its purpose and effect and their effective date and that such amendment shall be subject to approval by the Registrar. The Stockbroker/Dealer and the Central Securities Depository may, within the time prescribed by the Board of Directors of the ESE, submit to the ESE, for its consideration, its comments with respect to any such proposal, and such comments shall be filed in the ESE records and copies thereof shall be delivered to the Registrar. The ESE shall give due consideration to the representations made and thereafter submit its proposed amendments to the Registrar. The proposed amendments shall become effective as soon as the approval by the Registrar is obtained or at such other date as the Registrar may agree.

26 Request for Information by the Registrar

Nothing in these Rules or the Schedule of Procedures shall preclude the Registrar to require the ESE or any Stockbroker/Dealer, pursuant to Registrar's power under the Act, the Financial Services Regulatory Authority Act ,2010, or any other enactments, to provide it with such document or information as it may require for the purpose of carrying out its objectives.

27 Waiver

The ESE may waive the requirement to comply with these Rules and/or the Schedule of Trading procedures in exceptional situations, provided prior approval has been obtained from the Registrar.



ATS

TRADING PROCEDURES



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A. Subject and Scope of the Procedures

The Trading Procedures provide for the basic principles and terms of trading in securities at the Eswatini Stock Exchange (hereinafter referred to as the “Exchange” or “ESE”).

The Trading Procedures regulate the conduct of transactions on the Exchange and any other operations related to Exchange transactions.

B. Definitions of Terms

For the purpose of the Trading Procedures, the following terms shall have the following meaning:

“**Automated Trading System (ATS)**” is the software, hardware, communications and network systems, which are used to carry out exchange transactions or other operations related to exchange transactions.

“**announcement**” is the information related to securities traded on the Exchange published by the Exchange either in printed or electronic form.

“**auction**” is the matching of buy and sell orders cumulated over a period of time to determine the execution price of a security based on Volume Weighted Average Price (VWAP) principle.

“**authorised ESE ATS user**” refers to a representative of a Stockbroker/Dealer designated as such by the ESE and registered with the ESE for the purpose of carrying out order entry in ESE ATS on behalf of the licensed Stockbroker/Dealer .

“**bid or ask**” means a buy order or a sell order to effect a buy or sell transaction, as displayed by an authorised ESE ATS user in the order book, in respect of securities traded at the Exchange.

“**board**” refers to a security or a group of securities that are traded in accordance with a set of rules and procedures, within a specified market.

“**business day**” is the day on which securities trading is conducted at the Exchange, namely, Mondays to Fridays, except when such day is a public holiday or when declared as a business holiday by the Exchange.

“**cum entitlement**” in relation to a security means with the right to receive the entitlement accruing to, or otherwise affecting it.

“**CSD**” means the Central Securities Depository company.

“**closing price**” is the price of a security determined at the closing session and is the Volume Weighted Price of trades executed during the continuous trading session.

“**Debt Securities Market**” means a market operated by ESE for the trading of debt securities.



“**Exchange Traded Fund (ETF)**” means fully funded (unleveraged) securities listed on the ESE that track the performance of a specified security or other asset or group of assets, which include, but are not limited to, indices, commodities, currencies or any other asset acceptable to the ESE.

“**execution price**” is the price of a security determined in accordance with the matching rules following order inputs into the ATS, in respect of the security.

“**Exchange transactions**” means all buy and sell transactions in securities effected by Dealer Representatives on the Exchange through the ATS.

“**entitlement**” means dividends (whether cash or scrip), bonus issue, rights issue, new issue or other rights attached or accruing to a security traded on the Exchange or otherwise affecting it.

“**Equity Board traded quantity**” - the permissible trading quantity on the equity board is in multiples of 1 security and is subject to a minimum of 1 security.

“**ESE**” or “**Exchange**” means Eswatini Stock Exchange.

“**ex-entitlement**” in relation to a security means without the right to receive the entitlement accruing to, or otherwise affecting it.

“**ex-entitlement price**” is the adjusted closing price to take into account any entitlement declared in respect of the security.

“**indicative price**” is the price determined by an issuer in respect of a newly listed security prior to its first trading day or the price of a security indicated by the Exchange prior to its first trading day.

“**Main Board**” means the Main Board of ESE.

“**market report**” is the daily market results related to Exchange transactions, published by the Exchange.

“**market halt**” occurs when no Exchange transactions can be effected through the ATS.

“**order book**” is the display in the ATS where orders are routed, registered and matched. Orders, which are accepted by the system and not immediately matched, are registered in the order book and ranked in price/time priority. It shows bids and asks where the bid represents the aggregate number of shares for each buying price and ask represents the aggregate number of shares for each selling price.

“**opening price**” of a security is the price determined by auction at the opening session.

“**Price Limit**” is the admissible price fluctuation of a security during any one trading day.



“reference price” is the closing price of a security or its adjusted closing price in respect of buy/sell order/s at the maximum/minimum price limit registered in the order book with no trades effected in that security during the trade day or its ex-entitlement price, and is used to calculate the price spread of the security.

“Registrar” means the Financial Services Regulatory Authority (FSRA) in Eswatini.

“session” means the period of time during which trading progresses at the Exchange in line with the business day’s trading schedule.

“security halt” occurs when trading in one or more securities cannot be effected on an Exchange day.

“Small, Medium Enterprises (SME) Board” means the SME Board of ESE.

“Stockbroker/Dealer Representative” means a company licensed as such under the Financial Services Regulatory Authority Act, 2010, Securities Act 2010, and/or to whom the Exchange has given the right to enter orders into the ATS bids and offers for securities traded on the Exchange.

“tick size”, for ordinary & preference shares, is the minimum price set by the Exchange for a security by which the order price and the quotation price of a security can be altered. For debt instruments, tick size refers to the minimum yield variation set by the Exchange.

“VWAP” means the Volume Weighted Average Price of a security.



1. INTRODUCTION

The Automated Trading System (ATS) is designed to match buy and sell orders placed by Stockbrokers/Dealers. During trading hours, buy and sell orders are entered into a central electronic order book by Stockbroker/Dealer using terminals located at their premises. These orders are matched within the ATS under the supervision of the Exchange and execution prices are determined.

The ATS maintains an order book for each security, divided into bids and offers. Prices are determined and trades are effected according to specific rules depending on order parameters. Information regarding all executed trades are electronically communicated to all authorised dealers. If an order cannot be matched, it is registered in the order book.

The ATS can be used to trade different types of financial instruments such as equities (Ordinary & Preference Shares), corporate debentures and bonds and government securities all from the same terminal. A financial instrument admitted on the Main Board, SME Board, or on the Debt Securities Market can be traded either by continuous matching of buy and sell orders or by an auction pricing procedure following a period during which the orders have been accumulated.

2. MARKETS & BOARDS

The Exchange operates three types of markets: the Main Board, the SME Board and the Debt Securities Market, with plans to introduce Exchange Traded Funds, Global Depository Receipts, Currency and Commodities Derivatives in future.

The Main Board and SME Board comprise the following boards, namely:

- a. Equity Board – for the trading of listed ordinary shares, preference shares and other securities. Trading unit will be in multiples of one subject to a minimum of one. Securities denominated in local and foreign currencies will be traded on this board.
- b. Special Terms Boards – for undertaking Negotiated deal transactions.

The Debt Securities Market comprises of Debt Securities Board – Government Securities and Corporate Debt Instruments, with Commercial Paper Board and Retail Bonds Board to be introduced soon.

Trading in securities on the different boards is carried out as per the procedures described in respect of each board.

3. TRADING SCHEDULE

The Trading Schedule of the Exchange is as follows:

<i>Market</i>	<i>Exchange Day</i>	<i>Trading Hours</i>
Main – Equity Board	Monday to Friday	9:00 hrs to 14:00 hrs
SME – Equity Board	Monday to Friday	9:00 hrs to 14:00 hrs
Debt – Other Govt Securities / Corporate Debt Securities	Monday to Friday	9:00 hrs to 14:00 hrs
Special Terms Boards	During trading hours of specific Boards and as when the need arises	

PART I

TRADING IN SECURITIES ON THE MAIN BOARD AND SME BOARD

4. TRADING IN SECURITIES ON THE EQUITY BOARD

4.1 Operating Hours of the ATS for the Equity Board.

Trading in securities on the equity board is divided into different sessions with the following operating hours:

Sessions	Time
Pre-opening	8:00 hrs to 9:00 hrs
Opening	09:00 hrs.
Continuous	09:00 hrs to 16:00 hrs.
Closing	16:00 hrs to 16:00 hrs.
Post-close	16:00 hrs to 17:00 hrs.

The operating hours of the ATS for the equity board and the length of the sessions shall be set by the Exchange.

4.2 Transmission of Orders

Only securities listed on ESE shall be traded through the ATS.

4.2.1 Order Input

4.2.1.1 Clients place their orders with the Stockbroker/Dealer. Upon receipt of orders, the time of receipt of the orders is immediately recorded by the ESE ATS authorised users together with other particulars of the orders. The orders are entered by ESE ATS authorised users in the ATS through their trading terminals which are then transmitted directly to the ATS for validation, execution and processing.

4.2.1.2 The minimum board lot for the Equity Board is one.

4.2.1.3 Clients may be given view only rights using web based functionality provided in the ESE ATS system. Where this facility is required, the client must first make the following arrangements through his/her Stockbroker/Dealer:

- (i) The Stockbroker/Dealer will request the Exchange to issue a web based terminal to one of its client.
- (ii) If approved, the Exchange will ask the Stockbroker/Dealer to deposit a fee for the services applied for.
- (iii) The ESE ATS & CSD Officer will issue the terminal applied for along with the username and password to the Stockbroker/Dealer concerned



- (iv) The Stockbroker/Dealer in turn will deliver the security information (username and password) to the applicant customer.

4.2.1.4 All orders input by ESE ATS authorised users are validated at the order entry level. Once the order is accepted by the system, it is automatically time stamped and an order ID is allocated which is used for all future references to the order. If the order fails validation, it is rejected with the appropriate comment.

4.2.1.5 Order entry instructions include:

- Security code
- Client account number and Custodian code/Stockbroker/Dealer code
- Buy or sell indicator
- Volume
- Price
- Type of order
- Order attributes

4.2.1.6 The price input is the unit price of a security.

4.2.1.7 Orders input into the ATS are anonymously displayed to the market.

4.2.1.8 The Exchange may also specify the type of orders (buy orders only or sell orders only) that a Stockbroker/Dealer can enter into the ATS. Following instructions received from CSD that an investment dealer has not enough funds for settlement purposes, the Stockbroker/Dealer will be allowed to enter sell orders only.

4.3 Types of Orders

There are three types of orders that can be placed in the ATS:

- a) Market orders
- b) Limit orders
- c) Stop orders

4.3.1 Market Orders

A market order is defined as an order to buy or sell a security at the best price or prices prevailing in the market at that point in time. No price is specified for this type of order, but volume must be indicated. Price is given the highest priority in the system (Price Time Priority). Thus, market orders have priority of execution over limit orders. Market orders cannot be amended.

4.3.2 Limit Orders

This type of order specifies the maximum buying price or the minimum selling price. The volume of the order must be indicated. The ATS will attempt to match the order until either the entire volume is matched or no further matching is possible within the limit price.

4.3.3 Stop orders

A stop order is an order to buy or sell securities only after a specified price level has been reached. A buy stop order is placed at a price above the market price while the stop sell order is placed at a price below the current market price.

4.3.3.1 Stop Market Orders

This type of order becomes active only after a pre-specified price level, the stop level, has been reached after which the order is converted into a market order.

4.3.3.2 Stop Limit Orders

This type of order becomes active only after a pre-specified price level, the stop level, has been reached after which the order is converted into a limit order.

4.4 Order Attributes

Limit orders can have the following attributes:

- a. Qualifiers
- b. Time in force
- c. Disclosed/Hidden quantity

4.4.1 Order Qualifiers

Order qualifiers modify the execution conditions of an order based on volume, time and price constraints.

4.4.1.1 No Qualifiers

Orders will be executed at the specified or better price. If a partial execution occurs the remaining volume will be registered in the order book.

4.4.1.2 Fill or Kill (FOK)

Requires the immediate purchase or sale of a specified quantity, at a given price or better (Order must be executed immediately in its entirety). If the whole order cannot be filled immediately, it is cancelled. These orders do not get registered in the order book

FOK orders cannot be entered during pre-opening session.

4.4.1.3 Immediate or Cancel (IOC)

Requires the immediate purchase or sale for the whole or part of the specified quantity at the specified or better price. If no immediate execution occurs the order is cancelled. If the order is partly executed, the remainder is immediately cancelled.

IOC orders cannot be entered during pre-opening session.



4.4.2 Time in Force

Time in force limits the lifetime of an order in the order book. If an order does not indicate a time condition, it is only valid for the Exchange day on which it was input.

4.4.2.1 Day Order

This order is valid until the close of the trading day. It is automatically cancelled at the end of the trading day.

4.4.2.2 Good Till Cancelled (GTC)

This order remains valid till cancelled 14 calendar days from the day on which it was input. The order is automatically cancelled by the system on the expiry date. GTC orders cannot have Disclosed/Hidden Quantity and Minimum Fill attributes.

GTC orders can be placed in pre-open and open market states and can be changed.

4.4.2.3 Good Till Day (GTD)

This order remains valid for a fixed number of days. If it is not executed within the validity period, it will expire at the end of the final day and be automatically deleted from the list of pending orders.

GTD orders cannot have Disclosed/Hidden Quantity and Minimum Fill attributes.

GTD orders can be placed in pre-open and open market states and can be changed.

4.4.3 Disclosed/ Hidden Quantity

4.4.3.1 The order size is revealed at the disclosed quantity and not at the full order quantity. The disclosed quantity will cause execution to occur in blocks of disclosed quantity. The hidden quantity will not be visible to the market.

4.4.3.2 When the disclosed quantity is matched, a new order with the same initial volume is generated automatically. This order will be given a new time stamp. The process will continue until the entire hidden quantity is matched or the order is cancelled or expired.

4.4.3.3 Disclosed quantity shall be equal to or greater than 25% of the order size.

4.4.3.4 Disclosed quantity attribute is not valid for FOK or IOC orders.

4.4.3.5 Disclosed quantity attribute is only valid for Day orders.

4.5 Trading Unit

The trading unit for each security is established by the Exchange and is in multiples of one security.

4.5.1 Minimum Fill

The ATS operators can specify a minimum fill for an order, that is, a minimum quantity of securities he/she is willing to buy or sell. Minimum fill attribute is only valid for Day orders.

Example

A buy order, A, of 400 shares at a price of SZL10.00 is input, followed by a sell order, B, of 1000 shares at a price of SZL10.00 with a minimum fill of 500. No matching will take place as order, B, has a minimum fill of 500.

ORDER BOOK

Buy	Price	Sell
400 (A)	10.00	1000 (B)

A buy order, C, of 600 at SZL10.00 is input in the ATS. This order will match with the order, B, resulting in an execution of 600 at SZL10.00. The order book will then look as follows:

ORDER BOOK

Buy	Price	Sell
400 (A)	10.00	400 (B)

Though the order book shows a buy and a sell order of 400 at SZL10.00, no matching will take place between order A and order B because both orders have become passive orders (targets). For a matching to take place an active order (aggressor) should be input.

4.6 Tick Size

The tick size for equity securities and ETFs will be SZL0.01.

4.7 Price Spread

4.7.1 The authorised price spread for a security during a trading day is +/- 15 % and is based on its reference price. All orders outside the permissible spread will be rejected by the ATS.

During a trading day the price of a security is established within its price spread.

4.7.3 4.7.2 Price spread shall not be applicable to trading in ETFs.

4.7.4 Reference Price

The reference price of a security is:

- i. its closing price;
- ii. its closing price adjusted for any entitlement declared in respect of the security;
- iii. its closing price adjusted to the maximum price limit in case a GTD/GTC buy order at the maximum price limit is registered in the order book and no trades are effected in that security during the trade day;
- iv. its closing price adjusted to the minimum price limit in case a GTD/GTC sell order at the minimum price limit is registered in the order book and no trades are effected in that security during the trade day.
- v. If there was no trade during the day, the previous day closing price shall become the day's closing price.

4.8 Trading Procedures

4.8.1 Validation Checks

4.8.1.1 The following validation checks are done prior to its acceptance by the ATS:

- a. Valid security code
- b. Trading permitted on security
- c. Price within +/- 15 % of the reference price.
- d. Valid client securities account/custodian ID combination
- e. Tick size
- f. Order quantity

4.8.1.2 An order that passes the validation check is accepted by the ATS. Accepted orders will contain an Exchange allocated order ID, which is used for all future references to the order. If the order fails validation it is rejected with the appropriate comment. Until an order has been accepted by the ATS, it is not valid.

4.9 Order Execution

When an authorised ESE ATS operator inputs an order through its trading terminal, the order is forwarded to the ATS. Within the ATS, the state of the order is tracked allowing the current status to be determined and the transaction history from the initial submission to be viewed. Orders will be queued according to price and time priority and are available for modification or cancellation prior to execution.

4.10 Sessions

4.10.1 Pre-Opening Session

4.10.1.1 During pre-opening, orders can be entered, deleted or amended. However, no trades take place. During this period, orders are held in the ATS but not forwarded to the execution engine.

4.10.1.2 The session status will be displayed as “PRE-OPEN”.

4.10.1.3 Each time a new order is input, it is integrated in the order book. Order imbalance (total buy orders compared to total sell orders) is dynamically calculated by the ATS and disseminated to the market. Information will include total number of securities on the buy side and total number of securities on the sell side. Each new incoming order and each cancellation result in a recalculation. Price information is not displayed. Valid orders from the previous day’s closing will also participate in the auction, preserving its original time stamp.

4.10.1.4 No market order is allowed during pre-opening. If submitted it will be rejected.

4.10.1.5 Orders with FOK, IOC, disclosed quantity and minimum fill attributes will not be accepted by the ATS during Pre-Opening.

4.10.1.6 The order price input is based on the last closing price or on the reference price of the security and must be within its price spread.

4.10.2 Opening Session

4.10.2.2 During this period, the opening price of each security is calculated by the ATS.

4.10.2.2.1 The algorithm for computation of the opening price is as follows:

- a. If there is no tradable volume in pre-open session then last day closing is set as opening price
- b. Establish the execution price, which will enable the maximum number of securities to be traded.
- c. When there is more than one price at which the maximum number of securities can be traded, then the price that leaves minimum imbalance in share volume is set as opening price
- d. When there is more than one price at which imbalance of share volume is equal then the price based on least net change comparing to last day closing price is set as opening price.
- e. When net change from the last day closing price is same then the highest price is set as opening price

The following section of the document displays the determination of opening price

Scenario # 1 – Last day’s closing price

The Pre-Open Market is

ID	Volume	Buy	Sell	Volume	ID
A	2000	13.00	13.50	3000	C
B	1000	12.50	14.00	4000	D

The Basis for the opening price Calculation is:

Buy Volume	Price (SZL)	Sell Volume	Trade Volume
3000	12.50	0	0
2000	13.00	0	0
0	13.50	3000	0
0	14.00	700	0

Opening Price = Last Day’s Closing Price as there is no tradable volume during pre-opening phase
 Expected Trades = No trading is carried out at open.

Scenario # 1- Maximum Tradable Volume

The Pre-Opening Market is:

ID	Volume	Buy	Sell	Volume	ID
A	1000	13.50	13.00	2000	D
B	1000	13.00	13.50	1500	E
C	1000	12.50	14.00	2000	F

The Basis for the opening price selection.

Buy Volume	Price (SZL)	Sell Volume	Trade Volume
3000	12.50	0	0
2000	13.00	2000	2000 price based on maximum trade volume
1000	13.50	3500	1000
0	14.00	5500	0

Opening Price = SZL13.00
 Expected trades A buys from D 1000 shares @ SZL13.00
 B buy from D 1000 shares @ SZL13.00

Scenario # 3 - Minimum Imbalance in the Share Volume

ID	Volume	Buy	Sell	Volume	ID
A	2000	13.50	13.00	2000	D
B	1000	13.00	13.50	1500	E
C	1000	12.50	14.00	2000	F

The basis for the opening price selection

Buy Volume	Price (SZL)	Sell Volume	Trade Volume	Least Imbalance
4000	12.50	0	0	0
3000	13.00	2000	2000	1000 Price based on least imbalance
2000	13.50	3500	2000	1500
0	14.00	5500	0	0

Opening Price is SZL13.00

Expected trade A buys from D 2000 shares @ SZL13.00

Market after opening

ID	Volume	Buy	Sell	Volume	ID
B	1000	3.80	3.85	1500	E
C	1000	3.70	4.10	2000	F

Scenario # 4- Least Net Change From The Last Day's Closing Price

ID	Volume	Buy	Sell	Volume	ID
A	2000	13.50	13.00	2000	D
B	1000	13.00	13.50	1000	E
C	1000	12.50	14.00	1000	F

The Basis for the opening price selection.

Buy Vol. Price(SZL) S.Vol Trade Vol Least Imbalance Difference from L.Closing Price Say (SZL12.75)

4000	12.50	0	0	0	0
3000	13.00	2000	2000	1000	0.25 Closest to the last trade price
2000	13.50	3000	2000	1000	0.75
0	14.00	4000	0	0	0

Opening Price is SZL13.00

Expected trades A buys from D 2000 shares @ SZL13.00

The Opening Market is:

ID	Volume	Buy(SZL)	Sell (SZL)	Volume	ID
B	1000	13.00	13.50	1000	E
C	1000	12.50	14.00	1000	F

Scenario # 5- Highest Share Price

ID	Volume	Buy	Sell	Volume	ID
A	2000	13.50	13.00	2000	D
B	1000	13.00	13.50	1000	E
C	1000	12.50	14.00	1000	F

The Basis for the opening price selection.

Buy Vol.	Price	S.Vol	Trade Vol	Least Imbalance	Difference from L.Closing Price Say (SZL13.25)
4000	12.50	0	0	0	0
3000	13.00	2000	2000	1000	- 0.25
2000	13.50	3000	2000	1000	+ 0.25 Highest Price
0	14.00	4000	0	0	0

Opening price is SZL13.50

Expected trade A buy from D 2000 shares @ SZL13.50

The Opening market is:

B	1000	13.00	13.50	1000	E
C	1000	12.50	14.00	1000	F

4.10.3 Continuous Session

4.10.3.2 This period covers the trading operations. After the opening price is calculated, the order book will be “live”. New orders are continuously entered into the system. Incoming orders are checked against existing orders in the order book. An attempt is made to match each incoming order and thereby trigger a transaction or several transactions. The best price of a buy transaction shall be the lowest sell order and best price of the sell transaction shall be the highest buy order in the order book.

4.10.3.3 An order will be matched with the best opposite order and subsequent best orders until partly or fully executed or no further matching is possible.

4.10.3.4 During continuous trading, the session status will be displayed as “OPEN”.

4.10.3.5 Matching Criteria

The criteria for execution during continuous trading are as follows:

A. Price Priority

The highest bid and the lowest offer have precedence over all other orders. Orders are ranked by price sequence in the order book.

B. Time Priority

When orders are at the same price, the earliest one takes priority over

those entered later. If a large order is placed with a smaller disclosed quantity (hidden orders) and the disclosed quantity is executed, the order will lose its time priority.

C. Market Orders

Price is given the highest priority in the system. Thus, market orders will have priority of execution over limit orders. The ATS will attempt to match the order until either the entire volume is matched or no further matching is possible. In addition, please note the following:

- (i) Market orders are accepted only if there are orders on the other side
- (ii) Users cannot specify Minimum Fill for these orders
- (iii) If partial execution has taken place, the unexecuted balance quantity is queued as a limit order on last matching that is last execution price.

4.10.3.5 Matching Rules

The rules for fixing prices and matching orders during continuous sessions are as follows:

a) Rule 1

If a new order (either a market or a limit order) matches a limit order in the order book, the price of the limit order initially in the order book is the execution price. The order book thus dictates the price.

b) Rule 2

If a new limit order matches a market order in the order book, the price of the newly entered limit order becomes the execution price.

If there is a limit order on the opposite side of the order book (in addition to the market order) and if this limit order is more favourable for the new incoming limit order, the trade between the new limit order and the market order takes place at the favourable price (i.e. the price of the initial limit order).

EXAMPLE

A newly arrived purchase order is at SZL14.50 and is matched to an existing sell market order. In accordance with Rule 2, the execution price is SZL14.50. If a sell order with a price limit of SZL14.00.00 were in the order book (in addition to at a market order), this price would have been better from the purchaser's point of view than the price of SZL14.50. Therefore, SZL14.00 is the execution price between the newly arrived purchase order and the existing market order.

c) Rule 3

If there is a limit order on the opposite side of the order book (in addition to the market order) whose price is more favourable for the newly arrived market order than the last execution price, or the reference price in case no trade has taken place during the market day, then the more favourable price is applied for the transaction price between the two market orders.

4.10.3.6 Continuous Session Example

An example of a multi-stage matching process based on a new incoming order is as follows:

Table 1

Security ABC		
Reference/ Last executed Price (SZL14.70)		
Bid Volume per Price	Price (SZL)	Ask Volume per Price
1,000	14.00	
1,200	14.50	
	15.00	500
	15.50	500 + 400

A purchase order for 1,200 shares at SZL15.50 enters the order book. Matching starts with the order to sell 500 shares at SZL15.00. The price is determined by the sell limit order according to the first rule.

First Trade: 500 shares at SZL15.00

700 shares remain from the new order. They are matched against the next order – sell 500 shares at SZL15.50. Since there are two orders at SZL15.50, they are based on time of entry. The order of 500 shares was entered first. Again, the first rule is applicable.

Second Trade: 500 shares at SZL15.50

The remaining 200 shares are now matched to the sell order of 400 shares at SZL15.50. Again, the first rule applies.

Third Trade: 200 shares at SZL15.50

The newly arrived purchase order (1,200 at SZL15.50) is then executed. The order book now looks as follows:

Table II

Bid Volume per Price	Price (SZL)	Ask Volume per Price
1,000	14.00	
1,200	14.50	
	15.50	200
VWAP: SZL15.29		

4.10.4 Closing Session

4.10.4.1 The closing session is a short session after the end of the continuous trading. During this session the ATS would essentially compute the closing price for each security. The closing price of a security is the Volume Weighted Average Price (VWAP) of all trades executed during a continuous trading session.

4.10.4.2 The VWAP is adjusted in case it is affected by a trade cancellation.

4.10.4.3 The closing price of a security will default to its last closing price if there has been no trade in that security during the continuous session.

4.10.4.4 The reference price of a security will however be adjusted to:

- i. its maximum price limit in case a GTD/GTC buy order at the maximum price limit is registered in the order book and no trades are effected in that security during the trade day.
- ii. its minimum price limit in case a GTD/GTC sell order at the minimum price limit is registered in the order book and no trades are effected in that security during the trade day.

4.10.4.5 The ATS will process time in force order attributes. Unmatched day orders will be automatically deleted. Valid GTC and GTD orders will be transferred to the next market day.

4.11 Post Order Submission

4.11.1 Order Cancellation/Amendment

An order input into the ATS and displayed in the order book can, if required, be either cancelled or amended by an authorized ESE ATS user responsible for its input in the first place. ATS operators can access only to orders input by them in the ATS for cancellation/amendment.

4.11.1.1 Cancellation of Orders

Orders can be cancelled at any point in time prior to execution. If partially executed, any unexecuted portion of an order can be cancelled.

4.11.1.2 Amendment of Orders

Orders displayed in the order book can be amended prior to execution. The order can be amended in respect of price and time attributes. However, core attributes such as order volume, security ID and order type (buy/sell) cannot be amended:

- a) If there is a price change the amended order will have a new time stamp applied.
- b) If the Stockbroker/Dealer wishes to amend the order volume, the Stockbroker/Dealer must cancel the order and resubmit a new order.

4.11.2 Trade Cancellation

4.11.2.1 Executed trades can be cancelled based on mutual agreement between the Stockbroker/Dealer involved in the trade and with the approval of the Exchange. The cancellation will be effected only on the market day on which the trade took place as per the prescribed time.

4.11.2.2 Upon receipt of an application to cancel, and if deemed fit, the Exchange will approve the trade cancellation and make the necessary adjustment to the trade. The authorised dealers involved in the trade and the market will be informed of the trade cancellation and the cancellation penalty shall be charged to the Stockbroker/Dealer applying for the cancellation or to both Stockbroker/Dealer if both are deemed to have caused the cancellation.

4.11.2.3 A trade cancellation shall be initiated by the selling investment dealer involved in the trade.

4.11.2.4 The ESE will inform CSD of any trade cancellation effected after 16:30 hours.

4.12 Calculation of Market Indices

4.12.1 Market indices are calculated based on the VWAP of ordinary shares on the Equity Board of the Main Board and SME Board.

4.12.2 Opening market indices are calculated by the ATS at the opening session.

4.12.3 During continuous session the market indices are calculated on a real time basis.

4.12.4 The closing market indices are calculated at the closing session.

4.12.5 In case the last execution price of a security is changed due to a trade cancellation, market indices are adjusted accordingly. The market is informed of such changes via the announcement system of the ATS.

4.13 Trading Halts

4.13.1 There are two types of trading halts:

- a. Market halt
- b. Security halt

4.13.2 A trading halt may be imposed by the Exchange for a time period during a market day or may be extended beyond one market day.

4.13.3 The Exchange will inform the market of trading halts via the announcement system of the ATS.

4.13.4 Market Halts

4.13.4.1 The market can be halted by the Exchange during the pre-opening and continuous trading session.



4.13.4.2 The market halt can occur in the following circumstances:

- a. Due to a technical failure of the ATS.
- b. The ATS cannot be fully used by more than 50% of the Stockbroker/Dealer.
- c. When the **Index** decreases by more than 10% at the opening of the market compared to its last closing value or during the continuous session compared to its last closing value. The halt will not be for more than 15 minutes.
- d. During a market halt the market status will be displayed as “MARKET HALT”.
- e. When the halt is lifted during a market day, the market will resume as per the current market status.
- f. The trading hours of the market will be extended by the time period during which the market was halted.

4.13.5 Security Halts

4.13.5.1 With the aim of keeping the functioning of a fair, efficient and orderly securities trading environment, the Exchange may temporarily halt trading in one or more securities. Security halt will occur in the following circumstances:

- a. Upon the request of the Listed company.
- b. By the Exchange
 - i. Upon receipt of any price sensitive information in respect of the security/securities traded on the Exchange, during trading sessions.
 - ii. Prior to obtaining a clarification from the company on a rumour/report regarding the company which has been brought to the attention of the Exchange and which may have an effect on the price of its security.
 - iii. When there are unusual market movements in price of a security. In case the price of a security reaches its maximum or minimum permissible price limit during a trading session, without being based on prevailing market events.

4.13.5.2 Stockbroker/Dealer will be informed of the halt and shall be prohibited from effecting transactions in the security/securities for which notice of halt of trading has been communicated.

4.13.5.3 The security status will be displayed as “TH” (Trading Halted) in case of halt of a security.

4.13.5.4 The Exchange may determine if it should purge the orders in the order book at the time of halt. If the Exchange chooses not to purge the orders, authorised dealers could request the Exchange to amend/cancel their orders during the period of halt. No other changes to the order book are permitted during the halt.



4.13.5.5 Trading in the security/securities will resume as soon as the announcement/ clarification from the Exchange or the issuer is disseminated to the market.

4.13.5.6 In case clarifications from the company requested pursuant to procedure 4.13.5.1 (b) (ii) is not obtained within 15 minutes, the Exchange shall maintain the security halt for such longer period as deemed appropriate.

4.13.5.7 When the halt is lifted, trading in the security/securities will resume as per the current market status.

4.14 Security Suspension

4.14.1 The Exchange may suspend trading in one or more securities on all Boards. The suspension may be imposed for a time period during a market day or may be extended beyond one market day.

4.14.2 The Exchange will inform the market of the security suspension and about the period of suspension via the announcement system of ESE ATS. CSD will also be informed about the suspension.

4.14.3 Security suspension will occur in the following circumstances:

- a. By the ESE if it is of the opinion that it is desirable to do so in order to protect investors or the market and/or if the listed company has failed to comply with the listings requirements
- b. Upon request by the company in the following circumstances:
 - i. Where a listed company is placed under provisional liquidation or in judicial management or subject to an application for a scheme or arrangement or reconstruction under the Act, and/or the Securities Act, 2010.
 - ii. Where the request is made by the directors of a listed company and it is apparent that there are two levels of information in the market and the Committee considers that this situation cannot be remedied by the immediate publication of an announcement to clarify the situation.

4.14.4 A Stockbroker/Dealer shall be prohibited from effecting transactions in the security/securities for which notice of suspension of trading has been communicated.

4.14.5 The security status will be displayed as “TS” (Trading Suspended) in case of suspension of a security.

4.14.6 The Exchange may determine if it should delete the orders in the order book at the time of suspension. If the Exchange chooses not to delete the orders, authorised dealers are free to withdraw their own orders during the period of suspension. No other changes to the order book are permitted during the halt.

4.14.7 The Exchange may purge all the outstanding orders in the order book of the security/securities on which there has been a suspension.

4.14.8 When the listing of securities in a listed company is under threat of suspension, the affected company shall be afforded the opportunity of making representations to the ESE Board in support of the continued listing of such securities prior to the ESE Board making any decision to suspend such listing.

4.14.9 When the suspension is lifted, trading in the security/securities will resume as per the current market status.

4.14.10 When the listing is suspended and the affected company fails to take adequate action to obtain the restoration thereof within a reasonable period of time, the ESE Board is likely to terminate the listing.

4.15 Stockbroker/Dealer's Obligations

4.15.1 In conducting Exchange transactions Stockbroker/Dealer must comply with the Rules and Trading Procedures and operating procedures of the ATS manuals issued by the Exchange.

4.15.2 The principals of the Stockbroker/Dealer are responsible for order inputs in ESE ATS and Exchange transactions effected by authorised ESE ATS users on their behalf. Only authorised ESE ATS users are allowed to use ESE ATS for conducting Exchange transactions.

4.15.3 Stockbroker/Dealer should inform the Exchange immediately in writing, giving details of any appointment or changes to their list of ATS users.

4.15.4 One or more terminals will be designated to each Stockbroker/Dealer for connection to the ESE ATS.

4.15.5 In case of a technical failure of a Stockbroker/Dealer, it will be allowed to use fall back facilities provided by the Exchange.

4.15.6 A Securities dealing firm shall immediately inform the Exchange of any failure in the communication system between itself and the Exchange or in its local system that is used for effecting Exchange transactions.

4.16 Ex- Entitlement Price

4.16.1 The reference price of a security is adjusted to take into account any entitlement declared in respect of the security.

4.16.2 The ex-entitlement price of a security is determined at the start of the ex-entitlement market day, before the pre-opening session.

4.16.3 When the dividend amount is higher than the price of the security on the last cum date and price adjustment may not be possible, the reference price will be presented as N/A with no price spreads.

4.16.4 Adjustments for Entitlements

a. Dividends

b. Rights Issue

c. Bonus Issue

Ex- Bonus Ref Price = $\frac{\text{Cum Bonus Price} \times \text{No of shares held as per ratio of Bonus Issue}}{\text{No of Shares held} + \text{No of new shares receivable (as per ratio of bonus Issue)}}$

d. Share Split

Ex- Share Split Ref Price = $\frac{\text{Cum Share Split Price}}{\text{Split Factor}}$

e. Increase in Share Capital.

Ex Ref Price = $\frac{(\text{Cum Share Price} \times \text{No of Shares in Issue}) + (\text{New Shares} \times \text{Issue Price})}{\text{No of shares in Issue} + \text{No of New Shares}}$

f. Decrease in Share Capital

Ex Ref Price = $\frac{\text{Cum Share Price} \times \text{No of Shares in Issue}}{\text{No of Shares in Issue} - \text{Shares Cancelled}}$

g. Determination of Right Price

Right price = Price of Security before trade date of Rights – Issue Price per share

4.16.5 Any other adjustment to the price of a security in respect of entitlements not mentioned above will be carried out based on international practice and standards and the market will be informed accordingly

4.16.6 Adjustment to Base Market Capitalization

4.16.6.1 The base market capitalization of market indices is adjusted in case of a rights issue, issue of new shares and script dividend. The purpose of the adjustment is to neutralize the change so that the change has no effect on the original value of market indices.

The purpose of the adjustment is to neutralize the change so that the change has no effect on the original value of market indices.

4.16.6.2 In case a right is not subscribed or partially subscribed, the base market capitalization of market indices will be adjusted to reflect the exact number of issued shares. The re-adjustment takes effect on the trade day following receipt of communiqué from the issuer.

4.16.6.3 Any other adjustment to base market capitalization will be carried out based on international practice and standards and the market will be informed accordingly.

4.17 Announcements

The Exchange disseminates corporate announcements in respect of entitlements and market related information to authorized dealers via the announcement system of the ATS.

4.18 Uploading of Trade Details to CSD

At a scheduled time, ESE will make available to CSD details of all trades that have been effected on the ESE ATS.

4.19 Dissemination of Market Information

4.19.1 Trade related information is disseminated to the Stockbroker/Dealer on a real time basis.

4.19.2 At the close of each market day, the official closing price including other final trading results for the given Exchange day are published in the market report.

4.19.3 The Exchange, at the end of the week, publishes a weekly Market Report consisting of trading and market related information of the previous week.

4.19.4 The Exchange, at the end of the month, publishes a Monthly Report consisting of trading and market related information of the previous month.

4.19.5 The Exchange, at the end of the quarter, publishes a Quarterly Report consisting of trading and market related information of the previous quarter.

4.19.6 The Exchange, at the end of the year, publishes an Annual Report consisting of trading and market related information of the previous year.

4.20 Trading of Rights

4.20.1 The Exchange determines the indicative price of each right applicable for the first trading day of the rights using the formula under section 4.16.4.g.

4.20.2 The rights are traded according to the ATS Rules & Procedures, applicable to trading of equities.

4.20.3 There is no price spread applicable for the trading of rights.

4.20.4 The rights are traded for a minimum of twenty five consecutive calendar days.

4.20.5 In case the indicative price of a Right cannot be indicated to the market, the price of the Right will be determined by the market through buy and sell orders during the first trading session or subsequent trading session in case there is no transaction during the first trading session.

4.21 Price Determination of a Newly Listed Security

4.21.1 The Stockbroker / Dealer discloses the quantity of securities offered for sale by the issuer during the pre-opening session of the first trading day, at the indicative price indicated by the issuer. Orders in respect of the newly Listed Security from other authorized dealers will also be allowed to be input during the pre-opening and continuous session.

4.21.2 There is no price spread for the security during the pre-opening and continuous session.

4.21.3 Only limit orders with disclosed quantities are permitted for this security.

4.21.4 Order imbalance (total buy orders compared to total sell orders) is dynamically calculated by the ATS and disseminated to the market. Information will include total number of securities on the buy and sell sides. Each new order and each cancellation result in a recalculation. Price information is not displayed.

4.21.5 At the opening session, the execution price of the security is determined using VWAP.

4.21.6 In case an opening price is determined all unmatched orders will be transferred to the continuous session on a price time priority principle.

4.21.7 In a case a price cannot be determined during the pre-open session, all the orders will be transferred to the continuous session on a price/ time priority principle.

4.21.8 For the first trading day, in case there are no matched orders, the closing price will be the issue price and will be included in the calculation of market index/ indices.

4.21.9 Price spreads will be applicable during the next day's trading session.

PART II --- DEBT MARKET

5. TRADING IN SECURITIES ON THE DEBT SECURITIES MARKET The

debt securities market is used to trade debt instruments.

5.1 Operating Hours of the ESE ATS for the Debt Securities Market

Market Days	Monday to Friday
Opening of Market	9:30 hrs
Continuous Trading	9:30 hrs to 14:00 hrs
Close of Market	14:00 hrs to 15:00 hrs
Post-close	15:00 hrs to 17:00 hrs

5.2 Transmission of Orders

Only debt instruments listed on ESE shall be traded on the debt securities market.

5.2.1 Order Input

5.2.1.1 Clients place their orders with the Stockbroker / Dealer s. Upon receipt of orders, the time of receipt of the orders is immediately recorded by the authorized ESE ATS users together with other particulars of the orders. The orders are entered by the authorized ESE ATS users in the ATS through their trading terminals, which are then transmitted directly to the ATS for execution and processing.

5.2.1.2 All orders input by the authorized ESE ATS users are validated at the order entry level. Once the order is accepted by the ATS, it is automatically time stamped and an order ID is allocated which is used for all future references to the order. If the order fails validation, it is rejected with the appropriate comment.

5.2.1.3 Order entry instructions include:

- Security code
- Buy or sell indicator
- Client account number and Custodian code
- Volume
- Price
- Yield
- Type of order
- Order attributes

5.2.1.4 The price may be input either as an absolute market price or a percentage yield of a security.

5.2.1.5 An order entered based on yield criteria will be converted into its equivalent price and matching will be effected on price basis.

5.2.1.6 Orders input into the ATS are anonymously displayed to the market.



5.3 Types of Orders

There are two types of orders that can be placed in the ATS:

- a. Market orders
- b. Limit orders

5.3.1.1 Market Orders

A market order is defined as an order to buy or sell a security at the best price or prices prevailing in the market at that point in time. No price is specified for this type of order, but volume must be indicated. Price is given the highest priority in the system. Thus, market orders have priority of execution over limit orders. Market orders cannot be amended.

5.3.1.2 Limit Orders

This type of order specifies the maximum buying or the minimum-selling price. The volume of the order must be indicated. The ATS will attempt to match the order until either the entire volume is matched or no further matching is possible within the limit price.

5.4 Order Attributes

Limit orders can have the following attributes:

- a. Qualifiers
- b. Disclosed/Hidden quantity

5.4.1.1 Order Qualifiers

Order qualifiers modify the execution conditions of an order based on volume, time and price constraints.

5.4.1.2 No Qualifiers

Orders will be executed at the specified or better price. If a partial execution occurs the remaining volume will be registered in the order book.

5.4.1.3 Fill or Kill (FOK)

Requires the immediate purchase or sale of a specified quantity, at a given price or better. If the whole order cannot be filled immediately, it is cancelled. These orders do not get registered in the order book

5.4.1.4 Immediate or Cancel (IOC)

Requires the immediate purchase or sale for the whole or part of the specified quantity at the specified or better price. If no immediate execution occurs the order is cancelled. If the order is partly executed, the remainder is immediately cancelled.



5.4.1.5 Day Order

This order is valid until the close of the trading day. It is automatically cancelled at the end of the trading day.

5.4.1.6 Disclosed/ Hidden Quantity

5.4.1.6.1 The order size is revealed at the disclosed quantity and not at the full order quantity. The disclosed quantity will cause execution to occur in blocks of disclosed quantity. The hidden quantity will only be visible to the ATS operator entering the order.

5.4.1.6.2 When the disclosed quantity is matched, a new order with the same initial volume is generated automatically. This order will be given a new time stamp. The process will continue until the entire hidden quantity is matched or the order is cancelled or expired.

5.4.1.6.3 Disclosed quantity shall be equal to or greater than 25% of the order size.

5.4.1.6.4 Disclosed quantity attribute is not valid for FOK or IOC orders.

5.5 Trading Unit

The trading unit is one.

5.6 Tick Size

5.6.1 The tick size on debt instruments is SZL0.0001.

5.7 Reference Price

The reference price of a security is its closing weighted average price adjusted for day change.

5.8 Validation Checks

The following validation checks are done prior to its acceptance by the ATS:

- Valid security code
- Trading unit
- Trading permitted on security
- Tick size

An order that passes the validation check is accepted by the ATS. Accepted orders will contain an Exchange allocated order ID, which is used for all future references to the order. If the order fails validation it is rejected with the appropriate comment. Until an order has been accepted by the ATS, it is not valid



5.9 Order Execution

When an ATS operator inputs an order through its trading terminal, the order is forwarded to the ATS. Within the ATS the state of the order is tracked allowing the current status to be determined and the transaction history from the initial submission to be viewed. Orders will be queued in price and time order and are available for modification or cancellation prior to execution.

5.10 Continuous Trading

5.10.1 This is the period when the order book is open and orders are continuously input into the ATS for matching. Incoming orders are checked against existing orders in the order book. An attempt is made to match each incoming order and thereby trigger a transaction or several transactions. The best price of a buy transaction shall be the lowest sell order and the best price of a sell transaction shall be the highest buy order in the order book. An order will be matched with the best opposite order and subsequent best orders until partly or fully executed or no further matching is possible.

5.10.2 During continuous trading, the session status will be displayed as “OPEN”.

5.10.3 Matching Criteria

The criteria for execution during continuous trading are as follows:

a. Price/ Yield Priority

On a price basis, the highest bid and the lowest offer have precedence over all other orders. Orders are ranked by price sequence in the order book. Corresponding Yield is calculated and displayed based on the entered price and vice versa. However only Price is sent to Matching engine for matching of orders.

b. Time Priority

When orders are at the same price, the earliest one takes priority over those entered later. If a large order is placed with a smaller disclosed quantity (hidden orders) and once the disclosed quantity is executed, the order will lose its priority.

c. Market Orders

A market order is defined as an order to buy or sell a security at the best price or prices prevailing in the market at that point in time. No price is specified for this type of order, but volume must be indicated. Price is given the highest priority in the system. Thus, market orders have priority of execution over limit orders. Market orders cannot be amended.

5.10.4 Matching Rules

The rules for fixing prices and matching orders during continuous sessions are as follows:



5.10.4.1 Rule 1

If a new order (either a market or a limit order) matches a limit order in the order book, the price of the limit order initially in the order book is the execution price. The order book thus dictates the price.

5.10.4.2 Rule 2

- a. If a new limit order matches a market order in the order book, the price of the newly entered limit order becomes the execution price.
- b. If there is a limit order on the opposite side of the order book (in addition to the market order) and if this limit is more favourable for the new incoming limit order, the trade between the new limit order and the market order takes place at the favourable price (i.e. the price of the initial limit order).

Example

A newly arrived purchase order is at SZL14.50 and is matched to an existing sell market order. In accordance with Rule 2, the execution price is SZL14.50. If a sell order with a price limit of SZL14.00 were in the Order Book (in addition to the market order), this price would have been better from the purchaser's point of view than the price of SZL14.50. Therefore, SZL14.00 is the execution price between the newly arrived purchase order and the existing market order.

5.10.4.3 Rule 3

- a. If two market orders are matched, the last execution price becomes the transaction price. If no trade has taken place during the market day, then the reference price becomes the transaction price.
- b. If there is a limit order on the opposite side of the Order Book (in addition to the market order) whose price is more favourable for the newly arrived market order than the last execution price, or the reference price in case no trade has taken place during the market day, then the more favourable price is applied for the transaction price between the two market orders.

Example

A market sell order is input in the ATS. A transaction is done with an existing market order on the purchase side. According to Rule 3(a), the last traded price becomes the execution price. Let us assume this is SZL14.50. If besides the market order on the purchase side, a limited order of SZL15.00 were available, this price would be better than the reference price (SZL14.50) from the seller's standpoint. The transaction between the two market orders would therefore be executed at SZL15.00.

Unexecuted or partially filled orders are registered in the Order Book.

5.10.5 Continuous Session Example

An example of a multi-stage matching process based on a new incoming order is as follows:

Table I

Security ABC		
Reference/ Last execution Price (SZL14.50)		
Bid Volume per Price	Price SZL	Ask Volume per Price
500	14.00	
400	14.20	
	14.50	500
	15.00	500 + 400

A purchase order for 1,200 debentures at SZL15.00 enters the order book. Matching starts with the order to sell 500 debentures at SZL14.50. The price is determined by the sell limit order according to the first rule.

First Trade: 500 debentures at SZL14.50

700 debentures remain from the new order. They are matched against the next order – sell 500 debentures at SZL15.00. Since there are two orders at SZL15.00, they are based on time of entry. The order of 500 debentures was entered first. Again, the first rule is applicable.

Second Trade: 500 debentures at SZL15.00

The remaining 200 debentures are now matched to the sell order of 400 debentures at SZL15.00. Again, the first rule applies.

Third Trade: 200 debentures at SZL15.00

The newly arrived purchase order (1,200 at SZL15.00) is then executed.

The order book now looks as follows:

Table II

Bid Volume per Price	Price	Ask Volume per Price
500	14.00	
200	14.20	
	15.00	200

Last Traded Price: SZL15.00

5.11 Closing Session

5.11.1 The closing session is a short session after the end of the continuous trading. During this session the ATS would essentially compute the closing price for each security.

5.11.2 The closing price of the debt instrument will be its VWAP during a trade day.



5.11.3 The last VWAP is adjusted in case it is affected by a trade cancellation.

5.11.4 In case no execution price for a debt instrument can be determined during a trade day, the closing price will default to its reference price.

5.12 Order Cancellation/ Amendment

An order input into the ATS and displayed in the order book can, if required, be either cancelled or amended by an ATS operator. ATS operators can access only orders input by them in the ATS for cancellation/amendment.

5.12.1 Cancellation of Orders

Orders can be cancelled at any point of time prior to execution. If partially executed, any unexecuted portion of an order can be cancelled.

5.12.2 Amendment of Orders

Orders displayed in the order book can be amended prior to execution. The order can be amended in respect of price and volume attribute. However, core attributes such security ID and order type (buy/sell) cannot be amended.

If price is changed then the amended order is assigned a new time stamp. If however quantity is changed, then two possible scenarios arise

- a. If quantity of order is increased, then new order is assigned a new time stamp.
- b. If quantity of order is decreased, then the original time stamp is retained

5.13 Trade Cancellation

5.13.1 Executed trades can be cancelled based on mutual agreement between the Stockbroker/Dealer involved in the trade and with the approval of the Exchange. The cancellation will be effected on the market day on which the trade took place. A trade cannot be cancelled if the buyer involved in the trade has subsequently sold the securities purchased earlier during the same trading session.

5.13.2 Following agreement between the Stockbroker/Dealer involved in the trade, a written request for trade cancellation is forwarded to the Exchange along with a cancellation penalty by both parties involved in the trade.

5.13.3 Upon receipt and if deemed fit, the Exchange will approve the trade cancellation and make the necessary adjustment in the system. The Stockbroker/Dealer involved in the trade and the market will be informed of the trade cancellation.

5.13.4 A trade cancellation shall be initiated by the selling Stockbroker / Dealer involved in the trade.

5.13.5 The ESE will inform CSD of any trade cancellation effected after the trading session closes.

5.14 Additional Procedures

The following Procedures will apply to the Debt Board:

6. – Trading Halts

- 4.13.4- Market Halts
- 4.13.5- Security Halts
- 4.14--- Security Suspension
- 4.15--- Stockbroker / Dealer s“ Obligations
- 4.17----Announcements
- 4.18--- Uploading Trade Details to CSD
- 4.19--- Dissemination of Market Information

PART III

6. TRADING IN SECURITIES ON SPECIAL TERMS

Special terms trading comprises Negotiated deals and voice trades.

6.1 Negotiated deals

6.1.1 A negotiated deal is a transaction in securities which is beyond the capacity of the market at the prevailing price. Transactions in negotiated deals may be put through at such price as is agreed to by both the purchasing and the selling client.

6.1.2 A Negotiated deal transaction shall be considered to be as such only if:

- a) the volume of the transaction is at least 2.0% of the issued shares of the company;
- or
- b) greater than SZL100,000,000 (One hundred million) in value

6.1.3 In the event of a sale of securities by a company to its employees under a specific scheme or in other exceptional situations, the ESE may waive the requirement to comply with this Procedure, provided that there is likely to be no distortion of the market, nor any prejudice caused to shareholders.

6.1.4 A Stockbroker / Dealer shall advise the Exchange of the details of the negotiated deal prior to placing an order in the ATS.

6.1.5 Order Input

6.1.5.1 A Negotiated deal is entered by a Stockbroker / Dealer / two Stockbroker/Dealer involved in the trade specifying the buyer securities account, seller securities account, corresponding custodian's code, volume and price. In case only one Stockbroker / Dealer is involved in the trade the contra Stockbroker / Dealer code will be its own code.

6.1.5.2 Once the initiator initiates the deal, the respective deal shall be available to the Exchange Administrator for approval/authorization. If administrator approves the initiated deal, the respective deal shall be available to the counter party for affirmation or rejection.

6.1.5.3 In case of disapproval the deal will be marked as disapprove and system will intimate the initiator of the deal.

6.1.5.4 Once a negotiated deal is affirmed system closes Sell/Buy window and disables the respective deal. System shall send the corresponding deal to relevant component, and it will convert deal into trade and gives confirmation to both parties.

6.1.5.5 If the seller does not have adequate securities in his securities account, the Negotiated deal will be rejected and will have to be re-entered. The Negotiated deal will be rejected if there is a mismatch in quantity of the two entered orders.



6.1.6 Price Determination Mechanism

The Negotiated deal will be executed at the entered price.

6.1.7 Amendments

Negotiated deals cannot be amended but can be cancelled by the ESE Administrator upon payment of a cancellation fee by the Stockbroking firm.

6.1.8 Order life time

Unmatched Negotiated deals are expired after 1 day.

6.1.9 Price constraints

A Negotiated deal shall take place at a price that is outside the bid and offers available in in respect of the market day.

6.1.10 Visibility

Orders placed on the Negotiated deal board will not be visible in the normal market data displays and hence will not put price pressure on trading. The trade will be displayed after its execution.

6.1.11 Statistics

Indices, statistics and closing price shall not be updated against negotiated deals.

6.2 Voice trades

6.2.1 Voice Trades are debt securities transactions whose terms are agreed by the dealers outside the market.

6.2.2 A Voice Trade shall be considered to be as such only if:

- a) the volume of the transaction is at least 100,000; and
- b) at least SZL100,000,000 (One hundred million) in value.

6.2.3 Voice Trades shall not be visible in the normal market data displays.

6.2.4 Following shall not be updated

- a) Indices
- b) Statistics
- c) closing price.

6.2.5 A Stockbroker / Dealer shall advise the Exchange of the details of the Voice Trade prior to placing an order in the ATS.

6.2.6 Order Input

6.2.6.1 A Voice Trade is entered by a Dealer / two Dealers involved in the trade specifying the buyer securities account, seller securities account, corresponding custodian's code, volume and price. In case only one Dealer is involved in the trade the contra Dealer code will be its own code.

6.2.6.2 Once the initiator initiates the deal, the respective deal shall be available to the Exchange Administrator for approval/authorisation. If administrator approves the initiated deal, the respective deal shall be available to the counter party for affirmation or rejection.

6.2.6.3 In case of disapproval the deal will be marked as disapprove and system will intimate the initiator of the deal.

6.2.6.4 Once a negotiated deal is affirmed system closes Sell/Buy window and disables the respective deal. System shall send the corresponding deal to relevant component, and it will convert deal into trade and gives confirmation to both parties.

6.2.7 If the seller does not have adequate securities in his securities account, the Voice trade will be rejected and will have to be re-entered. The Voice Trade will be rejected if there is a mismatch in quantity of the two entered orders

6.2.8 Price Determination Mechanism

The Voice Trade will be executed at the entered price.

6.2.9 Amendments

Voice Trades cannot be amended but can be cancelled by the ESE Administrator upon payment of a cancellation fee.

6.2.10 Order life time

Unmatched Voice Trades are expired after 1 day.