RULEBOOK OF

THE ETHIOPIAN SECURITIES EXCHANGE

DECEMBER 2024

PREAMBLE

WHEREAS the Capital Market Proclamation No. 1248/2021 ("**the Proclamation**"), mandates the establishment of the Ethiopian Securities Exchange ("**ESX**" or "**The Exchange**")

WHEREAS ESX is to be licensed by the Ethiopian Capital Market Authority ("**ECMA**" or "**the Authority**") as a securities exchange in line with Articles 30 and 31 of the Capital Market Proclamation and Directive on Licensing, Operation, and Supervision of Securities Exchanges, Derivatives Exchanges, and the Over-The-Counter Market No. 1009/2024.

WHEREAS, as part of its mandate of organizing an orderly, transparent, and efficient market, it is required to have in place rules and procedures necessary for the proper and efficient regulation, operation, management and control of The Exchange and the securities market operated by The Exchange.

Now, therefore, ESX hereby issues the **Rulebook of the Ethiopian Securities Exchange, 2024 (Equities and Fixed Income Markets)** in accordance with Articles 35, 36, 37 and 38 of the Proclamation.

PLACEHOLDER FOR RULEMAKING HISTORY

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VOLUME A: GENERAL RULES

Chapter 1 – Title, Scope and Definitions

1.1. Short Title

These Rules may be cited as the "Rulebook of the Ethiopian Securities Exchange, 2024 (General Rules)".

1.2. Definitions

(1.) In these Rules, any expression in the masculine gender includes the feminine.

(2.) Unless the context otherwise requires:

(a.) "Associated Company" means any entity formed in or out of Ethiopia in which a Trading Member or a listed company and its related companies hold directly or indirectly a beneficial interest of not less than 20% of the entity's issued share capital.

(b.) "Authority", "ECMA", means the Ethiopian Capital Market Authority.

(c.) "Basis Point" is a unit of measure used frequently in finance to refer to changes in interest rates and bond yields and is equivalent to 0.01% or 1/100th of a percent or 0.0001 in decimal form.

(d.) "Beneficial Owner" shall have the meaning provided for in the ECMA's Dematerialization of Securities Directive

(e.) "Block of Securities" means any number of units of shares in any company or other security up to an amount to be determined from time to time by the Board of Directors of The Exchange, as approved by the ECMA.

(f.) "Board of Directors" mean the Board of Directors of the Ethiopian Securities Exchange and/or its designated entity, organ or Committee charged with the responsibility to approve listing applications or such other person or entity charged with such responsibility.

(g.) "Board" means Main Board and Growth Board of The Exchange and any other board approved by The Exchange from time to time.

(h.) "Bonus Issue" shall mean new shares issued in place of cash dividend as provided for in the Directive on Public Offering and Trading of Securities No.1030 /2024.

(i.) "Brokerage Fee and Commission" means charges Trading Members levy on clients to provide advisory and transaction services on ESX.

(j.) "Business Days" means Calendar Days excluding Saturdays, Sundays, public holidays as required by law and communicated by The Exchange.

(k.) "Calendar Days" means consecutive days including Saturdays, Sundays and public holidays in Ethiopia.

(l.) "Capital Restructuring" means a business operational strategy employed to make changes to the capital structure of a company.

(m.) "Closed Period" means any time when insiders of the Issuer are restricted from trading in the securities of an Issuer.

(n.) "Commercial Code" means the Commercial Code of Ethiopia Proclamation No. 1243/2021 as may be amended from time to time.

(o.) "Core Investor" means, in relation to a company to be listed on ESX Main or Growth Board, an entity that is an institutional investor, a joint venture partner or technical partner having substantial interest in the company and having a long-term interest in the success of a particular company. In the determination of qualification as a core investor it shall be satisfied that:

- The core investor has at least 10% or more ownership stake in the company's issued share capital, has an established operating history or reputation in the relevant industry and

  Has influence or governance role: formal representation in the company's governance such as board membership, or is a technical partner to the issuer having entered into management contract or similar arrangement.

(p.) "Convertible Instrument" means any fixed income instrument that either requires or permits the investors to convert the instrument into equity securities of the Issuer.

(q.) "Dealing Member Bank" means a commercial bank member of ESX that is authorized by the ECMA to make a market on listed or unlisted fixed income securities.

(r.) “Discretionary Investor” means an investor or a client that authorises a Trading Member to buy and sell securities without a requirement that the investor or client specifically consents to each separate transaction.

(s.) “EAT” means Eastern African Time.

(t.) “ESX” or “Exchange” means the Ethiopian Securities Exchange.

(u.) “ETF” means Exchange Traded Fund.

(v.) “ETP” means Electronic Trading Platform.

(w.) “ETP system” means a computer system or systems and associated network or networks operated or used by ESX for the purpose of providing a market for trading of securities.

(x.) “Execution Factors” means the price, costs, speed, likelihood of execution and settlement, size, nature, fill rate, price improvement, market impact or any other consideration relevant to the execution of an order.

(y.) “External Auditor” shall have the meaning provided for in the Proclamation.

(z.) “Financial Assistance" means lending or borrowing of money, guaranteeing or providing security for a debt incurred or indemnifying of a guarantor for guaranteeing or providing security or the forgiving of a debt, the releasing of or neglect in enforcing a financial obligation of another, or assumption of the financial obligations of another.

(aa.) “Financial Year” means the period of one year beginning from the 8th day of July or as determined under the Memorandum of Association of a Trading Member, a Listed Company or any other relevant entity.

(bb.) “Firm Order” means an order placed on the market that shows both the quantity and the price. A firm order is in effect until it has been explicitly cancelled or has met some preconditions that invalidate it.

(cc.) “Fixed Income Market” means a market operated by the ESX for the trading of debt securities listed on the ESX and money market instruments.

(dd.) “Free of Payment Transfer” means a transfer of securities between Affiliated Persons without the payment of a consideration.

(ee.) ““Ijarah (Leasing)” means a contract whereby a lessor (owner) leases out an asset to a lessee at an agreed rental for a pre-determined period.

The ownership of the leased asset shall always remain with the lessor, unless otherwise stated under the terms of the relevant lease contract.

(ff.) "Ijtihad" refers to reasoning by qualified scholars based on rulings on shari'ah sources.

(gg.) "Immediate Family Members" means spouse, children, siblings, parents, grandparents, daughter-in-law, son-in-law, brother-in-law, sister-in-law, father-in-law, and mother-in-law, including step and adoptive relationships.

(hh.) "Incorporation Documents" means a set of legal documents that contains information on the formation and structure of a Company.

(ii.) "Indemnified Persons" means The Exchange, its related companies, any person or entity or organ to which the Board of Directors of The Exchange delegates all or part of its powers for the purposes of carrying out regulatory functions or such other functions as may be required, and their respective directors, officers, employees or agents.

(jj.) "Information Memorandum" shall have the same meaning as provided for in the Directive on Public Offer and Trading of Securities No. 1030/2024.

(kk.) "Initial Public Offering" shall have the meaning provided for in the Proclamation.

(ll.) "Insider" shall have the meaning provided for in the Proclamation.

(mm.) "Insider Trading" shall have the meaning provided for in the Proclamation.

(nn.) "Institutional Investors" shall have the same meaning as provided for under ECMA Directive on Public Offering and Trading of Securities No. /2024, as may be amended from time to time.

(oo.) "Interested Persons" shall have the same meaning as provided for in the Proclamation.

(pp.) "Investor" shall have the meaning provided for in the Proclamation.

(qq.) "Involuntary Delisting" means the removal of an Issuers' securities from the Official List of The Exchange by The Exchange as a result of the Issuer's inability to meet the minimum listings requirements of The Exchange.

(rr.) "ISIN" means the International Securities Identification Number issued for a security.

(ss.) "Issuer" shall have the meaning provided for it under Article 2 (37) of the Proclamation.

(tt.) "KYC" means "Know Your Customer".

(uu.) "Listed Securities" shall have the meaning provided for in the Proclamation.

(vv.) "Listing Requirements" shall have the meaning provided for in the Proclamation.

(ww.) "Listing Undertaking" means an undertaking executed by an Issuer prior to the listing of its securities on The Exchange's Official List, to comply with the Listings Rules or any other agreement or undertaking made pursuant to the Listings Rules.

(xx.) "Market Corner" means a situation where enough holdings of a security are acquired, or a significant position is held to be able to manipulate the price of the security.

(yy.) "Market Maker" shall have the meaning provided for under the Proclamation.

(zz.) "Mark-to-Market" means the revaluation of a position in a debt security to its current market value.

(aaa.) "Maturity Date" means the scheduled date on which a debt security becomes redeemable as may be extended or otherwise revised, as the case may be.

(bbb.) "Membership Certificate" means a certificate granted by The Exchange authorizing an entity to trade in one or more securities listed on The Exchange.

(ccc.) "Memorandum Listing" means admission of Sukuk to the ESX Platform for the purpose of providing visibility, transparency and increased public profile for existing Sukuks which are not available for trading on the Exchange.

(ddd.) "Merger and Acquisition" means the consolidation of Companies or assets through various types of financial transactions, including mergers, acquisitions, consolidations, tender offers, purchase of assets, and management acquisitions.

(eee.) "Minority shareholders" means all shareholders of an Issuer, that are too small to confer any power to exert control or influence over corporate action, and in particular excluding shareholders that have

controlling or influential shareholders, promoters of the Issuer and Directors of the Issuer.

(fff.) "Minority Shares" means all shares held by minority shareholders.

(ggg.) "Mudarabah (Profit Sharing)" means a contract made between two parties to enter into a business venture. The parties consist of the rabb al-mal (capital provider) who shall contribute capital to finance the venture and the mudharib (entrepreneur) who will manage the venture. If the venture is profitable, the return will be distributed based on a pre-agreed ratio. In the event of a business loss, the loss shall be borne solely by the provider of the capital.

(hhh.) "Musharakah (Profit and Loss Sharing)" means partnership contract between two or more parties to finance a business venture whereby all parties contribute capital either in the form of cash or in kind for the venture. Any profit derived from the venture will be distributed based on a pre-agreed profit-sharing ratio, but a loss will be shared on the basis of capital contribution.

(iii.) "NBE" means National Bank of Ethiopia.

(jjj.) "Net Tangible Assets" means total assets minus intangible assets minus total liabilities minus non-controlling interest. Assets, intangible assets, liabilities, and non-controlling interest are as defined under the International Financial Reporting Standards (IFRS).

(kkk.) "NSIN" means the National Securities Identification Number issued for a security by the relevant authority.

(lll.) "Obligor" means an entity or person that is contractually bound under the agreement for the fixed income investment to make all principal repayments and any other agreed repayments.

(mmm.) "Offer for Subscription" shall have the same meaning as provided for in the Directive on Public Offering and Trading of Securities No.1030 /2024

(nnn.) "Official List" means a list of securities maintained by The Exchange and listed in accordance with the Listings Rules.

(ooo.) "Originator" means a parent company, Government of Ethiopia (or its agency), Subnational organ, Supranational corporation or such other legal entity which established an SPV for the purpose of issuing Sukuk and may act as an obligor in the Sukuk.

(ppp.) "Par value" is the value of a share as stated in the Memorandum of Association, as applicable or its equivalent of the Issuer.

(qqq.) "Payment Date" means the date on which entitlements will be paid by the CSD to the holder of a security. This date can coincide with the redemption date or occur after the redemption date.

(rrr.) "Person" means any natural or juridical person.

(sss.) "Qualified Investors" shall have the same meaning as provided in the Proclamation and Directive on Public Offering and Trading of Securities No.1030 /2024.

(ttt.) "Price" in the Fixed Income Market means price, rate or yield as the context may require.

(uuu.) "Primary Market" shall have the meaning provided for in the Proclamation.

(vvv.) "Primary Regulator" shall have the meaning provided for in the Proclamation.

(www.) "Principal Officers" shall include Directors, Chief Executive Officer, Company Secretary, Internal Auditor, Chief Finance Officer, Chief Compliance Officer and Chief Risk Officer.

(xxx.) "Proclamation" means the Capital Market Proclamation No. 1248/2021 as may be amended from time to time.

(yyy.) "Promoter" shall have the meaning provided for under Article 248 (1) of the Commercial Code.

(zzz.) "Prospectus" shall have the meaning provided for in the Proclamation.

(aaaa.) "Public Company" shall have the meaning provided in the Proclamation.

(bbbb.) "Public Float" means the number of shares that an Issuer has outstanding and available to be traded on The Exchange. It includes all shares held by the investing public and excludes shares held directly or indirectly by promoters, directors, and their immediate family members, substantial shareholders, employee share controlling shareholders, or affiliated person of an Issuer or its subsidiary companies holding five percent (5%) and above of the issued share capital.

(cccc.) "Public offer" shall have the meaning provided for in the Proclamation.

(dddd.) "Public" shall in relation to a share company or public enterprise mean all persons or members of the public excluding:

(i.) Directors of an Issuer and its subsidiaries;

(ii.) Substantial shareholders, controlling shareholders, or affiliated persons of the Issuer or its subsidiary companies except where such a shareholder fulfils all the following requirements in which case such shareholder may be included as a “public” shareholder. Such shareholder is either:

1. a statutory institution that is managing funds belonging to contributors or investors who are members of the public; or

2. an entity established as a collective investment scheme, including closed-end funds, or investment funds (but excluding investment holding companies);

(iii.) Associates of directors or substantial shareholders, controlling shareholders, or affiliated person of an Issuer.

(eeee.) “Record date” means the date specified by an Issuer on which shareholders whose names appear in its Register of the Shareholders shall be entitled to benefit from a corporate action of the Issuer.

(ffff.) “Affiliated Person” shall include:

(i.) Members of the board of directors, manager, Auditor, members of the supervisory board and secretaries of the company;

(ii.) Persons related by affinity or by consanguinity with those persons listed under sub-rule (2.)(eeee.)(i.) of this Rule pursuant to the Revised Federal Family Code of the Federal Democratic Republic of Ethiopia;

(iii.) A business organization or concern in which persons listed under sub-rule (2.)(eeee.)(i.) and (ii.) of this Rule are shareholders or beneficiaries or play managerial role;

(iv.) A company that is holding or subsidiary to the company;

(v.) Unless a lesser amount of shareholding is provided by the memorandum of association or law, persons who have purchased at least ten percent of the shares of the company or companies in which the company is a shareholder or companies which have reciprocally purchased each other`s shares;

(vi.) Other persons indicated in the memorandum of association or by another law as having affiliation with the company.

(gggg.) "Related Party Transaction" means a transaction between a listed company and Affiliated Person.

(hhhh.) "Retail Investor" means any investor that is not considered an institutional or qualified investor in accordance with ECMA Directive on Public Offering and Trading of Securities No. /2024.

(iiii.) "RFQ" means a request for quote.

(jjjj.) "Secondary Market" shall have the meaning provided for in the Proclamation.

(kkkk.) "Securities" shall have the meaning provided for in the Proclamation.

(llll.) "Securities Trader" means an individual that is responsible for executing clients' instructions/mandates, and/or executing transactions for its sponsoring Capital Market Service Providers (CMSP's) proprietary account, as may be applicable.

(mmmm.) "Senior Executive Officer" shall have the meaning provided for under the Capital Market Service Providers Licensing and Supervision Directive No. 980/2024 issued by the ECMA.

(nnnn.) "Services License" shall have the meaning provided for under the Capital Market Service Providers Licensing and Supervision Directive No. 980/2024 issued by the ECMA.

(oooo.) "Share" shall have the meaning provided for in the Proclamation.

(pppp.) "Significant Influence" shall have the meaning provided for under the Capital Market Service Providers Licensing and Supervision Directive No. 980/2024 issued by the ECMA.

(qqqq.) "Substantial Shareholder" shall have the meaning provided for under the proclamation.

(rrrr.) "Sukuk" or the "Issue" means investment certificates or notes of equal value which evidences undivided interest/ownership of tangible assets, usufructs and services or investment in the assets of particular projects or special investment activity using shari'ah principles and concepts approved by the ECMA.

(ssss.) "Sukuk Auction" means a process involving the offer and sale of the Sukuk to the public through competitive bidding by prospective investors. This method is also referred to as public offering.

(tttt.) "Sukuk Ijarah" means investment certificates or notes of equal value which evidences undivided ownership on the leased asset and/or

usufruct and/or services and rights to the rental receivables from the said leased asset and/or usufruct and/or services.

(uuuu.) “Sukuk Mudarabah” means investment certificates or notes of equal value which evidences undivided ownership by the certificate holders in the Mudarabah venture.

(vvvv.) “Sukuk Musharakah” means investment certificates or notes of equal value which evidences undivided ownership by certificate holders in the musharakah venture (partnership).

(wwww.) “Trading Member” means an entity that has been issued a Membership Certificate by The Exchange to trade in one or more securities listed on The Exchange.

(xxxx.) “Trainee Trader” means an individual undergoing training to become a Securities Trader.

(yyyy.) "Transaction" includes the: provision or receipt of financial assistance; or acquisition, disposal or leasing of assets; or provision or receipt of services; or issuance or subscription of securities or granting of or being granted options; and establishment of joint ventures or joint investments, whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

(zzzz.) “Voluntary Delisting” means the removal of an Issuer’s securities from the Official List of The Exchange with the express approval of the requisite number of holders of the securities, after complying with relevant requirements stipulated by The Exchange in that regard.

1.3. Scope of Application

These Rules shall be binding upon Issuers and Trading Members in their relationship with The Exchange, as between themselves, and as relates to the business which they conduct as Issuers and Trading Members of The Exchange with other entities and the general public.

Chapter 2 – Rules Administration and Conventions

2.1. Administration and Observance of Rules, Guidelines, Procedures and Other Instruments

(1.) The Exchange shall make and administer Rules, Guidelines, Procedures, and other Instruments for regulation of trading in securities listed on The Exchange and the activities of its Trading Members; and shall exercise all powers, authorities and discretions in that regard.

(2.) The Exchange, with the prior approval of ECMA, is entitled to delegate all or part of its powers to any entity or organ approved by it for the purposes of carrying out regulatory functions or such other functions as may be required.

(3.) It is the duty of all Issuers and Trading Members to observe and operate in accordance with the Rules, Guidelines, Procedures, and other Instruments, and to report forthwith any breach thereof by itself or any other party to The Exchange.

(4.) Trading Members shall:

(a.) Operate strictly within the provisions of the Proclamation, and any subsidiary legislations that may be issued by ECMA or other relevant regulatory entities from time to time;

(b.) Operate strictly within the provisions of the Rules, Guidelines, Procedures and other Instruments of The Exchange;

(c.) Operate strictly within the provisions of the Rules and Regulations of the applicable central securities depository, clearing and settlement party, or its equivalent;

(d.) Operate strictly within any practices, conventions, usages and other related regulations as may be applicable from time to time; and

(e.) Refrain from using the name of The Exchange or the privilege of the Membership of The Exchange in activities that have no bearing with the activities of The Exchange.

2.2. Waivers or Variations

(1.) ESX may waive or vary a Rule to suit the circumstances of a particular case., unless specifically provided otherwise subject to approval of the Authority.

(2.) A waiver or variation shall only be effective where stipulated conditions are satisfied.

(3.) Where a waiver or variation is granted, ESX shall as soon as practicable notify the affected Party of the waiver or variation, provided that any non-notification shall not affect the validity of the waiver or variation.

(4.) Notwithstanding the provisions of sub-rule (1.) of this Rule, the failure of ESX to exercise or enforce any rights conferred upon it by the Proclamation or Rules shall not be deemed to be a waiver of any such rights or operate so as to bar the exercise or enforcement thereof at any subsequent time or times.

(5.) Notwithstanding the provisions of sub-rule (1.) of this Rule, a Trading Member shall not be entitled to rely on a delay in the exercise or non-exercise of a right arising from a breach or non-performance of the Rules or on a default under the Rules as constituting a waiver of that right.

2.3. Amendments to Legislation, Directives, Codes, Schedules or Other Instruments Cited

Reference made in these Rules to any legislation in Ethiopia, or the Directives, Rules, Codes or Guidelines of any statutory or regulatory agency in Ethiopia shall include such amendments as may from time to time be made to such legislation, Directive, Code, Schedule, or other instruments.

2.4. Interpretation of the Rules, Procedures and Other Instruments

The interpretation of any of these Rules, Procedure and other Instruments issued by ESX shall rest with the Board of Directors of The Exchange or any committee, person, entity, or organ authorised by the Board.

2.5. Amendment to the Rulebook

These Rules might be amended from time to time as necessary and to address changes or new developments in the regulatory framework. Amendments to these Rules shall take effect up on obtaining approval of ECMA and with a prior notification to Issuers or Trading Members.

2.6. Language for Writing and Communication

All applications, notifications, other communications, and documents filed with The Exchange shall be in the English and/or Amharic languages. If any information and/or document to be filed with The Exchange is in any other language, then it shall be accompanied by an authenticated translated version to English and/or Amharic.

2.7. General Conduct, Practice and Disclosure Obligations

(1.) No Issuer, Trading Member, its employees, officers, directors, or associated persons shall do or cause to be done any act, matter or thing, which could

adversely affect the goodwill or public image of The Exchange or The Exchange's market.

(2.) No Trading Member or other entity shall hold itself out to any person as being the agent of or otherwise representing, or having the power in any way to act for or bind The Exchange, save for a Trading Member or entity acting under the specific authority of the Board of Directors of The Exchange.

(3.) All Trading Members shall deal with The Exchange in an open and cooperative manner, and shall disclose any matter relating to their operations and activities on which The Exchange would reasonably expect notice, whether financial or non-financial.

(4.) No Trading Member shall make improper use of any knowledge or information it may acquire during the course of its work, and it shall ensure that its personnel also observe this requirement.

2.8. Identification of Business Documents

(1.) A Trading Member shall have the words "Trading Member of the Ethiopian Securities Exchange" printed on all letterheads, contract notes, brochures, scrip receipts or other documents used by the Trading Member in respect of all transactions relating to their activities as a Trading Member.

(2.) Every Trading Member, being a corporate entity, shall at a minimum have the following printed upon all letterheads:

a) Corporate/Trade Name

b) Address of its Head Office;

c) Registration number; and

d) Functional and valid contact details, including a corporate email address and phone number.

e) Logo, if applicable.

(3.) All Trading Members shall display, in a conspicuous place in their head offices and branches and on their website, the Membership Certificate issued by The Exchange.

2.9. Limitation of Liabilities

(1.) Neither ESX, its related companies, any person nor entity nor organ to which the Board of Directors of The Exchange delegates all or part of its powers, or their respective directors, officers, employees or agents shall be liable to any person for any loss or damage (including consequential or indirect loss or damage even if advised of the possibility of such loss or damage), however caused or arising, including but not limited to any loss or damage arising

directly or indirectly from or in connection with the following or anything done or not done as a direct or indirect consequence of the following:

(a.) anything done (including any statement made) or omitted to be done in the course of, or in connection with, the discharge or purported discharge of The Exchange's obligations or rights under the Proclamation, any other applicable law, or under these Rules;

(b.) any failure, error, delay or malfunction of the Trading System howsoever caused;

(c.) the access to, use of or inability to use the Trading System;

(d.) the trading on markets under ESX or the suspension, interruption, cancellation, restriction or closure of trading on those organised markets howsoever caused;

(e.) any failure, security breach, inoperability or malfunction of equipment, software or any other product supplied to a Trading Member howsoever caused, or in respect of its installation, maintenance or removal;

(f.) the exercise of a decision-making or regulatory power or discretion under these Rules;

(g.) any decision whether or not to cancel an Error Trade pursuant to these Rules;

(h.) the acceptance of a Trading Member's Membership Certificate relinquishment or any decision or ruling of the applicable disciplinary or adjudication organ exercising their powers;

(i.) any virus or other destructive, malicious, or corrupting program, code, agent, script or macro;

(j.) any errors, inaccuracy, omissions or delay in the calculation, determination or dissemination of prices for any security contract;

(k.) the originality, accuracy, adequacy, timeliness or completeness of the Trading System or any of its Content. Content in this context means any information, materials, images, sounds, graphics, video and other materials displayed or any functionalities or applications, programs or services provided;

(l.) any reliance on the Content of the Trading System or any part thereof;

(m.) any information transmitted or received by or on behalf of ESX or a Trading Member, including through the Trading System, or the

interception of or access to such information by unauthorised persons; or

(n.) any person participating in The Exchange's market, except for The Exchange's compensation obligations through its Compensation Fund pursuant to the Proclamation and Compensation Fund Regulations and Directives of the ECMA.

(2.) Without prejudice to the provisions of sub-rule (1.) of this Rule, a failure shall not reduce, alter or affect the liability of a Trading Member in respect of any trades to which it is a party.

(3.) Without prejudice to the generality of sub-rule (1.) of this rule, neither ESX, its related companies, any person nor entity referred to under Rule 2.1. (3.), or their respective directors, officers, employees or agents:

(a.) makes any warranty, express or implied; or

(b.) shall be liable to any person in respect of, or in connection with, any of the following:

(i.) the originality, accuracy, adequacy, timeliness or completeness of an index or price;

(ii.) results to be obtained from the use of an index or price, in respect of any product linked or related to the index or price whether in the form of contracts or options;

(iii.) the merchantability and fitness for a particular purpose of, or use of, an index or price;

(iv.) any direct, special, punitive, indirect or consequential damages (including lost profits), even when notified of the possibility of such damages;

(v.) any errors, omissions or delays in calculating or disseminating an index or price; and

(vi.) trading of any product linked or related to the index or price, whether in the form of contracts or options.

(4.) For the purposes of sub-rule (3.) of this Rule, a reference to an index includes administering, making, calculating, disseminating or compiling the index, or any intra-day proxies related or referable thereto, or any information or data included in or referable thereto.

(5.) Each Trading Member shall ensure that its customers agree to and are bound by the limitation of liabilities under this Rule, either by way of inclusion in the

contracts granting access to The Exchange's markets or such other similar manner.

2.10. Indemnification to The Exchange

(1.) Every Trading Member shall indemnify The Exchange, its related companies, any person or entity referred to under Rule 2.1. (3.), and their respective directors, officers, employees or agents against any losses the Indemnified Persons suffer and/or any liability the Indemnified Persons incur as a result of the Trading Member's activities.

(2.) Every Trading Member shall indemnify each of the Indemnified Persons against the following:

(a.) Legal proceedings arising from such Trading Member's professional misconduct;

(b.) The resultant effect of any breach by the Trading Member of its/his obligations under the Rules; or

(c.) Any wilful, unlawful, reckless or negligent act or omission by the Trading Member.

Chapter 3 – Exchange and Transaction Fees

3.1. Powers to Impose and Review Fees and Charges

(1.) The Board of Directors of ESX shall have the power to:

(a.) Impose and/or revise such fees and charges in relation to matters under this Rules, and in such amount as the Board of Directors of ESX may determine from time to time subject to approval by the Authority;

(b.) Require the payment of such fees and charges by Issuers, Trading Members or other persons and to prescribe the time and method of payment thereof.

(2.) Every Issuer, Trading Member or other persons shall pay such fees in such manner, as specified under ESX Fee Schedule which is annexed to this Rulebook or in any other instrument of The Exchange.

3.2. Membership Admission and Participation Fees

(1.) The Board of Directors of ESX shall prescribe from time to time the membership admission and participation fees payable by each Trading Member, subject to approval by the Authority.

(2.) Any Trading Member that fails to pay any of its fees when due to ESX, shall be subject to the sanctions specified under the Schedule of Administrative Sanctions.

(3.) Any suspension placed on a Trading Member or temporary withdrawal of designation granted to a Market Maker for failing to pay any of its/his fees shall be lifted only upon payment of the applicable fee due to ESX in addition to the accumulated fines.

3.3. Brokerage Fees and Commissions Charged by Trading Members

(1.) The approved maximum brokerage fees and commissions on any transaction (buy or sell) shall be as may be prescribed by The Exchange from time to time., subject to approval by ECMA.

(2.) Notwithstanding the provisions of sub-rule (1.) of this rule, where an ancillary service relating to any security listed on ESX are offered, a Trading Member shall only be entitled to charge additional fees for such services as may be prescribed by The Exchange from time to time and approved by ECMA.

(3.) All brokerage fees and commissions shall be charged separately to clients.

3.4. Transaction Fees

(1.) A transaction fee as prescribed by the Board of Directors of ESX and approved by the Authority shall be payable to The Exchange on every transaction of securities listed on The Exchange.

(2.) All transaction fees payable to The Exchange shall be deducted at source and remitted to The Exchange by the applicable central securities depository, clearing and settlement party or its equivalent.

VOLUME B: MEMBERSHIP RULES

PART 1 – TRADING MEMBERS

Chapter 1 – Introduction and Categorisation of Trading Members

1.1. Short Title

These Rules may be cited as the "Rulebook of the Ethiopian Securities Exchange, 2024 (Membership Rules)".

1.2. Scope of Application

The Rules prescribed under this Volume shall be binding upon Trading Members in their relationship with The Exchange, as between themselves as Trading Members, and as relates to the business which they conduct as Trading Members of The Exchange with other entities and the general public.

1.3. Categories of Trading Members

(1.) Admission as Trading Members shall be given to the following categories:

(a.) Securities Broker;

(b.) Securities Dealer;

(c.) Market Makers;

(d.) Investment Bank (authorized to operate as a Securities Broker and/or Securities Dealer)

(e.) Dealing Member Bank that is registered as a bank with the NBE, dealing own account for government securities, and as approved by the Authority for other fixed income market products;

(f.) Any other category as may be specified by The Exchange from time to time and in line with the requirements of the Authority.

(2.) Notwithstanding the above, The Exchange, subject to approval by the ECMA, may from time to time categorize Membership Certificates in such categories as The Exchange deems relevant for the different segments of its market, for issuance to interested and eligible entities.

(3.) A Digital Sub-Broker shall not be admitted by The Exchange, and shall not be treated as a Trading Member of The Exchange.

(4.) A Trading Member shall operate within the parameters and restrictions provided by The Exchange and such licensing or registration Directives or requirements of the ECMA.

(5.) Every Trading Member shall meet the minimum operating requirements and standards as prescribed by The Exchange from time to time for the following:

(a.) Personnel;

(b.) Organizational structure;

(c.) Governance;

(d.) Technology;

(e.) Infrastructure;

(f.) Policies and processes; and

(g.) Competitiveness.

Chapter 2 – Trading Member Admission Procedures

2.1. Authority to Admit Members

(1.) The Exchange shall have the sole authority to admit Members in accordance with the provisions of these Rules.

(2.) An entity that has been admitted as a Member shall engage only in dealings that support the operation of a fair and orderly market. The Exchange may suspend and/or revoke the Membership of a Trading Member if it finds any substantial or continued failure by a Trading Member.

2.2. Application for Admission to Membership

(1.) An application for Membership shall be made in such manner as may be prescribed by The Exchange.

(2.) Only a Capital Market Service Provider, licensed by, or has an ongoing application for license at the ECMA or a Dealing Member Bank authorized by ECMA shall be eligible to apply for Membership.

(3.) Where an applicant has met the requirements for admission as a Member, The Exchange will grant an Approval- In-Principle (AIP) to the applicant, and this shall be valid for six (6) months only or for such shorter or extended period as may be decided by The Exchange, during which time the applicant is expected to complete the requirements for commencement of operations.

(4.) An AIP shall be converted to a full Membership only when The Exchange has conducted a Certification Inspection, and the applicant proves that it has met all the requirements for the commencement of operations.

(5.) Upon fulfilling the requirements for commencement of operations as a Trading Member, a Membership Certificate shall be granted.

2.3. Requirements for Approval-In-Principle

(1.) Any business organization applying for Membership shall:

(a.) Have a Capital Market Service Provider license or authorization to operate as a Dealing Member Bank from ECMA, or an ongoing application to the same.

(b.) Have the professional and technical capacity to conduct trading business in the services it is a member for;

(c.) Satisfy the qualification criteria prescribed in these Rules; and

(d.) Provide the relevant documents required to support its application.

(2.) The applicant shall provide the following in evidence:

(a.) A copy of the certificate of commercial registration and/or investment permit issued by the relevant government body;

(b.) A copy of a tax identification number;

(c.) A copy of the Capital Market Service Provider license issued by the ECMA, if issued;

(d.) Applicable incorporation documents, including the Memorandum of Association and amendments thereof, showing the shareholders, directors or partners, as may be applicable, and capital of the applicant as at the date of filing the application;

(e.) Relevant incorporation or corporate documents specifying the details of the individual beneficial owners of such shareholder as at the date of filing the application, where the applicant has a business organization as an investor or substantial shareholder;

(f.) List of individuals and entities with significant influence in the applicant business organization;

(g.) Board resolution approving the decision to obtain Trading Membership;

(h.) Corporate profile of the applicant, including the composition of its Board of Directors and its proposed or licensed Appointed Representatives;

(i.) Board charter of the applicant, where applicable;

(j.) A Business Plan which shall contain, amongst others, the Business Strategy and Objectives of the applicant stating the long term objectives of the business organization and services to be rendered;

(k.) Organogram of the applicant clearly delineating the reporting lines;

(l.) Confirmation that Senior Executive Officers have the requisite qualifications and details of the proposed or licensed Appointed Representatives who meet the fit and proper criteria for their role or function as specified by the ESX as may be in effect at the time of filing the application;

(m.) Attestation that the applicant or its Appointed Representatives

(i.) have never mismanaged, either fully or partially, any fund and has not been subject of an involuntary liquidation proceeding or the regulatory delisting of a company;

(ii.) have not been an owner, partner, director or key personnel of a business which was declared bankrupt;

(iii.) have not been involved in a conviction in a criminal proceeding or are not named subjects of pending criminal proceedings relating to fraud, theft, breach of trust, market abuse or dishonesty;

(iv.) have not been the subject of any order, judgment or ruling of any court of competent jurisdiction or regulatory body relating to fraud or dishonesty, restraining them from acting as investment advisers, dealers in securities, directors or employees of financial institutions and engaging in any type of business practice or activity;

(v.) have never been disqualified or expelled for cause from membership of any professional association, organisation, or any trade group/association, or had a practicing/operating license revoked;

(vi.) have not been found to be incapacitated on grounds of mental or physical illness by a court of competent jurisdiction;

(vii.) have not been expelled from any Securities Exchange;

(viii.) Proof of payment of the applicable fees prescribed by The Exchange which are in effect on the date of filing the application;

(n.) Financial Statements for the financial year immediately preceding the date of filing the application where the applicant has operated for a

period of twelve (12) months or more as at the date of filing the application, and a Management Account as at the end of the month immediately preceding the date of filing the application where a period of three (3) or more months has passed since the end of the aforementioned financial year. The Management Account shall be duly signed by a Public Accountant;

(o.) Audited Statement of Affairs as at the end of the month immediately preceding the date of filing the application where the applicant has operated for a period of less than twelve (12) months as at the date of filing the application;

(p.) Address of the applicant's registered office and any other office the applicant intends to operate from; and

(q.) Attestation of willingness and capacity on the part of the Trading Member to comply with the provisions of the Proclamation, ECMA's Directives, The Exchange's Rules and Regulations, and other applicable laws

(3.) An Approval-In-Principle (AIP) will be granted to an applicant where upon The Exchange has conducted:

(a.) An evaluation of its application, documents submitted in support of its application; and

(b.) An interview of its investors, members of the board of directors and top management.

(4.) An AIP will be valid for a up to a period of six (6) months during which time the applicant shall be expected to put in place all the requirements for the commencement of operations, and request in writing to The Exchange to be permitted to commence operations.

(5.) Where an applicant has been granted an AIP and has not met the requirements for the commencement of operations within 6 (six) months of the grant, The Exchange shall at its discretion grant an extension of no more than three (3) months after which the AIP shall be revoked, subject to the provisions of sub-rule (6.) of this Rule.

(6.) Notwithstanding the provisions of sub-rule (5.) of this Rule, The Exchange may extend the validity of the AIP beyond the additional three (3) months where the need for the extension is as a result of a pending activity at the ECMA, provided that the applicant has fulfilled all its requirements/obligations relating to the pending activity at the ECMA.

2.4. Certification of a Member to Commence Operations

(1.) For eligibility to commence operations as a Trading Member, an applicant must provide the following documents:

(a.) A valid Capital Market Services Licence issued by the ECMA to trade in securities;

(b.) Copy of license certificate of the requisite personnel as Appointed Representatives from the ECMA;

(c.) Undertaking by the applicant and its licensed Appointed Representatives at the date of filing the application;

(d.) Sample of client account opening forms, where applicable, which shall include but not be limited to applicable KYC requirements;

(e.) Status of compliance with technology, and risk management requirements under the ECMA Capital Market Service Providers Licensing and Supervision Directive and as specified by The Exchange under these rules and other subsidiary instruments;

(f.) Evidence of registration with a central securities depositary, or its equivalent; and

(g.) The business systems and procedures in place to properly conduct its business.

(2.) The applicant shall provide proof of opening of the following bank accounts:

(a.) A clients' bank account, clearly delineated as such, with respect to funds to be received from or on account of clients, and funds to be paid to or on account of clients, where the applicant is to be Securities Broker or Securities Dealer.

(b.) A proprietary bank account, clearly delineated as such, with respect to securities transactions from or on account of the applicant, where the applicant is to be Securities Dealer; and

(c.) An operational bank account, clearly delineated as such, with respect to funds to be received from or on account of the applicant, and funds to be paid to or on account of the applicant.

(3.) The applicant shall provide evidence of compliance with:

(a.) Any other regulatory and supervisory requirements specified by The Exchange in these Rules or any other regulation as may be in effect at the time of filing the application; and

(b.) Any other requirement as may be determined by The Exchange from time to time.

(4.) The Exchange may approve an application subject to such conditions or restrictions as it may deem appropriate including but not limited to restrictions on the applicant's scope of business and operations. The Exchange shall inform the applicant of the imposition or withdrawal of any approval condition in writing.

(5.) Upon meeting the requirements set forth in this Rule, The Exchange shall conduct a pre-certification inspection on the applicant to confirm that the applicant has met all the conditions and requirements to commence operations.

(6.) Upon fulfilment of the conditions of the pre-certification inspection, the application shall be approved, and the applicant shall be admitted as a Member to commence operations.

(7.) An applicant that is admitted shall be notified of the effective date of its Membership, and shall have its name entered into the Register of Trading Members.

2.5. Proprietary Interest of The Exchange over Membership Certificates

(1.) The Exchange shall retain sole proprietary interest over any Membership Certificate issued and each Certificate shall be returned or relinquished to The Exchange immediately in the event of the following:

(a.) A demand made by The Exchange made on justifiable grounds in particular those related to failure to comply with the provisions of these rules;

(b.) The revocation of the Membership Certificate;

(c.) The revocation of License by ECMA;

(d.) Voluntary surrender by the Trading Member; and

(e.) Winding up, liquidation or receivership of a Trading Member.

(2.) Membership of The Exchange shall not form part of a Trading Member’s assets applied towards the settlement of its liabilities but shall immediately be returned to The Exchange and the proprietary interest thereon shall immediately revert to The Exchange.

(3.) Membership rights shall not be sold or transferred to third parties.

2.6. Cessation of Trading Rights

(1.) A Trading Member's right to access The Exchange's markets shall cease and it shall not enter any orders on such markets if:

(a.) A resolution is passed by its shareholders, or a court order is made, to wind it up, or any judicial manager or similar official is appointed in respect of it;

(b.) An arrangement or composition is entered into with its creditors under any law relating to bankruptcy or insolvency;

(c.) Its Services License issued by the ECMA lapses or is suspended, as the case may be;

(d.) It is not registered with a central securities depository or other clearing or settlement-related entity or its registration in this regard has been suspended;

(e.) It is declared a defaulter by The Exchange; or

(f.) It is suspended by The Exchange.

(2.) A Trading Member whose right to access The Exchange's markets is suspended shall continue to comply with the relevant Rules. Such Trading Member shall remain liable for all obligations incurred in connection with its activities on The Exchange.

2.7. Status of a Trading Member

(1.) Except under circumstances beyond its control, a Trading Member shall not cease to carry out its day to day business activities for which it was admitted as a Trading Member.

(2.) Where a Trading Member is inactive, whether voluntary or involuntary, for a period of one (1) calendar year, The Exchange shall revoke the Membership Certificate of the Trading Member.

(3.) A Trading Member shall be considered inactive under the following circumstances:

(a.) Voluntary Inactivity: where the Trading Member has not recorded any trading activity without being suspended by The Exchange or the ECMA.

(b.) Involuntary Inactivity: where the firm has been suspended by The Exchange for any infraction.

2.8. Relinquishment of Membership

(1.) Any Trading Member that wishes to relinquish its Membership shall give The Exchange at least three (3) months' notice of its intention to do so, in writing.

(2.) A copy of the notice of relinquishment shall be posted via the applicable portal or medium of The Exchange and on The Exchange's website.

(3.) Trading Members shall advise The Exchange in writing of any outstanding debts, obligations, and commitments of the relinquishing Trading Member and of any outstanding dealings and transactions in which it may be concerned.

(4.) The Exchange, in its sole discretion, may:

(a.) Accept such relinquishment unconditionally; or

(b.) Accept the relinquishment subject to ensuring that all obligations to clients have been met, and all transactions have been settled or a succession agreement have been signed with another Trading Member in accordance with the Capital Market Service Providers Licensing and Supervision Directive.

(5.) Upon submitting its Notice of relinquishment, the Trading Member forfeits its right to carry out any trading activity, except in relation to achieving the objectives of sub-rule (4.) (b.) of this Rule.

Chapter 3 – Control, Ownership Structures and Significant Influence

3.1. Requirements for Pre-Approval and Pre-Notification

(1.) A Trading Member shall inform The Exchange in writing to request for an approval as soon as it becomes aware of a formal decision to undertake or proceed with:

(a.) Any transaction that will or may result in a change in the legal or beneficial ownership of 5% or more of the Trading Member's issued share capital; and

(b.) Any change that will or may have the effect of altering control of the Trading Member.

(2.) A Trading Member shall notify The Exchange in writing at least ten (10) business days before engaging in, or acquiring or holding any substantial shareholding or interest in any other business.

(3.) A Trading Member shall notify The Exchange in writing at least thirty (30) business days before changing its business name, relocating its head office, establishing a branch office, relocating a branch office, and/or closing a branch office.

3.2. Change in the Legal or Beneficial Ownership of a Trading Member

(1.) Where an entity wishes to acquire five per-cent (5%) or more in the shareholding of a Trading Member, the following shall be required:

(a.) The Trading Member shall request for an approval in the change of its shareholding structure to The Exchange and ECMA stating the specific number and percentage of shareholding to be acquired; and

(b.) The following documents shall be submitted along with the application:

(i.) Where the prospective acquirer is an individual, an application by the individual or The Trading Member to The Exchange requesting approval to obtain the stated shareholding;

(ii.) Where the prospective acquirer is a share company or private limited company, a Board or shareholders' resolution approving the proposed acquisition;

(iii.) Where the prospective acquirer is a partnership, provide a Partners' resolution approving the proposed acquisition;

(iv.) A copy of the duly executed share purchase or transfer agreement between the prospective acquirer and the seller;

(v.) Proposed changes in the directorship and management of the firm if any;

(vi.) Relevant undertaking to be signed by new directors and members of senior management of the firm (If there are changes);

(vii.) Approval by the ECMA in respect of new directors and Senior Executive Officers, where applicable.

(viii.) Any other document or information as may be required by The Exchange.

(2.) The Exchange shall only consent to the change in the legal or beneficial ownership of a Trading Member where:

(a.) The whole of the undertaking or any part of the undertakings or interest and the property, assets and liabilities of the transferor are being transferred to the transferee or acquiring entity; and

(b.) The Exchange is satisfied that in order to protect clients, sufficient provision has been made to cover the obligations of the transferor.

3.3. Engagement in Other Business by a Trading Member

(1.) Where a Trading Member wishes to engage in, acquire or hold any substantial shareholding or interest in any other business, the following shall be required:

(a.) The Trading Member shall pre-notify The Exchange and ECMA within the timeline specified by The Exchange; and

(b.) The following documents shall be submitted along with the notification in respect of the other business:

i. Details of the other business, including but not limited to the corporate profile, business objectives and activities, registered office, any other office the business operates or intends to operate from;

ii. Relevant financial information as may be required by The Exchange; and

iii. Any other document or information as may be required by The Exchange.

(2.) The Trading Member shall ensure that none of its proposed engagements or shareholding or interest breach the Proclamation, Directives of the ECMA, Rules of The Exchange and any other applicable law or regulation.

(3.) Trading Members shall make full and fair disclosure to The Exchange on all matters that could reasonably impair their objectivity or conflict with their obligations to prospective or existing clients, or to The Exchange.

(4.) The Exchange or ECMA may, object to any such engagement or acquisition of shareholding or interest, in which event the Trading Member shall not proceed with the engagement or acquisition of shareholding.

(5.) The Exchange may, at its discretion, impose conditions and restrictions on any engagement or acquisition of shareholding or interest.

(6.) If in The Exchange's opinion, an engagement or shareholding or interest, is detrimental to the financial integrity, reputation or interests of The Exchange, its markets, or the Trading Member concerned, The Exchange may impose or vary conditions connected with the engagement, or require the Trading Member to terminate the engagement, divest the shareholding or withdraw interest.

(7.) A Trading Member shall have in place controls and processes to ensure that its Appointed Representatives and other persons do not engage in, or acquire or hold any substantial shareholding or interest in, any other business that:

(a.) Involves a breach of the Proclamation, Directives of The ECMA, the Rules of The Exchange or any applicable law or regulation; or

(b.) Is detrimental to the financial integrity, reputation or interests of The Exchange, its markets, or the Trading Member concerned.

3.4. Establishment of a Branch Office

(1.) Where a Trading Member wishes to establish a branch office, the following shall be required:

(a.) The address and location of the proposed branch office;

(b.) Evidence of approval from the ECMA to establish the branch office, including details of the personnel that shall be responsible for managing the branch office;

(c.) A copy of the supervisory policy of the Trading Member regarding its branch offices;

(d.) Evidence of payment of appropriate fees to The Exchange for the on-site pre-certification inspection of the branch office(s), where a pre-certification inspection is deemed necessary by The Exchange; and

(e.) Any other information or document as may be required by The Exchange.

(2.) The Trading Member's branch office shall form part of the Trading Member's business and as such, all the provisions in these Rules shall apply, including but not limited to:

(a.) The proper segregation of duties at the branch office;

(b.) The branch office carrying a signage indicating the name of the Trading Member;

(c.) Safe record keeping; and

(d.) Routine and ad-hoc on-site inspections of branch offices with or without notice to the Trading Member.

(3.) Each office, department or business activity of a Trading Member shall be under the supervision and control of the Trading Member establishing it and of the personnel delegated such authority and responsibility.

(4.) The Board of Directors of each Trading Member shall provide for appropriate supervisory control and shall designate a senior member of its management who shall assume authority and responsibility for internal supervision and control of the branch and compliance with all applicable laws and regulations. This officer shall:

(a.) Delegate to qualified employees responsibility and authority for supervision and control of each office or department, and provide for appropriate procedures of supervision and control; and

(b.) Establish a separate system of follow-up and review to determine that the delegated authority and responsibility is being properly exercised.

(5.) Only senior Securities Traders or Senior Personnel sufficiently experienced or trained in supervisory and operating procedures and controls of a Trading Member are qualified persons acceptable to The Exchange to be in charge of any office of a Trading Member, except as stipulated otherwise by The Exchange in writing.

(6.) Trading Members' foreign branch offices shall only be established with prior approval of The Exchange and continuation of the arrangement shall be subject to any changes in the Rules of The Exchange as may be thereafter adopted. The Trading Member shall provide an approval letter from the relevant foreign jurisdiction to conduct the stated business.

(7.) For the purposes of these Rules, the term "foreign branch office" shall include any independently organized entity in foreign location:

(a.) from which the services of the Trading Member are being made available, or

(b.) for which the financial resources of the Trading Member are being utilized in the operation of the office, or

(c.) as to which either of the above is held out, respectively, as available or being utilized.

3.5. Relocation or Closure of an Office (Head or Branch Office)

(1.) Where a Trading Member wishes to relocate or close an office, the following shall be required:

(a.) Not less than thirty (30) calendar days' notice of the proposed closure or relocation with clear and specific reasons;

(b.) Details of the address and location of the proposed new office location, in the case of a relocation;

(c.) Evidence that clients and the general public have been given notice of the proposed closure or relocation in line with the ECMA's requirements; and

(d.) Any other information or document as may be required by The Exchange.

(2.) The Trading Member shall not close or relocate an office without obtaining a No-Objection in writing from The Exchange.

3.6. Change of Business Name

(1.) Where a Trading Member wishes to change its business name, the following shall be required:

(a.) Not less than thirty (30) business days' notice of the proposed change with clear and specific reasons;

(b.) Proposed new name; and

(c.) Evidence of approval by the ECMA of the proposed name change

(d.) Evidence that clients and the general public have been given notice of the proposed name change in line with the ECMA's requirements; and

(e.) Any other information or document as may be required by The Exchange.

(2.) The Trading Member shall not effect a change in its business name without obtaining a No-Objection in writing from The Exchange.

Chapter 4 – Capital and Financial Reporting

4.1. Minimum Capital Requirement

(1.) The minimum capital requirement for every Trading Member shall be as prescribed by the ECMA

(2.) Every Trading Member shall be under an obligation to maintain the prescribed minimum capital requirement and maintain the minimum liquidity ratio as set out by ECMA and the Exchange from time to time.

(3.) The Exchange shall put in place a mechanism to monitor the capital adequacy of the Trading Member.

(4.) Where the capital adequacy of the Trading Member falls below the minimum requirement, the Trading Member shall be required to

(a.) Immediately notify the ECMA and submit evidence of such notification/correspondence to The Exchange within twenty-four (24) hours; and

(b.) Shore up its minimum capital within a period agreed with The Exchange and approved by ECMA.

(5.) Any Trading Member that violates any provision of this Rule shall be liable to suspension from trading for a period to be determined by The Exchange and/or any other sanction as stipulated in the sanctions schedule.

(6.) The Exchange shall specify, in a specific annex to these Rules the minimum capital requirements for Market Makers. The Exchange shall specify, in the specific annex to these Rules, matters that are not covered under Volume B Chapter 9 of these Rules.

4.2. Liquidity Requirements

(1.) Every Trading Member shall at all times comply with the liquidity requirements of ECMA and as may be determined from time to time by The Exchange.

(2.) The computation of the asset mix ratio/ liquid capital and any other liquidity requirement or ratio shall be in the prescribed format as determined by The Exchange.

(3.) Every Trading Member shall compute and report its asset mix ratio, liquid capital and any other liquidity requirement to The Exchange on a monthly basis and shall notify The Exchange immediately and not later than twenty four (24) hours of the discovery of a non-compliance with the asset mix ratio, a reduction in its liquid capital, or other non-compliance with the liquidity requirements.

(4.) Any Trading Member whose liquid capital falls below the minimum requirements shall be required to recapitalize within a period to be agreed with The Exchange and such Trading Member shall be closely monitored by The Exchange to ensure that its liquid capital does not deteriorate any further.

(5.) Any Trading Member that violates any provision of this Rule shall be liable to suspension from trading for a period to be determined by The Exchange and/or any other sanction as stipulated in the sanctions schedule.

4.3. Submission of Reports

(1.) Every Trading Member shall:

(a.) Submit to The Exchange the name(s) of its External Auditor(s) within ten (10) business days of any change in that regard.

(b.) Submit to The Exchange its quarterly financial statements, audited financial statements, and any other report required by the ECMA, within the timelines stipulated by The ECMA for submission of the respective reports to the ECMA.

(c.) Submit to The Exchange any other periodic report as may be required from time to time, within the timelines stipulated by ECMA for the submission of such reports.

(d.) Prepare all financial statements in accordance with the requirements of the International Financial Reporting Standards (IFRS) as set out by the Accounting and Auditing Board of Ethiopia or any relevant Ethiopian Authority applicable to the time period covered in such financial statement(s).

(e.) Disclose in its annual accounts a list of shareholders with five per-cent (5%) or more of its share capital.

(f.) Disclose all other material changes relevant to make informed decisions regarding their activities within the year in the financial statement.

(2.) Where appropriate, a Trading Member may apply for an extension of time for the submission of its Quarterly Financial Statements or annual Audited Financial Statements. Such application for extension shall be made no later than ten (10) business days before the applicable financial statement is due for submission, and such Trading Member shall be expected to give clear and specific reasons for requesting the extension.

(3.) The decision to grant a Trading Member's request for an extension of time to submit a financial statement or any other report shall be entirely at the discretion of The Exchange and such extension shall in no event be longer than a period of one (1) month from the due date for submission for a quarterly report, and two (2) months for an annual report.

(4.) Where a Trading Member fails to submit any report on the due date or at the expiration of any extended time period granted, the Trading Member may immediately be suspended from trading by The Exchange without recourse to such Trading Member.

(5.) Where a Trading Member is suspended from trading for non-submission of any report, such suspension shall be lifted only upon submission of the required report, in addition to the fulfilment of any other obligation or condition as may be stipulated by The Exchange.

(6.) In forming his opinion on the financial statement, the External Auditor shall consider and report on the following matters:

(a.) Whether the minimum capital has been maintained;

(b.) Going concern status of the Trading Member;

(c.) Whether the financial statements contain misstatements; and

(d.) Disclosure of contraventions and fines, if any, during the year.

4.4. Prohibition of Manipulation of Financial Statements and Other Reports

(1.) Under no circumstances shall a Trading Member manipulate its financial statements or the content of any other report required by The Exchange.

(2.) Any Trading Member that violates any provision of this Rule shall be liable to suspension from trading for a period to be determined by The Exchange and/or any other sanction as stipulated in the sanctions schedule.

Chapter 5 – Management, Supervision and Internal Controls

5.1. Supervision and Internal Controls

(1.) Each Trading Member shall comply with minimum standards on internal control as prescribed from time to time by The Exchange.

(2.) Each Trading Member shall establish and maintain a system to supervise and ensure compliance of the activities of its Appointed Representatives and other personnel. The final responsibility for proper supervision rests with the Trading Member.

(3.) The supervisory system of a Trading Member shall provide for written procedures to be established, maintained and enforced that are designed to supervise the types of business in which the Trading Member is involved.

(4.) The procedures of a Trading Member must identify the individual supervisory persons and Compliance Officer(s), including their titles and qualifications.

(5.) Every Trading Member shall have the responsibility and duty to ascertain by investigation the fitness and propriety of its Appointed Representatives and other personnel.

(6.) Each Trading Member shall conduct a review, at least annually, of the business in which it engages based on the records prepared for that purpose. The review shall be reasonably designed to assist in ensuring that transactions were validly executed and client accounts are correct, as well as detecting and preventing violations of, and achieving compliance with The Exchange's Rules and Regulations.

(7.) Each Trading Member shall prepare a report pertaining to the review of the activities of each office or branch, which shall include the periodic in-house inspections.

5.2. Prior Written Consents and Notifications

(1.) Every Trading Member shall maintain policies and procedures reasonably designed to ensure that approvals are obtained prior to the taking of any action where approval is required, or that notifications are given to The Exchange where notification is required.

(2.) Every Trading Member shall keep written or other affirmative evidence of such approvals and retain such records for a period of not less than ten (10) years.

5.3. Risk Management

(1.) Every Trading Member shall:

(a.) Comply with minimum requirements and/or standards on risk management as may be prescribed from time to time by The Exchange; and

(b.) Have in place a unit in charge of risk management.

(2.) Every Trading Member shall set proper systems that ensure the efficiency of its unit in charge of risk management by using the necessary formulae and software to determine percentage of acceptable risks.

(3.) Every Trading Member shall develop and publish written communication policies and procedures that are appropriate for their business, size, structure and clients; and such policies and procedures shall include provisions for:

(a.) Reviewing and monitoring communications with their clients;

(b.) Education and training of employees as to organizational policies and procedures; and documentation of such education and training; and

(c.) Surveillance and follow-up to ensure that such policies and procedures are implemented and adhered to.

(4.) Trading Members shall put in place proper controls and procedures to safeguard their offices, and shall make provision for secure facilities for storage of client records, Securities and cash.

5.4. Legal Actions

(1.) A Trading Member must notify The Exchange immediately and not later than within twenty-four (24) hours if:

(a.) Any legal action is brought against the Trading Member, Registered Individual or other personnel of the Trading Member which is related to the business activities of the company regarding transactions on The Exchange or that could affect the going concern status of the Trading Member;

(b.) The Trading Member becomes insolvent or ceases to settle its debts; and

(c.) Criminal proceedings or prosecution proceedings are filed against any shareholder, Registered Individual or other personnel of the Trading Member.

5.5. Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT)

(1.) Every Trading Member shall abide by all AML/CFT disclosure requirements incidental to their business pursuant to the applicable laws in Ethiopia and the rules, producers and guidance provided by The Exchange on AML/CFT or other related matters.

(2.) Pursuant to the foregoing, each Trading Member shall:

(a.) Have an AML/CFT policy and train its employees on the prevention and detection of money laundering and terrorist financing, and other related activities as may be prescribed by The Exchange from time to time;

(b.) Disclose to The Exchange on a quarterly basis and in a format to be prescribed by The Exchange all proprietary accounts held by it whether directly or indirectly and with other Trading Members; and

(c.) Ensure that Appointed Representatives disclose to the Trading Member, all personal securities accounts held whether directly or indirectly and to declare the nature of interest in the securities listed on The Exchange.

5.6. Corporate Governance

(1.) All Trading Members shall be guided by the ECMA's Guidelines on Corporate Governance for Capital Market Service Providers as provided under the Capital Market Service Providers Licensing and Supervision Directive and any other corporate governance requirements as may be prescribed by the ECMA and/or The Exchange from time to time.

(2.) Failure to abide by the applicable guidelines or requirements shall be deemed to be a violation of the Rules of The Exchange.

(3.) If any Trading Member fails to comply with the provisions of the above guidelines or corporate governance requirements, The Exchange may notify

the Trading Member of such default and require that the Trading Member should provide in writing within a stipulated time frame, the reasons for such default and why it should not be sanctioned by The Exchange.

Chapter 6 – Appointed Representatives and Other Personnel

6.1. Responsibility for Appointed Representatives and Other Personnel

(1.) Without prejudice to any applicable laws, rules, directives or regulation, every Trading Member shall be responsible for all the actions of its Appointed Representatives, employees, and other personnel.

(2.) Trading Members shall thoroughly investigate the previous records of persons they contemplate appointing or employing in their business including Securities Traders and persons who regularly handle or process client's accounts and persons having supervisory responsibility over persons engaged in such activities.

(3.) The Exchange may require at any time the name, actual duties, resumes and the appropriate information regarding any person employed by a Trading Member in the business to permit The Exchange ensure compliance with its rules.

(4.) No Trading Member shall employ or retain in its employment any person whose name has been removed from the Register of Securities Traders or who has been blacklisted by The Exchange.

6.2. Obligation to Designate and Obtain Approval for Appointed Representatives

(1.) Every Trading Member shall have the following Appointed Representatives or Senior Executives:

(a.) Members of the Board of Directors approved by the ECMA in accordance with the Proclamation and the Capital Market Service Providers Licensing and Supervision Directive;

(b.) General Manager/Managing Director/Chief Executive Officer duly licensed by the ECMA as an Appointed Representative of the Trading Member;

(c.) A Compliance Officer duly licensed by the ECMA as an Appointed Representative of the Trading Member;

(d.) Clients Securities Trader(s) duly licensed by the ECMA as an Appointed Representative of the Trading Member, where the Trading Member is

duly licensed by the ECMA to sell and purchase securities on behalf of clients;

(e.) Proprietary Securities Trader(s) duly licensed by the ECMA as an Appointed Representative of the Trading Member, where the Trading Member is duly licensed by the ECMA to sell and purchase securities for its own proprietary account;

(f.) An Authorized Market Maker Trader duly licensed by the ECMA as an Appointed Representative of the Trading Member, where the Trading Member is duly licensed by the ECMA to carry out Market Making activities; and

(g.) Any other Appointed Representative or Senior Personnel as may be specified in these Rules or Directives of the ECMA, as may be amended from time to time, as well as other rules, guidelines, procedures and instruments that The Exchange may issue.

(2.) Under no circumstance shall a Trading Member:

(a.) Combine the position of a Client Securities Trader with the position of a Proprietary Securities Trader or Authorized Market Maker Trader; or

(b.) Combine the position of a Proprietary Securities Trader with the position of an Authorized Market Maker Trader.

(3.) Nothing in these Rules shall preclude The Exchange from appropriately sanctioning a Trading Member for any violation and Trading Members shall remain responsible for all the actions of their respective Appointed Representatives and other personnel.

(4.) A Trading Member must ensure that each of its Appointed Representatives undergoes adequate education and training, including such continuing education and training as The Exchange may prescribe, as may be necessary for the Appointed Representative to discharge his duties and obligations.

6.3. Code of Conduct for Appointed Representatives of Trading Members and their Obligations

(1.) All Appointed Representatives shall identify and manage any potential or actual conflict of interests in relation to the discharge of obligations and functions under these Rules.

(2.) The Exchange may blacklist or sanction any Appointed Representative that neglects any of his duties or deliberately violates the provisions of the Rules.

(3.) Where an Appointed Representative resigns his appointment or employment with a Trading Member, or otherwise ceases to be affiliated with a Trading Member of The Exchange's market, the following shall apply:

(a.) The name of the individual shall be deleted from the Register of Appointed Representatives upon the effective date of cessation;

(b.) The individual shall remain liable to The Exchange and its clients, as applicable, for any liabilities incurred under or in connection with the Rules of The Exchange during the period his registration remains valid;

(c.) The individual shall remain subject to disciplinary proceedings and action for any breach of the Rule of The Exchange committed by the individual or his Trading Member during the period his registration remains valid; and

(d.) The Exchange reserves the right to call upon the individual to give account of his actions or inactions during the period of his registration and/or during the period within which such individual was affiliated with the Trading Member and/or The Exchange's market.

6.4. Retention of Jurisdiction Over Former Appointed Representatives, Employees or Other Personnel

(1.) The Exchange shall retain continuing jurisdiction over former Appointed Representatives, employees or other personnel of Trading Member, so that it may properly investigate and enforce sanctions against possible violations of The Exchange's rules and regulations, at any time after the date that The Exchange receives written notice of the exit of such Appointed Representatives, employees or other personnel.

(2.) In the event that The Exchange asserts jurisdiction over a former Appointed Representative, employee or other personnel of a Trading Member under sub-rule (1.) of this Rule, such former Appointed Representative, employee or other personnel may thereafter be compelled to appear and testify before The Exchange, or to submit relevant books and records or other tangible materials to The Exchange, or respond to written requests from The Exchange for additional information.

6.5. Changes relating to the Position of an Appointed Representative

(1.) Where an Appointed Representative is duly licensed by the ECMA as an Appointed Representative for the same position, the conditions and timelines for notifications specified for the related notification to the ECMA shall also apply for notifications to The Exchange, excluding for the role of a Securities Trader.

(2.) Where a personnel is not licensed by the ECMA as an Appointed Representative for the same position, or where the ECMA has not specified notification requirements in respect of an Appointed Representative, the following timelines shall apply:

(a.) Not later than five (5) business days prior to the redeployment of a Personnel or an Appointed Representative, excluding a Compliance Officer;

(b.) Not later than five (5) business days prior to the effective date of resignation of a Personnel or an Appointed Representative, or within ten (10) business days of receipt of a notice of resignation, whichever occurs first;

(c.) Not later than five (5) business days after the removal or dismissal of a personnel or an Appointed Representative, excluding a Compliance Officer; and

(d.) Not later than five (5) business days after becoming aware of the death of an Appointed Representative or other Personnel or resignation/exit without notice of the same.

(3.) The provisions of sub-rule (2.) of this Rule shall not apply to the position of a Securities Trader.

(4.) Notwithstanding the provisions of sub-rules (1.) and (2.) of this Rule, every Trading Member shall notify The Exchange within one (1) business day of a change in the official contact details of a Registered Individual.

(5.) All notifications to The Exchange relating to an Appointed Representative or other personnel shall be made in writing in the format specified by The Exchange and via the designated platform or medium of The Exchange.

6.6. Members of the Board of Directors

(1.) The members of the Board of Directors of a Trading Member shall individually and collectively be responsible for any non-compliance with the provisions of these guidelines, procedures and instruments that The Exchange may issue.

(2.) Where a Director of a Trading Member is also a member of the Board of Directors of an ESX listed company, such directorship shall be disclosed to The Exchange.

(3.) A Trading Member may appoint a Director of an ESX listed company as a Non-Executive Director, but not as an Executive Director.

(4.) Under no circumstance shall a Trading Member combine the position of the Chairperson or other non-executive role on the Board of Directors with the position of the Chief Executive Officer or other executive role.

(5.) No one person shall serve as a Director in more than one (1) Trading Member at a time.

(6.) A Director of a Trading Member shall not engage in or hold significant interest in any other business unless:

(a.) there is no conflict of interests and duty with being a Director of a Trading Member; and

(b.) the Director has obtained the Trading Member's prior approval.

6.7. The Compliance Officer

(1.) The Compliance Officer of a Trading Member shall be competent to advise the Trading Member, Appointed Representatives and other personnel on the application of these Rules.

(2.) The Compliance Officer shall report to The Exchange any legal or rule violation within twenty-four (24) hours of their knowledge of such violation, and propose the appropriate remedy thereto.

(3.) The Compliance Officer designated as the head of the compliance function/team of Compliance Officers shall be a member of senior management within the organizational structure of the Trading Member, have a direct reporting line to the Board of Directors, and shall remain independent and neutral at all times to safeguard against the possibility of a conflict of interest.

(4.) Under no circumstance shall a Trading Member combine the position of the Compliance Officer designated as the head of the compliance function/team of Compliance Officers with any other competing assignments.

(5.) Notwithstanding the provisions of sub-rule (4.) of this Rule, the office of a Compliance Officer designated as the head of the compliance function/team of Compliance Officers may be combined with the roles of a Company Secretary or Legal Adviser or General Counsel or Head of Legal or Risk Officer, provided that the latter shall be a person that meets the competency requirements to perform each role.

(6.) Roles and Responsibilities:

(a.) The Compliance Officer of a Trading Member shall have the role of advising the Trading Member, Appointed Representatives and other personnel on the application of these Rules.

(b.) A Compliance Officer shall have the ability to interpret and apply legislation, rules, regulations, guidelines, policies and other regulatory requirements relevant to the capital market. This includes continuous monitoring and implementation of relevant regulations, codes and rules in force from time to time, preparation and submission of regulatory reports as at when due and adopting relevant industry and market best practices in order to minimize and/or mitigate risks.

(c.) The Compliance Officer shall focus on activities that assess, determine and ensure compliance by the Trading Member with both internal and external rules and policies.

(d.) The Compliance Officer shall also monitor regulatory changes and ensure the dissemination of updates on regulations, rules or guidelines and periodic compliance changes to the Trading Member, its Appointed Representatives and other personnel. He shall carry out compliance monitoring covering all operational areas.

(e.) The Compliance Officer shall ensure that all investments and other operational transactions comply with all relevant legislations, regulations and policies through appropriate control of systems in order to minimize and mitigate risks.

(f.) The Compliance Officer designated as the head of the compliance function/team of Compliance Officers, with the support of the Trading Member's Board of Directors and Senior Executive Officers of the Trading Member, shall develop and implement a robust compliance program which is periodically revised to reflect changes in the requirements of the organization, the applicable laws, Directives, Regulations, Rules and other instruments issued by the relevant regulatory authorities.

(g.) The Compliance Officer designated as the head of the compliance function/team of Compliance Officers shall be responsible for developing, coordinating, and participating in educational and training programs that focus on the elements of the financial or capital markets regulatory environment, and shall also ensure that all management and other employees are knowledgeable of, and comply with relevant rules and regulations.

(h.) The Compliance Officer designated as the head of the compliance function/team of Compliance Officers shall be responsible for developing policies and programs that encourage managers and employees to report violations, suspected violations and breaches without fear of victimization.

(7.) Protection of Compliance Officers:

(a.) The Board of Directors of a Trading Member shall put in place a system to ensure sufficient protection of the Compliance Officer(s) for the purpose of performing the roles and functions expected of him/her/them.

(b.) Upon the appointment of a Compliance Officer, the Trading Member shall be required to forward to The Exchange a copy of the letter of employment or letter of redeployment as the case may be, stating the conditions of service.

(c.) The Trading Member shall not unduly deny a Compliance Officer any entitlements including but not limited to promotions, salary increases, commendations, training, or any other form of compensation and rewards.

(d.) The Compliance Officer shall be entitled to communicate with any member of staff for the purpose of accessing documents necessary for the performance of his/her duties.

(e.) The Compliance Officer shall be entitled to compel any member of staff to promptly supply information, explanation, documents as may be required by relevant authorities from time to time.

(f.) No Trading Member shall remove a Compliance Officer from office whilst investigations are ongoing concerning any allegation made by the Compliance Officer.

(g.) The Compliance Officer may only be dismissed or removed during such period where the grounds for his removal are not motivated by the allegation made by The Compliance Officer against the Trading Member.

(8.) Redeployment of a Compliance Officer:

(a.) No Trading Member shall redeploy a Compliance Officer without obtaining a No-Objection from The Exchange.

(b.) Where the proposed redeployment of a Compliance Officer is as a result of an alleged infraction committed by the Compliance Officer concerned, the provisions relating to the removal of a Compliance Officer in sub-rule (9.) of this Rule shall apply.

(9.) Dismissal or Removal of a Compliance Officer:

(a.) The Compliance Officer may be dismissed or removed by the Board of Directors of a Trading Member, provided that the Compliance Officer is given a written notice of any proposed resolution thereof.

(b.) The Compliance Officer to be dismissed or removed shall be entitled to make representations in writing as well as be heard on the proposed resolution at the meeting of the Board of Directors where such proposed resolution is to be deliberated upon.

(c.) The notice on the proposed resolution to remove a Compliance Officer shall include at a minimum, the grounds for the proposed removal, giving him a period of not less than five (5) business days within which to make his written representations.

(d.) A copy of such notice shall be sent to The Exchange not later than the date the notice is sent to the Compliance Officer concerned.

(e.) Before arriving at a decision to remove the Compliance Officer concerned, the Board of Directors of the Trading Member shall satisfy itself that the grounds upon which the removal of a Compliance Officer is sought are reasonable and equitable and are in the overall interests of The Exchange's markets.

(f.) The final decision of the Board of Directors shall be communicated to The Exchange in writing within five (5) business days of the meeting at which such decision is taken. Where the final decision is to remove the Compliance Officer, the Board of Directors shall obtain a no-objection from The Exchange and ECMA before such removal is implemented.

(g.) Nothing in these Rules shall preclude The Exchange from requiring the removal of a Compliance Officer, or from prohibiting the removal of a Compliance Officer.

6.8. Securities Traders

(1.) Registration Requirement:

A Trading Member shall register with The Exchange persons who deal in securities on ESX as Securities Traders unless exempted by ESX. All exemptions shall be explicitly communicated in writing by ESX to such Trading Member and no exemptions shall be implied.

(2.) Categories of Securities Traders:

The categories of Securities Traders which a Trading Member shall employ, subject to the category of Services License issued by the ECMA to such Trading Members, are:

(a.) Securities Traders managing client trade(s)

(b.) Securities Traders managing the Trading Member's proprietary trade(s); and

(c.) Authorized Market Maker Trader(s).

(3.) Eligibility:

To be eligible for registration as a Securities Traders, an applicant shall:

(a.) Obtain the applicable Securities Trader Services License issued by the ECMA;

(b.) Undergo and successfully complete a specified programme of The Exchange on The Exchange's applicable trading system and procedures;

(c.) Be a fit and proper person, in accordance with the Authority's requirements regarding fitness and propriety;

(d.) Possess a good track record of business conduct, if applicable; and

(e.) Not be a person who has previously been disqualified by an exchange or a regulatory body in any jurisdiction from acting as a representative in respect of the relevant regulated activities.

(4.) Register of Securities Traders:

(a.) A Register of Securities Traders and the names of their employers shall be kept by The Exchange and be available to all Trading Members upon application.

(b.) Only Securities Traders who have been registered by ESX and entered into the Register of Securities Traders may deal in securities listed or traded on ESX.

(c.) Where the approval granted for the registration of a Securities Trader is withdrawn or revoked by The Exchange, such Securities Trader shall be deemed de-registered and his name shall be deleted from the Register upon the date of deemed de-registration.

(d.) The Exchange shall give reasons to the applicable individual and his Trading Member for its decision to revoke or withdraw an approval granted for the registration of a Trader.

(e.) No Trading Member shall employ or retain in its employment any person whose name has been revoked from the Register or who has been blacklisted by The Exchange.

(5.) Authority to Act:

At any point in time, a Securities Trader shall be employed by and act for only one (1) Trading Member, unless exempted by The Exchange. Any exemption shall not be implied but shall be explicitly communicated in writing by The Exchange.

(6.) Notification Requirements in the Event of, or Prior to Exit/Resignation:

A Trading Member shall notify the ESX within the following timelines:

(a.) Not later than five (5) business days prior to the effective date of the exit of a Securities Trader. However, a Trading Member shall notify The Exchange within twenty-four (24) hours of receipt of a notice of exit of a Securities Trader or of becoming aware thereof where;

(i.) the Securities Trader did not provide sufficient notice of resignation to enable the Trading Member to comply with the five (5) business days requirement; or

(ii.) in any other compelling circumstances that would warrant such notification.

(b.) Failure of a Securities Trader to provide sufficient notice of resignation to its sponsoring Trading Member shall be deemed a violation on the part of the Securities Trader, except where the Securities Trader is able to provide adequate justification to The Exchange as to his reason for the non-provision of sufficient notice.

(c.) Notwithstanding the foregoing provisions of this sub-rule, a Trading Member shall notify The Exchange immediately upon becoming aware of an action or inaction of a Securities Trader which is not in the overall interest of The Exchange, its markets and related participants.

(d.) An exit shall include but not be limited to the resignation, disengagement, redeployment, dismissal, removal or death of a Securities Trader.

Chapter 7 – Books and Records

7.1. Record of Transactions and Right of Inspection

(1.) Every Trading Member shall keep proper records and books of accounts in respect of all transactions. The Exchange may prescribe the forms in which such records and books are to be kept by Trading Members and shall inspect the records of Trading Members from time to time.

(2.) The Trading Member shall ensure that its Chief Executive Officer, Appointed Representatives (excluding Non-Executive Directors) and the Heads of all the Trading Member's Departments are present during the inspection.

(3.) Trading Members and their personnel shall cooperate fully and promptly with all inspections or investigations conducted by The Exchange or by the relevant government regulator and shall promptly respond to inquiries by The Exchange and the relevant government regulator.

(4.) The Exchange may impose a sanction as stipulated in Schedule of Administrative Sanctions if any Trading Member violates any provision of this Rule.

7.2. Client Record Keeping

(1.) Every Trading Member must have appropriate procedures and systems in place which guide the safe storage and retrieval, in a manner safe from destruction, of all record of:

(a.) Communications relating to a service rendered to a client, including instructions given by the client to the Trading Member;

(b.) Transaction documentation relating to clients;

(c.) Contractual arrangements between the Trading Member and its clients, including mandates prescribed by the Rules of The Exchange; and

(d.) Client particulars required to be provided in terms of the Rules or which are necessary for the effective operation of clients' accounts;

(2.) The client records in sub-rule (1.) shall be kept in printed, electronic and/or voice-recorded format, but must be maintained in an organized manner that is capable of reproduction in hard printed form.

(3.) Trading Members need not hold the records in sub-rule (1.) themselves but must be capable of making such records available for inspection within five (5) business days.

(4.) All instructions given by clients to execute transactions and all other client records must be kept for the minimum retention period stipulated in the applicable laws or by The Exchange.

Chapter 8 – Communication with the Public by Trading Members

8.1. General Requirements for Communicating with the Public

(1.) Trading Members shall only be permitted to exhibit outside the offices at which they carry on stockbroking business, a nameplate bearing in sufficiently legible characters, the registered name in which their business is carried on.

(2.) Every Trading Member shall ensure that any advertisement, brochure, circular or other publication which can directly or indirectly be connected to The Exchange, The Exchange's markets, and The Exchange's activities:

(a.) Contains accurate information and does not omit any important or material fact or qualification;

(b.) Is not misleading;

(c.) Contains only claims or assertions that are externally verifiable;

(d.) Contains only predictions or projections of investment performance which are accompanied by the supporting basis;

(e.) Does not imply and cannot be misconstrued to be a representation as to a guaranteed return on an investment;

(f.) Does not include descriptions, claims or comparisons which are false, exaggerated, unwarranted, as well as promissory claims about expertise, services, product, or performance of the entity or within the capital market;

(g.) Does not and will not bring The Exchange, or its related entities, other Trading Members s, into disrepute;

(h.) Does not include any intellectual property that is not owned by the Trading Member, except with the written agreement of the owner of such intellectual property;

(i.) Does not place important or material information in a legend or footnote or obscure location if the absence or lack of knowledge of such information will inhibit the public understanding of the communication; and

(j.) Considers the nature of the Trading Member's audience and provides details and explanation appropriate to such audience.

(3.) All communications by Trading Members shall:

(a.) Be drafted to clearly describe the Trading Member with the words "Trading Member of the Ethiopian Securities Exchange" or "Trading Member of ESX"; and

(b.) Reflect any relationship with any non-Trading Member of The Exchange or individual relevant to the communication.

(4.) Any comparison in communications between investments, products or services must disclose all material differences between them, including investment objectives, costs and expenses, liquidity, safety, guarantees or insurance, fluctuation of principal or return, and tax features.

(5.) Every Trading Member shall develop and establish a robust internal process to review every advertisement at senior management level before publication.

(6.) Trading Members may be required by The Exchange to discontinue, modify, retract or recall an advertisement or communication which in the opinion of The Exchange violates any provision of these Rules.

8.2. Recommendations and Testimonials in Communications of a Trading Member

(1.) Where the communication of a Trading Member includes recommendations, the communication shall:

(a.) Include a reasonable basis for the recommendations, and contain adequate disclosures, including the financial interests of the Trading Member, its Appointed Representatives, its associated or affiliated persons and/or other personnel of the Trading Member;

(b.) Provide to existing clients, the investing public, and The Exchange upon request, the investment information supporting the recommendation; and

(c.) Ensure that, in the case of a targeted communication, such recommendation is based upon a reasonable assessment that the structure and the risk-reward profile of the security is consistent with the target audience's experience, knowledge, investment objectives, risk appetite and capacity for loss.

(2.) No Trading Member shall include testimonials in communications except such testimonials are issued by a person who has the relevant competence required to form a professional opinion on the subject.

(3.) Any communication that includes a testimonial concerning a product or service offered by a Trading Member shall disclose that:

(a.) the testimonial may not be representative of the experience of other clients;

(b.) the testimonial is not a guarantee of future performance or success; and

(c.) where it was paid for, it is a paid testimonial.

8.3. Public Appearances and Speaking

(1.) Where a Trading Member sponsors or participates in a seminar, forum, radio or television interview, or is engaged in public appearances or speaking activities that are scripted or unscripted, the person representing the Trading Member shall comply with these Rules.

(2.) Every Trading Member shall establish written procedures that are appropriate to its business, size, structure and clients, to supervise public appearances by all its representatives.

(3.) Any scripts, slides, hand-outs or other written, printed or electronic materials used in connection with public appearances shall for all intents and purposes be considered as communication.

8.4. Third Party Communication

Where a Trading Member advertises or communicates using the platform of a third party, such advertisement or communication shall comply with the requirements of these Rules.

8.5. Record of Communication

(1.) Trading Members shall keep proper records of all communications issued by them for a period of not less than the data retention periods as may be prescribed from time to time by The Exchange,

8.6. Information Provided to Clients

(1.) In rendering a service to a client, any representations made and information provided by a Trading Member shall:

(a.) Be factually correct;

(b.) Be provided in plain language, devoid of uncertainty or confusion and shall not be misleading;

(c.) Not obscure key facts or risks such as with inappropriate font, formatting or placement of key information;

(d.) Include or reference all facts or caveats necessary to make any included statements not misleading;

(e.) Be adequate and appropriate in the circumstances of the particular service, taking into account the factually established or reasonably assumed level of knowledge of the client;

(f.) As regards all amounts, sums, values, charges, fees, remuneration or monetary obligations mentioned or referred to therein, be reflected in specific monetary terms, provided that where any such amount, sum, value, charge, fee, remuneration or monetary obligation is not reasonably pre-determinable, its basis of calculation shall be adequately described;

(g.) Need not be duplicated or repeated to the same client unless material or significant changes affecting that client occur, or the relevant service renders it necessary, in which case a disclosure of the changes shall be made to the client without delay; and

(h.) As regards the manner in which trading shall be conducted for an account, be re-confirmed by the Trading Member when necessary.

(2.) No Trading Member shall:

(a.) Disclose any confidential information acquired or obtained from a client about such client, unless the written consent of the client has been obtained beforehand or disclosure of the information is required pursuant to any rule, directive, regulation or law binding on the Trading Member or otherwise applicable in the circumstances; and

(b.) Fail to advise a client in advance of any restrictions or limitations that may affect the access of that client to its assets.

Chapter 9 – Market Makers

9.1. Eligibility Criteria and Designation as a Market Maker

(1.) To be eligible for designation as a Market Maker, an applicant shall:

(i.) Be a corporate entity that is deemed appropriate by The Exchange taking into consideration the following, among other conditions, as may be specified by The Exchange from time to time:

(ii.) Whether the applicant maintains the minimum capital requirements as determined by The Exchange from time to time and have a Market Maker Services License issued by the ECMA;

(iii.) Whether the applicant has an Authorized Market Maker Trader and any other competent personnel with the requisite

qualifications and experience as determined by The Exchange for trading and/or supervising trading in the relevant security;

(iv.) Whether the applicant has in place the technology infrastructure, facilities and personnel adequate for the expeditious and orderly functioning, and carrying out of its business of market making; and

(v.) Whether the applicant has in place a proper supervisory programme and a system of internal controls to ensure proper conduct of the business of market making, proper undertaking of risk management, proper management of conflict of interest, and compliance with the applicable Rules.

(2.) To be designated as a Market Maker, an applicant shall submit an application in writing in the format specified by The Exchange and via the designated platform or medium of The Exchange.

(3.) The Exchange may approve or reject an application for designation as a Market Maker for a security listed on ESX, having due regard to, among other things, the appropriateness, technology infrastructure, financial condition and fitness and propriety of the applicant, its substantial shareholders and Appointed Representatives. The factors that The Exchange may consider when approving an application to be a Market Maker shall include but not be limited to the following, whether:

(i.) The applicant or its substantial shareholders, is in the course of being wound up, or a resolution to do so is passed by shareholders, or a court order is made, to wind it up;

(ii.) Execution against the applicant or its substantial shareholders, in respect of a judgment debt has been returned unsatisfied in whole or in part;

(iii.) The applicant or any of its substantial shareholders, has entered into an arrangement or composition with its creditors that is still in operation;

(iv.) A receiver, manager, judicial manager or such other person having similar powers and duties, has been appointed, in relation to any property of the applicant, or its substantial shareholders;

(v.) The Exchange is not satisfied with the financial standing of the applicant or its substantial shareholders;

(vi.) The Exchange is not satisfied with the manner in which the applicant's business is being or to be conducted;

(vii.) The applicant, or any of its substantial shareholders, Appointed Representatives or other personnel is convicted of an offence involving fraud or dishonesty or is found by a court of law to have acted fraudulently or dishonestly;

(viii.) The applicant, or any of its substantial shareholders, Appointed Representatives or other personnel has been convicted of an offence under the Proclamation or any other relevant applicable laws and regulatory requirements relating to the regulation of markets and regulated entities;

(ix.) The Exchange is not satisfied with the applicant's record of past performance;

(x.) The Exchange is not satisfied that the applicant, any of its Appointed Representatives or other personnel are able to satisfy such experience and competency requirements as the Authority and/or The Exchange may prescribe;

(xi.) The Exchange has reason to believe that the applicant or any of its Appointed Representatives or other personnel may not perform their functions efficiently, honestly and fairly;

(xii.) The Exchange has reason to believe that the applicant may not act in the best interests of its clients, a specified security and/or The Exchange’s market(s);

(4.) The Exchange may approve an application subject to such conditions or restrictions and for such period as The Exchange may deem appropriate including but not limited to restrictions on the applicant's scope of business and operations.

(5.) The Exchange may at any time by notice in writing, vary or lift any such conditions or restrictions, or impose such further conditions or restrictions as it may think fit.

(6.) An applicant approved by The Exchange as a Market-Maker shall have its name entered in the Register of Market Makers. The Exchange shall notify all Trading Members and Market Makers of the effective date of the Market Maker's registration.

(7.) If an application for approval as a Market Maker is rejected, no further application by the same applicant shall be considered within a period of three (3) months immediately after the date of rejection.

9.2. Account and System Requirements

(1.) A Market Maker may make market in specified instruments for one or more of the following:

(a.) Its proprietary accounts; and

(b.) Proprietary accounts of its Related Companies or Associated Companies.

(2.) A Market Maker's internal systems shall be integrated with The Exchange's systems in line with The Exchange's specifications, in order to enable effective flow of market information that will facilitate and improve its decision making and trading process.

(3.) The Market Maker's internal systems shall support features which include the following:

(a.) The Exchange's specified order execution management system;

(b.) Real-time market data collection, incorporation and dissemination; and

(c.) Secure and capable connectivity.

9.3. Continuing Obligations of a Market Maker

(1.) A Market Maker shall provide on the trading system bid and offer quotations:

(a.) On a continuous basis or in such other manner as The Exchange may prescribe to provide for an adequately liquid market with suitable disclosures to the public;

(b.) Within the maximum spread specified by The Exchange;

(c.) For not less than the minimum quantity that The Exchange may prescribe from time to time;

(d.) For a minimum commitment period during which the Market Maker cannot voluntarily resign. The minimum commitment period shall be determined and communicated by The Exchange from time to time; and

(e.) In a manner that will not breach restrictions where The Exchange has imposed restrictions on trades, including but not limited to suspension, in a specified security.

(2.) Where a Market Maker ceases to provide bid and offer quotations for any reason, it shall, as soon as practicable:

(a.) Notify The Exchange of the cessation as well as the reasons for it; and

(b.) Make a public announcement of the cessation.

(3.) Upon resumption, the Market Maker shall notify The Exchange and make a public announcement as soon as practicable.

(4.) Notwithstanding the provisions of sub-rule (3.) of this Rule, where a Market Maker ceases to provide bid and offer quotations for a specified security for a period of more than ninety (90) calendar days, the approval for designation of the entity as a Market Maker for the security under consideration shall be deemed automatically withdrawn.

(5.) A Market Maker's obligation to maintain executable quotes shall not apply in case of a trading halt, suspension or pause and under the exceptional conditions as may be specified by The Exchange from time to time. No trading halt, suspension or pause shall be implied but shall be explicitly communicated in writing by The Exchange to the Market Maker.

(6.) Where a Market Maker is also performing other activities, the Market Maker shall establish and implement adequate segregation procedures and systems between their market making activities and other activities.

(7.) Every Market Maker shall ensure compliance with the information barrier requirements stipulated under these Rules, both by the Trading Member and its personnel.

(8.) A Market Maker shall give prior notification to The Exchange in writing before effecting any change to its internal control systems that may affect the carrying out of its obligations under these Rules.

(9.) Every Market Maker shall comply with the eligibility criteria stated in these Rules on a continuous basis, and shall notify The Exchange in writing within one (1) business day after the discovery of the occurrence of any of the following:

(a.) Change in capital that causes the Market Maker to fall below the minimum capital requirements;

(b.) Change in any location or place of business of the Market Maker;

(c.) Change in name of the Market Maker;

(d.) Change in the corporate structure of the Market Maker, including but not limited to shareholding composition and Board of Directors; and

(e.) A change or the occurrence of any activity or event that may adversely affect its registration or disqualify it as a Market Maker based on the Rules of The Exchange.

(10.) Nothing in this Rule shall constitute a waiver of an obligation on a Market Maker to obtain prior approval of The Exchange for a change or an activity, where required to do so as a condition for maintaining a Membership Certificate or other registration.

(11.) The Exchange may, on a periodic, ad-hoc, or impromptu basis, carry out onsite or offsite inspections of Market Makers to assess compliance with these Rules.

9.4. Reporting Obligations

(1.) A Market Maker shall in its periodic reports submitted to The Exchange, provide clear, appropriate and adequate information relating to its market making activities, including providing adequate disclosures in the notes to its financial statements.

(2.) Where deemed necessary, The Exchange may require a Market Maker to provide an independently audited report on an ad-hoc basis to enable The Exchange assess the Market Maker's performance or suitability as a Market Maker, including conditions relating to the financial standing, personnel and/or internal control procedures of the entity.

9.5. Exit of a Market Maker

(1.) The Exchange, may, in its sole discretion withdraw an approval granted for registration as a Market Maker for a security listed on ESX, having due regard to, among other things, the appropriateness, technology infrastructure, financial condition and fitness and propriety of the entity, its substantial shareholders Appointed Representatives.

(2.) A Market Maker may apply for voluntary resignation from its role as a Market Maker of a specified security only after the expiration of the minimum commitment period specified and communicated by The Exchange from time to time.

(3.) Where a Market Maker wishes to resign from its role as a Market Maker of a specified security, without prejudice to the requirements provided under the Capital Market Service Providers Licensing and Supervision Directive, it shall give a notice to The Exchange of its intention to resign not less than thirty (30) calendar days prior to the proposed date of resignation. Such notice shall be in writing in the format specified by The Exchange and via the designated platform or medium of The Exchange.

(4.) The Exchange shall have the sole discretion to accept the resignation, postpone the effective date of the resignation and/or without prejudice to the courses of action available to The Exchange, take such measures as it may determine appropriate before or after the resignation of a Market Maker takes effect.

(5.) Notwithstanding the provisions of sub-rule (4.) of this Rule, The Exchange may in its sole discretion refuse to accept the resignation of a Market Maker if it is:

(a.) Conducting an investigation under these Rules, investigating a complaint, or has initiated disciplinary proceedings against the Market Maker; or

(b.) Not satisfied that the Market Maker has fulfilled or is able to fulfil all its obligations to The Exchange.

(6.) Where a Market Maker's registration for a specified security is withdrawn or the resignation as a Market Maker in a specified security is accepted by The Exchange, the following shall apply:

(a.) No application for re-registration by the same entity as a Market Maker for the security under consideration shall be considered within a period of six (6) months immediately after the date of withdrawal or resignation;

(b.) The name of the entity shall be deleted from the Register of Market Makers of the security;

(c.) under consideration upon the effective date of the withdrawal or resignation; The entity shall remain liable to The Exchange and its clients, as applicable, for any liabilities incurred under or in connection with the Rules of The Exchange during the period of its registration in respect of a specified security; and

(d.) The entity shall remain subject to disciplinary proceedings and action for any breach of the Rule of The Exchange committed during the period of its registration.

Chapter 10 – Sponsoring Brokers, Dealers or Investment Banks for Digital Sub-Brokers

10.1. Eligibility Criteria and Recognition as a Sponsoring Investment Bank, Dealers or Broker for Digital Sub-Brokers

(1.) To be eligible for recognition as a Sponsoring Investment Bank, Dealer or Broker for a Digital Sub-Broker, an applicant shall:

(a.) Have a Membership Certificate from The Exchange to be an Investment Bank, Securities Dealer or Securities Broker;

(b.) Satisfy itself that it has all required systems and processes to provide necessary support to the Digital Sub-Broker in accordance with the applicable Directives of The ECMA; and

(c.) Ensure that the Digital Sub-Broker it intends to transact business with has obtained the requisite Services License from the ECMA.

(2.) A Trading Member shall not maintain an account with or be a client of a Digital Sub-Broker, or otherwise carry out any trading activity for its own account through a Digital Sub-Broker.

(3.) To be recognised as a Sponsoring Broker, Dealer or Investment Bank for a Digital Sub-Broker, a Trading Member shall notify The Exchange in writing in the format specified by The Exchange, at least ten (10) business days before commencing business transaction with the Digital Sub-Broker. The notification to The Exchange shall be supported by:

(a.) An original and copy of the Services License issued to the Digital Sub-Broker by the ECMA;

(b.) An original and copy of the Services License issued to the Trading Member by the ECMA;

(c.) A standard form guarantee document and indemnity completed and executed by the Trading Member; and

(d.) Any other information or document as may be required by The Exchange.

10.2. Continuing Obligations of a Sponsoring Broker, Dealer or Investment Bank

(1.) A Trading Member recognised as a Sponsoring Broker, Dealer or Investment Bank to a Digital Sub-Broker by The Exchange shall ensure that the activities of such Digital Sub-Broker in connection to The Exchange are limited to the provision of digital channels to clients for the sale and purchase of securities on The Exchange.

(2.) The Trading Member shall ensure that the Digital Sub-Broker complies with the following:

(a.) The provisions of these Rules, as may be amended from time to time, as well as other rules, guidelines, procedures and instruments that The Exchange may issue; and

(b.) All capital market laws, the Proclamation, Directives, Rule and regulations, including as they relate to Know Your Client (KYC).

(3.) The Trading Members shall be responsible for the internal review of activities of the Digital Sub-Broker and shall ensure that supervisory controls are put in place to monitor the activities of the Digital Sub-Broker.

(4.) Where a Digital Sub-Broker transacting business with a Trading Member violates any provision of these Rules, the Trading Member recognised as the Sponsoring Broker of such Digital Sub-Broker may be sanctioned by The Exchange in line with the sanction applicable to such violation.

(5.) Where the relationship between a Trading Member and a Digital Sub-Broker which was recognised pursuant to these Rules is terminated for any reason, the Trading Member shall notify The Exchange within twenty-four (24) hours of the termination and the reasons for termination.

(6.) Where the ECMA notifies The Exchange or The Exchange otherwise becomes aware of an enforcement action against a Digital Sub-Broker, The Exchange's recognition of the Trading Member sponsoring the Digital Sub-Broker shall be suspended pending the outcome of the enforcement action.

(7.) No Trading Member shall transact any business with a Digital Sub-Broker whose Services License has been suspended or revoked by the ECMA.

(8.) Where The Exchange becomes aware that a Digital Sub-Broker has violated any provision of these Rules, The Exchange may blacklist such a Digital Sub-Broker and prohibit Trading Members from engaging in any activity with the Digital Sub-Broker.

PART 3 – COMPENSATION FUND

Chapter 11 – Clients' Compensation Fund

11.1. Establishment of and Contribution to the Clients' Compensation Fund

(1.) The Exchange may maintain and operate a Clients' Compensation Fund (CCF) to be administered by an independent Board of Directors.

(2.) Such fund shall be treated and understood separately from Investor Compensation fund envisaged under Part Thirteen of the Proclamation.

(3.) As part of the conditions for commencement of operations and issuance of a Membership Certificate, each Trading Member shall pay a non-refundable sum prescribed by The Exchange from time to time, and approved by the ECMA as initial contribution to the Fund or such other amount as may be determined by The Exchange.

(4.) Without prejudice to the foregoing, each Trading Member shall pay an annual premium to the Fund as shall be prescribed by The Exchange.

11.2. Governance and Management of the Fund

(1.) The Board of Directors of the CCF of ESX shall consist of a maximum of five (5) members to be drawn as follows:

(a.) A representative from the Trading Members of The Exchange;

(b.) A representative from The Exchange;

(c.) A representative from the central securities depository;

(d.) A representative from the ECMA; and

(e.) One (1) person representing a registered shareholders association/ or similar industry group, independent experts etc.

(2.) Members of the Board of Directors of the CCF shall be appointed by The Exchange, subject to the approval by the ECMA. The appointment shall be for an initial term of four (4) years.

(3.) Subject to The Exchange's discretion and on the approval of ECMA, a member may be re-appointed for a further term of four (4) years and no more.

(4.) A member of the Board of Directors of the CCF shall cease to be a member if:

(a.) His term of office expires;

(b.) He resigns from his office by a written notice addressed to the Chairperson or Secretary of the Board of Directors of the Fund;

(c.) Before the expiration of his tenure, he ceases to be a member of the body he represents on the Board of Directors;

(d.) His membership on the Board of Directors is withdrawn by the body he represents;

(e.) He is guilty of any crime involving dishonesty or sanctioned for misconduct by any professional body or association; or convicted of a criminal offence involving dishonesty by a Court of competent jurisdiction;

(f.) On a resolution of the other members of the Board of Directors supported by at least two-thirds of its membership, is adjudged to be engaged in activities prejudicial to or inconsistent with his position as a member of the board of Directors;

(g.) He becomes incapable, mentally or physically, to perform the activities of the board. Ceases to be fit and proper.

(5.) The Board of Directors of the CCF shall be responsible for the management of the Clients' Compensation Fund and shall hold, manage and apply the Fund in accordance with the provisions of these Rules.

(6.) For the purpose of managing the Fund, the Board of Directors of the CCF may by resolution:

(a.) Engage such professionals (lawyers, accountants, auditors etc.) as it may deem necessary for the efficient performance of its functions;

(b.) Set up sub-committees to assist in the discharge of its functions, in particular for the purpose of determining the eligibility of an investor to receive compensation and the amount payable; and

(c.) Appoint a management sub-committee of not less than three (3) and not more than five (5) persons.

(7.) The Board of Directors of the CCF may by resolution delegate to any sub-committee appointed under sub-rule (6.) of this Rule all or any of its powers.

(8.) Any power, authority or discretion so delegated by the Board of Directors of the CCF shall be exercised by members forming a majority of the sub-committee as if that power, authority or discretion had been conferred on a majority of the members of the sub-committee.

(9.) Any such delegation by the Board of Directors of the CCF may at any time in like manner be rescinded or varied.

(10.) The Board of Directors of the CCF may at any time remove any member of a sub-committee appointed by it under this section and may fill any vacancy in the sub-committee howsoever arising.

(11.) A decision of the sub-committee of the Board shall be of no effect until it is confirmed or ratified by the Board of Directors of the CCF.

11.3. Payments into the Clients' Compensation Fund

(1.) There shall be paid into the Fund the following:

(a.) Contributions from Trading Members of The Exchange which shall comprise:

(i.) A mandatory non-refundable initial payment of the sum prescribed by The Exchange upon becoming a Trading Member, provided that the value of this mandatory initial payment may be changed

from time to time as determined by the Board of Directors of the CCF, subject to the approval of The Exchange and as approved by the ECMA in accordance with the Compensation Fund Regulation and/or Directives;

(ii.) An annual payment of an amount to be determined by the Board of Directors of the CCF from time to time, subject to the approval of The Exchange and as approved by ECMA; and

(iii.) Periodic payment of an amount as may be determined by the Board from time to time in accordance with Capital Market Compensation Fund Regulation to be applied towards making up any deficiency in the event that the Fund falls below the minimum amount approved for the Fund.

(b.) The interest and profits accruing from the investment of the Fund;

(c.) All funds recovered by or on behalf of the Board of Directors of the CCF in the exercise of any right of action conferred by the Proclamation and/or these Rules;

(d.) All funds paid by an insurer pursuant to any contract of insurance or indemnity entered into by a Trading Member of The Exchange or the Board of Trustee;

(e.) Any funds whether in form of grants, donations or subventions received from The Exchange or other institutions and persons;

(f.) Funds received as income from, or the proceeds of sale of any investments; and

(g.) Funds borrowed by the Board from The Exchange for the purposes of the Fund.

(h.) All other funds received by the Fund pursuant to the provisions of the Proclamation, Compensation Fund Directives, and the Capital Market Compensation Fund Regulation for the furtherance of its aims and objectives.

(2.) The Board of Directors of the CCF shall not apply the Funds towards any payment except by the authority of an ordinary resolution of the Board of Directors of the CCF or a written resolution signed by all the members of the Board of Directors of the CCF approving such payment.

(3.) The Investment Policy of the Fund shall be determined by the Board of Directors from time to time, subject to the approval of The Exchange.

11.4. Segregation of the Client Compensation Fund

All funds forming a part of the Fund shall be paid or transferred into separate bank account within the Federal Democratic Republic of Ethiopia as may be determined by the Board of Directors of the CCF from time to time with The Exchange's prior approval pending the investment or application of such funds in accordance with the provisions of the Proclamation.

11.5. Payments Out of the Fund

(1.) There shall from time to time be paid from the Fund:

(a.) Funds required by the Board of Directors of the CCF for the payment of compensation to investors, in accordance with these Rules;

(b.) Funds required for the arrangement, service or repayment of loans obtained by the Board of Directors of the CCF from The Exchange for the purposes of the Fund;

(c.) Premiums on policies of insurance taken out by the Board of Directors of the CCF for the purposes of the Fund;

(d.) All expenses incurred by the Board of Directors of the CCF in its administration and management including expenses arising from professional services in establishing the Fund, professional fees and expenses of the auditor to the Fund, expenses of the staff of the Fund, professional fees and expenses of advisers appointed by the Board of Directors of the CCF from time to time to render services to the Board of Directors of the CCF or Fund; and

(e.) Such other funds as are permissible to be paid may be payable out of the Fund in accordance with the provisions of the Proclamation.

(2.) Payments of compensation out of the Fund shall be in monetary form only.

11.6. Indemnity

The Board of Directors of the CCF and any of its members, officers or servants shall be indemnified out of the Fund against any liability for anything done or omitted in the discharge of the functions of the Board of Directors of the CCF under these Rules, unless such acts or omissions are in bad faith; and any amount payable by virtue of these Rules are to be treated as management costs for the financial year in which it is paid.

11.7. Records and Reporting

(1.) The Board of the CCF shall in line with the Compensation Fund Regulation submit to the ECMA and The Exchange an Annual Report on the activities

and administration of the Fund, covering each successive financial year, and made within three (3) months of the end of the year reported on provided that the timeline for submission of the Annual Report to the ECMA shall not apply to the Fund's first year of operation.

(2.) The Annual Report shall, *inter alia*, include the following:

(a.) Financial statements prepared in accordance with the requirements of the International Financial Reporting Standards (IFRS), and the applicable Financial Reporting laws of Ethiopia, as set out by the Accounting and Auditing Board of Ethiopia or any relevant Ethiopian Authority, showing the movements in the Fund during the year and a statement of assets and liabilities of the Fund at the end of the year;

(b.) A statement indicating all payments into the Fund and payments out of the Fund during the year;

(c.) A statement by the Chairman of the Board highlighting the activities of Fund covering the relevant financial year; and

(d.) A report of the Funds' External Auditors.

(3.) The Board shall ensure that The Exchange's auditors are not appointed as the auditors of the Fund.

(4.) The Board of Directors of the CCF shall ensure that all Annual Reports of the Fund which have been submitted to the ECMA and The Exchange shall be displayed on The Exchange's website or such other website as the Board of Directors of the CCF may decide.

(5.) The Board of Directors of the CCF shall also make quarterly reports to The Exchange, giving details of the exercise of its powers and functions.

(6.) The Board of Directors of the CCF shall notify the ECMA and The Exchange in writing of significant events occurring in the process of administering the Fund.

(7.) The Board of Directors of the CCF shall keep records which show and explain the transactions of the Fund and shall:

(a.) Disclose the financial position of the Fund at any time and enable the Board of Directors of the CCF to make reports required by these Rules; and

(b.) Maintain such records for a minimum retention period stipulated in the applicable laws or by The Exchange.

11.8. Public Enlightenment

The Board of Directors of the CCF may from time to time disseminate information to the public on the operation of the Fund in such manner as it deems fit.

Chapter 12 – Compensation of Investors

12.1. Verification of Claims

In respect of claims submitted to The Exchange by persons who allege that they have suffered pecuniary losses as provided under the Capital Market Compensation Fund Regulation and/or Compensation Fund Directives , the Board of Directors of the CCF shall make payment based on verified claims in accordance with these Rules and the provisions of the Capital Market Compensation Fund Regulation and/or the Compensation Fund Directives, as applicable.

12.2. Payment of Compensation

(1.) The Board of Directors of the CCF shall pay compensation where it is satisfied, on the basis of evidence provided by an investor or a Trading Member of The Exchange or which is available to it from other sources, that:

(a.) The investor has a claim against a Trading Member as a result of the failure of a Trading Member to meet its contractual obligations in relation to securities transaction;

(b.) The investor has duly applied for settlement of its claim from the Trading Member;

(c.) The Trading Member is unable to satisfy the claim within a reasonable period;

(d.) The investor has exhausted The Exchange's internal complaint resolution procedure;

(e.) The investor has duly applied for compensation from the Fund; and

(f.) The Exchange has verified the claim.

(2.) An application for compensation may be rejected if:

(a.) The claim is not supported by evidence or proof of the contractual relation with the Trading Member of The Exchange, the loss suffered by the investor and that the Trading Member has refused, failed or neglected to respond to such claim;

(b.) The claim is not promptly made and in any event within the six (6) months of the investor becoming aware of the issue and that the Trading Member is unable to meet its contractual obligation or after final determination of the matter through relevant dispute settlement channels;

(c.) If it has not been extinguished by operation of the law;

(d.) If it has been settled by any other scheme or policy including another compensation scheme operated by The Exchange; or

(e.) The investor is responsible for, or has directly or indirectly profited from, events relating to the Trading Member's business which gave rise to the eventual pecuniary loss suffered by the investor.

(3.) In determining whether the investor is responsible for, or has directly or indirectly profited from, events relating to the Trading Member's business which gave rise to the pecuniary loss, the Board of Directors of the CCF shall take into account all prevailing circumstances, including but not limited to the following matters:

(a.) Whether there is a decision by a body of competent jurisdiction indicating that the investor is responsible for, or has directly or indirectly profited from events relating to the Trading Member's business which gave rise to the pecuniary loss;

(b.) Whether the investor has admitted that it is either responsible for, or has directly or indirectly profited from events relating to the pecuniary loss suffered;

(c.) Whether there is evidence provided by Trading Member or which is available to the Board of Directors of the CCF from other sources that the investor is responsible for, or has directly or indirectly profited from events relating to the eventual pecuniary loss suffered; and

(d.) Such other matters similar to the foregoing.

12.3. Multiple Claims

(1.) Where a person claims in a double capacity for himself and as the Personal Representative of a deceased investor, he is to be treated in respect of the representative claim as if he were the deceased investor without prejudice to his own personal claim, with sufficient evidence of supporting documentation to the claim on behalf of the deceased investor, including but not limited to a death certificate, letters of administration, wills, executors authorization, among others.

(2.) Where a person claims for himself and as a trustee, he is to be treated in respect of the latter claim as a different person.

(3.) Where two or more persons in partnership have a joint beneficial claim, then, the claim is treated as the claim of the partnership, otherwise each of them would be taken to have equal shares in the claim unless the contrary is proved to the satisfaction of the Board of Directors of the CCF.

(4.) Where an agent has a claim for one or more principals, the principal or principals are to be treated as having the claim, to the exclusion of the agent.

(5.) Provided that the above notwithstanding, in determining the total amount of compensation to be paid to an investor, the Board of the CCF may combine multiple claims of the investor.

12.4. Amount of Compensation

(1.) The maximum compensation payable to an investor who has suffered a loss shall be an amount that is determined by the Board of Directors of the CCF; and where the loss is less than the maximum amount fixed by the Board of Directors of the CCF at any given time, the investor may be paid the full amount of the loss, less any amount or value of all funds or other benefits received or receivable by him from a source other than the Fund in reduction of the loss.

(2.) An investor is entitled to no more than one claim for compensation where he has numerous claims against the CCF in respect of the same Trading Member.

(3.) Notwithstanding the above, the amount of compensation may be reviewed by the Board of Directors of the CCF from time to time. In determining the maximum amount of compensation payable, the Board of Directors of the CCF shall take into account circumstances prevailing in the capital market.

(4.) Where a claimant receives settlement from the Trading Member of The Exchange in respect of a claim after receiving compensation from the CCF for the same claim, the investor shall refund the funds paid to him by the CCF.

(5.) Any amount recovered by the CCF by virtue of the refund above shall be paid into the account of the CCF.

12.5. Adjusted Payments

(1.) Payments of compensation could be adjusted by the Board of Directors of the CCF where it is satisfied that in principle compensation is payable but considers that immediate payment in full would not be prudent having regard to other applications for compensation, or to any uncertainty as to the amount of the investor's overall net claim, it may determine to pay an appropriate lesser sum in final settlement or to make a payment on account.

(2.) The Board of Directors of the CCF may also determine to make a payment on account or to pay a lesser sum where the investor has any prospect of recovery in respect of the claim from any third party or through an application for compensation to any other person or authority.

(3.) The Board of Directors of the CCF may determine to reduce the compensation which would otherwise be payable to an investor in circumstances where it is satisfied that the investor is partly to blame for the loss which he has suffered.

(4.) If an investor has outstanding obligations to the CCF, the payable amount shall be reduced by the outstanding amount.

12.6. Recoveries and Subrogation

(1.) The Board of Directors of the CCF upon the payment to any investor shall be subrogated to all rights of the investor against the Trading Member concerned to the extent of such payment; and such subrogation shall include the right on the part of the Board of Directors of the CCF to recover an equivalent amount from the Trading Member of The Exchange or from the proceeds of the sale of the assets of such Trading Member.

(2.) Any amount received by the Board of Directors of the CCF by virtue of this Rule shall be paid into the Fund.

12.7. Protection for Whistle-blowers

The Board of Directors of the CCF shall establish and maintain a system to receive disclosures in respect of contraventions as provided in the Compensation Fund Directive and act on them, where appropriate.

12.8. Code of Conduct

The Code of Conduct for the members of the Board of Directors of the CCF shall be deemed to be incorporated into and made a part of these Rules.

SCHEDULE OF ADMINISTRATIVE SANCTIONS – MEMBERSHIP RULES

(1.) The administrative sanctions applicable for the violation of the provisions of the Rulebook of the Ethiopian Securities Exchange, 2024 (Membership Rules) shall be as contained in this schedule.

(2.) Where the name of a Rule or other naming convention changes, the name or naming convention shall be deemed automatically changed in this sanctions schedule.

(3.) Where any suspension is placed in connection to a violation, such suspension shall only be lifted where all obligations, related or unrelated, have been settled.

Chapter	Rule	Sanction Applicable to a Trading Member/Appointed Representative	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
1	1.3 Categories of Trading Members	Suspension until the violation is remedied	N/A	N/A
Introduction and Categorisation of Trading Members				
2	2.6. Cessation of Trading Rights	Revocation of Membership Certificate	Withdrawal of Registration, Blacklisting	N/A

Chapter	Rule	Sanction Applicable to a Trading Member/Appointed Representative	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
Trading Member Certification Procedures	2.7. Status of a Trading Member?	Suspension – Revocation	N/A	N/A
3 Control, Ownership Structures and Significant Influence	All Rules in Chapter 3 (Control, Ownership Structures and Significant Influence)	200,000 Birr – 300,000 Birr per violation	N/A	A repeat offender within a period of one (1) year shall be liable to a suspension for at least ten (10) business days.
4 Capital and Financial Reporting	4.1. Minimum Capital Requirement	● 5,000 Birr for each day the entity fails to notify The Exchange for a maximum of 30 days; and/or ● Suspension until the violation is remedied.	N/A	N/A
	4.2. Liquidity Requirements	● 5,000 Birr for each day the entity fails to notify The	N/A	N/A

Chapter	Rule	Sanction Applicable to a Trading Member/Appointed Representative	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
		Exchange for a maximum of 30 days; and/or ● Suspension until the violation is remedied.		
	4.3. Submission of Reports	● 5,000 Birr per day of default for a maximum of 30 days; and ● Suspension after the 30th day for at least ten (10) business days or until the violation is remedied, whichever occurs last.	N/A	N/A
	4.4. Prohibition of Manipulation of Financial Statements and Other Reports	● 200,000 Birr – 300,000 Birr per violation; and/or ● Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	50,000 Birr – 75,000 Birr per violation	N/A
5	5.1. Supervision and Internal Controls	150,000 Birr – 250,000 Birr per violation	N/A	A repeat offender within a period of one (1) year shall be

Chapter	Rule	Sanction Applicable to a Trading Member/Appointed Representative	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
Management, Supervision and Internal Controls				liable to a suspension for at least ten (10) business days.
	5.2. Prior Written Consents and Notifications	100,000 Birr – 150,000 Birr per violation	N/A	N/A
	5.3. Risk Management	100,000 Birr – 150,000 Birr per violation	N/A	N/A
	5.4. Legal Actions	100,000 Birr – 150,000 Birr per violation	N/A	N/A
	5.5. Anti-Money Laundering/ Combating the Financing of Terrorism (AML/CFT)	● 500,000 Birr – 750,000 Birr per violation; ● Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last;	● 150,000 Birr – 300,000 Birr per violation; ● Temporary/permanent deregistration/removal ; ● Blacklisting; and/or	N/A

Chapter	Rule	Sanction Applicable to a Trading Member/Appointed Representative	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
		● Revocation of Membership Certificate; ● Blacklisting; and/or ● Referral for criminal prosecution.	● Referral for criminal prosecution.	
	5.6. Corporate Governance	100,000 Birr – 150,000 Birr per violation	N/A	N/A
6 Appointed Representatives and Other Personnel	6.1. Responsibility for Appointed Representatives and Other Personnel	● 200,000 Birr – 300,000 Birr per violation; and/or ● Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	N/A	N/A
	6.2. Obligation to Designate and Obtain Approval for Appointed Representatives	100,000 Birr – 150,000 Birr per violation	N/A	N/A

Chapter	Rule	Sanction Applicable to a Trading Member/Appointed Representative	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
	6.3. Obligations of and Code of Conduct for Appointed Representatives of Trading Members	N/A	● Referral to professional body(ies) or association(s); ● Temporary/permanent deregistration/removal; ● Blacklisting; and/or ● Referral for criminal prosecution.	N/A
	6.4. Retention of Jurisdiction Over Former Appointed Representatives, Employees or Other Personnel	N/A	● Referral to professional body(ies) or association(s); ● Temporary/permanent deregistration/removal; ● Blacklisting; and/or ● Referral for criminal prosecution.	N/A

Chapter	Rule	Sanction Applicable to a Trading Member/Appointed Representative	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
	6.5. Changes relating to the Position of an Appointed Representative or other personnel	100,000 Birr – 150,000 Birr per violation	N/A	N/A
	6.6. Members of the Board of Directors	● 100,000 Birr – 150,000 Birr per violation; and/or ● Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	● 35,000 Birr – 50,000 Birr per violation; and/or ● Temporary/permanent deregistration/removal ; and/or ● Blacklisting.	N/A
	6.7. Chief Compliance Officer	● 200,000 Birr – 300,000 Birr per violation; and/or ● Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	● 50,000 Birr – 75,000 Birr per violation; and/or ● Temporary/permanent deregistration/removal ; and/or ● Blacklisting.	N/A

Chapter	Rule	Sanction Applicable to a Trading Member/Appointed Representative	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
	6.8. Securities Traders	● 200,000 Birr – 300,000 Birr per violation; and/or ● Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	● 50,000 Birr – 75,000 Birr per violation; and/or ● Temporary/permanent deregistration/removal ; and/or ● Blacklisting.	N/A
7 Books and Records	7.1. Record of Transactions and Right of Inspection	● 200,000 Birr – 300,000 Birr per violation; and/or ● Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	● 35,000 Birr – 50,000 Birr per violation; and/or ● Temporary/permanent deregistration/removal ; and/or ● Blacklisting.	N/A
	7.2. Client Record Keeping	● 200,000 Birr – 300,000 Birr per violation; and/or ● Suspension for at least ten (10) business days or until the	N/A	For a Trading Member, additional fine of 2,500 Birr per day of default until the violation is remedied, subject to a maximum of 30 days.

Chapter	Rule	Sanction Applicable to a Trading Member/Appointed Representative	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
		violation is remedied, whichever occurs last.		
8 Communication with the Public by Trading Members and Appointed Representatives	All Rules in Chapter 8: Communication with the Public by Trading Members	● 200,000 Birr – 300,000 Birr per violation; and/or ● Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	● 35,000 Birr – 50,000 Birr per violation; and/or ● Temporary/permanent deregistration/removal; and/or ● Blacklisting.	Where a Trading Member is directed to withdraw an advertisement, communication, information, etc., an additional fine of 2,500 Birr per day of default until the violation is remedied, subject to a maximum of 30 days.
9 Market Makers	All Rules in Chapter 9: Market Makers	● Written warning/caution; ● 200,000 Birr – 300,000 Birr per violation; ● Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; and/or ● Withdrawal of registration.	N/A	N/A

Chapter	Rule	Sanction Applicable to a Trading Member/Appointed Representative	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
10 Sponsoring Brokers for Digital Sub-Brokers	All Rules in Chapter 10: Sponsoring Brokers for Digital Sub-Brokers	● Written warning/caution; ● 200,000 Birr – 300,000 Birr per violation; ● Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; and/or ● Withdrawal of registration.	N/A	N/A
11 Clients' Compensation Fund	. Payments into the Clients' Compensation Fund	● 100,000 Birr – 150,000 Birr per violation; and/or ● Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	N/A	N/A

VOLUME C: LISTING RULES

PART 1 - GENERAL PROVISIONS

Chapter 1 – Introduction

1.1. Short Title

These Rules may be cited as the "Rulebook of the Ethiopian Securities Exchange, 2023 (Listing Rules)"

1.2. Purpose

The purpose of these Rules is to set out the requirements that shall be complied with by all Issuers or other persons to whom these Rules are directed, seeking admission to the Official List of The Exchange and the manner in which securities are to be offered, and the Continuing Obligations of Issuers.

1.3. General Principles

(1.) The General Principles which are set out below, from which the Main Body of the listing rules is derived from, shall be observed in all submissions pertaining to securities sought to be listed, and securities that are already listed on The Exchange.

(2.) The Exchange has discretion to waive the application of a requirement contained in the Main Body of these Rules. If a user has any doubt as to the interpretation or application of the Listing Rules, the user must consult The Exchange.

(3.) The General Principles on which these Rules are made are to ensure:

(a.) The existence of an orderly market for raising of capital in the primary market, an efficient mechanism for the trading of securities in the secondary market, and to protect investors;

(b.) That securities will be listed on the Official List only if The Exchange is satisfied that it is appropriate for those securities to be listed;

(c.) That accurate, full, equal, and timely public disclosure of information is made to all holders of securities and the general public regarding the activities of an Issuer;

(d.) That holders of relevant securities are afforded adequate opportunity to consider in advance and, where applicable, vote upon any of the following:

(i.) substantial changes in an Issuer's business operations; and

(ii.) other matters affecting an Issuer's constitution or the rights of holders of securities including, decisions on altering the

memorandum of association, the capital, distributions to shareholders, or altering the rights of security holders, etc.

(e.) To ensure that all parties involved in the dissemination of information into the marketplace, whether directly to holders of securities or to the public, observe the highest standards of care in doing so;

(f.) To ensure that all holders of the same class of securities of an Issuer are accorded fair and equal treatment in respect of their securities;

(g.) The Listing Requirements, and in particular the Continuing Obligations, promote investor confidence in standards of disclosure and corporate governance in the conduct of Issuers affairs and in the market as a whole; and

(h.) That the business of The Exchange is carried on with due regard to the public interest.

1.4. Obligation to Comply

(1.) All Issuers are obligated to comply with these Rules.

(2.) All Issuers are obligated to maintain the minimum listing requirements, to the extent applicable, for the duration of their listing on the applicable listing board of ESX.

Chapter 2 – The Authority of The Exchange

2.1. General Powers of The Exchange

(1.) Subject to the provisions of the Proclamation and the Directives of ECMA, The Exchange has the authority to:

(a.) Prescribe, from time to time, the Listing Requirements with which an Issuer seeking listing shall comply with before its securities are listed;

(b.) Prescribe, from time to time, Continuing Listing Obligations for Issuers whose securities are listed shall comply with;

(c.) Grant, refuse, waive or suspend a listing of securities in accordance with the provision of the applicable Listing Rules;

(d.) Administer the Continuing Listing Obligations which shall apply to all Issuers whose securities are listed;

(e.) Review, from time to time, the Listing Rules to ensure conformity with applicable Ethiopian laws, securities' regulations and international best practices;

(f.) Revise, or waive a Listings Requirement, Continuing Listing Obligations prescribed before or after a listing is granted and to prescribe additional Listing Requirements or Continuing Listing Obligations from time to time;

(g.) Prescribe the circumstances under which listings of securities shall or may be suspended or removed; and

(h.) Do such other things incidental to the performance of the above powers or as may be expedient in the circumstance.

(2.) The powers indicated above are not exhaustive and the Board of Directors may add thereto or subtract therefrom as considered necessary, subject to the approval of the ECMA.

(3.) The Exchange may waive any of the Listings Requirements if it is satisfied that the Issuer has sufficient and satisfactory reasons why such requirements are not applicable or should be waived, subject to approval of ECMA, provided that:

(a.) Such waiver is not detrimental to the interest of the public; and

(b.) It is established that the:

(i.) Issuer cannot comply with the requirement or it would be unreasonable or unduly burdensome for the Issuer to do so;

(ii.) the requirement has no relevance to the circumstances of the Issuer; or

(iii.) compliance with the requirement would be detrimental to the commercial interests of the Issuer, or to the interests of the holders of its securities.

(4.) The Exchange retains the right to grant a listing to an Issuer that does not meet all its requirements or refuse a listing to an Issuer that does comply with its

Listing Requirements, on the grounds that, in The Exchange's opinion, the grant or refusal of the listing is in the interests of the investing public.

(5.) The Listings Rules, including any modification thereto shall be interpreted, administered and enforced by The Exchange; and decisions of The Exchange in respect thereof shall be binding upon every Issuer that is listed on The Exchange.

2.2. The Competent Authority

(1.) The Board of Directors of The Exchange is the competent authority responsible for:

(a.) Determining the list of securities that may be dealt with on The Exchange;

(b.) Approving applications by Issuers for the listing of securities and

(c.) Delisting of securities from the Exchange subject to approval of the Authority.

(2.) The Board of Directors may delegate some or all of its authority in relation to the Listing Rules, to relevant Committee for the purposes of carrying out pre or final evaluation or determination on listing or such other functions as may be required.

Chapter 3 – The General Requirement for Listing of Securities on The Exchange and Listing Procedure

3.1. General Requirements for Listing of Securities

(1.) Disclosure of Information:

(a.) The Exchange may require any information or document to be provided to The Exchange by the Issuer through any medium and manner as directed by The Exchange.

(b.) Where these Rules require information to be provided to The Exchange, such information shall be provided in writing both in electronic format and hard copy unless otherwise specified by The Exchange.

(c.) An Issuer or any other person to whom these Rules are directed at, shall give The Exchange any information, document or explanation that The Exchange requests.

(d.) All documents and information forwarded to or procured by The Exchange will become and remain the property of The Exchange.

(e.) The Exchange may deal with the document and information, including copying, storing in a retrieval system, transmitting to the public, publishing or disclosing all or any part of the documents and forwarding copies to any securities exchange, ECMA, relevant government bodies, authorities, or any such persons as The Exchange deems fit. The Exchange will take into consideration applicable laws on confidentiality and personal data protection, and the public interest in disclosing information obtained from the Issuer.

(f.) The Exchange may direct or instruct the Issuer to appoint an independent adviser or expert to verify any report or information which forms part of any application submitted to The Exchange and to submit the results of such verification to The Exchange directly.

(g.) The Issuer, Directors of the Issuer shall ensure that any application, proposal, statement, information or document presented, submitted or disclosed pursuant to these Rules:

(i.) is clear, unambiguous and accurate;

(ii.) does not contain any material omission; and

(iii.) is not false or misleading.

(h.) Without prejudice to sub-rule (1.) (f.) and (1.) (g.) above, all applications submitted by the Issuer to The Exchange shall be signed by the General Manager or Chief Executive Officer or duly authorized officer.

(i.) Where any statement, information or document referred to in sub-rule (1.)(g.) of this Rule has been presented, submitted or disclosed to The Exchange and the person referred to in sub-rule (1.)(g.) of this Rule subsequently becomes aware that the statement, information or document may not fulfil the requirements of sub-rule (1.)(g.) of this Rule, such person shall immediately notify The Exchange of the same.

(2.) Fees:

(a.) An Issuer shall pay to The Exchange such fees as may be prescribed by The Exchange from time to time. Applicable fees payable are as contained in ESX Fee Schedule that is annexed to this Rulebook.

(b.) The Exchange may waive any fee on a case-by-case basis as it deems fit.

(3.) Approval

(a.) In line with these rules, The Exchange has discretion concerning the listing of securities on its Official List and may approve or reject applications for the listing of securities.

(b.) Where The Exchange approves an application for listing, such approval may be unconditional or subject to such conditions, as it deems fit.

(c.) In granting approval for listing of securities, The Exchange considers amongst others, whether:

(i.) shareholder approval is required under these Rules;

(ii.) the application by the Issuer affects the Issuers' public float.

(d.) The Exchange may, in the interest of the public, reject an application even when the Issuer has met all the requirements for its additional securities to be admitted to the Official List of The Exchange.

(e.) Where The Exchange rejects an application made pursuant to these Rules, it shall disclose the reasons for its decision.

(f.) The application of this provision shall not set aside mandatory securities registration requirements set out under the Proclamation and relevant directives of ECMA.

(4.) Listing Procedure:

Unless The Exchange prescribes otherwise, the following sets out the step-by-step listing process:

(a.) The Issuer shall submit a listing application to The Exchange. The documentary requirements for listing application are provided under Part 2 of this Volume for equity listing, Part 4 of this Volume for fixed income securities, Part 5 of this Volume for ETFs and Part 6 of this Volume for Sharia compliant securities. The listing application shall be accompanied with evidence of payment of the appropriate fee as prescribed by The Exchange on the date of filing the application.

(b.) An application will only be considered as having been filed when all complete document(s)/information have been submitted to The Exchange for its due diligence check to the suitability of the Issuer to be admitted to the Official List of The Exchange.

(c.) The Exchange considers whether the application satisfies the Listing Requirements and will decide whether to approve (with or without conditions). Listing will not be permitted until all conditions set out in the approval letter issued by The Exchange have been satisfied.

(d.) Where a prospectus is required to be issued, the Issuer shall lodge the prospectus with the ECMA for approval and submit the approved copy, alongside certificate of registration to The Exchange.

(e.) Where the security to be listed was issued in a prospectus (or other offer documents in line with ECMA Directive) dated more than twelve (12) months prior to the date of the listing application, The Exchange will require a supplementary prospectus, providing updates to the material changes in the information contained in the prospectus or applicable offer document since the date of issue.

(f.) The Exchange may require further information from the Issuer in addition to what was prescribed for disclosure prior to the listing.

(g.) If the listing entails an offer of securities to the public, the Issuer invites applications to subscribe for or purchase of the securities. After the offer closes, the Issuer shall announce the outcome of the offer, and where appropriate, the level of subscription and the basis of allotment, and the subscription rate reflecting the true level of demand for the offer.

(h.) On satisfaction of the conditions expressed in the approval letter issued by The Exchange, the Issuer is admitted to the Official List at the discretion of The Exchange.

3.2. Conditions for Listing

After The Exchange's decision to admit new securities or additional securities, the Issuer shall take the following steps before its securities are admitted to the Official List of The Exchange:

(1.) Commit to fully indemnify The Exchange and its Indemnified Persons and hold them indemnified against any loss, damage, liability, cost or expense (including legal costs) suffered or incurred by The Exchange, whether directly or indirectly, as a result of any demand, action or proceeding by any person for, on account of, or in respect of the publication, release or dissemination by The Exchange of any such statement, information or document for or on behalf of an Issuer.

(2.) Submit original executed copies of the Letter of Indemnity and Declaration of Compliance in the format as prescribed by The Exchange, dated and signed

by two (2) directors, or a director and the company secretary of the Issuer as the case may be.

PART 2 – LISTING OF EQUITY SHARES

Chapter 4 – Requirements for Listing of Equity Shares on The Exchange

4.1. Applicability

These requirements are generally applicable to share companies seeking to list their equity shares on The Exchange.

4.2. Equity Listing Boards of The Exchange

The Exchange may maintain different equity Listing Boards such as:

(1.) Main Board;

(2.) Growth Board; and

(3.) Any other Board that may be created by The Exchange from time to time.

4.3. Mode of Listing

An Issuer seeking to list its equity shares on The Exchange may do so through any of the following:

(1.) Initial Listing: Initial listing of equity shares can be via any of the following methods:

(a.) Listing by Introduction;

(b.) Initial Public Offer (Offer for Sale/ Offer for Subscription);

(c.) Reverse merger; and

(d.) Any other method as prescribed by The Exchange from time to time.

(2.) Supplementary Listing: Supplementary listing of equity shares can be via any of the methods as indicated in Rule 7.1 below.

4.4. General Requirements

(1.) Listing Requirements: In addition to complying with The Exchange's Rules governing or relating to the listing of securities, the Issuer shall:

(a.) comply with the relevant provisions of the Proclamation, Commercial Code, Directives of the ECMA and/or any other applicable company legislation and statutory requirements;

(b.) have ECMA approved prospectus/registration statement to conduct a public offer and/or a registered securities certificate;

(c.) be a going concern or be the successor of a going concern, i.e. not in liquidation or its board has not proposed for it to be liquidated.

(d.) ensure that the equity shares for which listing is sought shall be fully paid up and freely transferable;

(e.) ensure that shares in each class for which listing is sought shall carry the same rights as regards dividend, capital, redemption, unrestricted transfer, attendance, voting at meetings; and rank *pari passu* in all other aspects;

(f.) ensure that shares for an application for initial listing shall relate to all shares of that class issued and to be issued.

(g.) meet the minimum Public Float requirement applicable to the Board for which listing is sought; and

(h.) ensure compliance with any other requirement as may be prescribed by The Exchange from time to time.

(2.) Incorporation Documents: the Issuer shall ensure that:

(a.) the applicable incorporation documents, including the Memorandum of Association and amendments thereof and any other applicable document, show the current shareholders, directors, and capital of the Issuer, at the time of filing the application with The Exchange.

(b.) where any corporate entity or the institutional investor holds five percent (5%) or more of its shares, the Issuer shall provide relevant incorporation, corporate documents specifying the details of the beneficial owner(s) as at the date of filing the application.

(3.) Corporate Governance: The Issuer shall ensure:

(a.) that each of its Directors including the Chief Executive and Chief Financial Officer has the character, experience, integrity, competence and time to effectively discharge their respective roles as Directors, Chief Executive or Chief Financial Officer.

(b.) compliance with the applicable corporate governance requirements.

Chapter 5 – Requirements for Initial Listing on the Main Board of The Exchange

5.1. ESX Main Board Listing

In addition to complying with the general requirements set forth in Chapter 3 and Rule 4.4 above, an Issuer applying for the Initial Listing of its equity shares on Main Board of The Exchange shall meet the following conditions:

(1.) Operating Track Record:

(a.) An Issuer shall have an operating track record of at least three (3) years.

(b.) Where the Issuer does not have three (3) years' operating track record the Issuer shall provide evidence of a core investor who has at least three (3) years' operating track record with substantial equity and involvement in management of the Issuer.

(c.) An Issuer or core investor (where applicable) shall have been engaged in substantially the same core business and have been under substantially the same management throughout the period for which the three (3) years' operating track record applies.

(d.) The Exchange, may, depending on the nature of the industry and regulatory framework, including the presence of sector regulator, reduce or waive the requirements of sub-rule (1.)(a.) and (b.) of this rule. The Exchange shall notify the ECMA of its decision and the reasons taken into account.

(2.) Profitability:

The Issuer or core investor/technical partner must have declared profits after tax at least once in the last three (3) financial years immediately preceding the date of application.

(3.) Financial Statements for the Operating Track Record Period:

(a.) The financial statements for each of the last three (3) years shall be prepared in accordance with International Financial Reporting Standards (IFRS) or applicable accounting standards in Ethiopia as set by the Accounting and Auditing Board of Ethiopia or any relevant Ethiopian Authority.

(b.) An Issuer's financial statements shall not be qualified in a material way.

(4.) Market Capitalization:

(a.) An Issuer shall have a total market capitalization/ shareholders' equity of at least Five Hundred Million Birr (ETB 500,000,000) upon listing.

(b.) The market capitalization shall be derived based on the issue/listing price and post-invitation issued share capital.

(5.) Public Float

(a.) An Issuer shall have a minimum of fifteen percent (15%) of the total number of shares for which listing is sought in the hands of a minimum number of three hundred (300) public security holders or an investment bank that serves as a firm underwriter or institutional investors

(b.) Notwithstanding the provisions of sub-rule (5.)(a.) of this Rule, an issuer with a market capitalization of at least Two Billion Birr (ETB 2,000,000,000) may be permitted by The Exchange to maintain a reduced public float of ten percent (10%).

(c.) In the computation of the percentage of shares to be held in public hands, existing public shareholders may be included provided such shares are not under moratorium.

(6.) Application Documents

(a.) An Issuer shall submit all the applicable documents as prescribed by The Exchange from time to time.

(b.) The Exchange shall publish a checklist indicating the documents to be submitted.

(c.) The Exchange may vary the list of documents required from time to time.

(d.) Any other requirement as may be prescribed by The Exchange from time to time.

5.2. Additional Requirements

(1.) Moratorium for an Initial Public Offering (Offer for Subscription/Offer for Sale):

(a.) The purpose of a moratorium is to ensure directors, significant shareholders, and core investors/technical partners remain committed to the Issuer and fully align their interests with that of public shareholders.

(b.) Without prejudice to the requirements under the Public Offer and Sale of Securities Directive in relation to core investors of a company under formation, the Parties identified above shall not reduce their holdings by

more than fifty percent (50%) within a minimum period of twelve (12) months from the date of listing. Such persons shall submit an undertaking not to sell, assign, transfer, lend, or pledge the shares during this period.

(c.) The Exchange may waive or reduce the above requirement where it is not against the interest of the investing public

(2.) An Issuer shall contractually undertake to The Exchange in the form prescribed by The Exchange that the Issuer shall, from the date of listing, promptly provide certain information about its operations, and that it will follow certain administrative procedures, and comply fully with all the Continuing Listings Obligations of The Exchange.

(3.) Prior to listing, an Issuer shall submit the original executed Listing Undertaking, in the format as prescribed by The Exchange, dated and signed.

Chapter 6 – Requirements for Initial Listing on The Growth Board of The Exchange

6.1. ESX Growth Board Listing

An Issuer seeking to list on ESX Growth Board is expected to meet the following conditions in addition to complying with the general requirements set forth in Chapter 3 and Rule 4.4 above:

(1.) Operating Track Record:

(a.) An Issuer shall have an operating track record of at least two (2) years. Where the Issuer does not have up to two (2) years' operating track record, the Issuer shall provide evidence of a core investor who has at least two (2) years' operating track record.

(b.) An Issuer or core investor(where applicable) shall have been engaged in substantially the same core business and have been under substantially the same management throughout the period for which the two (2) years' operating track record applies.

(2.) Growth Prospect:

An Issuer must have grown its revenue by a minimum rate of twenty percent (20%) annually in its last two (2) years of operations. Where the Issuer has not been in operation for two (2) years' operating track record that applies, the Issuer must display growth potential of the same percentage through its core investor/technical partner.

(3.) Financial Statements:

(a.) The financial statements of the issuer or the issuer's core investors must be prepared in accordance with International Financial Reporting Standards (IFRS) or applicable accounting standards in Ethiopia as set by the Accounting and Auditing Board of Ethiopia or any relevant Ethiopian Authority.

(b.) An Issuer's accounts shall not be qualified in a material way.

(4.) Public Float:

(a.) An Issuer shall have at least ten percent (10%) of the total number of shares for which listing is sought in the hands of a minimum number of fifty (50) public shareholders or an investment bank that serves as a firm underwriter or other institutional investors.

(b.) In the computation of the percentage of shares to be held in public hands, existing public shareholders may be included, provided such shares are not under moratorium.

(5.) Market Capitalization:

(a.) An Issuer shall have a total market capitalization (i.e. subscribed and paid-up capital) of at least ETB 50,000,000.00 (Fifty Million Birr) upon listing.

(b.) The market capitalization is derived based on the issue/listing price and post-invitation issued share capital.

(6.) Application Documents:

(a.) An Issuer shall submit all the applicable documents as prescribed by The Exchange from time to time.

(b.) The Exchange shall publish a checklist indicating the documents to be submitted.

(c.) The Exchange may vary the list of documents required from time to time.

(d.) Any other requirement as may be prescribed by The Exchange from time to time.

6.2. Additional Requirements

(1.) Initial Public Offering (Offer for Subscription/Offer for Sale): Moratorium:

(a.) The purpose of a moratorium is to ensure that promoters, directors, majority shareholders, and core investors/technical partners remain committed to the Issuer and fully align their interests with that of public shareholders.

(b.) Without prejudice to the requirements applicable to core investors in relation to companies under formation in the Public Offer and Sale of Securities, the Parties identified above shall not reduce their holdings by more than fifty percent (50%) within a minimum period of twelve (12) months from the date of listing. Such persons shall submit an undertaking not to sell, assign, transfer, lend, or pledge the shares during this period.

(2.) An Issuer shall undertake to The Exchange in the form prescribed by The Exchange that the Issuer shall, from the date of listing, promptly provide certain information about its operations and that it will follow certain administrative procedures, and comply fully with all the Continuing Listings Obligations of The Exchange.

(3.) Prior to listing, an applicant shall submit the original executed, in the format as prescribed by The Exchange, copy of the Listing Contract.

Chapter 7 – Requirements for Supplementary Listing of Equity Shares

7.1. Applicability

These requirements apply to Issuers whose initial equity shares have already been admitted to the Official List of The Exchange and who intend to list additional equity securities. Issuers may list additional shares via:

(1.) Offer for Subscription;

(2.) Offer for Sale;

(3.) Preferred Rights of Subscription;

(4.) Bonus Issue;

(5.) Share-based payments;

(6.) Merger and Acquisition;

(7.) Convertible Instruments; and

(8.) Any other methods as may be approved by The Exchange from time to time.

7.2. General Requirements

(1.) Issuers shall comply with The Exchange's Rules governing or relating to the listing of securities especially the general requirements for listings as set out in Rule 4.4 of these Rules, comply with the relevant provisions of the Proclamation, Commercial Code, Directives of the ECMA and/or any other applicable company legislation and statutory requirements.

(2.) An application for supplementary listing will only be considered as having been filed when all complete document(s)/information have been submitted to The Exchange.

(3.) An Issuer shall submit the applicable documents as prescribed by The Exchange from time to time and as contained in the applicable checklist published on The Exchange Website.

(4.) Any other requirement as may be prescribed by The Exchange from time to time.

7.3. Specific Listing Requirements

(1.) Additional Requirements for Preferred Rights of Subscription: An Issuer seeking to list additional equity shares through a rights issue shall:

(a.) ensure that the record date for the rights issue is not determined prior to:

(i.) obtaining shareholder and board of director approval in a general meeting for the rights issue;

(ii.) obtaining the ECMA's approval of the application for the rights issue;

(iii.) obtaining The Exchange's approval for the listing of the rights issue; and

(iv.) executing the underwriting agreement, where applicable.

(b.) ensure that the rights issue price is not higher than the market price of the existing listed shares of the same class.

(c.) provide any other document/information as may be prescribed by The Exchange from time to time.

(2.) Additional Requirements for Bonus Issue:

(a.) An Issuer issuing additional equity shares through a bonus issue shall ensure that the record date for the bonus issue is not determined prior to the following:

(i.) obtaining shareholders' approval and board of directors approval in a general meeting for the bonus issue; and

(ii.) obtaining the ECMA's registration for the bonus issue.

(b.) The Exchange may from time to time prescribe any additional document.

(3.) Additional Requirements for Share-based Payments: Where an Issuer intends to undertake a share-based payment, the Issuer shall:

(a.) submit a copy of the final and approved share-based payment scheme document stating the terms and conditions of the share issuance scheme.

(b.) Obtaining the ECMA's registration for share-based payments

(c.) submit any other document as may be prescribed by The Exchange from time to time.

(4.) Additional Requirements for Mergers and Acquisition:

(a.) Merger and Acquisition is a general term used to describe the consolidation of companies or assets through various types of financial transactions, including mergers, acquisitions, consolidations, tender offers, purchase of assets, and management acquisitions.

(b.) An Issuer may seek to list shares arising from one or more of the following:

(i.) Where the Issuer in the merger and acquisition issue shares to shareholders of the target company as a consideration for the acquisition of assets of the target company or for the acquisition of shares held by the shareholders in the target company.

(ii.) In a case of merger and acquisition, where the surviving entity is already listed on The Exchange, the Issuer shall apply to The Exchange for the listing of the additional shares issued as a result of the merger or acquisition.

(iii.) With respect to a merger and acquisition between a listed company and an unlisted company, whereby the surviving entity will be the unlisted company, the following shall apply:

1. The surviving entity shall get approval from ECMA to acquire the shares of the listed company.

2. The shares of the listed company shall be delisted.

3. The surviving entity may seek listing on The Exchange and shall comply with the eligibility criteria for listing on the desired Board of The Exchange on which it applies to be listed.

(5.) Additional Requirements for Capital Reconstruction:

(a.) An Issuer may restructure its capital through any one of the mechanisms described below:

(i.) Share Split: under share split, a company adjusts its capital base by increasing the number of outstanding shares and decreasing the par value of the shares in the same proportion. This has no net effect on the overall value of the capital base.

(ii.) Reverse Split: under share consolidation or reverse split, the Issuer decreases the number of outstanding shares and increases the par value of the shares in the same proportion, without changing the net value of the capital base.

(iii.) Share Capital Reduction: share capital reduction entails the cancellation of paid up share capital or reduction of par value within the remit of the Commercial Code and as may be amended from time to time.

(iv.) Share Capital increase: which can be effected either by increasing the Par Value of Existing Shares or by issuing new shares

(v.) Any other transaction as may be permitted by The Exchange.

(b.) Where an Issuer intends to embark on capital reconstruction exercise, the Issuer shall:

(i.) Notify The Exchange immediately after obtaining its Board's approval of the capital reconstruction in accordance with its Continuing Obligations under these Rules; and

(ii.) Comply with all regulatory requirements that pertains to the capital reconstruction contemplated.

PART 3 – CONTINUING LISTING OBLIGATIONS

Chapter 8 – General Continuous Obligation of Issuers

8.1. Information Disclosure

(1.) Issuers shall disseminate on a timely basis and in accordance with the disclosure timeline provided under the Public Offering and Trading of Securities Directive, all material information known to the Issuer concerning it or any of its subsidiaries or associated companies which is either necessary to avoid the establishment of a false market or would be likely to materially affect the price or value of its securities.

(2.) The Issuer's Directors are individually and collectively responsible for ensuring compliance with the Listings Rules.

(3.) Where Issuers are required to make disclosures to The Exchange, such information shall be simultaneously disclosed to the public through The Exchange's approved filing media for such disclosures, provided that disclosures to be made to The Exchange in confidence shall not be released to the public.

8.2. Timely Disclosure

(1.) Every Issuer shall ensure that investors and the public are kept fully informed of all factors which might affect their interest and in particular, that immediate disclosure is made of any price-sensitive information concerning their interest which might reasonably be expected to have a material effect on the market activity in, and the prices or value of, listed securities.

(2.) Announcement of Price Sensitive Information: An Issuer shall immediately announce the following Price Sensitive Information:

(a.) changes in the Directorate of the Issuer;

(b.) the death, resignation, dismissal or appointment of key management or personnel ;

(c.) any change of the Sharia Adviser appointed by the Issuer as required;

(d.) change in the financial year-end;

(e.) declaration of financial results;

(f.) declaration of dividends;

(g.) A negative change in the financial return forecast or expectation from what may have been previously communicated;

(h.) proposed capital raising or restructuring exercise or changes in the capital structure;

(i.) giving or receiving a notice of intention to make a takeover or mergers, acquisitions or tender offers or divestments;

(j.) any proposed change in the business model or general character or nature of the business of the company or of the group;

(k.) major new developments in the Issuer's sphere of activities including major new products, contract awards and expansion plans;

(l.) any change in shareholding by interested persons in accordance with Part 9 of the Capital Market Proclamation;

(m.) items of unusual or non-recurrent nature;

(n.) issue of securities by way of a public offer or rights issue or bonus issue, among others;

(o.) any major expansion plans or winning of bid or execution of new projects.

(p.) disposal of the whole or a substantial part of the undertaking;

(q.) any changes in policies, plans or operations of the Issuer that are likely to materially affect the prices of the securities of the Issuer;

(r.) disruption of operations due to force majeure events;

(s.) litigation or dispute with a potential material impact;

(t.) any proposed alteration of the Memorandum of Association; and

(u.) any other information required under the Public Offering and Trading of Securities Directive or information that is necessary to enable shareholders to appraise the position of the company and to avoid the establishment of a false market in the shares of the company.

8.3. Exemptions

(1.) Notwithstanding the provision of Rule 8.2 and subject to the provisions of the Public Offering and Trading of Securities Directive on ongoing disclosure requirements, an Issuer may be exempted from making a disclosure when either of the following occurs:

(a.) Such disclosure would be a breach of law; or

(b.) The information to which the following conditions apply:

(i.) Condition 1: a reasonable person would not expect the information to be disclosed;

(ii.) Condition 2: the information is confidential; or

(iii.) Condition 3: one or more of the following applies:

1. the information concerns an incomplete proposal or negotiation; or

2. the information comprises matters of supposition or is insufficiently definite to warrant disclosure;

(c.) the information is generated for the internal management purposes of the entity; or

(d.) the information is a trade secret.

(2.) Approval for exemptions from disclosures is subject to the written approval of The Exchange.

(3.) The Exchange reserves the right to revoke the approval granted to an Issuer and direct the Issuer to immediately publish the announcement.

8.4. Confidentiality Requirements

(1.) An Issuer may give information in strict confidence to its advisers and to persons with whom it is negotiating with a view to effecting a transaction or raising finance. In such cases, the Issuer must advise, in writing, the recipients of such information that it is confidential and constitutes inside information and that the recipients should not deal in the Issuer's securities before the information has been made available to the public.

(2.) Notwithstanding any provisions of these Rules, no confidentiality agreement shall prevent an Issuer from complying with its obligations under the Listings Rules.

(3.) Where an Issuer is obliged by law to disclose information to a third party or regulator and if such information thereby enters the public domain and is of a price-sensitive nature, such information should be simultaneously released to the market, provided that an Issuer shall not be obliged to disclose any impending developments that could be jeopardized by premature disclosure.

(4.) Information that is required to be disseminated must not be given to a third party before it is notified to The Exchange except as permitted in this Rule.

8.5. Disclosure of Dealings in Issuers' Shares

(1.) Securities Trading Policy:

(a.) Every Issuer shall establish a securities trading policy. The trading policy shall include the need to enforce confidentiality against external advisers.

(b.) Every Issuer shall publicize its securities trading policy in its internal communications, on a regular basis, and place it on its website.

(c.) All insiders of the Issuer shall notify the Issuer in writing through the Company Secretary of the occurrence of all transactions conducted on their own account in the shares of the Issuer on the day on which the transaction occurred. The Issuer shall disclose the transaction to The Exchange within one (1) business day as of the date of notification by the insider (s).

(d.) In relation to securities transactions by directors and Principal Officer, an Issuer shall disclose in its interim reports (and summary interim reports, if any) and the Corporate Governance Report contained in its annual reports (and summary financial reports, if any):

(i.) whether the Company has adopted a securities trading policy regarding securities transactions by insiders on terms not less than the required standard set out in these Rules;

(ii.) whether insiders have complied with, or whether there has been any non-compliance with, the required standard set out in the Listings Rules and in the Issuer's securities trading policy regarding securities transactions by insiders; and

(iii.) details of any non-compliance with the required standard set out in the Listings Rules and an explanation of the remedial steps taken by the Issuer to address such non-compliance.

(2.) Closed Period:

(a.) A closed period shall be effective from:

(i.) the end of the financial period in review (biannually and full year); or

(ii.) fifteen (15) business days prior to the date of any meeting of the board of directors of the Issuer proposed to be held to consider any price-sensitive matters or the date of circulation of agenda papers, whichever is earlier;

and shall remain in effect until twenty-four (24) hours after the price-sensitive information is submitted to The Exchange. The trading window shall thereafter be opened.

(b.) Every Issuer shall notify The Exchange in advance of the commencement of each closed period.

(c.) No insider of the Issuer shall deal in the securities of the Issuer when the trading window is closed.

(d.) The closed period shall be a time to disclose all or any of the information provided in Rule 8.2. (2.)

(e.) Duty to Maintain Insider List:

(i.) Every Issuer shall maintain a list of:

1. its own employees that have access to inside information; and

2. the principal contact details of any other relevant person who also has access to inside information regarding either the Issuer or the financial instruments of the Issuer.

(ii.) The list shall state the identity of any person with access to inside information, the reason why they have access to inside information, the date on which they first had access to inside information and the date on which the list was created.

(iii.) These lists shall be updated whenever:

1. there is a change in the reason why a person has access to inside information;

2. a new person is added to the list; and

3. any person on the list no longer has access to inside information.

(iv.) Every Issuer shall submit their Insider list not later than thirty (30) days after the end of each quarter in the format prescribed by The Exchange.

8.6. Financial Disclosure: Accounting Standard

(1.) The financial statements submitted to The Exchange shall be prepared using the accounting policies and methods that comply with International Financial Reporting Standards and other applicable accounting standards in Ethiopia as

set by the Accounting and Auditing Board of Ethiopia or any relevant Ethiopian Authority.

(2.) An Issuer shall be held liable for the content of all financial statements filed with The Exchange and as such, should exercise all reasonable care in preparing and filing its financial statements to ensure that all information in the financial statements that it submits is accurate; not misleading, false or deceptive; free from error and material misstatements, and do not omit any material facts likely to affect the import of such information.

8.7. Financial Disclosure: Filing of Financial Statements

(1.) An Issuer shall announce its audited financial statements for the full financial year, not later than ninety (90) calendar days after close of the relevant financial period.

(2.) An Issuer listed on the Main Board shall announce its six months financial statements not later than thirty (30) calendar days after the end of the financial period.

(3.) An Issuer listed on the Growth Board shall announce its six months financial statements not later than thirty (30) calendar days after the end of the financial period.

(4.) The Issuer shall publish audited financial statements in newspapers of wide circulation in Ethiopia, not later than five (5) business days after the date of filing.

(5.) The Issuer shall publish the audited and biannual financial statements on its website.

8.8. Inability to File Financial Statements

(1.) Where an Issuer is unable to make an announcement of its Audited full-year (annual) financial statements in accordance with Rule 8.7 above, it must make an announcement not later than sixty (60) calendar days after the end of the financial year. In the case of a biannual financial statement, the announcement shall be made fifteen (15) calendar days after the end of the six months.

(2.) The announcement shall contain at least the following information:

(a.) a full explanation for its inability to make an announcement based on financial statements;

(b.) the expected date of announcement of the financial results for the financial year which shall have been agreed upon with the auditors; and

(c.) where an Issuer makes an announcement in accordance with sub-rule (1.) of this Rule, the Issuer will be required to comply with the requirements set out in Rule 8.7., as soon as the financial results for the financial year have been agreed with the auditors.

8.9. Suspension on Failure to Publish Timely Financial Information

Without prejudice to the generality of listing rules, The Exchange may, with the approval of ECMA, suspend trading in the securities if an Issuer fails to publish periodic financial information in accordance with The Exchange Listing Rules. The suspension shall remain in force until the Issuer publishes the requisite financial information.

8.10. Annual Report

(1.) The annual report shall contain enough information for a proper understanding of the performance and financial conditions of the Issuer and in addition to the provisions of relevant accounting standards, laws, rules, and requirements regarding the preparation of financial statements, Issuers are required to include the following in their financial statements:

(a.) details of shareholders holding five percent (5%) or more in the Issuer;

(b.) shareholding pattern, and a statement indicating whether its public float complies with The Exchange's shareholding spread requirements;

(c.) a statement (made up to a date not more than one (1) month before the date of the notice of the annual general meeting or summary financial statement, whichever is earlier) indicating the date of such statement and setting out:

(i.) the number of holders of each class of equity securities and the voting rights attached to each class;

(ii.) a distribution schedule of each class of equity securities (including convertible securities) other than share-based payments setting out the number of holders in the range.

(d.) Particulars of material contracts of the Issuer and its subsidiaries involving the interests of the chief executive officer, each director or controlling shareholder, either still subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year. In the case of a loan, also state:

(i.) the names of the lender and the borrower;

(ii.) the relationship between the lender and the borrower and whether the director or controlling shareholder is the lender or borrower;

(iii.) the amount of the loan;

(iv.) the interest rate;

(v.) the terms as to payment of interest and repayment of principal; and

(vi.) the security provided.

(e.) Matters relating to management and corporate governance

(f.) The information required under Chapter 10 in respect of any related party transactions entered into during the financial year.

8.11. Compliance Manager

The Issuer shall maintain an internal Compliance Manager or an equivalent officer responsible for monitoring and ensuring compliance with these Rules and report to The Exchange any violation of or non-compliance.

Chapter 9 – Corporate Responsibility

9.1. Purpose

The purpose of this Chapter is to ensure Issuers are consistent with The Exchange's commitment to encourage high standards of corporate governance. Issuers are expected to follow certain practices aimed at maintaining appropriate standards of corporate responsibility, integrity and accountability to shareholders.

9.2. Directors Obligations

(1.) Directors are responsible, collectively and individually, for ensuring that Issuers comply with The Exchange's Rules relating to their Board Meetings and General Meetings.

(2.) The Exchange expects Directors to fulfil their fiduciary duties and duties of skill, care and diligence to a standard at least commensurate with the standards established by the applicable law.

(3.) Directors shall be held responsible for ensuring that The Exchange is promptly notified of their compliance with foregoing matters.

9.3. Board Meetings

(1.) Every Issuer shall notify The Exchange in writing of the date and time of its board of directors' meeting at which recommendation of dividends, bonus or issuance of rights will be discussed, at least five (5) business days in advance.

(2.) Every Issuer shall notify The Exchange within twenty-four (24) hours after the relevant board meeting or after receipt of any required approval from its Primary Regulator(s) of:

(a.) its decision to redeem any securities, intimating at the same time the date of the redemption, and in the case of a registered security, the period of the closing of the transfer books (or the date of the striking of the balance) for the redemption;

(b.) the amount of the security outstanding after any redemption has been made;

(c.) any preliminary results for any year, half-year, quarter and the comparative figures in respect of profits before taxation and after taxation, including instances where it becomes necessary for qualification that the figures are provisional or unaudited;

(d.) any dividend or bonus recommendation and other distributions to members including approvals for payment of declared dividends, bonus issue, rights issue;

(e.) particulars of any proposed change in the capital structure, or redemption of securities; and

(f.) any price-sensitive information presented to the Board of Directors of the Issuer.

9.4. General Meeting of Members

(1.) Every Issuer shall hold sessions of the general meetings of shareholders or holders of other securities in accordance with the relevant provisions in the Commercial Code, the Issuer's Memorandum of Association, and such other relevant documents.

(2.) The Issuer shall also ensure that shareholders or holders of other securities are allowed to lawfully exercise their rights at the meetings.

(3.) The general meeting shall provide shareholders or holders of other securities with the opportunity of questioning the directors and management on the accounts and reports, circulars which are presented at the meeting and matters relating to the Issuer in general.

(4.) Voting at Meetings: Pursuant to Chapter 10 of these Rules and the relevant provisions of the Commercial Code, directors having an interest in the resolution will be required to abstain from voting on such resolutions which is in his/her favour. This shall be stated in the relevant listing document or circular or notice to shareholders.

(5.) Notice of Meetings of Issuers

(a.) The Board of Directors of the Issuer shall give Notice of Meeting as provided for in the Commercial Code.

(b.) Every Issuer shall immediately publish on its website the Notice of Meeting, circulars, annual reports, and other documents that will be considered at the general meeting.

(c.) Upon request by shareholders or holders of other securities and where practicable, issuers shall provide electronic copies of the approved documents to the shareholders or holders of other securities. Copies of such documentation shall also be published on the Issuer's website.

Chapter 10 – Related Party Transactions

10.1. General Requirements

(1.) An Issuer shall communicate within 24 hours by way of disclosure in the accounts and formal disclosure to The Exchange of any related party transaction in line with the requirement outlined under the Commercial Code and ECMA Directive on Public Offering and Trading of Securities.

10.2. Transactions not regarded as Related Party Transactions

These rules shall not apply where the Issuer is a foreign company with a secondary listing on The Exchange and its primary regulator regulates related party transactions. Notwithstanding this, The Exchange reserves the right to request specific information to ensure the smooth operation of the market.

10.3. Contents of Related Party Transaction Report

(1.) A report in respect of a related party transaction shall be issued by the Issuer within twenty (20) business days of the effective date of the transaction and shall include:

(a.) details of the interested party transacting with the Issuer, and the nature of that party's interest in the transaction.

(b.) details of the transaction including relevant terms of the transaction, and the bases on which the terms were arrived at.

(c.) the rationale for, and benefit to, the listed company.

(d.) an approval by the Board of Directors

(e.) An opinion by external auditor and approval by the general meeting of shareholders if the transaction equals to 10% or more of the issued shares or assets of the company:

10.4. General Mandate

(1.) An Issuer may seek a general mandate from securities holders for recurrent transactions of revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.

(2.) An Issuer shall:

(a.) disclose the general mandate in the annual report, giving details of the aggregate value of transactions conducted pursuant to the general mandate during the financial year; and

(b.) announce the aggregate value of transactions conducted pursuant to the general mandate for the financial periods which it is required to report on within the time required for the announcement of such report.

(3.) A circular to shareholders seeking a general mandate shall include:

(a.) the class of Affiliated Person with which the listed entity will be transacting;

(b.) the nature of the transactions contemplated under the mandate;

(c.) the rationale for, and benefit to, the listed entity;

(d.) the methods or procedures for determining transaction prices;

(e.) the independent financial adviser's opinion on whether the methods or procedures in sub-rule (3.) (d.) of this Rule are sufficient to ensure that the transactions shall be carried out on normal commercial terms and shall not be prejudicial to the interests of the Issuer and its minority securities holders;

(f.) an opinion from the audit committee if it takes a different view to the independent financial adviser;

(g.) a statement from the Issuer that it shall obtain a fresh mandate from shareholders if the methods or procedures in sub-rule (3.)(d.) above become inappropriate; and

(h.) a statement that the Affiliated Person shall abstain, and has undertaken to ensure that its associates shall abstain, from voting on the resolution approving the transaction.

(4.) An independent financial adviser's opinion shall not be required for the renewal of a general mandate provided the audit committee confirm that:

(a.) the methods or procedures for determining the transaction prices have not changed since last shareholder approval; and

(b.) the methods or procedures are sufficient to ensure that the transactions shall be carried out on normal commercial terms and shall not be prejudicial to the interests of the Issuer and its minority shareholders.

(5.) Where the information in sub-rule (3.) above is included in a prospectus issued in connection with a listing of an Issuer, the Issuer may treat the issuance of the prospectus as a general mandate having been given. The mandate shall be effective until the earlier of the following:

(a.) The first annual general meeting of the Issuer following listing; or

(b.) The first anniversary of the listing date.

10.5. No Waivers

The Exchange shall not entertain any application for waiver of any of the provisions of these Rules.

Chapter 11 – Suspension in Trading of Securities of Issuers

11.1. Suspension of Trading

The Exchange shall have discretion concerning the suspension in trading of Issuer's securities and may at any time suspend the trading of listed securities, subject to the approval of the ECMA, in any of the following circumstances and for such period as may be determined by The Exchange:

(1.) In the event of any substantial corporate exercise or capital restructuring of an Issuer including preventive restructuring, reorganization, compromise, amalgamation or selective capital reduction;

(2.) Where, in the opinion of The Exchange, it is necessary or expedient in the interest of maintaining an orderly and fair market in securities traded on The Exchange;

(3.) In the event of any breach of these Rules by an Issuer, or its directors; or where the issuer or its directors have failed to comply with the directives of The Exchange;

(4.) Upon the direction of the ECMA to The Exchange to suspend trading in securities of an Issuer;

(5.) In the event of maturity of a listed debt security;

(6.) Where an Issuer has been placed into liquidation or winding up, by a creditor or court;

(7.) In the event of a proposed receivership, liquidation or winding up whether voluntary or compulsory of an Issuer in accordance with the Commercial Code; or

(8.) Where The Exchange deems it appropriate for some other reason in any circumstances as provided in these Rules.

11.2. Voluntary Suspension

The Exchange may at any time, with the approval of ECMA, suspend trading of the listed securities at the request of the Issuer. Where an Issuer intends to suspend its equity securities, such Issuer shall:

(1.) Submit an application in writing for the suspension of trading in its equity securities not later than five (5) business days before the effective date of suspension.

(2.) Support such an application referred to in sub-rule (1.) of this Rule by justifiable reasons why The Exchange should consider the application and relevant applicable documents as prescribed by The Exchange from time to time.

(3.) Note that where a suspension is as a result of a capital reconstruction exercise, the suspension in trading of shares shall not be lifted until the completion of the reconstruction exercise that all that needs to be done has been effected.

(4.) Note that where suspension in the trading of an Issuer's equity securities is in preparation for the final delisting of the Issuer, which may be pursuant to a scheme of arrangement, such securities shall remain suspended until the entire securities of the affected Issuer are delisted from the Official List of The Exchange.

11.3. Continuing Obligations of an Issuer in Relation to Suspensions

Where an Issuer's securities have been placed on suspension, the Issuer shall, unless exempted from doing so by The Exchange and the ECMA:

(1.) Continue to comply with all the listing obligations applicable to it; and

(2.) Submit to The Exchange monthly reports pertaining to the prevailing state of affairs of the Issuer.

Chapter 12 – Delisting of an Issuer and its Securities from The Official List of The Exchange

12.1. Scope

This Chapter sets out:

(1.) the requirements that shall be complied with by an Issuer in respect of voluntary delisting; and

(2.) the powers of The Exchange with regard to the delisting of an Issuer or any class of its listed securities by The Exchange.

12.2. Removal of Listed Shares

The Exchange may grant an Issuer's request for its voluntary delisting from the Official List of The Exchange subject to the approval of the ECMA.

12.3. Voluntary Delisting of Equity Shares

(1.) An Issuer that intends to delist its equity shares from the Official List of The Exchange shall:

(a.) convene a meeting of its Board of Directors, at which the Board shall consider a recommendation to the shareholders of the Issuer that the Issuer should voluntarily delist, and pass a resolution in that regard; and

(b.) notify The Exchange of its Board's recommendation to the shareholders to delist the Issuer and submit the following:

(i.) a copy of the Board's resolution in that regard,

(ii.) the Issuer's request for The Exchange's approval to publish the notice of the general meeting at which the shareholders will consider the Board's recommendation to voluntarily delist, in at least two (2) physical newspapers of wide circulation in Ethiopia, one (1) in Amharic and the other in English, or as may be prescribed by The Exchange from time to time;

(iii.) a copy of the draft notice of the general meeting; and

(iv.) any other document as prescribed by The Exchange from time to time.

(c.) where the delisting is as a result of a merger or reconstruction, comply with the requirements of The Exchange as prescribed.

(2.) An Issuer's application for the voluntary delisting from the Official List of The Exchange would only be considered by The Exchange if:

(a.) The Issuer has been listed on The Exchange for a period not less than (3) years from the initial listing of its equity shares on The Exchange;

(b.) The delisting application is filed accompanied with the evidence of payment of the applicable fee as prescribed by The Exchange and in effect at the time of filing the application. The application shall also be accompanied with the relevant supporting documents as prescribed in the checklist;

(c.) The Issuer has confirmed in writing that the Issuer has fully complied with its post-listing obligations such as payment of the appropriate fees or penalties where applicable, and filing of accounts, among others; and that the Issuer has satisfactorily discharged all its obligations to its shareholders and as such, has no outstanding obligations to its shareholder and/or The Exchange;

(d.) The Issuer has obtained its shareholder's approval to delist through a general meeting of the shareholders of the listed securities; and

(e.) The Issuer has obtained the approval of the ECMA and other relevant authorities.

(3.) An Issuer seeking to delist from The Exchange shall make an acquisition offer to its minority shareholders in accordance with the relevant provisions of the Commercial Code and other applicable laws. The Issuer is required to ensure that:

(a.) the acquisition offer is fair and reasonable as opined by an independent investment adviser;

(b.) the acquisition offer is opened for a period not less than three (3) months; and

(c.) at the end of the offer period, shareholders who did not respond shall be assumed to have elected to continue as shareholders of the issuer after the delisting.

(4.) An Issuer seeking to delist from The Exchange is required to set aside funds sufficient to purchase the interest of all minority shareholders. Such funds shall be deposited in a commercial bank and shall be blocked under the name of the

securities depository for a minimum period of three (3) months, or as may be prescribed by Commercial Code or any other law in force in Ethiopia.

(5.) In a case where an offer is made to purchase the interests of all the shareholders of the Issuer, the offer for acquisition shall be made in accordance with the Proclamation and other relevant laws and the offeror shall set aside funds sufficient to purchase the interests of all offeree shareholders. Such funds shall be deposited in a commercial bank and shall be blocked under the name of the securities depository.

12.4. Conditions for Final Delisting

Upon The Exchange's approval of the delisting of an Issuer, the Issuer in preparation for final delisting from the Official List of The Exchange, shall comply with the following:

(1.) publish in at least two (2) physical newspapers of wide circulation in Ethiopia and on the official website of the Issuer stating that the Issuer has concluded arrangement to get itself delisted from ESX and that minority shareholders who do not intend to continue with the Issuer as an unlisted entity should contact the Central depository for their payoff;

(2.) Issue an instruction to the depository company to payoff minority shareholders who intend to discontinue with the Issuer; and

(3.) provide The Exchange with a schedule of shareholders paid off as well as evidence of complying with sub-rules (1.) and (2.) of this Rule.

12.5. Regulatory Delisting

Delisting at the instance of The Exchange is the ultimate sanction that can be imposed on an Issuer for persistent non-compliance with the Continuing Listing Obligations of The Exchange. The Exchange may remove an Issuer from its Official List where:

(1.) the Issuer is unable or unwilling to comply with, or contravenes, a listing rule;

(2.) there is insufficient shares in the hands of the public (i.e. public float deficiency);

(3.) an Issuer has been out of operations for two (2) consecutive years;

(4.) the operating license of the Issuer has been revoked by a primary regulator;

(5.) the Issuer has failed to file its financial statements for two (2) consecutive years;

(6.) The Exchange receives or otherwise becomes aware of notice of completion of winding up/liquidation of the issuer;

(7.) The Exchange is of the view that the security is no longer suitable for listing on The Exchange in the interest of the public; and

(8.) The Exchange deems it necessary due to any other terms and conditions as may be determined by The Exchange from time to time, and with the approval of ECMA.

12.6. Relisting after Voluntary Delisting

An Issuer shall not seek to have the securities re-listed on The Exchange until the expiration of two (2) years from the date of its delisting.

PART 4 – LISTING OF FIXED INCOME SECURITIES

Chapter 13 – Requirements for Listing of Fixed Income Securities on The Exchange

13.1. General Requirements

(1.) Listing Requirements:

In addition to complying with The Exchange's Rules governing or relating to the listing of securities, the Issuer shall:

(a.) Comply with the relevant provisions of the Proclamation, Commercial Code, directives of the ECMA and/or any other applicable company legislation and statutory requirements;

(b.) Be a Company authorized to issue debt securities to the public;

(c.) Obtain a no objection from a Primary Regulator, where applicable, before the listing of any security will be considered by The Exchange. All fixed income securities sought to be listed on The Exchange shall be registered with the ECMA;

(d.) Have a pre-tax profit from continuing operations of not less than ETB 50,000,000 (Fifty Million) cumulatively for the last three (3) fiscal years; Or core investor must have declared profits after tax at least once in the last three (3) financial years immediately preceding the date of application;

(e.) Ensure that a fixed income security to be listed on the ESX shall have an issued nominal value of not less than ETB 10,000,000 (Ten Million);

(f.) Ensure that a fixed income security to be listed on the ESX shall be registered in the CSD;

(g.) Ensure that where fixed income securities are issued under a programme, each series/tranche shall be deemed a separate class for

the purpose of these Rules and the Issuer may list on The Exchange either all or a certain class of the fixed income securities issued under the programme;

(h.) Ensure that the fixed income securities for which listing is sought must be freely transferrable and paid up;

(2.) An issuer or the guarantor of the issuer's debt securities may use the services of a credit rating agency.

(3.) An Issuer that is in default of its coupon and principal obligations shall not have new securities admitted onto the ESX until such default has been resolved or unless the new issue is to restructure the defaulting issue.

(4.) Comply with any other requirement as may be prescribed by The Exchange from time to time.

(2.) Incorporation Documents:

An Issuer shall ensure that:

(a.) The applicable incorporation documents, including the Memorandum of Association and amendments thereof and any other applicable document, shows the current shareholders, directors and capital of the Issuer, at the time of filing the application with The Exchange.

(b.) Where the Issuer has an institutional investor holding five percent (5%) or more of its shares, the Issuer provides relevant incorporation or corporate documents specifying the details of the beneficial owner(s) of such institutional investor as at the date of filing the application.

(3.) Modification of the Terms of a Security or Issuance of Additional Units:

The provisions of these Rules shall not affect The Exchange's right to require the Issuer of a listed security to file documents with or pay fees to The Exchange in connection with the modification of such security or the issuance of additional securities.

(4.) Subscription Process:

For the purpose of these Rules, the subscription process for a fixed income security shall be as determined by the Issuer and approved by the ECMA.

13.2. Methods of Listing

An Issuer seeking to list fixed income securities on The Exchange may do so through any of the following:

(1.) An offer for subscription, which is an offer to the public by an issuer of securities;

(2.) A private placement, which is an issue where the securities are placed with qualified investors;

(3.) Listing by Introduction;

(4.) Any other mode that is permitted under the Public Offering and Trading of Securities Directive or the Commercial Code and as may be approved by The Exchange from time to time.

13.3. Additional Requirements for Special Purpose Vehicles

Where the Issuer is a special purpose vehicle, the originator or obligor shall:

(1.) Comply with the requirements imposed on the Issuer by the ECMA and the requirements of these Rules, including the continuing listing obligations, as if it were the Issuer; and

(2.) Comply with such other requirements as may be prescribed by The Exchange from time to time.

(3.) The Exchange shall specify in a specific annex to these Rules the utilization of Special Purpose Vehicles for additional purposes, as provided by the Authority from time to time.

13.4. Conditions for Listing

After The Exchange's decision to admit fixed income securities to the Official List, the Issuer shall take the following steps before its securities are listed:

(1.) Sign an undertaking in the form prescribed by The Exchange that the Issuer shall, from the date of listing, promptly provide certain information about its operations, and that it shall follow certain administrative procedures, and comply fully with all the Continuing Listings Obligations of The Exchange.

(2.) Submit original executed Listing Contract in the format as prescribed by The Exchange, dated and duly signed by two (2) Directors, or a Director and the Company Secretary of the Issuer.

13.5. Requirements for Listing of Corporate Fixed Income Securities

An Issuer seeking to list its fixed income securities shall meet the following conditions in addition to complying with the general requirements set forth in Rule 13.1;

(1.) Authorization to Issue:

An Issuer shall ensure that its Memorandum of Association or the resolution of the general meeting of its shareholders authorizes the company to issue fixed income securities and the guarantees thereof, if any;

(2.) Operating Track Record:

An Issuer shall have an operating track record of at least three (3) years. Where the Issuer does not have three (3) years' operating track record the Issuer shall provide evidence of a core investor/technical partner who has at least three (3) years' operating track record.

(3.) Financial Statements for the Operating Track Record Period:

(a.) The financial statements for each of the last three (3) years shall be prepared in accordance with International Financial Reporting Standards (IFRS) or applicable accounting standards in Ethiopia as set by the Accounting and Auditing Board of Ethiopia or any relevant Ethiopian Authority.

(b.) An Issuer's accounts shall not be qualified in a material way.

(4.) Appointment of a Custodian:

(a.) The Exchange may require an Issuer to appoint a licensed Custodian to represent the holders of fixed income securities on The Exchange.

(b.) In case where The Exchange requires an Issuer to appoint a licensed Custodian in line with sub article (a.) above, the Issuer shall ensure that the custodial agreement governing the issue of the applicable fixed income security is submitted to the Exchange for its review.

(c.) Sub-rule (4.)(a.) of this Rule shall not be applicable to securities:

(i.) issued by the Government of Ethiopia or any statutory body; or

(ii.) guaranteed by the Federal Government of Ethiopia.

(5.) Application Documents:

(a.) An Issuer shall submit all the applicable documents as prescribed by The Exchange from time to time.

(b.) The Exchange shall publish a checklist indicating the documents to be submitted.

(c.) The Exchange may vary the list of documents required from time to time.

(d.) Any other requirement as may be required and prescribed by The Exchange by from time to time.

13.6. Post-listing Requirements for Listing of Corporate Fixed Income Securities

(1.) An Issuer shall immediately disclose to The Exchange any information which may have a material effect on the price or value of its fixed-income securities or on an investor's decision whether to trade in such fixed income securities.

(2.) An Issuer shall immediately announce the following:

(a.) Issuance of a new tranche or series or programme by the Issuer;

(b.) Changes to the terms and conditions of the security;

(c.) The redemption or cancellation of the debt securities;

(d.) When every five percent (5%) of the total principal amount of those securities (calculated based on the principal amount at the time of initial listing) is redeemed or cancelled;

(e.) The details of any interest payment(s) to be made;

(f.) Appointment of a replacement custodian;

(g.) Any change of the Sharia Adviser appointed by the Issuer as required; and

(h.) Occurrence of an event of default under the custodian agreement.

(3.) Financial Disclosure:

(a.) The Issuer and/or its guarantor(s), shall announce its financial statements in accordance with the timelines prescribed in Rule 8.7. prepared in accordance with relevant accounting standard;

(b.) An Issuer need not announce its financial statements if all of the following conditions are met:

(i.) the fixed income securities are guaranteed by one or more guarantors;

(ii.) the guarantee is full and unconditional; and

(iii.) the Issuer is an equity Issuer and announces consolidated financial statements to The Exchange as part of its post listing obligations as an equity Issuer.

13.7. Requirements for Listing of Fixed Income Securities Issued by the Government of Ethiopia

(1.) Fixed income securities issued by the Government of Ethiopia shall not be subject to the Rules 13.1, 13.2 and 13.3 above.

(2.) Issuances of fixed income securities by the Government of Ethiopia shall be subject to the following requirements:

(a.) The application may be filed by an authorized officer or agent of Government.

(b.) An application for listing shall be accompanied with the offer documents of the securities and other documents containing details of subscription and allotment, International Securities Identification Number (ISIN) and trading symbols of the security.

13.8. Requirements for Delisting of Fixed Income Securities

Listed fixed income security shall be delisted as follows:

(1.) Upon the maturity or expiry of the fixed income security; or

(2.) Upon request by the Issuer, which may be due to:

(a.) the early redemption of the fixed income securities; or

(b.) occurrence of any of the events which the Custodian has declared the fixed income security to be immediately due and repayable pursuant to the custodian agreement; and

(3.) At the discretion of The Exchange before the maturity date, in accordance with these Rules.

PART 5 – LISTING OF EXCHANGE TRADED FUNDS

Chapter 14 – Requirements for Listing of Exchange Traded Funds

14.1. Application requirements

An application for the issue of ETFs must include the following information:

(1.) Details of the Issuer;

(2.) Brief description of the combination or structure of the ETF and the underlying asset(s) on which the ETF is structured if applicable;

(3.) Net Asset Value (NAV) of the ETF as at the date of application;

(4.) Percentage change of the NAV of the underlying basket of securities/index/underlying asset(s) for the previous 6 months on a weekly basis;

(5.) Liquidity (turnover/market capitalization) of each of the underlying basket of securities/index/underlying asset(s) for the previous six (6) months on a weekly basis;

(6.) The basis of computation of management fees;

(7.) Currency in which the ETF will be structured and traded; and

(8.) Any other information that may be required by the ESX.

14.2. Conditions for Listing

(1.) To be listed on ESX, the ETFs must:

(a) Be open ended;

(b) Be issued over an underlying basket of securities/index/underlying asset acceptable to the ESX;

(c) Be fully covered/secured at all times, either by the underlying securities/commodities or financial instruments it represents, a proxy security acceptable to ESX which should be listed, freely tradable and have adequate liquidity or cash;

(d) Have a methodology for computation of the NAV of the ETF; and

(e) House the component securities with a custodian and a custodian should be appointed, to protect the interest of the investors in the ETF.

(2.) The underlying index or portfolio must consist of securities that are listed on the ESX.

(3.) The ETF Issuer must:

(a) Prove to the ESX that it has the relevant expertise to issue ETFs or has access to such expertise;

(b) Satisfy the ESX that a secondary market in the ETF will be established and maintained;

(c) Undertake to compute the NAV of the ETF on a daily basis and make the NAV public to all market participants at the same time through the ESX; and

(d) Ensure that the computation of the NAV will take into account any corporate action on the underlying securities if applicable and management fees.

(4.) Any income such as dividend payment shall be distributed to investors at least annually and not later than that set out in the offer document.

14.3. Contents of Offer Document

An applicant Issuer of ETFs must include the following in an offer document:

(1) Full name of Issuer, Manager and Custodian;

(2) Incorporation documents of the Issuer, Manager and Custodian;

(3) The full names, details and addresses of directors of the Issuer, and Manager;

(4) General Information about the Issuer:

(a.) The names and addresses of the sponsoring brokers, advisors and transfer agents to the issue;

(b.) Summarized audited financial statements of the Issuer for the previous 3 years or any period that The Exchange may determine;

(c.) A description of the underlying asset;

(d.) In the case of an index ETF:

(i.) A description of the index;

(ii.) A description of the constituent stocks and the ratio of their combination;

(iii.) The name of the publisher of the index;

(iv.) Its date of establishment and how it is compiled;

(v.) The identity of the party that sponsors and/or calculates the index;

(vi.) The frequency with which the index is updated and published;

(vii.) Provisions in the event of modification and discontinuance of the index;

(viii.) The authority to use the index from the party that sponsors and /or calculates the index; and

(e.) The procedures and rights, pursuant to which the ETF shall be obliged to distribute income, if any, to an investor.

14.4. Appointment of a Market Maker

(1.) An applicant Issuer shall, prior to the listing of the ETF, appoint one or more Market Makers who must undertake to quote bid and offer prices in respect of the ETF on a daily basis.

(2.) The Market Maker must undertake to execute transactions at such quotes when there is a bid or offer.

(3.) The Issuer and Market Maker shall sign a written agreement on clear terms of market making for an ETF. The market maker shall submit to ECMA and The Exchange a copy of the market making agreement concluded with the issuer prior to commencement of market making.

14.5. Daily Publication

In addition to continuous listing obligations that are stated under Part 3 of the Listing Rules dealing with equities under these rules, to the extent applicable, the ETF Fund Manager shall publish on a daily basis:

(1.) The NAV of the ETF of the preceding day;

(2.) The NAV per Security at the close of day;

(3.) The NAV of the Portfolio of assets;

(4.) The number of units in issuance;

(5.) The Index level or underlying asset price (as applicable) for the preceding day;

(6.) The constitution of any index basket;

(7.) Management fees payable; and

(8.) Underlying market alerts in respect of the underlying asset or index (as applicable)

PART 6 – LISTING OF SHARIA COMPLIANT SECURITIES

Chapter 15 – Requirements for Listing of Sukuk Securities on The Exchange

15.1. Eligibility Criteria for Sukuk Issuers:

(1.) The issuer must be a duly incorporated entity in accordance with the laws and regulations of Ethiopia

(2.) The issuer must comply with Sharia principles in its operations and financial dealings.

(3.) Sukuk must comply with recognized Sharia standards, and their structure must be in accordance with principles of Islamic finance.

(4.) Types of Sukuk eligible for listing shall include Mudarabah Sukuk, Ijarah Sukuk, Musharakah Sukuk, and others, as per Sharia guidelines.

15.2. Disclosure and Transparency:

(1.) Issuers must provide comprehensive and accurate information about the Sukuk issuance, including the purpose, terms, and conditions.

(2.) Regular financial reports, compliance updates, and any material events must be promptly disclosed to The Exchange and the public.

15.3. Compliance with Sharia Principles:

(1.) Sukuk structures and operations must comply with Sharia principles throughout the tenure of the listing.

(2.) An independent Sharia board or advisor must oversee and confirm the Sharia compliance of the Sukuk.

15.4. Due Diligence and Approval Process

(1.) Issuers must undergo a thorough due diligence process conducted by The Exchange to ensure compliance with listing requirements.

(2.) Approval from ECMA and relevant Sharia scholars or advisors must be obtained before listing.

15.5. Documentation Requirements:

(1.) Submission of the offering memorandum, prospectus, or other relevant documentation providing details of the Sukuk issuance.

(2.) Details of the structure, terms, and risk factors associated with the Sukuk.

15.6. Continuing Obligations:

(1) Ongoing compliance with Sharia principles and reporting requirements.

(2) Timely disclosure of any material changes, events, or default on Sukuk payments.

Chapter 16 – Requirements for Listing of Sharia Compliant Equity Securities on The Exchange

16.1. Eligibility Criteria for Listing of Sharia Compliant Equity Securities:

(1.) An Issuer seeking to list equity securities in compliance with Sharia Principles shall:

(a.) Be a duly incorporated entity in accordance with the laws and regulations of Ethiopia;

(b.) Ensure that it is in compliance with Sharia principles in its operations and financial dealings; and

(c.) Ensure that it meets the business activity and financial ratio benchmarks for eligibility as determined by the standard setter or applicable body recognized by the ECMA.

(1.) The Issuer shall appoint a Sharia Adviser licensed by the ECMA to carry out the functions as stipulated in the Directives of the ECMA, and, where applicable, to certify compliance with applicable Sharia rulings, principles and concepts.

16.2. Application Documentation:

(1.) An Issuer shall submit all the applicable documents as prescribed by The Exchange from time to time.

(2.) The Exchange shall publish a checklist indicating the documents to be submitted.

(3.) The Exchange may vary the list of documents required from time to time.

(4.) Any other requirement as may be prescribed by The Exchange by from time to time.

16.3. Listing Process:

Unless otherwise stipulated by The Exchange, the provisions of Part 2: Listing of Equity Shares shall apply, to the extent applicable.

16.4. Continuing Listing Obligations:

(1.) Unless otherwise stipulated by The Exchange, the provisions of Part 3: Continuing Listing Obligations shall apply.

(2.) The Issuer shall ensure continuous compliance with Rule 16.1. for the duration of its listing.

PART 7 – LISTINGS SCHEDULES

Schedule I – Sample Letter of Indemnity

(On the Issuer's Letterhead)

Date:

To: Ethiopian Securities Exchange

Dear Sir:

INDEMNITY TO ETHIOPIAN SECURITIES EXCHANGE ON THE LISTING …… SHARES/UNITS OF ……S.C. (Share Company)

We, …….S.C. ("the Issuer") (Name of the Issuer) whose shares/bonds is about to be offered/listed hereby warrants and confirms to the Ethiopian Securities Exchange (ESX) which expression shall include any of its agents, successors in office, successors in title, assigns, privies, associates, affiliates, officials, officers and Board members, that all statements and facts contained in the Prospectus/Information Memorandum/Rights Circular issued are true and accurate in all respects and that there are no facts known or unknown to the Company which are not disclosed in the said Prospectus/Information Memorandum/Rights Circular and the omission of which would make any statement and/or fact misleading.

The Issuer indemnifies, keeps indemnified and holds harmless ESX against any and all proceedings, claims, costs, damages, expenses, legal fees, liabilities and losses of whatever nature which ESX may become subject to, suffer from, be exposed to or may be taken or made against or incurred by ESX whether arising out of or in connection with approving the listing of the said shares/bond, and/or any matter incidental or precedent to the said listing and/or on any matter relating to the trading of such shares/bond on the floor of ESX.

The Issuer indemnifies ESX generally against any and all proceedings, claims, costs, damages, expenses, legal fees, liabilities and losses of whatever nature which ESX may become subject to or suffer from any purchaser of or subscriber to the shares/bond who alleges that the Prospectus did not contain all material information with regard to the Issuer or that facts and/or statements contained therein were untrue or incorrect or misleading.

This indemnity shall be governed by the laws of the Federal Democratic Republic of Ethiopia.

We represent that we have the authority of our Board of Directors to give and to execute this indemnity on behalf of the Issuer.

DATED THIS …….. DAY OF …… 20…..…

…….
…….

DIRECTOR DIRECTOR/COMPANY SECRETARY

Schedule II – Sample Declaration of Compliance

(On the Issuer's Letterhead)

We…….and…….. a Director and the Company Secretary respectively of ……S.C. (hereunder called "the Company"), do declare as follows:

(1.) That all documents required by the Commercial Code to be filed with the Registrar of Companies and Ethiopian Capital Market Authority in connection with the Issue/Offer/Introduction on……20…… of the following securities of the Company namely (insert particulars) have been duly filed and that to the best of our knowledge, information and belief the Company has complied with all other legal requirements in connection with the Issue of the security.

(2.) That …… units of the security have been subscribed/purchased for cash and duly allotted/transferred to the subscribers/purchasers.

(3.) That all funds due to the company in respect of issue/offer have been received by it.

(4.) That ETB…… Shares/Bonds have been issued credited as fully paid by way of cash and have been duly allotted/transferred to the persons entitled thereto.

(5.) That the securities have been credited electronically (allotted) to the Shareholders/Bondholders' depository accounts and in accordance with the directives of the ECMA and/or the Rules and Procedures of the Depository.

(6.) That all the units of the shares/bonds of each class for which listing exists are in all respects identical.

(7.) That there are no other facts relating to the company's application for listing which, in our opinion, should be disclosed to the Ethiopian Securities Exchange.

And we make this declaration conscientiously believing same to be true.

Signed.

…… …….

Name of Authorised Signatory Name of Authorised Signatory

NOTE: “Identical” in this context means:-

(a.) the units of the shares/bonds are of the same nominal value (face value);

(b.) they are entitled to dividend/interest at the same rate and for the same period, so that at the next ensuing distribution, the interest payable per unit will amount to exactly the same sum (gross and net); and

(c.) they carry the same rights as to unrestricted transfer, attendance and voting at meetings and are *pari passu* in all other respects.

Schedule III – Sample Listing Contract

(On the Issuer's Letterhead)

Date:

To: Ethiopian Securities Exchange

Dear Sir:

…….acknowledges …… (Name of the "Issuer") acknowledges that: The privilege for its securities (name/type of securities) to remain listed on Ethiopian Securities Exchange ("The Exchange") is subject to the sole and absolute discretion of The Exchange, and in consideration of being listed on The Exchange, the Issuer hereby **RESOLVES**, **WARRANTS**, **AGREES** and **UNDERTAKES** that:

(1.) It shall comply with all directives, rules, regulations, procedures, policies and guidelines as may be issued or prescribed by The Exchange from time to time and as may be amended, supplemented or replaced from time to time (even when the listing of its securities is deferred, suspended or subject to a trading halt), as well as any of their implementing measures and the applicable rules, regulations, procedures, policies and guidelines issued or prescribed by The Exchange which include but are not limited to:

(a.) the Listing Rules/Requirements and the Continuing Obligations/Post-Listing Requirements of The Exchange;

(b.) rules, regulations, procedures, policies and guidelines regarding structured and non-structured disclosures; and

(c.) applicable corporate governance codes and disclosure requirements thereunder.

(2.) It shall comply with any directive(s) of The Exchange issued from time to time, including to effect any corrections to the annual report, accounts and such other reports or corporate disclosures as may be required by The Exchange.

(3.) The securities to be listed shall comply with applicable laws, rules, regulations, procedures, policies and guidelines as may be issued or prescribed by The Exchange from time to time, and that there is no reason why the securities should not be listed.

(4.) It shall promptly pay within the stipulated timelines, any applicable fees, rates, charges or fines, set, established and/or imposed by The Exchange from time to time.

(5.) It shall promptly furnish The Exchange upon demand or within the stipulated timelines, such information or documentation concerning the Issuer, or in relation to the Issuer's business, as The Exchange may require or request from time to time, which information or documentation shall be true and complete.

(6.) It shall promptly notify The Exchange in writing of any event which will cause the Issuer to cease to be in compliance with the directives, rules, regulations, procedures, policies and guidelines as may be issued or prescribed by The Exchange from time to time.

(7.) It shall list on The Exchange all subsequent amounts of the securities of the same class which may be issued or authorized for issuance.

(8.) For purposes related to publicity, notifications and information sharing related to the Issuer's listing on The Exchange, it authorizes The Exchange to use the Issuer's corporate logos, web site addresses, trade names, and trade/service marks in order to convey listing information, listing related activities of the Issuer, transactional reporting information and any other information related to the Issuer's listing on The Exchange.

(9.) It shall indemnify and continue to indemnify The Exchange, its officers, employees and affiliates, to the fullest extent permitted by law in respect of any claim, charges, demands, losses, damages, costs, liabilities, penalties, judgments, fees, action or expense (including settlements and judgments or other expenses, attorneys' fees, and court costs) arising from, or connected with The Exchange's use of the Issuer's corporate logos, website addresses, trade names, and trade/service marks in the manner stated above.

(10.) It shall indemnify and continue to indemnify The Exchange, its officers, employees and affiliates, to the fullest extent permitted by law in respect of any claim, charges, demands, losses, damages, costs, liabilities, penalties, judgments, fees, action or expense (including settlements and judgments or other expenses, attorneys' fees, and court costs) arising from, or connected with, any breach of the Issuer's obligations and/or the provisions set out in this Listing Contract.

(11.) It shall promptly comply with any sanctions imposed by The Exchange for breach by the Issuer of any directives, rules, regulations, procedures, policies and guidelines as may be issued or prescribed by The Exchange from time to time.

(12.) Nothing contained in or inferred from this Listing Contract shall be construed as constituting a contract with The Exchange for the continued listing of the Issuer's securities on The Exchange, thus the Issuer's securities may be delisted by The Exchange for non-compliance with The Exchange's rules and regulations.

(13.) Its directors shall be responsible for ensuring that the Issuer complies with its obligations pursuant to this Listing Contract, and all directives, rules, regulations, procedures, policies and guidelines as may be issued or prescribed by The Exchange from time to time including ensuring that The Exchange is provided with all required information or documentation in accordance with the stipulated timelines.

(14.) The Exchange reserves the right to, at its sole and absolute discretion, suspend trading in any listed securities of the Issuer, delist such securities, or remove the name of the Issuer from the Official List of The Exchange with or without prior notice to the Issuer, upon failure of the Issuer to comply with any one or more of the provisions of this Listing Contract, or when in its sole discretion, The Exchange determines that such suspension of trading or delisting is in the public interest, or otherwise warranted.

This Listing Contract takes effect from the date the Issuer's securities are listed on The Exchange and shall remain in force as long as the Issuer's securities remain listed on The Exchange.

…….	……..
Director Secretary	Director/Company
Date:	Date:

SCHEDULE OF ADMINISTRATIVE SANCTIONS – LISTINGS RULES

(1.) The administrative sanctions applicable for the violation of the provisions of the Rulebook of the Ethiopian Securities Exchange, 2024 (Listings Rules) shall be as contained in this schedule.

(2.) Where the name of a Rule or other naming convention changes, the name or naming convention shall be deemed automatically changed in this sanctions schedule.

(3.) Where any suspension is placed in connection to a violation, such suspension shall only be lifted where all obligations, related or unrelated, have been settled.

S/N	Activities	First Time Offender	Second Time Offender	Third Time Offender
			(either committing the same infraction within a period of xx months or failure to comply with the directives within a specified period)	*(either committing the same infraction within a period of xx months or failure to comply with the directives within a specified period)*
1	Rules relating to Disclosure Obligations	Written Warning/Caution	Mandatory Compliance Training	Suspension, Public Censure, and Compliance Status Indicator (CSI)
2	Rules relating to Financial Reporting Obligations	Written Warning/Caution and Compliance Status Indicator (CSI)	Suspension until Compliance, Public Censure, and Compliance Status Indicator (CSI)	
3	Rules relating to Corporate Governance Requirements	Written Warning/Caution	Mandatory Compliance Training	Public Censure and Compliance Status Indicator (CSI)

Compliance Status Indicators (CSIs)

S/N	CSI CODES	CODE NAME	CODE DESCRIPTION
1.	BLS	Below Listing Standard	Comprises of all deficiencies regarding Continuing Non-Financial Disclosures.
2.	MRF	Missed Regulatory Filing	Listed companies that missed their respective regulatory filing deadline.
3.	DWL	Delisting Watch-list	These are companies that have been served with delisting notices but the delisting process has been put on hold because they have received a stay of action from ESX for a defined period during which they undertake to address the issues that led to the issuance of the delisting notice. If they fail to address the issues within the defined period or any extension thereof, the delisting process will continue.
4.	DIP	Delisting in Progress	These are companies that are undergoing the delisting process, mandatory or voluntary. The delisting process commences with a notice of intention to delist from ESX to an Issuer (mandatory) or to ESX from an Issuer (voluntary).
5.	AWR	Awaiting Regulatory Approval	These are companies that are awaiting the approval or no objection of their primary government regulator before releasing their Audited Financial Statements.
6.	RST	Restructuring	These are companies that are undergoing restructurings.
7.	BMF	Below Listing Standard and Missed Regulatory Filing	
8.	BAA	Below Listing Standard and Awaiting Regulatory Approval	
9.	BRS	Below Listing Standard and Restructuring	
10.	MRS	Missed Regulatory Filing and Restructuring	
11.	BMR	Below Listing Standard, Missed Regulatory Filing and Restructuring	

VOLUME D: TRADING RULES

PART 1 – GENERAL PROVISIONS

Chapter 1 – Rules Administration and Conventions

1.1. Short Title

These Rules may be cited as the "Rulebook of the Ethiopian Securities Exchange, 2024 (Trading Rules)".

1.2. Scope of Application

(1.) These Rules and Regulations shall be binding upon Trading Members in their relationship with The Exchange, as between themselves as Trading Members, and as relates to the business which they conduct as Trading Members of The Exchange with other entities and the general public.

(2.) All listed securities shall be traded in accordance with these rules through the designated trading platforms of The Exchange unless otherwise specifically exempted by:

(a.) these Rules, as may be amended from time to time, as well as other rules, guidelines, procedures, and instruments that The Exchange may issue; and/or

(b.) the Proclamation, as may be amended from time to time, subsidiary legislations made under the Proclamation as well as Directives and other instruments that the ECMA may issue consistent with the Proclamation.

1.3. Applicability of Other Rules of the Ethiopian Securities

The provisions of these Rules shall be read in conjunction with the Rulebook of the Ethiopian Securities Exchange, 2024 (General Rules, Membership Rules, Listings Rules, and Disciplinary Procedures and Dispute Resolution Rules).

PART 2 – CLIENT MANAGEMENT

Chapter 2 – Client Accounts

2.1. Know Your Customer (KYC) and Due Diligence

(1.) A Trading Member shall not accept to open or operate a securities trading account or otherwise deal on behalf of any other person unless it has taken all reasonable steps to establish the true identity of that person in accordance with the applicable KYC framework or requirements, and any other applicable Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) legislation as may be in effect from time to time.

(2.) Every Trading Member shall:

(a.) At least once a year review and where necessary update the records of all of its clients;

(b.) Adopt a risk-based approach to the review and update all of its clients' records;

(c.) Obtain its clients' valid National Identification Number, and/or bank account details and/or valid personal identification document;

(d.) With regard to business organizations, obtain the tax identification number, business registration number and other supporting registered corporate information of the entity and a copy of a valid personal identification document of each authorized signatory;

(e.) Put in place adequate risk monitoring tools for the accounts opened in line with the applicable KYC framework and/or requirements, and other Customer Due Diligence (CDD) requirements to ensure that such accounts are not abused; and

(f.) Inform their clients of the basic risks involved in trading on The Exchange, the rights and obligations of the client, etc. by issuing to the client a copy of the "Risk Disclosure Document" as approved by The Exchange from time to time; and bring its contents to their client's notice. Trading Members shall tailor the Risk Disclosure Document to their respective business model and clients risks, and shall obtain and retain in their records, a copy of the risk Disclosure Document duly signed by each client.

(3.) Any Trading Member that violates the provisions of sub-rules (1.) or (2.) of this Rule shall be liable to disciplinary measures as stipulated in the sanctions schedule.

2.2. Supervision of Client Accounts

(1.) Trading Members shall maintain written policies and procedures regarding the supervision of client accounts, including the opening and closing thereof, and all transactions in such accounts for and on behalf of such account holders.

(2.) The policies and procedures described in sub-rule (1.) of this Rule shall be reasonably designed to ensure that:

(a.) the Trading Member learns the essential facts relative to its client's request to open or close an account;

(b.) the client has received, or has been offered but waived receipt of, all required disclosures concerning the account prior to opening such account;

(c.) a client's instructions with respect to transactions involving the client's account are carried out in an orderly and efficient manner; and

(d.) all transactions and financial commitments entered into by the Trading Member for or on behalf of clients are undertaken pursuant to a written mandate or appropriately recorded voice instructions from such client and are within the scope of authority of the Trading Member or the employee acting on behalf of the Trading Member.

(3.) No person shall approve the opening of accounts except if he or she is a licensed Appointed Representative of the Trading Member by the ECMA.

(4.) The person responsible for giving the approval in sub-rule (3.) of this Rule above shall learn or be informed of and understand the following essential facts relative to the client and to the nature of the proposed account:

(a.) the client's total assets compared to the size of the proposed account where the Trading Member has been granted discretion over the account;

(b.) the client's trading or financial objectives for the account;

(c.) the client's risk tolerance for trading in the proposed account;

(d.) the client's overall level of investment experience;

(e.) whether the client has given written authorization to the Trading Member to exercise discretionary powers over some portion of, or all of the account; and

(f.) whether the client was solicited to open an account or approached the firm on its own.

(5.) Trading Members shall maintain policies and procedures that are reasonably designed to:

(a.) protect and hold in confidence all financial and other information concerning the client and/or the client's account;

(b.) promptly detect any irregularity, fraud or error in connection with a client account; and

(c.) minimize, so far as is reasonably practicable, the risk of loss to the client which results from any irregularity, fraud or error in the firm's interactions with, or on behalf of, such client.

(6.) Trading Members are prohibited from:

(a.) Opening client accounts without observing the Know-Your-customer procedures.

(b.) Using or borrowing a client's accounts without a contract or his written authorization.

(c.) Using a client's name without a contract or his written authorization.

(d.) Establishing fictitious accounts to execute any transaction.

(e.) Providing incomplete, inaccurate or misleading information to a client.

2.3. Confirmation of Orders and Mandates

(1.) A Trading Member shall obtain confirmed orders from its clients before placement of an order on the Trading System and shall keep records relating to all aspects of an order, from placement by the client to completion or cancellation and all key events in between.

(2.) Trading Members are required to enter mandates authorizing either a buy or sell order into The Exchange's order book immediately and shall continuously attempt to execute a mandate within the stipulated timeline which shall not exceed ten (10) business days from the time a mandate was given by the client or a period stipulated by The Exchange.

(3.) If after ten (10) business days of continuous attempt to fulfil the mandate or a period stipulated by The Exchange the mandate cannot be executed due to market conditions, the mandate must be renewed by the client..

(4.) A Trading Member that knowingly fails to execute the mandate within the stipulated period shall be liable to sanction as stipulated in the sanctions schedule.

(5.) Under no circumstance shall a Trading Member receive a pre-signed blank mandate from a client.

(6.) Where a Trading Member accepts a pre-signed blank mandate, it shall forfeit any benefit that may have accrued from the transaction, and shall be liable to sanction as stipulated in the sanctions schedule.

(7.) Every Trading Member shall issue a contract note for every purchase or sale of securities entered into by it not later than the end of the next trading day. The contract note shall be duly executed by the Trading Member and shall contain the following information:

(a.) The name and logo under which the Trading Member carries on its business as a Securities Broker or Securities Dealer, and the address of the principal place at which it so carries on business;

(b.) The name and address of the client on behalf of whom the transaction was executed;

(c.) Transaction date;

(d.) The description, quantity and the price at which the transaction was executed;

(e.) The amount of consideration payable under the contract;

(f.) The brokerage fee or commission payable by the client to the Trading Member in respect of the contract; and

(g.) Other statutory charges and fees payable by the Trading Member.

2.4. Maintenance and Segregation of Client's Account

(1.) Every Trading Member shall keep all funds held on behalf of clients in a bank account separate from its own funds and such account shall be kept in the name in which the Trading Member carries on its stockbroking business followed by the words “Clients' Account”.

(2.) Failure of a Trading Member to keep and hold all funds on behalf of clients in a bank account separate from its own funds shall result in an immediate penalty of suspension from trading until such account is opened and evidence of maintaining the account is submitted to The Exchange, a fine, and any other sanction as stipulated in the Schedule of Administrative Sanctions.

(3.) Non-payment of the fine stated in sub-rule (2.) of this Rule shall be a ground for not lifting the suspension placed on the Trading Member notwithstanding that the Trading Member has opened such Clients’ Account and provided evidence of same to The Exchange.

2.5. Monthly Financial Statement of Account to Clients

(1.) Every Trading Member shall render regularly and promptly, monthly electronic statements of account to each of its clients providing a summary of a client's transactions including a report of activities on the client's account, showing all transactions carried out on behalf of such client.

(2.) Trading Members shall keep copies of statements provided to clients.

(3.) Monthly electronic statements of accounts shall be issued and sent at no cost to clients.

Chapter 3 – Client Assets

3.1. Use and Segregation of Client Funds

(1.) A Trading Member entrusted with assets of a client shall use all reasonable care to safeguard those assets, in accordance with this Rule.

(2.) Client funds that are held by a Trading Member must be kept in one (1) or more separate accounts from the Trading Member's business accounts. Clients' fund accounts shall be clearly designated as for the benefit of the Trading Member's clients.

(3.) A Trading Member shall take all reasonable legal measures with the institution holding Clients funds to ensure that such accounts will not be subject to offset against obligations of the Trading Member.

(4.) Each Trading Member shall keep such books and records as shall be necessary to show and distinguish in connection with its business as a Trading Member:

(a.) Funds received from or on account of clients, and funds paid to or on account of clients, or paid into escrow for the client's benefit; and

(b.) Funds received from or on account of the Trading Member, and funds paid to or on account of the Trading Member.

(5.) Payments into Clients' Accounts:

(a.) Trading Members who hold or receive money on account of a client shall, immediately pay such money into the client's account or an escrow account for the client's benefit.

(b.) In the event that the Trading Member receives funds that belong in part to a client and in part to the Trading Member, the Trading Members shall deposit the entirety of the funds received into the client's account

and shall thereafter transfer the Trading Member's funds from the client's account to the Trading Member's account(s). In this regard:

(i.) Such transfer shall be approved in writing by an authorized supervisor, and shall be noted in the books and records of the Trading Members.

(ii.) Documentation showing the amount of the initial payment that was due and owing to the Trading Members, and the circumstances of such obligation, shall be made available to The Exchange immediately upon request. If a Trading Member fails to maintain such documentation or provide such documentation to The Exchange upon request, the Trading Member shall be presumed to have improperly commingled client funds.

(c.) No funds shall be paid into a client's account other than:

(i.) Funds held or received on account of such client;

(ii.) Funds for replacement of any sum that may have been mistakenly drawn from such account; or

(iii.) Funds received by the Trading Member representing in part money belonging to the client and in part money due to the Trading Member.

(6.) Withdrawals from Clients' Accounts:

(a.) Trading Members shall not withdraw or transfer client funds from the client accounts for the purpose of settling any transaction by the Trading Member as principal, or for the purpose of settling any business debt of the Trading Member.

(b.) No funds shall be drawn from client accounts other than:

(i.) Funds properly required for payment by or on behalf of a client in connection with debts due from the client to the Trading Member for liabilities arising from trades executed on behalf of the client or in satisfaction of margin calls or other client obligations;

(ii.) Funds properly required for payment to a client upon receipt of a written request from the client; and

(iii.) Funds belonging to the Trading Member as may have been paid into the clients' account.

(7.) Nothing in this Rule shall deprive a Trading Member of any legal recourse rights, whether by way of lien, set-off, counter-claim or otherwise, against funds held in a clients' account.

(8.) Notwithstanding the above provision, no Trading Member shall enter into any agreement authorising a third party to set-off the debt or other obligation of such Trading Member from clients' accounts.

(9.) Custody of Client Securities:

(a.) Client Securities shall be held in one (1) or more separate accounts from the Trading Member's trading account(s). Client securities accounts shall be clearly designated as being for the benefit of the Trading Member's clients and the Trading Member shall take all reasonable legal measures to ensure that such accounts will not be subject to offset against obligations of the Trading Member.

(b.) Each Trading Member shall keep such books and records as shall be necessary to show and distinguish in connection with its business as a Trading Member:

(i.) Securities received for sale or kept pending delivery in the market;

(ii.) Securities fully paid for, pending delivery to the client;

(iii.) Securities received for transfer or sent for transfer by the Trading Member, in the name of the client or the client's designee;

(iv.) Securities that are fully paid for and are held in custody by the Trading Member as security or margin; and

(v.) Fully paid for client securities that are registered in the name of the Trading Member towards margin requirements.

3.2. Misappropriation of Clients Funds

(1.) Under no circumstance shall a Trading Member that misappropriates its client's funds be permitted to keep any benefit accruing from such misappropriation, including but not limited to bonuses, rights, cash dividends, capital appreciation, and any profit whatsoever.

(2.) Any Trading Member that misappropriates a client's funds shall:

(a.) Where the value of the funds are at or below a threshold specified by The Exchange, be liable to return the misappropriated funds with interest at five per-cent (5%) above the prevailing bank saving rate; or

(b.) Where the Trading Member had engaged in such misappropriation of funds on a previous occasion or the value of the funds misappropriated is at or above a threshold specified by The Exchange, the Trading Member shall have its Membership Certificate revoked by The Exchange and shall in addition return the misappropriated funds with interest at ten per-cent (10%) above the prevailing bank saving rate.

(3.) The provisions of sub-rule (2.) of this Rule shall apply whether the funds misappropriated were client's funds kept with the Trading Member for use for some other purposes, proceeds of sales of the Trading Member's client's securities, conversion of the client's dividends, or funds in the possession of the Trading Member as a result of invoicing the client at a wrong price, or any client's funds howsoever.

(4.) During the pendency of any investigative or disciplinary proceedings, the Trading Member shall be suspended from trading.

3.3. Unauthorized Sale or Transfer of Securities

(1.) No Trading Member shall sell or transfer any securities without the authorization of the owner.

(2.) A Trading Member that has sold or transferred any securities without the authorization of the owner shall not be permitted to keep any benefits accruing from such transaction.

(3.) A Trading Member that sells or transfers securities without the authorization of the owner shall:

(a.) Be required to buy back the securities along with any accrued benefits within a period as may be specified by The Exchange.

(b.) Where the value of the transaction is at or below a threshold as may be specified by The Exchange, be liable to pay:

(i.) a fine as stipulated in the Schedule of Administrative Sanctions or three (3) times the value of the sale or transfer, whichever is higher; and

(ii.) a daily fine for every day from the day on which the Trading Member is required to buy back the securities by The Exchange until the day the Trading Member completes buying back the shares for the owner.

(c.) Where the transaction is at or above a threshold as may be specified by The Exchange or the Trading Member has engaged in such unauthorized sale or transfer of securities on a previous occasion, The

Exchange may at its discretion revoke the trading Member's Certificate and shall in addition be liable to pay:

(i.) a fine as stipulated in the Schedule of Administrative Sanctions or three (3) times the value of the sale or transfer, whichever is higher; and

(ii.) a daily fine for every day from the day of the sanction until the day the Trading Member completes buying back the shares for the owner.

(4.) Where the Trading Member is unable to buy back the sold or transferred shares within the stipulated period as a result of security unavailability or illiquidity, the Trading Member shall immediately notify The Exchange of this fact in writing and The Exchange shall determine the best monetary value in the circumstances to be paid to the owner.

(5.) During the pendency of any investigative or disciplinary proceedings, the Trading Member shall be suspended from trading.

3.4. Discretion in Client Accounts

(1.) No Trading Member, Appointed Representative, personnel or other representative of a Trading Member, shall exercise any discretionary power in any client's account, or accept orders for an account from any person other than the client without first obtaining written authorization of the client.

(2.) No Trading Member, Appointed Representative, personnel or other representative of a Trading Member exercising discretionary power in any client's account shall effect purchases or sales of securities which are at variance with the objectives of such client.

(3.) Trading Members shall maintain written records of all grants by a client of discretionary power in such client's account, and any revocations of such grants of discretionary power by the client.

3.5. Payments for Purchase or Sale of Securities

(1.) All payments for purchase of securities shall be made by electronic money transfer subject to the observance of the provisions of applicable AML/CFT laws and requirements in effect in Ethiopia.

(2.) All payments for sale of securities shall be made by electronic money transfer in favour of the account holder.

(3.) Unless instructed by the client, any Trading Member shall only deliver the proceeds of sales to the client's account. In cases of erroneous transfers to a third party account, the Trading Member shall, on demand of the client or The

Exchange or whenever it becomes aware of the incident, whichever is earlier, immediately return or pay the funds to the registered account.

PART 3 – TRADING

Chapter 4 - Order Handling and Best Execution

4.1. Best Execution Principle and Criteria

(1.) Trading Members shall have the obligation to deliver the best possible result when executing client orders to all types of securities.

(2.) Trading Members shall establish transparent and comprehensible procedures to ensure fair and orderly execution of client orders.

(3.) Every Trading Member shall be required at all times to:

(a.) Act in the best interest of their clients when they, acting on behalf of their clients, execute their orders on The Exchange platform or system; and

(b.) Adhere to the best execution principle by taking reasonable steps to obtain the best available result for the client in a timely manner, provided that the Trading Member shall at all times act in accordance with the terms and conditions of the order from the client.

(4.) Where a Trading Member deals on its own proprietary account, and the counter client party to the transaction is the same Trading Member's client, to ensure compliance with the best execution principle, the transaction shall be treated as an execution of the client's order, and not the Trading Member's.

(5.) The Trading Member shall apply its best execution obligations in a manner that takes into account the different circumstances associated with the execution of orders related to particular types of securities.

(6.) When executing a client's order, a Trading Member shall take into account the following criteria for determining the relative importance of the execution factors:

(a.) The characteristics of the client, including the categorization of the client as retail, or qualified as defined in these rules;

(b.) The specific characteristics of the client order. That is, order specific instructions include but limited to certain execution conditions, such as Good Till Month (GTM), Day Order, Good Till Cancelled (GTC, Fill or Kill (FOK), All or None; and

(c.) The characteristics of securities that are the subject of that order, including expected return, risk, liquidity, and volatility.

4.2. Discretionary Investor

(1.) A Trading Member shall only maintain an account for a discretionary investor where, the brokerage agreement executed by the client with the Trading Member includes, in a conspicuous manner, a discretionary disclosure clause as documentation of the client's consent to the Trading Member's operation of the account in this manner.

(2.) Notwithstanding the provisions of sub-rule (1.) of this Rule, a Trading Member shall only make buy and sell decisions in accordance with the client's stated investment goals.

4.3. The Role of Price

(1.) Where a Trading Member executes an order on behalf of a client, the best possible result shall be determined in terms of the total consideration, representing:

(a.) The price of the securities;

(b.) The costs related to execution, which shall include all expenses incurred by the client that are directly related to the execution of the order;

(c.) Fees clearing and settlement; and

(d.) Any other fees paid to third parties involved in the execution of the order.

(2.) When executing a client's order for a discretionary investor, a Trading Member shall take into consideration all factors that will allow it to deliver the best possible result in terms of the total consideration, representing:

(a.) The price of the securities and the costs related to execution;

(b.) Speed;

(c.) Likelihood of execution and settlement;

(d.) The size and nature of the order;

(e.) Market impact; and

(f.) Any other implicit transaction costs or conditions that may be given precedence over the immediate price and cost consideration only, as

long as they are instrumental in delivering the best possible result in terms of the total consideration to the client.

4.4. Order Execution

(1.) Clients' order execution shall include the execution of orders on behalf of clients.

(2.) Each Trading Member shall:

(a.) Establish and implement effective arrangements for achieving the best possible result for its clients.

(b.) Establish and implement an order execution policy to allow it to obtain, for its client orders, the best possible result in accordance with that obligation.

(c.) Provide appropriate information to all its clients about its order execution policy, and display its order execution policy on its website at all times.

(d.) Provide its clients with its order execution policy in good time prior to the provision of its services.

(e.) Establish and implement an order execution policy which shall contain:

(i.) an explanation of the relative importance that the Trading Member assigns, in accordance with the execution criteria, to the execution factors, or the process by which the Trading Member determines the relative importance of those factors; and

(ii.) a clear and prominent warning that any specific instructions from a client may prevent the Trading Member from taking the steps that it has ordinarily designed and provided in its execution policy to enable it obtain the best possible result for the execution of those orders.

(f.) Determine the relative importance of the execution factors or establish the process by which it determines the relative importance of the factors.

(g.) Apply its execution policy to each client order.

(h.) Monitor the effectiveness of its order execution arrangements and policy on a regular basis in order to identify and, where appropriate, correct any deficiencies.

(3.) Each Trading Member's execution policy shall determine the relative importance of each of the execution factors or establish a process by which it will determine the relative importance of the execution factors. The relative importance that a Trading Member gives to those execution factors shall be designed to obtain the best possible result for the execution of its clients' orders.

(4.) Each Trading Member shall:

(a.) Notify its clients of any change to its order execution arrangements or execution policy.

(b.) Review its execution policy, as well as its order execution arrangements annually. The review shall also be carried out whenever a material change occurs that affects the Trading Member's ability to obtain the best possible result for the execution of its clients' orders on a consistent basis.

(c.) Be able to demonstrate to its clients and The Exchange, upon request, that it has executed its clients' orders in accordance with its execution policy. The Trading Member shall comply with all audit trail requirements as provided in these Rules.

(d.) Act in the best interests of its clients whilst receiving and transmitting its client's orders to other entities for execution.

4.5. Following Clients' Specific Instructions

(1.) Each Trading Member shall:

(a.) Execute its client's specific instructions.

(b.) Take all reasonable steps to obtain the best possible result for a client whilst executing an order, or a specific aspect of an order.

(2.) Where a Trading Member executes an order following specific instructions from its client, the Trading Member shall be deemed to have satisfied its best execution policy only in respect of the part or aspect of the order to which the client's specific instructions relate. The specific instructions shall not be treated as being applicable to any other parts, or aspects of the client's order in relation to the Trading Member's best execution obligation, except there is proof to the contrary.

(3.) No Trading Member shall induce its client to issue instructions to execute an order in a particular way, by expressly indicating or implicitly suggesting the content of the instruction, when the Trading Member ought reasonably to know that such instruction is likely to prevent the best possible result for that client.

(4.) All orders entered for customers shall contain the following information:

(a.) The date and time of entry;

(b.) The security name and quantity to be bought or sold; and

(c.) The terms and validity period of the order.

(5.) A customer's order may be received and/or entered by any of the following means:

(a.) In person on the premises of the Trading Member;

(b.) By telephone (voice or text or scanned image), in which case, the order must be recorded by the Trading Member if the Trading Member and customer have agreed to enter orders by telephone and provided the relevant procedures are respected;

(c.) By electronic mail; and/or

(d.) By short message service (SMS) sent through the client's registered phone number linked to the client's account, provided that any mandate received by SMS is properly documented and shall be provided upon request.

(6.) Failure to provide documentation in proof of any mandate received may be treated as misconduct and sanctioned by The Exchange as appropriate.

4.6. Client Order Handling

(1.) Upon receipt of client's order, having ascertained completeness of the instruction and reviewed it pursuant to the applicable law and where it accepts to execute the order, the Trading Member shall implement procedures and arrangements which provide for the prompt, fair and expeditious execution of clients' orders.

(2.) Whilst carrying out client orders, each Trading Member shall:

(a.) Ensure that orders executed on behalf of clients are promptly and accurately recorded and allocated; and

(b.) Inform its client about any material difficulty relevant to the proper execution of orders promptly upon becoming aware of the difficulty.

(3.) In compliance to the Proclamation, no Trading Member shall misuse information relating to pending client orders, and each Trading Member shall take all reasonable steps to prevent the misuse of such information.

4.7. Aggregation and Allocation of Orders

(1.) No Trading Member shall execute a client's order in aggregation with another client order unless the following conditions are met;

(a.) The aggregation of orders and transactions will not undermine or contradict acceptable fair allocation methodology. Acceptable fair allocation methodologies shall be published from time to time by The Exchange.

(b.) An order allocation policy is established and effectively implemented, providing in sufficiently precise terms for the fair allocation of aggregated orders and transactions, including how the volume, price and/or time of receipt of orders determines allocations and the treatment of partial executions.

(2.) Where a Trading Member aggregates a client's order with one or more other orders and the aggregated order is partially executed, the Trading Member shall allocate the trades in accordance with its order allocation policy.

(3.) The order allocation and best execution policy shall be one of the internal policy documents of Trading Members, which shall state in precise terms, how order executions shall be allocated to clients of the Trading Member to ensure fairness at all times.

4.8. Prohibition of Aggregation and Allocation of Client Transactions with Trading Member's Proprietary Account

No Trading Member shall aggregate a client's order with a transaction for the Trading Member's proprietary account.

4.9. Audit Trail Requirements

(1.) Trading Members shall establish a system for order tracking and monitoring. This is to ensure that there is an end-to-end trail through the life cycle of an order.

(2.) Evidence of audit trail on all amended, cancelled and executed orders, shall be maintained in the Trading Member's system. This is required to provide visibility into the entire life cycle of an order. To facilitate this, Trading Members shall ensure that they have time stamps and other reliable methods of recording the timing of receipt of client orders.

4.10. Fixed Income Market Order Handling

1. Fixed income securities may be traded on The Exchange ETP through any of the following means:

(a.) Request for Quote (RFQ) method; or

(b.) A firm order placed in the ETP; or

(c.) Bilateral/negotiated method (voice or chat platform) that occurs on the ETP or is reported to it.

2. RFQs shall be in standard amounts or multiples of the standard amount as may be determined by The Exchange.

4.11. Fixed Income Market Quotes or Order Convention

1. Quotes or firm orders for debt securities on The Exchange shall be on the basis of yield but shall also display the clean price for a coupon bond which doesn't include any accrued interest between coupon payments.
2. Quotes or firm orders for money market securities shall be on the basis of yield
3. The Exchange will determine and vary the maximum spread by market makers in the Fixed Income market per the risk management process agreed to with Dealing Market Makers.
4. All quotes as price shall be provided to four decimal places.

4.12. Fixed Income Execution of Trades

1. Dealing shall be done through The Exchange ETP.
2. For a bilateral or negotiated trade through voice or messaging platforms to be confirmed, the trade must be reported and booked in the trade reporting system within The Exchange ETP. Every Dealing Member, in respect of all trades entered into, shall comply with the reporting requirements as determined by The Exchange. Dealing Members are obliged to ensure that all telephone conversations between them in respect of trade execution shall be recorded.

4.13. Validity of Quotes and Orders for Fixed Income Securities

1. Quotes shall be given using the RFQ trading module, firm orders and/or by telephone.
2. Quotes provided over the phone are valid for that specific phone call.
3. Quotes given are valid for a maximum of sixty seconds for on-screen transactions on a two-way quote basis.
4. Transactions that are executed outside the trading system shall be reported into the trading system within ten minutes of execution.

5. When making a firm order, quotes shall be valid until changed. The amount and/or price of a quote are also valid until changed. A quote cannot be changed after it has been accepted.

4.14. Trade Conclusion for Fixed Income Securities

1. A Dealing Member shall not refuse to deal after quoting a price if the requesting Dealing Member decides to buy or sell at the price quoted.
2. A Dealing Member is bound to deal once the price and quantity are agreed.
3. A deal is executed when the Dealing Member that requested a quote confirms the buying or selling of a standard amount or specified amount quoted at the price indicated by the quoting Dealing Member.

Chapter 5 – Error Trades and Orders

5.1. Responsibility for Accuracy of Orders

(1.) A Trading Member shall be solely responsible for the accuracy of orders entered into the Trading system.

(2.) A Trading Member shall not access a client's trading account without a confirmed mandate from the client to do so.

5.2. General Ledger Error Accounts

(1.) No Trading Member shall be permitted to effect transactions using the trading facilities of The Exchange unless such Trading Member maintains an error account in its general ledger.

(2.) Any transaction effected using The Exchange's trading facilities which results in a Trading Member assuming or acquiring a position in a security as a result of an error and any transaction initiated by a Trading Member to offset a transaction made in error shall be cleared in the Trading Member's general ledger error account or group general ledger error account unless the customer accepts the error transaction. Any transaction initiated on The Exchange's trading facilities by a Trading Member to offset a transaction made in error shall be duly posted in the general ledger error account.

(3.) A general ledger error account shall be opened by a Trading Member to register all transactions carried out in error. Records as to all errors shall be maintained by the Trading Member and such records shall include the following audit trail data elements:

(a.) Name or identifying symbol of the security, as may be required by the clearing entity;

(b.) Number of shares or quantity of security;

(c.) Transaction price;

(d.) Trade Time;

(e.) Executing Trader's identity in regard to its side of the contract;

(f.) Nature of the error;

(g.) The aggregate amount of liability that the Trading Member has incurred and has outstanding, as of the time each such error trade entry was recorded; and

(h.) Any other information as The Exchange may from time to time require.

(4.) An error may be resolved by the client accepting the error transaction as executed or a Trading Member paying the customer to settle the amount of the error.

(5.) A Trading Member shall report to The Exchange all error transactions in such Trading Member's account which the client has refused to accept. The reports shall be rendered monthly and shall contain a detailed record of the errors and liquidating transaction as may be defined and determined by The Exchange from time to time.

5.3. Cancellation of Trades

(1.) The Exchange may at its discretion, cancel such error trades partially or fully, if a party to the trade makes a request as specified in Rule 5.5, and the relevant counterparties to the error trade agree to the cancellation within the time specified by The Exchange.

(2.) Trades may also be cancelled by The Exchange where a fraud has been established or any other situation that The Exchange considers will adversely affect the market.

5.4. Management of Obvious Errors

(1.) In the event that one (1) or more transactions is executed that arises out of an obvious error, The Exchange may exercise the power to cancel or adjust such transaction(s) according to the terms of this Rule. In addition, The Exchange may cancel or adjust pending bids and offers that arise out of an Obvious Error, or halt trading in one or more securities pending the resolution of an Obvious Error.

(2.) An Obvious Error shall include the following:

(a.) Error as to Size of Bid or Offer: The transaction resulted from a bid or offer in an amount that was disproportionately larger than the prevailing market in such security.

(b.) Error as to Bid or Offer Price: The transaction was consummated at a price that is significantly different from the prevailing market in the subject security at the time the initiating bid or offer was made, provided that there is no extrinsic information that would justify such transaction price.

(c.) Error as to Significant Price Difference: A trade has occurred in securities at a price that is significantly away from the prevailing market for such securities.

(d.) Error as to Account Number:

(i.) Validation of accounts before trading is not possible;

(ii.) The same account number is entered for the buy and sell sides of a cross deal; or

(iii.) A trade results in an inadvertent cross deal between two accounts of the same Trading Member such that there is no change in beneficial ownership of the shares traded.

(e.) Rapid repetition of a trade: A series of transactions in the same security for the same amount of such security is executed at a pace and in a manner that suggests to a reasonable observer that the bid or offer is being automatically repeated by either the Trader' or The Exchange's system, contrary to the Traders' or clients' intentions.

5.5. Obvious Error Procedure

(1.) Initiating a Review for Obvious Errors

(a.) On the initiative of a Trader:

(i.) A Trader that participated in one or more trades as a result of an Obvious Error, shall be required to notify The Exchange in writing within thirty (30) minutes of execution of the transaction(s) and request that the transaction be cancelled or adjusted.

(ii.) If a Trader fails to report the potentially erroneous transaction(s) within the time-frame specified, he may be unable thereafter to cancel or adjust the transaction(s) on the basis that it is an Obvious Error.

(iii.) Form of notification to The Exchange shall be in writing and in any format The Exchange may from time to time prescribe.

(iv.) The notification of an Obvious Error must include the symbol, the transaction time, the transaction price, the account number(s) of the client(s), and a brief description of the error in line with the Obvious Error definition.

(v.) The Exchange and the Trader shall obtain the written consent of the counterparty prior to effecting the cancellation or adjustment of the transaction.

(b.) On initiative of The Exchange: With or without any notification from Traders, The Exchange may on its own initiate any trade or trades for review as potential Obvious Errors. Such review shall be initiated within thirty (30) minutes of the suspected erroneous transaction(s) or in the case of Obvious Errors that could not be detected prior to closure of the market, within a reasonable time from the close of the market.

(c.) In instances where the obvious error occurs within thirty (30) minutes of market close, The Exchange shall use its discretion as to whether to allow the review of the obvious error.

(2.) Whenever a review is initiated for one or more transactions under this rule, The Exchange shall publish a notice informing the market that a trade is under review, and may invite affected participants in the trade under review to timely submit additional information that would be relevant to The Exchange's review. The notice to the market shall specify the time by which affected participants must respond.

(3.) The Exchange or its designee have exclusive responsibility to determine whether an Obvious Error occurred. If The Exchange or its designee determines after a review of the circumstances that an Obvious Error has occurred, The Exchange shall take the action in sub-rule (4.) below.

(4.) Errors as to volume and price will be corrected and an administrative charge of amount as may be determined by The Exchange may be imposed on the Trading. Notwithstanding any administrative charge or fines that are assessed, The Exchange reserves the right to take further disciplinary action against the Trading Member responsible for the erroneous order entry, including compulsory training for the Trader, in accordance with The Exchange's rules regarding disciplinary proceedings.

(5.) The Exchange shall promptly notify the parties to the transaction and the market once a decision is reached as to whether an Obvious Error occurred or not.

5.6. Decisions of The Exchange on Error Trades and Appeals

An appeal on the decision of The Exchange by an affected party to a trade that has been reviewed pursuant to this rule shall be in accordance with the complaints management and applicable dispute resolution procedures of The Exchange.

Chapter 6 - Prohibited Activities

6.1. Prohibition of Business Relationship Based on Guarantee

(1.) No Trading Member shall:

(a.) enter into any business relationship with a client premised on a guaranteed return to the client; or

(b.) guarantee, directly or indirectly, a client against loss in any account or in any securities transaction executed by the Trading Member for such client, or previously agreed with the client on a profit margin.

(2.) All Trading Members shall state clearly in communications to their clients that guaranteed returns on investments are prohibited.

(3.) All Trading Members shall include, in conspicuous manner, a provision on all client application forms clearly stating that business and securities transactions based on guarantee are prohibited.

(4.) Any Trading Member which violates the provision of this Rule shall be subject to the sanctions specified under the Schedule of Administrative Sanctions.

6.2. Prohibition of Preferential Treatment

(1.) Trading Members are prohibited from giving preference to any client's account over other clients including the assignment of more favourable transactions thereto in a manner that is contrary to the priority in which the executions were made.

(2.) All clients' accounts and transactions shall be managed in accordance with the provisions of these Rules relating to order handling and best execution principles.

6.3. Prohibition of Transacting with Clients in Default

(1.) No Trading Member shall carry on business for a client who is in default to another Trading Member.

(2.) Every Trading Member has an obligation to notify The Exchange of the name and circumstances of every such default. The circumstances of each default shall be submitted to the appropriate organ of The Exchange.

(3.) The Exchange shall include such defaulting client's name in a list to be kept by The Exchange for the purpose of circulating the name of defaulters to all Trading Members of The Exchange.

(4.) Any list in respect of sub-rule (3.) shall solely be managed, updated and edited by the Board of Directors of The Exchange.

6.4. Facilities and Data of The Exchange

(1.) No Trading Member shall, by itself or through any other persons on its behalf, publish, supply, show or make available to any other person or reprocess, retransmit, store or use the facilities of the Trading System or the information provided by the Trading System or Content of the Trading System, except with the written approval of The Exchange and in the ordinary course of business.

(2.) The Exchange shall publish a list of closing prices daily. No list or related-list of any kind shall be published and sold by a Trading Member or without the prior approval of The Exchange.

Chapter 7 – The Exchange's Trading Operations

7.1. Official Days and Hours of The Exchange

(1.) The Exchange shall open for trading on all business days in Ethiopia.

(2.) Trading shall be conducted at specified times as may be determined by The Exchange. The Exchange may extend, advance or reduce trading hours by notifying Trading Members as may be necessary.

(3.) Unless otherwise specified by the Board of Directors of The Exchange, The Exchange shall be open for trading business from 9:00 a.m. to 3:00 p.m. EAT, as follows:

(a.) There shall be a pre-open session between 9:00 a.m. and 9: 30 a.m. EAT;

(b.) Following the opening match, trading shall commence and continue until 3:00 p.m. EAT in a continuous trading session; and

(c.) Trading shall cease at 3:00 p.m. EAT. No trading shall occur after this time.

(4.) In extraordinary circumstances, at the discretion of The Exchange or upon the Authority's request, The Exchange may authorize, with prior approval by the Authority, an extension of the trading hours past 3:00 p.m. EAT on a particular trading day.

(5.) The Exchange shall provide public notice of any extension of the trading day as promptly as practicable.

7.2. Trading Requirements

(1.) Unless otherwise stipulated at the time of a transaction, all securities dealt in by a Trading Member shall be deemed to be fully paid and funded.

(2.) All transactions entered into by Trading Members shall be for net prices as between the buyer and seller.

(3.) The Exchange shall not recognize in its dealings any parties other than its own Trading Members and every interactions therefore, whether for the Trading Member or on behalf of a client, must be according to the Rules, regulations and usages of The Exchange.

(4.) The Exchange shall determine the mode of trading, platforms and systems from time to time. No Trading Member shall put through a transaction on The Exchange other than through the ESX Automated Trading System.

(5.) The Exchange shall from time to time specify various trading parameters and attributes relating to the Trading System, including but not limited to the following:

(a.) Lot Sizes: The size of a lot shall be one share; and

(b.) Display of Quotes and Orders: ESX shall display as publicly available such details of Orders in tradable securities submitted to the trading system in a format it shall determine from time to time.

7.3. Orders and Principles of Matching Orders

(1.) Orders entered and executed on ESX Automated Trading System shall be binding on the respective Trading Member.

(2.) An order entered on ESX Automated Trading System shall contain such particulars of information as required by The Exchange.

(3.) Order priority shall first be determined by price followed by time.

(4.) Within a particular Trading Members' Office, a client order shall have priority over a proprietary order of the Trading Member.

(5.) A Trading Member may condition execution of an order based on various parameters including volume, time, and price constraints.

(6.) The Exchange shall prescribe from time to time different trade types, market types that will be permitted to Trading Members for dealings in securities. This shall include order entry parameters, price protection methodologies,

classifications of securities, time-in-force restrictions, and special fill terms, among others.

7.4. Maintenance of Trading Systems

(1.) Trading Members shall maintain the appropriate systems and technology to aid receipt, processing and execution of clients' orders, receive reports and trading data electronically from The Exchange's trading systems.

(2.) Trading Members may also maintain the required electronic linked facilities with the applicable central securities depository, clearing and settlement entity and or its equivalent, and maintain an off-site back-up system for data storage and retrieval to prevent any problems in its electronic systems.

(3.) Prior to deploying or updating a trading platform or system, the Trading Member shall make use of clearly defined development and testing methodologies which ensure at least that:

(a.) The trading system does not operate in an unintended manner;

(b.) The compliance and risk management controls embedded in the systems work as intended; and

(c.) The trading system can continue to work effectively in case of a significant increase of the number of messages managed by the system.

(4.) The Trading Member shall be able to demonstrate at all times that they have taken all reasonable steps to ensure that the trading platform or systems they operate do not contribute to disorderly trading conditions and do not in any way expose the clients to fraud or abuse.

7.5. Approved Trading Platforms or Systems

(1.) Trading shall only be permitted through the platform and systems approved by The Exchange. These include workstation(s) and/or trade booths located on any of The Exchange trading floors and/or at approved office(s) of a Trading Member or any other access mode as may be approved from time to time by The Exchange.

(2.) Access to the Trading System shall be by the use of Trader Identification Code and the assigned login details for each Trader.

7.6. Liability of a Trading Member

A Trading Member firm shall be fully responsible for all matters arising from access to the trading engine through its Trader Identification Code and Password.

7.7. Appointment of Users by Trading Members

(1.) Trading Members shall be entitled to appoint users from a pool of Securities Traders licensed by the ECMA as Appointed Representatives with the approval of The Exchange to grant access to the Trading System.

(2.) The appointment of users shall be subject to such terms and conditions as The Exchange may from time to time prescribe.

(3.) The number of Traders per Trading Member, to be admitted to the Trading Floor at any one time during trading hours as specified in these Rules shall be as determined by The Exchange from time to time.

7.8. Use of Trading System Access Codes

(1.) The Exchange shall issue to every Trading Member trading codes for access to the trading system and no Trading Member or user thereof shall share its log-in details and password with another Trading Member or user.

(2.) Any Trading Member or user that breaches the provisions of sub-rule (1.) above, shall at any time of such breach be sanctioned in line with the sanctions schedule of The Exchange.

(3.) Where a Trading Member requests to change its login details for reasons approved by The Exchange, the Trading Member shall immediately act in accordance with The Exchange's instructions.

7.9. Restrictions and Limitations

(1.) A Trading Member shall not permit itself or any other person(s) to:

(a.) Use the system provided by The Exchange for any purpose other than the purpose as approved and specified by The Exchange.

(b.) Use the system provided by The Exchange on any equipment other than the system approved by The Exchange.

(c.) Copy, alter, modify or make available to any other person the software provided by The Exchange.

(2.) Only securities that are included on the list of eligible securities may be traded on or through The Exchange's systems and facilities. Trading Members shall not misrepresent non-eligible securities as being eligible for trading through The Exchange's systems and platforms.

(3.) The Exchange shall determine from time to time the methodologies and timelines for adjustment of market prices of listed securities for ex-dividend or ex-scrip or ex-interest on the basis of declared corporate actions.

7.10. Dealing in Blocks of Shares

(1.) The Exchange shall prescribe from time to time the volume and value of blocks of securities for sale through a Trading Member to be done with the prior approval of The Exchange.

(2.) Trading Member who wish to trade block of shares, shall notify The Exchange before executing such trades. The notification and requirements shall be in the form and manner determined by The Exchange from time to time.

(3.) A Trading Member that receives a mandate to deal in a block of shares shall apply to The Exchange for approval, in a format to be specified by The Exchange, to effect the mandate and shall not execute such a mandate without the said approval.

(4.) Where a Trading Member is in doubt as to whether a transaction will be treated as a block of shares, the Trader Member shall consult with The Exchange in order to address the doubt.

(5.) The application from the Trading Member to The Exchange shall be in writing in the format as may be specified by The Exchange. The application shall be accompanied by a copy of the mandate which shall be in the form of a duly executed letter from the shareholder to the Trading Member and such other information reflected on the applicable checklist as The Exchange may from time to time require to be submitted for approval.

(6.) The fees due to The Exchange to deal in a block of shares shall be an amount determined by applying the rate that shall be prescribed by The Exchange from time to time to the sum of the number of shares to be divested multiplied by the agreed transaction price or the market price, whichever is higher.

(7.) Where the trade of a block of shares is to be executed outside the prevailing market price, the Trading Member shall also include a document explaining the basis upon which the price of the transaction has been calculated with the application.

(8.) The Exchange shall not commence processing of applications to execute a trade of a block of shares without receiving such evidence of payment of the non-refundable processing fee.

(9.) The Exchange may from time to time in its sole discretion prescribe new parameters or thresholds for categorization of trades in blocks of shares.

(10.) Any breach of this rule shall result in sanctions as determined by The Exchange from time to time.

7.11. Prohibition of Trading in Exchange Listed Securities Outside The Exchange

(1.) No security listed on The Exchange shall be bought, sold or transferred outside the facilities of The Exchange.

(2.) Any violation of this rule by a Trading Member or Issuer shall attract penalties according to the degree and frequency of such breach as determined by The Exchange from time to time.

7.12. Free of Payment Transfer

(1.) Any securities holder that wishes to transfer his securities by way of Free of Payment Transfer shall apply to The Exchange through his Trading Member for transfer of the securities. The Trading Member shall carry out the requisite Know-Your-Customer (KYC) enquiries on the securities holder and the proposed Transferee.

(2.) The Exchange shall review the application and the supporting documents submitted by the Trading Member to determine whether the relationship between the proposed Transferor and the proposed Transferee is sufficient for the transaction to be classified as a transfer of title.

(3.) In reaching a decision to classify a transaction as a Free of Payment Transfer, The Exchange shall:

(a.) With regard to a Free of Fee Transfer between corporate entities, consider whether a Party directly or indirectly controls the other Party, or both Parties are under common control. A Party shall be deemed to control another Party if it holds or is beneficially entitled to hold, directly or indirectly, more than fifty per-cent (50%) of the total voting rights in the other Party, its total income, or issued share capital. Connections between corporate entities include but are not limited to the following:

(i.) holding companies, subsidiaries and subsidiaries within the same group; and

(ii.) a joint venture and a special purpose vehicle created for the purpose of the joint venture;

(b.) With regard to Free of Payment Transfer between individuals, consider the following connections:

(i.) Whether there is a direct familial relationship between Transferor and Transferee including but not limited to spouse, brother, sister, father, mother, child or step-child;

(ii.) Whether the Transferor is acting as administrator, custodian, etc. or as the personal representative administering any deceased person's properties; and the administrator, is:

1. a beneficiary of such properties who has a familial relationship or the deceased such as being a spouse, brother, sister, father, mother, child or step-child; or

2. a body corporate in which the beneficiary under sub-rule (3.)(b.)(ii.)1. of this Rule is a shareholder, or

3. an administrator whose terms confer a power on the administrator that may be exercised for the benefit of the beneficiary under sub-rule (3.)(b.)(ii.)1. of this Rule.

(c.) With regard to a Free of Payment Transfer between an individual and a corporate entity, consider whether the individual is a beneficial shareholder of the corporate entity.

(d.) With regard to a transfer from an individual, evidence of spousal consent shall be produced by the owner, or a declaration in the form of a letter by an officer of civil status that the owner/seller is not married. The written declaration shall be renewed every six months until the marital status of the owner is changed.

(4.) The Parties shall comply with such directions as may from time to time be provided by The Exchange with regard to completing the transaction.

(5.) The Exchange shall specify from time to time, documents required to be submitted as part of an application for the approval of Free of Payment Transfer.

(6.) The Exchange may charge a fee as may from time to time be determined and published by it.

(7.) Where the transaction is eligible for approval by The Exchange, the Transferee shall execute an indemnity in a form to be prescribed by The Exchange.

(8.) An approval granted by The Exchange for a transfer of securities shall be subject to the approval of the ECMA.

7.13. Short Selling

(1.) Naked short selling is prohibited. Any Trading Member that engages in naked short selling shall be liable to penalties as defined in the Schedule of Administrative Sanctions.

(2.) A listed security may be sold at a price below the last sale price. Permissible conditions and requirements for Short Selling shall be determined by The Exchange from time to time in line with the guideline promulgated by the ECMA, as applicable.

7.14. Trading Halts

(1.) Where necessary or appropriate to the maintenance of a fair and orderly market or for the protection of investors, or otherwise in the public interest, such as in the case of actual or threatened physical danger, civil unrest, terrorism, acts of war, or the loss or interruption of facilities The Exchange may:

(a.) Halt or suspend trading in one, some or all securities traded on The Exchange;

(b.) Close some or all Exchange facilities; and/or

(c.) Determine the duration of any such halt, suspension or closing.

(2.) The Exchange may take immediate decision to implement trading halts as necessary and report the same to ECMA.

(3.) The Exchange may set forth conditions and procedures to halt and re-open trading in all securities from time to time. Halting trading activities may be necessitated by:

(a.) significant market movement in securities prices.

(b.) There is a material news or information that is pending

(c.) Corporate restructuring or unforeseen events – until market participants are aware of the changes

(d.) Major insider trading concerns that resulted in major suspicious trading activity

(e.) Technical malfunctions

(f.) Public emergencies including man made and natural disasters

(g.) Company specific events such as its failure to abide by listing requirements

(h.) the direction of a governmental agency in a force majeure situation.

(4.) Nothing in this Rule shall be construed to limit the ability of The Exchange to otherwise halt, suspend, or pause the trading in any stock or stocks traded on The Exchange pursuant to any other Exchange rule or policy.

7.15. The Exchange's Discretion to Act in Time of Emergency

If in the opinion of The Exchange, the functioning of the Trading Floor or Trading System is threatened or likely to be severely and adversely affected by an emergency, including but not limited to fire or other casualty or accident, power failures, communications breakdown, computer malfunction and other similar events, The Exchange shall have full authority to take such actions as it deems appropriate.

7.16. Other Miscellaneous Provisions

(1.) Cancellation of Dividends: On receipt of official information from an Issuer cancelling the recommendation or declaration of dividends, any notice published announcing the security ex-dividend shall automatically be cancelled and be deemed to have been void and of no effect. Trading activities on such security shall be completed as if the securities have not been marked ex-dividend and any deduction made under thereof shall be refunded.

(2.) Cross Deals: When a Trading Member or Trader has an order to buy and an order to sell the same security at the same price, the Trading Member or Trader may "cross" those orders at a price at or within The Exchange best bid or offer for the security on the trading day.

(3.) Minimum Price Value and Variations: The minimum price variation (MPV) for bids or offers in securities admitted to trading on The Exchange may be made in such variations as The Exchange shall from time to time determine and make known to the market.

(4.) Block Trades: The Exchange may, from time to time, designate and approve an order for a block trade. Such orders shall comply with the minimum volume thresholds, related notification requirements and such other procedures as prescribed by The Exchange from time to time.

(5.) Order Prices: All orders entered on the Trading System shall be at prices exclusive of regulatory fees and brokerage fees.

(6.) Par Value of a Stock: Notwithstanding its par value, the price of every share listed on The Exchange shall be determined by the market, save that no share shall trade below a price floor set forth by The Exchange from time to time.

(7.) Per Trade Unit: The unit of trading in securities on The Exchange is one (1).

(8.) Price Floor: The Exchange may set an amount below which the price of one unit of a share shall not be permitted to trade.

(9.) Trade Sessions: The Exchange shall prescribe from time to time different trade Sessions and their designated period of time, permissible order entry types and

Traders actions, queue priority for orders, price discovery methodologies and order matching/execution conditions (Auctions).

PART 4 – DIRECT ELECTRONIC ACCESS

Chapter 8 – Rules on Online and Digital Trading Portals for Client Direct Electronic Access

8.1. Infrastructure Requirements

(1.) Every Trading Member that intends to set up an online trading portal shall procure and set up the following as approved by The Exchange:

(a.) A dedicated and secure network connection; and

(b.) An order management system.

(2.) No Trading Member shall operate an online trading portal without subjecting the online trading portal to security and conformance testing on a regular basis and in any event not less than twice every year.

(3.) The Trading Member shall submit a report for each test conducted on its online trading portal to The Exchange. The Exchange shall carry out routine spot checks on a periodic basis to confirm that any identified issues in the reports are promptly addressed.

(4.) Applications used by clients to access the order management system shall be protected by the requirement of strong passwords, strong authentication in line with industry standards, optimized for performance and regular security testing.

8.2. Client onboarding Criteria and Know Your Client (KYC) Requirements

(1.) Any Trading Member that intends to operate an online trading portal shall;

(a.) Have appropriate criteria set regarding the eligibility of persons to who such access may be provide:

(b.) Such eligibility criteria shall have regard to whether the eligible persons are retail investors, institutional participants or qualified investors for purposes of applying investor protection obligations;

(c.) carry out a comprehensive KYC exercise on all clients registered through the online trading portal before an online trading account is activated and before any transaction is carried out by clients on the portal.

(2.) The Trading Member shall keep the KYC records and any related records for a minimum period of ten (10) years.

8.3. Risk Management and Supervisory Control

(1.) Prior to setting up and operating its online trading portal, a Trading Member shall:

(a.) Establish and adopt robust risk management and information security standards which shall include:

(i.) multi-factor authentication;

(ii.) encryption;

(iii.) secure Hypertext Transfer Protocol (HTTPS);

(iv.) extended validation;

(v.) policies and procedures to mitigate and guard their online trading portals from fraud, cyber-crime and other risks to the firm and its clients; and

(vi.) other security standards as The Exchange may prescribe from time to time.

(b.) Put in place a system of change management control on all its critical applications, including the online trading portal and the applications connected to it.

(c.) Set up high-level security precautions and provide to The Exchange evidence of strong authentication, authorization and access Controls to The Exchange, where a cloud solution is employed.

(d.) Obtain The Exchange's written approval to operate an online trading portal.

(2.) Only the client of a Trading Member that is duly registered with the Trading Member to trade via its online trading portal shall be eligible to log on to the online trading portal using a personalized and non-transferrable password to communicate with the Trading Member as permitted by the online trading portal, including to initiate, submit or effect changes or amendments to market orders put in by the client.

(3.) Trading Members operating an online trading portal shall:

(a.) Disclose to their clients, via their online trading portals, and on their account opening forms, the risks associated with using the online trading portal.

(b.) Not share commissions from trade transactions effected via the online trading portal except with other Trading Members and such other registered market operators as The Exchange may from time to time specify.

(c.) Clearly display on the online trading portal all fees and charges (if any) associated with the usage of the online trading portal, as well as the details for customer service and the complaints management procedure.

(d.) Take all reasonable precaution to ensure the availability, integrity, confidentiality and security of transmission of financial information to and from clients.

(e.) Exercise care in determining clients' financial sophistication and suitability for particular investments recommended by the Trading Member.

(f.) Suspend or close a client's account where the Trading Members become aware that such account is being used for fraudulent transactions, money laundering, market abuse, and any other illegal purpose and notify The Exchange of such account suspension or closure within twenty-four (24) hours of the action.

(4.) In operating their online trading portals, Trading Members shall comply with all of The Exchange's Rules and Regulations, including those on communications, advertisement and publication.

(5.) Trading Members retain responsibility for orders and trades executed using Direct Electronic Market Access.

(6.) Trading Members shall have legally binding contract with their clients for the provision of Direct Electronic Access.

(7.) The Exchange may suspend or terminate the provision of Direct Electronic Access by a Trading Member in case of failure to comply with the provisions of these rules.

(8.) All trading activities on the online trading portal shall be duly monitored and supervised by a Trader employed by the Trading Member.

(9.) Where in the sole discretion of The Exchange, a security breach has occurred through a Trading Member's online trading portal, which puts the market at risk,

The Exchange may direct the Trading Member to shut down its online trading portal, or take any other appropriate measures that The Exchange may in its discretion determine, including but not limited to shutting down the electronic link between the online trading portal and The Exchange's trading facilities and/or other facilities.

8.4. Obligation to Provide Information to The Exchange

(1.) The Exchange may at any time require a Trading Member to provide information regarding its online trading portal and any arrangements in that regard, within two (2) business days of The Exchange's request.

(2.) The Compliance Officer of the Trading Member shall be responsible for all matters connected with its online trading portal arrangements, including giving adequate responses to enquiries by The Exchange.

PART 5 – SETTLEMENT OF TRANSACTIONS

Chapter 9 – Clearing and Settlement

9.1. Delivery and Settlement of Securities and Proceeds

(1.) Delivery and settlement shall be done on a time frame and basis prescribed by The Exchange.

(2.) Where an investor is trading on securities of Issuer for the first time, the Trading Member shall update the investor's information, including the investors' marital status, bio-data and banking details, with the central securities depository, or its equivalent, of The Exchange to authenticate the trade within such time set forth by The Exchange.

(3.) Settlement of each trade's proceed carried out on the trading system of The Exchange to the investor shall be done by direct payment into the account of the client or as provided by the central securities depository, or its equivalent, of The Exchange.

(4.) Notwithstanding the foregoing:

(a.) Settlement of transactions carried out on behalf of any client whose account details are not provided to the central securities depository, or its equivalent, of The Exchange shall be done by payment into the account of the client's Trading Member.

(b.) Where a client provides its Trading Member with a written mandate to purchase Securities with proceeds from the sale of other Securities any payment attributable to the sale shall be made into the account of the Trading Member provided the client gives its consent in that regard.

(5.) Within three (3) business days or any of such periods approved by The Exchange of receiving instructions from a client that settlement should be done by direct payment into such client's account a Trading Member shall:

(a.) Notify the central securities depository, or its equivalent, of The Exchange of the client's instructions; and

(b.) Provide the client's account details.

(6.) Any Trading Member that:

(a.) Trades in its client Securities without receiving a mandate from its client; or

(b.) Neglects to remit to its client the proceeds from trading in such client's Securities within three (3) business days or any of such periods approved by The Exchange,

Shall be liable for any penalties imposed under these Rules for unauthorized sale of securities, in addition to any other sanction which The Exchange may impose.

(7.) Every Trading Member shall take all reasonable steps to ensure that all details of trade settlement originates from the actual client and that the Know Your Client provisions in these Rules are duly complied with.

(8.) The seller shall be responsible for such benefits as may be due to the buyer if delivery is delayed.

9.2. Delivery of Transfer Instruments

Scrips and transfer instruments of value shall be delivered in such manner as prescribed by The Exchange from time to time.

9.3. Duty to Report Failed Transaction

(1.) Should the buying Trading Member fail to make payment or the selling Trading Member fail to deliver on the due date, the party not in default shall report the default to The Exchange as soon as it becomes aware of the matter.

(2.) Any Trading Member, who fails, in relation to a transaction in a tradable security, to comply with these Rules where applicable, shall be liable to disciplinary action by The Exchange.

9.4. Defective Transfer

(1.) A defective Transfer shall include events whereby a transferee does not have a good title to a security or securities, due to no fault of his, is unable to receive delivery of transfer of the Securities purported to be transferred by a transferor under the relevant instrument(s) of transfer for any reason whatsoever including any defect in the relevant instrument(s) of transfer or in the title to the Securities.

(2.) In any such event a selling Trading Member shall take all steps necessary to correct such defective transfer within five (5) trading days of the receipt of notice of such defective transfer from a transferee or The Exchange. The selling Trading Member shall further be responsible for any and all costs and expenses associated therewith including any losses suffered by a transferee.

PART 6 – TRADING CONDUCT

Chapter 10 – Conduct of Trading Members

10.1. General Conduct

(1.) Every Trading Member shall transact its business in a just and equitable manner, whether for the account of the Trading Member or for the account of a client, must be fulfilled according to applicable laws, rules and regulations.

(2.) A Trading Member shall at all times act or ensure that its Traders, other Appointed Representatives, employees and personnel act in the best interest of its clients.

(3.) All Trading Members shall abide by all decisions, rulings and directives of the Board and any other person or body of persons approved by the Board in the lawful execution of its powers pursuant to the provisions of these Rules and Regulations.

(4.) The Exchange shall operate a zero-tolerance policy on proven professional misconduct. Trading Members shall refrain from any act or course of conduct which is likely to harm the reputation of the Market or any Trading Member.

(5.) No Trading Member shall do or cause to be done any act, matter or thing which would adversely affect the goodwill or public image of The Exchange.

(6.) With respect to activities on The Exchange, a Trading Member shall only enter into a partnership, agency or profit sharing arrangement with a person or corporate entity who or which is also a Trading Member and such other licensed Capital Market Service Providers as The Exchange may from time to time specify.

(7.) Any Trading Member that violates the provisions in these Rules shall be liable to any sanctions that The Exchange may impose and not limited to monetary sanctions.

10.2. Duty of Reporting to The Exchange

(1.) Trading Members shall comply with such reporting and/or other requirements pertaining to specific transactions as may be prescribed by The Exchange from time to time.

(2.) A Trading Member shall inform The Exchange in writing immediately if the Member, or any of Appointed Representatives or other personnel, as the case may be:

(a.) Breaches any provisions of the Proclamation, this Rules, rules of any other exchange or market or any applicable laws (foreign or local) governing the Trading Member's activities;

(b.) Breaches any provision or a subject of a written complaint or investigation involving fraud or dishonesty, whether in or out of Ethiopia;

(c.) The subject of any disciplinary action taken by the Trading Member involving suspension, termination, withholding of benefits, fines or any other significant limitation of activities;

(d.) Engages in conduct that has the effect of circumventing the Proclamation, other relevant applicable laws and regulatory requirements and which is inconsistent with the principles of good business practice;

(e.) Engages in conduct which is detrimental to the integrity, reputation or interests of The Exchange; and

(f.) Is insolvent, or is the subject of bankruptcy or winding up proceedings.

(3.) The reporting obligations under this Rule apply whenever any of the above mentioned or related events occur, or threatens to occur.

10.3. Access to the Trading Floor and Controls

(1.) No Trader or Trainee Trader shall have access to the Trading Floor unless he or she:

(a.) Obtains a trading jacket or official robe or apparel as may be prescribed by The Exchange; and

(b.) Applies to and obtains from The Exchange a trading floor identification badge and an access control card, which shall be issued, upon fulfilment of necessary requirements, including payment of necessary fees as prescribed by The Exchange provided The Exchange has discretion to withhold access.

(2.) Each Trader and Trainee Trader shall at all times on the trading floor or other designated location as may be specified by The Exchange:

(a.) Wear a trading jacket or official robe or apparel as may be prescribed by The Exchange;

(b.) Wear a trading floor badge on such part of his trading jacket or official robe or apparel as may be prescribed by The Exchange and as shall make him constantly identifiable; and

(c.) Carry his access control card or other such access tool with him.

(3.) Any Trader or Trainee Trader that appears in the manner contrary to the provisions of this Rule and any other provision as may be prescribed by The Exchange from time to time, shall be sent off the trading floor or other designated location and shall be liable to other sanctions as prescribed by The Exchange.

(4.) No Trader or Trainee Trader shall access the trading floor or other designated location, or the trading system of The Exchange without the appropriate access rights.

(5.) Any Trader or Trainee that appears on the trading floor without an access control card or uses an access control card belonging to another Trader or Trainee Trader to enter or exit the trading floor shall be denied access to the trading platform for two (2) weeks and be liable to other sanctions as may be prescribed by The Exchange.

(6.) If any Trader or Trainee Trader falsely presents himself as another Trader or Trainee Trader and enters or attempts to enter the trading floor whilst wearing the trading floor badge of the other Trader or Trainee Trader or he uses or attempts to use their access control card to enter or exit the trading floor, he shall be denied access to the trading platform for two (2) weeks and be liable to other sanctions, including monetary fines as may be prescribed by The Exchange.

(7.) Any Trader or Trainee Trader that is suspended from the trading floor and denied access to the trading platform shall forthwith surrender his/her trading floor badge and access control card to The Exchange. Until his/her suspension is lifted and he/she is readmitted to the trading floor, his/her trading floor badge shall be revoked and he/she shall be denied access to the trading platform and his/her access control card shall be deactivated.

(8.) Trading floor badges and access control cards remain the property of The Exchange and shall be surrendered to The Exchange upon the occurrence of any of the following:

(a.) Suspension;

(b.) Revocation of registration as a Trader;

(c.) Blacklisting;

(d.) Relinquishment of Membership Certificate; and

(e.) Revocation of Membership Certificate.

10.4. Conduct on the Trading Floor

(1.) All Traders and permitted persons shall at all times conduct themselves with decorum whilst on the trading floor.

(2.) Smoking, gaming, gambling and any other act which is considered by The Exchange to be detrimental to the interests of The Exchange are strictly forbidden on the Trading Floor.

(3.) Drinking and eating may only be carried on at the designated area or areas.

(4.) Upon a finding by the relevant Board Committee or such entity as the Board delegates that the Trader or permitted person has breached this Rule:

(a.) The Trading Member that is the employer of the Trader or permitted person shall pay for any damage suffered by other Traders, permitted person or staff of The Exchange or any damage to their property and monetary fine recommended by the Board Committee or such entity delegated by the Board.

(b.) The Exchange may impose an appropriate sanction on the Trader or permitted person in breach.

10.5. Care in the Use of Trading Terminals and Equipment

(1.) It is the duty of every Trader to exercise due care in operating the trading terminals and workstations and other equipment at the Trading Members' booth.

(2.) Where any damage is caused to any of the equipment or fixtures or any other property by a Trader or by any other person employed by the Trading Member, the Trading Member shall be responsible.

(3.) Where any damage is caused negligently, The Exchange may impose whatever disciplinary action it thinks fit.

(4.) Trading Members shall make adequate provisions for secure and controlled access to their trading terminals and other trading system support technology; and documentation such as letterhead and other confidential and valuable documentation.

(5.) Where two (2) or more Trading Members share space or where a Trading Member firm is part of another entity, the procedures and the physical layout of the office should clearly indicate the responsibilities of the firms or entities within the office.

10.6. Front Running and Trading Ahead of Clients

(1.) Trading Members shall not take advantage of clients' order that may influence the price of a security, nor shall the Trading Member trade ahead of clients in the same direction of their orders before the said clients have executed their orders, which may result in the Trading Member benefiting from and illegally taking advantage of the clients.

(2.) Trading Members are prohibited from making any deals or recommendations to others to trade in the same direction of the orders before the execution thereof.

10.7. Prohibition of Market Manipulation and Illegal Market Dealings

(1.) No Trading Member shall:

(a.) Either for its own account or on behalf of another person, directly or indirectly use or knowingly participate in the use of any manipulative, improper, false or deceptive practice of trading in a security listed on The Exchange which practice creates or might create:

(i.) a false or deceptive appearance of the trading activity in connection with; or

(ii.) an artificial price for, that security;

(b.) Place an order to buy or sell listed securities which, to his or her knowledge will, if executed, have the effect contemplated in sub-rule (1.) (a.) of this Rule.

(2.) In addition to the above, the following are deemed to be manipulative, improper, false or deceptive trading practices:

(a.) Approving or entering an order to buy or sell a security traded on the floor of The Exchange which involves no change in the beneficial ownership of that security;

(b.) Approving or entering an order to buy or sell a security traded on the floor of The Exchange with the knowledge that an opposite order or orders of substantially the same size at substantially the same time and at substantially the same price, have been or will be entered by or for the same or different persons with the intention of creating:

(i.) a false or deceptive appearance of active trading in connection with; or

(ii.) an artificial market price for, that security;

(c.) Approving or entering orders to buy a security traded on the floor of The Exchange at successively higher prices or orders to sell a security listed at successively lower prices for the purpose of unduly or improperly influencing the market price of such security;

(d.) Approving or entering an order at or near the close of the market, the primary purpose of which is to change or maintain the closing price of a security traded on the floor of The Exchange;

(e.) Approving or entering an order to buy or sell a security traded on the floor of The Exchange during any auctioning process and cancelling such order immediately prior to the market opening, for the purpose of creating or inducing a false or deceptive appearance of demand for or supply of such security;

(f.) Effecting or assisting in effecting a Market Corner;

(g.) Maintaining at a level that is artificial the price for dealing in securities traded on the floor of The Exchange;

(h.) Employing any device or scheme to defraud any other person as a result of a transaction effected through the facilities of The Exchange; or

(i.) Engaging in any act, practice or course of business in respect of dealings in securities traded on the floor of The Exchange which is deceptive, or which is likely to have such effect.

(3.) Depending on all the circumstances of the case, including the severity of the conduct and any mitigating factors, The Exchange may impose all or any of the applicable penalties in the sanctions schedule when it determines that a contravention has occurred, and cancel the affected trades based on inappropriate market behaviour.

10.8. Prohibition of Insider Dealing

(1.) No Trading Member shall participate in any insider dealing in relation to any securities traded on The Exchange or knowingly assist any Trading Member or any other person to participate in such insider dealing.

(2.) This prohibition of Insider dealing shall include an Insider trading for his own account:

(a.) An Insider who has inside information and who deals directly or indirectly or through an agent for his or her own account in the securities traded on The Exchange to which the inside information relates or which are likely to be affected by it contravenes this rule.

(b.) An Insider does not contravene if he or she:

(i.) was acting in pursuit of the completion of an affected transaction; and

(ii.) only became an insider after he or she had given the instruction to deal to a Trading Member and the instruction was not changed in any manner after he or she became an insider.

(3.) This prohibition of Insider dealing shall include an Insider who deals for another person:

(a.) An insider that has inside information and who deals, directly or indirectly, for any other person in the securities traded on The Exchange to which the inside information relates, or which are likely to be affected by it contravenes this rule.

(b.) An insider does not contravene this rule if such insider:

(i.) is a Trading Member and was acting on specific instructions from a client, save where the inside information was disclosed to him or her by that client;

(ii.) was acting on behalf of a public sector body in pursuit of monetary policy, policies in respect of exchange rates, the management of public debt or external exchange reserves;

(iii.) was acting in pursuit of the completion of an affected transaction; or

(iv.) only became an insider after he or she had given the instruction to deal to a Trading Member and the instruction was not changed in any manner after he or she became an insider.

(4.) This prohibition of Insider dealing shall include an Insider who discloses inside information to another person:

(a.) An insider who has inside information and who discloses the inside information to another person contravenes this rule.

(b.) Notwithstanding the foregoing, an insider does not contravene this rule if such insider proves on a balance of probabilities that he or she disclosed the inside information because it was necessary to do so for the purpose of the proper performance of the functions of his or her employment, office or profession in circumstances unrelated to dealing in any security traded on The Exchange.

(5.) This prohibition of Insider dealing shall include an insider who encourages or discourages another person to trade. An insider who has inside information and who encourages or causes another person to deal or discourages or stops another person from dealing in the securities traded on The Exchange to which the inside information relates, or which are likely to be affected by it contravenes this rule.

(6.) A Trading Member that knowingly deals in such securities as stated above shall be liable to any of the penalties imposed under applicable criminal laws in addition to any other sanctions that The Exchange may impose.

(7.) A Trading Member or a Trader shall immediately inform The Exchange if it or he/she reasonably suspects, or knows of, any attempted market manipulation, insider trading, or any other prohibited trading conduct.

10.9. Prohibition on Deceptive Trading Patterns

(1.) Prohibition on Churning Client Accounts: A Trading Member shall not:

(a.) Encourage clients to engage in securities trading activities that lack a reasonable investment purpose other than to generate transaction fees, commissions or rebates or other payments for the Trading Member;

(b.) Provide false or misleading information or advice to clients that would induce the client to engage in a transaction of the type described in (a) above; or

(c.) Break large client orders for a security into smaller executions that generate additional brokerage fees, commissions, rebates or other payments for the Trading Member (over and above the payments that would accrue to the Trading Member if the order were executed in whole or in larger portions), unless the Trading Member can show a reasonable business purpose for handling the order in such manner.

(2.) Prohibition on Other Fictitious or Deceptive Trading Patterns:

(a.) A Trading Member shall not, with respect to trading on Securities, engage in transactions whose primary purpose is to:

(i.) Create a false, misleading or artificial appearance of trading activity in such security;

(ii.) Unduly or improperly influence the market price for such security;

(iii.) Create a price for such Security that does not reflect the true state of the market or actual supply and demand among investors;

(iv.) Change the price of a Security for personal benefit, or to evade or decrease taxes; or

(v.) Evade otherwise applicable laws, regulations, Exchange rules, credit limits, codes of ethics or similar restrictions.

(b.) A Trading Member violates this sub-rule (2.) if, for the primary purpose described therein, it:

(i.) Enters orders to buy a security at successively higher prices, or orders to sell securities at successively lower prices;

(ii.) Breaks large client orders for a security into smaller executions;

(iii.) Executes any transaction in such security which involves no change in the beneficial ownership thereof;

(iv.) Enters an order at or near the close of the market that has the intention and effect of changing or maintaining the closing price of such security;

(v.) Enters an order to buy or sell any security and cancel such order immediately prior to its execution;

(vi.) Advises clients to buy or sell a particular security while the Trading Member is selling or buying the same security for itself directly or through an Affiliated Person, without disclosing that fact to the client;

(vii.) Enters orders whose effect is to change the price of a security to an artificial price that was previously agreed upon between the Trading Member and other parties; or

(viii.) Engages in other conduct not specified herein but that has the same or similar effects on the market as those described in this rule.

(3.) Prohibition of Transactions with Intention to Defraud: A Trading Member shall not directly or indirectly, in connection with any transaction with any person, involving the purchase or sale of Securities, employ any device or scheme to defraud that person, or engage in any act, practice, or course of business which operates or is likely to operate as a fraud or deception.

(4.) Prohibition of Payments and Gratuities to Influence Decisions: All Trading Members shall comply with all anti-corruption laws and regulations in force which prohibit the giving, promising, offering, requesting, agreeing to receive, or receiving, either directly or indirectly, a bribe, gratuity or anything of value

(whether tangible goods or intangible services or consideration) for the purpose of influencing any decision or obtaining an improper advantage.

(5.) Prohibition of Unauthorised Verification of Securities: Any Trading Member that acted solely or in connivance with another, verifies shares owned by any other person without authorisation, shall be liable to sanctions as prescribed by The Exchange.

(6.) Prohibition of Transactions with Suspended Trading Member: A Trading Member shall not transact with another Trading Member whose Membership Certificate has been suspended except as approved by The Exchange.

(7.) Prohibition of Circulation of False or Inaccurate Information

(a.) Any Trading Member that circulates or disseminates or authorizes or assists in the circulation or dissemination of any false statement or information to the effect that the price of any Securities will or is likely to rise or fall when, to his knowledge, the rises or falls or likely rises or falls are attributed to such inaccurate information, if circulated by the Trading Member would be in contravention of this Rule.

(b.) A Trading Member shall not circulate or disseminate or authorise or assist in the circulation or dissemination of false, misleading or inaccurate information concerning market information or conditions including but not limited to Exchange programmes that affect or tend to affect the price and/or liquidity of any Securities.

(c.) A Trading Member that knowingly disseminates false, misleading or inaccurate information as stated above shall be liable to any sanction as may be prescribed by The Exchange.

10.10. Confidentiality of Information

(1.) A Trading Member shall respect the confidentiality of information entrusted to it by its clients and shall not disclose any such information to a third party without the specific authority of its client unless:

(a.) It knows or suspects its client to have committed the offence of treason, money laundering, terrorists financing or drug trafficking and any other felonies. The duty to disclose is obligatory on the Trading Member in these circumstances; or

(b.) The disclosure is reasonably necessary to protect the interest of the Trading Member or to enable the Trading Member sue for its brokerage income or fees or to defend an action instituted against it.

(2.) A Trading Member is obliged to disclose to The Exchange any share purchases for a client which is within the threshold or above, of the share capital of the Issuer stipulated by The Exchange.

10.11. Records of Orders

(1.) A Trading Member shall ensure that a daily record of orders received from clients is maintained. Details of such record shall include but not limited to trading account identification of each client, identity of the Trader, the specific order, date and the time the order was received, transmitted, amended and executed or cancelled. The record may be electronically stored.

(2.) A Trading Member shall have adequate security measures in place to prevent unauthorized access to and/or tampering and preservation of the audit trail of orders entered into the Trading System.

Chapter 11 – Defaults and Insolvency

11.1. Prohibition of Defaults

(1.) No Trading Member shall default on a transaction with another Trading Member, client, settlement bank and any other capital market operator or service provider.

(2.) A Trading Member shall be deemed to be in default if it is unable to meet its financial or other commitments to another Trading Member, client, settlement bank and any other capital market operator or service provider, arising out of a legitimate transaction.

(3.) Any Trading Member that contravenes this rule shall be suspended immediately and shall be liable to any other sanctions that The Exchange may impose.

(4.) Any suspension imposed shall be lifted when the defaulting Trading Member furnishes The Exchange with proof that any outstanding payment, charges, fees, or interest arising therefrom have been fully settled, or parties to the transaction have reached an agreement to settle, and the Trading Member has complied or is complying with the settlement terms.

11.2. Notification of Insolvency or Event of Default

(1.) When a Trading Member is unable to fulfil its obligation it shall notify The Exchange in writing to that effect.

(2.) In the event that a:

(a.) Trading Member fails duly to perform or is, in the opinion of The Exchange, in breach of any provision of this Rules or of any agreement,

understanding or arrangement which the Trading Member has from time to time with another Trading Member, client, settlement bank and any other capital market operator or service provider;

(b.) Trading Member, not exempted, ceases to hold a valid Capital Markets Services License under the Proclamation or ceases to be authorized to conduct business as a Securities Dealer and Broker in Ethiopia pursuant to relevant sections of the Proclamation;

(c.) Trading Member is insolvent or is deemed insolvent pursuant to the Rules of Exchange;

(d.) In view of the Trading Member's financial or operating conditions, Exchange, in its absolute discretion, considers it necessary or desirable to protect the interests of the Clients of the Trading Member, the interests of other Trading Members and or the interest of the investing public; or

(e.) Conversion, theft, breach of trust, embezzlement, or any other similar cause, caused or suffered by or in connection with a Trading Member;

(3.) The Exchange shall be entitled, at its absolute discretion, then or at any time thereafter, whether or not such event is, in the opinion of The Exchange, continuing, to declare that an event of default has occurred and to give notice thereof to Trading Members and the Authority.

(4.) Any Trading Member that has a transaction with another Trading Member in which such other Trading Member is in default, shall forthwith notify The Exchange in writing of such default.

(5.) After receipt by The Exchange of a Trading Member’s notification of a defaulting transaction or notification of insolvency, no arrangement shall be entered into by the defaulting Trading Member in respect of its liabilities arising from its activities as a Trading Member without the approval of The Exchange.

11.3. Claims not to be Sold, Assigned or Pledged

No Trading Member, being a creditor of a defaulter, shall sell, assign or pledge his claim against such a defaulter to any non- Trading Member without the prior consent of The Exchange.

11.4. Powers of The Exchange in the Event of Default

(1.) In all cases of default, The Exchange shall set-up an appropriate Committee which shall have the following powers:

(a.) To engage technical and professional assistance that may necessarily be required;

(b.) To call from the defaulter its original Books of Account and such records relating to, and a statement of sums owing to, and by it in connection with stockbroking transactions;

(c.) To call meetings of Trading Members who are creditors or defaulters;

(d.) To summon the defaulters to appear before such meetings of the Committee and to afford the defaulter full right to defend himself before the Committee throughout the investigation;

(e.) To make detailed examinations of all relevant accounts;

(f.) To report to The Exchange any entry, transaction or matter which have been or appear to be irregular;

(g.) To recommend to The Exchange the appointment of an interim management to manage and deal with the stockbroking business of the defaulter and the assets subject to the approval of the Ethiopian Capital Market Authority;

(h.) Any other matter incidental to the investigation.

(2.) To facilitate a smooth and efficient resolution of the default and insolvency by the Committee, the defaulting Member shall, when called upon to do so in accordance with these Rules:

(a.) Render all assistance as the Committee requires, including without limitation making available the defaulting Trading Member's premises, systems and officers;

(b.) Provide the Committee with information, books, records and statement of all sums owing to and by it in connection with such business at the time of the default and any other relevant documents and information which Committee may require; and

(c.) Comply with all other requirements that the Committee may specify.

(3.) The Committee set up under this Rule shall cause a notice to be sent to all Trading Members and the Ethiopian Capital Market Authority advising them of the name of the defaulting Trading Member and requiring all those having claims against such defaulter to file such claims with the Committee by a date to be stated in the notice.

(4.) The Trading Member and their Appointed Representatives, as required by The Exchange shall appear before the Committee when called upon to do so and

shall give such information and produce such books, accounts and documents as may be in their possession or under their control and relevant to the matter under investigation.

(5.) When required by the Committee a Trading Member and/or its Appointed Representatives or Directors shall supply to it, a sworn declaration (in such form as The Exchange may prescribe) of its private financial position.

11.5. Disclaimer

Without prejudice to the generality of these Rules, The Exchange shall not be liable to any Trading Member or any Third Party in respect of any damage, loss or cost of whatsoever nature (whether direct, indirect, special or consequential, including without limitation any loss of business, revenue, goodwill, bargain or profit), suffered or incurred by such Trading Member or Third Party, arising out of or in connection with the declaration or non-declaration of an event of default by The Exchange.

SCHEDULE OF ADMINISTRATIVE SANCTIONS – TRADING RULES

(1.) The administrative sanctions applicable for the violation of the provisions of the Rulebook of the Ethiopian Securities Exchange, 2024 (Trading Rules) shall be as contained in this schedule.

(2.) Where the name of a Rule or other naming convention changes, the name or naming convention shall be deemed automatically changed in this sanctions schedule.

(3.) Where any suspension is placed in connection to a violation, such suspension shall only be lifted where all obligations, related or unrelated, have been settled.

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
1 Rules Administration and Conventions	1.2. Scope of Application			
2 Client Accounts	2.1. Know Your Client (KYC) and Customer Due Diligence (CDD)	500,000 Birr – 750,000 Birr per violation; Suspension for at least ten (10) business days or until the	150,000 Birr – 300,000 Birr per violation; Temporary/permanent deregistration/removal;	N/A

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
		violation is remedied, whichever occurs last; Revocation of Membership Certificate; Blacklisting; and/or Referral for criminal prosecution.	Blacklisting; and/or Referral for criminal prosecution.	
	2.2. Supervision of Client Accounts	100,000 Birr – 150,000 Birr per violation; and/or Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	35,000 Birr – 50,000 Birr per violation; and/or Temporary/permanent deregistration/removal; and/or Blacklisting.	N/A
	2.3. Confirmation of Orders and Mandate	100,000 Birr – 150,000 Birr per violation; Suspension for at least ten (10) business days or until the	35,000 Birr – 50,000 Birr per violation; Temporary/permanent deregistration/removal;	A repeat offender within a period of one (1) year shall be liable to a suspension for at least

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
		violation is remedied, whichever occurs last; and/or The applicable sanction for violating the provisions of Chapter 20 – Order Handling and Best Execution	Blacklisting; and/or The applicable sanction for violating the provisions of Chapter 20 – Order Handling and Best Execution	twenty (20) business days.
	2.4. Maintenance and Segregation of Client's Account	500,000 Birr – 750,000 Birr per violation; and Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	N/A	N/A
	2.5. Monthly Financial Statement of Account to Clients	100,000 Birr – 150,000 Birr per violation; and/or Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	35,000 Birr – 50,000 Birr per violation; and/or Temporary/permanent deregistration/removal; and/or Blacklisting.	N/A

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
3 Client Assets	3.1. Use and Segregation of Client Funds	500,000 Birr – 750,000 Birr per violation; Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; Revocation of Membership Certificate; Blacklisting; and/or Referral for criminal prosecution.	150,000 Birr – 300,000 Birr per violation; Temporary/permanent deregistration/removal; Blacklisting; and/or Referral for criminal prosecution.	N/A
	3.2. Misappropriation of Clients Funds	500,000 Birr – 750,000 Birr per violation; Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; Revocation of Membership Certificate;	150,000 Birr – 300,000 Birr per violation; Temporary/permanent deregistration/removal; Blacklisting; and/or Referral for criminal prosecution.	For a Trading Member, 5,000 Birr for each day from when the firm is sanctioned by The Exchange until the Trading Member completes the payment of the fine.

Chapter	Rule		Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
			Blacklisting; and/or Referral for criminal prosecution.		
	3.3.	Unauthorized Sale of Securities	500,000 Birr – 750,000 Birr per violation or three (3) times the value of the sale or transfer, whichever is higher; Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; Revocation of Membership Certificate; Blacklisting; and/or Referral for criminal prosecution.	150,000 Birr – 300,000 Birr per violation; Temporary/permanent deregistration/removal; Blacklisting; and/or Referral for criminal prosecution.	For a Trading Member, 5,000 Birr for each day from when the firm is sanctioned by The Exchange until the Trading Member completes the payment of the fine.
	3.4.	Discretion in Client Accounts	200,000 Birr – 300,000 Birr per violation; and/or	35,000 Birr – 50,000 Birr per violation; and/or	N/A

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
		Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	Temporary/permanent deregistration/removal; and/or Blacklisting.	
	3.5. Payments for Purchase or Sale of Securities	200,000 Birr – 300,000 Birr per violation; and/or Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	35,000 Birr – 50,000 Birr per violation; and/or Temporary/permanent deregistration/removal; and/or Blacklisting.	N/A
4 Order Handling and Best Execution	All Rules in Chapter 4 - Order Handling and Best Execution, excluding Rule 4.9. Audit Trail Requirements	150,000 Birr – 250,000 Birr per violation; Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; and/or Blacklisting.	35,000 Birr – 50,000 Birr per violation; Temporary/permanent deregistration/removal; and/or Blacklisting.	N/A

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
	4.9. Audit Trail Requirements	200,000 Birr – 300,000 Birr per violation; Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; and/or Blacklisting.	N/A	N/A
5 Error Trades and Orders	All Rules in Chapter 5 – Error Trades and Orders	150,000 Birr – 250,000 Birr per violation; Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; and/or Blacklisting.	35,000 Birr – 50,000 Birr per violation; Temporary/permanent deregistration/removal; and/or Blacklisting.	N/A
6 Prohibited Activities	6.1. Prohibition of Business Relationship Based on Guarantee	● 1,000,000 Birr – 1,500,000 Birr per violation; ● Suspension for at least ten (10) business days or until the	● 150,000 Birr – 300,000 Birr per violation; ● Temporary/permanent deregistration/removal; ● Blacklisting; and/or	For a Trading Member, 5,000 Birr for each day from when the firm is sanctioned by The Exchange until the Trading Member

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
		violation is remedied, whichever occurs last; ● Revocation of Trading License; ● Blacklisting; and/or ● Referral for criminal prosecution.	● Referral for criminal prosecution.	completes the payment of the fine.
	6.2. Prohibition of Preferences	The applicable sanction for violating the provisions of the Chapter 4 – Order Handling and Best Execution, Rulebook of the Ethiopian Securities Exchange, 2024 (Trading Rules).		
	6.3. Prohibition of Transacting with Clients in Default	200,000 Birr – 300,000 Birr per violation	N/A	A repeat offender within a period of one (1) year shall be liable to a suspension for at least ten (10) business days.

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
	6.4. Facilities and Data of The Exchange	200,000 Birr – 300,000 Birr per violation	N/A	A repeat offender within a period of one (1) year shall be liable to a suspension for at least ten (10) business days.
7 The Exchange's Trading Operations	7.2. Trading Requirements	Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	N/A	N/A
	7.3. Maintenance of Trading Systems	Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	N/A	N/A
	7.7. Use of Trading System Access Codes	Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	Temporary/permanent deregistration/removal; and/or Blacklisting.	N/A

Chapter	Rule		Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
	7.8.	Restrictions and Limitations	Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; and/or Payment of damages as may be claimed by The Exchange for theft/misuse/unauthorized use of The Exchange's property.	Temporary/permanent deregistration/removal; and/or Payment of damages as may be claimed by The Exchange for theft/misuse/ unauthorized use of The Exchange's property.	N/A
	7.9.	Dealing in Blocks of Shares	200,000 Birr – 300,000 Birr per violation; and/or Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	N/A	N/A
	7.11.	Transfer of Title	200,000 Birr – 300,000 Birr per violation; and/or Suspension for at least ten (10) business days or until the	N/A	N/A

Chapter	Rule		Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
			violation is remedied, whichever occurs last.		
	7.12.	Short Selling	500,000 Birr – 750,000 Birr per violation, or a fine of 5% per cent of the total transaction value and any benefit accruing from such transaction, whichever is higher; Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; Revocation of Membership Certificate; Blacklisting; and/or Referral for criminal prosecution.	150,000 Birr – 300,000 Birr per violation, or a fine of 5% per cent of the total transaction value and any benefit accruing from such transaction, whichever is higher; Temporary/permanent deregistration/removal; Blacklisting; and Referral for criminal prosecution.	N/A
	7.15.	Other Miscellaneous Provisions	150,000 Birr – 250,000 Birr per violation; and	35,000 Birr – 50,000 Birr per violation;	N/A

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
		Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	Temporary/permanent deregistration/removal; and/or Blacklisting.	
8 Rules on Online and Digital Trading Portals	All Rules in Chapter 8 – Rules on Online and Digital Trading Portals	150,000 Birr – 250,000 Birr per violation; and Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	35,000 Birr – 50,000 Birr per violation; Temporary/permanent deregistration/removal; and/or Blacklisting.	N/A
9 Clearing and Settlement	9.1. Delivery and Settlement of Securities and Proceeds	100,000 Birr – 150,000 Birr per violation; and/or Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	N/A	N/A
	9.2. Delivery of Transfer Instruments	100,000 Birr – 150,000 Birr per violation; and/or	N/A	N/A

Chapter	Rule		Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
			Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.		
	9.3.	Duty to Report Failed Transaction	100,000 Birr – 150,000 Birr per violation; and/or Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	N/A	N/A
	9.4.	Defective Transfer	100,000 Birr – 150,000 Birr per violation; and/or Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	N/A	N/A

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
10 Conduct of Trading Members	10.1. General Conduct	Written caution/warning; 200,000 Birr – 300,000 Birr per violation; Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; Revocation of Membership Certificate; Blacklisting; and/or Referral for criminal prosecution.	N/A	N/A
	10.2. Duty of Reporting to The Exchange	Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	N/A	N/A

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
	10.3. Trading Floor Dress Code, Identification Badges and Access Control Cards for Authorized Traders	Written caution/warning; 200,000 Birr – 300,000 Birr per violation; Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; Revocation of Membership Certificate; Blacklisting; and/or Referral for criminal prosecution.	Written caution/warning; 150,000 Birr – 300,000 Birr per violation; Temporary/permanent deregistration/removal; Blacklisting; and Referral for criminal prosecution.	N/A
	10.4. Trading Floor Conduct	Written caution/warning; and Payment for any related damages.	Written caution/warning; 150,000 Birr – 300,000 Birr per violation; Temporary/permanent deregistration/removal;	N/A

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
			Blacklisting; and Referral for criminal prosecution.	
	10.6. Front Running and Trading Ahead of Clients	500,000 Birr – 750,000 Birr per violation, or a fine of 5% per cent of the total transaction value and any benefit accruing from such transaction, whichever is higher; Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; Revocation of Membership Certificate; Blacklisting; and/or Referral for criminal prosecution.	150,000 Birr – 300,000 Birr per violation, or a fine of 5% per cent of the total transaction value and any benefit accruing from such transaction, whichever is higher; Temporary/permanent deregistration/removal; Blacklisting; and Referral for criminal prosecution.	N/A

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
	10.7. Prohibition of Market Manipulation and Illegal Market Dealings	A fine equivalent to three (3) times the amount of profit or gain derived which shall be paid no later than ten (10) business days after the fine is imposed by The Exchange, failing which an additional sum amounting to three per cent (3%) of the fine per day shall be payable from the eleventh business day after notification until the date of payment; Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; Revocation of Membership Certificate/ Withdrawal of Registration; Blacklisting; and/or Referral for criminal prosecution.	A fine equivalent to three (3) times the amount of profit or gain derived which shall be no later than ten (10) business days after the fine is imposed by The Exchange, failing which an additional sum amounting to three per cent (3%) of the fine per day shall be payable from the eleventh business day after notification until the date of payment; Temporary/permanent deregistration/removal; Blacklisting; and/or Referral for criminal prosecution.	

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
	10.8. Prohibition of Insider Dealing	A fine equivalent to three (3) times the amount of profit or gain derived which shall be paid no later than ten (10) business days after the fine is imposed by The Exchange; Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; Revocation of Membership Certificate/ Withdrawal of Registration; Blacklisting; and/or Referral for criminal prosecution.	A fine equivalent to three (3) times the amount of profit or gain derived which shall be no later than ten (10) business days after the fine is imposed by The Exchange; Temporary/permanent deregistration/removal; Blacklisting; and/or Referral for criminal prosecution.	N/A
	10.9. Prohibition on Deceptive Trading Patterns	500,000 Birr – 750,000 Birr per violation, or a fine of 5% per cent of the total transaction	150,000 Birr – 300,000 Birr per violation, or a fine of 5% per cent of	N/A

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
		value and any benefit accruing from such transaction, whichever is higher; Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; Revocation of Membership Certificate; Blacklisting; and/or Referral for criminal prosecution.	the total transaction value and any benefit accruing from such transaction, whichever is higher; Temporary/permanent deregistration/removal; Blacklisting; and Referral for criminal prosecution.	
	10.10. Confidentiality of Information	100,000 Birr – 150,000 Birr per violation; and/or Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	N/A	N/A

Chapter	Rule	Sanction Applicable to a Trading Member	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
	10.11. Records of Orders	100,000 Birr – 150,000 Birr per violation; and/or Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last.	N/A	N/A
11 Defaults and Insolvency	All Rules in Chapter 11 – Defaults and Insolvency	5,000 Birr for each day of default or each day the entity fails to notify The Exchange for a maximum of 30 days; Suspension until the violation is remedied; Revocation of Membership Certificate; and/or Blacklisting.	N/A	N/A

VOLUME E: DISCIPLINARY PROCEDURES AND DISPUTE RESOLUTION RULES

PART 1 – COMPLAINTS MANAGEMENT AND DISCIPLINARY PROCEDURES AGAINST TRADING MEMBERS

Chapter 1 – Complaints Management

1.1. Complaints Management

(1.) For the purposes of this Rule, a complaint refers to a formal grievance regarding the provision of services, where a client alleges financial prejudice as a result of the Trading Member:

(a.) Contravening or failing to comply with any instruction given by the client, or any agreement or mandate entered into with the client;

(b.) Contravening or failing to comply with The Exchange's Rules and instructions;

(c.) Acting dishonestly, negligently or recklessly; or

(d.) Treating the client unreasonably or unfairly.

(2.) Every Trading Member shall:

(a.) Establish and maintain an appropriate internal complaints management procedure as an initial point of dispute resolution with its clients.

(b.) Provide detailed information in writing to its existing clients and to its new clients at the account opening stage about the dispute resolution mechanisms of The Exchange as provided under these Rules.

Chapter 2 – Disciplinary Procedures by The Exchange

2.1. Submission of Compliant to The Exchange

(1.) Where a dispute between a Trading Member and its client is not resolved internally within ten (10) business days of the complaint, the dispute shall be referred to The Exchange by the Trading Member or the client.

(2.) The relevant unit of The Exchange shall investigate, and depending on the gravity of the complaint, mediate the disputing parties, take enforcement action on its own or submit recommendations for enforcement action.

2.2. Disciplinary Organs

(1.) The following disciplinary organs of The Exchange shall manage the day to day management of disciplinary actions by The Exchange

(a.) the Management of The Exchange;

(b.) the Business Conduct Panel or any other adjudicatory panel; or

(c.) The Board of Directors or Relevant Market Committee of the Board of Directors of The Exchange.

(2.) Notwithstanding the provisions of the foregoing, the Chief Executive Officer of The Exchange shall be entitled to exercise the power referred to in this Rule, in cases where a serious misconduct or breach of any of these Rules has been committed by a Trading Member and shall, as soon as is practicable, immediately refer such cases to the relevant Committee of the Board.

(3.) The disciplinary powers referred to above may be exercised separately or concurrently and under no circumstances shall the exercise of such powers prejudice any right that may be vested in The Exchange to seek redress against a Trading Member.

(4.) The Board shall, notwithstanding any delegation, have powers to take disciplinary action against Trading Members and/or their Appointed Representatives, or other personnel for any violation of The Exchange's Rules.

2.3. Disciplinary Actions

(1.) The Exchange may exercise its disciplinary powers against a Trading Member, Appointed Representatives or other personnel in such manner as prescribed by these Rules and Regulations where such Trading Member:

(a.) Is or has been in breach of these Rules or any Regulations made here under; disobeys or challenges any lawful exercise of any power pursuant or incidental thereto; or has shielded or assisted or omitted to report or knowingly has dealt with any Trading Member acting contrary to these Rules;

(b.) Is or has been in breach of the Articles;

(c.) Is or has been in breach of clearing and settlement Rules;

(d.) Is or has been in breach of any of the terms and conditions of its license as the Board shall from time to time determine;

(e.) Fails to submit any periodic reporting statements or annual audited accounts required by these Rules and Regulations within the time prescribed for submission;

(f.) Appears to have been admitted under any misrepresentation or by the suppression of any information which may be required of him or it or his or its proposer or seconder and which in the opinion of the Board is material;

(g.) Has been charged with and convicted of a criminal offence necessarily involving a finding of fraud or dishonesty;

(h.) Has failed or is unable to carry out any legal obligation relating to transactions in Securities;

(i.) Engages in any conduct which is likely to be injurious to the integrity of The Exchange or prejudicial to the objectives of The Exchange;

(j.) Deals with any person, body, firm, corporation or company who or which may have been announced or declared by The Exchange or otherwise notified to the Members as one who or which has defaulted in carrying out its engagements or obligations relating to Securities;

(k.) Is or has been guilty of any misconduct as defined in the Proclamation, Directives, Guidelines and Code of Conduct of the ECMA and any other relevant legislation, Directive, Rule or Regulation;

(l.) Fails to report a transaction or knowingly makes or reports a false or fictitious transaction;

(m.) Makes a material misstatement to the Board, any Committee, the CEO or other employees of The Exchange;

(n.) Knowingly or negligently, disseminates false, misleading or inaccurate reports concerning market information or condition that affect or tend to affect the price of any issue of securities;

(o.) Trades or deals after becoming insolvent;

(p.) Refuses to appear before the Board, any Committee, or the CEO of The Exchange when being called upon, provided he or it has been given notice;

(q.) Refuses to answer fully all questions or refuses to produce all books and records at any disciplinary hearing or investigation when required to do so or testifies falsely;

(r.) Refuses to make available all information, books and records as may be required by persons or entities authorized by The Exchange in the course of any spot check provided by these Rules and Regulations;

(s.) Except as may be otherwise provided by any law in force in Ethiopia, makes use of or reveals any confidential information obtained by reason of participating in any investigative proceedings or hearing or revealed to him confidentially by the Board, any Committee, the CEO or officer of The Exchange;

(t.) Induces or attempts to induce another person to buy or sell Securities:

(i.) By dishonestly concealing any material fact;

(ii.) By making or publishing or causing to be made or published whether recklessly, dishonestly or otherwise, any statement, promise or forecast that is misleading, false or deceptive;

(iii.) By recording or storing in or by means of any mechanical, electronic or other device, information that he or it knows to be false or misleading in any material respect.

(u.) Accepts an order from a client for the sale or purchase of Securities without causing such order to be executed on the floors of The Exchange;

(v.) Sells without clients' mandate or authorization;

(w.) Defaults in payment of his or its subscription or any fine imposed on him or it;

(x.) Fails to pay any funds including the subscription due to The Exchange after the expiry of notice in writing calling upon him or it to pay;

(y.) Shields or assists, or omits to report, or deals with, any Trading Member who it knows has acted contrary to these Rules;

(z.) Becomes bankrupt as defined in the Commercial Code or enters into other relevant statutory arrangements with his creditors for the payment of debts or is otherwise insolvent;

(aa.) Breaches any of the conditions for the grant of its Trading Member;

(bb.) Transfers the account of a client without authorization; and/or

(cc.) Fails to comply with any decision of the Business Conduct Resolution Panel, adjudicatory body, Committee of the Board of Directors of The Exchange or the Board of Directors of The Exchange.

2.4. Enforcement Action by Case Officers of The Exchange

(1.) A complaint or enforcement action against a Trading Member shall be assigned to a designated investigation case officer responsible for conducting a thorough investigation and recommendation for enforcement action by the Chief Executive Officer of The Exchange.

(2.) Where the resulting enforcement action may result in enforcement action less than a public warning, suspension or revocation of a Trading Member's Membership Certificate or pecuniary penalties of not more than 100,000 ETB, the relevant enforcement action shall be determined by Chief Executive Officer of The Exchange.

2.5. Business Conduct Panel

(1.) A Business Conduct Panel constituting;

(a.) Three (3) Officers of The Exchange and

(b.) Two (2) Representatives from Members of The Exchange, Representatives of Listed Companies, other Capital Market Service Providers Licensed by ECMA and/or Other Independent experts shall be constituted by The Exchange, to: hear:

(c.) Hear complaints made against Trading Member by investors;

(d.) Recommend enforcement action being taken by The Exchange;

in respect of a breach of any provisions of these Rules and Regulations and any other relevant legislation that could result in public warning, suspension or revocation of a Trading Member's Membership Certificate and/or pecuniary penalties of more than 100,000 ETB.

2.6. Production of Evidence and Appearance Before the Business Conduct Panel

(1.) A Trading Member shall make available to The Exchange all relevant documents and information required for the investigation.

(2.) The computer records of transactions maintained by The Exchange are admissible evidence of transactions of Trading Members.

(3.) The Trading Member and any of its employees shall appear before the Panel when called upon to do so and shall give such information and produce such books, accounts and documents as may be in their possession or under their control and relevant to the matter under investigation.

(4.) If any investigation is carried out by the Panel and a written report is produced to The Exchange, the Trading Member concerned shall have the right to request a copy of such report.

2.7. Suspension Pending Investigation

The Exchange shall have the power to suspend any Trading Member or any other employee of a Trading Member with or without conditions as it deems appropriate, where the conduct of the Trading Member and/or its employee is under investigation for breach of the Rules or for professional misconduct.

2.8. Power to Hear and Adjudicate

(1.) The Panel may convene a meeting at any time to hear and adjudicate upon disciplinary matters brought before it. If at such meeting it is satisfied that a prima facie case has been established against a Trading Member, the Panel shall request the Trading Member or any of its Appointed Representative or other personnel to attend a meeting and explain its or his conduct in regard to the matter.

(2.) Notice to appear before the Panel, shall be deemed to be effected by The Exchange if:

(a.) Such notice is served on the person to whom it is addressed physically or by electronic mail to the address provided by the person; failing which,

(b.) Such notice is pasted at the last known address of the Trading Member and published on the website of The Exchange or any other means by which the Trading Member shall be reasonably expected to have received sufficient notice of the proceedings.

2.9. Representation before a Panel

A Trading Member shall have the right to be represented at any meeting held for disciplinary purpose(s) by a lawyer or counsel or another Trading Member to represent him or it or to make submission on his or its behalf.

2.10. Record of Proceedings

(1.) Any resolution shall specify full details of the disciplinary action taken against a Trading Member and same shall be recorded in the Minute Book of the Panel.

(2.) Upon request, The Exchange may, at a cost, provide a record of proceedings which shall contain a chronological account of all resolutions of the disciplinary action taken against a Trading Member. The record of proceedings shall be conclusive evidence thereof.

2.11. Decisions of the Panel

(1.) For all other matters where a Trading Member is found to be in contravention to the Rules and of The Exchange, the Panel shall make recommendations of disciplinary measures to the Chief Executive Officer.

(2.) Appeals from the Decisions of the Chief Executive Officer can be submitted to Relevant Market Committee of The Exchange Constituted by the Board of Directors of The Exchange.

(3.) Appeals from the Decisions of the Relevant Market Committee may be referred to the Ethiopian Capital Market Authority.

2.12. The Exchange's Discretion to Sanction

(1.) The Board of Directors of The Exchange, or any of its delegated organ, entity or committees may exercise any of its disciplinary powers against a Trading Member or its accredited representatives or any of its employees if, at such meeting or any adjournment thereof, it is of the opinion that considering the explanation, if any, tendered by the Trading Member, that the case against the Trading Member is substantiated.

(2.) The Board, or any such delegated entity or body shall also be entitled to exercise any of its disciplinary powers against the Trading Member concerned should it or its accredited representatives or any of its employees fail to attend the hearing called by the Board, or any such delegated Committee after having been duly notified.

2.13. Administrative Sanctions

(1.) The sanction which the Board of Directors of The Exchange or any such delegated entity or body may impose on a Trading Member found to have contravened any provisions of the Rules of The Exchange shall include any or a combination of the following, in line with the sanctions schedule:

(a.) A public or private warning;

(b.) Suspension from membership of The Exchange;

(c.) Revocation of Membership Certificate;

(d.) Withdrawal of the registration of an Appointed Representative ;

(e.) Dismissal or suspension of an employee or other personnel of a Trading Member;

(f.) Blacklisting of Appointed Representatives, employees or other personnel of a Trading Member;

(g.) Imposition of a fine;

(h.) Issuance of a restitution and/or compensation order;

(i.) Require for the payment of administrative charges; and/or

(j.) Any other sanction which The Exchange may prescribe from time to time

(2.) Where the Rules and/or sanctions schedule are silent on any violation, the Board of Directors of The Exchange or any such delegated entity or body may impose such penalty or sanctions as it may deem appropriate in the circumstances.

(3.) Any Trading Member that is under suspension shall have its rights and privileges of a Member be suspended in accordance with this rule.

(4.) Where a Trading Member is suspended for any reason whatsoever:

(a.) All funds due to The Exchange, including amounts for the replenishment of the Compensation Fund, Trade Clearing Fund and any fees prescribed under these Rules shall nevertheless remain due and payable by the Trading Member as if he or it had not been suspended.

(b.) The Trading Member shall not be permitted to trade either directly or indirectly during such suspension except as approved by The Exchange for the purpose of making restitution for any unauthorized sales.

(c.) The suspension shall not operate so as to avoid or affect the validity or enforceability of any agreement, transaction or arrangement in relation to the Trading Member’s transactions prior to suspension.

(d.) The Trading Member shall be under a duty to instruct and appoint another Trading Member to carry out any instructions already received by it on behalf of its clients prior to suspension and shall immediately notify The Exchange in writing of such appointment. Upon the suspension of a Trading Member and its appointment of another Trading Member, the appointed firm shall be liable and fully responsible for the transactions executed.

(e.) The Trading Member shall do everything possible to ensure that its clients do not suffer any loss or embarrassment as a result of the suspension.

(5.) Where a Trading Member's Certificate is revoked it shall forthwith lose all trading rights on The Exchange.

(6.) The Membership Certificate of a Trading Member shall be revoked upon passing of a resolution in this regard at a meeting of the Board of Directors of The Exchange. At such meeting, the resolution shall be passed by a majority of votes cast.

2.14. Cessation of Trading Membership

No Trading Member whose Membership has been revoked by The Exchange shall be eligible for re-admission except where such revocation is reversed by the ECMA and/or Capital Market Administrative Tribunal.

2.15. Notification of Disciplinary Action

(1.) The Exchange shall within 2 working days notify the ECMA in writing whenever it takes any disciplinary action against a Trading Member. Such notification includes the name of the Trading Member, the reason the action was taken, the amount or nature of any fine or period of suspension. The Exchange shall, where it deems necessary, notify other regulatory authorities upon revocation of the Membership Certificate of a Trading Member.

(2.) The Exchange shall and by such means that it may deem fit, notify, or cause to be notified to the public that any Trading Member has its Membership Certificate revoked or has otherwise ceased to be a Trading Member or has been suspended and may give the name of such Trading Member in such notification, or that a Trader has been suspended or his/her licence has been withdrawn and may give the name of such Trader in such notification.

2.16. Grounds of Appeal

(1.) An appeal may be filed to the Capital Market Tribunal on all or any of the following grounds:

(a.) Lack of jurisdiction;

(b.) Procedural irregularity;

(c.) Errors of facts or law;

(d.) Lack of evidence; or

(e.) Fraud.

(2.) No right of action shall ensue to a Trading Member (whether against The Exchange or its delegates) and the Trading Member shall not institute any legal action in respect of any loss that the Trading Member may have suffered (including any loss of profit) by reason of a suspension or any damage to reputation by reason of the fact that a Trading Member's appeal is upheld by the Tribunal in whole or in part.

PART 2 – OTHER COMPLAINTS MANAGEMENT PROCEDURES

Chapter 3 – Submission and Management of Complaints against The Exchange

3.1. Submission of Complaints

(1.) Members and stakeholders may submit complaints in writing, either through physical documents or electronically including designated complaint submission portal that will be availed by The Exchange.

(2.) Complaints must include details such as the complainant’s name, contact information, a clear description of the complaint or request for information, relevant transaction details if applicable, and any supporting documents.

(3.) Upon receipt, The Exchange shall conduct a preliminary review to ensure all required information is provided. Complaints lacking necessary details may be returned to the complainant with a request for completion.

3.2. Electronic Complaints Register

(1.) ESX shall maintain electronic complaints register which shall include the following information:

(a.) The date that the enquiry or complaint was received;

(b.) Complainant's information (including name, address, telephone number, e-mail address);

(c.) Nature and details of the enquiry or complaint;

(d.) Action taken/status; and

(e.) Date of the resolution of the complaint.

3.3. Assignment of Complaint Officer and Case Officer

(1.) All complaints against The Exchange shall be made or referred to the assigned complaint officer at The Exchange or relevant case officer as may be announced by The Exchange from time to time.

(2.) Each complaint shall be assigned to a designated case officer responsible for conducting a thorough investigation.

(3.) The case officer will be responsible for communicating with the complainant, gathering additional information if needed, and coordinating with relevant parties.

(4.) Upon receipt of a complaint or an enquiry, the Officer shall immediately provide the relevant details of such complaint or enquiry to relevant ESX Officers for monitoring, record keeping and reporting purposes.

3.4. Management of Complaints

Where a complaint is received by ESX, the complaint or case officer upon receipt of the complaint, shall use its best endeavours to ensure that:

(1.) Relevant details of the complaint or enquiry are immediately recorded.

(2.) A response is provided by the officer within the time frame set out below.

(a.) Complaints received by e-mail or post are acknowledged and responded to within two (2) working days of receipt.

(b.) Complaints are preliminarily resolved within ten (10) working days of receipt.

(c.) Where a complaint/ enquiry cannot be resolved within the stipulated time frame set out above, the complainant shall be notified that the matter is being investigated.

3.5. Investigation and Resolution of Complaint

(1.) All complaint will immediately be drawn to the attention of the senior manager in charge of the relevant department.

(2.) The complaint shall be investigated, and a response with preliminary findings shall be given within 10 (ten) business days from the date of receipt of the complaint. In all instances an advice of the reasons for the decision reached shall be communicated.

(3.) The preliminary findings will be discussed with all internal parties concerned, and a proposed solution will be communicated to the complainant within 15 (fifteen) business days of receipt of the complaint.

(4.) If the complainant is not satisfied with the proposed decision and solution, he/she may refer the complaint to the Chief Executive Officer of The Exchange.

(5.) The Chief Executive Officer may amend the solution or confirm it.

(6.) If, after having referred the complaint to the Chief Executive Officer, the complainant is still not satisfied with the outcome, The Exchange shall regard the complaint as being unsatisfactorily resolved.

3.6. Communication of Resolution

(1.) The exchange will communicate the resolution to the complainant in writing, providing a detailed explanation of the findings and actions taken.

(2.) If applicable, corrective measures to prevent future occurrences of similar issues will be outlined.

3.7. Appeal to ECMA

In cases where the Complainant is unsatisfied with the resolution of the complaint by The Exchange it may appeal to the ECMA for resolution of the complaint.

Chapter 4: Settlement of Civil Disputes between Trading Members

4.1. Resolution of Disputes between Trading Members

(1) Any dispute between Trading Members arising from a breach of these Rules shall be immediately reported to The Exchange.

(2) No Trading Member shall institute legal proceedings to enforce a claim against another Trading Member arising out of any transaction regarding their respective activities as Trading Members or without first exhausting all procedures set out for dispute resolution under this Part.

(3) No claim or liability shall arise or be instituted by a Trading Member, client or any other interested party, on actions or omissions taken by The Exchange in connection with its operations or implementation of its decisions as an SRO, under these rules.

Chapter 5: Exchange Coordinated Mediation

5.1. Mediation

(1.) All disputes between Trading Members shall be first submitted to Mediation.

(2.) The Business Conduct Panel shall serve as mediator with the aim to find amicable settlement of the dispute.

(3.) Where applicable, the Managing Director/Chief Executive Officer and the Trading Member's duly appointed representative shall be present at an "Exchange Coordinated Mediation" when notified of any such meeting and shall give such information and produce such books, accounts and documents as may be in the firm's possession or under its control and are relevant to the matter in dispute.

(4.) Where circumstances exist which necessitate his absence, the Managing Director/Chief Executive Officer shall give a prior written notice to The Exchange providing cogent reasons for his absence and indicating the identity of the Trading Member's appointed representative that will attend the meeting.

(5.) The Mediation panel shall assist the parties in an independent and impartial manner in their attempt to reach an amicable settlement of their dispute.

(6.) If an amicable solution is reached, the Mediation Panel shall state the agreement of the parties in a report after which it shall be signed by the parties.

(7.) If the parties fail to settle their disputes and cooling period of at least ten (10) business days have passed, any of the parties may initiate arbitration procedure.

5.2. Failure to Comply with a Settlement or an Order of Restitution or Settlement Providing for Restitution

(1.) Notice of Suspension or Termination:

(a.) If a Trading Member, or the Trading Member's duly authorised representative, or person otherwise subject to The Exchange's jurisdiction, fails to comply with a settlement agreement related to mediation pursuant to Rules or any of The Exchange's rules, The Exchange may provide written notice to such Trading Member or the firm's duly appointed representative that the failure to comply within twenty-one (21) business days of service of the notice will result:

(i.) in the case of a Trading Member, in a summary suspension of such Trading Member or a revocation of the Trading Member's Membership Certificate, or

(ii.) in the case of any other juridical person, a suspension from associating with any Trading Member, until the settlement agreement related to mediation is satisfied in full.

(b.) Where a Trading Member or the Trading Member's duly appointed representative fails to comply with a settlement award or agreement related to a mediation under any of The Exchange's rules, a claim of inability to pay shall not be a defence.

(2.) Service of Notice of Suspension or Termination:

The notice of failure to comply with a settlement agreement related to mediation described in sub-rule (1.) of this Rule shall be given to the Trading Member, person associated with a Trading Member or person otherwise subject to The Exchange's jurisdiction in a manner that is consistent with the service of notices under these Rules.

(3.) Contents of Notice:

(a.) A notice issued under this Rule shall state whether The Exchange is seeking a suspension or termination, and shall state the specific grounds and factual basis for such action. The notice shall state when The Exchange's action will take effect and explain what the respondent must do to avoid such action.

(b.) The notice shall also state that the respondent may file a written request for a hearing with The Exchange, and shall prescribe the time in which such request must be filed, which shall not be less than twenty-one (21) business days from the date of service of the notice.

(4.) Effective Date of Suspension or Termination:

The suspension or termination referenced in a notice issued and served under this Rule shall become effective twenty-one (21) days after service of the notice, unless stayed by The Exchange further to a request by a Trading Member or person served with a notice, for a hearing.

(5.) Request for Hearing:

(a.) A Trading Member or person served with a notice under this Rule may file with The Exchange a written request for a hearing to dispute the failure to comply with a settlement agreement related to mediation.

(b.) A request for a hearing shall be made before the effective date of the notice, as indicated in this Rule. A request for a hearing must set forth with specificity any and all defences to The Exchange's action.

(6.) Failure to Request Hearing:

If a Trading Member or person does not timely request a hearing, the suspension or termination specified in the notice shall become effective twenty-one (21) business days after the service of the notice and the notice shall constitute final Exchange action.

(7.) Request for Termination of the Suspension:

A Trading Member or person subject to a suspension under this Rule may file a written request for termination of the suspension on the ground of full compliance with the notice or decision. Such request shall be filed with The Exchange and The Exchange may grant the relief sought for good cause shown.

5.3. Adjustments on Trading Member's Records

(1.) Any adjustments to a Trading Member's trading records kept by The Exchange shall only be made after a dispute has been reported and a decision made by The Exchange. Any such decision shall be final and conclusive and binding on the parties involved.

(2.) Where a complaint relates to the breach of The Exchange's rules that could result in the revocation of a Membership Certificate, such complaint shall be

referred to the Business Conduct Panel of The Exchange for further investigation.

Chapter 6: Arbitration

6.1. Arbitration

All civil disputes between Trading Members and Trading Members and The Exchange that cannot be resolved through mediation within reasonable time, and in any case not exceeding 30 business days, shall be resolved through Arbitration.

6.2. Commencement of Arbitration

(1.) The party initiating arbitration ("Claimant") shall provide a written notice to the other party ("Respondent") specifying the nature of the dispute, relief sought, and proposed appointment of arbitrator(s).

(2.) Where the claim is raised against a Trading Member, on receipt of the application, The Exchange shall forward a copy of the Statement of Claim and related documents to the Respondent.

(3.) The Respondent shall respond to the notice within 20 business days, including proposed appointment of arbitrator(s).

(4.) If the Respondent fails to submit his response within the prescribed time, The Exchange shall appoint the additional two arbitrators after which the Panel may proceed with the arbitral proceedings and make the award ex-parte.

6.3. Arbitration Panel

The Arbitration Panel shall serve as an independent forum competent for resolving the disputes among the members of ESX and/or among the members of the ESX and their clients.

6.4. Arbitration Forum

(1.) Unless otherwise agreed by the parties, in all cases where The Exchange is a party to the dispute, the Addis Ababa Chamber of Commerce & Sectoral Association- Arbitration Institute or Ethiopian Mediation and Arbitration Canter (EMAC) shall serve as forum of Arbitration.

(2.) On all other disputes between Trading Members, the parties are encouraged to use the Addis Ababa Chamber of Commerce & Sectoral Association-Arbitration Institute and Ethiopian Mediation and Arbitration Canter (EMAC) as a forum of arbitration.

(3.) Save otherwise provisions provided under this chapter, The Arbitration Rules of the centres mentioned under sub article (a.) of this article shall be applicable.

6.5. Establishment of a Panel of Arbitrators

(1.) Save as otherwise agreed by the parties, dispute shall be referred to a panel of three arbitrators.

(2.) The Exchange shall provide and continuously update a list of persons eligible to act as arbitrators who possess requisite qualification, experience and knowledge as felt appropriate by The Exchange and Trading Members.

(3.) Each party to the dispute shall appoint one arbitrator. The two arbitrators shall appoint the third arbitrator.

(4.) In case of failure to appoint arbitrator(s) within 20 working days from receiving the written notice, The Exchange or designated arbitration institution shall make the appointment upon request.

6.6. Determination of Rules of Procedure

(1.) The parties may, by agreement, determine the rules of procedure to be applicable by the Panel or refer to an arbitration centre recognized in Ethiopia for determination.

(2.) Where there are no rules of procedure determined in accordance with Sub-Article (1) of this Article, the Panel shall determine rules of procedure which it deems appropriate. The Power conferred on the arbitral tribunal to determine the rules of procedure includes matters relating to admissibility, relevance and evaluation of evidence.

6.7. Determination without Hearing

No hearing shall be required to be given to the parties to the dispute if the value of the claim difference or dispute is Birr 100,000 ETB or less. In such a case the arbitrator(s) shall proceed to decide the matter on the basis of documents submitted by both the parties provided however the arbitrator for reasons to be recorded in writing may hear both the parties to the dispute.

6.8. Hearing

(1.) The arbitrator(s) shall conduct the proceedings fairly, impartially, and expeditiously, allowing each party to present its case.

(2.) The parties shall exchange relevant documents and evidence prior to the hearing.

(3.) The hearing shall be held at a mutually agreed location or as determined by the arbitrator(s). The parties may represent themselves or be represented by legal counsel.

(4.) The arbitrator(s) may decide the procedure for the hearing, including examination of witnesses, submission of evidence, and oral arguments.

(5.) Unless the contracting parties agree otherwise, the Panel may assign one or more expert who can provide expert opinion orally or in writing.

6.9. Decision

(1.) Unless the contracting parties agree otherwise, decision shall be rendered by majority vote where the number of arbitrators is more than one. Dissenting opinion shall be recorded.

(2.) Where one of the arbitrators is not willing to cast his vote on the decision, he shall notify the contracting parties and the rest of the arbitrators shall render decision.

6.10. Governing Law and Jurisdiction

(1.) The Arbitration and proceedings shall be governed by the laws of Ethiopia.

(2.) Any disputes arising out of or in connection with the arbitration shall be subject to the exclusive jurisdiction of the courts of Ethiopia.

6.11. Language

(1.) Contracting parties may, by agreement, determine the language to be used in the arbitration proceedings.

(2.) The arbitral tribunal may determine the appropriate language for the arbitral proceedings where the parties fail to agree on the choice of language.

6.12. Interim Measures

Unless the contracting parties agree otherwise, the tribunal may issue an order interim measure upon request made by one of the contracting parties, where it deems it

necessary to take interim measures relating to the subject matter of the dispute under arbitration proceedings.

6.13. Intervention by Third Parties

Any third party whose interest could be affected by the arbitral award may intervene in the arbitral proceedings before the arbitral award is rendered upon submission of their application to the panel.

6.14. Awards

(1.) The arbitrator(s) shall render a written award, providing reasons for the decision, within thirty (30) days of the closing of the proceedings.

(2.) The arbitral award shall be in writing and signed by the arbitrator or arbitrators. Where an arbitral award is rendered by a tribunal with more than two arbitrators, the signature of the majority shall suffice and the arbitrator who has not signed on the arbitral shall state his reasoning.

(3.) The award shall be final and binding on the parties and may include the allocation of costs, fees, and expenses incurred during the arbitration.

(4.) The award shall be enforceable in any court having jurisdiction.

6.15. Termination of Arbitration Proceedings

Arbitration proceedings shall terminate on the following grounds:

(1.) Where the plaintiff withdraws his suit and the granting of the award will not be in the interest of the defendant;

(2.) Where the parties agree to terminate the arbitration proceedings;

(3.) Where the arbitral tribunal finds the continuation of the proceedings unnecessary or there is sufficient reason for not continuing the proceedings;

(4.) Where an arbitral award is rendered; and

(5.) On any other grounds expressly provided for in other laws.

6.16. Confidentiality

All information disclosed, and proceedings held during arbitration shall remain confidential and shall not be disclosed to third parties without the consent of both parties unless required by law.

6.17. Cost of Arbitration

1.1. The parties to the claim shall bear cost of arbitration. For this purpose, both the parties to arbitration shall make a deposit with The Exchange for defraying the costs that may be incurred for conducting the arbitration proceeding, provided when there is failure, neglect or refusal by Respondent to make a deposit accordingly, the Applicant shall be responsible for making such deposit without prejudice however to its right to recover the same from such Respondent in terms of the award.

1.2. The Exchange shall have the right to recover the deposit from the Trading Member from the moneys due to it if the Trading Member fails to make the deposit.

1.3. The Arbitrator (s) shall determine the cost of arbitration and the obligation of the parties to cover the same when the proceedings are terminated by one or more reasons mentioned above.

SCHEDULE OF ADMINISTRATIVE SANCTIONS – DISCIPLINARY PROCEDURES AND DISPUTE RESOLUTION RULES

(1.) The administrative sanctions applicable for the violation of the provisions of the Rulebook of the Ethiopian Securities Exchange, 2024 (Disciplinary Procedure and Dispute Resolution Rules) shall be as contained in this schedule.

(2.) Where the name of a Rule or other naming convention changes, the name or naming convention shall be deemed automatically changed in this sanctions schedule.

(3.) Where any suspension is placed in connection to a violation, such suspension shall only be lifted where all obligations, related or unrelated, have been settled.

Chapter	Rule	Sanction Applicable to a Trading Member/Appointed Representative	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
1 Complaints Management	All Rules in Chapter 1: Complaints Management	• 500,000 Birr – 750,000 Birr per violation; • Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last;	• 150,000 Birr – 300,000 Birr per violation; • Temporary/permanent deregistration/removal;	N/A

Chapter	Rule	Sanction Applicable to a Trading Member/Appointed Representative	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
		● Revocation of Membership Certificate; ● Blacklisting; and/or ● Referral for criminal prosecution.	● Blacklisting; and/or ● Referral for criminal prosecution.	
2 Disciplinary Procedures by The Exchange	2.1. Submission of Complaint to The Exchange	● 100,000 Birr – 150,000 Birr per violation; ● Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; ● Revocation of Membership Certificate; ● Blacklisting; and/or ● Referral for criminal prosecution.	● 35,000 Birr – 50,000 Birr per violation; ● Temporary/permanent deregistration/removal; ● Blacklisting; and/or ● Referral for criminal prosecution.	N/A

Chapter	Rule	Sanction Applicable to a Trading Member/Appointed Representative	Sanction Applicable to an Appointed Representative or Other Personnel	Compoundable Component
	2.6. Production of Evidence and Appearance before the Business Conduct Panel	● 100,000 Birr – 150,000 Birr per violation; ● Suspension for at least ten (10) business days or until the violation is remedied, whichever occurs last; ● Revocation of Membership Certificate; ● Blacklisting; and/or ● Referral for criminal prosecution.	● 35,000 Birr – 50,000 Birr per violation; ● Temporary/permanent deregistration/removal; ● Blacklisting; and/or ● Referral for criminal prosecution.	N/A