

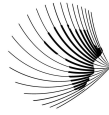
# TROP-X

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## MARKET RULES

Version 13: 10 October 2012



T R O P - X

## Trop-X Securities Exchange

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### PREFACE

The term “**securities**” has the same meaning as defined in the **Seychelles Securities Act, 2007**. **These Rules** prescribe how **securities** will trade through **Trop-X (Seychelles) Limited (Trop-X)**.

**These Rules** are specifically for the **members** of **Trop-X**, and govern the eligibility, responsibilities, **trading**, and disciplinary procedures of these **members**. **Trop-X** may also publish further rules in relation to new products, such Rules will be supplementary to these Rules and shall be collectively binding on all **members**.

**The Directives to these Rules** are embodied in a separate document titled “Directives to Exchange Rules”.

**Listing Requirements** for **issuers** are set out in a separate document entitled “**Listing Requirements**.”

If any provision or part of **these Rules** is or becomes, by declaration or a competent court or otherwise, invalid, illegal or unenforceable, the validity and enforceability of the other provisions of **these Rules** shall not be affected but shall remain in force and in effect.



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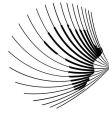
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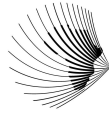
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### DEFINITIONS

#### TERM

#### MEANING

“advertise”

means as defined in **the Act**;

“advice”

means any recommendation, guidance or proposal of a financial nature furnished, by any means or medium, to a **client** or group of **clients** in respect of **transactions** of **listed securities** and irrespective of whether or not such advice results in any such **transaction** being effected, but does not include:

- a) factual advice given merely:
  - i) on the procedure for entering into a **transaction** in respect of **listed securities**;
  - ii) in relation to the description of **listed securities**;
  - iii) in reply to routine administrative queries;
  - iv) in the form of objective information about **listed securities**; or
  - v) by the display or distribution of promotional material;
- b) an analysis or report on **listed securities** without any express or implied recommendation, guidance or proposal that any particular **transaction** in respect of the **listed securities** is appropriate to the particular investment objectives, financial situation or particular needs of a **client**;

“advisory services”

means the services provided by an **Advisory Services Provider** to its **clients**, and includes:

- a) providing **advice** in respect of **listed securities** to its **clients**;  
and
- b) exercising discretion in the **management of securities** on behalf of its **clients**;

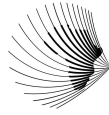


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<b>“Advisory Services Provider” or “ASP”</b>	means a <b>member</b> who has been authorised by <b>Trop-X</b> to provide <b>advisory services</b> in terms of <b>these Rules</b> ;
<b>“affected person”</b>	means, in so far as it relates to a director, <b>officer, trader</b> or employee of a <b>member</b> :  a) that person’s spouse;  b) that person’s child, parent, step-child, or step parent and any spouse of such person;  c) any person who has entered into an agreement with that person relating to a <b>transaction</b> ;  d) any trust controlled or influenced by that person; or  e) any company, holding company, subsidiary or group of companies in which that person has any direct or indirect interest, shares, influence or control; or  f) any other legal entity under the control of that person.
<b>“agency trade”</b>	means where a <b>member</b> executes a <b>trade</b> on behalf of a <b>client</b> ;
<b>“AMLA”</b>	means the Seychelles Anti-Money Laundering Act, 2006 (as amended);
<b>“announcement”</b>	means any information relating to <b>listed securities</b> or a general announcement to the public published by <b>Trop-X</b> in printed or electronic form through <b>QUANS</b> ;
<b>‘applicant’</b>	means a person who applies for acceptance as a <b>member</b> of <b>Trop-X</b> in terms of Section 2 of <b>these Rules</b> ;
<b>“auditor”</b>	means as defined in the <b>Act</b> ;
<b>“Automated Trading System” or “ATS”</b>	means the <b>Trop-X trading</b> system which comprises the software, hardware, communications and network systems, which are used to carry out the <b>trading</b> and reporting of <b>transactions</b> or other operations related to <b>transactions</b> on <b>Trop-X</b> ;



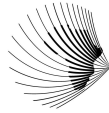
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“bank”	means as defined in <b>the Act</b> ;
“beneficial owner” or “beneficial ownership”	means the <b>person</b> on whose behalf <b>securities</b> are held by a <b>nominee</b> or <b>CAP</b> and who is reflected in the register maintained by the <b>CSP</b> or <b>CAP</b> ;
“bid”	means a buy order at which a buyer is willing to acquire a <b>listed security</b> ;
“business day”	means any day except for Saturday and Sunday, a public holiday within the meaning of the Public Holidays Act 1976 or any other day on which <b>Trop-X</b> is closed;
“Chairperson”	means the person appointed as <b>Chairperson</b> of the <b>Controlling Body</b> of <b>Trop-X</b> in terms of <b>these Rules</b> ;
“clear” or “cleared” or “clearing”	<p>in relation to a <b>transaction</b> or group of <b>transactions</b> in <b>listed securities</b>, means:</p> <ul style="list-style-type: none"><li>a) the process in terms of which the <b>clearing agency</b> becomes the buyer from the seller and the seller to the buyer in every <b>trade</b> whereupon the <b>clearing agency participant</b> guarantees to the <b>clearing agency</b> all obligations arising out of any position resulting from such <b>trade</b>; and</li><li>b) to calculate and determine, before each <b>settlement</b> process:<ul style="list-style-type: none"><li>i) the exact number or nominal value of <b>securities</b> of each kind to be transferred by or on behalf of a seller;</li><li>ii) the amount of money to be paid by or on behalf of a buyer, to enable <b>settlement</b> of a <b>transaction</b> or group of <b>transactions</b>; or</li></ul></li><li>c) where applicable, the process by means of which:<ul style="list-style-type: none"><li>i) the functions referred to in paragraph a) are performed; and</li><li>ii) the due performance of the <b>transaction</b> is underwritten from the time of <b>trade</b> to the</li></ul></li></ul>





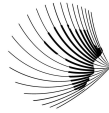
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time of **settlement**;

- “clearing agency”** means a company that is licensed and regulated in Seychelles or a **recognized jurisdiction** for the provision of **clearing** and **settlement** services of **securities**;
- “clearing agreement”** means a written agreement entered into between a **clearing agency participant** and a **member** of **Trop-X** in terms of which the **member** guarantees to the **clearing agency participant** the performance of the obligations arising out of the positions of the **member** and the **clients** of the **member**;
- “clearing agency agreement”** means a written agreement entered into between a **clearing agency participant** and the **clearing agency** in terms of which the **clearing agency participant** guarantees to the **clearing agency** all of the obligations arising out of his proprietary positions, the positions of their **clients**, the proprietary position of **Trop-X members** with which he has entered a **clearing agreement** and the positions of the **clients** of such **members**;
- “Clearing Agency Participant” or “CAP”** means the same as “participant” as defined in Section 22 of **the Act**;
- “clearing agency services”** means **clearing** and **settlement** of **transactions** in **securities**;
- “client”** means any **person** who uses the services of a **member** or a **CAP**, as the case may be;
- “client agreement”** means an agreement between a **member** and a **client** entered into before the **member** becomes entitled to **trade** with the **client**, the basic terms and formal requirements of which have been prescribed by **Directive 10**;
- “closing price”** means the price of the last **trade**, unless the price of the last **trade** is below the market bid or above the market offer, in which case it shall be the market bid or market offer respectively;
- “Code of Conduct”** means the Securities (Conduct of Business) Regulations 2008 which for the purpose of **these Rules** is applicable to all **members** of **Trop-X**
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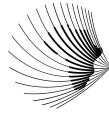


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	including both <b>securities dealers</b> and <b>recognized overseas securities dealers</b> ;
<b>“Companies Act”</b>	means the Companies Ordinance, 1972 of the <b>Seychelles</b> or any subsequent revision thereof;
<b>“competency requirements”</b>	means the minimum acceptable qualifications as required by <b>Trop-X</b> for various employees and <b>officers</b> as further provided in <b>Directive 2</b> ;
<b>“Compliance Officer”</b>	means the <b>officer</b> registered with <b>Trop-X</b> by a <b>member</b> to ensure compliance with <b>the Act</b> and <b>these Rules</b> ;
<b>“Controlling Body”</b>	means the Board of Directors of <b>Trop-X</b> ;
<b>“corporate actions”</b>	means actions authorised by the Board of Directors of a company which have an impact on the share valuation of a <b>listed security</b> ;
<b>“custody services”</b>	means the services provided by a <b>CSP</b> on behalf of its <b>managed clients</b> or another <b>member</b> and that <b>member’s clients</b> , in relation to the management of <b>dematerialized securities</b> and <b>funds</b> to be used for the purchase of <b>securities</b> , held by a <b>member</b> on behalf of these <b>managed clients</b> ;
<b>“Custody Services Provider” or “CSP”</b>	means a member who has been authorised by and registered with <b>Trop-X</b> in terms of Section 62 of <b>the Act</b> to perform custody services;
<b>“Defaulting Client”</b>	means <b>clients</b> of <b>members</b> who have defaulted in terms of their <b>clearing</b> and <b>settlement</b> obligations in terms of Section 6 of <b>these Rules</b> and <b>Directive 4</b> ;
<b>“Defaulting Member”</b>	means a <b>member</b> who fails to meet the <b>clearing</b> and <b>settlement</b> obligations in terms of Section 6 of <b>these Rules</b> and <b>Directive 4</b> and is declared a defaulter by <b>Trop-X</b> ;
<b>“Default Official”</b>	means an employee of <b>Trop-X</b> and appointed by the Head of Markets Supervision and Compliance to oversee default proceedings of a <b>Defaulting Member</b> ;
<b>“dematerialise”</b>	means the elimination of physical scrip, so that all evidence of

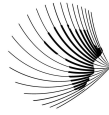


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	ownership exists in electronic form, whether evidenced by a physical receipt or physical statement of account or not;
<b>“Depository Participant” or “DP”</b>	means a company that holds in custody and administers <b>securities</b> or an interest in <b>securities</b> and that has been accepted as a participant by a <b>Trop-X approved securities depository</b> ;
<b>“depository services”</b>	means services provided in terms of <b>these Rules</b> in respect of the:  a) custody and administration of <b>securities</b> ; and  b) management of <b>securities</b> by a <b>DP</b> ;
<b>“Designated Market”</b>	means a <b>Seychelles securities exchange</b> or <b>recognized overseas securities exchange</b> in a <b>recognized jurisdiction</b> as prescribed in and pursuant to <b>the Act</b> ;
<b>“directive”</b>	means a <b>directive</b> issued by <b>Trop-X</b> in accordance with <b>these Rules</b> ;
<b>“Directives”</b>	means the document containing each <b>directive</b> issued by <b>Trop-X</b> which must be read in conjunction with <b>these Rules</b> ;
<b>“Disciplinary Committee”</b>	means the committee appointed by <b>Trop-X</b> to enforce disciplinary procedures according to <b>the Act</b> and <b>these Rules</b> ;
<b>“entity”</b>	means any incorporated or unincorporated <b>entity</b> either domiciled in the <b>Seychelles</b> or in a foreign country;
<b>“Executive Committee”</b>	means the committee appointed to manage the day-to-day affairs of <b>Trop-X</b> ;
<b>“execution price”</b>	means the price of a <b>matched trade</b> ;
<b>“exempt overseas securities dealer”</b>	means a <b>recognized overseas securities dealer</b> who is a <b>member</b> of <b>Trop-X</b> as provided for under Section 45 of <b>the Act</b> .
<b>“failed trade”</b>	means a <b>trade</b> designated as such by <b>Trop-X</b> on the basis that neither the <b>client, member</b> and/or <b>Trop-X</b> is able to ensure will settle on the <b>settlement date</b> ;



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<b>“fees” and “levies”</b>	means the <b>fees or levies</b> published by <b>Trop-X</b> in <b>Directive 7</b> ;
<b>“fit and proper”</b>	means a person that: <ul style="list-style-type: none"><li>a) is honest and has integrity;</li><li>b) meets the <b>competency requirements</b>, prescribed in <b>these Rules</b> and <b>Directives</b>;</li><li>c) meets the experience requirements, prescribed in <b>these Rules</b> and <b>Directives</b>;</li><li>d) has the relevant qualifications and passed the necessary examinations as prescribed in <b>these Rules</b> and <b>Directives</b>;</li><li>e) where applicable, be engaged in the necessary continuous professional development;</li><li>f) must have the necessary operational ability as prescribed in <b>these Rules</b>; and</li><li>g) must display a high level of financial soundness;</li></ul>
<b>“funds”</b>	means the full monetary consideration due and payable in relation to a particular <b>trade</b> or number of <b>trades</b> against delivery of <b>listed securities</b> ;
<b>“Guarantee Fund”</b>	means the fund established and maintained by <b>Trop-X</b> , in terms of <b>the Act</b> , to provide compensation to <b>members</b> and/or <b>prejudiced clients</b> in accordance with <b>these Rules</b> , against re-transaction price losses only as a result of a failure of a <b>Defaulting Member</b> or <b>Defaulting Client</b> to <b>settle a matched trade</b> ;
<b>“in writing”</b>	means, in relation to anything which, in terms of <b>the Act</b> and <b>these Rules</b> must be done <b>in writing</b> and includes any such correspondence done in electronic form;
<b>“issuer”</b>	means as defined in <b>the Act</b> ;
<b>“listed securities”</b>	means as defined in <b>the Act</b> ;

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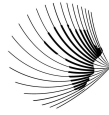


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<b>“Listing Requirements”</b>	means the “Listing Requirements for the Venture Capital, Small and Medium Enterprises and Main Company Boards”;
<b>“management of securities”</b>	means <ol style="list-style-type: none"><li>the giving of instructions, on behalf of another <b>person</b>, to buy or sell securities on behalf of that other <b>person</b>;</li><li>the buying or selling of <b>securities</b> on behalf of another <b>person</b> on the instructions of that other <b>person</b>;</li><li>the furnishing of advice to any <b>person</b> in connection with the buying and selling of <b>securities</b>; or</li><li>the handling of another <b>person’s funds</b> intended for the purchase of <b>securities</b> on behalf of that other <b>person</b>;</li></ol>
<b>“managed client”</b>	means a <b>client</b> on whose behalf a <b>member</b> is acting, whose <b>funds</b> and <b>listed securities</b> are under the management of that <b>member</b> ;
<b>“Managing Director”</b>	means the person appointed by the <b>Controlling Body</b> of <b>Trop-X</b> as the <b>Managing Director</b> who manages the day-to-day affairs of <b>Trop-X</b> ;
<b>“market halt”</b>	means a situation that arises when <b>Trop-X</b> restricts or halts any <b>transactions</b> in <b>listed securities</b> ;
<b>“match” or “matched”</b>	means any <b>trade</b> that has been matched on the <b>Trop-X ATS</b> during the continuous <b>trading</b> period or auction period matching processes in a <b>listed security</b> which then becomes a <b>matched trade</b> and is legally binding;
<b>“member”</b>	means a <b>securities dealer</b> or <b>recognized overseas securities dealer</b> that has been admitted as a member of <b>Trop-X</b> ;
<b>“Minister”</b>	means the Minister of Finance as defined in <b>the Act</b> ;
<b>“nominee”</b>	means a wholly owned subsidiary of a <b>member</b> approved as a <b>CSP</b> that holds <b>securities</b> or an interest in <b>securities</b> in custody on behalf of other persons in terms of Section 62 of <b>the Act</b> and <b>these Rules</b> ;
<b>“non-managed client”</b>	means a <b>client</b> of a <b>member</b> who has appointed his own <b>CAP</b> to <b>settle transactions</b> in <b>listed securities</b> on behalf of that <b>client</b> ;
<b>“notice”</b>	means a general <b>announcement</b> published by <b>Trop-X</b> in printed or electronic form to its <b>members</b> ;

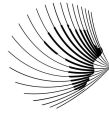


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“Novation” or “Novate”	means the extinguishing of the original <b>transaction</b> between the buyer and the seller of a <b>matched trade</b> or a reported <b>trade</b> on the <b>Trop-X ATS</b> , and the replacement of buyer and seller with the appointed <b>Clearing Agency</b> and the <b>clearing agency participant</b> . Thereby the <b>Clearing Agency</b> and the <b>clearing agency participant</b> takes up all rights and liabilities to that original <b>transaction</b> .
“offer”	means a sell order at which the seller is willing to dispose of a <b>listed security</b> ;
“officer”	means, for the purposes of <b>these Rules</b> , a natural person registered with <b>Trop-X</b> as a <b>Compliance Officer</b> , <b>Settlement Officer</b> or <b>trader</b> of the <b>member</b> ;
“off-market trade”	means a <b>transaction</b> in a <b>listed security</b> that is not <b>matched</b> on the <b>Trop-X ATS</b> , which is subsequently reported and accepted on the <b>ATS</b> of <b>Trop-X</b> ;
“opening price”	means the price of a <b>listed security</b> approved for <b>trading</b> on the <b>Trop-X ATS</b> determined during the opening auction <b>trading</b> session;
“order”	means an instruction from a <b>client</b> to a <b>member</b> to buy or sell <b>listed securities</b> or an instruction to amend an existing order;
“original trade”	means a <b>trade</b> concluded on the <b>trade</b> date;
“person”	means an individual, corporation, partnership, association, trust or other <b>entity</b> as the context admits or permits;
“prejudiced clients”	means <b>clients</b> of <b>members</b> who have been prejudiced as a result of a <b>failed trade</b> ;
“pre-validated trade”	means a <b>trade</b> that is validated by <b>Trop-X</b> prior to execution;
“QUANS”	means <b>Trop-X’s</b> news service;
“recognized jurisdiction”	means a country or territory as listed in Schedule 2 of <b>the Act</b> ;
“recognized overseas regulatory authority”	means a regulatory authority which exercises one or more functions corresponding to functions of the <b>Securities Authority</b> under this Act;



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## Trop-X Securities Exchange

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- a) in a **recognized jurisdiction**; or
- b) in such other country or territory outside Seychelles and which the **Securities Authority** has declared by **notice** published in the *Gazette* to be recognized for the purposes of this Act;

**“recognized overseas securities exchange”**

means:

- a) any duly licensed **securities exchange** located in a **recognized jurisdiction**; or
- b) any other **securities exchange** which the **Securities Authority** has declared by **notice** from the **Minister** published in the *Gazette* to be recognized for the purposes of **the Act**;

**“reference price”**

means the most recent auction, **traded price** or **valid offer price** or in the absence of an auction, **traded price** or **valid offer price**, as determined by **Trop-X**. For the purposes of **these Rules**, reference price is superseded by the **ruling price**;

**“ruling price”**

means a price as determined by a member of the **Trop-X Executive Committee** in the absence of an auction, sale price or **valid offer price**, and shall supersede the **reference price** of a **Trop-X listed security**;

**“secondary market”**

means the market in which **listed securities** are traded after their primary issue;

**“securities”**

means as defined in Schedule 1 of **the Act**;

**“Securities Authority” or “SIBA”**

means the Seychelles International Business Authority;

**“securities dealer”**

means as defined in **the Act**;

**“securities depository”**

means a company which holds a securities facility license under Section 41 of **the Act** or is similarly licensed to act as a securities depository by law of a **recognized jurisdiction** which provides securities **depository services** in respect of the **securities** and products that are traded on a **Designated Market**;



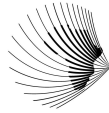
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<b>“securities exchange”</b>	means a market, exchange, place or facility which provides for bringing together on a regular basis purchasers and sellers of securities, and sets rules for the execution of <b>securities transactions</b> or for the negotiation or conclusion of sales and purchases of <b>securities</b> , but does not include the office of a <b>member</b> , <b>clearing agency</b> , <b>CAP</b> or <b>securities depository</b> ;
<b>“securities services”</b>	means services provided in terms of <b>these Rules</b> in respect of:  a) the buying and selling of <b>securities</b> ;  b) the custody and administration of <b>securities</b> ;  c) the <b>management of securities</b> by a <b>member</b> ;  d) the <b>clearing</b> of <b>transactions</b> in <b>listed securities</b> ; and  e) the <b>settlement</b> of <b>transactions</b> in <b>listed securities</b> ;
<b>“settlement” or “settle”</b>	means to discharge the obligations arising from a <b>transaction</b> in <b>listed securities</b> ;
<b>“settlement date” or “s”</b>	means the day on which a <b>transaction</b> effected through <b>Trop-X</b> is due to be <b>settled</b> ;
<b>“Settlement Officer”</b>	means an <b>officer</b> of a <b>member</b> who is registered with <b>Trop-X</b> to manage the <b>settlement</b> of <b>trades</b> ;;
<b>“Seychelles”</b>	means the Republic of Seychelles;
<b>“the Act”</b>	means the Securities Act 2007 as amended and any regulation prescribed by the <b>Minister</b> or the <b>Securities Authority</b> ;
<b>“the Rules” or “these Rules”</b>	means the rules of <b>Trop-X</b> as approved by the <b>Securities Authority</b> ;
<b>“trade” or “transaction”</b>	means a <b>matched</b> trade or an <b>off-market trade</b> in respect of a <b>listed security</b> and <b>“trading”</b> shall be construed accordingly;
<b>“trader”</b>	means a natural person employed by a <b>member</b> and registered with





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**Trop-X**, who is authorised by such **member** to enter into and execute orders or report **trades** through the **Trop-X ATS**;

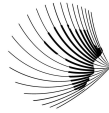
**“Trading Services Provider” or “TSP”** means a **member** approved by **Trop-X** to execute **trades** in **listed securities**, either for their own account or on behalf of **clients**;

**“Trop-X”** means **Trop-X** (Seychelles) Limited, a company incorporated under the company laws of the **Seychelles** (Company Number 879858-1) and licensed to operate as a **securities Exchange** in terms of **the Act**;

**“Trop-X listed securities”** mean all **listed securities** which have been **listed** in accordance with the **Listing Requirements**;

**“valid offer price”** means a price of a **listed security** that is displayed on offer on the **Trop-X** approved **ATS** during a continuous **trading** period for a time period not shorter than 60 (sixty) minutes, or such time period as **announced** by **Trop-X**.

In these Rules, unless otherwise stated or the context requires otherwise, any expression which denotes any gender includes the other gender and the singular includes the plural and *vice versa*.



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### SECTION 1

#### GENERAL PROVISIONS OF THE RULES

##### 1.1. Legal status of Trop-X

**Trop-X** is a legal **entity** with limited liability, registered and **incorporated** in terms of the company laws of the **Seychelles**.

##### 1.2. Addresses

The registered address of **Trop-X** is:

**Suite 305**  
**Capital City Building**  
**Victoria**  
**Mahé**  
**Republic of Seychelles**

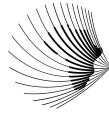
The Postal Address of **Trop-X** is:

**Office F28**  
**1<sup>st</sup> Floor**  
**Eden Plaza**  
**Eden Island**  
**Republic of Seychelles**

**Trop-X's** domicilium citandi et executandi is its registered address stated above.

##### 1.3. Status of the Rules and the Directives

- a) **The Rules** and **Directives** thereto govern the operations of **Trop-X** as prescribed by section 12 of **the Act**.



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- b) In the event of any conflict:
  - i) between **the Act** and **the Rules**, **the Act** shall prevail; and
  - ii) between **the Rules** and any **Directive**, **the Rules** shall prevail.
  - iii) between **these Rules** and any other rules of a **designated market**, **these Rules** shall prevail.
- c) These **Rules** shall be binding upon:
  - i) **Trop-X**;
  - ii) the **officers** and **employees** of **Trop-X**; and
  - iii) **members** and all their **officers**, employees and **clients**.
- d) These **Rules** are binding between:
  - i) **Trop-X** and its **members**; and
  - ii) **members** and their **clients**.
- e) **The Rules** are binding on any person utilising the services of a **member** or who concludes a **transaction** with a **member** in the course of the **member's** business.

### 1.4. Amendments to the Rules

- a) The **Executive Committee** may, upon a request of any of its **members** and subsequent approval of a majority of its **members**, at any time lodge a written proposal to the **Controlling Body** of **Trop-X** for approval in respect of amendments to the existing set of **Rules** or **Directives**.
- b) **Members**, hereinafter referred to as the “applicant”, may lodge a written proposal to the **Executive Committee** of **Trop-X** in respect of amendments to the existing set of **Rules** or **Directives**.

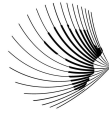


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- c) Upon receipt of a proposal from an applicant, the **Executive Committee** of Trop-X shall respond by a written **notice** to the applicant within 20 (twenty) **business days** of receipt of the proposal for the amendment.
- d) Thereafter the **Executive Committee** shall consider the proposed amendment within a further period of 20 (twenty) **business days** and may:
  - i) request further information **in writing** from the applicant and upon receipt thereof consider the proposed amendment fully within a further period of 30 (thirty) **business days** and thereafter deal with the proposed amendment in terms of **Rule 1.5 (d) (ii)** or **1.5 (d) (iii)** as the case may be; or
  - ii) reject the proposal and provide reasons for the rejection **in writing** to the applicant; or
  - iii) In the event that the **Executive Committee** considers the proposed amendment to be one which will enhance and / or improve the business efficiency and / or operations of **Trop-X** it may submit the proposed amendment together with a recommendation by the **Executive Committee** to the **Controlling Body** for consideration in which case the **Controlling Body** may:
    - a. if the proposed amendment to **these Rules** is accepted and approved by the **Controlling Body**, submit the proposed amendment to the **Securities Authority** in terms of **the Act** for approval accompanied by an explanation of the reasons for the proposed amendment; or
    - b. reject the proposal and provide reasons for the rejection **in writing**.
- e) **Trop-X** shall issue a **notice** detailing any changes to **these Rules**.
- f) If the **Executive Committee** and/or the **Controlling Body** rejects a proposed amendment then this decision will be final.
- g) Any proposed amendments to the **Rules** require final approval by the **Securities Authority**.



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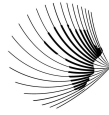
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### 1.5. Directives

For the purposes of giving effect to its **Rules**, to achieve all things that are necessary incidental or conducive to the proper operation of its business and fulfilling its functions, responsibilities and duties as a **securities exchange**, **Trop-X** may issue **Directives** in terms of **the Act** and **these Rules** provided such **Directives** are not inconsistent with **the Act**.

### 1.6. Notices to members

- a) For the purpose of issuing **notices** to **members**, every **member** must notify **Trop-X** of its business address, postal address, facsimile number and electronic mail address where a **notice** issued by **Trop-X** may be delivered.
- b) A **notice** issued by **Trop-X** to **members** must be **in writing** and may be transmitted in electronic form to the **member**, to the nominated electronic mail address of the **member's Compliance Officer**.
- c) A **notice in writing** is deemed to have been received on the date of transmission, unless proved to the contrary by the **member**.



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### SECTION 2

#### MEMBERS

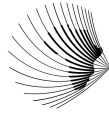
##### 2.1 Categories of members criteria

- a) **Trading Services Providers** are categorised as follows:
  - i) Principal **traders** that execute **trades** as buyers or sellers of **listed securities** on their own account;
  - ii) Agency **traders** that execute **trades** as buyers or sellers of **listed securities** on behalf of **managed** and **non-managed clients**; and
- b) Only authorised and registered **TSP's** can make an application to be an **ASP**.
- c) **ASP's**.
- d) **CSP**.

##### 2.2 Member criteria

In order for an applicant to qualify as a **member** of **Trop-X**, the applicant shall meet the following criteria:

- a) it is licensed as a **securities dealer** or is a **recognised overseas securities dealer**;
- b) it performs as its regular business **securities services**;
- c) it has directors who are all at least 21 (twenty-one) years of age having full legal capacity;
- d) it has directors, **officers** and **traders** of good character and high business integrity, and the applicant shall never have been:
  - i) convicted of an offence resulting from dishonesty, fraud or embezzlement;

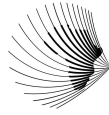


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- ii) censured or fined by a self-regulatory organisation, or recognised professional body;
  - iii) barred from entry for reasons relating to their profession or occupation; or
  - iv) convicted in any jurisdiction of any criminal offence under any legislation, or was a director or **officer** of a company at the time such company was convicted of any similar offence.
- e) it has the financial resources to execute **transactions** required by **Directive 1** and as may be prescribed by **Trop-X**;
- f) it can demonstrate adequate compliance with **these Rules** and **the Act**;
- g) it has adequate procedures and supervisory duties imposed by **AMLA** and any other relevant legislation;
- h) it has appropriate internal control and risk management processes and procedures that:
- i) meet the requirements of the **Code of Conduct**; and
  - ii) are prudent and are documented and at a minimum covers the identification, management, measurement and oversight of various business risks. The identified risks should include but are not limited to areas such as **proprietary trading**, business interruption, technology, key person, credit, liquidity, market fraud, **settlement**, physical security and new products. Senior management must play a significant role in the adoption and maintenance of a comprehensive system of prudent internal controls and prudent risk management practices. This role should include the recognition of risk management as an essential part of the business process, management's willingness to fund the necessary elements of a prudent risk management system, including personnel and information technology costs, and recognition that prudent risk management is a dynamic function that must be modified and improved as the **members**



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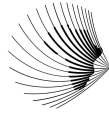
business changes and improved processes and procedures become available.

- i) it holds Fidelity Insurance Cover for its **clients** benefit in respect of negligence, fraud and misappropriation by directors, **officers, traders** or employees involved in performance of **securities services**;
- j) it has **officers** and **traders** that are registered with **Trop-X** that meet the **competency requirements** stipulated in **Directive 2**; and
- k) it has **officers** and **traders** that will comply with any additional requirements that may be stipulated by **Trop-X**.

### 2.3 Application for authorisation of a member

- a) An application for authorisation as a **Trop-X member** shall be subject to:
  - i) **the Act, these Rules** and the **Directives**;
  - ii) a complete and compliant application being submitted **in writing** to the Market Supervision and Compliance Division using the **Trop-X** prescribed application form wherein the **applicant** shall agree to be bound by the provisions of **the Act, these Rules** and **Directives**;
  - iii) the application shall be accompanied by a non-refundable fee as determined by **Trop-X** in **Directive 7**;
  - iv) the **applicant** fulfilling the requirements in terms of **AMLA**; and
  - v) any other information as required by **Trop-X**.
- b) **Trop-X** may request further information which it deems necessary, to verify information submitted by the **applicant** to support an application.





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- c) Upon receipt of a complete and compliant application from the **member**, the Markets Supervision and Compliance Division will submit the application to the **Executive Committee** for its consideration.
- d) Trop-X shall notify the **member in writing** if its application for authorisation and registration as a **member** has been approved by the **Executive Committee**.
- e) The Markets Supervision and Compliance Division and / or the **Executive Committee** shall be entitled to refuse an application and a **notice in writing** will be provided to the applicant, with reasons for the rejection.

### 2.4 Termination of member status

- a) A **member** may terminate its status on **Trop-X** by giving 20 (twenty) **business days** written **notice** of such termination and the reasons thereof to the Head of Market Supervision and Compliance.
- b) The Head of Markets Supervision and Compliance Division or his delegate shall give written **notice** to the **member Compliance Officer** within ten (10) **business days** of receipt of such termination **notice** confirming the intention of that **member** to terminate.
- c) **Trop-X** may accept the **notice** of termination unconditionally or conditionally or upon such conditions as it may deem fit, provided that **Trop-X** is satisfied that all outstanding obligations in terms of **the Rules** and **Directives** have been complied with.
- d) The termination of that **member** shall only be effected once notification has been received **in writing** from the Head of the Markets Supervision and Compliance Division or his delegate.
- e) Instant termination of that **member** status shall be at the discretion of the Head of the Markets Supervision and Compliance Division and / or a member of the **Executive Committee**, and may result if the **member** is:



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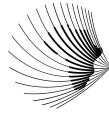
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- i) placed under curatorship;
  - ii) placed under a business rescue in terms of the **Companies Act** or the Bankruptcy and Insolvency Act 1991 or similar relevant laws of the jurisdiction of incorporation of the **member**;
  - iii) liquidated;
  - iv) granted any judgement against it that is not set aside by a Court of Law;
  - v) as a consequence of its application for admission, the material submitted for **member** status is found to be misleading or untrue; or
  - vi) found to have submitted misleading or untrue material in support of its application for admission.
- f) The **Securities Authority** will be notified of the termination of any **member** status and the reasons thereof.
- g) The Markets Supervision and Compliance Division will notify all other **members** of the termination of a **member** by way of a **notice**.

### 2.5 Duties of Officers and traders

- a) Every **member** shall have a **Compliance Officer** who:
- i) shall meet the **competency requirements** as per **Directive 2**;
  - ii) shall be responsible for the communication between **Trop-X** and the **member**, which must be **in writing** with **Trop-X** and shall receive all **notices** from **Trop-X**;
  - iii) shall supervise the compliance by the **member** and its **directors, officers, ,** employees and agents with **the Act, the Code of Conduct, these Rules** and the **Directives**;



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- iv) will implement generally accepted systems and / or procedures for the **member**:
  - a. to monitor compliance and perform supervision and surveillance in terms of **the Act, these Rules the Code of Conduct and Directives** and with **AML**A; and
  - b. to perform surveillance for the detection of disorderly **trading** patterns and any conduct that may involve market abuse.
- v) shall at all times be registered with **Trop-X**;
- vi) shall report **in writing** to **Trop-X** any breaches by **members** of the provisions of **the Act, the Rules, the Code of Conduct and Directives**;
- b) Each **member** shall have a **Settlement Officer** who:
  - i) shall be registered with **Trop-X** and meet the **competency requirements** as per **Directive 2**;
  - ii) shall ensure **settlement** takes place as prescribed by Section 6 **of the Rules and Directive 4**;
  - iii) shall immediately report any **settlement** transgressions in terms of **the Act, Section 6 of these Rules and Directive 4** to the **Compliance Officer** of the **member**; and
  - iv) shall at all times comply with the **Code of Conduct**.
- c) Each member shall have a **trader** who:
  - i) may not act as the **Compliance Officer** or **Settlement Officer** of the **member**;
  - ii) shall be registered with **Trop-X** and meet the **competency requirements** required as per **Directive 2**;



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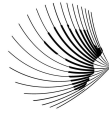
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- iv) shall at all times comply with **the Act, the Code of Conduct, these Rules and Directives**; and
- v) must execute **transactions** in terms of the **trading** and reporting requirements of Section 5 of **the Rules** and **Directive 3**.

### 2.6 Application for authorisation and registration of an officer

- a) An application for authorisation and registration as an **officer** of a **member** shall be subject to:
  - i) **the Act, these Rules** and the **Directives**;
  - ii) a complete and compliant application being submitted **in writing** by the **member** on behalf of the **officer** to the Market Supervision and Compliance Division using the **Trop-X** prescribed application form wherein the applicant shall agree to be bound by the provisions of **the Act, these Rules** and **Directives**;
  - iii) the application being accompanied by a non-refundable fee as determined by **Trop-X** in **Directive 7**;
  - iv) the applicant fulfilling the requirements in terms of **AMLA**; and
  - v) any other information as required by **Trop-X**.
- b) **Trop-X** may request further information which it deems necessary, to verify information submitted by the applicant to support an application.
- c) Upon receipt of a complete and compliant application form the Markets Supervision and Compliance Division will submit the application to the Head of Markets Supervision and Compliance Division or his delegate for his consideration.



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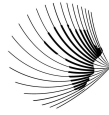
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- d) The Markets Supervision and Compliance Division shall notify the **member in writing** if the application for authorisation and registration of the **officer** has been approved or not.
- e) If the application has been refused, the Head of Markets Supervision and Compliance shall provide a **notice in writing** with reasons for the rejection.
- f) In the case of an **recognised overseas securities dealer**, the **officer** must provide proof that he is authorised and registered by a **recognised overseas regulatory authority** to deal in **securities** and is an **officer** or equivalent of a **member** of a **recognised overseas securities exchange**.

### 2.7 Capital adequacy requirements

- a) Notwithstanding Section 20 of the Securities (Financial Statements) Regulations, 2008, **members** shall at all times hold sufficient funds of their own to meet their obligations.
- b) The **member's** capital adequacy requirements shall be the sum of the **member's**:
  - i) position risk requirement;
  - ii) counterparty risk requirement;
  - iii) large exposure risk requirement;
  - iv) foreign exchange risk requirement;
  - v) operational risk; and
  - vi) any other risk requirement,
- d) the capital adequacy returns in terms of **Directive 1** shall be submitted to the **Trop-X** Markets Supervision and Compliance Division **in writing** daily as stipulated in **Directive 1** or as otherwise agreed with the Head of the Markets Supervision and Compliance Division of **Trop-X**.



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### 2.8 Inspections

Without prior notice, **Trop-X** may inspect the records and business operations of a **member**, its **officers, traders**, employees or any other **person** or entity that is subject to **Trop-X's Rules** involved in the provision of **securities services** at any time, and any documentation held on their behalf by third parties. All such visits and the outcomes will be periodically reported to the Authority.

### 2.9 Fees and levies

- a) **Members** shall disclose to their **clients** the **fees** and **levies** that they may charge for their services and **transactions** in terms of the **Code of Conduct**.
- b) **Members** may charge a different fee or levy for different categories of **transactions**.
- c) **Members** may negotiate directly with **Trop-X** appointed licensed **clearing agencies, CAP's** or any other service facilitators the fees and levies that may be charged for services and types of **transactions**.



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### SECTION 3

#### FUNCTIONS AND DUTIES OF MEMBERS

- 3.1 All **members** shall ensure that they have the following in place before providing any services to **clients**:
- a) a **client agreement** that is in conformity with the **code of conduct and Trop-X** requirements per **Directive 10**
  - b) where the **member** is not a **clearing agency participant**, a **clearing agreement** that meets the requirements of **Trop-X** per **Directive 10**, with a **clearing agency participant** of the appointed **clearing agency**;
  - c) where the **member** is a **clearing agency participant**, a **clearing agency agreement** with the appointed **clearing agency**.

- 3.2 A **member** shall ensure that all **transactions** it enters into on **Trop-X** are **novated** in the name of its **Clearing Agency participant**.

#### 3.3 Trading Services Provider

The **Trading Services Provider** shall:

- a) be responsible for the **trading** and execution services for **orders** in a fair, efficient and transparent manner:
  - i) for the **member's** own account **trading**; and
  - ii) on behalf of a client in terms of and in compliance with **Rule 5** and the **Code of Conduct**.
- b) be authorised and registered with **Trop-X** at all times to provide **trading** and execution services in terms of **Rule 3.1 (a)**;
- c) be authorised to execute **orders** and **trade listed securities** through the **Trop-X ATS**;
- d) ensure that the **client** has accepted and understood the agreed terms and conditions **in writing** for the basis that **trading services** will be provided to the **client** and in terms of **Rule 3.1** and Section 5 of these **Rules** and **Directive 3**;



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- e) ensure at all times that the **trading services** being provided to the **client** is in compliance with the terms and conditions agreed and accepted by the **client** in terms of **Rule 3.1 (d)**;
- f) ensure that all the **trading** and reporting requirements for **transactions in listed securities** are met and are submitted timeously in terms of Section 5 of **these Rules, Directive 3** and **Directive 4**;
- g) ensure that the **member** employs a **Trop-X** approved **Compliance Officer, Settlement Officer** and **trader** at all times;
- h) have the financial resources to meet its financial obligations under **Rule 2.7** and **Directive 1**;
- i) report any **affected persons** whose **securities** are **traded** on **Trop-X** in the form required by **Trop-X** per **Directive 3.4**;
- j) provide on an on-going basis updated descriptions of any interest held by the **member**, an **affected person** of the **member**, the **member's** group, and any partner and director of that company in an **issuer** or its subsidiaries, or by an **issuer** in the **member** to the Markets Supervision and Compliance Division; and
- k) comply with all the responsibilities and duties as prescribed for **members** in **the Act, these Rules, the Code of Conduct** and the **Directives**.

### 3.4 Custody services Provider (CSP)

The **Custody services Provider** shall:

- a) be authorised and registered as a **CSP** with **Trop-X** at all times;
- b) be responsible for providing **custody services** to **clients**;
- c) ensure that the **client** has accepted and understood the agreed terms and conditions **in writing** for the basis that **custody services**, (including issues pertaining to **corporate actions** as contemplated in **Directive 6**) will be provided





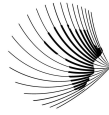
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to the **client** by the **CSP** and in terms of **Rule 3.2**, **Rule 3.2 (g) (xii)**, **Rule 3.2 (g) (xiii)**, **Directive 4** and **Directive 6**;

- d) ensure at all times that the **custody services** being provided to the **client** is in compliance with the terms and conditions agreed **in writing** with the **client** in terms of **Rule 3.2 (c)**;
- e) **clear** and **settle** all **trades** with a **Trop-X** approved **CAP** and **securities facility** in compliance their rules and in compliance with Section 6 of **the Rules** and **Directive 4**;
- f) ensure that all the **trading** and reporting requirements for **trades** are met and are submitted timeously in terms of Section 5 of **the Rules**, **Directive 3** and **Directive 4**;
- g) establish a **nominee** which must:
  - i) be a registered company under the **Companies Act**;
  - ii) be wholly owned by a holding company of a **member**;
  - iii) be adequately insured against loss through fire, theft, and the like for trust assets held by the **nominee** as well as hold fidelity guarantee cover;
  - iv) be approved by **Trop-X** and registered with the **Securities Authority** as prescribed by Section 62 (1)(d) as a **nominee**;
  - vi) conclude a written agreement with the **client** on behalf of whose assets it will hold and the agreement shall comply with the minimum requirements as required by the **Trop-X**, **the Act**, **these Rules** and the **Securities Authority**;
  - vii) not have a natural person as a shareholder;
  - viii) not transfer its issued shares without the prior written consent of **Trop-X** and the **Securities Authority**;



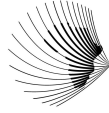
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- ix) have a provision precluding the **nominee** for incurring any liability, including contingent liabilities such as suretyship or indemnification, other than the liabilities it incurs to its clients in respect of assets held on their behalf and its ordinary obligations to its holding company;
- x) have a provision precluding the **nominee** from acquiring any interest, for its own account, in any other company or from owning a subsidiary company;
- xi) have a limitation on the issuing of any un-issued share capital, rights issue, issuing preference shares or debentures by the **nominee** without the prior approval of **Trop-X** and the **Securities Authority**;
- xii) collect **corporate action** entitlements, dividends and interest relating to all **securities** held on behalf of **clients**, verify the calculations and timely payment thereof and convey all details of any options and rights issues to **clients**;
- xiii) have no authority to exercise any rights pertaining to **corporate actions** as contemplated in **Directive 6** that are attached to **securities** registered in the **nominee** company's name unless instructed to do so by its **client**;
- xiv) have a register of the **beneficial ownership** by persons reflected in the register as evidence of ownership;
- xv) ensure at all times that, the assets of the **member** are separated from the assets of the **nominee**; and
- xvi) have as its sole objective to conduct the business of taking title of assets on behalf of persons holding such assets in custody and in **Trop-X** custody, and electronically administer and maintain a **nominee** register on their behalf, and otherwise only deal with such assets as may be instructed by its **clients**.

### 3.5 Advisory Service Providers (ASP)



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- a) An applicant may request authorisation to perform **advisory services** provided that the applicant is an authorised and registered **Trading Services Provider** and can evidence to the satisfaction of **Trop-X** that it has employed or will employ adequate and prudent resources, procedures and systems necessary for the effective performance of **advisory services** and for ensuring compliance with **the Act, the Rules** and the **Directives** that are relevant to the performance of **advisory services**.
  
- b) **ASPs** shall:
  - i) ensure that the **client** has accepted and understood the agreed terms and conditions **in writing** for the basis that **advisory services** will be provided to the **client** by the **ASP**;
  
  - iii) have **officers** and employees that meet the **competency requirements** in **Directive 2**; and
  
  - iv) only be authorised in terms of **these Rules** to provide **advisory services** on **Trop-X listed securities** and shall only furnish any other **advice** where they are duly accredited and / or licensed by any other law.



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### SECTION 4

#### ACCOUNTING RECORDS AND SEGREGATION OF ASSETS

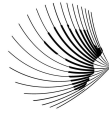
##### 4.1 General Requirements for accounting records and audit for members

A **member** must.

- a) Comply with the **auditor** requirements stipulated in Section 74 of **the Act**;
- b) Comply with the accounting records and audit requirements stipulated in Section 75 of **the Act**;
- c) Ensure audited annual financial statements in terms of **Rules** 4.1 (a) and 4.1 (b) are submitted to the Markets Supervision and Compliance Division not later than (3) months after the financial year end of the **member**;
- d) In respect of accounting records and audit the **member** must comply with the **Code of Conduct** and Securities (Financial Statements) Regulations 2008 for record-keeping and internal control and risk management.

##### 4.2 Segregation of member assets and Trop-X assets

- a) **Trop-X** will establish a separate Trust account for **client funds** of **members** held by **Trop-X** in terms of the **Code of Conduct**.
- b) The Trust account **holds** funds for the benefit of **members' clients**.
- c) The Trust cannot accept the **funds** of **members** or **Trop-X**.
- d) The Trust must accept money from the **client** accounts of **members** and must repay **funds** to such **client** accounts.
- e) The Trustees may appoint an external administrator to open, administrate and manage the trust account on behalf of **Trop-X**, its **members** and their **clients**.

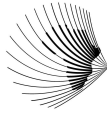


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- f) In the event of a loss of any or all of such funds, including interest on such **funds**, such loss will be apportioned gradually as circumstances and the liabilities of Trust may permit.
- g) **Funds** placed with the Trust or invested by the Trust must neither form part of the assets of **Trop-X** nor of any **member** acting on behalf of a **client**.
- h) In respect of **funds** held on behalf of **members' clients** the Trust must pay to the **clients** such interest as it may from time to time be received on such **funds**, less a charge in respect of the services rendered by **Trop-X** or an external administrator as the case may be.
- i) **Trop-X** must satisfy the **Securities Authority** that its holds adequate insurance cover against losses of **funds** held or deposited by the Trust arising from the negligence, dishonesty or fraud of any employee of **Trop-X**, an external administrator or the Trustees, or from theft.
- j) The Trustees may appoint agents, who are licensed as discretionary financial services providers, to manage the Trusts investments. Such investments will be restricted to money market investments as stipulated in **Directive 8**.



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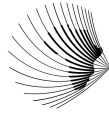
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## SECTION 5

### TRADING AND REPORTING

#### 5.1 General trading and reporting requirements

- a) Only **Trop-X** approved **members** will be permitted to transact on the **Trop-X ATS**.
- b) The **securities** eligible for **trading** on the **Trop-X ATS** include all **Trop-X listed securities** and **listed securities** of a **recognized overseas securities exchange** specified in **Directive 3.7**.
- c) Each **order** posted on the **Trop-X ATS** must be, unconditional, firm and executable.
- d) **Members** shall:
  - i. keep all codes, passes, passwords or other security devices confidential and privy only to the compliance officer and the registered dealer for whom they are intended to control access to the **ATS**; and
  - ii. ensure that only the registered dealer to whom a valid password is allocated by **Trop-X**, or the compliance officer, shall use such password to gain access to the **ATS**.
- e) A **member** shall allocate a **trade** that has been done on the **ATS** on the particular **business day** to a **client** or another **member** –
  - i. pursuant to a **clearing agreement** that was executed by means of an order made on the **ATS** by the **member** for his account;
  - ii. when the **member** has aggregated or divided **trades** done in terms of an order from a **client** or another **member**; or
  - iii. if a **member** has conducted a **trade** on behalf of another **member** provided that:

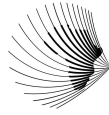


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1. the allocation of a single **trade** or a subdivided **trade** shall take place within a period of time determined by **Trop-X**; and
  2. **Trop-X** may determine that the original price or average of the original prices or the price prevailing at the time of the allocation shall be made known to the **client** or the **member** giving the order.
- 
- f) All **trades** must be conducted in accordance with **the Act**, Section 5 of **the Rules** and **Directive 3**.
  - g) All **off-market trades** negotiated between two **members** reported on the **Trop-X ATS** must be in accordance with **Rule 5.6** and **Directive 3.1**.
  - h) **Trop-X** will monitor and regulate **trading** and reporting of **trades** at all times.
  - i) All **trades** executed between **Trop-X members** will be binding in terms of **these Rules**.
  - j) **Trading** periods are stipulated in **Directive 3.1** and **3.2**.
  - k) The standard lot sizes in respect of **transactions** in **listed securities** are stipulated in **Directive 3.3**.
  - l) **Members trading** and reporting operations and processes must comply with:
    - i) **Member clearing** and **settlement** requirements in **Directive 4.1**;
    - ii) **member** pre-trade obligations stipulated at **Directive 4.2.1** and **member** Post trade obligations at **Directive 4.2.2**;
    - iii) **Member** assuming the sell out or buy in obligations of **client** in terms of **Rules 6.6.1** and **6.6.2** at and **Directive 4.2.3**;
    - iv) Reporting requirements for **clearing** and **settlement** obligations at **Directive 4.2.4**; and
    - v) Applicable requirements of the **Code of Conduct**.
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- m) Where a **member trades** with a **client** (as agent or principal), or with another **member**, the **member** shall be liable to the **client** or other **member** for the due fulfilment of all obligations arising out of the **trade**; and any claims by the **client** or a **member** in respect of a **trade** shall be against the **member** with whom he **traded** and not against any other **person** with whom the **member** may have **traded**.
  - vi)
- n) Types of orders permitted on the **Trop-X ATS** are stipulated at **Directive 3.6**.
- o) An **order** input to the **Trop-X ATS** and displayed, if required, can be cancelled at any time prior to execution, and if partially filled, any unfilled portion of an **order** can be cancelled or amended.
- p) If for any reason, after the **member** has **matched a trade** (on market matched or reported and matched) on the **ATS**, and has been **cleared** and **novated** to the **clearing agency** and a mistake has occurred, the **member** may **trade** with the **client** as principal in order to correct the mistake.

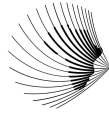
### 5.2 Member trades

- a) All **transactions** between **members** shall be on a principal to principal basis.
- b) No **member trading** with another **member** shall conclude a **trade** with that **member** as a **client**.

### 5.3 Priority of clients' orders

- a) A **client order** shall take priority over the **orders** and **trades** of **members** and their directors, **officers**, agents and employees and **orders** of **Affected Persons**.
- b) Any **transaction** executed by a **member** on behalf of an **Affected Person** must be reported to **Trop-X** within the times as stipulated in **Directive 3.4**.





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### 5.4 Execution of client trades

- a) A **member** will trade with his **client** as principal, as defined in **these rules**, by **trading** with his **client** for his own account and by –
- i. entering the **client** order directly on the **client** account; or
  - ii. filling the **client's** order by **trading** and aggregating the **transaction** in the **members' client** sub account, before allocating to the **client**; or
  - iii. employing another **member** to fill the **client** order on behalf of such a **member**.
- b) A **member** will **trade** for his **client** as agent, as defined in **these rules**, by **trading** with another **member** or with another **client** and by -
- i. entering the **client** order directly on the **client** account; or
  - ii. filling the **client's** order by **trading** and aggregating the **transaction** in the **members' client** sub account, before allocating to the **client**; or
  - iii. employing another **member** to fill the **client** order on behalf of such **member**.
- c) The **member** must at all times act in accordance with the terms and conditions within the **client agreement**.
- d) The **member** shall adhere to the best execution principle, by taking reasonable care that it acts in the best interests of its **clients** and ensures that it obtains the best available result in its dealings with its **client**.

### 5.5 Agency trading and reporting

- a) No **member** may effect a **transaction** in **securities** with a **person** whom the **member** believes or suspects requires approval to undertake **management of securities** in terms of any law without having taken reasonable measures to ascertain that such **person** has the necessary approval.
- b) A **member** acting as an agent for a **non-managed client** shall:
- i) ensure it has complied with **Directive 4.2.1** before executing a **transaction** on behalf of a **non-managed client**; and



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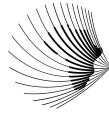
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- ii) ensure compliance with reporting obligations of **Directive 4.2.4**;
- c) A **member** acting as agent for a **managed client** shall ensure:
  - i) it has complied with **Directive 4.1 (b)** and / or **Directive 4.2.1 (c)** prior to **trading** on behalf of the **managed client**; and
  - iii) ensure compliance with reporting obligations of **Directive 4.2.4**;
- d) A **member** acting as an agent is permitted to **match a trade** on the **ATS** as principal and then allocate the **trade** to its **managed** or **non-managed client** provided this allocation is within the timeframes stipulated in **Directive 4.2.4** and in terms of **these Rules** and the requirements of **the Code of Conduct**.
- f) Where there are several **clients**, the price to the **clients** is always the same as the price of the underlying **trade**.
- g) When allocating the **trade** the **member** will indicate the value of the commission that he is charging the **client** and any other costs involved.

### 5.6 Off-market trades

- a) The following **off-market trades** are permitted by **Trop-X** and must be reported to the **Trop-X ATS** within the time periods stipulated in **Directive 3.1**:
  - i) Large Portfolio Trades (LP) which is a large **trade** negotiated between two parties which exceeds twenty (20) times market size (the total number of those **securities** traded during that day).
  - ii) Corporate Finance Trades (CF) which is a trade that requires notification in the press in terms of an **Exchange Listing Requirements**.
  - iii) Give-up Trade (GU) is a **trade** where a **member trades** in a **security** as a principal with another **member**, who has **traded** either as an agent on behalf of a **client** or as a principal for that **member's** own account. The



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purpose of a give-up **trade** is to pass a **trade** that has been executed by the first **member** on the same day to the second **member** at the price of the **original trade**.

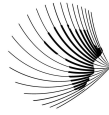
- iv) Out of hours **trade** (OH) which is any **trade** that takes place outside of market hours which must be reported to the **Trop-X ATS** per **Directive 3.1**.
- v) **Trade** corrections (TC) which is where **Trop-X** agrees that a **trade** was incorrectly **traded** and must be reported to **members** and their **clients**.
- b) A **member** off-setting an off-**ATS** trade with another **member** with an equal and opposite off-**ATS** trade with a third **member**, shall not, for a valuable consideration, remove himself from the **trades** with the two **members** concerned, but shall, in order to receive any valuable consideration, **trade** with both **members** as a principal at different prices.
- c) Failure to comply with the time frames for reporting of **off-market trades** may result in penalties being imposed on the **member** by **Trop-X** per **Directive 5**.

### 5.7 Affected person trades (related person)

Any **trade** executed by a **member** on behalf of an **affected person** must be notified to **Trop-X** per **Directive 3.4**.

### 5.8 Matching criteria

- a) **Trop-X** will provide for auction **trading** periods and a continuous **trading** period per the times stipulated in **Directive 3.1**.
- b) The matching criteria for the auction and continuous **trading** period will be based on time priority and then price priority and visibility as stipulated at **Directive 3.6.1**



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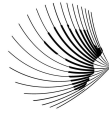
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### 5.9 Restrictions on trading for members and their directors, officers or employees

- a) Any directors, **officers, traders**, or employees of a **member** desiring to conclude **trades** in **listed securities** for their own account must receive prior written approval from their **Compliance Officer** who shall:
  - i) ensure that the **member** has a documented policy for the management of conflict of interest and restrictions for **trading** by directors, **officers**, and employees of **members trading in listed securities in writing**;
  - ii) ensure the **trade** does not create a conflict of interest for the **member**, director, **officer, trader** or employee prior to approval of the **trade**;
  - iii) determine that the **trade** is reasonable; and
  - iv) keep a record of all approved **transactions**;
- b) All **trades** executed on behalf of any director, **officer, trader**, or **employee** of a **member trading** for their own account shall be:
  - i) held for a minimum of 10 (ten) **business days**; and
  - ii) separately recorded and identified in the accounting records of the **member**.

### 5.10 Unreasonable and void trades

- a) Where, in the opinion of **Trop-X**, any **trades** of a **member** which would introduce systemic risk or are deemed to have an impact on reputational risk, **Trop-X** shall declare such **trade** void and any related **trade** void.
- b) In exceptional circumstances, a member **may** request that **Trop-X** declare a **trade** void. **Trop-X** shall give consideration to the time lapse since the **trade**, the



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erroneous nature of the **trade** and any market impact. Any decision that **Trop-X** takes in this regard shall be final.

- c) This declaration shall be binding on the **member** and on the **client** of the **member** for whom the **trade** was executed and any related **trade** that was executed.

### 5.11 Prices, turnover and data

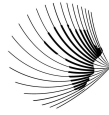
- a) **Trop-X** shall make **announcements** of **opening prices, closing prices, execution prices** and turnover figures relating to **transactions** of **listed securities** on a daily basis.
- b) Where the **closing price** cannot be determined due to any circumstance which may arise, or its **members** are not satisfied with the **closing price**, then a **reference price** or a **ruling price** will be provided at the sole discretion of **Trop-X**.

### 5.12 Short selling

- a) Naked shorting occurs when the seller of a **listed security** does not have the **securities** to meet its **settlement** obligations.
- b) Naked shorting is not permitted in terms of Section 67 of **the Act** and **these Rules**.

### 5.13 Emergency powers

- a) Upon notification to the **Securities Authority** providing the reasons therefore, **Trop-X** may suspend **trading** in the interest of the protection of its **members, clients** and the general public if there are any unforeseen circumstances leading to or actual occurrences of an event described in **Rule 5.13 (b)**.

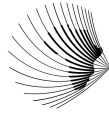


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- b) Any **market halt**, restriction or suspension of **trading** shall generally be deemed upon:
  - i) a technical failure of the **ATS**;
  - ii) the **ATS** cannot be used by more than 25% of **members**;
  - iii) a catastrophe of any description;
  - iv) a natural event of nature or a force majeure;
  - v) a state of war, threatened hostilities acts of terrorism or state of emergency;
  - vi) a correction in any domestic or global market; or
  - vii) any other unforeseen event, and any other matter or event that impacts on **Trop-X** operations.
  
- c) In the situation where a **market halt**, restriction or suspension of **trading** is declared, **Trop-X** shall convey this to its **members** by way of an **announcement** stipulating:
  - i) the reasons for the **market halt**, restriction or closure of the operations;
  - ii) the period of the **market halt**, restriction or close of operations; and
  - iii) the timing of a meeting to review the **market halt**, restriction or suspension of operations.



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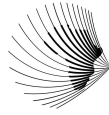
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### SECTION 6

#### CLEARING AND SETTLEMENT

##### 6.1 General clearing and settlement provisions

- a) **Trop-X** may contract the services of a **clearing agency** with the purpose of **clearing** and **settling transactions** on **Trop-X** in accordance with **these rules**. Any **clearing** and **settlement services** required by **Trop-X** and any **clearing** and **settlement** duties and responsibilities of **Trop-X**, may be delegated by **Trop-X** to a **clearing agency** so appointed.
- b) All **members** must contract the services of a **clearing agency participant** through a **clearing agreement**. Such **clearing agency participant** must have a valid **clearing agency agreement** in place with the **Trop-X** appointed **clearing agency** at all times.
- c) **Trades** will be cleared by the **Trop-X** appointed **clearing agency**:
  - i. when an **ATS trade** involving two **members** has been **matched**; or
  - ii. an allocation of a **trade** in accordance with these **Rules**.
- d) Once **novated**, **Trop-X** nor its appointed **clearing agency** shall be obliged to recognise the interest of any third party.
- e) **Depository services** related to **trades** shall be affected through a **securities depository** appointed by **Trop-X**.
- f) All **settlements** of **funds** and **securities** resulting from **trades** shall be on a net basis.
- g) All **settlement** of **funds** and **securities** resulting from **trades** shall be in a manner stipulated by **Trop-X** in Section 3.2 of the **Rules** for **CSP**, Section 6 of **the Rules**, **Directive 4** and in the manner stipulated by the **Trop-X** appointed **clearing agency** and **securities facility** rules.



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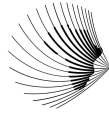
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### 6.2 Specific clearing and settlement requirements

- a) All **members** must have a registered **Settlement Officer** at all times.
- b) **Members** must fulfil all **clearing and settlement** requirements for its own account and for its **managed clients'** and **non-managed clients'** accounts in terms of **these Rules** and **Directive 4**.
- c) **Settlement of transactions** can be as follows:
  - i) real time for a **member pre-validated trade** as may be designated by **Trop-X** from time to time; or
  - ii) standard **settlement (SS)** is on trade date plus three (t+3) days; or
  - iii) non-standard settlement (NS) is only permissible in exceptional circumstances for systemic risk to be avoided and must be approved by **Trop-X**.
- c) **Settlement** shall take place subject to the procedures prescribed by **Trop-X** and any of its appointed **clearing agencies** and **securities facilities**.
- d) A **member** who fails to meet its **settlement** obligations in terms of **these Rules** shall be declared a **Defaulting Member**, at the sole discretion of **Trop-X**.
- e) A **member** must ensure that it has the appropriate **settlement** systems and that it will be able to fulfil its **settlement** functions and obligations under **these Rules** at all times.
- f) A **member** must appoint a **CAP** to provide administration and **custody services** on behalf of the **member** or its **clients**.
- g) A **member** must make its **clients** aware of their **settlement** responsibilities and obligations in terms of **these Rules**.
- h) Where a **member** appoints a **CAP** it must have a valid Services Agreement.





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## Trop-X Securities Exchange

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- i) All **listed securities traded** on the **Trop-X ATS** must be **dematerialised** as prescribed by the appointed **securities facility**.
- j) **Members** may enter into **securities** lending and borrowing or repurchase agreements to expedite **settlements** of **trades**. These agreements must be approved by the **member's clients** where the **client's securities** are to be lent.
- k) **Members** and **clients** selling **listed securities** shall be responsible for the proper delivery of these **securities** for **settlement** as required in terms of **these Rules**.
- l) The **member** must ensure that the **securities** are submitted timeously.

### 6.3 Trade clearing and settlement procedures

**Members** must fulfil all **clearing and settlement** in terms of **these Rules** and **Directive 4.2.4**.

### 6.4 Margin on trades in equity securities

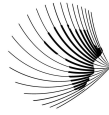
- a) A **member** is required to provide margin for **trades** which remain uncovered or uncommitted at 12h00 on S-1 in terms of **Directive 4.2.4**.
- b) Margin must be received by **Trop-X** by 16h00 on S-1. Margin requirements are stipulated at **Directive 4.2.5**.

### 6.5 Penalties for late settlements

Failure to submit **clearing** and **settlement** instructions as directed by **Trop-X** will result in fines per Section 18 **of the Act** and as further stipulated in **Directive 5**.

### 6.6 Failed trades process and triggers

- a) The criteria which **Trop-X** will use to declare a **failed trade** are:



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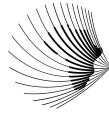
## Trop-X Securities Exchange

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- a. failure by the **member** to comply with Section 6 of **the Rules and Directive 4.2.4**;
  - b. failure by the **member** to comply with **Directive 1**; or
  - c. a **trade** that in the opinion of **Trop-X** will introduce systemic risk into the market.
- b) A **failed trade** will be dealt with at the sole discretion of **Trop-X**, using either the buy-in terms of **Rule 6.6.1** or sell-out procedure in terms of **Rule 6.6.2**.

### 6.6.1 Failed trade buy-in procedure

- a) Where **Trop-X** declares a **trade** to be a **failed trade** because the selling **member** is deemed by **Trop-X** unable to deliver on **settlement date** due to insufficient supply of **listed securities** or no **listed securities**, then the buy-in procedure may be initiated by **Trop-X**.
- b) The selling **member** shall immediately commence the buy-in procedure on receiving notification **in writing** from **Trop-X** that a **failed trade** has been declared by **Trop-X** and that the selling **member** must commence the buy-in procedure.
- c) The **member** will manage the buy-in procedure on trade instructions received from **Trop-X** and not at their own discretion.
- d) The buy-in procedure must be initiated at the ruling **offer** price or as determined by **Trop-X**.
- e) **Trop-X** shall immediately notify the **securities facility** and the buying and selling **member's CAP in writing** that a **failed trade** has been declared and that buy-in procedures will commence.
- f) The **member** will provide regular updates on the buy-in procedure to **Trop-X** who will in turn notify the **securities facility** and the buying and selling **member's CAP**.

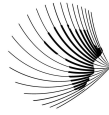


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## Trop-X Securities Exchange

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- g) The selling **member** who introduced the **failed trade** must continue to seek and procure such **listed securities** during subsequent **trading** in order to **settle** its obligations.
- h) The **listed securities** so procured shall be used to complete the previously failed delivery of **securities** as follows:
  - i) **Trop-X** will advise the selling and buying **member** that the trade will be rolled for up to 5 (five) days to a revised **settlement date** determined by the **Trop-X**; and
  - ii) **Trop-X** will notify the **CAP in writing** of the buying **member** party to lift its commitment on the **original trade** so that the **settlement date** of the **trade** can be revised.
- i) Where there are no **listed securities** to purchase **Trop-X** may act as the lender of last resort per **Directive 4.2.6**.
- j) Where there is no **available** supply of a **listed security** to purchase, or the price of the **listed security** in the opinion of **Trop-X** introduces systemic risk in the market, **Trop-X** may halt **trading** in that **listed security**.
- k) Any decision made by **Trop-X** will be binding on all parties and **members**.
- l) After all attempts at restoring the **trade** have been exhausted, **Trop-X** shall call a default, which will be at the sole discretion of **Trop-X** and dealt with in term of Section 7 of **the Rules**.
- m) The selling **member**,
  - i) in the event of the **failed trade** being an **agency trade**, shall be responsible to pay all expenses and losses associated with the buy-in procedure subject to recourse in terms of **Directive 4.2.3**; or
  - ii) in the event of the **failed trade** not being an **agency trade** the selling **member** shall be responsible to pay all expenses and losses associated with the buy-in procedure.



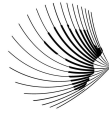
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### 6.6.2 Failed trade sell-out procedure

- a) Where **Trop-X** declares a **failed trade** because the buying **member** is deemed by **Trop-X** unable to effect payment for a **trade** by **settlement date** due to insufficient **funds** or no **funds** at all, then the sell-out procedure may be initiated by **Trop-X**.
- b) **Trop-X** shall immediately notify the buying and selling **member's CAP in writing** and the **securities facility** that a **failed trade** has been declared and that sell-out procedures will commence.
- c) The buying **member** shall immediately commence the sell-out procedure on receiving notification **in writing** from **Trop-X** that a **failed trade** has been declared by **Trop-X** and that the buying **member** must commence the sell-out procedure.
- d) The **member** will manage the sell-out procedure on trade instructions received from **Trop-X** and not at their own discretion.
- e) The **member** will provide regular updates on the sell-out procedure to **Trop-X** who will in turn notify the **securities facility** and the buying and selling **members CAP**.
- f) The sell-out procedure must be initiated at the ruling **bid** price.
- g) The buying **member** who introduced the **failed trade** must continue to sell such **listed securities** during subsequent **trading** in order to **settle** its obligations.
- h) The **funds** so acquired from the sell-out procedure shall be used to complete the previously failed delivery of **funds** as follows:
  - i) **Trop-X** will advise the selling and buying **members** that the **trade** will be rolled to a revised **settlement date** determined by the **Trop-X**; and
  - ii) **Trop-X** will notify the **CAP in writing** of the selling **member** party to lift its commitment on the **original trade** so that the **settlement date** of the **trade** can be revised.



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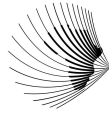
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- i) If there is no available supply of a **listed security** to sell, or the price of a **listed security** in the opinion of **Trop-X** introduces systemic risk in the market, as a result of a shortage of the **listed security**, then **Trop-X** may halt **trading** in that **listed security**.
- j) Any decision made by **Trop-X** will be binding on all parties and **members**.
- k) After all attempts at restoring the **trade** have been exhausted, **Trop-X** shall call a default, which will be at the sole discretion of **Trop-X**.
- l) The buying **member**,
  - i) In the event of the **failed trade** being an **agency trade**, shall be responsible to pay all expenses and losses associated with the sell-out procedure subject to recourse in terms of **Directive 4.2.3**; and
  - ii) In the event of the **failed trade** not being an **agency trade** the selling **member** shall be responsible to pay all expenses and losses associated with the sell-out procedure.

### 6.7 Penalties for failed settlements

Where **members** fail in their **settlement** obligations, **Trop-X** may invoke the following sanctions per Section 18 of **the Act**:

- a) reprimand or censure first time offenders;
- b) impose penalties as laid out in **Directive 5** which will be calculated on the value of the **transaction**;
- c) impose additional fines;
- d) suspend offenders; and
- e) expel negligent and/or persistent offenders.



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## Trop-X Securities Exchange

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### SECTION 7

#### DEFAULTS

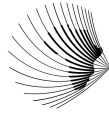
##### 7.1 Default Protocol

- a) In the event of a default, the provisions of the default procedures prevail over **the Rules** and **Directives** for **settlements**.
- b) If a **member** of **Trop-X** suspects a default of a **trade** and the default is not reported immediately, that **member** shall be in breach of **these Rules**.

##### 7.2 Events of Default

A default may be deemed to have occurred where:

- a) the **client** of a **member** fails to fulfil any of its **settlement** obligations in respect of a **trade** and the **member** cannot fulfil the **client's** or its **settlement** obligations in terms of **these Rules**;
- b) a **member** is unable to fulfil any of its obligations in respect of a **trade**;
- c) a **member** is declared insolvent or an application is made to liquidate or sequestrate a **member** in a court of law;
- d) a **member** fails to provide adequate assurance to **Trop-X** under **the Rules** that the **member** can fulfil its obligations in respect of any **trade**; and
- e) a **member** is unable, or appears to become unable to fulfil any obligations in terms of **these Rules** and applicable **settlement** procedures at the sole discretion of **Trop-X**.



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### 7.3 Declaration of Default

- a) Any **member** who becomes aware of a default or suspects that a default or pending default on a **listed security** may occur must immediately notify Head of Market Supervision and Compliance **in writing** of the default or pending default.
- b) **Trop-X** shall confirm **in writing** to the **Settlement Officer** and the **Compliance Officer** of the **member** the **notice** of the default or suspected default.
- c) The acknowledgement of the **notice** of default or pending default shall only occur once **Trop-X** has confirmed **in writing** that the **notice** of the default from the **Compliance Officer** of the **member** has been received.
- d) The Head of Markets Supervision and Compliance must notify the **Executive Committee** immediately of default or suspected default.
- e) The Head of the Markets Supervision and Compliance may declare default at any time.

### 7.4 Appointment of Default Official

- a) Upon declaration of default by **Trop-X**, the Head of Markets Supervision and Compliance shall immediately appoint a **Default Official** and notify the **member**, the **Executive Committee**, the **clearing agency**, the **securities facility**, the **member's CAP** and the **Securities Authority**.
- b) The **Default Official** shall have the power to represent **Trop-X** in relation to the **member**, the **clearing agency**, the **securities facility** and the **member's CAP** and complete the default procedures under Section 7 of **these Rules**.
- c) The powers and duties of the **Default Official** shall include but not be limited to:
  - i) obtaining access to all necessary documents of the **member** to perform the duties and responsibilities in terms of **these Rules**;
  - ii) attending all meetings including meetings of creditors;



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- iii) summoning any **member** and **client** of a **member** to attend these meetings;
- iv) requiring any **member**, its **officers**, employees and **clients** to assist with any investigation;
- v) furnish a report detailing the default to Head of Markets Supervision and Compliance, the **Executive Committee**, the **members**, the **clearing agency**, the **securities facility** and the **member's CAP** and the **Securities Authority** within 5 (five) **business days** of the declared default; and
- vi) **Trop-X** remains responsible at all times for the management of the default process in terms of **these Rules**.

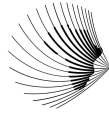
### 7.5 Suspension of a member for a failed trade

- a) A **member** may be suspended at any time if it cannot effect **settlement**.
- b) A **member's** registration may be suspended at any time after **Trop-X** has declared the **member** a defaulter.
- c) The **member** has 10 (ten) **business days** from date of suspension to dispute the decision by **Trop-X** regarding its suspension and refer it to the **Trop-X's** dispute procedures in terms of **Rule 10.4** through **10.7**.
- d) Where the defaulter does not object to the decision within the specified time, or an objection to the suspension is dismissed, the decision of **Trop-X** is regarded as final.
- e) Any objection lodged with **Trop-X** will immediately be referred to **Trop-X's** dispute procedures in terms of **Rule 10.4** to **10.7**.

### 7.6 Default Amount or Net Amount Due

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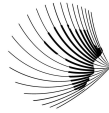
## Trop-X Securities Exchange

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- a) The **Default Official** shall, in conjunction with **Trop-X**, establish the net amounts due as a result of a default.
- b) The **Default Official** shall aggregate all amounts due by each **member** in relation to such **listed securities**.
- c) **Trop-X** shall aggregate all amounts due by each **member** in relation to such **listed securities**.
- d) The **Default Official** shall, in conjunction with **Trop-X**, establish the net amount to be paid by the defaulter or to be claimed from the defaulter by the other party to the **transaction**.
- e) All amounts to be paid as a result of a default shall be determined at the sole discretion of **Trop-X**.
- f) **Trop-X** shall notify the **Securities Authority** and may notify any other regulatory authority, **Designated Market**, **members** and their **clients**, and **members** of the public the name of the defaulter as **Trop-X** deems fit.

### 7.7 Member default procedure

- a) Where a **member** is declared in default, **Trop-X**, together with the **Default Official**, may assist in fulfilling any obligations on behalf of the **Defaulting Member**.
- b) In addition to assisting and fulfilling the obligations of a **Defaulting Member**, **Trop-X** and the **Default Official** will:
  - i) determine the extent of the **Defaulting Member's** obligations;
  - ii) determine the default amounts and net **settlement** obligations; and
  - iii) utilise any **securities, funds**, lending agreement guarantees, margin, or any assets held by any **clearing agency participant** or other **Designated Market**



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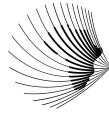
on behalf of the **Defaulting Member** to fulfil the obligations of the **Defaulting Member** or appoint an independent party to fulfil these obligations.

- c) No **member** shall compromise or accept payment on account from, or with, any **Defaulting Member** or its **client** in connection with any **failed trade** from the time of declaration as a defaulter.
- d) The **Default Official** together with **Trop-X** shall determine the defaulting net **settlement** amounts of the **Defaulting Member** in respect of **listed securities**.
- e) **Trop-X** may assist in the lodging of any claims against the **Guarantee Fund** on behalf of the **member** or the **member's client**.

### 7.8 Client default procedure

In terms of **these Rules** and default procedures, **clients** are categorised as **Defaulting Clients** or **prejudiced clients**:

- a) **Defaulting Clients** are subject to the following:
  - i) the name of the defaulter will be included in a register of defaults;
  - ii) the name of the defaulter will be circulated by way of a **notice** to all **members**; and
  - iii) no other **member** shall do business with a **Defaulting Client**;
- b) **Prejudiced clients** and **members** in terms of **these Rules** are subject to the following:
  - i) claims will be considered against the **Guarantee Fund** in respect of **matched trades** concluded with or on behalf of the **prejudiced client** or the **member** on its own account; and



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- ii) the **Guarantee Fund** shall be protected in respect of **trades** done by the **member** on its own account or the **prejudiced client** after the default has been declared by **Trop-X**.



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### SECTION 8

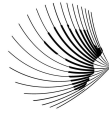
#### THE GUARANTEE FUND

##### 8.1 Objects of the Guarantee Fund

- a) **Trop-X** shall establish and maintain to the satisfaction of the **Securities Authority**, a **Guarantee Fund** (to be constituted as a Trust) or compensation fund or other warranty to enable **Trop-X** to provide compensation to **members** and **prejudiced clients** of **members**. The ownership of the **Guarantee Fund** will be in terms of the **Guarantee Fund's** founding documents.
- b) The purpose of the **Guarantee Fund** is to provide compensation to both **members** and **prejudiced clients**, as the case may be, in terms of the claims allowed against the **Guarantee Fund** under **Rule 8.2 (a)** read with (b).
- c) The amount required by the **Guarantee Fund** for the discharge of claims prescribed in **these Rules** shall be agreed with the **Securities Authority** and will only be for **securities** listed on **Trop-X**.
- d) All claims permitted against the **Guarantee Fund** in terms of **Trop-X's Rules** shall be subject to the **Guarantee Fund's** founding documents and **Directive 9**.

##### 8.2 Claims allowed against the Guarantee Fund

- a) The only claims permitted against the **Guarantee Fund** are claims arising from:
  - i) a **trade** deemed to be a default in terms of **Rule 7.2 (a), (b) and (e)**;
  - ii) the net **settlement** obligations of the defaulter, which is the default amount or net amount due in terms of **Rule 7.6**; and
  - iii) losses incurred by **members** or **prejudiced clients** in re-transacting **trades** originally executed with the **Defaulting Member**.



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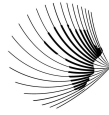
- b) After the relevant claim on the **Guarantee Fund** has been met, no further claims shall be considered in respect of any one default event.

### 8.3 Trustees of the Guarantee Fund

- a) The **Guarantee Fund** shall be constituted by means of a Trust established in the **Seychelles** in terms of the Trust's founding documents.
- b) The Trust shall be managed and controlled by the Trustees.
- c) The Trustees shall not comprise of less than five (5) **persons**, who shall have equal status, and shall include:
  - i) the **Chairperson** of the **Controlling Body** who shall be the **Chairperson** of the **Guarantee Fund**;
  - ii) the **Managing Director** of **Trop-X**;
  - iii) the Financial Director of **Trop-X**; and
  - iv) not less than 2 (two) other trustees who are independent of the management and administration of the **Guarantee Fund**, who may or may not be members of **Trop-X's Controlling Body**.

### 8.4 Administration and consideration of claims

- a) The administration, consideration of claims and decision making will be in terms of the founding documents of the **Guarantee Fund** and shall be lodged **in writing** to the Trustees and must:
  - i) be addressed to the Trustees;
  - ii) include evidence of the **original trades** and evidence of **trades** concluded to **settle** the defaulter's net **settlement** positions;



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## Trop-X Securities Exchange

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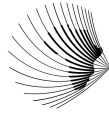
- iii) have a record detailing the extent of the loss incurred if any re-transaction has taken place covering the price losses incurred by the **member** and / or **prejudiced clients** in re-transacting **trades** originally executed with the **Defaulting Member**;
  - iv) include a report from the **Default Official**; and
  - v) contain any further evidence that the Trustees may require.
- b) All claims against the **Guarantee Fund** shall be furthermore be submitted in accordance with the provisions of the founding documents of the **Guarantee Fund**.
  - c) Payment of any amount in respect of any claim shall only be made in accordance with the founding documents of the **Guarantee Fund**.

### 8.5 Meetings of Trustees

- a) The Trustees shall meet twice in any calendar year, or at a meeting convened at the written request of at least two trustees or the **Chairperson**.
- b) **Notice** of meetings of the Trustees shall be given to each trustee **in writing** at least 10 (ten) **business days** before the date of a meeting, or shorter period of **notice**, at the discretion of the **Chairperson**, provided that shorter **notice** is ratified at the said meeting.

### 8.6 Duties of the Trustees

- a) The Trustees shall in addition to the provisions of the founding documents for the **Guarantee Fund**:
    - i) keep the monies of the **Guarantee Fund** in a trust bank account established in the **Seychelles**;
    - ii) be the sole authorised signatories in respect of any correspondence or payments relating to the **Guarantee Fund**;
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## Trop-X Securities Exchange

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- iii) establish and keep proper accounts, books and records in respect of the affairs, **funds**, assets and liabilities of the **Guarantee Fund**; and
  - iv) submit management and audited Annual Financial Statements to the **Executive Committee** and **Controlling Body** within the periods required by the **Controlling Body**.
- b) Any decision of the Trustees in terms of **these Rules** shall be full and final, save any appeals permitted by **the Act**.

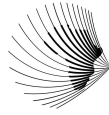
### 8.7 Administration of the Guarantee fund

- a) The administration of the **Guarantee Fund** will be done by **Trop-X** on behalf of the Trustees.
- b) All instruments of payment or transfer in respect of monies of the **Guarantee Fund** shall be signed jointly by any two trustees of the **Guarantee Fund**.

### 8.8 Contributions to the Guarantee Fund

- a) All **members** shall contribute to the **Guarantee Fund**.
- b) The basis upon which **members** must contribute to the **Guarantee Fund** will be determined by **Trop-X**.
- c) The liability of **members** to the **Guarantee Fund** is limited to their prescribed contributions to the **Guarantee Fund**.
- d) The contributions to the **Guarantee Fund** by **members** are non-refundable.

### 8.9 Limitation of payment of claims



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## Trop-X Securities Exchange

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- a) All claims paid by the **Guarantee Fund** to **members** and / or **prejudiced clients** of **members** shall be limited by the **Guarantee Fund's** founding documents and amounts stipulated in **Directive 9** in respect of any one default event.
- b) Claims will be paid on a pro-rata basis in proportion to the total of all claims of **members** and / or their **prejudiced clients** in respect of the default in question.
- c) No **member** or **prejudiced client** may lodge a claim against **Trop-X** in respect of any claim lodged against the **Guarantee Fund**.

### 8.10 Winding up of the Guarantee Fund

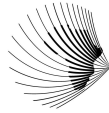
In the event of a voluntary dissolution or winding-up of **Trop-X** in a court of law, the Trustees shall discharge the assets of the **Guarantee Fund** in the order of:

- i) all liabilities of the **Guarantee Fund** to the insurer of the fund;
- ii) any claims against the **Guarantee Fund**;
- iii) any claims against the **Guarantee Fund** resulting from the administration costs of **Trop-X**; and
- iv) any beneficiaries in terms of the founding documents.

### 8.11 Surplus Funds

- a) The excess portion of **funds** will be distributed by the **Guarantee Fund** at the sole discretion of the trustees of the **Guarantee Fund** after consultation with the **Securities Authority** as prescribed in **the Act**.
- b) The **Securities Authority** shall give written approval as required by **the Act** before any distribution is made.
- c) In the event of any surplus **funds** remaining, these **funds** become an asset of **Trop-X**.





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## Trop-X Securities Exchange

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### SECTION 9

#### MARKETS SUPERVISION AND COMPLIANCE

##### 9.1 Objects of the Regulatory Framework

The chief objectives of the Markets Supervision and Compliance Division are to:

- a) supervise that **trades of listed securities** are conducted in an orderly, fair, efficient and transparent manner in line with **the Act**, the **Code of Conduct**, **these Rules** and **Directives**;
- b) give effect to the surveillance of any matter relevant for the purpose of **the Act**, **these Rules** and the **Directives**;
- c) supervise that **Trop-X** and its **members** comply with the obligations of **AMLA**; and
- d) supervise that all **members** and their **clients** comply with any other relevant legislation referred to in **the Act**.

##### 9.2 Supervision, compliance and surveillance

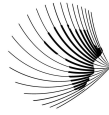
The Markets Supervision and Compliance Division will implement generally accepted systems and / or procedures (which may include the use of external audit services):

- a) to monitor compliance and perform supervision and surveillance in terms of **the Act**, **these Rules** and **Directives** and with the **AMLA**; and
- b) to perform surveillance for the detection of disorderly **trading** patterns and any conduct that may involve market abuse in terms of **the Act** and **these Rules** and the **Directives**.

##### 9.3 Powers, duties and procedures for enforcement

In addition to the powers in terms of **Rule 2.8**, the Markets Supervision and Compliance Division or its delegate will have the following additional powers:

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- a) to call for any documentation and / or records which it may require from any person and / or **member** (including any directors, **officers**, **traders**, employees or agents thereof) that is subject to **these Rules** and **Directives**;
- b) to access the premises and / or records of any person and / or **member** (including any **directors**, **officers**, employees or agents thereof) that is subject to **these Rules** and **Directives**; and
- c) to refer any of its findings (including evidence gathered) to the Disciplinary Committee in terms of Section 11 of **the Rules**.

### 9.4 Co-operation with the Securities Authority and other applicable Regulatory Organisations

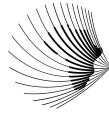
The Head of the Market Supervision and Compliance or his delegate shall:

- a) be responsible for **Trop-X's** communication with the **Securities Authority** and **Directorate of Market Abuse**.
- b) immediately report to the **Securities Authority** any breaches arising from disorderly **trading** conditions or any market abuse conduct that may arise in terms of **the Act** and **these Rules**.
- c) assist the **Securities Authority** and any other competent authority with any investigation of such a breach of **the Act**, **the Rules** or any other regulatory requirements required by **Trop-X**.
- d) meet monthly with the **Securities Authority** review surveillance and compliance reports looking to detect any possible irregularities in the **trading of listed securities**.

### 9.5 Confidentiality

The Markets Supervision and Compliance Division shall treat as confidential any information received from **members** when a **transaction** in a **listed security** is under investigation or the **member** or their **client** is under investigation, except where:

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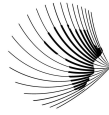


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- i) the information is publicly available;
- ii) disclosure is required by law, and by any other regulatory authority or applicable legislation;
- iii) disclosure is expressly permitted by law and **the Act**;
- iv) disclosure is required by **these Rules** and **Directives**; or
- v) authority has been granted **in writing** by the **member** and where appropriate the **member's client**.



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## SECTION 10

### COMPLAINTS AND DISPUTE RESOLUTION

#### 10.1 Definitions

For the purposes of this section, the following terms shall have the following meanings:

- a) **“Complainant”** means the person that lodges the **Complaint**;
- b) **“Complaint”** means a complaint by a **Complainant** relating to any agreement with, or a service or product of, a **Defendant** in which it is alleged that the **Complainant** has suffered or is likely to suffer financial prejudice or damage as a result of the **Defendants** actions or inaction:
  - i) having contravened or failed to comply with a provision of any agreement, law or **code of conduct** subscribed to by the **Defendant**;
  - ii) having wilfully or negligently supplied, or failed to supply, a **securities** service or a product to the **Complainant**;
  - iii) having treated the party unreasonably or inequitably; or
  - iv) having mis-administered the implementation of an agreement for the supply of services in terms of **these Rules**.
- c) **“Defendant”** means the **Member** that is the subject of the **Complaint**;

#### 10.2 Internal Complaints Resolution Process

- a) **Member** shall implement and maintain internal procedures approved by **Trop-X**, hereinafter referred to as the internal **complaint** resolution process for dealing with any **complaints**.
- b) Where the internal complaint resolution process fails to resolve the **Complaint** to the satisfaction of the **Complainant**, the **Complainant** may institute the dispute reporting protocol subject to the requirements of **Rule 10.4** being met.



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### 10.3 Internal complaint resolution procedures

The internal procedures for **members** to address complaints shall at a minimum consist of the following:

- a) having the systems in place to record and investigate all **client** Complaints;
- b) written or oral **Complaints** must be dealt with timeously;
- c) the employee responsible for the resolution of **Complaints** must have the necessary authority to resolve **Complaints**;
- d) a notification procedure must be in place for the **client**; and
- e) any recurring or systematic problems must be remedied.

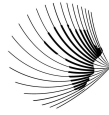
### 10.4 Disputes

**Disputes** are categorised and defined as:

- a) unresolved **Complaints** where the financial loss is greater than \$1,500 (one thousand five hundred US Dollars) or equivalent in a different currency between the **Complainant** and the **Defendant**; or
- b) a decision or action of **Trop-X** which excludes any decision or action relating to a dispute brought under **Rule 10.4(a)**.

### 10.5 Composition of the Dispute Resolution Body

- a) The Dispute Resolution Body shall not comprise less than 3 (three) persons and shall be appointed by the **Executive Committee**.
- b) The Dispute Reporting and Resolution Protocol Body shall consist of:
  - i) the **Head of the Markets Supervision and Compliance Division** who shall act as the Chairperson;



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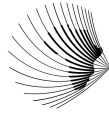
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- ii) the **Trop-X** Legal Officer or the **Trop-X** nominated counsel;
  - iii) an individual appointed by virtue of that individual's knowledge or an expert or experts of the financial markets in the **Seychelles**;
  - iv) a secretary who shall perform all administrative duties and such other functions as entrusted to this person by the Chairperson; and
  - v) the Dispute Resolution Body may co-opt any person it considers appropriate to assist with administrative duties and functions required by the Chairperson.
- c) Dispute Reporting and Resolution Protocol Body exclusions and exemptions include:
- i) an employee of **Trop-X** who may not be appointed or co-opted unless required in terms of any statute and these **Rules**;
  - ii) members of the Dispute Reporting and Resolution Protocol Body shall not have any possible conflict of interest or potential conflict of interest with the **client** or **member** charged; and
  - iii) **Controlling Body** members who may not be entitled to serve on the Dispute Reporting and Resolution Protocol Body or be present at a hearing unless such member of the **Controlling Body** is party to the hearing.
- d) The **Executive Committee** may co-opt a person or appoint a person to replace a member because of illness, conflict of interest or otherwise.

### 10.6 Dispute Resolution Body Procedures

- a) All procedures for disputes will be handled in terms of **Rule 10.4** through **10.6**;
- b) All disputes must be presented in writing to the **Head of Markets Supervision and Compliance**;



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- c) A **dispute** cannot be the subject of any existing litigation.
- d) The **Head of Markets Supervision and Compliance** will confirm receipt of the **dispute in writing**.
- e) The **Complainant** shall deliver a written memorandum to the **Head of Markets Supervision and Compliance** with a clear and concise summary of the matter in dispute as well as the redress sought, and the **Head of Markets Supervision and Compliance** shall also circulate this to the other party within 7 (seven) **business days**.
- f) The Defendant shall then have 7 (seven) **business days** to file a written statement containing its summary of the matter in dispute, which shall again be forwarded to the **Head of Markets Supervision and Compliance** and the **Complainant** within 7 (seven) **business days**.
- g) The Dispute Resolution Body may request all parties involved in the dispute to provide copies of additional relevant documentation and correspondence required to review the **dispute** as it deems necessary.
- h) The Dispute Resolution Body will investigate the dispute and attempt to facilitate a resolution to the dispute within 15 (fifteen) **business days** and issue a recommendation notice to the parties.
- i) Where a **Complainant** or **Defendant** is dissatisfied with the recommendation, it must inform the **Head of Markets Supervision and Compliance in writing** within 5 (five) **business days** of the receipt of the recommendation notice and upon receipt thereof, the **dispute** shall be dealt with by **Trop-X** pursuant to and in accordance with the following dispute resolution scheme as detailed below. The parties shall receive a **notice** from the **Head of Markets Supervision and Compliance** in this regard.
- j) The **Trop-X Executive Committee** reserves the right to refer the matter to the **Disciplinary Committee** at any time after the dispute has been received **in writing** from the **Complainant**.



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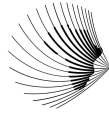
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- k) Nothing contained in **these Rules** shall be interpreted as subjugating any obligations between the **members** of **Trop-X** and **Trop-X** or its appointed **clearing agency** or **securities facility** and all parties to the **dispute** shall comply promptly and fully with all such obligations notwithstanding the fact that a **dispute** is submitted under **these Rules**.
- l) The outcome of all **disputes**, including those of the Dispute Appeals Body will be forwarded to the **Securities Authority**.
- m) All costs associated with the hearing of the dispute before the Dispute Resolution Body relating to venue, recording, refreshments, transcribing and any independent arbitrator shall be borne in equal proportions by the parties respectively.
- n) For the purposes of achieving fairness between the parties, the Dispute Resolution Body shall in its sole discretion be entitled to make an award against the losing party to pay the legal costs that the successful party has incurred in addition to the proportionate costs due by the successful party in terms of Requirement 10.6 (m) above.

### 10.7 Dispute Appeal Body (DAB)

- a) In the event of any unresolved **dispute**, the party to the **dispute** may submit all relevant documentation to the Chairperson of the Dispute Resolution Body within 5 (five) **business days** of receipt of the notice in terms of **Rule 10.6(i)**.
- b) The Chairperson of the Dispute Resolution Body shall notify both parties to the dispute of the referral to the DAB and request each party to inform the DAB as to their respective legal representatives, within 10 (ten) **business days**.
- c) The DAB shall be chaired by **Head of Markets Supervision and Compliance** or his nominee and two other persons to be appointed by the **Executive Committee**.





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- d) If either or both of the parties to the dispute fail to reply in terms of **Rule 10.6(c)** above, such party or both as the case may be, will be deemed not to have a legal representative and be deemed to act on their own behalf.
  
- e) The DAB shall have the following powers:
  - i) to notify the parties or their legal representatives of the time and location of the meeting;
  - ii) to resolve a **dispute** through mediation, conciliation, recommendation or determination;
  - iii) to act independently in resolving a dispute or in making a determination;
  - iv) to follow informal, fair and cost-effective procedures;
  - v) to, where appropriate, apply principles of equity in resolving a Complaint;
  - vi) to report to the **Securities Authority** and to a body representative of the relevant category of financial institutions on matters that may be of interest to them;
  - vii) in making any determination, to provide for the effective enforcement of the determination in his discretion;
  - viii) allocate settlement costs as appropriate including costs arising out of this dispute;
  
- f) in exercising the above powers, the DAB must ensure that the questions, concerns and **dispute** of the parties are treated equitably and consistently in a timely, efficient and courteous manner; and
  
- g) are binding on the parties.



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## SECTION 11

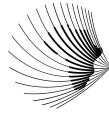
### DISCIPLINARY ACTIONS AND SANCTIONS

#### 11.1 General Powers of the Disciplinary Committee

- a) The Disciplinary Committee derives its powers from its appointment by the Executive Committee of Trop-X inter alia, to oversee and direct all disciplinary matters relating to these Rules.
- b) Disciplinary actions and sanctions shall be administered by the **Disciplinary Committee** of **Trop-X** or any person to whom it has delegated its powers. The powers and functions of the **Disciplinary Committee** include the following:
  - i) The **Disciplinary Committee** may investigate and take disciplinary action at any time against a **member** (which in this section for the purposes of disciplinary proceedings shall include a **member's** directors, **officers** or employees) who contravene or fail to comply with **the Act, these Rules**, the interim **exchange rules** or the **Directives**;
  - ii) The **Disciplinary Committee** may suspend or restrict the **member's** activities on **Trop-X** on an interim basis when a matter is under investigation;
  - iii) The **Disciplinary Committee** has the power to receive, consider and deal with any referrals to it in terms of **Rule 9.3(c)**.
- c) Any disciplinary action brought against a member by the **Disciplinary Committee** will be brought to the attention of the **Executive Committee in writing** and a report on the disciplinary proceedings shall be furnished to the **Securities Authority in writing** within 30 (thirty) days after the completion of the disciplinary proceedings.

#### 11.2 Co-operation of members

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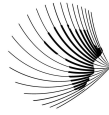
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- a) A **member** shall co-operate with the **Disciplinary Committee** in regard to any investigation pertaining to the contravention or non-compliance with **the Act**, these **Rules** and the **Directives**.
- b) The **Disciplinary Committee** may require **members** to disclose information or produce documents and evidence relevant to any investigation in terms of **Rule 11.2 (a)**, whether or not such information or documentation is in the **member's** possession or in the possession or under the control of any of any agent of the **member**.
- c) In giving effect to its powers in terms of this section the **Disciplinary Committee** may formulate or develop any additional measures required for the purpose of investigating any contravention or non-compliance compliance with **the Act**, **these Rules** and the **Directives**.

### 11.3 Investigation protocol

- a) The **Disciplinary Committee** may appoint an official to inspect the affairs of a **member** or any person involved in the management or administration of **trading** in **listed securities** to ascertain whether the affairs of the **member** contravened or not complied with **the Act**, **the Rules** or the **Directives**.
- b) The official shall have the right or power to:
  - i) gain access to the premises of any **member**;
  - ii) have access to any **records**, recordings, documents, or any information required to complete the investigation or to make copies of or take extracts of documents and information, including electronic recordings;
  - iii) question any director, **officer**, , employee or agent of the **member**; and
  - iv) request information from any third parties providing services to **Trop-X** or its **members**.



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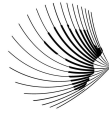
- c) On completion of an inspection, a report shall be submitted to the **Disciplinary Committee** by the official.

### 11.4 Burden of proof

The burden of proof rests solely with **Trop-X** and the **Disciplinary Committee** shall not find an allegation proven unless it is satisfied on a balance of probabilities on consideration of the evidence that the **member** has contravened or not complied with **the Act, these Rules** or the **Directives**.

### 11.5 Composition of the Disciplinary Committee

- a) The **Disciplinary Committee** shall not comprise less than 3 (three) persons and shall be appointed by the **Executive Committee**.
- b) The **Disciplinary Committee** shall consist of:
  - i) the **Head of the Markets Supervision and Compliance Division** or his delegate who shall act as the Chairperson;
  - ii) the **Trop-X** Managing Director or his delegate;
  - iii) the **Trop-X** Legal Officer or the **Trop-X** nominated counsel;
  - iv) an individual or individuals appointed by virtue of their knowledge or an expert or experts of the financial markets in the **Seychelles**;
  - v) a secretary who shall perform all administrative duties and such other functions as entrusted to this person by the Chairperson; and
  - vi) the **Disciplinary Committee** may include any person it considers appropriate to assist with the administrative duties and functions required for the disciplinary proceedings.



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- c) The of the **Disciplinary Committee** shall not include any person who has or who may have any possible conflict of interest or potential conflict of interest with the **member** involved in the disciplinary proceedings.
- d) The **Executive Committee** may appoint or substitute a person to replace a member of the **Disciplinary Committee** due to illness, conflict of interest or otherwise.

### 11.6 Disciplinary Committee protocol

- a) The **Disciplinary Committee** may vary any of its procedures to adapt to the circumstance of any particular alleged contravention or non-compliance of **the Act, these Rules** or the **Directives**.
- b) Upon referral, the **Disciplinary Committee** shall:
  - i) consider any contraventions or non-compliance by a **member** in respect of **the Act, these Rules** or the **Directives**;
  - ii) consider the contravention or non-compliance;
  - iii) consider the allegation against a **member** in respect of a contravention or non-compliance with **the Act, these Rules** or the **Directives**; and
  - iv) consider its responsibilities in respect of any allegation that the integrity and reputation of **Trop-X** has been or may be impaired as a result of the conduct of the **member** involved.
- d) The **Disciplinary Committee** shall produce a preliminary report highlighting:
  - i) the nature of the disciplinary proceeding;
  - ii) the facts referred to it;
  - iii) the investigations undertaken by it; and



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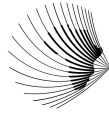
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iv) any other relevant facts which it has ascertained,

in contemplation of the hearing to be held in terms of **Rule 11.7 (a) to (k)**.

### 11.7 The Disciplinary Hearing

- a) The hearing of the **Disciplinary Committee** shall commence within 20 (twenty) **business days** after the completion of the preliminary report.
- b) Parties involved in the disciplinary hearing will be given **notice** of the time and place of the hearing.
- c) The **Compliance Officer** of the **member** concerned (hereinafter referred to as the defendant) must be present at the hearing.
- d) Disciplinary hearings will be conducted in private.
- f) The **defendant** is entitled to legal representation at its own cost.
- g) Evidence admitted and / or submitted from the defendant may be oral or written.
- h) The **defendant** to a disciplinary hearing may submit evidence to the **Disciplinary Committee** at any time up until 10 (ten) days before the hearing.
- i) The **Disciplinary Committee** may in the interests of fairness and transparency require any director, **officer, trader** or **employee** of the defendant, and/or other parties, involved in the investigation who must appear before the **Disciplinary Committee** to give evidence.
- j) The **defendant** may appear in person or be legally represented during the investigation or hearing and shall be entitled to:
  - i) be heard in argument;
  - ii) give evidence in their own defence; and



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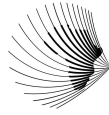
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- iii) give evidence in mitigation.
  
- k) The **Disciplinary Committee** may grant a consent order in respect of any **settlement** negotiated between **Trop-X** and **the defendant** either prior to the start or before the conclusion of the hearing in relation to any disciplinary outcome.

### 11.8 Sanctions

- a) Where a **member** has been found guilty of contravention or non-compliance in terms of **these Rules** or **Directives**, the **Disciplinary Committee** may, per authority granted to **Trop-X** as stipulated in Section 12 (2)(g) and Section 18 of **the Act**,:
  - i) issue a warning or a reprimand notice **in writing** to the **member**;
  - ii) levy a fine not exceeding the amounts laid down by **these Rules**;
  - iii) issue a cease and desist order;
  - iv) expel the **member**;
  - v) the Disciplinary Committee may revoke the registration of the **trader** or **officer** found to be party to the contravention;
  - vi) order the **member** not to **trade**;
  - vii) issue an order directing restitution to any injured **person**;
  - viii) require the **member** to take steps and give **in writing** an undertaking or any other remedy to prevent the recurrence of the contravention or non-compliance that has given rise to the disciplinary proceeding;



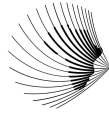
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- ix) in urgent cases such as criminal activity, insider **trading** or failure to meet **settlement** obligations, refer the matter immediately to the **Executive Committee** of **Trop-X**, who may suspend the access to the **Trop-X ATS** of a **member** for such period as the **Executive Committee** deems necessary; and / or
- x) at any stage refer the matter to the **Executive Committee** which may in its sole discretion publish by way of a **notice** to other **members** the outcome of any disciplinary hearing.
- b) The level of co-operation afforded by the **member** will be taken into account upon the sanctioning of the **member**.
- c) Where a **member** is aggrieved with the outcome of the disciplinary hearing and / or the sanction imposed the **member** may appeal against the outcome and / or sanction imposed to the Disciplinary Appeal Committee within 10 (ten) **business days** by filing with the Chairperson of the **Disciplinary Committee** a notice of the intention to appeal, setting out the grounds upon which the appeal is founded.
- d) The Disciplinary Appeal Committee shall convene the appeal hearing within 20 (twenty) **business days** of the notice of appeal being filed and notify the parties to the hearing of the date and time of the appeal hearing.
- e) In the appeal hearing the appeal shall be limited to the evidence which was adduced in the disciplinary hearing and no new evidence shall be permitted.
- f) The parties to the appeal hearing shall be entitled to be legally represented and may make submissions orally or **in writing** which shall be limited to the evidence which was adduced in the disciplinary hearing.
- g) The Disciplinary Appeal Committee shall be constituted by 3 (three) persons nominated by the chairperson of the disciplinary hearing who were not members of the disciplinary hearing that is subject to the appeal.
- h) The Disciplinary Appeal Committee shall have the power to uphold or set aside the outcome of the disciplinary hearing including the sanction imposed in such





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hearing. The Disciplinary Appeal Committee may in its sole discretion, in the event that the outcome of the appeal hearing is upheld, vary the sanction imposed to the extent that it deems fit.

- i) The decision made by the Disciplinary Appeal Committee must be reduced to writing and be forwarded to the parties and the **Securities Authority** within 30 (thirty) days of the conclusion of the appeal hearing, and is final and binding on the parties and may not form the subject matter of any appeal process or litigation process in the **Seychelles** or any international jurisdiction.
  
- j) **Trop-X** may, upon the imposition of any sanctions contemplated in this Section, disclose these particulars in the Gazette, other national newspapers in the **Seychelles** or through **QUANS**.



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## SECTION 12

### FEES AND LEVIES

In terms of **these Rules** and **the Act**, Trop-X may charge **fees** and **levies**:

- a) for any agreed activity, which are to be paid by **members** and may be varied from time to time at the discretion of the **Executive Committee**;
- b) by way of **announcement** of **fees** and **levies** that shall be forwarded to the **member** by way of an **announcement** at least 20 (twenty) **business days** prior to implementation thereof;
- c) that shall be paid within 30 (thirty) days of notification thereof;
- d) that shall be notified **in writing** within five (5) **business days** of any such arrears and increases; and
- e) that outstanding monies shall include interest subject to prevailing legislation from time to time to be paid as determined by the **Executive Committee**.



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## **SECTION 13**

### **LIMITATION OF LIABILITY**

No director, **officer** or employee of **Trop-X** or any member of the **Controlling Body** shall be liable for any loss incurred by them or damage caused to any **person** as a result of any action or any omission of an action in the bona fide or negligent performance of their duties in terms of **the Act, Rules** or **Directives** and any complaint or dispute resolution.