

**UGANDA SECURITIES EXCHANGE**  
**Trading Rules 2021**

**THE UGANDA SECURITIES EXCHANGE LIMITED  
TRADING RULES 2021**

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# UGANDA SECURITIES EXCHANGE TRADING RULES 2020

## PART I – APPLICATION AND DEFINITIONS

### 1. Application

- (1) These Rules form part of the Rules of the Uganda Securities Exchange
- (2) These Rules shall come into force on the date of approval from the Authority.
- (3) All listed securities admitted to the Main Investment Market Segment , Growth Enterprise Market Segment and Fixed Income Segments of the Exchange shall be traded in accordance with these Rules, through the Automated Trading System (ATS) unless otherwise specifically exempted by these rules or the Act.

### 2. Interpretation

- (1) The terms, words and phrases defined in, and the provisions of the Capital Markets Authority Act, Cap 84, (as amended including the rules and regulations made under it), apply to these Rules.
- (2) Unless inconsistent with the context, the singular includes the plural and the use of either gender includes the other.
- (3) Headings shall be taken into account in the interpretation of the Rules.

### 3. Definitions

In these Rules, unless the context otherwise requires-

<b>“Act”</b>	Refers to the Capital Markets Authority Act (Cap. 84) and the Regulations and Guidelines issued thereunder.
<b>“All or None(AON)”</b>	Refers to a block trade for a fixed quantity of securities which must be filled in its entirety simultaneously.
<b>“Authority”</b>	Refers to the Capital Markets Authority.
<b>“Automated Trading System” (ATS)</b>	Refers to the software, hardware, communications and network systems forming the electronic trading system for the automatic matching of orders designated and approved by the Exchange for the trading of listed securities on the Exchange.

<b>“ATS Operator”</b>	Means an authorized Trading Participant’s Representative certified by the Exchange as an ATS Operator and having a unique identification number.
<b>“Bank of Uganda”</b>	Refers to the Central Bank of Uganda.
<b>“Bidding Advance”</b>	Refers to the allowable margins within which a trader may move the price of a security up or down during trading.
<b>“Board Lot”</b>	Means a standard number of shares or stocks determined by the Exchange which can be traded on the market for a particular board.
<b>“Bond reference Price”</b>	Bond reference price Means the last traded clean price of a fixed income security
<b>“Chief Executive ”</b>	Refers to the Chief Executive Officer of the Exchange
<b>“Companies Act”</b>	Refers to the Companies Act Cap No.1 of 2012.
<b>“Currency point”</b>	One currency point is equivalent to Twenty Thousand Uganda Shillings

<b>Daily Trading Summary Schedule</b>	Means the schedule generated by the Exchange in which all transactions dealt by a Trading Participant in a trading session are recorded.
<b>“Day Order(DO)”</b>	Refers to an order qualifier that allows an order to remain valid until the close of the trading session.
<b>“Days”</b>	Means calendar days excluding Saturdays, Sundays and public holidays.
<b>“Dealer”</b>	Means a person who carries on the business of buying, selling, dealing, trading, underwriting or retailing of securities whether or not he carries on any other business.
<b>“Dealing in securities”</b>	Means making or offering to make with any person, <b>or</b> inducing or attempting to induce any person to enter into or to offer to enter into- <ul style="list-style-type: none"> <li>a. any agreement for or with a view to acquiring, disposing of, subscribing for or underwriting listed securities; or</li> <li>b. any agreement the purpose or intended purpose of which is to secure a profit to any of the parties from the yield of listed securities or by reference to fluctuations in the price of listed securities.</li> </ul>
<b>“Dealing Spread”</b>	Refers to the allowable margin within which the price of a deal may move up or down during trading.
<b>“Dirty Price”</b>	means the price of a coupon bond that includes the present value of all future cash flows, including interest accruing on the next coupon payment
<b>“EAT”</b>	Means East African Standard Time
<b>“Equity Reference Price”</b>	Means the price calculated and used to establish the opening price of a listed equity security.

<b>“Equity Security”</b>	<p>refers to:</p> <ul style="list-style-type: none"> <li>a. a share, stock or other security representing a unit of ownership in the capital of a body corporate; any right, warrant, option or futures in respect of shares; or</li> <li>b. any unit, interest or share offered under a collective investment scheme.</li> </ul>
<b>“Exchange”</b>	Means the Uganda Securities Exchange Limited
<b>“Exchange Trading Workstations”</b>	Refers to the Trading Workstations placed on the Trading Floor for use by Trading Participants during an ATS Trading Session
<b>“Expire”</b>	Refers to a situation where an order input in the ATS is terminated or ceases to be valid
<b>“Fixed Income Security”</b>	<p>Refers to:</p> <ul style="list-style-type: none"> <li>a. a debenture or bond issued or proposed to be issued by a government or local authority or</li> <li>b. debentures , bonds or notes to be issued by a body corporate</li> </ul>
<b>“GEMS”</b>	Refers to the Growth Enterprise Market Segment of the Exchange
<b>“Good Till Cancelled (GTC)”</b>	Refers to an order qualifier that allows an order to remain valid till cancelled on a specified date.
<b>“Good Till Day(GTD)”</b>	Refers to an order qualifier that allows the order to remain valid for a fixed number of days.
<b>“Government Bonds Dealer”</b>	<p>Refers to a Trading Participant who is authorized by the Exchange to trade in Government securities</p> <p>Means a non-retail investors conducting investment business.</p>
<b>“Institutional Investor”</b>	
<b>“Issuer”</b>	Means an entity that is quoted or listed on the Exchange.

<b>“Immediate or Cancel (IOC)”</b>	Refers to an order qualifier that requires the immediate purchase or sale for the whole or part of the specified quantity at the specified or better price
<b>“IT Help Desk”</b>	Refers to the function in the Information Systems Department of the Exchange dedicated to providing support to Trading Participants accessing the ATS through the Trading Console
<b>“Limit Order”</b>	Refers to an order for an equity security for which a price has been specified
<b>“Listed”</b>	Means admitted either to the Main Investment Market Segment.
<b>“Lot”</b>	Means the number of securities comprising an order.
<b>“Market Halt”</b>	Means the stopping of trading in all listed securities during a trading session.
<b>“Market Order”</b>	Means a separate segment of the official list established by the Exchange, with the approval of the Authority, with respect to listings of securities for which specific eligibility and disclosure requirements are prescribed.
<b>“Market Segment”</b>	
<b>Material issuer’s Information”</b>	<p>Refers to any information that may affect the price of an security or influence investment decisions and includes but is not limited to information on -</p> <ul style="list-style-type: none"> <li>(a) a merger, acquisition or joint venture;</li> <li>(b) a block split or stock dividend;</li> <li>(c) earnings and dividends of an unusual nature;</li> <li>(d) the acquisition or loss of a significant contract</li> <li>(e) a significant new product or discovery;</li> <li>(f) a change in control or significant change in management;</li> <li>(g) a call of securities for redemption;</li> <li>(h) the public or private sale of a significant amount of additional securities;</li> <li>(i) the purchase or sale of a significant asset;</li> <li>(j) a significant labour dispute;</li> <li>(k) a significant law suit against the issuer;</li> <li>(l) establishment of a programme to make purchases of the issuers own shares</li> <li>(m) a tender offer for another issuer’s securities;</li> <li>(n) significant alteration of the memorandum and articles of association of the Issuer; or</li> <li>(o) any other peculiar circumstances that may prevail with respect to the issuer or the relevant industry.</li> </ul> <p>Refers to any information that may affect the price of securities or influence investment decisions and includes but is not limited to information on -</p>
<b>“MIMS”</b>	Refers to the Main Investment Market Segment of the Exchange.



<b>“Odd Lot”</b>	Refers to a lot comprising less than 100 shares.
<b>“Odd Lots Board”</b>	Refers to the designated board in the ATS for trading of odd lots.
<b>“Official List”</b>	Means a list specifying all securities which have been admitted to listing on any of the market segments of the Exchange
<b>“Order”</b>	Means electronic instructions by a client to a stockbroker as to the security name, quantity, price or price limits and validity of instructions and for the purposes of these rules means a verified order entered in the ATS to buy or sell securities.
<b>“Order Book/ Central</b>	Means the electronic record in the ATS of the sequential list of unexecuted orders entered by the Registered ATS Operators
<b>“Order ID”</b>	Is a unique number generated by the ATS that identifies an order.
<b>“Par value”</b>	Means the nominal value of a fixed Income security or the price at which it will be redeemed
<b>“Remote Trading”</b>	Refers to the trading under the ATS that takes place away from the trading floor using the trading console
<b>“Rules”</b>	Refers to the rules of the Exchange currently in force as approved by the Authority
<b>“SCD”</b>	Refers to the Securities Central Depository established under the Securities Central Depository Act of 2009.
<b>“SCD Account”</b>	Means an account established by the Securities Central Depository. For deposit or for the recording of book-entry securities and cash balances, in respect of dealings in securities by the depositor
<b>“SCD Rules 2009”</b>	Refers to the rules made by the Exchange for the operation of the SCD.
<b>“Secondary Listing”</b>	Refers to a security that is listed in the first instance on another market and is subsequently listed on the Official List of the Exchange .

<b>“ Securities”</b>	<p>Means</p> <ol style="list-style-type: none"> <li>a. debenture or bonds issued or proposed to be issued by a government</li> <li>b. debentures, shares, bonds or notes issued or proposed to be issued by a body corporate</li> <li>c. any right, warrant, option or future in respect of any debentures, shares and bonds, notes, depository receipts or in respect of commodities or derivatives; or</li> <li>d. units, interest or share offered under a collective investment scheme;</li> <li>e. or investment contracts</li> <li>f. any financial instruments, commonly known as securities , but doesn't include; <ul style="list-style-type: none"> <li>• Bills of Exchange</li> <li>• Promissory notes or</li> <li>• Certificates of deposit issued by bank or financial institution licensed under the Financial Institutions Act,2004</li> </ul> </li> <li>g. Any other instrument prescribed by the authority to be a security</li> </ol>
<b>“Settlement”</b>	Refers to the fulfillment of the obligation arising from a purchase or sell of a security, specifically payment of purchase price by the buyer to the seller and transfer of securities by the seller to the buyer
<b>“System Failure”</b>	Refers to equipment breakdown or the breakdown, interruption, suspension, termination or failure or defect in any system (hardware or software), including but not limited to any trading system, or service rendered by or on behalf of the Exchange.
<b>“T”</b>	When used in reference to a transaction is the day a transaction is effected in the ATS.
<b>“T+”</b>	Denotes the number of business days after the day on which the transaction is effected in the ATS.
<b>“Trading Console”</b>	Means Trading Stations registered with the Exchange for use by Trading Participants for remote trading.
<b>“Trading Floor”</b>	Means a market halt or a security halt.
<b>“Trading Halt”</b>	
<b>“Trading Manager”</b>	Refers to any place designated and operated by the Exchange as such.

Means an officer of the Exchange by such or similar title so called.

**“Trading Participant**

Refers to a body corporate licensed by the Authority as a broker/dealer and approved by the Exchange to carry on the business of buying or selling of securities as an agent of investors, in return for a commission or on their own behalf.

**“Trading Participant’s Representative”**

Means a representative of any person licensed by the Authority who is in the employment of a Trading Participant and who plays a critical role in the company, and includes a trader, director, general manager, analyst, or any other person employed by the licensee who plays a critical role.

**“Trading Session”**

Means the hours during which trades may be entered into and matched through the ATS as specified in these rules.

**“Transaction”**

Means the matching and execution of a buy and a sell order.

**“Unit”**

Means the minimum tradeable quantity which shall be UGX 100,000 (One hundred Thousand Shillings)

**“Validation”**

Refers to a process carried out by the ATS prior to the acceptance of an order in the ATS.

## PART II – ACCESS TO THE ATS

### 4. Access to the ATS

- (1) The Exchange operates an Automated Trading System (ATS) which is designated to match and buy sell orders entered into a central electronic order book by Authorised Trading Participants under the supervision of the Exchange; and which shall be the Primary Trading Platform of the Exchange.
- (2) Access to the ATS shall unless otherwise approved by the Exchange:
  - (a) be through the Trading Console by an authorised ATS Operator who shall be a Trading Participant representative
  - (b) Officers of the Exchange and the Authority may also be granted access to the ATS using unique personal identification user name and codes provided by the Exchange for administrative and oversight purposes respectively.
- (3) Each Trading Participant shall at all times strictly comply with the Rules of the Exchange and any guidelines, manuals and instructions as may from time to time be issued by the Exchange in relation to ATS Trading.
- (4) The Exchange shall have the discretion to deny any Trading Participant and or Trading Participants representative access to the ATS if they are in breach of these Trading Rules.
- (5) Each Trading Participant shall inform the Exchange of its designated ATS Operators and shall immediately inform the Exchange of any changes thereto.
- (6) Each designated ATS Operator shall access the ATS using a unique personal identification user name and code provided by the Exchange.
- (7) Trading Participants shall be liable for any loss that may arise in the event that their Trading Console is accessed by unauthorized persons to input orders in the ATS and which shall be the Primary Trading platform of the Exchange.
- (8) Where a Trading Participant intends to connect to the ATS whether directly or indirectly, any device, equipment or facility for any purpose whatsoever, such Trading Participant must receive written approval from the Exchange.
- (9) A Trading Participant who is unable to update or remove orders from the ATS or unable to access the ATS through its designated Trading Console shall immediately notify the
- (10) Exchange. The notification shall be directed to the Exchange's Chief Executive, Trading Manager, Head of Information Systems and/or the IT Help Desk by telephone and in writing, by electronic mail or by facsimile.
- (11) The Exchange shall within fifteen (15) minutes provide an alternative terminal to a Trading Participant upon receipt of notification under rule 4(8).

- (12) A Trading Participant who has notified the Exchange of its inability to update or remove orders from the ATS or to access the ATS may request the Exchange to update or remove its orders from the ATS. Such instruction shall be confirmed in writing immediately thereafter but in any event no later than the end of the trading session.

## **5. ATS Remote Access**

- (1) Trading Participants may participate in trading on the Exchange via Remote Trading.
- (2) Trading Participants shall be responsible and bear all costs for providing, connecting and maintaining the Trading Console.
- (3) The Exchange shall give each Trading Participant access to the ATS through the Trading Console and shall give the required specifications and software for connectivity to the ATS.
- (4) Trading Participants shall not in any form or fashion modify the Trading Console without prior approval of the Exchange.
- (5) Remote trading can only be conducted by an ATS Operator.

## **6. ATS Access at the Trading Floor**

- (1) Each Trading Participant shall be granted access to the ATS through a Trading Console located on the Trading Floor.
- (2) The Exchange shall assign each Trading Participant a designated Trading Console on the Trading Floor through which the Trading Participant's designated ATS Operators shall access the ATS.
- (3) Unauthorized persons shall not be permitted onto the Trading Floor.
- (4) Authorized persons shall include Trading Participants' representatives, ATS Operators, officers of the Exchange, officers of the SCD, officers of the Authority, and any persons authorised by the Chief Executive or Trading Manager.
- (5) ATS Operators shall at all times strictly comply with the Rules of the Exchange and any guidelines, manuals and or instructions as may from time to time be issued by the Exchange in relation to the ATS Floor Sessions.

**7. Conduct and Dress Code**

- (1) All persons on the Trading Floor shall be expected to conduct themselves in a respectable and responsible manner.
- (2) All persons on the Trading Floor shall be well groomed and the permitted dress code shall be formal.
- (3) USE Trading Floor Personnel shall wear green jackets while on the Trading Floor.
- (4) ATS Operators shall wear red jackets while on the Trading Floor.
- (5) SCD officers, Officers of the Authority and all authorised persons shall wear identification badges while on the Trading Floor.

## **PART III- EQUITIES TRADING**

### **MARKETS & BOARDS**

#### **8. Markets**

- 1) The equities market of the Exchange comprises;
  - a. The Main Investment Market Segment. (MIMS)
  - b. The Growth Enterprise Market Segment. (GEMS)

#### **9. Main Investment Market Segment**

- 1) The Main Investment Market comprises the following boards;
  - a. Normal Board
  - b. Odd Lots Board
  - c. The Block Trades Board

#### **10. Growth Enterprise Market Segment**

- 1) The Growth Enterprise Market comprises the following boards;
  - a. Normal Board
  - b. Odd Lots Board
  - c. The Block Trades Board

#### **11. The Normal Board**

- 1) The normal board shall trade listed ordinary shares, preference shares and other securities.
- 2) The minimum board lot on the Normal Board shall be 100 shares.
- 3) All transactions on the Normal Board shall be settled by T+3.

#### **12. Odd Lots Board**

- 1) The Odd lots board shall trade listed ordinary shares in a separate order book on the Odd Lots Board.
- 2) Odd lots shall only be entered as limit orders.
- 3) The maximum board lot on the Odd Lots Board shall be less than 100 shares
- 4) The minimum number of equity securities to be bought or sold may be specified on an odd lot order.

- 5) Odd lot orders shall not be entered during pre-open.
- 6) Odd lot orders shall not be considered for execution during the opening auction.
- 7) Odd lot trades shall be matched and settled using the same rules as Normal Lots trades.
- 8) All transactions on the Odd Lots Board shall be settled by T+3

### **13. Block Trade Transactions**

- 1) Block Trade Transactions shall comprise;
  - a) The All Or None transactions (AON).
  - b) Special Transactions.

### **14. Special Transactions**

- (1) Any transaction which is equivalent to 5% or above of the securities market capitalization of any listed equity security shall require prior approval of the Exchange.
- (2) Any transaction which involves the sale of any security at a discount or appreciated price of more than 25% below or above the reference price of such security shall require prior approval of the Exchange.

## **TRADING PROCEDURES**

### **15. Trading Hours**

- (1) Trading of listed equity securities shall be conducted in sessions commencing at 9.00 a.m. and closing at 3.00 p.m. each day.
- (2) Time shall be determined by the clock displayed through the ATS trading software according to the time schedule below:

<b>Sessions</b>	<b>Time</b>
Pre-open	9.00 a.m. to 9.30 a.m.
Opening Auction	9.30 a.m.
Continuous Trading	9:30 a.m. to 3.00 p.m.
Closing Session	3.00 p.m.
Trade Amendments/Cancellation	3.00 p.m. to 3.30 p.m.
AON Transactions	10.00a.m. to 3.00 p.m.

- 3) The Chief Executive may adjust the trading hours upon the occurrence of an event that prevents adherence to the set trading hours.



## ***Trading Sessions***

### **16. Pre-Open**

- 1) During pre-open, orders can be entered, deleted or amended. However, no trades take place. Orders shall be held in the ATS but not forwarded to the execution engine.
- 2) The session status will be displayed as “**PRE-OPEN**”.
- 3) Price information shall not be displayed in the order book during pre-open and no trades shall take place.
- 4) Only Limit price orders can be entered, amended or cancelled.
- 5) No market orders shall be entered during pre-open. If submitted such order will be rejected.
- 6) The price input for an order shall be based on the equity reference price of the equity security and shall be within its price spread.
- 7) Orders with FOK, IOC, disclosed quantity and minimum fill attributes will not be accepted by the ATS during Pre-Open.
- 8) The order price input shall be based on the reference price of the security and must be within its price spread.

### **17. Opening Auction**

- (1) The opening price of each equity security shall be calculated by the ATS during the opening auction.
- (2) The opening price of each equity security shall be within the daily allowed price movement limits from the equity reference price of the previous trading session.
- (3) The opening price of an equity security shall be volume weighted average price of the previous trading session at which the greatest number of equity securities are matched.
- (4) In case of a tie between many prices, the price at which the maximum number of shares are traded shall be the opening price.
- (5) Valid orders from the previous day's trading session shall participate in the opening auction, preserving their time priority.
- (6) Where there are no trades in an equity security during the opening auction, the opening price for continuous trading shall be the equity reference price of the equity security in the previous trading session.

- (7) All orders that can be matched at the opening price are executed at the same price.
- (8) All orders that are not matched during the opening auction shall be automatically transferred to continuous trading and registered in the order book in priority of first price and then time.

## **18. Continuous Trading**

- 1) This period covers the trading operations where new orders are continuously entered into the system.
- 2) Incoming orders are checked against existing orders in the order book. An attempt is made to match each incoming order and thereby trigger a transaction or several transactions.
- 3) An order will be matched with the best opposite order and subsequent best orders until partly or fully executed or no further matching is possible.
- 4) During continuous trading, the session status will be displayed as "OPEN".
- 5) Orders registered in the order book in priority of first price and then time shall be entered and matched on a continuing basis during continuous trading.
- 6) The best price of a buy transaction shall be the lowest sell order and best price of the sell transaction shall be the highest buy order in the order book.
- 7) The criteria for execution during continuous trading are as follows:

**a) Price Priority;** Where the highest bid and the lowest offer have precedence over all other orders. Orders are ranked by price sequence in the order book.

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

**b) Market Orders;** Here price is given the highest priority in the system. The ATS will attempt to match the order until either the entire volume is matched or no further matching is possible.

## **19. Closing Session**

- 1) The closing session is a short session after the end of the continuous trading.
- 2) The ATS will compute the closing price for each security being the last execution price during the trade day.

## **20. Trade Amendments**

- 1) Trading Participants may request the Exchange to make an amendment or reallocation of a trade or change of trading information (correction of trade information) by 3.30pm EAT on T.
- 2) Requests for trade corrections shall be made in writing, by electronic mail or by facsimile by all the Trading Participants involved in the transaction and;
  - a. shall include an explanation providing sufficient justification as to why the trade should be amended.
  - b. In considering whether or not to accept the justification provided by a trading participant, the interests of the market shall be paramount over any other interest.
- 3) Approval of requests for correction or amendment of a trade shall be granted at the Exchanges discretion.
- 4) Trade corrections and amendments shall be made in accordance with Rule 44 of these rules.
- 5) Where the Exchange approves a request for a correction the Exchange shall make the necessary adjustment to the trade.
- 6) All trade corrections shall be made before the computation of the equity reference price for each equity security.
- 7) The ATS will process time in force order attributes and any unmatched orders will be automatically deleted. Valid GTC and GTD orders will be transferred to the next market day.

## **21. Trading of Securities on “Ex” or “cum” Basis**

- 1) All securities will be traded "ex" (i.e. ex-dividend, ex-bonus, ex-rights) three working days before the date fixed for the closing of books for determination of entitlement.
- 2) Securities that have been cross listed on the Exchange will be traded “ex” the day after the date fixed for the closing of books for the determination of entitlements or such other date as the rules of the Exchange of principal listing shall determine.
- 3) Bonus and Dividend claims will be deemed valid if they meet the following criteria-
  - a. late registration by the Exchange;
  - b. bad delivery at the Exchange and subsequent redelivery made late;
  - c. non-delivery;
  - d. the delivery when lodged for registration by the Exchange before the
  - e. company book closure was rejected by the Registrar;
  - f. registration of shares traded ex entitlement but registered before company book closure by the registrar;
  - g. the claim is forwarded to the Exchange within 10 business days of dispatch date by the Registrar.

- 4) The buying trading participant will, if they cannot obtain the buyer to sign for transfer as the transferor, protect the interest of the buyer by undertaking to register the securities in their nominee account and every trading participant will have a nominee account for this purpose.
- 5) Claims shall be prepared in triplicate and a separate claim form shall be issued in respect of each transaction and submitted in the manner prescribed by the Exchange.
- 6) The claim shall be accompanied by a claims schedule which shall include the following information-
  - a. date of transaction;
  - b. slip number;
  - c. number of shares;
  - d. security;
  - e. type of claim, dividend and/or bonus;
  - f. the Net Dividend Amount due, in case of a dividend;
  - g. the Number of Bonus shares, in case of a bonus claim;
  - h. date of Delivery to the Exchange [and the Company Registrar];
  - i. date of Announcement for which the claim arises; and
  - j. date of register closure at the company.
- 7) On receipt of the copies at the Exchange, the claims schedule shall be marked to acknowledge receipt, and distributed to the buying trading participant and the selling trading participant;
- 8) Both the selling and buying trading participants will acknowledge receipt of the distributed claims schedule.
- 9) Trading Participants will forward to the Exchange the names of their staff members to whom such claims will be addressed by the Exchange and names of staff members authorised to collect claims from the Exchange.
- 10) Trading Participants will be expected to address the claim within *five (5)* business days of receipt of the claim.
- 11) Any claim not forwarded to the Exchange within ten business days of dispatch of entitlement by the Registrar shall not be reconciled and the defaulting trading participant shall be required to settle their client.

### **Securities sold "cum rights"**

- 12) Where securities sold "cum rights" have not been delivered in time for registration for the buyer to receive their entitlement direct, the securities may nevertheless be delivered pursuant to the sale provided that an amount as in subrule (13) is deducted from the settlement pending delivery of the signed renunciation forms.

- 13) The amount to be deducted by a selling trading participant pending delivery of the signed renunciation forms shall be determined by the Exchange and shall be paid the buying trading participant upon delivery by the selling trading participant of a signed renunciation form for the accruing rights.
- 14) Where the seller of securities is not the registered owner and where it is apparent that the securities sold "cum rights" may not be delivered to the buying trading participant in time for registration in the buyer's name before the closing date of books for entitlement, the seller shall protect the buyer's interest as regards the rights entitlement as provided in the following ways-
  - a. seller to register the securities in seller's name promptly after the sale;
  - b. selling trading participant to forward documentary evidence of such
  - c. registration to the buying trading participant and the Exchange;
- 15) The Exchange may not institute buying in action in accordance with these Rules if it is satisfied with the evidence furnished; and seller undertakes to deliver the relevant securities and the signed renunciation form(s) for the accruing rights as soon as they are received by the seller.
- 16) 

Claims for accruing rights securities

In a sale of securities carrying a specific entitlement where the securities have been delivered in time but not transferred to the buyer before the date of the closing of the transfer books to determine the holder's entitlement to participate in a new issue, it shall be the responsibility of the buyer to immediately advise and instruct the trading participant to promptly claim upon the original selling trading participant.
- 17) 

Claims for rights shall be prepared by the claiming trading participant in the manner prescribed by the Exchange and issued in respect of each transferor with the following information.

  - a. details of securities in respect of which the claim is made; number of rights claimed;
  - b. date of purchase by the claiming trading participant;
  - c. the name of the registered holder;
  - d. the date on which the books closed to determine shareholders' entitled to participate in the issue;
  - e. the date the securities were received by the claiming trading participant;
  - f. the original selling trading participant's code number; and
  - g. the date on which the original securities were lodged with the company for registration where the securities were received by the claiming trading participant more than two months before the date of the claim.
- 18) The claiming trading participant shall forward the claim, together with the relevant renunciation(s) in the required denominations, to the original selling trading participant;

- 19) The original selling trading participant shall acknowledge receipt of the claim to the claiming trading Participant, not later than the business day following receipt of the claim.
- 20) The original selling trading participant shall immediately claim on its principal in writing, stating that the claim is made under these Rules.
- 21) When a claim for rights or new issue is received by an original selling trading participant on or before the third business day prior to and inclusive of the final date for the lodgement of shareholders' applications, it shall immediately claim on the principal in writing, stating that the claim is made under these Rules.
- 22) Where a claim for rights or new issue of securities is received by the original selling trading participant after the third business day prior to and inclusive of the final date of lodgement of shareholders' applications, the claiming trading participant shall include in its claim the date on which the old securities were lodged with the company for registration.
- 23) The original selling trading participant may supply the claiming trading participant with the name and address of the original seller, or claim on its principal in writing, stating that the claim is made under these Rules.
- 24) A claim accepted by an original selling trading participant shall be finalised by-
  - a. the delivery of a renunciation form completed by the renouncer, not later than three business days prior to the final date upon which renunciation forms must be lodged with the company; or
  - b. the delivery of new issue securities on payment of application fees where applicable; or
  - c. the payment of the net proceeds less application fees where applicable, if the "rights" or new issue securities have been sold by the original seller.
- 25) When the "right" to a new issue has been allowed to lapse, a claim shall be invalid and the original copy of the claim, endorsed accordingly, shall be returned to the claiming trading participant.
- 26) A claiming trading participant shall reimburse the original selling trading participant for any expenses incurred in protecting a claim for "rights" or new issue securities.
- 27) The original copy of a claim shall be attached to the securities or a cheque (or other proof of payment deemed acceptable by the Exchange) delivered in satisfaction of a claim for "rights" or new issue securities.

## **22. Buying in and Selling out procedures**

- 1) Buying-in against a selling trading participant may proceed in accordance with the provisions of this Rule.
- 2) If the selling trading participant fails to deliver the securities to the Exchange on or before T+3, the Exchange shall authorise the buying trading participant to buy-in against the selling trading participant.

- 3) The Exchange will prepare and dispatch to the defaulting trading participant, a buy-in notice by 3.00p.m on T+4.
- 4) If no delivery is received by 11.00a.m on T+5, buying-in will commence on T+5 after 11.00a.m or such time as the Chief Executive Officer or his authorised representative may determine.

### ***Buying-in procedures***

- 5) On the day of buying-in, the Exchange shall, at 10.00 a.m. indicate on the Trading Floor Board or through the ATS a list of securities to be bought-in, naming the security, the number to be bought, the selling Trading Participant who is at risk, and the price which it is proposed to pay.
- 6) The tender by the selling trading participant of more securities than the number purchased shall not debar the Exchange from authorising buying-in.
- 7) The Exchange shall have the discretion not to allow buy-in in any security where the securities concerned are delivered to the Exchange not later than 11.00 a.m. on the buying-in day; in such case, the Exchange shall remove the security from the list on the Trading Floor Board or such designated Board in the ATS.
- 8) The price bid shall be two (2) minimum spreads above the higher of the last recorded sale or buying offer at the close of business on the previous day or at the commencement of the buying-in, whichever is the higher.
- 9) The buying-in shall commence at 11.00 a.m. and sellers may offer for immediate delivery any securities shown in the list, the first offer at the price bid to be accepted.
- 10) Offers may be in whole or in part of any particular security, provided that where part only is being offered, it shall be in marketable parcels.
- 11) Where the securities are not obtained, the buying trading participant shall have absolute discretion to raise the price bid by two (2) minimum spreads from time to time throughout the market day until the securities are bought or delivered to the Exchange.
- 12) Where the securities cannot be obtained on the buying-in day, the buying-in shall continue on the following and successive business days at two (2) minimum spreads higher than the buying-in bid price at the close of the previous market day, and thereafter the buying trading participant shall have absolute discretion to raise the price bid by two (2) minimum spreads from time to time throughout the business day until the securities are bought or delivered to the Exchange.
- 13) The Exchange shall have power to suspend the increase in bids if it is considered advisable.

- 14) The selling trading participant, unless it is the original buyer, shall deliver the securities to the Exchange Clearing House before 4.00 p.m. for buying-ins effected in the morning of the same market day.
- 15) The buying trading participant shall pay the selling trading participant by 4.00 p.m. on the following business day.
- 16) Where Securities to be bought in are not available in the market (three) 3 trading sessions after commencing the buy-in, the Exchange may rescind the transaction and invoke the guarantee fund procedures 2020 and penalties thereunder.
- 17) The defaulting trading participant will not participate in the buy-in process.

### ***Exceptions to buy-in***

- 18) The buying-in procedures shall not apply whenever the Exchange has declared that a corner situation has arisen or a single interest or group has acquired such control of the security that the same cannot be obtained for delivery except at prices and on terms dictated by such interest or group.
- 19) The Exchange may suspend either indefinitely or for such time as it considers fit, the buying-in of any securities when circumstances appear to make the suspension desirable, and the Exchange shall inform the Authority of the reasons for the suspension.
- 20) The Exchange may, from time to time, either during the continuance or after the termination of any suspension, remove, renew or re-impose the suspension. the event of a trading participant selling to another trading participant failing to deliver securities when due, the offended broker/dealer shall purchase the securities against the trading participant in default in accordance with the procedures set out in these Rules.

### ***Selling out***

- 21) Where a buying Trading Participant fails to settle the amount due on securities purchased at the Exchange by T+3 the Exchange shall invoke the Guarantee Fund Procedures in force at the time.

### **23. Transfers**

- 1) All transfers of securities shall be processed in accordance with these Trading Rules of the Exchange; including private transfer of securities.
- 2) The Exchange shall reject delivery of a transfer unless it is duly signed by the transferor and contains the following details-
  - a. the name of the company;



- b. the full name and address of the transferor;
  - c. the quantity, class and denomination of the securities;
  - d. the Trading Floor slip number corresponding to the transaction; and
  - e. the statutory declaration of non-revocation if the transfer is signed under a power of attorney.
- 3) The Exchange may refuse acceptance of a transfer-
  - a. where the transfer has been signed by a transferee and the transferee's signature cancelled or filled in with a transferee's name and the name cancelled;
  - b. where an amended consideration is shown on the transfer and the correction has not been signed by the transferor;
  - c. where erasures of material information have been made; or
  - d. where the transfer form has been altered in some other material manner.
- 4) Death of vendor  
In the event of the death of a vendor of securities between the time of the vendor placing the order to sell, but before the vendor has signed the relative transfers, the buyer's right to institute buying-in proceedings against the seller shall not be impaired and the executor or administrator of the deceased vendor shall be liable to pay for all losses and expenses incurred as a result of the buying-in.
- 5) Death of purchaser  
In the event of the death of a purchaser of securities between the time of the purchaser placing the order to buy but before the purchaser has paid for such securities, the seller's right to institute selling-out proceedings against the buyer shall not be impaired and the executor or administrator of the deceased purchaser shall be liable to pay for all losses and expenses incurred as a result of the selling-out.
- 6) Powers of attorney  
Any transfer of securities executed under a power of attorney or by an executor or administrator shall :
  - (a) bear an endorsement to the effect that the power of attorney, probate, or letters of administration has or have been exhibited to the grantor.
  - (b) be accompanied by a statutory declaration of the non-revocation of the power of attorney at the time of signing of the transfer, or shall bear a marking by the grantor that the declaration or statement has been lodged with the grantee.
- 7) A trading participant who has, in good faith delivered for a client, or taken from a trading participant such a transfer, shall be under no liability to the client of the buying trading participant in respect of any loss which the client may suffer by reason of the invalidity or insufficiency of the power of attorney, declaration, statement or transfer, or any defect in the title of the transferor.

## 24. Private transfers

- 1) A Private transfer means a transfer of securities between the transferor and transferee which does not involve monetary consideration effected through the Exchange.
- 2) Private transfers shall include-
  - a. gifts to parties authorised by law to receive such gifts, such as charities and philanthropic legal persons;
  - b. gifts to close relations as duly recognised by law;
  - c. administration of estates;
  - d. Transfers from nominee accounts to the underlying beneficiary client
  - e. Transfer from Trust account to underlying beneficiary
  - f. Transfer of shares held in trust from a duly appointed trustee to beneficiary
  - g. Transfer of securities held in an employee share scheme or similar scheme to an employee or beneficiary in whom the securities have fully vested
  - h. corporate action such as restructuring where there is no transfer of beneficial interests;
  - i. any other transaction of an exceptional nature considered by the Exchange to be proper and acceptable.
- 3) Private transfers under sub -rules 2 (a)- (g) shall be considered by the Chief Executive Officer of the Exchange on submission of an application to the Chief Executive.
- 4) Private transfers in sub rule 2 (h) –(i) shall be considered by the Authority on submission of an application to the Authority.
- 5) The application for a private transfer shall-
  - a. be addressed to the Chief Executive Officer of the Exchange;
  - b. be on official letterhead and contain a schedule in which the details of the transfer sought are clearly indicated, including the name of the issuer, the names of both the transferor and transferee, the number of certificates attached and their certificate numbers, the number of shares being transferred and a description of the nature of the transfer;
  - c. in instances where the transfer is as gift, indicate the capacity in which the gift is being given, and the authorization to receive the gift if the gift is being given to a legal person;
  - d. be accompanied by an affidavit from the transferor relaying the intention to give the gift;
  - e. be made in duplicate; and
  - f. be delivered to the Chief Executive Officer’s Office or to the Authority.

- 6) The Authority shall have the discretion to determine whether a transfer qualifies as a private transfer in the instances described under sub rule (1) (d) and (e)
- 7) For purposes of this Rule, close relations shall mean spouse, child (including duly adopted child), parent, sibling, grandchild, grandparent as recognized by the relevant laws of Uganda.

## **ORDER TYPES & QUALIFIERS**

### **25. Types of orders**

- (1) The two types of orders that can be placed in the ATS are;
  - a) Market Orders
  - b) Limit Orders

### **26. Market orders**

- (1) A market order is an order to buy or sell a security at the best price or prices prevailing in the market at that point in time.
- (2) For a market order no price is specified but the volume must be indicated.
- (3) The ATS gives the highest priority to price hence market orders have priority of execution over limit orders.
- (4) Only Minimum Fill attribute is applicable to market orders.
- (5) Market orders cannot be amended.

### **27. Limit Orders**

- 1) A Limit Order specifies the maximum buying price or the minimum selling price.
- 2) The volume of the order must be indicated.
- 3) The ATS will attempt to match the order until either the entire volume is matched or no further matching is possible within the limit price.
- 4) Unless Fill Or Kill (FOK) or Immediate Or Cancel (IOC) are specified, the unmatched volume will remain in the order book until the indicated expiration time.
- 5) Limit orders can have the following attributes:
  - a. Qualifiers
  - b. Time in force
  - c. Disclosed/Hidden quantity

## **28. Qualifiers**

- 1) The following order qualifiers modify the execution conditions of an order based on volume, time and price constraints.
  - a. Fill or Kill (FOK)
  - b. Immediate or Cancel (IOC)/ Take or Kill

## **29. Fill or Kill (FOK)**

- 1) An order qualified as Fill or Kill requires the immediate purchase or sale of a specified quantity, at a given price or better. If the whole order cannot be filled immediately, it is cancelled.
- 2) These orders do not get registered in the order book.
- 3) FOK orders cannot be entered during pre-opening session.

## **30. Immediate or Cancel (IOC)/ Take Or Kill**

- 1) An order qualified as immediate or cancel shall be executed immediately upon entry if there is a matching order in the system.
- 2) An order qualified as immediate or cancel shall be cancelled immediately upon entry if there is no matching order in the system.
- 3) Where an order qualified as immediate or cancel is partly executed, the remainder shall be immediately cancelled.
- 4) Orders qualified as immediate or cancel shall not be entered during pre-open.
- 5) It shall require the immediate purchase or sale for the whole or part of the specified quantity at the specified or better price.
- 6) Where no immediate execution occurs the order is cancelled. If the order is partly executed, the remainder is immediately cancelled.

## **31. Time in Force**

- 1) Time in force attributes limit the lifetime of an order in the order book. If an order does not indicate a time condition, it is only valid for the trading session day on which it was input.
- 2) The time in force attributes include;
  - a) Good Till Cancelled
  - b) Good Till Day
  - c) Day Order

### **32. Good Till Cancelled (GTC)**

- 1) A GTC order remains valid until it is automatically cancelled by the system on the expiry date being a date not later than thirty (30) days from the date on which it was input.
- 2) GTC orders cannot have Disclosed/Hidden Quantity and Minimum Fill attributes.

### **33. Good Till Day (GTD)**

- 1) A GTD order remains valid for a fixed number of days and if it is not executed within the validity period it shall expire at the end of the final day. It shall be automatically deleted from the list of pending orders.
- 2) GTD orders cannot have Disclosed/Hidden Quantity and Minimum Fill attributes.

### **34. Day Order (DO)**

- 1) The order is valid until the close of the trading day.
- 2) Day orders shall be automatically cancelled at the end of the trading day.

### **35. No Qualifiers**

- 1) Orders will be executed at the specified or better price.
- 2) Where a partial execution occurs, the remaining volume will stay in the order book.

### **36. Disclosed/ Hidden Quantity (Iceberg)**

- 1) The order size is revealed at the disclosed quantity and not at the full order quantity.
- 2) The disclosed quantity should be in multiples of 100 securities and the hidden quantity will not be visible to the market.
- 3) The disclosed quantity will cause execution to occur in blocks of disclosed quantity.
- 4) When the disclosed quantity is matched, a new order with the same initial volume is generated automatically and given a new time stamp.
- 5) The process will continue until the entire hidden quantity is matched or the order is cancelled or expired.
- 6) The disclosed quantity attribute is not valid for FOK or IOC orders.
- 7) Disclosed quantity attribute is only valid for Day orders.

### **37. Minimum Fill**

- 1) The ATS operators can specify a minimum fill for an order, that is, a minimum quantity of securities they are willing to buy or sell.
- 2) The minimum fill must be a minimum of 100 securities.
- 3) Minimum fill attribute is only valid for Day orders.

### **38. Order Input**

- 1) All orders shall be entered by ATS operators in the ATS through their Trading Console which shall then be processed by the ATS for validation, acceptance and execution.
- 2) Once the order is accepted by the ATS it shall be automatically time stamped and allocated an order ID which shall be used for all future references to the order.
- 3) Orders input into the ATS shall be anonymously displayed to the market.
- 4) A Trading Participant shall be solely responsible for the accuracy of details of orders entered into the ATS system in accordance with these rules.
- 5) The order entry instructions for equity securities shall include:
  - (a) Security code
  - (b) SCD Account
  - c) An indication whether it is a buy or sell order
  - d) Quantity
  - e) Price
  - f) Limit or Market Order
  - g) Order attributes
- 6) Following the entry of an order, the ATS shall validate the order by confirming that the seller's SCD account holds the required number of securities and that the same are available for trading.
- 7) Subject to clients instructions, ATS Operators shall use their best endeavors to buy and sell securities on the same trading day following the receipt of instructions from their respective clients, if the Trading Session is open or if not at the next available Trading Session.
- 8) An ATS Operator must stamp client orders to denote time of receipt and acceptance and must submit client bids and offers in the ATS promptly, for each security, for each individual order in the order in which they were received.

- 9) Where an order fails validation, it shall be rejected and the reasons for such rejection given.
- 10) ATS Operators taking purchase orders from Institutional Investors shall ensure that such investors have in place financial arrangements, including bank guarantees, with a Custodian to ensure funds are available at the Clearing Bank prior to Settlement Time.
- 11) Placement of an order by an ATS Operator in the ATS shall be considered the primary mode of exposing an offer to buy or sell a security to the market

### **39. Matching of Orders**

- 1) All orders shall be ranked in the order book by reference to first price and then time.
- 2) Priority shall be given to the highest buy orders and the lowest sell orders.
- 3) When buy or sell orders are entered at the same buy or sell price priority shall be given to the earliest buy or sell order on a first-in-first-out basis.
- 4) Where no order qualifiers are specified for equity securities, orders will be executed at the specified or better price.
- 5) Where a partial execution of an order occurs the remaining volume will be registered in the order book preserving its original time stamp.

### **40. Reference Price of a Security**

- 1) The equity reference price for an equity security shall be the Volume Weighted Average Price (VWAP) of transactions executed during the entire trading session of trading of the specific equity security.
- 2) Where there are no trades for an equity security in the current trading session, the equity reference price for that security shall be that of the previous trading session.
- 3) The volume weighted average price for an equity security will be calculated using all transactions executed during the entire trading session for that particular security.
- 4) The VWAP shall be calculated as follows:

$$\text{VWAP} = \frac{\text{Total value traded in the session}}{\text{Total volume traded in the session}}$$

- 5) Odd lot transactions shall be counted for the purposes of computing the index, the equity reference price and the market capitalization for equity securities.

#### 41. Bidding Advance and Dealing spreads

The bidding advance and dealing spreads shall be as follows:

Price Range (UgShs)	Tick Size(UgShs)
0 - 19.9	0.10
20 – 49.9	0.25
50 – 99.9	0.50
100 and above	1

#### 42. Limits on bids and offers

- 1) The daily allowed price movement for any equity security in a single trading session shall be no more than 15% above or below the reference price.
- 2) Rule 42(1) above shall not be applicable with respect to an equity security where:
  - a) The Issuer announces its financial results or material information;
  - b) It is the first session for the trading of the security ex entitlement;
  - c) The security has not traded for over three calendar months;
  - d) Trading is in respect of rights;
  - e) It involves a transaction to be carried out on the AON Board;
- 3) Where rule 42(2) is applicable, no market order shall be accepted by the ATS.
- 4) Where the price movement limits have been lifted in accordance with Rule 42 (1) above, trading participants shall not abuse the limits while placing orders
- 5) The Exchange may for a period of not more than 24 hours, freeze and thereafter cancel any trade executed on the ATS and which it deems to be in abuse of this Rule any trading participant found culpable for abusing the removal of limits shall be liable to a penalty prescribed under the USE Charges , Fees and Penalty Rules.

#### 43. Price Determination of a Newly Listed Equity Security

- (1) There shall be no price spreads for a newly listed equity security during pre-open.
- (2) The daily allowable price movement limits shall not apply on the first day of trading in a newly listed equity security.
- (3) Only limit orders with disclosed quantities shall be permitted for this security.



- (4) In the event that an opening price for a newly listed equity security is not determined during the opening auction, the security shall proceed to continuous trading and the first trade shall be the opening price.

#### **44. Trading Status of a Security**

The following status shall be indicated against individual securities in accordance with the timetable provided by the Issuer:-

- 's'** To signify that the security has been suspended from trading and no transactions shall be recorded on that particular security.
- 'cd'** To signify that the security is trading cum dividend.
- 'cb'** To signify that the security is trading cum bonus.
- 'xd'** To signify that the security is trading ex-dividend. The status shall remain until the dividend is paid.
- 'xb'** To signify that the security is trading ex-bonus. The status shall remain until the securities are issued and available for trading.
- 'cr'** To signify that the security is trading cum rights.
- 'xr'** To signify that the security is trading ex rights. The status shall remain until the right is issued and is available for trading.
- 'q'** To indicate that the auditors' opinion on the annual financial statements of the company is qualified. The annotation shall be removed once the company produces an unqualified opinion of its auditor. The Exchange shall also indicate where any other circumstances relating to an auditors' opinion exist in regard to the financial statements of the company.

#### **45. All Or None (AON) Transactions.**

- 1) An AON order shall match when the price is matched and the fixed quantity is filled in its entirety simultaneously.
- 2) AON trades shall be matched in conjunction with the Normal and Odd-Lots board during continuous trading.
- 3) AON transactions shall take place during continuous trading. AON orders shall not be accepted during the Pre-Open or when the Normal board is in the Opening Auction.

- 4) AON trades shall be posted during the continuous trading session.
- 5) AON orders shall be valid when quoted with both a price and fixed quantity as matching criteria. (As a limit order).
- 6) The AON block shall be used for the purposes of updating indices, VWAP and the closing price and shall be included in the market volume statistics.
- 7) AON orders can only be amended, suspended or deleted during continuous trading by an ATS Operator.
- 8) Except where otherwise expressly stated, all other rules governing trading on the Normal Board shall apply to AON trades

## **PART IV -FIXED INCOME SECURITIES TRADING**

### **FISM BOARD AND TRADING**

#### **46.Fixed Income Securities Board**

- 1) Fixed income securities shall be traded daily on the Fixed Income Securities Board in the ATS.
- 2) The minimum board lot on the Fixed Income Securities board shall be one unit.
- 3) All transactions of fixed income securities issued by the Government shall be settled on EAT T+1 ( for auction bids) and on T for secondary trading.
- 4) All transactions of fixed income securities issued by a body corporate shall be settled by T+3.

#### **47.Fixed Income Securities Trades**

- 1) Only Trading Participants will be allowed to trade in corporate bonds.
- 2) Only Trading Participants who are designated as Government Securities Dealers will be allowed to trade in Government Securities.
- 3) Fixed income securities shall be listed in a separate order book on the Fixed Income Securities Board.
- 4) Fixed income securities with periodic partial principal repayments shall be traded at the subsequent minimum nominal value following the partial principal repayments.
- 5) Where fixed income securities traded bear a floating rate of interest, the daily applicable reference interest rate shall be displayed on the fixed income securities board at the start of the trading session.
- 6) All fixed income securities shall be traded cum coupon up to the date fixed for the closure of books for determination of entitlements as communicated by the issuer.
- 7) A fixed income security issued by the Government shall not be traded within the last 2 working days of the principal redemption.
- 8) A fixed income security issued by a body corporate shall not be traded within the last 3 working days of the principal redemption.

#### **48.Trading Hours**

- 1) Trading of listed fixed income securities shall be conducted from Monday to Friday continuously in daily trading sessions commencing at 9.00 a.m. and closing at 3.00 p.m. each day.
- 2) Rules 15(2) and (3) under equities trading procedures shall apply.

## **49. Trading Sessions**

- 1) Continuous Trading : Orders shall be entered and matched on a continuing basis during trading.
- 2) Closing Session: The trading session for fixed income securities shall close at 3:00 p.m.

## **50. Order Input**

- 1) All orders shall be entered by ATS operators in the ATS through their trading terminals which shall then be processed by the ATS for validation, acceptance and execution.
- 2) The minimum board lot on the Fixed Income Securities board shall be one unit.
- 3) Once the order is accepted by the ATS it shall be automatically time stamped and allocated an order ID which shall be used for all future references to the order.
- 4) Orders input into the ATS shall be anonymously displayed to the market.
- 5) The order entry instructions for fixed income securities shall include:
  - a. Security code
  - b. SCD Account
  - c. An indication whether it is a buy or sell order.
  - d. Quantity/Volume.
  - e. Yield and price (clean price).
  - f. Duration of validity of instructions; and
  - g. Respective order attributes.
- 6) Following the entry of an order, the ATS shall validate the order by confirming that the seller's SCD account holds the required number of securities and that the same are available for trading.
- 7) Where an order fails validation, it shall be rejected and the reasons for such rejection given.

## **51. Matching of Orders**

- 1) All orders shall be ranked in the order book by reference to first price and then time.
- 2) Priority shall be given to the highest buy orders and the lowest sell orders.
- 3) When buy or sell orders are entered at the same buy or sell price priority shall be given to the earliest buy or sell order on a first-in-first-out basis.
- 4) Orders for fixed income securities shall execute when the yield or clean price matches.

- 5) Where a partial execution of an order occurs the remaining volume will be registered in the order book preserving its original time stamp.
- 6) Under secondary trading for government securities matching of orders may be by joint reporting of a successful offer/ bid directly agreed between government securities dealers through the ATS by the transacting dealers.

## **ORDER TYPES & QUALIFIERS**

- 52.** Order types and qualifiers described under Rules 25 -37 and Rule 44 shall apply to Fixed Income securities trading.

**53. Reference Price of a fixed income security**

The bond reference price of a fixed income security shall be the last traded clean price and for a newly listed fixed income security shall be the average price received from the primary market.

**54. Sell Buy Backs**

- 1) The parties to a Sell Buy Back Transaction shall negotiate and sign a Sell Buy Back Contract containing the following minimum information prior to the execution of the Sale Buy Back Transaction:
  - a. Security Name
  - b. Quantity
  - c. Price (Dirty and Clean)
  - d. Duration and validity of instructions
  - e. Second leg price (Dirty and Clean)
- 2) The parties to a Sell Buy Back Transaction shall report to the Exchange a Sell/Buy Back transaction concluded during a given trading session.

**55. Cancellation or Amendment of transactions**

- 1) Cancellation of transactions shall only be done in instances of fraud, system malfunction and with the approval of the Chief Executive of the Exchange.
- 2) Where an order has been partially executed, the unexecuted portion of the order may be cancelled.
- 3) ATS operators shall have access only to orders input by them in the ATS for amendment.
- 4) Orders shall only be amended in respect of price/ yield, volume attributes or duration of validity of instructions.
- 5) An amended order shall be considered to be a new order with a new time stamp.

**PART V- TRADING, MARKET AND SECURITY HALTS**  
**GENERAL PROVISIONS**  
**(Applicable to trading in both Equities and Fixed Income segments)**

**56. Trading Halts**

- 1) The Chief Executive may vary the duration of trading and/or suspend trading for one or more trading sessions or any part of a trading session.
- 2) A trading halt may be imposed by the Exchange for a time period during a trading session or may be extended beyond one trading session.
- 3) The Exchange shall inform the Trading Participants of trading halts via the announcement system of the ATS and shall notify the Authority in the event of a trading halt.

**57. Market Halts**

- 1) A market halt can occur during a trading session in the following circumstances:
  - a. Due to a technical failure of the ATS
  - b. When the All Share Index decreases by more than 5% at the opening session compared to its closing value or during the continuous session compared to its opening value. The halt will not be for more than 15 minutes.
  - c. Where in the opinion of the Chief Executive circumstances exist or are about to occur that could result in other than the transparent, fair and orderly trading of the listed securities.
  - d. The Exchange shall make a public announcement of a market halt that extends beyond one trading session and notification shall be given to the Authority.

**58. Security Halts**

- 1) The Exchange may temporarily halt trading in one or more securities in the following circumstances:
  - a. Upon the request of the Authority;
  - b. Prior to obtaining a clarification from the concerned Issuer on a report regarding the Issuer which has been brought to the attention of the Exchange.
  - c. When there are unusual market movements in price/volume of a security.
  - d. Where trading in a security is being or could be undertaken by persons possessing unpublished price sensitive information that relates to that security
  - e. Where in the opinion of the Chief Executive circumstances exist or are about to occur that could result in other than the transparent, fair and orderly trading of the specific securities.

- 2) Trading Participants shall be prohibited from effecting transactions in the security/securities for which a halt of trading has been announced.
- 3) Where the Exchange has reasonable grounds to suspect collusion or market manipulation, the Exchange may delete the orders in the order book at the time of halt.
- 4) Where the orders are not deleted by the Exchange, Trading Participants may withdraw their own orders during the period of halt. No other changes to the order book shall be permitted during the halt.
- 5) The Exchange may upon the request of a Trading Participant, delete all the outstanding orders in the order book of the security/securities on which there has been a halt.
- 6) The Exchange shall immediately inform the Issuer of any halt in the trading of its securities other than for the purposes of making an announcement and in any event no later than 30 minutes after such halt is imposed.
- 7) Trading in the security/securities will resume as soon as the clarification from the Exchange or the issuer is disseminated to the market.
- 8) When the halt is lifted, trading in the security/ securities will resume as per the current market status.

## **59. Cancellation and Amendment of transactions**

- 1) Orders displayed in the order book can be amended prior to execution.
- 2) The order shall only be amended in respect of price, volume and time attributes.
- 3) Core attributes such as client ID, security ID and order type (buy/sell) cannot be amended.
- 4) Where there is a price change or change in volume, the amended order shall be considered to be a new order with a new time stamp.
- 5) Executed trades can be amended or cancelled based on mutual agreement between the trading participants involved in the trade and with the prior approval of the Exchange.
- 6) The cancellation/amendment will be effected on the market day on which the trade took place.
- 7) A trade cannot be cancelled or amended if the buyer involved in the trade has subsequently sold the securities purchased earlier during the same trading session

- 8) Following agreement between the trading participants involved in the trade, a written request for trade cancellation/amendment shall be forwarded to the Exchange by both parties involved in the trade.
- 9) Upon receipt and if deemed fit, the Exchange will approve the trade cancellation/amendment and make the necessary adjustment to the trade. The trading participants involved in the trade and the market will be informed of the trade cancellation/amendment.
- 10) A trade cancellation/amendment shall be initiated by the selling trading participant involved in the trade.
- 11) In case of a trade amendment only the volume of the trade is amended and can only be decreased.

## **60. Exclusion of liability**

1. When acting in good faith and without negligence, the Exchange shall not be liable to any person for:
2. Any loss of opportunity, profit, goodwill, interest or use of money or securities;
3. Any other special, indirect or consequential loss, damage, expense, liability or claim; which is suffered resulting from the failure of the ATS Service.
4. Where the Exchange or a Trading Participant is unable to operate the ATS Service due to a market halt, security halt or system failure, or due to an Act of God or force majeure or any act outside the control of the Exchange, the Exchange shall not be liable to pay any compensation or indemnity to any person who incurs a loss as a result of a delay in effecting any transaction.

## **61. Dispute Resolution**

- 1) The Trading Manager shall be responsible for interpreting the Trading Rules and settling all disputes on the Trading Floor.
- 2) Any person aggrieved by any decision of the Trading Manager may appeal to the Chief Executive. If the aggrieved party is not satisfied with the decision of the Chief Executive they may appeal to the Authority.



## **62. Official Price List and Other Market Information**

- 1) The ATS shall maintain an order book for each security listed on the Exchange, divided into bids and offers and all information relating to executed trades shall be electronically communicated to the Trading Participants' representatives in a report known as a trading summary report.
- 2) The Exchange's Official Price List, Market Report and all reports generated by the ATS are the sole property of the Exchange. The copyrights of the Exchange therein are reserved. No person may make a commercial use of the proprietary information of the Exchange in any form or manner whatsoever, unless prior written consent has been given by the Exchange and on such terms and conditions for such use as the Exchange at its absolute discretion shall impose.
- 3) All copyright subsisting in the Exchange's Share Index, and all other indices that the Exchange may from time to time create and their constituent lists vests in the Exchange.
- 4) Transmission of live feeds of market data and information generated through the ATS shall be the sole property of the Exchange and redistribution of such live feeds is not permitted without the express prior written consent of the Exchange.
- 5) The Exchange shall publish information on the prices, the traded volumes and the index.
- 6) The Exchange shall determine the particulars to be published for all listed securities, and the form in which and the precise time within which the information is to be provided, as well as the means by which it is to be made available, having regard to the nature, size and needs of the market concerned and of the investors operating on that market.

## **63. Actions by the Exchange**

- 1) Where a Trading Participant fails to settle their account in accordance with these Rules, the Exchange will invoke the procedures under these Rules and the Guarantee Fund Procedures of 2020 and shall impose penalties for failed settlement in accordance with the said procedures and the USE Fees, Charges and Penalties Rules 2020.
- 2) The Chief Executive shall have the power to take such action as may be required in order to maintain a transparent, fair and orderly market.

#### **64. Announcements by Issuers during Trading sessions**

- 1) Where an issuer releases an announcement in respect of material information as prescribed under the USE Listing Rules 2021, the Exchange shall send the information or announcement as the case may be, to Trading Participants through the ATS.
- 2) If an announcement is received by the Exchange from an issuer of a listed equity security during a Trading Session, the Exchange may impose a Security Halt on the relevant equity security for the rest of the Trading Session. Following a Security Halt all pending orders on that equity security shall be deleted.
- 3) The Security Halt shall be lifted during the next Trading Session and the daily allowable price movement limits shall not apply to that equity security for the entire Trading Session.

#### **65. Repeal of the USE Equity Trading Rules 2015 and USE Fixed Income Trading Rules 2016**

- 1) The USE Equity Trading Rules of 2015 and the USE Fixed Income Trading Rules of 2016 are as at the effective date of these Rules hereby repealed without prejudice to any action(s) taken, obligation acquired or liability incurred thereunder by the Exchange, any Trading Participant, any Listed entity or any person.
- 2) **Effective Date:** These Rules shall be deemed to have come into force effective 1st April 2021.