



## **ACX Ltd & ACX Clearing Corporation Ltd**

### **Market Rules**

These Market Rules (“the Rules” or this “Rulebook”) establish the rules that govern the requirements, terms and conditions for Participants and Clients to:

1. Transact Digital Registry Receipts via ACX Ltd (“ACX Ltd”);
2. Settle Transactions via ACX Clearing Corporation Ltd (“ACC Ltd”); and
3. Deposit assets with ACC Ltd as Custodian.

ACX Ltd and ACC Ltd are companies established in the Abu Dhabi Global Market (“the ADGM”) and together referred to as “ACX”.

ACX is regulated by the Financial Services Regulatory Authority, with ACX Ltd granted a Recognition Order as a Recognised Investment Exchange and ACC Ltd granted a Recognition Order as a Recognised Clearing House.

**April 2024**



## Table of Contents

<b>CHAPTER 1 DEFINITIONS AND RULE CONSTRUCTION</b> .....	<b>5</b>
RULE 101 DEFINITIONS.....	5
RULE 102 RULES OF CONSTRUCTION .....	13
RULE 103 PRINCIPLES OF THE RULES.....	14
RULE 104 RULES APPLICABLE TO THE EXCHANGE OR CLEARING HOUSE .....	15
<b>CHAPTER 2 PARTICIPANTS</b> .....	<b>15</b>
RULE 201 JURISDICTION AND APPLICABILITY OF RULES .....	15
RULE 202 GOVERNING LAW .....	15
RULE 203 PARTICIPANT APPLICATIONS, AGREEMENTS, ELIGIBILITY CRITERIA AND PRIVILEGES.....	16
RULE 204 APPLICATION PROCEDURES .....	18
RULE 205 PARTICIPANT OBLIGATIONS.....	19
RULE 206 CLIENT ACCOUNT REQUIREMENTS FOR MEMBERS .....	22
RULE 207 CLIENT FUNDS AND ASSETS MAINTAINED WITH ACX .....	23
RULE 208 DUES, FEES AND EXPENSES PAYABLE.....	23
RULE 209 RECORDING OF COMMUNICATIONS.....	23
RULE 210 WITHDRAWAL OF A PARTICIPANT .....	23
<b>CHAPTER 3 LIQUIDITY PROVIDERS</b> .....	<b>24</b>
RULE 301 APPLICATION AND AGREEMENT .....	24
RULE 302 APPOINTMENT .....	25
RULE 303 BENEFITS .....	25
RULE 304 OBLIGATIONS .....	25
<b>CHAPTER 4 TRADING</b> .....	<b>26</b>
RULE 401 APPLICABILITY OF CHAPTER 4.....	26
RULE 402 ACX CONTRACT ELIGIBILITY.....	26
RULE 403 EXECUTION METHODS .....	26
RULE 404 USER IDS .....	27
RULE 405 ORDER ENTRY AND AUDIT TRAIL.....	28
RULE 406 ORDER TYPE.....	29
RULE 407 TRADING ON BEHALF OF CLIENTS.....	30
RULE 408 ACX ACCOUNTS .....	30
RULE 409 ACX MARKET HOURS .....	30
RULE 410 REFERENCE PRICES .....	30
RULE 411 BLOCK TRADES.....	31
RULE 412 REQUEST FOR QUOTE TRANSACTIONS .....	32
RULE 413 POWERS TO RESTRICT, SUSPEND OR REMOVE ADMISSION TO TRADING.....	32
<b>CHAPTER 5 SETTLEMENT, DEPOSITS, WITHDRAWALS AND RETIREMENT</b> .....	<b>34</b>
RULE 501 PARTICIPANT ACCOUNTS AND CLIENT ACCOUNTS.....	34



RULE 502 PREFUNDING.....	34
RULE 503 DEPOSIT PROCEDURES .....	35
RULE 504 REGISTERING .....	36
RULE 505 SETTLEMENT PROCEDURES.....	36
RULE 506 FUNDS AND REGISTRY RECEIPTS WITHDRAWAL PROCEDURES.....	37
RULE 507 RETIREMENT AND DEREGISTERING .....	37
RULE 508 POWERS TO RESTRICT, SUSPEND OR CEASE SETTLEMENT .....	38
<b>CHAPTER 6 CONDUCT OF BUSINESS AND TRADING PRACTICES .....</b>	<b>38</b>
RULE 601 SCOPE.....	38
RULE 602 PROCEDURES .....	38
RULE 603 PROHIBITED TRADING ACTIVITY .....	38
RULE 604 PROHIBITION ON MONEY PASSING, PRE-ARRANGED AND NON-COMPETITIVE TRANSACTIONS.	39
RULE 605 ACTS DETRIMENTAL TO THE WELFARE OR REPUTATION OF ACX PROHIBITED .....	39
RULE 606 MISUSE OF THE ACX PLATFORM.....	39
RULE 607 SUPERVISION AND INFORMATION SHARING.....	39
RULE 608 BUSINESS CONDUCT .....	40
RULE 609 TRADING PRACTICES.....	40
RULE 610 CLIENT ORDER PRIORITY.....	41
RULE 611 ACTING IN CLIENTS' BEST INTEREST.....	42
RULE 612 PROHIBITION ON WITHHOLDING OF CLIENT ORDERS .....	42
RULE 613 EXECUTION PRIORITY.....	42
RULE 614 CROSSING ORDERS .....	42
RULE 615 MEMBER COMPLIANCE.....	42
<b>CHAPTER 7 DISCIPLINE AND ENFORCEMENT .....</b>	<b>43</b>
RULE 701 MARKET MONITORING.....	43
RULE 702 INVESTIGATIONS.....	43
RULE 703 APPEALS .....	44
RULE 704 SUSPENSION AND TERMINATION.....	45
RULE 705 EFFECT OF SUSPENSION OR TERMINATION .....	47
<b>CHAPTER 8 ARBITRATION .....</b>	<b>47</b>
RULE 801 DISPUTES.....	47
<b>CHAPTER 9 MISCELLANEOUS .....</b>	<b>48</b>
RULE 901 PROHIBITION ON TRADING BY ACX PERSONNEL .....	48
RULE 902 PROPERTY RIGHTS.....	48
RULE 903 SIGNATURES .....	50
RULE 904 LEGAL PROCEEDINGS .....	50
RULE 905 LIMITATIONS OF LIABILITY .....	51
RULE 906 ERROR TRANSACTIONS.....	52
RULE 907 REVERSALS.....	53
RULE 908 DEFINED PRICE BANDS .....	55
RULE 909 AMENDMENTS TO THE RULES AND CONSULTATION .....	55
RULE 910 TRANSFER OF FUNDS BALANCE AND REGISTRY RECEIPTS .....	56
RULE 911 PUBLIC RECORDS.....	56



RULE 912 THIRD PARTY RIGHTS.....	56
<b>CHAPTER 10 OTC TRANSACTIONS .....</b>	<b>57</b>
RULE 1001 OTC RIGHTS AND APPLICATION .....	57
RULE 1002 OTC SERVICES .....	57
RULE 1003 OTC REGISTRY RECEIPT ELIGIBILITY .....	58
RULE 1004 OTC REQUIREMENTS .....	58
RULE 1005 OTC DUES, FEES AND EXPENSES PAYABLE .....	59
RULE 1006 OTC ORDER SIZES AND TYPES .....	59
RULE 1007 CMB ORDERS AND CMB RESERVE .....	60
RULE 1008 CMB TRANSACTIONS.....	61
RULE 1009 CMB SETTLEMENT .....	61
RULE 1010 CMB SETTLEMENT FAILURE .....	62
RULE 1011 ADDITIONAL TERMS AND CONDITIONS FOR AUCTION TRANSACTIONS .....	63
RULE 1012 OTC SERVICE HOURS .....	63
<b>CHAPTER 11 DEFAULT .....</b>	<b>64</b>
RULE 1101 DEFAULTS.....	64
RULE 1102 BOARD DETERMINATION OF LIQUIDATION OF DIGITAL REGISTRY RECEIPTS .....	65
RULE 1103 LIQUIDATION FOLLOWING DEFAULT .....	65
RULE 1104 LIQUIDATING DIGITAL REGISTRY RECEIPTS.....	66
RULE 1105 AMOUNTS PAYABLE TO ACX.....	66
RULE 1106 INSOLVENCY OF ACX.....	66
RULE 1107 OTHER DEFAULT OF ACX.....	67
RULE 1108 CONSEQUENCES OF ACX DEFAULT.....	67



# CHAPTER I DEFINITIONS AND RULE CONSTRUCTION

## Rule 101 Definitions

In the Rules, the following terms shall have the respective meaning:

<b>Accepts or Accepted</b>	The action whereby a seller of Designated Registry Receipts immediately effects an OTC Sell Order through accepting an OTC Buy Order, and thereby Executes an OTC Transaction.
<b>ACX</b>	Means ACX Ltd and ACC Ltd collectively. For the avoidance of doubt, where ACX is renamed, all references to ACX in this Rulebook and other related documents, agreements and communications, including references in other defined terms, shall be construed to refer to such new name.
<b>ACX Blockchain</b>	The public permissioned blockchain operated by ACX for the purpose of trading on the Exchange and OTC Services, as well as Custody and Settlement via the Clearing House.
<b>ACX Contract</b>	An Environmental Instrument, representing underlying Digital Registry Receipts, admitted to trading on ACX's Market and Settlement and Custody on ACC Ltd's facilities, subject to the Rules and ACX Contract Specifications.
<b>ACX Contract Code</b>	The unique identifier, which shall be created, transmitted, and used for each ACX Contract as set out in the ACX Contract Specifications.
<b>ACX Contract Specifications</b>	The terms and conditions of an ACX Contract as Published by ACX.
<b>ACX Official</b>	A Director, officer, committee member, or such other individual as the Board may designate from time to time.
<b>ACX Platform</b>	The electronic facility operated by ACX to provide Participants with the ability, pursuant to the Rules, to: <ol style="list-style-type: none"><li>1. Deposit and Withdraw Funds and Retire Registry Receipts;</li><li>2. Execute Transactions on the CLOB in accordance with price-time priority;</li><li>3. Execute Block Trades and RFQ Transactions;</li><li>4. Execute OTC Transactions; and</li><li>5. Settle Transactions and OTC Transactions.</li></ol>
<b>ACX Portal</b>	The facility within the ACX Platform through which Participants may send messages to ACX to update account and contact information, and submit Deposit Notifications, Withdrawal Notifications and Retirement Notifications.
<b>ACX Representative</b>	Any ACX Official, employee, consultant, contractor, agent or other representative of ACX.
<b>ADGM or Abu Dhabi Global Market</b>	The financial free zone established by Federal Decree No. 15 of 2013 issued by the President of the United Arab Emirates, as delimited by Resolution No. 4 of 2013 of the Cabinet of the United Arab Emirates and as governed by the ADGM Founding Law.
<b>Affiliate</b>	A Person who, directly or indirectly, controls, is controlled by, or is under common control with another Person.
<b>Algorithmic Trading</b>	Orders submitted where a computer algorithm automatically determines individual parameters of Orders such as whether to initiate the Order, the timing, price or



	quantity of the Order or how to manage the Order after its submission, with limited or no human intervention.
<b>Anti-Money Laundering</b>	As defined in FSMR.
<b>API</b>	The Application Programming Interface which ACX may approve a Participant to use to submit Orders to ACX's Market, following non-functional and functional conformance testing as established by ACX.
<b>Appeals Committee</b>	A committee appointed by the Board.
<b>Appeals Procedure</b>	The procedure established by the Appeals Committee to govern appeals made by Participants, as established in Rule 703.
<b>Applicable Law</b>	Any applicable national, federal, supranational, state, regional, provincial, local or other statute, law, enactment, by-law, decree, resolution, ordinance, regulation, rule, code, guidance, order, direction, notification, published practice or concession, regulatory requirement, judgment or decision of a Governmental Authority and any memorandum of understanding (or equivalent) between ACX and one or more Governmental Authorities or between Governmental Authorities and, for the avoidance of doubt, includes the FSMR, ADGM's Data Protection Regulations 2015 and the FSRA Regulations and any rules, regulations, guidance and approach document of the FSRA or any other Regulatory Agency.
<b>Applicant</b>	A Person that has submitted a Participant Application but has yet to be accepted by ACX as a Participant.
<b>Application</b>	The process for admission of a Person as a Direct Participant or Member, as outlined under Rule 204.
<b>Arranges or Arranged</b>	Making arrangements for the buying and selling of Designated Registry Receipts.
<b>Auction Period</b>	A period of time where OTC Orders may be submitted for buying and selling of Designated Registry Receipts under an auction structure.
<b>Auction Platform</b>	The electronic trading facility within the ACX Platform that provides Participants with the ability to execute OTC Transactions under an auction structure, during an Auction Period.
<b>Authorised Representative</b>	With respect to any Participant that is a legal person, an Authorised User of such entity who is responsible for supervising all activities of the Participant, its other Authorised User(s) and its employees relating to Transactions, Settlement and Custody, and for providing information regarding the Participant to ACX upon the request of ACX.
<b>Authorised User</b>	A natural person who is either: <ol style="list-style-type: none"> <li>1. Employed by or is an agent of a Participant and who is authorised by the Participant's Authorised Representative, to access ACX's facilities on behalf of the Participant;</li> <li>2. In the case of Members, permitted to intermediate Orders, Settle Transactions and facilitate Custody and OTC Services on behalf of Clients, provided that the Member maintains supervisory authority over such Person's activities; or</li> <li>3. In the case of Clients, granted access by a Member to execute Orders and access OTC Services, provided that the Member maintains supervisory authority over such Person's activities.</li> </ol>



<b>Block Portal</b>	The electronic facility within the ACX Platform that provides Participants or Clients with the ability to arrange and submit Block Trades in accordance with Rule 41 I.
<b>Block Trade</b>	A privately negotiated Transaction effected away from the ACX Platform in accordance with Rule 41 I.
<b>Board</b>	The Board of Directors of ACX Ltd or ACC Ltd, as separately applicable.
<b>Business Days</b>	The days on which ACX's facilities are available for Deposits, Withdrawals and Retirements, as may be revised periodically by ACX, as Published by ACX.
<b>Buyer</b>	The buyer of a ACX Contract admitted to trading on ACX's Market and for Settlement on ACC Ltd's facilities, subject to the Rules.
<b>Central Limit Order Book or CLOB</b>	ACX's matching engine that Matches Orders in an open and competitive manner on the basis of a price and time priority.
<b>Clearing House</b>	Means ACX Clearing Corporation Ltd, a company incorporated under the laws of ADGM and having its registered address at 23 <sup>rd</sup> Floor Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, in its capacity as a Recognised Clearing House.
<b>Client</b>	A Person that, subject to the Rules, has: <ol style="list-style-type: none"> <li>1. Authorised a Member to execute Transactions, Settle Transactions and intermediate Custody and OTC Services on behalf of such Person; and/or</li> <li>2. Been granted DEA access by a Member to execute Transactions and OTC Services.</li> </ol>
<b>Client Account</b>	An account established by ACC Ltd as Custodian and maintained by a Member for a Client to which Digital Registry Receipts and/or Funds balance are, or may be, credited in accordance with the Rules and such other procedures as ACC Ltd may implement from time to time.
<b>Client ID</b>	The unique identifying code a Member assigns to a Client and included in each Client Order to identify the Client on whose behalf the Member is exercising Trading, Settlement or OTC Privileges.
<b>CMB or Carbon Market Board</b>	The electronic trading facility within the ACX Platform that provides Participants with the ability to execute OTC Transactions.
<b>CMB Buy Order</b>	An order to buy Digital Registry Receipts representing underlying Designated Registry Receipts submitted on the CMB.
<b>CMB Order</b>	A CMB Buy Order or CMB Sell Order.
<b>CMB Reserve</b>	Funds balance reserved, upon the Execution of a CMB Transaction, from the Participant Account or Client Account of a Participant or Client who has submitted the OTC Buy Order, until the Settlement of the CMB Transaction.
<b>CMB Sell Order</b>	An offer to sell Digital Registry Receipts representing underlying Designated Registry Receipts submitted on the CMB.
<b>CMB Transaction</b>	A transaction Arranged and/or Executed via the CMB.
<b>Compliance Department</b>	The department of ACX that supervises all activity on the ACX Platform to investigate violations of, and ensure that Participants and Clients comply with, the Rules.



<b>Consultation</b>	A consultation Published by ACX, which will invite Participants and stakeholders to provide their comments and feedback on proposed amendments to this Rulebook, the ACX Contract Specifications or other items that ACX deems necessary or as required by the Applicable Law.
<b>Controller</b>	As defined under the FSRA's Glossary (GLO) Rules.
<b>Custodian</b>	ACC Ltd as a Clearing House, undertaking Custody activities.
<b>Custody</b>	The activities undertaken by ACC Ltd as a Clearing House, in safeguarding Registry Receipts and/or Funds belonging to another Person.
<b>Daily Reference Price</b>	The price per contract determined by ACX in accordance with procedures Published by ACX.
<b>Default</b>	As defined in Rule 1101.
<b>Defaulted Obligation</b>	For any Participant, all amounts owing to it by the Defaulting Participant, as well as any amounts owing by ACX arising out of or in any way relating to the Defaulting Participant's default.
<b>Defaulting Participant</b>	A Participant to whom a Default occurs pursuant to the Rules.
<b>Deficiency</b>	Where a Participant has a shortfall in funds necessary to meet a payment obligation towards ACX.
<b>Defined Price Bands</b>	As established by Rule 908.
<b>Deposit</b>	A deposit of a Specified amount of, either: <ol style="list-style-type: none"><li>1. Funds from the Participants' Registered Bank Account, or in the case of Members, their Client's Registered Bank Account; and/or</li><li>2. Registry Receipts from the Participants' Registry Account, or in the case of Members, their Client's Registry Account.</li></ol>
<b>Deposit Notification</b>	A notification made to ACX that a Participant will Deposit a specified amount of: <ol style="list-style-type: none"><li>1. Funds from the Participants' Registered Bank Account, or in the case of Members, their Client's Registered Bank Account; and/or</li><li>2. Registry Receipts from the Participants' Registry Account, or in the case of Members, their Client's Registry Account.</li></ol>
<b>Deregister or Deregistering</b>	The process of permanently removing a Digital Registry Receipt from the ACX Blockchain so it cannot be bought or sold by anyone, nor double counted.
<b>Designated Registry Receipts</b>	A specific Registry Receipt, that has been duly verified and recorded at a Market Registry, and which can be independently identified by a serial number identifier or equivalent, as established in Chapter 10 of this Rulebook.
<b>Digital Registry Receipt</b>	A digital record of a Registry Receipt, that meets the ACX Contract Specifications, created by ACX upon a Participant or Client Depositing Registry Receipts with ACC Ltd as Custodian.
<b>Direct Electronic Access or DEA</b>	Access to the ACX Platform granted by a Member to a Client pursuant to the Rules.
<b>Direct Participant</b>	A Person whom, having submitted a Participant Application and executed the Participant Agreement, has been admitted by ACX as a Participant and is authorised to enter Orders and Transactions for its own account only.





<b>Director</b>	A member of the Board.
<b>Disciplinary Action</b>	Any inquiry, investigation, disciplinary proceeding, imposition of fines, suspension or other summary action taken by ACX.
<b>Dispute</b>	Any dispute, difference, controversy or claim (of any and every kind or type, whether based on contract, tort, statute, regulation, or otherwise) arising out of, in relation to, or in connection with, the Rules, the Participant Agreement and/or otherwise in connection with the ACX Platform, including any dispute as to the existence, construction, validity, interpretation, enforceability or termination of the Rules or the Participant Agreement.
<b>Environmental Instrument</b>	As defined in FSRA Regulations, a Financial Instrument, that is recognised by the FSRA, which: <ol style="list-style-type: none"> <li>1. Enables its holder to emit greenhouse gases into the atmosphere, in accordance with any emissions trading scheme (i.e. emissions allowances or equivalent);</li> <li>2. Attests to the reduction or removal of greenhouse gases into the atmosphere (i.e. carbon credits or equivalent); or</li> <li>3. Attests to the environmental attributes of an underlying unit (i.e. renewable energy or environmental attribute certificates).</li> </ol>
<b>Exchange</b>	Means ACX Ltd, a company incorporated under the laws of ADGM and having its registered address at 23rd Floor Al Maqam Tower, ADGM Square, Al Maryah Island, Abu Dhabi, in its capacity as a Recognised Investment Exchange.
<b>Execute or Execution</b>	An OTC Buy Order and OTC Sell Order matched to effect an OTC Transaction.
<b>Fees</b>	The fees payable to ACX as established in Rule 208.
<b>Fiat</b>	A currency that is declared legal tender by a government but has no intrinsic or fixed value and is not backed by any tangible asset.
<b>Financial Crime</b>	Money laundering, terrorist financing, evasion of economic sanctions, tax evasion, bribery and corruption and behaviour which may amount to Market Abuse, as provided in the Applicable Law.
<b>Financial Instrument</b>	As defined in FSMR.
<b>Force Majeure Event</b>	Any event, occurrence, or circumstance beyond the reasonable control of ACX, including any act of God, civil commotion, riot, act of war or terrorism, strike, government action, accident, shortage of labour or materials, or equipment or transmission failure.
<b>FSMR</b>	The ADGM Financial Services and Markets Regulation 2015, as amended.
<b>FSRA</b>	The Financial Services Regulatory Authority of Abu Dhabi Global Market.
<b>FSRA Regulations</b>	All requirements, regulations, rules, notices, directions, guidelines, codes, practice notes, circulars, policies, policy statements, guidance, examples, modifications, waivers and other similar materials published or otherwise made available by the FSRA from time to time, including but not limited to the FSMR and MIR, as amended.
<b>Funds</b>	Fiat Currency held by ACC Ltd on behalf of a Participant or Client.
<b>Governmental Authority</b>	Any nation or government, any state or other political subdivision thereof and any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government.



<b>Legal Entity Identifier or LEI</b>	The identifying code that is required of each counterparty subject to the FSRA's jurisdiction.
<b>Liquidity Provider</b>	A Participant who has executed a Liquidity Provider Agreement to enter into arrangements to support or encourage liquidity on ACX's Market.
<b>Liquidity Provider Agreement</b>	An agreement between ACX and a Participant that must be executed for a Participant to act as a Liquidity Provider.
<b>Market</b>	ACX's market for the buying and selling of ACX Contracts.
<b>Market Abuse</b>	As defined in FSMR.
<b>Market Data</b>	As set forth in Rule 902B.
<b>Market Registry</b>	A market registry or similar organisation specified in an ACX Contract Specification which verifies, records and makes available information for offset and environmental programmes.
<b>Match</b>	The electronic matching of buy and sell Orders.
<b>Member</b>	A Person whom, having submitted a Participant Application and executed the Participant Agreement, has been admitted by ACX as a Participant and with respect to its Participant Account and Client Accounts: <ol style="list-style-type: none"> <li>1. ACX Ltd has granted Trading Privileges;</li> <li>2. ACC Ltd has granted Settlement Privileges; and</li> <li>3. ACX Ltd and ACC Ltd have granted OTC Privileges.</li> </ol>
<b>MIR</b>	FSRA's Market Infrastructure Rulebook, as amended.
<b>MWh</b>	A megawatt hour, equal to 1,000 kilowatts of electricity generated per hour, as used to measure electric output.
<b>Obligations</b>	Any rule, order, guideline, notice, term, condition, policy or procedure issued by ACX, including by way of Publication, or other requirement implemented by ACX under the Rules (including, without limitation, the Rules, the Participant Agreement, the ACX Contract Specifications and each term and condition of an ACX Contract).
<b>OFAC</b>	The Office of Foreign Assets Control of the US Department of the Treasury.
<b>Officer</b>	A director, officer, partner or employee of a Participant or Client.
<b>Order</b>	Either an order to buy or an order to sell an ACX Contract submitted on ACX's Market.
<b>OTC Buy Order</b>	An order to buy Digital Registry Receipts representing underlying Designated Registry Receipts submitted on the CMB or Auction Platform.
<b>OTC Facilities</b>	The CMB and the Auction Platform.
<b>OTC Notification</b>	A written notification made to ACX of a Participant's intention to: <ol style="list-style-type: none"> <li>1. Sell Digital Registry Receipts representing underlying Designated Registry Receipts on the CMB or the Auction Platform; or</li> <li>2. Withdraw from selling Digital Registry Receipts representing underlying Designated Registry Receipts from the CMB or the Auction Platform.</li> </ol>
<b>OTC Order</b>	An OTC Buy Order or OTC Sell Order.



<b>OTC Privilege</b>	Any right granted by ACX Ltd or ACC Ltd to a Participant to access OTC Services.
<b>OTC Sell Order</b>	An offer to sell Digital Registry Receipts representing underlying Designated Registry Receipts submitted on the CMB or Auction Platform.
<b>OTC Services</b>	The electronic trading facility operated within the ACX Platform to provide Participants with the ability to Execute OTC Transactions and Settlement of OTC Transactions.
<b>OTC Transactions</b>	Over-the-Counter transactions for the purchase or sale of Digital Registry Receipts representing underlying Designated Registry Receipts as Arranged via ACX's OTC Services (including, for the avoidance of doubt, CMB Transactions).
<b>Participant</b>	Either: <ol style="list-style-type: none"><li>1. A Direct Participant who is authorised to enter into Orders, Settle Transactions and access Custody and OTC Services; or</li><li>2. A Member who is authorised to enter into Orders, Settle Transactions and access Custody and OTC Services, as well as to intermediate Orders, Settlement, Custody and OTC Services on behalf of Clients.</li></ol>
<b>Participant Account</b>	An account established by ACC Ltd as Custodian and maintained for a Participant to which Digital Registry Receipts and/or Funds balance, are, or may be, credited in accordance with the Rules and such other procedures as ACC Ltd may implement from time to time.
<b>Participant Agreement</b>	An agreement between ACX and a Participant that must be executed for a Participant to be permitted to use ACX's facilities.
<b>Participant Application</b>	An application submitted by an Applicant for Participant status.
<b>Participant Notice</b>	A communication made available by or on behalf of ACX to all Participants in accordance with the Rules.
<b>Participant Type Indicator Code</b>	An identifying code that ACX may prescribe to identify the authorisation that the Participant has received, including being a Member or Direct Participant, and whether they have been accepted as a Liquidity Provider.
<b>Person</b>	As defined in FSMR.
<b>Professional Client</b>	A Person who meets the Professional Client classification as defined under section 2.4 of FSRA's Conduct of Business Rules.
<b>Proprietary Data and Personal Information</b>	Information identifying a natural person (e.g., name, email address) or other data proprietary to any Person that discloses such Person's trade secrets, market positions and/or other business transactions, excluding Transaction Data.
<b>Proprietary Information</b>	As set forth in Rule 902A.
<b>Publish or Publication</b>	Publication or communication by ACX via the Website, the ACX Platform and/or Participant Notice.
<b>Recognised Clearing House</b>	A clearing house that has received a Recognition Order from the FSRA, pursuant to the FSMR and MIR.
<b>Recognised Investment Exchange</b>	An exchange that has received a Recognition Order from the FSRA, pursuant to the FSMR and MIR.
<b>Register or Registering</b>	The process of registering Registry Receipts on the ACX Blockchain as Digital Registry Receipts.



<b>Registered Bank Account</b>	A bank account that a Participant or a Client has registered with ACC, where all Fund Deposits and Withdrawals are made from or in to.
<b>Registered Email</b>	The electronic mail address a Participant registered with ACX with its Application, or amended thereafter in accordance with the Rules.
<b>Registry Account</b>	A Participant's account at a registry which holds Registry Receipts.
<b>Registry Receipt</b>	A carbon or environmental credit, offset, allowance, certificate or otherwise, that has been duly verified and recorded at a Market Registry.
<b>Regulatory Agency</b>	Any government body, including the FSRA.
<b>Regulatory Notice</b>	A notice Published by ACX outlining any actions taken against a Participant and other relevant information.
<b>Retire or Retirement</b>	The process of taking a Registry Receipt out of circulation so it cannot be bought or sold by anyone, nor double counted.
<b>Retirement Notification</b>	A request made by a Participant to Retire Registry Receipts and Deregister the corresponding Digital Registry Receipts.
<b>RFQ or Request for Quote</b>	A notification sent to all or relevant Participants that expresses interest in certain types of Registry Receipts as established under Rule 412.
<b>RFQ Transaction</b>	Transactions effected using the RFQ facility of the ACX Platform,
<b>Rulebook</b>	This document compiling all the applicable Rules for the time being in force as amended and/or supplemented from time to time.
<b>Rules</b>	The rules set out in this Rulebook as amended and/or supplemented from time to time.
<b>Seller</b>	The seller of an ACX Contract admitted to trading on ACX's Market and for Settlement on ACC Ltd's facilities.
<b>Settle or Settlement</b>	<ol style="list-style-type: none"> <li>1. In respect of a Transaction on ACX's CLOB or Block Portal, the instantaneous and simultaneous credit or debit of the Funds balance or Digital Registry Receipts to or from a Participant Account or Client Account, and the recording of the Transaction on the ACX Blockchain, as established in Rule 505; or</li> <li>2. In respect of ACX's OTC Services, the transfer of the Funds balance or Digital Registry Receipts to or from a Participant Account or Client Account and the recording of the OTC Transaction on the ACX Blockchain, as established in Rule 1009.</li> </ol>
<b>Settlement Bank</b>	A bank appointed by ACC Ltd for Depositing Participant Funds or Client Funds, as applicable.
<b>Settlement Privilege</b>	Any right granted by ACC Ltd to a Participant to have Deposits held in Custody and Transactions Settled on ACC's facilities.
<b>tCO<sub>2</sub>e</b>	Tonnes of carbon dioxide equivalent.
<b>Terms of Reference or TORs</b>	The document which establishes the Board or a Board committee and details the specific authority the Board or a Board committee has to oversee a delegated area of responsibility.
<b>Trading Hours</b>	The hours during which Orders may be submitted on the ACX Platform, and as may be revised periodically by ACX, as Published by ACX.
<b>Trading Privilege</b>	Any right granted by ACX Ltd to a Participant to transmit Orders for an ACX Contract.



<b>Transaction</b>	Any purchase or sale of any ACX Contract made on ACX's CLOB, including Block Trades and RFQ Transactions.
<b>Transaction Data</b>	Buy Orders, Sell Orders and related information concerning ACX Contracts Transacted subject to the Rules, together with all information and other content contained in, displayed on, generated by or derived from the ACX Platform.
<b>UAE</b>	United Arab Emirates.
<b>UNSC</b>	United Nations Security Council.
<b>User ID</b>	The unique identifier that ACX registers and assigns to an Authorised User and/or a Client, and which is included on each Order or OTC Order to enable ACX to identify: <ol style="list-style-type: none"><li>1. The Person entering such Order or OTC Order; and</li><li>2. With respect to an Order facilitated by a Member on behalf of a Client, including via DEA, the Person entering such Order or OTC Order for the Client.</li></ol>
<b>Vintage Year</b>	In respect of a Registry Receipt, the calendar year specified by the relevant Market Registry as the vintage for such Registry Receipt, provided that if the Market Registry specifies a vintage extending over more than one calendar year, the Vintage Year shall be the calendar year in which the vintage specified by the Market Registry starts (unless otherwise specified by ACX).
<b>Website</b>	The ACX Ltd and ACC Ltd website, being <a href="http://www.acx.ae">www.acx.ae</a> .
<b>Withdraw or Withdrawal</b>	A withdrawal from ACX's facilities of a Specified amount of, either: <ol style="list-style-type: none"><li>1. Funds to the Participants' Registered Bank Account, or in the case of Members, their Client's Registered Bank Account; and/or</li><li>2. Registry Receipts to the Participants' Registry Account, or in the case of Members, their Client's Registry Account.</li></ol>
<b>Withdrawal Notification</b>	A notification that a Participant will Withdraw a Specified amount of, either: <ol style="list-style-type: none"><li>1. Funds to the Participants' Registered Bank Account, or in the case of Members, their Client's Registered Bank Account; and/or</li><li>2. Registry Receipts to the Participants' Registry Account, or in the case of Members, their Client's Registry Account.</li></ol>

## Rule 102 Rules of Construction

For purposes of the Rules, the following rules of construction shall apply:

- A. Words conveying a singular number include the plural number, where the context permits, and vice versa.
- B. If, for any reason, a Rule is found or determined to be invalid or unenforceable by a court of law, the FSRA or another governmental or quasi-governmental agency with supervisory authority, such Rule shall be considered severed from the Rules and all other Rules shall remain in full force and effect.
- C. All terms defined in FSRA Regulations and not otherwise defined herein shall have the respective meanings accorded to them therein.
- D. In the event of a conflict between the Rules and a non-disclosure agreement between ACX and a Participant or Client, the Rules shall prevail.



E. In the event of a conflict between the Rules and FSRA Regulations, the applicable provision of the FSRA Regulations shall prevail.

F. All references to timings or time are to Coordinated Universal Time (UTC) unless expressly provided otherwise.

## Rule 103 Principles of the Rules

A. In interpreting the Rules, the intention and purpose behind the specific Rule and the Rules generally shall be taken into consideration. The Rules operate to ensure fair, orderly and transparent trading, as well as orderly Custody and Settlement, to maintain an efficient and reputable Market and OTC Services, and to reduce systemic risks to the Market and OTC Services operated by ACX.

B. The Rules shall be observed, interpreted and effected in order to:

1. Provide a fair, orderly and transparent Market;
2. Protect the interests of Participants and Clients;
3. Ensure the orderly functioning of the Exchange and OTC Services;
4. Allow orderly Custody and Settlement via the Clearing House; and
5. Preserve the good reputation of the Exchange, Clearing House and their Participants.

C. ACX will admit Persons to its Market as Direct Participants or as Members, pursuant to the Participant Agreement. Collectively referenced as Participants, this Rulebook, as periodically amended, applies to, and is binding on, all ACX Participants. For clarity, Rules that apply only to Members are identified in *italics* in this Rulebook.

D. To have access and continued use of the facilities of ACX, Participants are required to:

1. Read, understand, and agree to comply with this Rulebook;
2. Read, understand, sign-up and adhere to the Participant Agreement; and
3. Read and acknowledge ACX's Risk Disclosure.

E. Failure by a Participant to comply with the Rules (or any part thereof) or with any decision of ACX made pursuant to the Rules shall constitute a breach of the Rules.

F. A former Participant shall be subject to this Rulebook for as long as it has any outstanding obligation under the Rules, including, without limitation, obligations to comply with requests to appear for investigations of Rule violations pursuant to the application of Chapter 7 of this Rulebook with respect to any conduct that occurred while the former Participant was a Participant.

G. ACX may, from time to time, issue a Participant Notice to provide guidance on the interpretation and application of any Rule, or to provide a more detailed prescription of a Rule. Such Participant Notice shall be published on the ACX Platform and/or circulated by email to Participants' Registered Email which will take effect from the date of publication, or such later date that ACX may specify, unless and until such Participant Notice is specified to be revoked by ACX. The Rules are to be read together with any such Participant Notices. It is



the responsibility of Participants to regularly check the Website, the ACX Platform and their Registered Emails for Participant Notices issued by ACX and to comply with the same, and in the case of Members to make these available to Clients.

## **Rule 104 Rules Applicable to the Exchange or Clearing House**

A. The Rules are made pursuant to the FSRA regulatory requirements and set out the requirements and obligations that govern the operation of the Exchange and Clearing House, and which apply to all Participants.

B. Notwithstanding Rule 104A:

1. Chapters 1, 2, 8, 9 and 10 establish the Rules of the Exchange and Clearing House collectively;
2. Chapters 3, 4, 6 and 7 establish the additional Rules of the Exchange; and
3. Chapters 5 and 11 establish the additional Rules of the Clearing House.

## **CHAPTER 2 PARTICIPANTS**

### **Rule 201 Jurisdiction and Applicability of Rules**

A. Any Person, including a Participant, an Authorised User or a Client, directly or indirectly initiating and executing a Transaction or OTC Transaction, and any Person for whose benefit such a Transaction or OTC Transaction has been initiated or Executed, including Clients, and an Authorised User and, for the avoidance of doubt, a Member, Direct Participant and a Liquidity Provider, and any employee or agent of a Participant, and any other person accessing the ACX Platform:

1. Agrees to be bound by and comply with the Rules, the Obligations and Applicable Law, in each case to the extent applicable to such Person;
2. Expressly consents and submits to the jurisdiction of ADGM with respect to any and all matters arising from, related to, or in connection with, the status, actions or omissions of such person; and
3. Agrees to assist ACX in complying with ACX's legal and regulatory obligations, cooperate with ACX, the FSRA and any Regulatory Agency with jurisdiction over ACX in any inquiry, investigation, audit, examination or proceeding.

B. Any amendments to or the repeal of a rule, or the adoption of a new rule, shall, upon the effective date of such amendment, repeal or adoption, as applicable, be binding on all persons subject to the Rules, regardless of when such person became subject to the Rules.

C. All Participants are also subject to the jurisdiction of the ADGM regardless of location, nationality, citizenship, or place of incorporation.

### **Rule 202 Governing Law**

The Rules shall be governed by and construed in accordance with the laws of the ADGM.



## Rule 203 Participant Applications, Agreements, Eligibility Criteria and Privileges

A. ACX will admit Participants to its Market as Direct Participants or as Members and will provide access to the ACX Platform (including but not limited to the Central Limit Order Book and OTC Services) and related services in an impartial, transparent, fair and non-discriminatory manner.

B. Each Participant shall have the right to access electronically the ACX Platform, including the right to place Orders for its Participant Account, provided that such Participant is eligible for, has applied and is authorised to enter Orders and enter into Transactions.

C. Each Participant shall have the right to access electronically the ACX Platform, including the right to access OTC Services, provided that such Participant is eligible for, has applied and is authorised to enter into OTC Services.

D. In order to become a Participant, a Person must:

1. Complete and submit the ACX Participant Agreement, with the application fee, as may be established by ACX from time to time;
2. Agree to comply with the Rules and procure its Authorised Representatives' and Authorised Users' compliance with the Rules;
3. Not be subject to any economic or trade sanctions programs administered by the UNSC, OFAC or other relevant UAE or non-UAE authority as determined by ACX periodically, and must not be listed on the UNSC, OFAC or UAE sanction list of Specially-Designated Nationals and Blocked Persons, or, if an Applicant is a legal person, not include any such person among its ultimate beneficial owners;
4. Ensure that the directors, Authorised Representative(s) and Controllers of the Person shall pass all relevant ACX checks with respect to Anti-Money Laundering and Financial Crime, and must not be listed as a designated individual as to terrorism or targeted financial sanctions by the Central Bank of the UAE or other international sanctions list;
5. Not be prohibited from using the facilities of ACX for any reason whatsoever;
6. Have a good reputation and business integrity and maintain adequate financial resources;
7. Not have filed for bankruptcy and not be insolvent;
8. Designate at least one Authorised User (or in the case of a natural person Direct Participant, such Person shall be deemed to be the Authorised User);
9. If the Person is a legal person, have implemented and maintained appropriate policies, procedures, systems, and controls to supervise the activities of its Authorised User(s), *and in the case of a Member to supervise the activities of its Clients to whom it has permitted DEA access to the ACX Platform to place Orders on ACX's Market;*
10. If the Person is a legal person, designate at least one Authorised Representative (or in the case of a natural person Participant, such Person shall be deemed to be the sole Authorised Representative) responsible for supervising all activities of the Participant, its Authorised User(s) and its employees relating





to Transactions, Settlement and OTC Services, and for making Deposit Notifications and Withdrawal Notifications and for providing any information ACX may request regarding such Participant; and

11. Meet any other criteria and provide ACX with any other information ACX may request regarding the Person.

E. Subject to the conditions in Rule 203F, each Member shall have the right to access electronically the ACX Platform, including the right to:

1. Make Deposit Notifications, Withdrawal Notifications and Retirement Notifications on behalf of its Participant Account and Client Accounts;
2. Place Orders and execute Transactions for its Participant Account and Client Accounts;
3. Permit DEA access for Client Accounts;
4. Execute OTC Transactions on behalf of its Participant Account and Client Accounts; and
5. Facilitate the Settlement of Transactions or OTC Transactions on behalf of its Participant Account and Client Accounts.

F. In order to become a Member, a Person must:

1. Satisfy the conditions in Rule 203D;
2. Have sufficient operational capabilities and resources to support the ACX Platform, including sufficient: (a) policies and procedures, (b) understanding of and support for the ACX Contracts and transfers of Registry Receipts, (c) asset security and cyber security procedures, and (d) Anti-Money Laundering, Financial Crime and Market Abuse controls;
3. Be:
  - (a) Licensed or otherwise authorised to Transact on, or use the facilities of, a securities or derivative exchange or clearing house, in a jurisdiction that has been assessed as providing a regulatory and legal framework that is broadly equivalent to ADGM and acceptable to ACX and FSRA; and
  - (b) Regulated in respect of the trading, or use of facilities for, securities or derivatives, by the FSRA or a non-ADGM financial services regulator that has been assessed as providing a financial regulatory framework that is broadly equivalent to that of the FSRA, and to a standard acceptable to ACX and FSRA.
4. Or if the Person does not satisfy the requirements of Rule 203F3:
  - (a) Be able to demonstrate to ACX that it operates with equivalent controls of a Person regulated in respect of the trading, or use of facilities for, securities or derivatives by the FSRA, and to a standard acceptable to ACX and the FSRA; and
  - (b) Agree to adhere to any conditions, restrictions or otherwise imposed by ACX or the FSRA, including but not limited to:
    - (1) Restricting the activities of its Clients to DEA access and OTC Services only;
    - (2) Not being permitted to use ACX's facilities for a proprietary Participant Account;
    - (3) By extension, agree that full Trading, Settlement and OTC Privileges available to Members and their Clients will not apply; and



*(4) Agree to ACX receiving a non-objection from the FSRA before granting approval of the Person's Application; and*

*5. Meet any other criteria or complete any additional applications that ACX may require.*

## **Rule 204 Application Procedures**

A. Every Applicant must:

1. Complete and submit the ACX Participant Agreement and prescribed application forms;
2. Qualify as a Professional Client;
3. Consent to and undergo background checks as determined by ACX; and
4. Provide such other documents and information as ACX deems necessary.

B. Every Applicant shall submit the prescribed application requirements as ACX may specify. ACX will only assess Applications when the Applicant submits all requisite documents and pays any prescribed fees.

C. ACX may, in its sole discretion, approve, deny, or approve with conditions any Application as ACX deems necessary or appropriate.

1. In the event that ACX decides to decline an Application or approve an Application with conditions, or to terminate a Person's status as Participant, ACX shall notify such Person thereof in a notice sent to the Participant's Registered Email. The written notice will specify the basis for ACX's decision. Such Person may, within 28 Business Days, request in writing that ACX reconsider the determination;
2. Within 28 Business Days of receiving a request for reconsideration, ACX shall confirm, reverse or modify the denial, condition or termination of the Participant status of such Person, and shall promptly notify such Person accordingly in writing. ACX may, in its sole discretion, schedule a hearing (in person or by teleconference), request additional information from such Person or establish any other process that it believes is necessary or appropriate to consider the request for reconsideration;
3. ACX's decision is final; and
4. In reviewing a Participant Application for a Person that is related directly or indirectly to ACX or its Controllers, ACX shall only approve upon a non-objection from the FSRA.

D. Submission of a duly executed Participant Agreement to ACX constitutes the Applicant's agreement to be bound by the Rules of ACX.

E. Applicants for Direct Participant or Member status of ACX may withdraw their Application at any time prior to ACX's decision without prejudice or without losing their right to apply at a future time.

F. Upon approval by ACX of an Application, the Applicant will be designated as a Direct Participant or Member, and shall continue to comply with all applicable eligibility criteria in the Rules or as ACX may require, and shall have the following privileges, which ACX may revoke, amend, or expand in accordance with, or by amending, the Rules:



1. Trading Privileges;
2. Settlement Privileges; and
3. OTC Privileges.

G. If approved as a Member, the Participant will, subject to the conditions in Rule 203, also have the following privileges:

1. To intermediate the execution of Client Orders on ACX;
2. To intermediate the execution of Client Orders on ACX via a DEA interface;
3. To intermediate Custody and Settlement on behalf of Clients; and
4. To intermediate OTC Services on behalf of Clients.

H. A Person may not be a Direct Participant and a Member simultaneously. If a Direct Participant intends to offer ACX services to Clients and meets Member requirements of the Rules, it must engage ACX to apply to be a Member.

I. If a Person has been admitted as a Direct Participant by ACX but wishes to become a Member, the Person must complete the application materials relevant to a Member, and resubmit an executed ACX Participant Agreement to confirm adherence to the Rules relevant to a Member. ACX may, in its sole discretion, approve, deny, or approve with conditions any application as ACX deems necessary or appropriate.

J. ACX will apply Participant access criteria, as established in the Rules, in a fair and non-discriminatory manner that is not anti-competitive.

## **Rule 205 Participant Obligations**

A. Subject to any right of review or appeal to a tribunal or the ADGM courts that may be prescribed in ADGM legislation or FSRA Regulations, the Rules are interpreted, administered and enforced by ACX and the decisions and requirements of ACX are conclusive and binding on Participants. In the event of any perceived inconsistency between parts of ACX's Rules, policies or agreements, such inconsistency will be resolved by ACX, and such resolution is conclusive and binding on Participants.

B. Each Participant and any Authorised Users thereof, must comply with the Rules and applicable and relevant FSRA Regulations. Each Participant and any Authorised Users thereof also must cooperate promptly and fully with ACX, its representatives, and FSRA in any investigation, call for information, inquiry, audit, examination, or proceeding. Such cooperation shall include providing ACX with access to information on the activities of such Participant and/or its Authorised User(s). If any Participant or Authorised User thereof fails to satisfy any Obligation, ACX may revoke or suspend the Participant's Trading Privileges, Settlement Privileges and/or OTC Privileges in full or in part. Each Participant also may be subject to Disciplinary Action as determined by ACX.

C. Each Participant consents to allow ACX to provide all information ACX has about the Participant, including the Participant's and Clients' trading activity, to FSRA or any other Regulatory Agency, law enforcement authority, or judicial tribunal, including (as may be required by information-sharing agreements or other



arrangements or procedures or other contractual, regulatory, or legal provisions) foreign regulatory or self-regulatory bodies, law enforcement authorities, or judicial tribunals without notice to the Participant.

D. Each Participant consents to ACX providing information held by ACX in relation to Know Your Client and/or Anti-Money Laundering checks on the Participant or its Clients to Settlement Banks and Market Registries or potential Settlement Banks and Market Registries. To the extent that such information includes personal data relating to individuals, each Participant consents to, and shall ensure that it has procured the necessary consents for, the use, sharing and disclosure of such information with ACX and the aforementioned persons.

E. A Participant, upon a request of ACX, the FSRA or any Regulatory Agency, must promptly respond to any requests for information, including by providing any necessary information for ACX to comply with its regulatory obligations.

F. With respect to each ACX Contract, each Participant must prepare, maintain, keep current and retain those books and records of the trading activity, including records of the Registry Receipts, for six (6) years following execution of the ACX Contract, and any other books and records required by the Rules and FSRA Regulations for the time period required by the Rules and FSRA Regulations. The books and records shall be readily accessible for inspection and promptly provided to ACX and the FSRA, upon request, in each case in the form and manner required under the Rules, and/or FSRA Regulations.

G. A Participant must immediately notify ACX in writing upon becoming aware:

1. That the Participant, any of the Participant's Officers or any of the Participant's Authorised Users has had Trading Privileges, Settlement Privileges or OTC Privileges suspended and/or access to, or membership or clearing membership in any exchange or a clearing house denied;
2. That the Participant, any of the Participant's Officers or any of the Participant's Authorised Users has been convicted of, plead guilty or no contest to, or entered a plea agreement to any felony in any domestic, foreign or military court, as applicable;
3. That the Participant, any of the Participant's Officers or any of the Participant's Authorised Users has been convicted of, plead guilty or no contest to, or entered a plea agreement to a misdemeanour in any domestic, foreign or military court, as applicable, which involves:
  - (a) Embezzlement, theft, extortion, fraud, fraudulent conversion, forgery, counterfeiting, false pretences, bribery, gambling, racketeering, or misappropriation of funds, securities or properties; or
  - (b) Any transaction in or advice concerning securities or derivatives.
4. That the Participant, any of the Participant's Officers or any of the Participant's Authorised Users has been subject to, or associated with a firm that was subject to, regulatory proceedings before any Regulatory Agency;
5. Of any other material change in any information contained in the Participant's Application;
6. Of becoming the subject of a bankruptcy petition, receivership proceeding, or the equivalent, or being unable to meet any financial obligation as it becomes due;



7. Of information that concerns any financial or business developments that may materially affect the Participant's ability to continue to comply with applicable participation requirements; or
8. *As applicable to Participants who are Members, of any failure to segregate or maintain adequate Client Funds as required by the Rules and the FSRA Regulations.*

H. Each Participant must diligently supervise all activities of the Participant's employees and/or agents, including all Authorised Users and Authorised Representatives, relating to Orders, Transactions, Settlement, OTC Services and communications with ACX. Any violation of the Rules by any employee, Authorised Representative or Authorised User of a Participant shall be deemed to constitute a violation of the Rules by such Participant.

I. Each Participant must inform ACX of any change to:

1. Its Registered Email within 24 hours after such change; and
2. Other information provided in the Participant's Application within five (5) days after any such change.

J. *Each Member must also:*

1. *Prior to providing any services in relation to Clients, including but not limited to intermediating Orders and Settling Transactions on behalf of Clients, confirm in writing to ACX that the Member will undertake Know Your Customer, Anti-Money Laundering and other necessary due diligence, to satisfy the requirements provided in the Participant Agreement, as well as the requirements of the FSRA and the UAE Central Bank, including but not limited to FSRA's AML Rulebook and UAE Federal requirements.*
2. *Comply with any applicable financial and reporting requirements set forth by ACX;*
3. *Require Clients to maintain and provide to the Member upon request by the Member, ACX or the FSRA, information identifying any natural person who has submitted Orders on behalf of such Client's Client Account, including, but not limited to, the natural person's name, identification information, affiliation to the Client, address and contact information;*
4. *Subject to the conditions in Rule 203, maintain Client Accounts that may hold Client Funds or Digital Registry Receipts with ACX and may maintain a Participant Account that may hold the Member's proprietary Funds balance or Digital Registry Receipts with ACX;*
5. *Subject to Rule 404, accurately record the Client with every Order submitted on the ACX Platform on behalf of that Client;*
6. *Include in the Member's Client Accounts, separate Client IDs for each Client based on the Client ID that the Member transmits with each Order;*
7. *Submit statements of financial condition at such times and in such manner as shall be prescribed from time to time;*
8. *Use due diligence in receiving and handling Orders from Clients, submitting such Orders on the ACX Platform on behalf of such Clients, responding to inquiries from Clients about their Orders, and reporting back to Clients the execution of such Orders;*



9. Use due diligence in receiving and handling transfers from Clients, executing such transfers on behalf of such Clients and responding to inquiries from Clients about balances and details of Funds or Digital Registry Receipts held in Client Accounts;

10. Make available Participant Notifications to Clients, as applicable;

11. Maintain policies and procedures acceptable to ACX that:

(a) With respect to each Client who is a natural person, restricts access to any system through which such Client submits Orders to the Member for transmission to ACX to that Client; and

(b) With respect to each Client who is a legal person:

(1) Restricts access to any system through which the Client's Orders may be submitted to the Member for transmission to ACX to such Authorised Users to enter Orders on behalf of such Client;

(2) Requires the Client to provide the Member and/or ACX upon request by the Member or ACX, its LEI;

(3) Identifies each Authorised User permitted to enter Orders on behalf of such Client by a distinct Client ID, which shall be provided to the Member and ACX with each order message submitted by such Person; and

(4) Requires the Client to maintain and provide to the Member or ACX upon request by the Member or ACX, information identifying any natural person who has submitted Orders on behalf of such Client's Client Account, including but not limited to, the natural person's name, identification information, affiliation to the Client, address and contact information.

12. With respect to the employees of the Member, as applicable:

(a) Each Member shall be responsible for diligently supervising the employees' compliance with all ACX Rules;

(b) The employees must comply with ACX's Rules; and

(c) Each Member shall be responsible for the acts or omissions of the Member's employees and may be liable for any fines imposed by ACX as a result of these acts or omissions. Any violation of an ACX Rule by any such employee shall be deemed to constitute a violation by the Member.

13. Make and file reports with ACX at such times, in such manner and form, and containing such information as ACX may prescribe from time to time.

14. Prepare, maintain and keep current those books and records required by the Rules. Such books and records shall be retained for at least six (6) years and open to inspection and promptly provided to ACX and/or the FSRA upon request.

## **Rule 206 Client Account Requirements for Members**

A. ACX requires that Members must:

1. Have arrangements that provide for the segregation and portability arrangements that effectively protect the positions and related Client Funds from the Default or insolvency of the relevant Member; and

2. Maintain a system to ensure that accurate reconciliations of the Client Accounts are carried out as regularly as necessary;



- B. Provide ACX with access to Client information in a form and manner prescribed by ACX;
- C. Provide written notice to ACX's Compliance Department of a failure to maintain appropriate segregation of Client Funds or Digital Registry Receipts; and
- D. Comply with any other prescribed additional Client Account requirements imposed by ACX.

### **Rule 207 Client Funds and Assets Maintained With ACX**

*All Client Funds and Registry Receipts Deposited (or arranged to be Deposited) with ACC Ltd by Members on behalf of Clients shall be held in accordance with FSRA Regulations as applicable. Such Client Funds or Registry Receipts shall be treated as belonging to such Clients of the Member.*

### **Rule 208 Dues, Fees and Expenses Payable**

- A. ACX may charge Fees to Participants and Clients in connection with Trading, Settlement and OTC Privileges, or otherwise in connection with the use of the ACX Platform, in such amounts as may be revised from time to time.
- B. In particular, ACX may charge Fees to Participants and Clients in connection with the Deposit, Withdrawal and Retirement of Registry Receipts, and the Registering or Deregistering of Digital Registry Receipts, in such amounts as may be revised from time to time.
- C. Fees and any revisions to such Fees will be Published by ACX.
- D. Participants and Clients shall pay all Fees imposed by ACX. Payment shall be via deduction by ACX from their Participant Account or Client Account (as the case may be) or in such other manner, and within such deadline, required by ACX.
- E. If ACX determines to impose dues or additional Fees, ACX shall notify the Participants of any dues or additional Fees that will be imposed by Publication at least ten (10) days before they take effect.

### **Rule 209 Recording of Communications**

ACX may record conversations and retain copies of electronic communications between ACX Representatives on the one hand, and Clients and Participants, their Authorised Users, Authorised Representatives and/or other agents on the other hand. Any such recordings may be retained by ACX in such manner and for such periods of time as ACX may deem necessary or appropriate. ACX shall retain such records for the retention periods necessary to comply with FSRA Regulations or such longer period as ACX deems appropriate.

### **Rule 210 Withdrawal of a Participant**

- A. To withdraw from ACX, a Participant must notify ACX of its withdrawal in writing. Such withdrawal shall be accepted upon receipt of such notice by ACX and shall be effective upon such Participant's fulfilment of its obligations under Rule 210C, or at such other time as ACX may determine in its reasonable discretion is desirable for the efficient operation of ACX.



B. When ACX accepts the withdrawal of a Participant, all rights and privileges of such Participant terminate (including, without limitation, the Trading Privileges, Settlement Privileges and OTC Privileges) except as set forth in Rule 210C below. The accepted withdrawal of a Participant shall not affect the rights of ACX under the Rules or relieve the former Participant of such Participant's obligations under the Rules before such withdrawal. Notwithstanding the accepted withdrawal of a Participant, the withdrawn Participant remains subject to the Rules and the Obligations for acts done and omissions made while a Participant, must comply with Rules 210C and 210D, must cooperate in any Disciplinary Action under Chapter 7 as if the withdrawn Participant were still a Participant, and must comply with requests for information from ACX regarding activities and obligations while a Participant for at least six (6) years following its withdrawal.

C. A Participant that has delivered a written notice of withdrawal pursuant to Rule 210A shall be subject to the following requirements, obligations and provisions:

1. It must use all reasonable endeavours to close out or transfer all open balances in its Participant Account and each of its Client Accounts, as applicable, within 30 days after the Participant has delivered a withdrawal notice pursuant to Rule 210A; and
2. After delivering a withdrawal notice pursuant to Rule 210A, it shall only be entitled to submit Orders which it can demonstrate have the overall effect of reducing Deposits.

D. Any written notice of withdrawal delivered by a Participant pursuant to Rule 210A shall be irrevocable by the Participant and Trading Privileges, Settlement Privileges and OTC Privileges may only be reinstated pursuant to a new Application following the close-out or transfer of all open balances in its Participant Account and each of its Client Accounts, as applicable.

## CHAPTER 3 LIQUIDITY PROVIDERS

### Rule 301 Application and Agreement

A. ACX may periodically enter into Liquidity Provider arrangements to support or encourage liquidity, by means that are:

1. Transparently communicated to Participants;
2. Not likely to encourage any Participant to submit Orders or enter into Transactions other than for proper trading purposes (which may include hedging, investment, speculation, price determination, arbitrage and filling Orders from any Client for whom the Participant acts); and
3. Consistent with a reliable and undistorted price formation process.

B. Only Participants in good standing may become Liquidity Providers on ACX.

C. To be considered for Liquidity Provider status, a Participant shall complete and execute a Liquidity Provider Agreement.





D. The designation of any Liquidity Provider may be suspended, terminated or restricted by ACX at any time and for any reason.

### **Rule 302 Appointment**

A. ACX may appoint one or more Liquidity Providers for certain ACX Contracts.

B. In making such appointments, ACX shall consider:

1. The financial resources available to the proposed Liquidity Provider;
2. The applicant's trading activity in relevant Registry Receipts or related markets;
3. The applicant's business reputation and experience in market making in spot market and derivative products; and
4. FSRA Regulations.

C. ACX, in its sole discretion, may appoint a Participant as a Liquidity Provider for certain ACX Contracts and may appoint multiple Liquidity Providers for certain ACX Contracts.

D. No appointment of a Liquidity Provider shall be made without the Liquidity Provider's consent to such appointment.

E. ACX shall periodically conduct an evaluation of all Liquidity Providers to determine whether they have fulfilled performance standards relating to, among other things, quality of the markets; trading activity; competitive market making; observance of ethical standards; business reputation; and administrative and financial soundness.

F. If the Liquidity Provider fails to meet minimum performance standards, ACX may, among other actions, suspend, terminate or restrict the Liquidity Provider's appointment.

### **Rule 303 Benefits**

Liquidity Providers may be entitled to reduced Fees or other incentives in accordance with any Liquidity Provider program in place at ACX for fulfilling the obligations of a Liquidity Provider as disclosed in the applicable Liquidity Provider Agreement.

### **Rule 304 Obligations**

Transactions of Liquidity Providers must constitute a course of dealing reasonably calculated to contribute to the maintenance of a fair and orderly market, and Liquidity Providers shall not enter Orders or enter into Transactions that are inconsistent with such a course of dealing. Liquidity Providers shall be obligated to do the following:

1. Comply with all other terms of the applicable Liquidity Provider Agreement; and
2. Make good-faith efforts to enter on the ACX Platform current binding buy and sell Orders, with a buy or sell spread as specified in the applicable Liquidity Provider Agreement, as necessary to ensure liquidity.



## CHAPTER 4 TRADING

### Rule 401 Applicability of Chapter 4

Chapter 4 of this Rulebook is applicable to Participants with Trading Privileges. Chapter 4 of this Rulebook (aside from Rule 404) is not applicable to Participants with OTC Privileges, in relation to the conduct of OTC Services, with requirements in relation to trading via OTC Services established in Chapter 10.

### Rule 402 ACX Contract Eligibility

- A. Registry Receipts that comply with the ACX Contract Specifications are eligible for admission to ACX's Market.
- B. Subject to the Rules and Applicable Laws, ACX will, at its sole discretion, determine whether a Registry Receipt is eligible for admission to ACX's Market, as established in Rule 503D.
- C. Where ACX decides to admit a new ACX Contract to its facilities, ACX will communicate via Publication in relation to the admission of a new ACX Contract;
  - 1. Which will specify the ACX Contract Specifications and the effective date of such admission; and
  - 2. Outline any restrictions that ACX may determine are necessary to maintain a fair and orderly market, or otherwise, upon the admission of the ACX Contract.
- D. ACX may only admit an ACX Contract to its facilities if it meets the criteria established in the FSRA Regulations.

### Rule 403 Execution Methods

- A. Regarding ACX's Market, ACX facilitates:
  - 1. The execution of Orders in an open and competitive manner through a Central Limit Order Book on the ACX Platform;
  - 2. The facilitation of RFQ Transactions, as set forth in Rule 412; and
  - 3. The execution of Block Trades, as set forth in Rule 411.
- B. A written record of all the terms of each Transaction entered into on ACX will be available immediately upon execution through the ACX Platform. Such record shall legally supersede any previous agreement and serve as a confirmation of each such Transaction. ACX will send confirmation messages to Participants or Clients upon execution of a Transaction via the Registered Email and/or ACX Platform, if such Participants are online at the time. However, if any applicable Participant or Client is not online at the time of execution, such Participant or Client will see the confirmation(s) when the Participant or Client next logs on to the ACX Platform.
- C. The ACX Contract Code, size, execution time and execution method for each Transaction will be made available on the Platform to all Participants immediately after execution of the relevant Transaction.



## Rule 404 User IDs

- A. Each Authorised User must have a unique User ID in a form prescribed by ACX.
- B. Each Order or OTC Order must contain a User ID that identifies the Participant's Authorised User that submitted the Order.
- C. Each Order or OTC Order submitted by a Member on behalf of a Client must contain:
  - 1. Such Client's User ID; and
  - 2. The User ID of the Member's Authorised User that submitted the Order.
- D. Each Order or OTC Order submitted by a Client by means of DEA access must contain:
  - 1. Such Client's User ID;
  - 2. The Member's User ID; and
  - 3. Details able to identify the natural Person who submitted the Order.
- E. No Person may use a User ID to place any Order or OTC Order except as permitted by the Rules, nor may any Person knowingly permit or assist with the unauthorised use of a User ID. Each Participant and Authorised User shall ensure that no User ID is used by any Person not authorised by the Rules. Each Participant shall establish and maintain policies and procedures to ensure the proper use and protection of User IDs. An Authorised User is prohibited from using another Person's User ID, unless the Authorised User is entering the Order or OTC Order of a Client in accordance with the Rules.
- F. Each Participant shall be solely responsible for controlling and monitoring the use of all User IDs issued to its Authorised Users.
- G. Each Participant shall notify ACX of the need to terminate any User IDs or a change to the status of any of its Authorised Users.
- H. Each Participant shall keep confidential and secure all User IDs, except as permitted pursuant to the Rules, and any account numbers and passwords related to the ACX Platform and shall notify ACX promptly upon becoming aware of:
  - 1. Any unauthorised disclosure or use of any User ID and of any other compromise to a User ID that would reasonably cause ACX to deactivate the User ID;
  - 2. Any loss of any User ID; and
  - 3. Any unauthorised access to the ACX Platform by any Person using a User ID assigned to such Participant.
- I. Where a Participant submits an Order via Algorithmic Trading, the User ID of the Authorised User responsible for overseeing the Algorithmic Trading must be used when entering each Order submitted through the Algorithmic Trading.



## Rule 405 Order Entry and Audit Trail

A. Where Participants and their Authorised Users enter Orders on the ACX Platform, ACX shall maintain an electronic record of these entries. Each Participant shall be responsible for any and all Orders submitted using User IDs assigned to the Participant or its Authorised User by ACX. Trading on ACX's Platform is anonymous whereby ACX acts as the Settlement facility and Custodian for all Transactions.

B. Each Participant's Authorised User entering Orders on the ACX Platform must input for each Order the following information (to the extent that such information is not provided at account creation or by the ACX Platform):

1. The Authorised User's User ID;
2. For an Authorised User of a Member entering an Order on behalf of a Client, the User ID of the Authorised User and the Client ID, where applicable, for whom such Authorised User submits an Order;
3. The ACX Contract Code;
4. Order type;
6. Participant Type Indicator Code;
7. Buy or sell;
8. Price;
9. Quantity; and
10. Such additional information as may be prescribed from time to time by ACX via Publication.

C. Participants that connect to ACX via the ACX API, are responsible for maintaining, or causing to be maintained, an audit trail for all electronic Orders, including Order entry, cancellation and responses to such messages. The audit trail must contain all Order receipt, Order entry and response or receipt times, including on behalf of Clients. The times captured must not be able to be modified by the Person entering the Order. Participants are required to adhere to the following audit trail requirements:

1. Participants must maintain audit trail information as required by ACX and must be able to produce this data in a standard format upon request from ACX.
2. *Members must maintain a complete record of all Client Orders received by the Member, and any other Transaction records, communications or data received by the Member regarding its Client Accounts.*
3. The audit trail must capture required fields, which include but are not limited to the following: all fields relating to Order entry, including the ACX Contract Code, quantity, Order type, buy/sell indicator, User ID(s), timestamps, and, where applicable, stop price, type of action, and applicable information contained in Rule 405B.
4. For Orders that are executed, the audit trail must record the execution time of the ACX Contract and all execution information, as provided by ACX.
5. The Compliance Department shall periodically require Participants to verify compliance with these audit trail and recordkeeping requirements. Participants also may be subject to periodic audit trail spot checks, depending upon any indicators that any Participant is failing to adhere to the Rules pertaining to audit trail



requirements, Participant obligations or any other failures to provide information to ACX upon request. The findings of such ACX reviews will be documented and maintained as part of the books and records of ACX. The reviews may include, but not be limited to, the following:

- (a) Review of random samples of audit trail data;
- (b) Review of the process by which identifications are assigned to records and users and how the records are maintained; and
- (c) Review of account numbers and client indicators in trade records to test for accuracy and improper use.

## Rule 406 Order Type

A. The following types of Orders may be submitted on the ACX Market with respect to any ACX Contract.

**1. Limit Order.** An Order to buy or sell an ACX Contract at a specified price or better. A Limit Order must be submitted with a defined limit price. A Limit Order will be executed on a price-time priority basis when it is submitted, to the extent that there are resting contra-Orders, with any balance of such Limit Order to remain as a resting Order until such Limit Order is executed or cancelled. Unless cancelled by the Participant or Client, or upon disruption to normal operating conditions by ACX, all Limit Orders shall remain live until executed, expired or cancelled.

**2. Good Till Date ("GTD").** A Limit Order to buy or sell an ACX Contract at a specified price or better for a defined time period. A GTD Order must be submitted on the ACX Platform with a defined limit price, date and time after which the Order will expire. A GTD Order will be executed on a price-time priority basis when it is submitted, to the extent that there are resting contra-Orders, with any balance of such GTD Order to remain as a resting Order until such GTD Order is executed, cancelled or expires. Unless cancelled by the Participant or Client, or upon disruption to normal operating conditions by ACX, all GTD Orders shall remain live until executed, expired or cancelled.

**3. Day Order.** A Limit Order to buy or sell an ACX Contract at a specified price or better until 11:59 PM UTC of the day that the Order is submitted. A Day Order must be submitted on the ACX Platform with a defined limit price. A Day Order will be executed on a price-time priority basis when it is submitted, to the extent that there are resting contra-Orders, with any balance of such Day Order to remain as a resting Order until such Day Order is executed, cancelled or it expires. Unless cancelled by the Participant or Client, or upon disruption to normal operating conditions by ACX, all Day Orders shall remain live until executed, expired or cancelled.

**4. Market Order.** An Order to buy or sell a ACX Contract at the best possible price available on the ACX Platform. Market Orders are not guaranteed, and if there are no buy or sell Orders in the Market that may fill the Market Order in full, then the Market Order or remaining balance will be immediately cancelled. The Participant or Client will be notified via the ACX Platform that its Market Order has been filled, partially filled or not filled.



**5. Stop Order.** Once a stop price specified by a Participant or Client is met or exceeded, a Market Order is submitted automatically. The stop price is the price of an executed Order that will activate the subsequent automatic submission of the Participant's or Client's Market Order without further instruction. Stop Orders are not guaranteed, and if there are no buy or sell Orders in the Market that may fully fill the Market Order, then the Market Order or remaining balance will be immediately cancelled, and the Participant notified via the ACX Platform that its Stop Order has not been filled, or only partially filled. Prior to the triggering of the stop price, a Stop Order will remain open until being cancelled by the Participant or upon disruption to normal operating conditions by ACX.

**6. Block Trade Order.** An Order to cross a pre-negotiated trade. A Block Trade Order must be submitted to ACX with the Order size, price, buy or sell indication, and committed Participants as established in Rule 411. ACX shall promptly register the Block Trade in the ACX Blockchain and publish the information to the ACX Platform with an indication that it was a Block Trade.

B. A Transaction is finalised when Orders have been Matched on the CLOB, and the time of Matching recorded by ACX as the time of the Transaction.

## **Rule 407 Trading on Behalf of Clients**

*Natural persons or legal persons that have not been approved and authorised as Direct Participants of ACX may Transact ACX Contracts only as Clients of a Member, and all Client Orders, aside from those made by DEA access, must be transmitted to ACX by the Member of the Client.*

## **Rule 408 ACX Accounts**

Upon a successful execution of Orders, a Participant or Client who placed a buy Order shall have their Participant Account or Client Account credited with the relevant quantity of Digital Registry Receipts and debited with the relevant Funds balance to fund the purchase and any applicable Fees. A Participant or Client who placed a sell Order shall have their Participant Account or Client Account debited with the relevant quantity of Digital Registry Receipts and their Participant Account or Client Account credited with the relevant Funds balance.

## **Rule 409 ACX Market Hours**

A. The trading and Settlement hours of ACX will be Published by ACX, including any modifications or notifications of temporary trading and Settlement suspensions.

B. Deposits, Withdrawals and Retirements can be effected on Business Days. Details of public holidays and any modifications will be Published by ACX.

## **Rule 410 Reference Prices**

A. ACX may determine one or more Daily Reference Prices for each ACX Contract in accordance with procedures that will be Published by ACX.



B. Notwithstanding anything in the Rules, ACX reserves the right to amend Daily Reference Prices of any ACX Contract where it deems fit to maintain a fair and orderly market.

## **Rule 41 I Block Trades**

A. ACX may permit Block Trades in ACX Contracts. The relevant ACX Contract Specifications shall specify whether an ACX Contract is eligible to be Transacted as a Block Trade.

B. Each Block Trade shall be effected away from the ACX Platform but otherwise pursuant to the Rules. A Block Trade must be in a size that is equal to or in excess of the applicable minimum size for such ACX Contract as set forth in the ACX Contract Specifications. ACX shall, from time to time, review and (as appropriate) revise its minimum block sizes and communicate these via Publication.

C. Participants and Clients shall use best endeavours to ensure that the price at which a Block Trade is executed is fair and reasonable in light of (1) the size of the Block Trade, (2) the prices and sizes of other Transactions in the same ACX Contract at the relevant time, and (3) the circumstances of the Market or the parties to the Block Trade. ACX, at its sole discretion, will only permit a Block Trade if the submitted price is deemed fair and reasonable according to these criteria.

D. Block Trades between different accounts with common beneficial ownership are prohibited unless:

1. Each party's decision to enter into the Block Trade is made by an independent Authorised User; and
2. Each Person has a legal and independent bona fide business purpose for engaging in the Block Trade.

E. Each Block Trade must be submitted to ACX via either:

1. Registered Email. After the submission, both parties to the Transaction who are either Participant or Client must confirm the terms of the Block Trade via Registered Email within sixty (60) minutes of the submission. Upon receipt of both confirmations, ACX Platform shall verify that both parties have sufficient Funds or Digital Registry Receipts in their Participant Account or Client Account; or
2. ACX's Block Portal. After the initial submission, subject to Rule 41 IF, both parties to the Transaction, who are either Participant or Client, must accept the terms of the Block Trade via the Block Portal.

F. For Block Trades submitted via the Block Portal, the relevant parties conclude the Transaction when relevant sufficient Funds or Digital Registry Receipts are deposited in their Participant Account or Client Account, which must be no later than forty-eight (48) hours following the initial submission. If any party has insufficient balance in its account after the expiry of such period of forty-eight (48) hours, the Block Trade cannot be accepted by the relevant parties and will not constitute a Transaction and will be removed from the Block Portal.

G. Subject to Rules 41 IC, 41D, 41E, 41F, 906 and 907, all ACX Contracts effected as Block Trades shall be Settled in the usual manner as established in Rule 505.

H. Upon Settlement, ACX shall publish the relevant information of the Block Trade to the ACX Platform with an indication that it was a Block Trade.



## **Rule 412 Request for Quote Transactions**

- A. ACX may permit RFQ Transactions involving Digital Registry Receipts.
- B. Each RFQ Transaction shall be effected using the RFQ facility of the ACX Platform, pursuant to the Rules. The buyer instigating an RFQ must determine the type and other characteristics of the Digital Registry Receipts, Order size and other relevant information that ACX may stipulate under the RFQ facility.
- C. Details of the RFQ will be made available to relevant Participants active on the ACX Platform, for a period as determined by ACX, with the instigator of an RFQ Transaction permitted to:
1. Execute fully or partially against the best priced Market quote; or
  2. Abandon the RFQ to expire with no Transaction being executed.
- D. The accounts involved in the execution of a RFQ Transaction must be:
1. Independently controlled with different beneficial ownership;
  2. Independently controlled accounts of separate legal entities with the same beneficial ownership; or
  3. Independently controlled accounts within the same legal entity, provided that the account controllers operate in separate business units.
- E. Participants and Clients shall use best endeavours to ensure that the price at which RFQ Transactions are executed is fair and reasonable in light of:
1. The size of the RFQ; and
  2. The prices and sizes of other Transactions in similar Digital Registry Receipts at the relevant time.
- F. RFQ Transactions may not be used to facilitate the transfer of funds between parties for any purpose other than as the consequence of legitimate commercial activity.
- G. All RFQ Transactions shall be Settled in the usual manner as established under Rule 505.

## **Rule 413 Powers to Restrict, Suspend or Remove Admission to Trading**

- A. Trading on ACX's Market and OTC Services may be suspended or restricted by ACX:
1. In order to maintain a fair and orderly Market;
  2. In case of a Force Majeure Event;
  3. In order for ACX to implement any upgrades or maintenance of the ACX Platform deemed necessary or desirable by ACX; or
  4. If ACX deems it to be in the best interests of ACX or its Participants.
- B. A Force Majeure Event may include the event of a fire alert, bomb scare or other alarm or such other event which in the opinion of ACX makes suspension of its facilities necessary in the interests of ACX, or its Participants, or if needed in order to maintain a fair and orderly market.





C. Following a suspension or restriction, ACX's facilities will be made available as soon as reasonably practicable following any such interruption pursuant to Rule 413J.

D. ACX will declare, via Publication, that trading on the ACX Platform has been suspended or restricted and will remain so until the situation is remedied to ACX's satisfaction.

E. ACX may suspend or restrict one or more ACX Contracts from admission to trading where such measure is necessary in the interest of ACX or its Participants, or to maintain a fair and orderly Market.

F. ACX may remove one or more ACX Contracts from admission to trading where such measure is necessary in the interests of ACX or its Participants.

G. Subject to Rule 413F, ACX will declare, via Publication, that one or more ACX Contracts has been removed from admission to trading.

H. ACX will suspend, restrict or remove one or more ACX Contracts from admission to trading if:

1. Such action is required under Applicable Laws; or
2. ACX is instructed to take such action by the FSRA.

I. Notwithstanding any other provision of the Rules, ACX shall not exercise its powers to suspend or remove from trading any ACX Contract which no longer complies with its Rules where such step would be likely to cause significant damage to the interests of Participants or the orderly functioning of the Market.

J. Following the suspension or restriction of its Market or one or more ACX Contracts, ACX will ensure the resumption of trading is in a fair and orderly manner, and therefore may apply and amend the following market phases as communicated via Publication with suitable notice:

1. Pre-Open Cancellation Phase: Allowing Order cancellation, but no entering or matching of Orders until the resumption of trading.
2. Pre-Open Entry Phase: Allowing Order entry and cancellation, but no matching of Orders until the resumption of trading.

K. Without prejudice to the rest of the Rules, ACX shall not be liable to any Participant, Client or any third party in respect of any loss, damage, costs, charges and/or expenses and/or liability of whatsoever nature and howsoever arising suffered or incurred by such Participant, Client or third party arising out of or in connection with the exercise or non-exercise by ACX of its powers under this Rule 413, or the taking of any action directed by the FSRA under this Rule.



## CHAPTER 5 SETTLEMENT, DEPOSITS, WITHDRAWALS AND RETIREMENT

### Rule 501 Participant Accounts and Client Accounts

A. As Custodian, ACC Ltd shall establish and maintain a Participant Account for each Participant and ACC Ltd undertakes to treat the Participant for whom such Participant Account is maintained as entitled to exercise the rights that comprise the Funds balance and Digital Registry Receipts which are credited to such Participant Account. However, ACC Ltd shall have complete and absolute discretion as to whether any Funds balance or Digital Registry Receipts are accepted to any Participant Account.

*B. ACC Ltd shall establish and maintain a Client Account for each Member's Clients and ACC Ltd undertakes to treat the Member for whom such Client Account is maintained as entitled to exercise the rights that comprise the Funds balance or Digital Registry Receipts which are credited to such Client Account.*

C. With respect to Registry Receipts which a Participant requests to be Deposited, such Registry Receipts shall be transferred to ACC Ltd's account with the relevant Market Registry designated by ACX and upon such transfer ACX shall indicate by book entry that such Registry Receipts have been Registered as Digital Registry Receipts and credited to the relevant Participant Account or Client Account (as the case may be).

D. ACX shall have only such duties and obligations with respect to each Participant Account and Client Account as expressly set out in this Rulebook and in the Participant Agreement, or as mandated by Applicable Law. Each Participant and each Client acknowledges and agrees that ACX is not a fiduciary for any Participant (including any Member) or Client.

### Rule 502 Prefunding

A. All Orders on the ACX Platform (aside from OTC Orders) are required to be prefunded prior to being submitted to the ACX Platform. Upon submission of an Order, ACX will conduct a review of a Participant Account or Client Account to ensure that the Participant or Client has sufficient Funds balance or Digital Registry Receipts to Settle any Transaction in connection with such Order. If a Participant Account or Client Account does not have the necessary Funds balance or Digital Registry Receipts for the Order, ACX will not accept the Order.

B. For clarity:

1. A Buy Order will only be accepted for matching if the Participant or Client placing the Buy Order has sufficient Funds balance in its Participant Account or Client Account to fund the Buy Order and the applicable Fees for the Transaction. Payment for ACX Contracts shall be effected in the Fiat Currency specified in the ACX Contract Specifications;
2. A Sell Order will only be accepted for matching if the Participant or Client placing the Sell Order has sufficient quantity of the relevant Digital Registry Receipts in its Participant Account or Client Account to fulfil the Sell Order; and



3. ACX does not permit short selling or margin trading on the ACX Platform.

### **Rule 503 Deposit Procedures**

A. To prefund a Participant Account or Client Account, as required under Rule 502, a Participant must submit a Deposit Notification through the ACX Portal before the Participant may Deposit Funds or any Registry Receipts with ACC Ltd. A Participant must Deposit Funds or Registry Receipts within one Business Day of the Participant submitting a Deposit Notification.

B. A Participant that intends to deposit Registry Receipts must include in its Deposit Notification, the following information:

1. The relevant environmental project and identification number;
2. The Market Registry where the Registry Receipts are registered; and
3. The Vintage Year.

C. A Participant shall not submit a Deposit Notification unless, and each Participant submitting a Deposit Notification represents and warrants that, it (or, as applicable, its Client) holds the full legal and beneficial title in each Registry Receipt it proposes to Deposit with ACC Ltd as Custodian, and that such Registry Receipts are not subject to any claim by any other party or subject to any encumbrances whatsoever.

D. ACX will review the Registry Receipts details and, if accepted, assign an ACX Contract according to ACX Contract Specifications. If the Registry Receipts are not accepted, ACX will engage with the Participant to outline why.

E. In normal circumstances, Deposits occur, and Funds and Registry Receipts are available for use with respect to Trading, Settlement and OTC Privileges, no later than the next Business Day after a Participant submits a Deposit Notification and Deposits Funds or Registry Receipts with ACC Ltd in accordance with Rule 503A.

F. If the availability of the facilities of a Market Registry or Settlement Bank restrict ACX from facilitating a Deposit within the normal timeframe, ACX will facilitate the Deposit on a best endeavours basis.

G. Participants are responsible for all transfers of Funds from their (or in the case of Members, their Client's) Registered Bank Account, and all transfers of Registry Receipts from their (or in the case of Members, their Client's) Registry Account, to ACC Ltd.

H. In the event a Participant Deposits Funds or Registry Receipts to ACC Ltd without submitting a Deposit Notification, the Participant agrees:

1. To cooperate with ACX to resolve any issues that may arise; and
2. That ACX will send the Funds or Registry Receipts back to the account from which they were transferred within two (2) Business Days if there has been no resolution.

I. A Participant must only Deposit Funds to ACC Ltd from its (or in the case of Members, their Client's) Registered Bank Account. In the event a Participant Deposits Funds to ACC Ltd from an account other than



its (or in the case of Members, its Client's) Registered Bank Account, the Participant agrees that, pursuant to the Applicable Law, ACC Ltd will be entitled to send the Funds back to the account from which they were transferred as soon as practicable and no later than two (2) Business Days after ACC Ltd's receipt of the Funds.

### **Rule 504 Registering**

- A. ACX Contracts are Transacted on the ACX Platform via smart contracts on the ACX Blockchain.
- B. Upon Depositing of Registry Receipts, ACX will Register corresponding Digital Registry Receipts that are credited to the Participant Account or Client Account that may be Transacted via ACX Contracts.
- C. Participants will receive a confirmation through the ACX Platform that their Digital Registry Receipts have been Registered and their balance of Digital Registry Receipts will also be reflected in their account records on the ACX Platform.
- D. A record of the Registering of Digital Registry Receipts will be publicly available on the ACX Blockchain.

### **Rule 505 Settlement Procedures**

- A. The Settlement of Transactions on the ACX Platform is conducted via smart contracts on the ACX Blockchain.
- B. Upon the matching of a buy Order and sell Order and the validation of the Transaction on the ACX Blockchain, the following actions take place instantaneously and simultaneously for Settlement purposes:
  - 1. In respect of a Participant or Client who had placed the buy Order, the applicable Funds balance and Fees are debited from, and the applicable quantity of the relevant Digital Registry Receipt is credited to, its Participant Account or Client Account;
  - 2. In respect of a Participant or Client who had placed the sell Order, the applicable quantity of the relevant Digital Registry Receipt is debited, and the applicable Funds balance, less applicable Fees, are credited to, its Participant Account or Client Account; and
  - 3. The Transaction is recorded on the ACX Blockchain.
- C. Participants or Clients who are party to a Transaction will receive a confirmation via their Registered Email and the ACX Platform (or such other mode as ACX may prescribe from time to time) which shall be sufficient evidence of the completed Transaction. Transactions will also be reflected in the Participant's or Client's updated account records on the ACX Platform and Transaction history on the ACX Blockchain ledger.
- D. Account balances of Participants following the execution of any Transaction will be adjusted to reflect their participation in the Transaction.
- E. In the event of Settlement failure, wherein Settlement is prevented by technical or system failure and/or error on the ACX Platform or on the ACX Blockchain, ACX shall resolve the Settlement failure or error as soon as practicable.



F. ACX shall notify Participants of the failure or error via a Participant Notice (or such other mode as ACX may determine from time to time) as soon as practicable.

G. Upon resolution of the Settlement failure, ACX shall notify the relevant Participants of the resolution of the problem.

### **Rule 506 Funds and Registry Receipts Withdrawal Procedures**

A. Only an Authorised Representative may submit a Withdrawal Notification through the ACX Portal before ACC Ltd transfers Funds or Registry Receipts to a Participant or Client upon receipt of a Withdrawal Notification. ACX does not permit Funds or Registry Receipts in the amount listed in a Withdrawal Notification to be used for trading on its Market.

B. ACC Ltd will only effect transfers of Funds to the Registered Bank Account that a Participant or Client has registered with ACX.

C. Withdrawals are processed no later than the next Business Day after a Participant has submitted a Withdrawal Notification.

D. If the availability of ACX's facilities, or the facilities of a Market Registry or Settlement Bank, restrict ACX from facilitating a Withdrawal within the normal timeframe, ACX will facilitate the Withdrawal on a best endeavours basis.

E. If a Participant fails to adhere to this Rule 506, ACX will take reasonable measures to effect the Withdrawal but will not be liable for any loss or damages from any delay which occurs.

F. Upon the transfer of a Registry Receipt to a Participant or Client, ACX will Deregister the Digital Registry Receipt.

### **Rule 507 Retirement and Deregistering**

A. Participants may Retire Registry Receipts and have the corresponding Digital Registry Receipts permanently Deregistered.

B. A Participant must submit a Retirement Notification through the ACX Portal before the Participant may Retire Registry Receipts.

C. Retirements occur no later than five (5) Business Days after a Participant submits a Retirement Notification. Participants will receive a confirmation to their Registered Email that their Digital Registry Receipts have been Deregistered and their updated Digital Registry Receipt balance will also be reflected in their account records on the ACX Platform.

D. If the availability of the facilities of a Market Registry restricts ACX from facilitating a Retirement within the normal timeframe, ACX will facilitate the Retirement on a best endeavours basis.



E. A record of the Deregistering of the Digital Registry Receipts will be publicly available on the ACX Blockchain and (subject to changes in the practices of the relevant Market Registry) at the Market Registry.

### **Rule 508 Powers to Restrict, Suspend or Cease Settlement**

A. Trading and Settlement on ACX's facilities and OTC Services may be suspended by ACX if Settlement or Custody services are unavailable or restricted, in case of a Force Majeure Event or if ACX deems it to be in the best interests of ACX or its Participants.

B. The powers and procedures to restrict, suspend or cease Trading and Settlement upon such events are established in Rule 413.

## **CHAPTER 6 CONDUCT OF BUSINESS AND TRADING PRACTICES**

### **Rule 601 Scope**

This Chapter 6 applies to all Transactions and Participants and, where applicable, Authorised Users and Clients.

### **Rule 602 Procedures**

A. With respect to trading on the ACX Platform, ACX may adopt procedures relating to Transactions, including, without limitation, procedures to:

1. Determine the Daily Reference Price of an ACX Contract;
2. Disseminate the prices of buy and sell Orders on, and Transactions in, ACX Contracts;
3. Record and account for ACX Contracts and Order and Transaction activity on the ACX Platform;
4. Establish limits on the number and/or size of Orders that may be submitted by a Participant on the ACX Platform;
5. Establish limits on the ACX Contracts that may be Transacted by a Participant; and
6. Establish a limit on the price fluctuations for any ACX Contract and provide for any related restriction or suspension of trading in the ACX Contract.

B. ACX may, in its discretion and at any time, publish and amend any procedures adopted pursuant to Rule 602A via Publication.

### **Rule 603 Prohibited Trading Activity**

No Person shall engage in any of the following activities in connection with or related to any ACX Platform activity:

1. Market Abuse;
2. Trading ahead of a Client or front-running;
3. Any fraudulent act or scheme to defraud, deceive, trick or mislead;
4. Trading against a Client Order or entering into a cross-trade, except as permitted by Rule 610;



5. Fictitious Transactions;
6. Pre-arranged or non-competitive Transactions (except for Block Trades authorised under the Rules);
7. Cornering, or attempted cornering, of any ACX Contract;
8. Spoofing;
9. Any manipulation whether attempted or completed;
10. Demonstrating intentional or reckless disregard for the orderly execution of Transactions;
11. Making fictitious or trifling buy or sell Orders, offering to enter into an ACX Contract at a price variation less than the minimum price fluctuation permitted for such ACX Contract under the Rules, or knowingly making any buy or sell orders for the purpose of making a Market price that does not reflect the true state of the Market; or
12. Other conduct that constitutes a disruptive trading practice.

### **Rule 604 Prohibition on Money Passing, Pre-Arranged and Non-Competitive Transactions**

- A. No Person may enter Orders for the purpose of entering into Transactions without a net change in either Transaction party's Funds balance or Digital Registry Receipts but a resulting profit to one party and a loss to the other party, commonly known as a "money pass".
- B. No Person shall pre-arrange or pre-negotiate any purchase or sale or non-competitively execute any Transaction, except to effect a Block Trade authorised under the Rules.

### **Rule 605 Acts Detrimental to the Welfare or Reputation of ACX Prohibited**

No Participant, Authorised Representative, Authorised User or other Person shall engage in any ACX Platform activity that may impair the welfare, reputation, integrity or good name of ACX and/or the ACX Platform.

### **Rule 606 Misuse of the ACX Platform**

Misuse of the ACX Platform is strictly prohibited. It shall be deemed an act detrimental to ACX to permit unauthorised use of the ACX Platform, to assist any Person in obtaining unauthorised access to the ACX Platform, to Transact on the ACX Platform without an agreement, to interfere with the operation of the ACX Platform, to intercept or interfere with information provided thereby, or in any way to use the ACX Platform in a manner contrary to the Rules.

### **Rule 607 Supervision and Information Sharing**

- A. A Participant shall be responsible for establishing, maintaining and administering reasonable supervisory procedures to ensure that its Authorised Users comply with the Rules and Applicable Law, and such Participant is accountable for the actions of its Authorised Users with respect to ACX.
- B. Participants and Authorised Users shall cooperate fully with ACX, the FSRA and any other Regulatory Agency in any investigation, call for information, inquiry, audit, examination or proceeding.



C. Participants and Authorised Users shall ensure that any information disclosed to ACX is accurate, complete and consistent. No existing or prospective Participant or Authorised User shall make any false statements or misrepresentations in any application, report or other communication to ACX.

### **Rule 608 Business Conduct**

Conducting trading activities in an honourable and principled manner consistent with the Rules is the essence of ethical conduct with respect to ACX. Participants, Authorised Users and other Persons subject to the Rules shall act with ethical integrity with regard to their ACX Platform activity, and shall adhere to the following ethical standards:

1. A Participant, Authorised User and any other Person subject to the Rules shall abstain from engaging in conduct that is a violation of the Rules or Applicable Law, and will conduct its business in accordance with Applicable Law, and in good faith, with a commitment to honest dealing.
2. No Participant, Authorised User or other Person subject to the Rules shall engage in any fraudulent act or engage in any scheme to defraud, deceive, trick or mislead in connection with or related to any ACX Platform activity.
3. No Participant, Authorised User or other Person subject to the Rules shall knowingly enter, or cause to be submitted, buy or sell Orders on the ACX Platform other than in good faith for the purpose of executing bona fide Transactions.

### **Rule 609 Trading Practices**

A. No Participant, Authorised User or other Person subject to the Rules shall knowingly effect or induce the purchase or sale of any ACX Contract for the purpose of creating or inducing a false, misleading, or artificial appearance of activity in such ACX Contract, or for the purpose of unduly or improperly influencing the Market price of such ACX Contract or for the purpose of making a price which does not reflect the true state of the Market in such ACX Contract. No such Participant, Authorised User or other Person shall arrange and execute simultaneous offsetting buy and sell Orders in an ACX Contract with the intent to artificially affect reported revenues, trading volumes or prices.

B. No Participant, Authorised User or other Person subject to the Rules shall attempt to manipulate, or manipulate the Market in, any ACX Contract or Digital Registry Receipts. No such Participant, Authorised User or other Person shall directly or indirectly participate in or have any interest in the profit of a manipulative operation or knowingly manage or finance a manipulative operation. This includes any pool, syndicate, or joint account, whether in corporate form or otherwise, organised or used intentionally for the purposes of unfairly influencing the Market price of any ACX Contract.

C. Orders submitted on the ACX Platform for the purpose of upsetting the equilibrium of the Market in any ACX Contract or creating a condition in which prices do not or will not reflect fair market values are prohibited, and any Person who makes or assists in entering any such Order with knowledge of the purpose





thereof or who, with such knowledge, in any way assists in carrying out any plan or scheme for the entering of any such Order, will be deemed to have engaged in an act detrimental to ACX.

D. No Participant, Authorised User or other Person subject to the Rules shall engage in any trading, practice, or conduct that constitutes a disruptive or a manipulative trading practice, as defined by the FSRA Regulations.

E. No Participant, Authorised User or other Person subject to the Rules shall make any knowing misstatement of a material fact to ACX, any ACX Representative, the Board or any Board committee.

F. No Participant, Authorised User or other Person subject to the Rules shall knowingly disseminate false or misleading reports regarding Transactions, ACX or any ACX Contract.

G. Abusive trading practices are prohibited on the ACX Platform. No Participant, Authorised User or other Person subject to the Rules shall place or accept buy and sell Orders when they know or reasonably should know that the purpose of the Orders is to avoid taking a bona fide market position exposed to market risk (Transactions commonly known or referred to as “wash sales”). Buy and sell Orders that are submitted with the intent to negate market risk or price competition shall be deemed to violate the prohibition on wash sales. Additionally, no Participant, Authorised User or other Person subject to the Rules shall knowingly execute or accommodate the execution of such Orders by direct or indirect means.

H. No Participant, Authorised User or other Person subject to the Rules shall disclose an Order to buy or sell, except to an ACX Representative or official of the FSRA or as necessary to efficiently execute the Order, nor shall any such Participant, Authorised User or other Person solicit or induce another Person to disclose Order information. No Participant, Authorised User or other Person shall take action or direct another to take action based on non-public Order information, however acquired, except as permitted by Rule 604B.

I. A Participant engaging in Algorithmic Trading must:

1. Carry out appropriate testing of algorithms to ensure that Algorithmic Trading cannot create or contribute to disorderly trading conditions on the Market;
2. Undertake non-functional and functional conformance testing established by ACX, prior to the deployment of or a substantial update to its algorithms used in respect of the ACX Platform, in order to verify whether the algorithm complies with the conditions set by ACX from time to time; and
3. Ensure that any Authorised User responsible for overseeing an algorithm has appropriate systems and controls and is properly supervised by the Participant.

## **Rule 610 Client Order Priority**

*A. No Participant, Authorised User or other Person subject to the Rules shall knowingly enter an Order on the ACX Platform for its own Participant Account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority, including, without limitation, an Order allowing discretion as to time and price, when such Person is in possession of a Client Order that can be but has not been submitted on the Platform.*



B. For purposes of this Rule 610, a Person shall not be deemed to knowingly buy or sell an ACX Contract or execute a discretionary order if:

1. Such Person is a legal person consisting of more than one Authorised User;
2. Such Person has in place appropriate separation of function policies and procedures; and
3. The Person or Authorised User buying or selling the ACX Contract or executing the Order in question has no direct knowledge of the Client Order for the same ACX Contract, as the case may be.

### **Rule 611 Acting in Clients' Best Interest**

A. A Member must act in the best interest of its Clients and must maintain appropriate systems and controls to protect the interests of its Clients from the interests of the Member or another Client or Participant.

B. A Member must not take advantage of a Client's Order for its own benefit, the benefit of another Client or Participant, whether by trading ahead of the Client's Order or otherwise.

C. No Member in possession of a Client Order shall knowingly take, directly or indirectly, the opposite side of such Order for its own account, an account in which it has a direct or indirect financial interest, or an account over which it has discretionary trading authority.

### **Rule 612 Prohibition on Withholding of Client Orders**

No Member shall withhold or withdraw from the market any Client Order, or any part of an Order, for the benefit of any Person other than the Client.

### **Rule 613 Execution Priority**

A. Client Orders must be submitted on the ACX Platform immediately upon receipt. A Member that receives a Client Order that is unable to be immediately submitted on the Platform must create a non-erasable record of the Order, including the Order instructions, account designation, date, time of receipt and any other information that may be required by ACX.

B. Client Orders received by a Member shall be submitted on the ACX Platform in the sequence received. Client Orders that cannot be immediately submitted on the ACX Platform must be submitted when the Orders become executable in the sequence in which the Orders were received.

### **Rule 614 Crossing Orders**

A Member who receives independently initiated Orders on opposite sides of the market for different Clients that are immediately executable against each other must submit such Order without delay.

### **Rule 615 Member Compliance**

Each Member shall have a compliance program commensurate with the size and scope of its trading activities on the ACX Platform designed to ensure appropriate, timely and ongoing review of trading practices and compliance with the



Rules. Each Member shall act in accordance with these practices for compliance and monitoring with regard to its activity:

1. Provide appropriate training of personnel on the provisions of the Rules;
2. Maintain internal policies and procedures to promote compliance with the Rules;
3. Promptly disclose to ACX the details of any violations of the Rules involving a Participant's activities on ACX, including its own activities or those of another Participant, and a Participant shall promptly disclose to ACX the details of any disciplinary sanctions, fines or other related determinations made by a Regulatory Agency or another market on which such Participant trades;
4. Provide an environment that encourages employees to engage in safe and confidential discussions and to disclose to senior management any trading practices that might violate the Rules;
5. Require any consultant, contractor and subcontractor to disclose all conflicts of interest. Ensure that consultants, contractors or subcontractors do not cause any disclosure of information in violation of the Rules, and that confidentiality agreements are in effect where appropriate; and
6. Establish clear lines of accountability for trading practices, including provisions relating to the responsibilities of corporate officers, with appropriate oversight by the board of directors or other senior corporate management committee.

## **CHAPTER 7 DISCIPLINE AND ENFORCEMENT**

### **Rule 701 Market Monitoring**

A. ACX shall record and store a record of all data entered into the ACX Platform, including the Participant's, Client's and Authorised User's identity, information on Transactions and any other information required and in accordance with ACX's policies and FSRA requirements.

B. ACX shall conduct market surveillance and transaction monitoring surveillance by monitoring and reviewing Orders and Transactions on the ACX Platform using programs designed to alert ACX of potentially unusual or abusive trading activity.

C. All Persons subject to the Rules are subject to this Chapter 7 if they are alleged to have violated, to have aided and abetted a violation, to be violating, or to be about to violate, any Rule or any provision of Applicable Law for which ACX possesses disciplinary jurisdiction.

### **Rule 702 Investigations**

A. ACX, through the Compliance Department, shall initiate a review of unusual or abusive trading activity and, where appropriate, investigate such activity. The Compliance Department will also conduct investigations when Compliance Department staff at any time have reason to believe that inappropriate activity of any sort is taking place on the ACX Platform.

B. The Compliance Department may conduct an investigation upon:



1. A request from a Board committee or a committee of ACX;
2. Having reason to suspect that any Rule violation or violation of any Applicable Law relating to the regulation of the Exchange and licenced entities has been, or may have been, committed;
3. A request from the FSRA;
4. The detection of a possible violation of the Rules by the surveillance systems or under compliance monitoring processes of ACX;
5. Any allegation or complaint against a Participant, or its Authorised Representatives or Authorised Users, of any violation;
6. Any dispute involving Participants or Clients in connection with ACX, the ACX Platform and/or the Rules;
7. Any reports of possible irregularity or trading abuse detected by the audit and surveillance system of ACX or any reports of possible rules violation from any ongoing supervision and/or onsite inspection; or
8. Any matter which, in the opinion of ACX, may affect fair, orderly and transparent trading.

C. If ACX determines that, or is in the course of an investigation to determine whether, a Participant has contravened, or attempted to circumvent, the Rules in relation to Market Abuse, ACX will refer the suspected breach to the FSRA for investigation and possible action subject to the FSRA Regulations.

D. In the course of conducting an investigation on a Person that is related directly or indirectly to ACX or its Controllers, the Compliance Department shall be required to receive a non-objection from the FSRA for the use of all or any of its powers under the Rules.

E. Subject to Rule 703, any decision or action taken by ACX under this Rule 702 is conclusive and binding on the Person to or against whom the decision or action is taken or directed.

### **Rule 703 Appeals**

A. If a Participant is aggrieved by a decision made by ACX under the Rules, such Participant may appeal that decision to the Appeals Committee in accordance with the Appeals Procedure. If no such appeal is made in accordance with the Appeals Procedure, the decision of ACX will be final, unless and until otherwise determined by ACX.

B. The aggrieved Participant may initiate an appeal by submitting a notice of appeal to ACX within fifteen (15) Business Days following the date stated on the relevant notice of the decision from ACX. The notice of appeal shall be in the form prescribed by ACX and shall set out the grounds of appeal.

C. A notice of appeal must set out:

1. The decision that the appellant is appealing; and
2. The principal facts and arguments relied upon by the appellant to support the appellant's appeal.

D. ACX shall forward all notices of appeal that it receives to the Appeals Committee.



E. Upon receipt of the notice of appeal forwarded by ACX, the Appeals Committee must first consider whether the notice of appeal complies with the Appeals Procedure.

F. If the Appeals Committee is not satisfied that a notice of appeal complies with the Appeals Procedure, the Appeals Committee may return the notice of appeal to the appellant with brief reasons setting out why the notice of appeal did not comply with the Appeals Procedure. If a revised notice of appeal that complies with the Appeals Procedure is not received within twenty (20) Business Days of the return of a notice of appeal, then the initial decision of ACX which is the subject matter of the appeal is final.

G. If the Appeals Committee is satisfied that a notice of appeal complies with the Appeals Procedure, the Appeals Committee must request a reply to the notice of appeal from ACX. For the avoidance of doubt, ACX is not required to submit a reply to the notice of appeal.

H. After receipt of the notice of appeal, the Appeals Committee may:

1. Request further information, documentation or other evidence, from the appellant or ACX as it considers necessary or relevant to the appeal; and/or
2. Require the appellant and ACX to attend a hearing before the Appeals Committee.

I. For the avoidance of doubt, the rules as to the admissibility of evidence in a court of law will not apply to an appeal under this Rule 703.

J. The Appeals Committee must notify the appellant and ACX of its decision. In making its decision, the Appeals Committee may confirm, vary or repeal ACX's decision that is the subject of the appeal.

K. The Appeals Committee may, after having made a decision, make any order regarding costs arising from an appeal as it considers necessary.

L. Any decision or order made by the Appeals Committee shall be final and binding on ACX and the appellant.

M. The Appeals Committee shall be appointed by ACX and shall comprise at least three members with appropriate experience as determined by ACX.

N. The Appeals Committee has the power to allocate costs between any appellant and ACX for any appeal as it sees fit in accordance with this Rule 703.

## **Rule 704 Suspension and Termination**

A. ACX may suspend in whole or in part a Participant's access to ACX's facilities, for a period to be determined by ACX upon the occurrence of any of the following events:

1. The Participant fails to pay any Fees, levies or charges as contemplated under the Rules;
2. The Participant's Application contains material errors or omissions or is misleading in a material aspect;
3. The Participant fails to satisfy ACX that it meets any material obligations under the Rules or required by ACX, including financial requirements, licensing or risk management or other material obligations;
4. The violation of any Rule, Regulatory Notice or any Applicable Law by the Participant or any of its Authorised Users;



5. Failure by the Participant to meet any minimum capital and financial requirements imposed by ACX;
6. Cessation, suspension or termination of the Participant's membership with ACX or with any other exchange (if applicable);
7. Non-satisfaction by the Participant of any judgment or court order of any court in or outside AGDM;
8. The Participant or any of its Authorised Users is convicted of any offence involving fraud, dishonesty or financial impropriety;
9. Any disciplinary proceedings under the Rules are pending with respect to the Participant; or
10. Where, in the opinion of ACX, it is necessary or desirable to protect the financial integrity, reputation or interest of ACX and/or the ACX Platform and/or to promote a fair, orderly and transparent Market.

B. ACX shall, at its absolute discretion, take any action or measure, or impose any terms or conditions, in relation to such suspension. Suspension may be revoked at the end of the period of suspension, after ACX is satisfied that the violation which was the reason for the suspension has been remedied. Where the violation has not been remedied, the suspension may be further extended or the Participant's access terminated, as may be decided by ACX in its sole and absolute discretion.

C. ACX may terminate a Participant's Trading Privileges, Settlement Privileges and OTC Privileges upon the occurrence of any one or more of the following events:

1. The Participant becoming adjudged bankrupt or insolvent;
2. The Participant filing a voluntary petition in bankruptcy;
3. The Participant making an assignment for the benefit of its creditors;
4. The Participant consenting to the appointment of a receiver, judicial manager, administrator or other similar official over all or any substantial part of its property;
5. The Participant admits in writing its inability to pay or meet its debts as they mature or suspends payment thereof;
6. Any resolution of the Participant is passed, or an order made, for the winding up or dissolution of the Participant;
7. Upon a receiver, judicial manager, administrator or other similar official of the Participant being appointed;
8. Upon any order of any court being entered approving any petition filed by or against it under the provisions of any applicable bankruptcy or insolvency law; or
9. Upon any public officer taking charge or control of the Participant or its property or affairs for the purpose of rehabilitation, conservation or liquidation.

D. Notwithstanding anything in Rules 704A, 704B and 704C above, ACX shall have the power to terminate any Participant's Trading Privileges, Settlement Privileges and OTC Privileges with or without notice upon the occurrence of any of the following circumstances in relation to the Participant:

- I. Any of the events described in Rule 704A above;



2. A Participant's licence with respect to the Participant's engagement in any regulated activity is revoked by the relevant Regulatory Agency; or

3. A Participant is suspended and ACX, in its absolute discretion, determines (1) that a Participant has not remedied to the satisfaction of ACX the matters giving rise to the suspension, within such period as specified by ACX, or (2) that such matter is not capable of remedy.

E. Upon suspension or termination, as the case may be, the Participant may appeal the decision subject to Rule 703.

F. ACX is hereby held harmless and limited in liability always by any Participant in relation to a suspension or termination (or a final review thereof).

G. ACX may issue a Participant Notice following any suspension or termination of a Participant specifying the name of the Participant affected.

## **Rule 705 Effect of Suspension or Termination**

A. A suspension or termination of Trading Privileges, Settlement Privileges and/or OTC Privileges of a Participant does not in any way affect the liabilities of the Participant to ACX or other Participants and all such liabilities shall subsist until satisfied or discharged.

B. In the event ACX suspends or terminates a Participant's Trading Privileges, Settlement Privileges and/or OTC Privileges, ACX shall void, nullify or cancel the Participant's Orders and the Participant will not be permitted to submit new Orders.

C. In the event ACX suspends or terminates the Trading Privileges, Settlement Privileges and/or OTC Privileges of a Participant who is a Member, ACX shall void, nullify or cancel the Orders of the Member's Clients and such Clients will not be permitted to submit new Orders.

D. In the event ACX suspends or terminates a Participant's Trading Privileges, Settlement Privileges and/or OTC Privileges, ACX may direct the affected Participant to transfer or sell its Digital Registry Receipts, seek the services of a Member to sell its Digital Registry Receipts, or take such other steps that ACX deems fit for the protection of Participants or the maintenance of a fair, orderly and transparent Market. The affected Participant shall cooperate fully with ACX with respect to such directions.

E. In the event of a termination, the Participant who has been terminated is deemed to have its Trading Privileges, Settlement Privileges and OTC Privileges revoked immediately, and in the case of a Member, is deemed to have its permission to provide services to Clients revoked immediately.

## **CHAPTER 8 ARBITRATION**

### **Rule 801 Disputes**

A. Subject to Rule 703, the Participants hereby agree to attempt to settle any Dispute through good faith negotiations.



B. All Disputes which have not been settled through good faith negotiations between the relevant parties within thirty (30) days from the occurrence of the Dispute shall be referred to and finally resolved by arbitration.

C. For the purposes of arbitration under Rule 801A:

1. The number of arbitrators shall be one and the language to be used in the arbitral proceedings shall be English.
2. The arbitration shall be conducted under the Rules of Arbitration of the International Chamber of Commerce, which are accordingly incorporated by reference into this Rule.
3. The seat (the legal place) of the arbitration shall be the Abu Dhabi Global Market and the Arbitration Regulations of the Abu Dhabi Global Market in force at the date of the reference to arbitration shall apply.

D. The fact of a Participant being suspended or terminated shall not affect the requirement for such Participant to arbitrate any Dispute.

## CHAPTER 9 MISCELLANEOUS

### Rule 901 Prohibition on Trading by ACX Personnel

- A. ACX Representatives may not Transact, directly or indirectly, any ACX Contract or Digital Registry Receipt.
- B. ACX Representatives may not Transact, directly or indirectly, any ACX Contract or Digital Registry Receipt where such ACX Representative has access to material, non-public information concerning such ACX Contract.
- C. ACX may grant exemptions in accordance with the provisions of this Rule 901 to ACX Representatives on a case-by-case basis under the discretion of the Compliance Department.
- D. ACX Representatives are prohibited from disclosing material, non-public information obtained as a result of their employment, agency relationship or engagement with ACX for any purpose inconsistent with such Person's duties or responsibilities as an employee, agent, independent contractor, or Director.

### Rule 902 Property Rights

- A. Each Participant on behalf of itself and each of its Affiliates, Authorised Users and other Persons affiliated with any of the foregoing, hereby acknowledges and agrees that ACX (or its licensor(s), as applicable) owns and shall retain all right, title and interest in and to the ACX Platform, all components thereof, including, without limitation, all related applications, all application programming interfaces, user interface designs, software and source code and any and all intellectual property rights therein, including, without limitation, all registered or unregistered, as applicable, (a) copyright, (b) trademark, (c) service mark, (d) trade secret, (e) trade name, (f) data or database rights, (g) design rights, (h) moral rights, (i) inventions, whether or not capable of protection by patent or registration, (j) rights in commercial information or technical information, including know-how, research and development data and manufacturing methods, (k) patent, and (l) other intellectual property and ownership rights, including applications for the grant of any of the same, in or to the ACX





Platform and all other related proprietary rights of ACX and/or any of its Affiliates (together with any and all enhancements, corrections, bug fixes, updates and other modifications to any of the foregoing and any and all data or information of any kind, other than Proprietary Data and Personal Information, transmitted by means of any of the foregoing, including, without limitation, Market Data, the “Proprietary Information”). Each Participant on behalf of itself and each of its Affiliates, Authorised Users and other Persons affiliated with any of the foregoing, further acknowledges and agrees that the Proprietary Information is the exclusive, valuable and confidential property of ACX (or its licensor(s), as applicable). Each Participant acknowledges and agrees that it shall not and shall not permit its Affiliates, Authorised Users and other Persons affiliated with any of the foregoing to reverse engineer, copy, bug fix, correct, update, transfer, reproduce, republish, broadcast, create derivative works based on or otherwise modify, in any manner, all or any part of the ACX Platform or the Proprietary Information. Each Participant further agrees to and to cause each of its Affiliates, Authorised Users and other Persons affiliated with any of the foregoing to keep the Proprietary Information confidential and not to transfer, rent, lease, copy, loan, sell or distribute, directly or indirectly, all or any portion of the ACX Platform or any Proprietary Information.

B. Subject to the provisions of this Rule 902, each Participant on behalf of itself and each of its Affiliates, Authorised Users, and other Persons affiliated with any of the foregoing hereby acknowledges and agrees that ACX (or its licensor(s), as applicable) is the owner of all rights, title and interest in and to all intellectual property and other proprietary rights (including all copyright, patent, trademark or trade secret rights) in all market and transaction data generated and/or recorded in connection with the ACX Platform (“Market Data”), and all derivative works based thereon, and further agrees not to distribute, create derivative works based on, or otherwise use or commercially exploit Market Data and any such derivative works, provided that Participants and Authorised Users may use Market Data for their own internal business purposes. Without limiting the generality of the foregoing, Participants, Affiliates, Authorised Users, and other Persons affiliated with any of the foregoing may not distribute, sell or retransmit Market Data to any third party.

C. Notwithstanding any other provision of this Rule 902, each Participant and Authorised User retains such rights as it may enjoy under Applicable Law with respect to Market Data solely in the form such Market Data was submitted to ACX by such Participant or Authorised User.

D. Transaction or Order data shall not be disclosed publicly by ACX other than on an aggregated or anonymous basis, or in a manner that does not directly or indirectly identify any market participant who has submitted such data.

E. ACX shall not condition access to its facilities upon a Participant’s consent to the use of Proprietary Data and Personal Information for marketing purposes. Proprietary Data and Personal Information may not be used by ACX for marketing purposes unless the market participant has clearly consented to the use of Proprietary Data and Personal Information in such manner. Nothing in this Rule 902 shall preclude ACX from disclosing Proprietary Data and Personal Information: (1) as required by Applicable Law or legal process; (2) as ACX may deem necessary or appropriate in connection with any litigation affecting ACX; (3) to any ACX Representative



authorised to receive such information within the scope of his or her duties; (4) to a third party performing regulatory or operational services for ACX, provided that such party has executed a confidentiality and non-disclosure agreement in a form approved by ACX; (5) to a duly authorized representative of the FSRA lawfully requesting Proprietary Data and Personal Information; (6) in a manner in which a market participant consents to such disclosure; (7) pursuant to the terms of any information-sharing agreement; or (8) as permitted by FSRA Regulations.

F. Participants may be required to provide to ACX and/or upload to the ACX Platform photographs, data or other information relating to environmental projects (“Project Information”) in connection with the Deposit of their Registry Receipts. Each Participant warrants that its provision and/or uploading of the Project Information and its grant of the license under this clause is not in breach of any intellectual property rights. Each Participant hereby grants a non-exclusive, perpetual, sub-licensable, royalty-free license to use, reproduce, distribute, display and prepare derivative works from the Project Information:

1. To ACX, for the purpose of ACX’s performance of its obligations under this Rulebook and/or its operation of the Platform; and
2. To each Participant or Client who Retires Registry Receipts generated from the environmental project to which the Project Information relates, for marketing and/or public relations purposes.

### **Rule 903 Signatures**

Rather than rely on an original signature, ACX may elect to rely on a signature that is transmitted, recorded or stored by any electronic, optical, or similar means (including but not limited to telecopy, imaging, photocopying, electronic mail, electronic data interchange, telegram, or telex) as if it were (and the signature shall be considered and have the same effect as) a valid and binding original.

### **Rule 904 Legal Proceedings**

A. Any action, suit or proceeding against ACX or an ACX Representative in connection with the ACX Platform and/or the Rules must be brought within one year from the time that a cause of action has accrued and in accordance with Rule 801. Failure to institute such action, suit or proceeding within such time period shall be deemed to be a waiver of the relevant claim and the claim shall be of no further force or effect.

B. In the event that a Participant or Authorised User or an Affiliate of such Person who fails to prevail in a lawsuit or other legal proceeding instituted by such Participant, Authorised User or Affiliate against (i) ACX, (ii) any ACX Representative, or (iii) any Affiliate of ACX or any of its respective officers, directors, equity holders, employees, agents, representatives, or any member of any committee (each a “Relevant ACX Person”), and related to the business of ACX, such Participant, Authorised User or Affiliate shall pay to the Relevant ACX Person all reasonable costs and expenses, including attorneys’ fees, incurred by the Relevant ACX Person in the defence of such lawsuit or legal proceeding. This Rule 904B shall not apply to ACX Disciplinary Actions, appeals thereof, or an instance in which the Board has granted a waiver of the provisions hereof.



## Rule 905 Limitations of Liability

A. Except as otherwise set forth in the Rules, or due to ACX obligations arising from FSRA Regulations, or otherwise under Applicable Law, neither ACX nor any ACX Representatives shall be liable to any Person, or any partner, director, officer, agent, employee, Authorised User or Authorised Representative thereof, for any loss, damage, injury, delay, cost, expense, or other liability or claim, whether in contract, tort or restitution, or under any other cause of action, suffered by or made against them as a result of their use of some or all of the ACX Platform, except to the extent directly caused by the gross negligence or fraud of ACX, and by making use of the ACX Platform, such Persons expressly agree to accept all liability arising from their use of the same.

B. Without prejudice to Rule 905A, except as otherwise set forth in the Rules, or due to ACX obligations arising from FSRA Regulations, or otherwise under Applicable Law, neither ACX nor any ACX Representatives shall be liable to any Person, or any partner, director, officer, agent, employee, Authorised User or Authorised Representative thereof, for any loss, damage, injury, delay, cost, expense, or other liability or claim, whether in contract, tort or restitution, or under any other cause of action, suffered by or made against them, arising from (a) any failure or non-availability of the ACX Platform; (b) any act or omission on the part of ACX or ACX Representatives including without limitation a decision of ACX to suspend, halt, or terminate trading or to void, nullify or cancel Orders or Transactions in whole or in part; (c) any errors or inaccuracies in information provided by ACX, ACX Representatives or the ACX Platform; (d) unauthorised access to or unauthorised use of the ACX Platform by any Person; (e) any Force Majeure Event, including, but not limited to, the unavailability of the ACX Blockchain as reasonably determined by ACX, affecting ACX or an ACX Contract; (f) any loss to any Participant resulting from a Participant's own security or the integrity of a Participant's technology or technology systems; (g) any delay in Settlement; or (h) any decision to cancel a Transaction or adjust the price of a Transaction, except to the extent directly caused by the gross negligence or fraud of ACX. This limitation of liability will apply regardless of whether or not ACX, or any ACX Representative, was advised of or otherwise might have anticipated the possibility of such damages.

C. A Person's use of the ACX Platform and any other information and materials provided by ACX is at the Person's own risk, and the ACX Platform and any other information and materials provided by ACX hereunder are provided on an "as is" and "as available" basis, without warranties or representations of any kind, express or implied, by statute, common law or otherwise, including all implied warranties of merchantability, fitness for a particular purpose and non-infringement, and any warranties arising from a course of dealing, usage or trade practice. ACX does not guarantee that (a) the ACX Platform will operate in an error-free, secure or uninterrupted manner; (b) any information or materials provided by ACX or accessible through the ACX Platform will be accurate, complete, reliable, or timely; or (c) the ACX Platform will be free from viruses or other harmful components. ACX shall have no liability for the creditworthiness of any Person or for the acts or omissions of any Person utilising the ACX Platform or any aspect of the ACX Platform. A Person accessing the ACX Platform is solely responsible for the security and integrity of the Person's technology. A Person's access to the ACX Platform may be internet-based and ACX has no control over the internet or a Person's



connections thereto. Any Person accessing the ACX Platform acknowledges that the internet, computer networks, and communications links and devices necessary to enable a Person to access and use the ACX Platform are inherently insecure and vulnerable to attempts at unauthorised entry and that no form of protection can ensure that a Participant's data, hardware, or software or the ACX Platform will be fully secure. Furthermore, ACX shall have no obligation to monitor or verify any information displayed through the ACX Platform.

D. A Participant that Deposits Registry Receipts for its benefit with ACC Ltd pursuant to the Rules shall hold ACX harmless from all liability, losses and damages which may result from or arise with respect to the care and sale of such Registry Receipts provided that ACX has acted reasonably and in accordance with Applicable Law under the circumstances.

E. Furthermore, ACX has no responsibility or liability for:

1. Any act or omission of any third party service provider (including, for the avoidance of doubt, any Market Registry) that ACX has chosen with reasonable care;
2. Any loss of Funds that results, directly or indirectly, from a breach to a Participant's security or electronic systems, including but not limited to cyber attacks, or from a Participant's negligence with respect to a Participant Account, address or the receipt of Funds or Registry Receipts upon a Withdrawal Notification, or from a Participant's Deposit, or from a Participant's mistake, error, negligence, or misconduct with respect to any Funds or Registry Receipts transfers a Participant makes or attempts to make to ACX.

F. No Participant, Authorised User, Authorised Representative or any other Person shall be entitled to commence or carry on any proceeding against ACX or any ACX Representatives in respect of any act, omission, penalty or remedy imposed pursuant to the Rules. This Rule shall not restrict the right of such Persons to apply for a review of a direction, order or decision of ACX by the FSRA.

G. Notwithstanding anything to the contrary herein, in no event shall ACX or any ACX Representative be liable for any indirect, incidental, consequential, punitive or special damages (whether or not ACX or any such Person had been informed or notified or was aware of the possibility of such damages).

H. The allocations of liability in this Rule 905 represent the agreed and bargained for understanding of the parties, and each party acknowledges that the other parties' rights and obligations hereunder reflect such allocations. The parties agree that they will not allege that the remedies hereunder fail their essential purpose.

## **Rule 906 Error Transactions**

A. ACX shall have the discretion to cancel Orders, adjust prices, reverse Transactions or suspend the Market in the interest of maintaining a fair and orderly Market, in accordance with this Rule 906.

B. In normal circumstances, ACX will only adjust prices or reverse Transactions on the basis that the transacted price is not representative of market value. ACX will make the final decision on whether a Transaction price



is adjusted, or a Transaction is reversed or is allowed to stand. In determining whether a Transaction has taken place at an unrepresentative price, certain factors will be taken into account including, but not limited to:

1. Current market conditions, including levels of activity and volatility;
2. Time period between different quotes and between quoted and transacted prices;
3. Information regarding price movement in related contracts, the release of economic data or other relevant news, as applicable;
4. Manifest error;
5. Whether there is any indication that the Transaction in question triggered Stop Orders;
6. Whether another Participant or Client relied on the price;
7. Whether a Transaction cancellation or price adjustment will adversely impact market integrity, facilitate market manipulation or other illegitimate activity, or otherwise violate applicable rules or regulations;
8. Whether any Participants or Clients to the Transaction in question request that any action be taken; and
9. Any other factor which ACX, in its sole discretion, may deem relevant.

C. ACX, when applicable, may establish price and/or volume reasonability Levels (“Reasonability Levels”) within the system for each ACX Contract. ACX may also establish alert levels (“Alert Levels”) as applicable, beyond which ACX will send an alert (“Alert”) to the relevant Participants via the ACX Platform. These Reasonability Levels and Alert Levels are flexible to take account of prevailing market conditions. ACX incorporates Reasonability Levels in determining Alert Levels for issuing Alerts for items such as “fat finger” type errors. Reasonability Levels and Alert Levels are set by ACX and may be varied from time to time according to market conditions. ACX will notify Participants of any modifications to the Reasonability Levels via Publication.

D. Upon receipt of any Alert, a Participant can choose whether or not to proceed with entry and execution of the applicable Order. If the applicable Participants approve the volume and/or price following receipt of the Alert, ACX will attempt to execute the Order and the Transaction will be finalised.

E. If applicable, the Reasonability Levels applicable to each ACX Contract will be made available periodically via Publication.

## **Rule 907 Reversals**

A. Participants have sixty (60) minutes from the time of the original Transaction in which to allege a Transaction has been transacted in error. ACX will investigate any Transaction which is alleged to be an error Transaction and may subsequently reverse the Transaction, including due to the determination that it has been executed at an unrepresentative price.

B. All requests to reverse Transactions must be directed to ACX via the ACX Platform contact functionality or ACX telephone number as Published by ACX. Any such request for the reversal of a Transaction will be acted upon on a best-efforts basis by ACX. ACX will evaluate each alleged error situation on its individual merits and the facts and circumstances of each individual case.



C. ACX will notify the Participants involved in the Transaction as soon as practicable that an error has been alleged, giving details of the Transaction. ACX will then notify all Participants through Publication whether the price is adjusted or the Transaction is reversed or stands. ACX will then contact those parties involved in the Transaction to explain ACX's decision.

D. In order to assist ACX in determining whether the Transaction alleged to be an error has taken place at an unrepresentative price, ACX may contact/consult Participants. ACX will not disclose to the Participants involved in the alleged error Transaction the identity of any other involved Participants. In addition, the identities of the Participants to the alleged error Transaction will not be disclosed to any other Participant or other Person ACX may consult with. ACX will take into account a variety of market factors in its determination. Each error situation will be assessed on its individual circumstances.

E. If ACX determines that it is not reasonable for an ACX Contract to be reversed, the price may be adjusted to a price that equals the fair value market price for that ACX Contract at the time the Transaction under review occurred. ACX may consult and obtain the consent of the Participants to the price adjustment or may determine a price adjustment is appropriate regardless of any Participant's consent or lack thereof. ACX, at its discretion, may allow the Transaction to stand or reverse the Transaction rather than adjusting the price. The decision of ACX is final.

F. ACX will make every attempt to ensure that a decision on whether an alleged error Transaction will have its price adjusted, will stand or be reversed will be communicated to the market as soon as reasonably possible after the time of the original Transaction.

G. ACX has the unilateral right to cancel any Order, adjust the price of a Transaction and reverse any Transaction which it considers to be at an unrepresentative price, even where there has been no referral or request from a Participant or other Person, in the interest of maintaining a fair and orderly market. ACX aims to exercise this right within sixty (60) minutes after the Transaction has been identified.

H. ACX also reserves its right to cancel any Order, adjust the price of a Transaction and reverse any Transaction due to any market disrupting event caused by (i) an error in Orders submitted to the ACX Platform or (ii) a technology failure or system malfunction, even where there has been no referral or request from a Participant or other Person, in the interest of maintaining a fair and orderly market, and aims to exercise this right within sixty (60) minutes after the system or technology failure has been identified. ACX reserves its right to consider each alleged error Transaction situation on its individual merits and may therefore amend these policies in light of the circumstances of each individual case. The decision of ACX is final.

I. Reversed Transactions and prices that have been adjusted will be recorded as such in ACX's official record of time and sales.

J. A component of market integrity is the assurance that once executed, except in exceptional circumstances, a Transaction will stand and not be subject to reversal or price adjustment. Any Transaction that does not have an adverse effect on the market should not be able to be reversed or price adjusted, even if executed in error.



K. Any decision made by ACX in connection with this Rule 907 is conclusive and binding on Participants, unless and until otherwise determined by ACX, and subject to the appeals process as established under Rule 703.

L. Where a Transaction is reversed, an equal and opposite Transaction will be submitted by ACX to the ACX Platform with Settlement occurring in accordance with Rule 505.

M. Neither ACX nor any ACX Representatives shall be liable to any Person, or any partner, director, officer, agent, employee, Authorised User or Authorised Representative thereof, for any loss, damage, injury, delay, cost, expense, or other liability or claim, whether in contract, tort or restitution, or under any other cause of action, suffered by or made against them arising from any act or omission on the part of ACX or ACX Representatives relating to any decision by ACX to, or to not, void, nullify, reverse or cancel Orders or Transactions or adjust the prices of any Transactions in whole or in part. This limitation of liability will apply regardless of whether or not ACX or ACX Representatives were advised of or otherwise might have anticipated the possibility of such damages.

### **Rule 908 Defined Price Bands**

A. ACX may prescribe at its sole discretion, for any or all ACX Contracts, different types of Defined Price Bands which are designed to temporarily restrict trading in an ACX Contract to preserve the orderly trading of its Market.

B. In establishing a Defined Price Band, ACX will consider a set of factors, while the application of Defined Price Bands will be Published by ACX.

C. If an incoming Order seeks to be Matched, either partially or fully, with an existing Order on the ACX Platform at a price outside the Defined Price Band, the incoming Order will not be Matched with existing Orders on the ACX Platform at a price outside the Defined Price Band, and such quantity of incoming Order which is not filled will be rejected by ACX.

### **Rule 909 Amendments to the Rules and Consultation**

A. Subject to FSRA Regulations, ACX may periodically make amendments to this Rulebook, and where required, will submit a Consultation, via Publication, that will invite Participants and other stakeholders to provide their comments and feedback on the proposed amendments.

B. Consultations will be made available for a reasonable period, which will be no less than fourteen (14) days from the date of notification.

C. Following a Consultation, ACX will Publish the final Rules and may discuss the comments received and any amendments. ACX may make responses to the Consultation available for inspection by Participants and stakeholders, unless a respondent requests the responses be kept private.



D. Where there is a Consultation, the relevant amendments to this Rulebook will become effective only after the end of the Consultation process, and once the amendments are approved by the FSRA and Published by ACX.

E. ACX shall consult Participants in such manner as it sees fit on any proposed amendments to the Rules, but it may not be obliged to consult Participants where amendments are administrative in nature, or required to comply with the Applicable Law.

F. In cases of emergency, Force Majeure Events, typographical errors, minor administrative matters, or to comply with the Applicable Law, ACX will dispense with the Consultation requirements as set out in this Rule 909, subject to FSRA approval.

G. Amendments will be Published upon FSRA approval.

### **Rule 910 Transfer of Funds balance and Registry Receipts**

A. The Chief Compliance Officer or his or her designee may, upon request by the Participant(s), approve a transfer of Funds balance or Digital Registry Receipts from the Participant Account of one Participant to the Participant Account of another Participant if the transfer is (i) between Participant Accounts with identical beneficial ownership or (ii) in connection with, or as a result of, an asset purchase, corporate restructuring, consolidation or similar non-recurring transaction between two or more entities. The transfer must result in the transfer of all existing Funds balance and Digital Registry Receipts in the transferor Participant Account.

B. Provided that the transfer is permitted pursuant to paragraph (A) above, the transactions must be recorded and carried on the books of the receiving Participant at the original Transaction dates with the original Transaction prices.

C. All proposed transfers shall be reported to ACX in a form acceptable to ACX for the type of transactions involved. The Participant(s) involved shall maintain a full and complete record of all transactions together with all pertinent memoranda.

### **Rule 911 Public Records**

ACX will make available to all Participants through the ACX Platform (or such other mode as ACX may determine from time to time) the following information:

1. The existing buy and sell Orders in the current CLOB, including the buy or sell Order price and quantity of such Orders; and
2. The price, volume and time of Transactions for all Transactions over the last 24 hours, or other period as determined by ACX.

### **Rule 912 Third Party Rights**

Nothing in this Rulebook, expressed or implied, is intended to confer upon any Person (other than the parties hereto and their respective successors and assigns permitted hereunder) any rights, remedies, obligations or





liabilities under or by reason of this Rulebook, except that ACX Representatives shall have the right to enforce the terms of Rules 904, 905 and 907.

## CHAPTER 10 OTC TRANSACTIONS

### Rule 1001 OTC Rights and Application

A. ACX Ltd is permitted by the FSRA to arrange OTC Transactions in Digital Registry Receipts representing underlying Designated Registry Receipts, and ACC Ltd is permitted by the FSRA to Settle OTC Transactions via its facilities. Collectively, OTC Transactions and the Settlement thereof are referred to as “OTC Services” hereafter.

B. Each Participant shall have the right to access electronically OTC Services, provided that such Participant is eligible for, has applied for and is authorised to enter into OTC Transactions.

C. By agreeing to be bound by this Chapter 10 a Participant will be granted access to the OTC Services and the Participant agrees to comply with the Rules and all other Obligations.

D. By extension, Chapter 4 of this Rulebook (aside from Rule 404) is not applicable to Participants with OTC Privileges, in relation to the conduct of OTC Services.

*E. If a Participant has been approved by ACX as a Member, the Participant is permitted to intermediate the execution of OTC Transactions on behalf of Clients, subject to the Client requirements established in the Rules.*

F. Each time such Participant, any of its Authorised Users or Clients submits an OTC Order, effects an OTC Transaction, or otherwise uses the OTC Services, the Participant represents, warrants and reaffirms that the Participant meets the requirements as set forth in the Rules. Chapter 10 of this Rulebook is applicable to all Participants, whether the Participant is using the OTC Services as a Direct Participant or Member.

### Rule 1002 OTC Services

A. ACX will provide Participants and Clients with access to OTC Services, by one or both of the OTC Facilities.

B. The CMB provides the Facility for:

1. Participants or Clients to offer for sale Digital Registry Receipts representing underlying Designated Registry Receipts;
2. Participants or Clients to enter OTC Buy Orders to purchase the Digital Registry Receipts representing underlying Designated Registry Receipts; and
3. Where a seller Accepts an OTC Buy Order, the buyer and seller to effect an OTC Transaction, and for the OTC Transaction to complete Settlement on ACX’s facilities, subject to the terms of this Chapter 10.

C. The Auction Platform provides the Facility for:

1. Participants or Clients to offer for sale Digital Registry Receipts representing underlying Designated Registry Receipts for a limited Auction Period only of no less than 24 hours;



2. Participants or Clients to enter OTC Buy Orders to purchase the Digital Registry Receipts representing underlying Designated Registry Receipts during the established Auction Period; and

3. Where a seller Accepts an OTC Buy Order, the buyer and seller to effect an OTC Transaction, and for the OTC Transaction to complete Settlement on ACX's facilities, subject to the terms of this Chapter 10.

D. CMB Transactions are submitted on an anonymous basis, whereby ACX Arranges the CMB Transaction and facilitates the Settlement of the CMB Transaction, and the Participant or Client who is the buyer and Participant or Client who is the seller under the CMB Transaction, are not made aware of the identity of the other.

### **Rule 1003 OTC Registry Receipt Eligibility**

A. Underlying Designated Registry Receipts that comply with the ACX Contract Specifications are eligible for OTC Transactions.

B. Prior to admission to ACX's OTC Services, ACX must approve the Designated Registry Receipts as established in Rule 1004.

C. Subject to the Rules and Applicable Law, ACX will, at its sole discretion, determine whether a Designated Registry Receipt is eligible for OTC Transactions.

### **Rule 1004 OTC Requirements**

A. A Participant or Client that intends to sell Digital Registry Receipts representing underlying Designated Registry Receipts through the OTC Services, must make an OTC Notification to ACX which is to include the following information:

1. The relevant environmental or renewable energy project and identification number;
2. The Market Registry where the Designated Registry Receipts are registered;
3. The Vintage Year;
4. The sale quantity in tCO<sub>2</sub>e or MWh;
5. An indicative sale price per tCO<sub>2</sub>e or MWh; and
6. Whether the Participant or Client intends to sell the Designated Registry Receipts via the CMB or Auction Platform.

B. ACX will review the Designated Registry Receipts and environmental project details and, if accepted, assign an ACX Contract according to ACX Contract Specifications. Upon the Settlement of an OTC Transaction, the Designated Registry Receipts will be available for transacting or Retirement on the ACX Platform, or otherwise Withdrawing to a Market Registry account.

C. Upon approval, ACX will notify the Participant or Client by email to the Participant's Registered Email:

1. That the Designated Registry Receipts are eligible to be sold via ACX's OTC Services; and
2. The assigned ACX Contract.



D. ACX will request the Participant or Client to confirm that they wish to proceed with sale on the CMB or Auction Platform.

E. If the Participant or Client intends to proceed with the sale via the Auction Platform, ACX will request the Participant or Client to confirm the time limit for the Auction Period and any other information required by ACX in relation to the auction. ACX may impose a limit on the Auction Period at its sole discretion.

F. Upon confirmation, ACX will admit the Designated Registry Receipts for sale on the chosen OTC Facility.

G. For CMB Transactions, the Participant or Client is permitted to withdraw the sale of Digital Registry Receipts prior to Execution of a CMB Transaction in respect of the Digital Registry Receipts. For Auction Transactions, unless otherwise agreed in writing by ACX, the Participant or Client may not withdraw the sale of the Designated Registry Receipts via the Auction Platform after the auction has been confirmed with ACX, save for any unsold balance following the auction.

H. If the Designated Registry Receipts are fully or partially transacted as an OTC Transaction, the Participant or Client is committed to Settle such OTC Transaction in accordance with the Rules, but may withdraw the unsold balance in accordance with Rule 1004G.

I. ACX reserves the right to admit for sale or remove from sale the Designated Registry Receipts and to add or amend requirements for OTC Services, at its sole discretion.

J. ACX will suspend or remove one or more Designated Registry Receipts from admission to OTC Services, or restrict, suspend or cease the OTC Services in one or more Designated Registry Receipts if:

1. Such action is required under Applicable Laws; or
2. ACX is instructed to take such action by the FSRA.

## **Rule 1005 OTC Dues, Fees and Expenses Payable**

ACX will charge Fees to Participants and Clients in connection with OTC Services in such amounts as may be revised from time to time. Fees and any revisions to such Fees will be Published by ACX.

## **Rule 1006 OTC Order Sizes and Types**

A. OTC Orders must be in a size that is equal to or in excess of a minimum OTC Order size as established by ACX. ACX shall, from time to time, review and (as appropriate) revise its minimum OTC Order size and communicate this via Publication.

B. The following types of Orders may be submitted on the OTC Facilities with respect to Digital Registry Receipts representing underlying Designated Registry Receipts:

### **I. OTC Buy Order**

An OTC Order to buy Digital Registry Receipts at a specified price. An OTC Buy Order may be for the full or partial quantity of the offered Digital Registry Receipts and must be submitted on the OTC Facilities with



a defined limit price. An OTC Buy Order will be Executed when the seller of the Digital Registry Receipts Accepts the OTC Buy Order. To the extent that the OTC Buy Order is not Executed in full, any balance of such OTC Buy Order will remain as a resting OTC Buy Order until such OTC Buy Order is fully Executed, cancelled or the Digital Registry Receipts are fully sold or withdrawn (including, if applicable, as a result of expiry of the Auction Period).

## **2. OTC Sell Order**

An OTC Order to sell Digital Registry Receipts at a specified price. An OTC Sell Order is automatically submitted when the seller of the Digital Registry Receipts Accepts fully or partially an OTC Buy Order, in which case the OTC Sell Order is immediately Executed in full as an OTC Transaction. To the extent that the offered quantity of Digital Registry Receipts is not fully sold, the seller may Accept further OTC Buy Orders until fully sold, or the Digital Registry Receipts are withdrawn (including, if applicable, as a result of expiry of the Auction Period).

## **Rule 1007 CMB Orders and CMB Reserve**

A. CMB Transactions are Settled on a T+5 basis, with Settlement occurring five (5) Business Days following the Execution of the CMB Transaction.

B. CMB Transactions are excluded from the prefunding requirements of Rule 502, whereby Participants or Clients may or may not have fully prefunded their Participant Account or Client Account with Funds balance or Digital Registry Receipts prior to entering a CMB Order.

C. Participants or Clients entering a CMB Buy Order are required to have a Funds balance in their Participant Account or Client Account with a value that is equal to or in excess of fifteen percent (15%) of the full value of the CMB Buy Order. If a CMB Buy Order is Accepted and Executed as a CMB Transaction, ACX will withhold fifteen percent (15%) of the full value of the CMB Buy Order as a CMB Reserve.

D. Participants or Clients entering multiple CMB Buy Orders, are required to have a Funds balance in their Participant Account or Client Account with a value that is equal to or in excess of fifteen percent (15%) of the full value of all the CMB Buy Orders.

E. Participants or Clients entering buy Orders on the CLOB and CMB Buy Orders, are required to have a Funds balance in their Participant Account or Client Account with a value that is equal to or in excess of:

1. The value of all buy Orders on the CLOB; plus
2. Fifteen percent (15%) of the full value of all the CMB Buy Orders.

If there is an insufficient Funds balance in their Participant Account or Client Account, new buy Orders and CMB Buy Orders shall not be accepted.

F. Upon submission of a CMB Buy Order and for the purposes of Rules 1007C, 1007D and 1007E, ACX will conduct a review of the Participant Account or Client Account to ensure that the Participant or Client has a



sufficient Funds balance for the CMB Reserve prior to entering into any CMB Buy Orders. If the Participant Account or Client Account does not have the necessary Funds balance for the CMB Reserve, ACX will not permit the CMB Buy Order.

G. For each CMB Transaction, ACX will withhold the CMB Reserve from the buyer's Participant Account or Client Account until the CMB Transaction is Settled on the fifth (5<sup>th</sup>) Business Day following Execution of the CMB Transaction. The CMB Reserve will be included in the Funds balance transferred from the Participant Account or Client Account as part of the Funds balance and Fees required to Settle the CMB Transaction.

H. Participants or Clients entering a CMB Sell Order are not required to have some or all Digital Registry Receipts in their Participant Account or Client Account or be subject to a CMB Reserve.

## **Rule 1008 CMB Transactions**

A. Submission of a CMB Buy Order or CMB Sell Order represents a commitment by the Participant or Client to Deposit the applicable Funds or Designated Registry Receipts with ACC Ltd as Custodian within five (5) Business Days following Execution of the CMB Transaction, for the purposes of Settling the CMB Transaction and applicable Fees by means of the CMB.

*B. A Member must receive written instructions from a Client or otherwise obtain the Client's prior written consent before entering a CMB Buy Order or CMB Sell Order on behalf of a Client.*

*C. Where a Member submits a CMB Order on behalf of a Client, the Member commits that they are willing and able to Deposit (or procure the Client to Deposit) the applicable Funds or Designated Registry Receipts to ACX Ltd as Custodian within three (3) Business Days following Execution of the CMB Transaction.*

E. CMB Orders must be made in good faith and a Participant or Client must only submit a CMB Order if they are willing and able to Deposit the applicable Funds or Designated Registry Receipts to ACX Ltd as Custodian within five (5) Business Days following Execution of the CMB Transaction.

F. A CMB Transaction is Executed when the seller of the Digital Registry Receipts Accepts one or more CMB Buy Orders. In Accepting a CMB Buy Order, the seller of the Digital Registry Receipts immediately submits a CMB Sell Order at the price of the CMB Buy Order. The CMB Sell Order is immediately Executed as a CMB Transaction.

## **Rule 1009 CMB Settlement**

A. Upon Execution of a CMB Transaction, ACX will send to the Participants' Registered Email:

1. A confirmation message;
2. Details of applicable Fees;
3. Details of withholding the CMB Reserve, if applicable; and
4. A Deposit request for the applicable Funds or Designated Registry Receipts.



B. Within five (5) Business Days of the Execution of a CMB Transaction, the relevant Participants and/or Clients must make the required Deposit of Funds and Designated Registry Receipts required to Settle the CMB Transaction in line with the Deposit procedures under Rule 503.

C. Following the Deposit of the Designated Registry Receipts with ACC Ltd as Custodian, ACX will Register corresponding Digital Registry Receipts.

D. Following the Deposit of the Funds and Designated Registry Receipts the following actions take place simultaneously for Settlement purposes:

1. In respect of the buyer, the applicable Funds balance, including the CMB Reserve, and applicable Fees are debited from, and the applicable quantity of the relevant Digital Registry Receipts is credited to, its Participant Account or Client Account.
2. In respect of the seller, the applicable quantity of the relevant Digital Registry Receipts is debited from, and the applicable Funds balance, including the CMB Reserve, less applicable Fees are credited to, its Participant Account or Client Account; and
3. The CMB Transaction is recorded on the ACX Blockchain.

E. Upon the completion of the actions under Rule 1009D, the CMB Transaction will be deemed Settled.

F. Participants or Clients party to the CMB Transaction will receive a transaction confirmation to the relevant Participant's Registered Email which shall be sufficient evidence of the completed CMB Transaction. CMB Transactions will also be reflected in the updated Participant Account or Client Account records on the ACX Platform and transaction history on the ACX Blockchain ledger.

G. Upon Settlement, ACX shall promptly publish CMB Transaction details on the ACX Platform with an indication that it was a CMB Transaction and a record of the time of the CMB Transaction.

## **Rule 1010 CMB Settlement Failure**

A. Participants are responsible for arranging Settlement in accordance with the Rules of this Chapter. If a Participant fails to Settle a CMB Transaction in accordance with this Chapter, including failing to make the required Deposit of Funds or Designated Registry Receipts, ACX will reasonably engage the Participant to complete outstanding requirements to effect the Settlement but will not be liable for any loss or damages from any delay or cancellation of the CMB Transaction.

B. If by the fifth Business Day following the Execution of a CMB Transaction, the Participant or Client who is the buyer in the CMB Transaction has not Deposited the Funds required to Settle the CMB Transaction in accordance with Rule 1009:

1. The CMB Reserve will be deemed forfeited;
2. ACX will credit the CMB Reserve to the Participant Account or Client Account of the seller in the CMB Transaction;



3. The CMB Transaction will be deemed to be cancelled and will not be Settled or recorded on the ACX Blockchain; and

4. ACX will communicate the cancellation to the relevant Participants' Registered Email.

C. If by the fifth Business Day following the Execution of a CMB Transaction, the Participant or Client who is the seller in the CMB Transaction has not Deposited the Designated Registry Receipts required to Settle the CMB Transaction in accordance with Rule 1009:

1. The CMB Reserve will be released to the Participant or Client who is the buyer in the CMB Transaction;

2. The CMB Transaction will be deemed to be cancelled and will not be Settled or recorded on the ACX Blockchain; and

3. ACX will communicate the cancellation to the relevant Participants' Registered Email.

D. ACX may determine to take Disciplinary Action that it deems necessary in accordance with the Rules in respect of any Participant or Client who has not Deposited the Funds or Designated Registry Receipts required to Settle a CMB Transaction in accordance with Rule 1009. ACX will not be liable for any losses or damages from the cancellation of a CMB Transaction in accordance with the Rules.

E. In the event of Settlement failure, wherein Settlement is prevented by technical or system failure and/or error on the ACX Platform or ACX Blockchain, ACX shall notify the relevant Participants of the problem via a Participant Notice (or such other mode as ACX may determine from time to time) as soon as practicable.

F. Upon resolution of the Settlement failure issue, ACX shall notify the relevant Participants of the resolution of the issue.

## **Rule 1011 Additional terms and conditions for Auction Transactions**

The Rules for OTC Transactions undertaken on the Auction Platform are established under Rules 1001 to 1006, but ACX may establish further parameters applicable to a specific OTC Transaction or OTC Transactions on the Auction Platform, which will be Published by ACX separately as applicable.

## **Rule 1012 OTC Service Hours**

A. The hours during which OTC Facilities are available will be Published by ACX, including any modifications or notifications of temporary trading and Settlement suspensions.

B. Settlements are available on Business Days as established in Rule 1009. Any modifications will be Published by ACX.

C. Deposits, Withdrawals and Retirements can be facilitated as established in Chapter 5.



## CHAPTER II DEFAULT

### Rule 1101 Defaults

- A. ACX shall, at its absolute discretion, determine if a Default has occurred and shall determine the date and time of such Default.
- B. ACX may determine a Default has occurred upon events including, but not limited to:
1. If a Participant fails to meet any of its obligations under its ACX Contracts or OTC Services with ACX, including in relation to a Member's Client;
  2. If a Participant fails to pay any dues or Fees levied upon it by ACX when and as provided for in the Rules, including in relation to dues or Fees levied upon a Member's Client, if applicable;
  3. If ACX shall determine that such Participant or Client is not in compliance with the provisions of Rule 205, including in relation to a Member's Client;
  4. If such Participant commences a voluntary or a joint case in bankruptcy or files a voluntary petition or an answer seeking liquidation, reorganisation, arrangement, readjustment of its debts or any other relief for the benefit of creditors under any bankruptcy or insolvency act or law of any jurisdiction, now or hereafter existing, or if such Participant applies for or consents to the appointment of a custodian, liquidator, conservator, receiver or trustee (or other similar official) for all or a substantial part of its property; or if such Participant makes an assignment for the benefit of creditors; or if such Participant becomes or admits that it is insolvent; or
  5. If an involuntary case is commenced against such Participant in bankruptcy or an involuntary petition is filed seeking liquidation, reorganisation, arrangement, readjustment of its debts or any relief for the benefit of creditors under any bankruptcy or insolvency act or law of any jurisdiction, now or hereafter existing; or if a custodian, liquidator, receiver or trustee (or other similar official) of the Participant is appointed for all or a substantial part of its property.
- C. Upon the events outlined in Rule 1101B, the Board or delegate thereof, will determine whether to declare that a Default has occurred.
- D. If an event outlined in Rule 1101B occurs in respect of a Client of a Member, ACX will deem the Member responsible for the event and will determine whether to declare that a Default has occurred.
- E. Upon the declaration by ACX that a Default has occurred, ACX may take any such action in its sole discretion as it deems appropriate, including:
1. Determining that such Participant of the Default shall be suspended as a Participant as established in Rule 705; and/or
  2. In the case of a Member, determining that one or more Clients shall have access to ACX's facilities suspended.
- F. In the event ACX determines that a Default has occurred, ACX will:





1. Notify, in writing, the defaulting Participant of the Default and its date and timing;
2. Publish a notice of the defaulting Participant via Publication; and
3. Notify any Regulatory Agency, including the FSRA, which may have responsibility for any matter arising out of or connected with the Default.

## **Rule 1102 Board Determination of Liquidation of Digital Registry Receipts**

A. If at any time the Board determines that a Participant does not have sufficient Funds balance in its Participant Account to resolve a Default, and that a liquidation of all Digital Registry Receipts held in the Participant's Participant Account is prudent or desirable or that the Participant's access to ACX's services should be terminated, all Digital Registry Receipts held in the Participant's Participant Account may be liquidated promptly in accordance with Rule 1103.

B. If at any time the Board or delegate thereof determines that a Participant does have sufficient Funds balance in its Participant Account to resolve a Default, then subject to FSRA approval, ACX shall recover all amounts payable to ACX as established under Rule 1105.

C. In the event of a Default, ACX will not liquidate Clients' Digital Registry Receipts or recover Funds balance in any Client Account in order to recover any or all amounts due from a Member.

## **Rule 1103 Liquidation Following Default**

A. In the event of a Default, when a Person ceases to be a Participant or is suspended by ACX, all Digital Registry Receipts held in the Participant's Participant Account shall be liquidated in the manner set forth in Rule 1104 as expeditiously as is practicable unless and to the extent that:

1. The Participant has sufficient Funds balance in its Participant Account to resolve such Default;
2. Such Digital Registry Receipts are transferred by the Participant and accepted by one or more other Participants, with the prior consent of ACX, or transferred by ACX to one or more other Participants; or
3. The Board or delegate thereof, determines that the protection of the financial integrity of ACX does not require such a liquidation.

B. If it is determined pursuant to Rule 1103A not to liquidate any Digital Registry Receipts of a Participant, if ACX is unable for any reason to liquidate such Digital Registry Receipts in a prompt and orderly fashion, if ACX determines to delay such liquidation, or if ACX otherwise determines it is appropriate to do so for the protection of ACX or its other Participants, the Board or delegate thereof may authorise the execution of Transactions of such Digital Registry Receipts from time to time, solely for the purpose of reducing the risk to ACX resulting from the continued maintenance of such Digital Registry Receipts. The Board may delegate to one or more persons the authority to determine, within such guidelines as such officers shall prescribe, the nature and timing of such Transactions. Any costs or expenses, including losses, sustained by ACX in connection with Transactions pursuant to this Rule 1103 shall be charged to such Person (which amounts, if



such Person is a Defaulting Participant, shall constitute part of the Defaulted Obligation), and any gains, net of any costs and expenses, shall be credited to such Person.

## **Rule 1104 Liquidating Digital Registry Receipts**

A. The Digital Registry Receipts of any Participant or Client which are required to be liquidated pursuant to Rule 1103 shall be treated in such manner as ACX, in its sole discretion, may direct. Without limiting the generality of the foregoing:

1. Any such liquidation may be effected by directly entering to the ACX Platform, Limit Orders for the sale of ACX Contracts; and
2. The Person whose Digital Registry Receipts are liquidated shall be liable to ACX for any commissions, Fees, or other expenses incurred in liquidating via such ACX Contracts.

B. If ACX determines that it is not practicable or advisable under the circumstances in light of liquidity, market conditions or other relevant factors to liquidate or attempt to liquidate some or all of a Participant's Digital Registry Receipts pursuant to Rule 1104A, the Board or delegate thereof, at its discretion, may direct any other action as deemed necessary and appropriate.

C. No Persons shall have any claim or right against ACX regarding the timing of liquidation or the manner in which, or the price at which, Digital Registry Receipts have been liquidated pursuant to this Rule 1104.

D. At such time as a Participant no longer has Digital Registry Receipts held with ACX, the obligations of ACX to such Participant in respect of the Participant's proprietary positions and accounts shall be netted against the obligations of such Participant to ACX. This netting shall be performed in accordance with Applicable Laws. All positions open immediately before being closed in accordance with this Rule shall be valued in accordance with Rule 1108.

## **Rule 1105 Amounts Payable to ACX**

Upon recovering Funds balance from the Participant's Participant Account, or the completion of the liquidation or transfer of the Digital Registry Receipts of a Person pursuant to Rule 1104, ACX shall be entitled on demand to recover from such Person all amounts due to ACX for all losses, liabilities and expenses (including without limitation legal fees and disbursements and costs and expenses incurred by ACX in liquidity, borrowing or other necessary actions) incurred by ACX in connection with such liquidation or transfer.

## **Rule 1106 Insolvency of ACX**

If at any time ACX (i) institutes or has instituted against it a proceeding seeking a judgment of insolvency or bankruptcy or any other relief under any bankruptcy or insolvency law or other similar law affecting creditors' rights, or a petition is presented for its winding up or liquidation, and, in the case of any such proceeding or petition presented against it, such proceeding or petition results in a judgment of insolvency or bankruptcy or



the making of an order for ACX winding-up or liquidation, or (ii) approves resolutions authorising any proceeding or petition described in clause (i) above, ACX will be considered to be in default.

### **Rule 1107 Other Default of ACX**

ACX will also be considered to be in default, if at any time ACX fails to comply with an undisputed obligation to pay money or deliver property to a Participant that is due and owing in connection with a Transaction, for a period of thirty (30) calendar days from the date that ACX receives notice from the Participant of the past due obligation.

### **Rule 1108 Consequences of ACX Default**

A. If ACX is considered to be in default under Rule 1106 or 1107:

1. ACX will notify the FSRA;
2. ACX will notify the affected Participants and Publish a notice setting out the material details of the default and the remediation action undertaken by ACX;
3. If ACX deems necessary for a fair and orderly wind down of its Market and following FSRA non-objection, ACX may permit access to ACX's facilities for a limited period, and notify Participants of such access, to allow Participants to; i) Withdraw Funds and Registry Receipts, ii) enter into Transactions and OTC Transactions for risk reduction purposes only, or iii) cancel Orders and OTC Orders;
4. ACX may, in relation to any outstanding Orders or OTC Orders, notify the Participants to such Orders or OTC Orders of the default and of any decision taken in relation to those Orders or OTC Orders, which may include cancellation of such Orders and OTC Orders; and
5. ACX may take any further actions it deems necessary in order to oversee a fair and orderly wind down of its Market.

B. As promptly as reasonably practicable, but in any event within ninety (90) calendar days of ACX considered being in default as established in Rule 1106 or 1107, ACX shall, in a manner that is consistent with the requirements of FSRA Regulations, fix an amount to be paid to or received from ACX by each Participant, after taking into account all applicable netting and offsetting pursuant to Rule 1104.

END