

# **Local Markets Rules and Procedures for Members**

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## **I – GENERAL RULES AND PRINCIPLES**

The rights of securities issuers and holders are safeguarded and Midclear ensures that it has robust accounting practices by the controls that it applies and consists of the following:

- Clients assets and own assets are completely separated.
- Double entry accounting according to the debit credit principle.
- Balance between debit and credit at all times.
- Simultaneous booking of securities and cash leg.
- The daily integrity check performed by the operations team.
- Four eyes principle.
- Making sure that the total under custody is never greater than the total issued.
- Same day reconciliation on the date of transactions.
- Reconciliation at month end.

It is important to note that the above controls also prevent the unauthorized creation and deletions of securities.

## **II – MIDCLEAR OFFICE HOURS, CUTOFF TIMES AND FORMS**

### **1 - MIDCLEAR OFFICE HOURS**

Midclear offices are open Monday to Thursday from 8:00 till 16:00 and on Friday from 8:00 till 15:00. Midclear offices are closed on all official banking holidays and during the weekends.

### **2 - MIDCLEAR CUTOFF TIMES**

Midclear cutoff times for the Local Markets Department are as per the following table:

#### **Monday to Thursday:**

<b>Transaction</b>	<b>From</b>	<b>To</b>
<b>Deposits</b>	8:30	14:30
<b>Withdrawals</b>	8:30	14:30
<b>Transfers</b>	8:30	14:30
<b>Delivery Against Payment (if same day value)</b>	Open	13:45
<b>Delivery Against Payment (if not same day value)</b>	Open	Open
<b>Receipt Against Payment (if same day value)</b>	Open	13:45
<b>Receipt Against Payment (if not same day value)</b>	Open	Open
<b>Deliver free</b>	Open	14:30
<b>Rematerialization Requests</b>	8:30	14:30

**Friday:**

<b>Transaction</b>	<b>From</b>	<b>To</b>
<b>Deposits</b>	8:30	12:30
<b>Withdrawals</b>	8:30	12:30
<b>Transfers</b>	8:30	12:30
<b>Delivery Against Payment (if same day value)</b>	Open	11:45
<b>Delivery Against Payment (if not same day value)</b>	Open	Open
<b>Receipt Against Payment (if same day value)</b>	Open	11:45
<b>Receipt Against Payment (if not same day value)</b>	Open	Open
<b>Deliver free</b>	8:30	12:30
<b>Rematerialization Requests</b>	8:30	12:30

Settlement Cycles for the Local Markets Department are as follows:

Monday to Thursday: 9:45, 11:45 and 13:45

Friday: 9:45 & 11:45

### **3 - LIST OF MIDCLEAR'S FORMS**

To facilitate operations, specific forms are provided to members (Appendix).

Deposit Advice

Transfer Order

Withdrawal Request

Rematerialization Request

Rematerialization Request Details

The above forms may be requested from Midclear, their use is described below.

### **III – ADMITTING PHYSICAL SECURITIES AT MIDCLEAR**

Physical securities are admitted at Midclear provided that the following conditions are met:

- The issuing company whose securities are being deposited must not be bankrupt.
- There must be a contact with the issuer of such securities.
- The issuer of the security being deposited must be Lebanese.
- The par value or market price of the security must be known.

Even if the above conditions are met, there may be cases where the physical securities cannot be admitted at Midclear for various reasons. Consequently, even though the above conditions are met for a certain physical security Midclear may, at its own discretion, refuse to admit such physical securities.

## **IV - DEPOSITS OF SECURITIES**

### **1 – FORMS**

The Deposit Advice is a numbered form on which the member indicates the following:

- Member code and account type
- Security code
- Shareholder number
- Currency
- Quantity of shares in numbers and letters

The form must be completed with a ballpoint pen or a printer. Pencils may not be used.

Failure to follow these instructions may lead to rejection of the form.

The Deposit Advice must be dated, duly signed and stamped by the originator.

### **2 – PROCEDURES**

The courier goes to the Midclear office and delivers batches of certificates together with the deposit advice (in duplicate).

After the form is checked, the clerk stamps the duplicate form and gives it to the courier as a provisional receipt.

The name of the shareholder must be clearly written on the certificate so that it will be recorded in the name thereon.

On the day of handing in the Deposit Advice, and after the certificates have been checked and the Deposit Advice entered into Midclear's system, the member's current account for the security in question is credited.

A statement of account is made available for each subscribed member on MidclearOnline around 15:30 (14:30 on Fridays).

On the following day, the above mentioned statements are printed, signed, stamped and held available for members.

It is important to note that Deposit Advices are recorded in Midclear books on the day they are received and accepted.

In case of an error in the Deposit Advice it should be corrected either by:

- Midclear if it has caused the error
- or
- The member if it has caused the error.

### **3- ORDERLINESS OF DEPOSIT ADVICES**

Members are wholly liable for any obvious or hidden defects in deposited securities, regardless of the nature of such defects or when they are discovered. It is therefore important that members scrupulously confirm the orderliness of securities before delivering them to Midclear offices. Midclear will reject certain defective securities if it discovers that it cannot be serviced or properly safe kept.

## **4 - SECURITIES CONTROL**

In addition to the capacity of the depositor and the authenticity of the security, Midclear checks the consistency of deposited securities with the certificate specimen, if they were provided by the issuer.

## **V – TRANSFER OF SECURITIES**

### **1 - FORMS**

The Transfer Order is a numbered form on which the member indicates the following:

- Debited member and account type
- Credited member and account type
- Security name and code
- Currency
- Quantity of shares in numbers and letters
- Shareholder number
- Shareholder name
- Settlement date

The form must be completed with a ballpoint pen or a printer. Pencils may not be used.

Failure to follow these instructions may lead to rejection of the form.

The Transfer Order must be dated, duly signed and stamped by the originator.

### **2 - PROCEDURES**

The courier goes to the Midclear office and delivers the Transfer Order in duplicate.

After the form is checked, the clerk stamps the duplicate form and gives it to the courier as a provisional receipt.

On the value date of the Transfer Order, and subject to sufficient balance, it is entered into Midclear's system. Then the relevant accounting entry is posted into the system. After executing the order, Midclear sends a confirmation, either by Swift or by letter duly signed, to both parties of the transfer.

A statement of account is made available for each subscribed member on MidclearOnline around 15:30 (14:30 on Fridays).

On the following day, the above mentioned statements are printed, signed, stamped and held available for members.

It is important to note that Transfer Orders are recorded in Midclear books on the settlement date specified therein.

In case of an error in the Transfer Order it should be corrected either by:

- Midclear if it has caused the error
- or
- The member if it has caused the error.

In the case of total or partial transfer of a portfolio of physical securities, the quantity of securities transferred must correspond to a whole number of certificates held by the customer of the originating member.

In case of a transfer and when the security is physical, Midclear will provide the certificate numbers to be used in the transfer in question.

### **3 - VALIDITY**

Transfer orders can be prepared with a desired value date running from the date of issue of the transfer to one month later. Any transfer order whose value date is backdated will be rejected.

## **VI - WITHDRAWAL OF SECURITIES**

### **1 - FORMS**

The Withdrawal request is a numbered form on which the member indicates the following:

- Member code and account type
- Security code
- Shareholder number
- Currency
- Quantity of shares in numbers and letters

The request is prepared by the member either by specifying the certificate numbers or by omitting them, in which case Midclear will specify such numbers.

The form must be completed with a ballpoint pen or a printer. Pencils may not be used.

Failure to follow these instructions may lead to rejection of the form.

The withdrawal request must be dated, duly signed and stamped by the originator.

### **2 - PROCEDURES**

The courier goes to the Midclear office and delivers the Withdrawal Request in duplicate. After the form is checked for sufficient balance, the clerk stamps the duplicate form and gives it to the courier as a provisional receipt.

On the day of handing in the Withdrawal Request, and entered into Midclear's system, the member's current account for the security in question is debited.

A statement of account is made available for each subscribed member on MidclearOnline around 15:30 (14:30 on Fridays).

On the following day, the above mentioned statements are printed, signed, stamped and held available for members.

It is important to note that Withdrawal Requests are recorded in Midclear books on the day they are received and accepted. However, the actual certificates will not be available to the member at Midclear offices until the working day following submission of the request.

The certificates are physically delivered to the corresponding member's delegate who must specify his name, date of receipt and sign the original withdrawal form. This original form is then stamped and photocopied and delivered to the member's delegate.



The certificates delivered to the member the following day are accompanied by a numerical withdrawal record prepared by Midclear and duly signed, specifying the numbers of the certificates.

In case of an error in the Withdrawal Request it should be corrected either by:

- Midclear if it has caused the error
- or
- The member if it has caused the error.

### **3 – ORDERLINESS OF WITHDRAWAL REQUESTS**

A request to withdraw registered securities can be processed only if it specifies a number of certificates corresponding to a whole number of registered certificates and which correspond to the certificates held by the requesting member's customer.

## **VII – REMATERIALIZATION OF SECURITIES**

### **1 - FORMS**

The Rematerialization Request is a numbered form on which the member indicates the following:

- Member code and account type
- Security code
- Shareholder number
- Currency
- Quantity of shares in numbers and letters
- If the rematerialized quantity is to be held with Midclear.

The form must be completed with a ballpoint pen or a printer. Pencils may not be used.

Failure to follow these instructions may lead to rejection of the form.

The Rematerialization Request must be dated, duly signed and stamped by the originator.

### **2 - PROCEDURES**

The courier goes to the Midclear office and delivers the Rematerialization request in duplicate.

After the form is checked for sufficient balance, the clerk stamps the duplicate form and gives it to the courier as a provisional receipt.

On the requested date, it is entered into Midclear's system. The member's current account for the security in question is credited into a transitory account awaiting receipt of the certificates from the issuer on the next business day.

A statement of account is made available for each subscribed member on MidclearOnline around 15:30 (14:30 on Fridays).

On the following day and upon receipt of the certificates from Solidere:

- The transitory account is debited and the corresponding member is credited (if indicated by the member that the certificates should be held by Midclear),

Or

- The transitory account is debited and the corresponding security account (indicating securities held outside Midclear) is credited (if the certificates are physically delivered to the corresponding member's designated delegate who must specify his name, date of receipt and sign the photocopy of each issued certificate.).

The above mentioned statements are printed, signed, stamped and held available for members.

In case of an error in the Rematerialization Request it should be corrected either by:

- Midclear if it has caused the error  
or
- The member if it has caused the error  
or
- The issuer if it has caused the error.

### **3 - MIDCLEAR VERIFICATION**

On the next business day and upon receipt of the physical certificates from Solidere, Midclear compares the received quantity to the quantity originally requested by the member.

In case of any mismatch, Midclear will contact the issuer who will resolve it accordingly. A copy of the each delivered certificate should be signed by the member's delegate and kept with Midclear as a proof of delivery.

## **VIII – PLEDGING AND UNPLEDGING OF SECURITIES**

### **1 – FORMS**

Pledging/Unpledging of securities is instructed via a specially formulated transfer order. This transfer is a numbered form on which the member indicates the following:

- Debited member and account type
- Credited member and account type
- Security name and code
- Currency
- Quantity of shares in numbers and letters
- Shareholder number
- Shareholder name
- Settlement date

The form must be completed with a ballpoint pen or a printer. Pencils may not be used.

Failure to follow these instructions may lead to rejection of the form.

The Pledging and Unpledging must be dated, duly signed and stamped by the originator.

In such instructions, Midclear will provide the certificate numbers to be pledged or unpledged.

## Example of account types used in Pledging

Debitor Participant		المنفصب المدين
Debitor Account Type	20 or 120	نوع الحساب المدين
Creditor Participant		المنفصب الدائن
Creditor Account Type	121	نوع الحساب الدائن
Security Name & Code		رقم واسم الصك
Currency		العملة
Total Quantity of Shares (in numbers) (in letters)		عدد الصكوك (بالأرقام)

## Example of account types used in Unpledging

Debitor Participant		المنفصب المدين
Debitor Account Type	121	نوع الحساب المدين
Creditor Participant		المنفصب الدائن
Creditor Account Type	20 or 120	نوع الحساب الدائن
Security Name & Code		رقم واسم الصك
Currency		العملة
Total Quantity of Shares (in numbers) (in letters)		عدد الصكوك (بالأرقام) (بالأحرف)

## 2 - PROCEDURES

The courier goes to the Midclear office and delivers the Pledging/Unpledging in duplicate. After the form is checked, the clerk stamps the duplicate form and gives it to the courier as a provisional receipt.

On the value date of the Pledging/Unpledging, and subject to sufficient balance, it is entered into Midclear's system. Then the relevant accounting entry is posted into the system. After executing the order, Midclear sends a confirmation letter duly signed, to the concerned member of the Pledge/Unpledge.

A statement of account is made available for the subscribed member on MidclearOnline around 15:30 (14:30 on Fridays).

On the following day, the above mentioned statement is printed, signed, stamped and held available for member.

It is important to note that Pledging/Unpledging is recorded in Midclear books on the settlement date specified therein.

In case of an error in the Pledging/Unpledging it should be corrected either by:

- Midclear if it has caused the error
- or
- The member if it has caused the error.

In the case of total or partial Pledging/Unpledging of a portfolio of physical securities, the quantity of securities transferred must correspond to a whole number of certificates held by the customer of the originating member.

In case of a Pledge/Unpledge and when the security is physical, Midclear will provide the certificate numbers to be used in the Pledge/Unpledge in question.

### 3 - VALIDITY

Pledge/Unpledge can be prepared with a desired value date running from the date of issue of the Pledge/Unpledge to one month later. Any Pledge/Unpledge whose value date is backdated will be rejected.

## IX – BLOCKING AND UNBLOCKING OF SECURITIES

### 1 – FORMS

Blocking and unblocking of securities can be initiated either by the member or by Midclear depending on the circumstances of the Block/Unblock.

In case it is instructed by a member, Blocking and unblocking of securities must be instructed via a specially formulated transfer order. This transfer is a numbered form on which the member indicates the following:

- Debited member and account type
- Credited member and account type
- Security name and code
- Currency
- Quantity of shares in numbers and letters
- Shareholder number
- Shareholder name
- Settlement date

The form must be completed with a ballpoint pen or a printer. Pencils may not be used.

Failure to follow these instructions may lead to rejection of the form.

The Blocking and unblocking must be dated, duly signed and stamped by the originator.

In such instructions, Midclear will provide the certificate numbers to be blocked or unblocked.

Example of account types used in Blocking

Debitor Participant		المنفسي المدين
Debitor Account Type	10 or 20 or 110 or 120	نوع الحساب المدين
Creditor Participant		المنفسي الدائن
Creditor Account Type	112 or 122	نوع الحساب الدائن
Security Name & Code		رقم واسم الصك
Currency		العملة
Total Quantity of Shares (in numbers) (in letters)		عدد الصكوك (بالأرقام)

## Example of account types used in Unblocking

Debtor Participant			المنحسب المدين
Debtor Account Type		112 or 122	نوع الحساب المدين
Creditor Participant			المنحسب الدائن
Creditor Account Type		10 or 20 or 110 or 120	نوع الحساب الدائن
Security Name & Code			رقم واسم الصك
Currency			العملة
Total Quantity of Shares (in numbers) (in letters)			عدد الصكوك (بالأرقام)

## 2 - PROCEDURES

The courier goes to the Midclear office and delivers the Block/Unblock in duplicate. After the form is checked, the clerk stamps the duplicate form and gives it to the courier as a provisional receipt.

On the value date of the Block/Unblock, and subject to sufficient balance, it is entered into Midclear's system. Then the relevant accounting entry is posted into the system. After executing the order, Midclear sends a confirmation letter duly signed, to the concerned member of the Block/Unblock.

A statement of account is made available for the subscribed member on MidclearOnline around 15:30 (14:30 on Fridays).

On the following day, the above mentioned statement is printed, signed, stamped and held available for member.

It is important to note that the Block/Unblock is recorded in Midclear books on the settlement date specified therein.

In case of an error in the Block/Unblock it should be corrected either by:

- Midclear if it has caused the error
- or
- The member if it has caused the error.

In the case of total or partial Block/Unblock of a portfolio of physical securities, the quantity of securities transferred must correspond to a whole number of certificates held by the customer of the originating member.

In case of a Block/Unblock and when the security is physical, Midclear will provide the certificate numbers to be used in the Block/Unblock in question.

## 3 - VALIDITY

The Block/Unblock can be prepared with a desired value date running from the date of issue of the Pledge/Unpledge to one month later. Any Block/Unblock whose value date is backdated will be rejected.

## **X – SETTLEMENT INSTRUCTIONS SENT BY MEMBERS TO MIDCLEAR**

### **1 - FORMS OR SWIFT MESSAGES**

The Delivery and Receipt Against Payment in their paper forms or Swift messages can be found in the annex.

All the fields in the forms are mandatory except where indicated:

- Transaction reference
- Security description (optional)
- ISIN code or Local code
- Shareholder number
- Shareholder name (optional)
- Trade date
- Settlement date
- Quantity of shares in numbers and letters
- Currency and Settlement amount
- Counterparty name (optional)
- Counterparty member code

Delivery and Receipt Against Payment forms must be duly signed and stamped by the originator.

Only printed forms are accepted.

### **2 - PROCEDURES**

Delivery and Receipt Against Payment printed forms should be received at the latest on the day before settlement date. However, if the printed forms are received on the settlement date, they will be processed on a best effort basis.

### **3 – MIDCLEAR VERIFICATION**

The Delivery and Receipt Against Payment instructions will be subject to a matching procedure in order to obtain matched instructions for them to be settled.

The matching criteria are:

- ISIN code/local code
- Shareholder number
- Trade date
- Settlement date
- Quantity of shares in numbers and letters
- Currency and Settlement amount
- The counterparty member code on the delivery against payment instruction must match the sender of the receipt against payment instruction,
- The counterparty member code on the receipt against payment instruction must match the sender of the delivery against payment instruction.

The settlement amount between the deliverer and receiver instructions can vary as follows:

- If the buyer is paying more than the amount specified by the seller by up to USD20 or its equivalent in LBP then this will cause the two instructions to be considered as matched as far as the settlement amount is concerned and the amount specified by the buyer is considered to be the settlement amount,
- If there is any other difference in the settlement amount between the deliverer and receiver then this will cause this amount between the two instructions to be considered as not matched, and hence the instructions sent by the deliverer and receiver will not match.

## **XI – MIDCLEAR SECURITIES ACCOUNTING**

### **1 - CHARACTERISTICS OF AN ACCOUNT**

A Midclear securities account is defined by:

- The Security Code
- The Member Code
- The Account Type
- The Shareholder Number

### **2 - POSTING OF TRANSACTIONS**

- Midclear debits and credits the securities accounts opened on behalf of its members and their customers with the forms submitted by members:
  - Deposit Advice
  - Transfer Order
  - Withdrawal Request
  - Rematerialization Request
  - Pledging/unpledging
  - Blocking/unblocking
- Each business day corresponds to an accounting day, during which transactions are credited or debited to the corresponding accounts and balances are updated.
- Debit entries are not posted until the existence of a sufficient balance of securities has been verified.

### **3 - DAILY SUMMARY STATEMENT**

- At the close of each business day, Midclear prepares a statement of account for each member whose accounts have been debited or credited.
- This document is made available to members at Midclear office on the day following the posting. Recipients should very carefully review the statement and report any errors immediately to Midclear. In addition, an electronic statement is made available on MidclearOnline at the end of each business day.

## XI – MIDCLEAR ACCOUNT TYPES

The assets of a member on Midclear’s books are broken down by category of assets. The following table contains all types of assets recognized by Midclear.

<b>Account Type</b>	<b>Account Type Code</b>	<b>Comments</b>
Member’s Holdings Free (book entry securities)	10	Securities corresponding to the assets of the member. It is used for book entry securities.
Member’s Holdings Pledged (book entry securities)	11	Pledged securities corresponding to the assets of the member. It is used for book entry securities.
Member’s Holdings Blocked (book entry securities)	12	Blocked securities corresponding to the assets of the member. It is used for book entry securities.
Long Term Restricted (144A)	19	Securities corresponding to the underlying shares of GDRs under 144A. It is used for book entry securities.
Member’s Clients’ Holdings Free (book entry securities)	20	Securities corresponding to the assets which the member holds on behalf of its customers. It is used for book entry securities.
Member’s Clients’ Holdings Pledged (book entry securities)	21	Pledged securities corresponding to the assets which the member holds on behalf of its customers. It is used for book entry securities.
Member’s Clients’ Holdings Blocked (book entry securities)	22	Blocked securities corresponding to the assets which the member holds on behalf of its customers. It is used for book entry securities.
Transitory Account - Pending Events	50	Securities in transit. It is used for book entry securities.
BDL Nostro Account	80	Total held by Midclear at BDL
Member’s Holdings BDL	81	Member’s Holdings held by Midclear at BDL
Member’s Clients’ Holdings BDL	82	Member’s Clients’ Holdings held by Midclear at BDL
Member’s Holdings Pledged BDL	83	Pledged Member’s Holdings held by Midclear at BDL
Total Issued	90	Total Issued
Total Outside Midclear	91	Total Outside Midclear
Member’s Holdings Free (physical)	110	Securities corresponding to the assets of the member. It is used for physical securities.
Member’s Holdings Blocked (physical)	112	Blocked securities corresponding to the assets of the member. It is used for physical securities.
Long Term Restricted (144A) (physical)	119	Securities corresponding to the underlying shares of GDRs under 144A. It is used for physical securities.



Member's Clients' Holdings (physical)	120	Securities corresponding to the assets which the member holds on behalf of its customers. It is used for physical securities.
Member's Clients' Holdings Pledged (physical)	121	Pledged securities corresponding to the assets which the member holds on behalf of its customers. It is used for physical securities.
Member's Clients' Holdings Blocked (physical)	122	Blocked securities corresponding to the assets which the member holds on behalf of its customers. It is used for physical securities.
Transitory Account - Pending Events Physical	150	Securities in transit. It is used for physical securities.

### XIII – ORDER ALLOCATION PROCEDURE

Executed buy/sell orders by the brokers on the Beirut Stock Exchange (BSE), are sent to Midclear for further processing.

Midclear uploads such information to MidclearOnline to allow brokers to enter the shareholder number, portfolio code and the residency on such orders the same day they are received from BSE.

Such information must be completed by the latest nine o'clock of the next business day. Modifications to such allocations are possible provided they are made before nine o'clock the next business day. All modifications must be handwritten and duly signed and the original must be sent to Midclear before nine o'clock the next business day.

#### Enter Modify Trades/Allocations

Member:

Id	B/S SecCde PrtfBSE Prtf	T	ShareHolder No	Resident
1	1312111015170001 B 1122 C C	<input type="checkbox"/>		<input checked="" type="checkbox"/>
2	1312111028470002 B 1122 C C	<input type="checkbox"/>		<input checked="" type="checkbox"/>
3	1312111101030003 B 1122 C C	<input type="checkbox"/>		<input checked="" type="checkbox"/>
4	1312111209500004 B 1121 C C	<input type="checkbox"/>		<input checked="" type="checkbox"/>
5	1312111209570005 B 1122 C C	<input type="checkbox"/>		<input checked="" type="checkbox"/>
6	1312111221090006 B 1121 C C	<input type="checkbox"/>		<input checked="" type="checkbox"/>
7	1312111229550007 B 1121 C C	<input type="checkbox"/>		<input checked="" type="checkbox"/>
8	3C31047090013 B 1122 C C	<input type="checkbox"/>		<input checked="" type="checkbox"/>
1				

Choose your sort criteria:

Security Code

  

RefNo	Trade DateTime	Quantity	Price
20131211 001122 00008	11/12/2013 10:20:25	2,000	11.2000000
		Total=2,000	

### XIV – SETTLEMENT CYCLES

Executed orders on the Beirut Stock Exchange (BSE) are irrevocable and are sent for settlement on T+3. In addition, all matched deliveries and receipts against payment due to be settled on T+3 are sent for settlement as well.

There are three settlement cycles in a business day except on Friday which has only two settlement cycles.

Monday to Thursday: 9:45, 11:45 & 13:45

Friday: 9:45 & 11:45

In the Real Time Gross Settlement (RTGS) system of the Central Bank, the main member's cash account balance at the beginning of a business day, is transferred to a subaccount called the General Liquidity Optimizing Module (General LOM) of this member's account.

There is also another subaccount to the main member's cash account called Midclear LOM. This is true for every member of the RTGS that requires Midclear to clear and settles its trades.

Midclear has the authority to debit or to credit all such Midclear LOM accounts.

In order for a member to deposit or withdraw from Midclear LOM account, it must make transfers from or to their general LOM account.

In a settlement cycle Midclear LOM is first locked in order to freeze any change in the balances of these subaccounts and the balance of each member in Midclear LOM is obtained.

Next, settlement instructions are attempted to be settled by checking the security balance and the cash balance on a net basis.

Settlement instructions that show a deficient security balance or a deficient cash balance are removed from settlement and retried on the next settlement cycle. It should be noted that Midclear does not execute partial settlement. This means that if the deficiency of securities or cash is partially covered, Midclear does not settle the covered part.

Settlement instructions that have sufficient security and cash balances are settled both in Midclear books for securities and in the BDL RTGS Midclear LOM for cash. This results in the settlement of such transactions and is considered final and irrevocable.

At the end of the last settlement cycle, all remaining deficient BSE orders are suspended. All remaining settlement instructions that did not settle on the last settlement cycle and that are not BSE trades, are retried on the next business day.

Following that, Midclear LOM is unlocked.

All suspended BSE trades are notified to BSE in order for it to take further action.

It is important to note that:

<b>Operation Type</b>	<b>Settlement</b>
Public Outcry	T+3
Direct Transaction Outside Hall	T+3
Buy-In	T+1
Sell-Out	T+1
Auction	T+1

N.B.: “T” denotes the day of execution of the order on the regulated financial market.

If a participant of Midclear does not have enough funds or securities at settlement time, the trade will be removed from the settlement cycle and both counterparties will be informed. Failed trades will be retried in the next cycle. If at the end of the last cycle in the business day the transaction did not settle:

- If it’s an OTC trade, it will be retried in the next business day
- If it’s a BSE trade, it will be suspended, reported to the Beirut Stock Exchange (BSE) and the concerned participants
- If the deficiency is in the security leg, a buy-in may be initiated by the BSE and both trades (the original trade and the buy-in) are all settled in the same settlement cycle. It is important to note that such a suspension cannot be resolved via a normal trade.
- If the deficiency is in the cash leg, a sell-out may be initiated by the BSE and both trades (the original trade and the sell-out) are all settled in the same settlement cycle. It is important to note that such a suspension cannot be resolved via a normal trade.

It should be noted that it’s up to Midclear’s discretion to decide which trades to fail in a way to minimize the domino effect of the trades.

## **XV – CANCELLATION AND REVOCATION OF INSTRUCTIONS**

BSE trades, whether settled or unsettled, can never be revoked. Settlement instructions sent to Midclear by participants cannot be revoked if settled. However, if such settlement instructions are still unsettled they can only be revoked when both parties (deliverer and receiver) send cancellation instructions to Midclear.

Midclear systems and procedures do not accept unilateral revocation of unsettled settlement instructions. If such unilateral instructions are sent, they will be rejected and ignored.

It is important to note the following two cases:

- Midclear accepts postdated instructions for up to twenty business days in the future.
- Case 1: If a with matching settlement instruction is received without a counterparty matching instructions and remains so until the last settlement cycle of the settlement date, then it will be deleted at the end of the day.
- Case 2: If a matched settlement instruction, whose settlement date has been reached, then it will be deleted after the last settlement cycle of the tenth business day if it continues to be unsettled.

In both of the above cases members will be charged double the normal cancellation fee.

# Appendix









MIDCLEAR S.A.L.

**SPECIMEN**

ميدكلير ش.م.ل.

No. RR9362

Rematerialization Request - طلب إعطاء الصفة المادية

Request Date

Member

Security

Account Type

Coupon No.

Currency

Quantity Requested (in numbers)  
(in letters)


تاريخ الطلب

المنتسب

الصك

نوع الحساب

حق الانتفاع

العملة

عدد الصكوك المطلوبة (بالأرقام)  
(بالأحرف)

Certificates to be held in the custody of MIDCLEAR: Yes  No

Stamp الختم	Date and Signature of Member تاريخ و توقيع المنتسب	التأشير - Visa ( reserved for MIDCLEAR) (مخصص لميدكلير)	Date and Signature of MIDCLEAR تاريخ، ختم و توقيع ميدكلير
		2. 1.	

معلومات إضافية (مخصص لميدكلير) Additional Information (Reserved for MIDCLEAR)

**SPECIMEN**

(Reserved for Issuer)

(مخصص للمصدر)

Confirmed Quantity:

Rejected Quantity:  
Reason:

Confirmation/Rejection Date:

Stamp الختم	Date and Signature of Issuer تاريخ و توقيع المصدر	التأشير - Visa ( reserved for MIDCLEAR) (مخصص لميدكلير)	Date, Stamp and Signature of MIDCLEAR تاريخ، ختم و توقيع ميدكلير
		2. 1.	

**SPECIMEN**

CAPITAL : 2.8 Milliards de Livres Libanaises - R.C.B. 67177 - B.P. 11-7971 - BEYROUTH - LIBAN - TEL: (961)(1)347 910/66 - 743 471/72 - FAX:(961)(1)347 956

رأس المال الشركة ٢.٨ مليار ليرة لبنانية - ص.ب. ١١-٧٩٧١ - بيروت - لبنان - تليفون: ٣٤٧٩١٠/٥٦ - ٧٤٣٤٧١/٧٢ - فاكس: (٩٦١)(١)٣٤٧٩٥٦

GUICHETS OUVERTS DE 8:30 à 14:30, VENDREDI DE 8:30 à 12:30 - CENTRE ARESCO (15<sup>ème</sup> étage)

دوام الاستقبال من الساعة ٨:٣٠ إلى ٢:٣٠ ب ظم الجمعة من الساعة ٨:٣٠ إلى ١٢:٣٠ ب ظم - منظر اريسكو  
- الطابق الخامس عشر

MIDCLEAR S.A.

SPECIMEN

of

ميدكلير ش

## REMATIALIZATION REQUEST DETAILS

بيان تفصيلي يطلب إعطاء الصفة المادية

Request No. :		رقم الطلب :	
Shareholder Number	Quantity of Shares Requested for Remat.	Shareholder Number	Quantity of Shares Requested for Remat.
رقم صاحب الحق	عدد السكوك المطلوب إعطائها للصفة المادية	رقم صاحب الحق	عدد السكوك المطلوب إعطائها للصفة المادية
1		Running Balance:	
2		34	
3		35	
4		36	
5		37	
6		38	
7		39	
8		40	
9		41	
10		42	
11			
12			
13		45	
14		46	
15		47	
16		48	
17		49	
18		50	
19		51	
20		52	
21		53	
22		54	
23		55	
24		56	
25		57	
26		58	
27		59	
28		60	
29		61	
30		62	

Carry-Over Balance

Total:

# DELIVERY AGAINST PAYMENT

Transaction reference:

Security description:

ISIN code or Local code:

Shareholder number:

Shareholder name:

Trade date:

Settlement date:

Quantity of shares:

Currency and Settlement amount:

Counterparty name:

Counterparty member code:

Please debit our custody account number .../... (member code)/(account type) with you.

# RECEIPT AGAINST PAYMENT

Transaction reference:

Security description:

ISIN code or Local code:

Shareholder number:

Shareholder name:

Trade date:

Settlement date:

Quantity of shares:

Currency and Settlement amount:

Counterparty name:

Counterparty member code:

Please credit our custody account number .../... (member code)/(account type) with you.