

# **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 insures that it has robust accounting practices by the controls that Midclear 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 public 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 completed by the member in duplicate.

Special care should be taken by the originator in completing the Deposit form. Numbers should be entered clearly (member code, value and number of securities). 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 form must be dated, signed and stamped by the originator.

## **2- DELIVERY**

Securities may be delivered only by a Midclear member.

Delivery takes place at Midclear offices and Midclear's clerk will first verify the identity of the member's agent.

## **3 – PROCEDURES**

The courier goes to the Midclear office and delivers batches of securities 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.

For nominal securities: the name of the shareholder must be clearly written on the certificate so that it will be recorded in the name that appears on the certificate.

For bearer securities: if there are any distinctive marks (partly torn and not affecting neither the certificate number nor the coupons if any, bearing liquid traces, worn-out papers...) on the certificates, such certificates will be treated as non-fungible. However if there are no distinctive marks on the certificates they will be treated as fungible.

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

On the following day, a statement of account is printed, signed, stamped and held available for the member.

It is important to note that if the certificates to be deposited are non-fungible they will be deposited in a special account whereby the only operation to be allowed is a withdrawal. Midclear will decide which deposited certificates are to be considered as fungible and which are to be considered as non-fungible.

Deposits are recorded in Midclear books on the day they are received and accepted.

## **4- ORDERLINESS OF DELIVERIES**

Deposited bearer securities must contain all immatured coupons attached but without any matured coupon as of the date of deposit. Otherwise the deposit is rejected.

However, if the same matured coupon number is attached to all the certificates in the deposit, the Local Markets department will send the concerned certificates to the Corporate Actions Department to take action.

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.

## **5 - 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 samples, if they were provided by the issuer.

## **V – TRANSFER OF SECURITIES**

### **1 - FORMS**

A transfer order is a numbered form on which the member indicates, in particular, the desired value date.

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

Special care should be taken by the originator in completing transfer forms. Numbers should be entered clearly (member code, account type, quantity of securities, security code, shareholder number in case of registered securities, quantity in letters and date). Transfer orders should be completed preferably with a ballpoint pen or a printer. Pencils may not be used.

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

Any error in a transfer order is the responsibility of the member who made it.

In case of a transfer from one account type to another and when the security is physical Midclear will provide the certificate numbers to be used in the transfer in question.

### **2 - PROCEDURES**

Transfer orders are non-endorsable, issued separately in respect of a given type of security, and for a single recipient. A member should submit a transfer only if he has a sufficient balance in his securities current account.

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

The issuing member delivers the original transfer order to Midclear, which, after executing the order, sends a confirmation, either by Swift or by letter duly signed by Midclear, to both parties of the transfer.

Transfers are recorded in Midclear books on the value date indicated on the transfer.

### **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. The order should be submitted to Midclear no later than the aforesaid value date; otherwise it will be rejected.

### **4 - MIDCLEAR VERIFICATION**

The issuing member delivers the transfer orders to Midclear office.

After checking the transfer orders, any improperly prepared or dubious transfer order is rejected.



## **VI - WITHDRAWAL OF SECURITIES**

### **1 - FORMS**

The Withdrawal request is a numbered form containing the same information as the deposit advice.

The request is prepared by the member without specifying the certificate numbers in the case of free bearer shares.

### **2 - PROCEDURES**

The member submits the Withdrawal request to Midclear office which is verified and checked by Midclear's clerk.

Nominal: any withdrawal request not mentioning the shareholder name will be rejected.

Bearer:

- any request for withdrawal of certificates by a member of Midclear which happens to be the custodian of the certificates that has been marked as non-fungible will result in the same certificates that were deposited, being delivered
- any request for withdrawal of certificates that has been marked as fungible will result in any other fungible certificate to be delivered

Valid submitted withdrawals will be included in the day's entries, but the actual securities 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 are accompanied by a numerical withdrawal record prepared by Midclear, specifying the numbers of the certificates delivered to the member. In the case of bearer securities, the certificates are of the same type as those initially deposited but the certificate numbers may be different.

Any dispute concerning the numerical withdrawal record must be submitted within five business days of delivery of the certificates.

Withdrawals are recorded in Midclear books on the day they are received and accepted.

### **3 - WITHDRAWAL OF REGISTERED SECURITIES**

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.

### **4 - WITHDRAWAL OF BEARER SECURITIES**

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

In addition the withdrawal need not be the same certificates that were originally deposited because of the fungibility of free bearer certificates.

## **VII -REMATERILIZATION OF SECURITIES**

### **1 - FORMS**

The Rematerialization Request is a numbered form on which the member indicates, in particular, the desired quantity of Solidere category A or B securities to be rematerialized. The member should also indicate if the rematerialized quantity is to be held with Midclear.

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

Special care should be taken by the originator in completing Rematerialization Request forms. Numbers should be entered clearly (member code, security code, number of securities, shareholder number, account type, quantity in letters and date). Rematerialization Request forms should be completed preferably with a ballpoint pen or a printer. Pencils may not be used.

Failure to follow these instructions may lead to rejection of the Rematerialization Request.

Any error in a Rematerialization Request form is the responsibility of the member who made it.

### **2 - PROCEDURES**

#### **a- If the certificates are to be delivered to the member:**

The member submits the Rematerialization Request form to Midclear office which is verified and checked by Midclear's clerk.

This Rematerialization Request form will be included in the pending Rematerialization day's entries, but the actual physical certificates will not be available to the member at Midclear offices until the working day following submission of the request and the receipt of the physical certificates from Solidere.

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.

#### **b- If the certificates are to be held by Midclear:**

The member submits the Rematerialization Request form to Midclear office which is verified and checked by Midclear's clerk.

This Rematerialization Request form will be included in the pending Rematerialization day's entries, but the actual physical certificates will not be available in the account of the member at Midclear (via an automatic Deposit Advice processed by Midclear) until the next business day following submission of the request and the receipt of the physical certificates from Solidere.

Rematerializations are recorded in Midclear books on the day they are received and accepted.

### 3 - MIDCLEAR VERIFICATION

The rematerialization issuing member delivers the Rematerialization requests to Midclear office.

After checking the requests, any improperly prepared or dubious forms are rejected.

Upon receipt of the physical certificates, 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.

## VIII – PLEDGING AND UNPLEDGING OF SECURITIES

### 1 – FORMS

Pledging and Unpledging of securities are instructed via a specially formulated transfer order on which the member indicates in particular the desired value date.

This special transfer order form must be dated signed and stamped by the originator.

Special care should be taken by the originator in completing the pledging and unpledging transfer forms. Numbers should be entered clearly (member code, account type, quantity of securities, security code, shareholder number in case of registered securities, quantity in letters and date). Special transfer orders should be completed preferably with a ballpoint pen or a printer. Pencils may not be used.

Failure to follow these instructions may lead to rejection of the pledging and unpledging instructions.

Any error in these instructions is the responsibility of the member who made it.

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 العسلة
Currency		
Total Quantity of Shares (in numbers) (in letters)		عدد الصكوك (بالأرقام)

## Example of account types used in Unpledging

Debitor Participant		المنخسب المدين
Debitor Account Type	121	نوع الحساب المدين
Creditor Participant		المنخسب 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

A member should submit a pledge instruction only if it have a sufficient balance in its security current account.

A member should submit an unpledged instruction only if it have a sufficient balance in its pledged current account.

Midclear will specify the certificates to be pledged or unpledged.

The issuing member's delivers the original pledge or unpledge orders to Midclear, which, after executing the orders, sends a confirmation, by letter duly signed by Midclear.

A pledge/unpledge is recorded in Midclear books on the value date indicated on the pledge/unpledge.

## 3 - MIDCLEAR VERIFICATION

The issuing member delivers the pledge or unpledged instructions to Midclear office. After checking, any improperly prepared or dubious instruction is rejected.

## IX - BLOCKING AND UNBLOCKING OF SECURITIES

### 1 - Forms

Blocking and unblocking of securities are instructed via a specially formulated transfer order on which the member indicates in particular the desired value date.

This special transfer order form must be dated signed and stamped by the originator.

Special care should be taken by the originator in completing the blocking and unblocking transfer forms. Numbers should be entered clearly (member code, account type, quantity of securities, security code, shareholder number in case of registered securities, quantity in letters and date). Special transfer orders should be completed preferably with a ballpoint pen or a printer. Pencils may not be used.

Failure to follow these instructions may lead to rejection of the blocking and unblocking instructions.

Any error in these instructions is the responsibility of the member who made it.

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

A block/unblock is recorded in Midclear books on the value date indicated on the block/unblock.

Example of account types used in Blocking

Debitor Participant			المنفسيب المدين
Debitor Account Type		10 or 20 or 110 or 120	نوع الحساب المدين
Creditor Participant			المنفسيب 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

Debitor Participant			المنفسيب المدين
Debitor Account Type		112 or 122	نوع الحساب المدين
Creditor Participant			المنفسيب 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**

A member should submit a block instruction only if it have a sufficient balance in its security current account.

A member should submit an unblock instruction only if it have a sufficient balance in its blocked current account.

Midclear will specify the certificates to be blocked or unblocked.

The issuing member's delivers the original block or unblock orders to Midclear, which, after executing the orders, sends a confirmation, by letter, duly signed by Midclear.

### **3 - MIDCLEAR VERIFICATION**

The issuing member delivers the block or unblock instructions to Midclear office. After checking, any improperly prepared or dubious instruction is 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.

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 (if the security is registered)
- Trade date
- Settlement date
- Quantity of shares
- 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:

- The buyer is paying more than the amount specified by the seller by up to USD20 or its equivalent in LBP. 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,
- Any other difference in the settlement amount between the deliverer and receiver 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:

- For bearer security:
  - The security code
  - The member Code
  - The account type
- For registered security:
  - The security code
  - The member Code
  - The account type
  - The shareholder number

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

- Midclear debits and credits the securities current accounts opened on behalf of its members and their customers with the accounting documents submitted by members.
- These documents are the deposit advice, the transfer order, the withdrawal request and the Rematerialization Request, pledging unpledging and blocking unblocking.
- Each Midclear 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 offices 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 Midclear Online at the end of each business day.

## XII – 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>Resident Code</b>	<b>Comments</b>
Own assets (bearer & book entry securities)	10	Stock of securities corresponding to the assets of the member. It is used for book entry and bearer securities.
Own assets blocked (bearer & book entry securities)	12	Stock of blocked securities corresponding to the assets of the member.
Own assets non-fungible (bearer & book entry securities)	13	Stock of non-fungible securities corresponding to the assets of the member.
Customer assets (bearer & book entry securities)	20	Stock of securities corresponding to the assets which the member holds on behalf of customers. It is used for book entry and bearer securities.
Customer assets pledged (bearer & book entry securities)	21	Stock of pledged securities corresponding to the assets which the member holds on behalf of customers. It is used for book entry and bearer securities.
Customer assets blocked (bearer & book entry securities)	22	Stock of blocked securities corresponding to the assets which the member holds on behalf of its customers
Customer assets non-fungible (bearer & book entry securities)	23	Stock of non-fungible securities corresponding to the assets which the member holds on behalf of its customers.
Customer fiduciary assets (bearer & book entry securities)	25	Stock of fiduciary securities corresponding the the assets which the member holds on behalf of its customers
Own assets (physical registered)	110	Stock of securities corresponding to the assets of the member. It is used for physical registered securities.
Own assets blocked (physical registered)	112	Stock of blocked securities corresponding to the assets of the member. It is used for physical registered securities.
Own assets non-fungible (physical registered)	113	Stock of non-fungible securities corresponding to the assets of the member. It is used for physical registered securities.
Customer assets (physical registered)	120	Stock of securities corresponding to the assets which the member holds on behalf of customers. It is used for physical registered securities.
Customer assets pledged (physical registered)	121	Stock of pledged securities corresponding to the assets which the member holds on behalf of customers. It is used for physical registered securities.
Customer assets non-fungible (physical registered)	123	Stock of non-fungible securities corresponding to the assets which the member holds on behalf of its customers. It is used for physical registered securities.
Customer assets pledged blocked (physical registered)	124	Stock of pledged blocked securities corresponding to the assets which the member holds on behalf of customers. It is used for physical registered 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: .

								Choose your sort criteria:	
								Security Code	
								ASC	
1	1312111015170001	B	1122	C	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="button" value="+ ADD"/>
2	1312111028470002	B	1122	C	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="button" value="- REMOVE"/>
3	1312111101030003	B	1122	C	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="button" value="X CLEAR"/>
4	1312111209500004	B	1121	C	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	<input type="button" value="Get Orders"/>
5	1312111209570005	B	1122	C	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
6	1312111221090006	B	1121	C	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
7	1312111229550007	B	1121	C	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
8	3C31047090013	B	1122	C	<input type="checkbox"/>	<input type="checkbox"/>		<input checked="" type="checkbox"/>	
1									

  

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:

Operation Type	Settlement
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 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 a suspension cannot be resolved via a normal trade.

It is important to note 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: A matched settlement instruction, whose settlement date has been reached, 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 ٢٠٨ 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 (16<sup>ème</sup> étage)

دوام الاستقبال من الساعة ٨:٣٠ إلى ٢:٣٠ ب ظ الجمعة من الساعة ٨:٣٠ إلى ١٢:٣٠ ب ظ - 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 (if the security is registered):

Shareholder name (if the security is registered):

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 (if the security is registered):

Shareholder name (if the security is registered):

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.