

A company supervised by Securities and Commodities Authority, License No. 604097

الصفوة مباشر

ALSAFWA MUBASHER

Al Safwa Mubasher Financial Services (PJSC)

Short Selling Agreement

Customer name:

Customer account:

Branch:

Al Safwa Mubasher Financial Services

Tel: 800567000 / +97143289111

Fax: 80057001 / +97143311120

PO. Box: 185085 –Dubai –UAE

(Short Selling Agreement)

This Agreement is made and entered into on, .../.../201... by and between:

I. First Party:

Al Safwa Mubasher Financial Services (PJSC)

License No. : 604097

Address: Emirate of Dubai – P.O. Box 18508, Phone No.: +971 4 3289111

Hereinafter referred to as "**Company**"

II. Second Party:

A. Natural Person:

Name: Nationality:

ID / Passport No.: Date of Issue: .../.../.....

Expiration Date: Marital Status:..... Profession:.....

Date of Birth: .../.../..... (Dd/mm/yyyy)

Bank Account No.:

IBAN:

Full Address:

Country:..... City: Region:.....

Building: Apartment No.: Home Phone:

Phone:..... P.O. Box:..... Fax: Mobile:.....

E-mail:.....

B. Legal Person:

Name of legal person: Legal form:

Nationality: Licensing Authority: License No.:

The person authorized to manage the account:

Mobile No. of the person authorized to manage the account:

Correspondence Address:

Headquarters Address:

Country: City: Region:.....

Street: Building No.: Phone: Fax:

P.O. Box: E-mail:

Hereinafter referred to as "**Customer**":

Customer Signature Company Representative Signature

III. Means of Notification

1. Telephone. 2. Fax. 3. E-mail. 4. Mobile SMS

IV. Special Information about Customer

1. Is the Customer a Chairman, a Board Member, a Director General, an Executive Director or an experienced employee of a company listed in the financial markets licensed within the state or a relative of any of such persons, up to second-degree relatives?

- Yes No

If the answer is yes, specify the Company Name:, Job Title:.....

Degree of Kinship: Name of the relative:

2. Is the Customer a Chairman, a Board Member or a Brokerage Company's Employee licensed by SCA or a spouse, ancestor or descendant of any of such persons up to the second-degree relatives or their minor children?

- Yes No

If the answer is yes, specify the Company Name:, Job Title:.....

Degree of Kinship:Name of the relative:

3. How much is your annual income?

- Less than AED 100,000 AED 100,000 - AED 200,000
 More than AED 200,000.

4. Do you have liabilities or financial obligations towards third parties?

- Yes No

- Less than AED 50,000 AED 50,000 - Less than AED 100,000
 AED 100,000 – AED 200,000 More than AED 200,000.

5. How much money allocated for investment in securities?

- Less than AED 50,000 AED 50,000 - Less than AED 100,000
 AED 100,000 - AED 200,000- More than AED 200,000.

6. To what extent is your knowledge of investing in securities?

- Poor Moderate Excellent

7. How much return on investment in securities do you expect?

- Less than 10% From 10% - 20% More than 20%

8. Do you realize the risk of margin trading?

- Low Moderate High

9. What are the goals of investment in securities?

- Short-term goals Long-term goals Mudarabah Annual return
 Capital gain

10. Do you have a margin trading account (s) with another Brokerage Company?

- Yes No

If the answer is yes, please specify the name of that company:

Customer Signature

Company Representative Signature

V: The Customer hereby acknowledges that all data it provides in the Short Selling Agreement are valid, and that it has the solvency that entitles it to open a Short Selling Account with the Company.

Terms and Conditions of the Agreement

Preamble

Whereas the Customer is desirous to short sell in the securities listed in one of the financial markets licensed by SCA through the execution of short selling by the Company in favor of the Customer in the securities that he does not own and within the limits allowed in accordance with the decisions and judgments issued by the financial markets mentioned above in order to make profits by benefit from the price difference if prices decrease.

Whereas the Company is an entity licensed by SCA to practice short selling, and is desirous to provide service to the Customer;

Therefore, having acknowledged their contractual competence, both parties agreed to regulate their relationship under the following articles:

Article (1): Definitions

For the application of this Agreement, the following words and terms shall have the meanings ascribed thereto respectively, unless otherwise required by the context:

SCA	Securities and Commodities Authority
Law	The Federal Law No. (4) of 2000 concerning the Emirates Securities and Commodities Authority and Market, as amended.
Market	Securities and commodities market of the state, that is licensed by SCA.
Short Selling	The sale of securities that are not owned by the Customer and within the limits allowed to be committed to provide it in accordance with the decisions and judgments issued by the financial markets in order to make profits through benefit from the price difference if prices decrease.
Cash Trading Account	The trading account, of which value is paid in full by the Customer to the Company before the purchase order of a certain security is executed or sell securities owned by the Customer and collect its value.
Sub-account of Margin Trading Account for short selling operations:	The Customer's account, which deals with securities that are traded on short with the Company.
Initial Margin	The amount of money deposited by the Customer with the Brokerage Company for the Short Selling Account in accordance with the prescribed ratio of the market value of the securities to be short soled prior to the execution of sale order.
Maintenance Margin	The minimum set by SCA for the Customer contribution in the market value of securities that short soled at any time after the sale date until the short position is covered.

<u>Securities</u>	<u>The Stocks listed on the financial markets, Which are allowed for short selling</u>
Short Position Coverage	The Customer shall cover the previously sold short shares to settle the sold shares at the specified settlement date.

Customer Signature

Company Representative Signature

Article 2: Short Selling Concept

1. Short Selling is to sale a security by the Customer that does not have to be committed to provide it during the period prescribed by the financial markets in order to make profits through benefit from the price difference if prices decrease. In addition, the customer margin percentage remains in safe limits for brokerage called (maintenance margin). This percentage shall be calculated instantaneously according to the market price of the securities and the real collateral of the brokerage company is the sale of the short-selling securities plus the initial cash margin which the Customer agreed to freeze in favor of the short position coverage. This agreement regulates the relationship between the Brokerage Company and Customer along with the applicable laws and regulations.
2. Short Selling Orders shall be issued in accordance with the provisions of SCA Law and the regulations issued thereunder and market regulations concerning cash trading account, and shall be followed by the same provisions in the Brokers Regulations.

Article 3: Short Selling Risks

The Customer understands that short selling holds significant risks. These risks include:

1. It is not the only one who short sells and there are short selling orders from other investors, which may contribute to rise the security price if the short positions are covered, which may increase the Customer's loss.
2. Large losses may be incurred by short selling due to the increase in the security price before the short position is covered, which may cause losses in the Customer's portfolio up to the total amount deposited by him or available in his trading account. In case of decrease in the Customer contribution percentage from the maintenance margin at any time and failure to deposit cash to increase the maintenance margin, the Company will buy the short security due to market conditions. The losses may exceed the Customer's loss and delay penalties imposed by the market on his capital. Therefore, the Customer shall be fully aware of the technical rules used for short selling and short position coverage.
3. It may not necessarily generate huge profits through short selling, as this type of trading is very risky, especially when market volatility occurs.

The financial market or the Company has the right to stop the short selling of any security without reference to the Customer. The Customer is not entitled to refer to the Company to request a compensation for losses that may arise from that order.

4. The financial market or the Company has the right to stop the short selling of any security without reference to the Customer. The Customer is not entitled to refer to the Company to request a compensation for losses that may arise from that order.
5. There may be some technical malfunctions that may occur on the trading system in the market or the company or any malfunctions or other emergency events that may hinder the execution of purchase and sale orders in general. This is considered one of the risks of dealing in the market and the company does not bear any losses resulting therefrom, unless it is proved that failure to execute the order occurred due to negligence or error of the company.

Customer Signature

Company Representative Signature

Article 4: Identify the initial margin and maintenance margin

- The initial margin is set at 50% of the securities ~~market capitalization market value~~ to be short sold.
- The maintenance margin is set at 25% of the securities ~~market capitalization market value~~ to be short sold.

Article 5: Determination of securities allowed for short selling

- The Parties agreed that the short selling shall be executed in implementation of this Agreement exclusively for the companies declared by the Financial Markets.
- The Parties agreed that the First Party shall be individually entitled to amend the list of securities allowed for short selling whether add, delete or change it.
- The Second Party shall abide by the list of securities allowed for short selling declared by the First Party on the website and abide by the amendments thereto.

Article 6: Commissions and Expenses

- The commission under the Regulations as to Brokers for execution of trades.
- The company may amend the short selling commission and notify the Customer by any means of notification mentioned in Article 3, and the amendment shall be valid after 15 days from the date of serving a notification to the Customer.

Article 7: Company Obligations

The Company shall hereby:

1. Verify the Customer solvency.
2. Open a separate account for the Customer at the company separated from the Margin Trading Account, and the short selling in that account shall be recorded as a negative purchase until the sold shares are covered.
3. Ensure that the Customer deposits the initial margin in Margin Trading Sub-account with the Company in accordance with the percentage specified in Article 4 herein.
4. Review the Margin Trading Sub-account immediately and cover the Customer's short positions when the contribution percentage to the account for the maintenance margin is decreased without reference to the Customer.
5. Provide the Customer with a detailed monthly statement of account showing the trading movement of securities sold short, without prejudice to the Customer's right to request a detailed statement of account at any other time.
6. Register the securities sold short in the Clearing House on behalf of the Customer.
7. Freeze proceeds of short selling securities in the margin sub-account until the customer or the company covers short positions, providing that acting in accordance with the procedures used in the market.
9. Notify the Customer immediately if the license is suspended or canceled.

Customer Signature

Company Representative Signature

Article 8: Company Rights

The Company shall hereby be entitled to:

1. Obtain the commission equivalent prescribed under the Regulations as to Brokers to execute trading operations.
2. Require the Customer to cover the shortfall in the initial margin of the short position.
3. Return to the Customer to fulfill the remaining obligations, in accordance with the procedures guaranteed by applicable laws in the State to the Company, in the event that the proceeds from securities sold short of the purchased shares value to cover the short position are not covered.
4. Terminate this Agreement and stop the Service provided to the Customer at any time in accordance with Article 14. The Company is also entitled to terminate this Agreement and stop the Service provided to the Customer, in case of Agreement termination, or if the Customer breaches the applicable laws and regulations provisions or the Agreement terms and conditions, the Customer fails to make payments, the Customer is injured by a partial or total disability that prevents him from commitment to the Agreement or the Customer death.
5. Purchase short securities with a Margin Trading Sub-account, if the Customer fails to cover its short positions resulting from short selling during the period specified by the financial markets for coverage. The Customer shall bear all costs and fines resulting from the coverage.
6. Sell part or all of the short securities in the Customer's Margin Trading Sub-account without reference to the Customer, and the Customer is not entitled to return the Company to request a compensation for losses that may arise from the Customer's short position coverage in securities.

Article 9: Customer Obligations

The Customer shall hereby be committed to:

1. Deposit the initial margin in the Margin Trading Sub-account for short selling in accordance with the percentage agreed upon in Article 4 of this Agreement prior to the Sale Order execution.
2. Deposit cash in Margin Trading Sub-account for short selling if its contribution percentage becomes lower than the maintenance margin.
3. Pay dues to the Company in the event that the Company is unable to purchase the sold short securities in the Customer's Margin Trading Sub-account for short selling or insufficient value of the sold short securities to repay the required purchase values to short position coverage. The Company shall be entitled to take all legal measures towards the Customer in the event of default.
4. Pay all financial dues arising from the Margin Trading Sub-account with the Company for short selling.

Customer Signature

Company Representative Signature

Article 10: Customer Rights

The Customer shall hereby be entitled to:

1. Request a statement of Margin Trading Account at any time.
2. Close the Margin Trading Sub-account for short selling at any time the Customer want, after payment of financial dues arising from its account with the Company, subject to the procedures of termination of this Agreement in accordance with Article (13).

Article 11: Short selling securities terms and available methods to cover short selling balance

- The selling price shall be greater than the last trading transaction – Short Sell Uptick Rule.
- The short selling securities will be automatically suspended by the market if it falls 5% at the same session and the next trading day, while allowing short positions to be covered.
- The Market shall have the right to stop short selling of any securities on the maturity date of the profits, bonus shares, cases of sharp price changes and any other cases deemed appropriate by the Market.
- Short selling shall be allowed, but if the seller customer is committed to deliver the sold short securities, where the customer can do so in the manner stipulated in the decisions and judgments issued by the financial markets.

The Clearing House shall have the right to cover the Customer's short account by transferring from any account held by it to the Customer.

Article 12: Guarantees

1. The Customer hereby agrees to freeze the sold short securities in the Margin Trading Sub-account for the short selling to the Company in order to secure the amounts payable to the Company in the short positions coverage.
2. The Customer agrees to grant the Company the right to purchase the sold short securities in the Customer's Margin Trading Sub-account for short selling, if the Customer fails to cover cash for the low contribution of the account for the maintenance margin to the extent that returns the Customer's contribution percentage to the initial margin according to the market value of those securities.
3. The short selling proceeds along with the initial cash margin deposited by the Customer in the Margin Trading Sub-account for short selling is the company's guarantee so as the Customer shall honor its obligations to cover short positions. Moreover, All Customer's shares and cash balances deposited in all his accounts with the Company with the diversity of their purpose shall be considered as a guarantees provided, object of this agreement, ensuring that the Customer will fulfill its obligations in full. The Customer hereby authorizes the Company to use the funds available in such accounts to cover the above-mentioned short positions.

Customer Signature

Company Representative Signature

Article 13: Amendment and Addition

1. If either party wishes to make any amendment or addition to the terms and conditions contained herein, such party shall send a written request to the other party specifying details of the amendment or addition required at the address specified in the parties' data attached to

this Agreement. No amendment, change or addition to this Agreement shall be deemed effective unless agreed by the parties in writing and under a joint signature.

2. The Parties may not agree to amend any provisions of this Agreement in violation of the Law, regulations and decisions issued pursuant thereto.

Article 14: Agreement Term

The Agreement term shall be one calendar year from the signature date and shall be automatically renewable for similar periods.

Article 15: Agreement Termination

The First Party may terminate this Agreement at any time from the signature date of this Agreement during the first year or during similar periods provided that the First Party shall notify the Second Party 15 days before the termination date.

In all cases, Agreement termination shall not prejudice the rights and obligations arising between the parties and shall remain in effect between both parties until being settled.

Article 16: Notices

The Parties agrees that any notification required by this Agreement shall be effected by any means of notification specified in this Agreement.

Article 17: Agreement Interpretation and Disputes

This Agreement, rights and obligations of both parties shall be interpreted in accordance with laws and regulations in force in UAE that are compliant with Shariah. Disputes arising between the parties shall be amicably settled. If it cannot be settled within (7) days, it shall be adjudicated by the Competent Court in Dubai, UAE.

Article 18: Agreement Execution and Signature

1. This Agreement is executed in duplicate in Arabic; a copy hereof shall be delivered to each party to act accordingly.

2. The Parties hereto sign the Agreement and this Agreement therefore becomes effective and binding thereupon.

Company Representative:	.....	Customer:	.....
Title/ Position:	.....	
Signature:	.....	Signature:	.....
Date:	.....	Date:	.....