



ECCSD Rules

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EASTERN CARIBBEAN CENTRAL SECURITIES DEPOSITORY RULES

RULE 1 DEFINITIONS

Unless the context requires otherwise, the terms defined in this Rule shall, for all purposes of these Rules, have the following meanings.

ECCSD - means the Eastern Caribbean Central Securities Depository.

Securities Act – means the Securities Act 2001.

BET or "Book Entry Transfer Instruction" – means the instruction to the ECCSD that initiates a movement of Securities, whether free or versus payment, from one account to another or from one position to another within the ECCSD.

Board of Directors – means the Board of Directors of the ECCSD.

Business Day – means any day on which the ECCSD is open for business.

Commission – means the Eastern Caribbean Securities Regulatory Commission

Contract – means a compared transaction for the purchase or sale of Eligible Securities, or for the payment of money in connection with a transaction in such Securities.

Contract Data - means that information, as determined by the ECCSD, which is submitted with respect to Contracts compared by another source and which is in such form as is acceptable to the ECCSD.

Correspondent Client - means a financial intermediary that accesses the ECCSD's services indirectly, through a Correspondent Participant.

Correspondent Participant - means a Participant in the ECCSD that provides access to the ECCSD's services to another financial intermediary.

Credited Securities – means, in relation to a Participant, any securities from time to time credited to the account of the Participant on the books of the ECCSD by Registry Transfer or Delivery.

Delivery or Deliver – means, in relation to a securities transaction, the issuance or transfer of the securities to the account of the ECCSD or a Participant. A Delivery may be made free of payment within the ECCSD (a "Free Delivery") or against a debit to the Settlement Account of the receiving Participant under the Trade-for-Trade System (in each case a "Delivery Versus Payment") subject to the provisions of Rule 8 of these Rules and as specified in the Procedures. Deliveries may be initiated by terminal input, among other means.

Delivery versus Payment (DVP) - means the Book Entry delivery of securities to the Depository Account of a Participant combined with a money transaction to the Settlement Account of the Participant where all such money transactions are netted and the net money settlement value is delivered or received according to ECCSD Procedures.

Eligible Securities - means those securities defined in Rule 4 and included in the lists for which provision is made in Section 1 of Rule 15 of these Rules.

Free Delivery - means the book entry transfer of securities from the Depository account of one Participant to the Depository account of another Participant free of payment.

Free Position - in a security, means the position of a Participant, other than a Segregated Position, with respect to a security held by the ECCSD for which the Participant has fully paid or his account has been charged, and as to which a quantity of the security will be debited or credited, as the case may be, in settlement of transactions.

Gross Credit Balance - for a business day, as used in relation to a Participant, means the aggregate amount of money the ECCSD credits to the Participant's account pursuant to these Rules on such business day without accounting for any amount of money the ECCSD debits or charges to the Participant's account pursuant to these Rules for such business day.

Gross Debit Balance - for a business day, as used in relation to a Participant, means the aggregate amount of money the ECCSD debits or charges to the Participant's account pursuant to these Rules on such business day without accounting for any amount of money the ECCSD credits to the Participant's account pursuant to these Rules for such business day.

Market Value - means the current market value of a security.

Net Credit Balance - for a business day as used in relation to a Participant, means the amount by which the Participant's Gross Credit Balance for the business day exceeds its Gross Debit Balance for the business day.

Net Debit Balance - for a business day as used in relation to a Participant, means the amount by which the Participant's Gross Debit Balance for a business day exceeds its Gross Credit Balance for such business day.

Net Settling Purchases - of a Security in relation to any Business Day, means the excess of Settling Purchases over Settling Sales for such Security.

Net Settling Sales - of a Security in relation to any Business Day, means the excess of Settling Sales over Settling Purchases for such Security.

Net Settling Trades - in a Security in respect of any Business Day, means the sum of the Settling Purchases and Settling Sales of such Security for such day.

Participants- means entities that have qualified pursuant to the provisions of Rules 2 and 3 of these Rules.

Procedures - means the Procedures of the ECCSD adopted pursuant to Rule 26.

Registry - means any entity that performs the functions of a registry and is licensed by the Commission pursuant to Part III of the Securities Act.

Registry Transfer - means a transfer on the books of the appropriate Registry to or from the account of the ECCSD on behalf of a Participant.

Representative - means any person authorised to act on behalf of a Participant as provided in Rule 7.

Security – has the meaning given to that term in the Securities Act or shall mean those property interests to which title may be transferred or as to which a valid pledge may be made in accordance with statutory provisions or government regulations, including Commission regulations. The term "securities" shall mean more than one security.

Segregated Position - means an account into which customer securities must be transferred for purposes of segregation pursuant to the ECCSD Rules and Procedures.

Settlement Account - means the account maintained by the ECCSD for each Participant to which all money transactions of the Participant, relative to transactions effected through the facilities of the ECCSD, are debited and credited, as more fully specified in the Procedures.

Settlement Date – means, in respect of a Contract, the date on which the delivery of securities is due and payment is required on such Contract.

Settlement Price – means, as used on any Business Day, the closing price of a Security on the market on which it is traded on the last previous day on which there were trades in such Security. This Settlement Price relates to purposes other than money payments on trades cleared through the Trade-for-Trade System. If no closing price or last sale price is available for the business day prior to the day such price is used, then such price shall be as the ECCSD deems appropriate. Notwithstanding the foregoing, the ECCSD may fix the "settlement price" of a Security at such amount (including zero) as it deems necessary and appropriate in the circumstances to protect the respective interests of the Participants and the ECCSD.

Settling Purchases – means, in respect of any Business Day, all Settling Trades for such day involving the purchase of a Security.

Settling Sales – means, in respect of any Business Day, all Settling Trades for such day involving the sale of a Security.

Statute - means the Statute of the ECCSD as the same may be amended from time to time.

Settling Trades – means, in respect of any Business Day, the Contracts cleared through the ECCSD for which such day is the Settlement Date.

Trade-for-Trade System - means the ECCSD's system of accounting for and effecting settlement of Security transactions that are accepted for clearance on a trade-for-trade basis.

RULE 2 PARTICIPANTS

Section 1. Participants Eligibility

The ECCSD shall make its services available to corporations or other organisations or entities which meet the qualifications specified in Rule 3 which apply to the ECCSD for the use of such services, the applications of which are approved by the ECCSD. The ECCSD shall only approve applicants who meet the standards of financial condition, operational capability and character defined below:

- (i) the applicant has demonstrated that it has sufficient financial ability to meet its anticipated obligations to the ECCSD;
- (ii) the applicant has demonstrated that it has adequate personnel capable of handling transactions with the ECCSD and adequate physical facilities, books and records and procedures to fulfill the applicant's anticipated commitments to, and to meet the operational requirements of, the ECCSD and other Participants with necessary promptness and accuracy and to conform to any condition and requirement which the ECCSD reasonably deems necessary for its protection, and
- (iii) the ECCSD has received no substantial information, such as the following, which would reasonably and adversely reflect on the applicant or any person associated with the applicant to such extent that access of the applicant to the ECCSD should be denied:
 - (a) the ECCSD shall have reasonable grounds to believe the applicant or any person associated with the applicant to be responsible for:
 - (i) fraud, fraudulent acts or breach of fiduciary duty;
 - (ii) making a mis-statement of a material fact or omitting to state a material fact to the ECCSD in connection with its application to become a Participant or thereafter; or
 - (iii) the willful violation of Securities Act or any Commission rule or regulation thereunder;
 - (b) the applicant or any person associated with the applicant has been convicted within the ten (10) years preceding the filing of the application to become a Participant or at any time thereafter of any crime, felony or misdemeanor which involves the purchase, sale or delivery of any security or arose out of conduct of the business of a broker, dealer, investment company, investment adviser, underwriter, bank, insurance company or other financial institution; or involves robbery, larceny, embezzlement, fraudulent conversion, forgery or misappropriation of funds, securities or other property;
 - (c) the applicant or any person associated with the applicant is permanently or temporarily enjoined by order, judgement or decree of any court or other governmental authority of competent jurisdiction from acting as, or as a person

associated with, an investment adviser, underwriter, broker, dealer, investment company, bank, registry, insurance company or other financial institution or from engaging in or continuing any conduct or practice in connection with any such activity, or in connection with the purchase, sale or delivery of any security; or;

- (d) the applicant or any person associated with the applicant has been expelled or suspended from a securities association, exchange, registry, or collective depository, or has been barred or suspended from being associated with any member of an exchange, association, registry, or collective depository.

The ECCSD may approve the application of any applicant, either unconditionally or on an appropriate temporary or other conditional basis, if the ECCSD determines that any standard specified in this Section 1, as applied to such applicant or any person associated with such applicant, is unduly or disproportionately severe or that the conduct of such applicant or person associated with such applicant has been such as not to make it against the interest of the ECCSD, the Participants, or the public to approve such application.

Notwithstanding the foregoing, the ECCSD may decline to accept the application of any applicant upon a determination by the ECCSD that the ECCSD does not have adequate personnel, space, data processing capacity or other operational capability at that time to perform its services for additional Participants without impairing the ability of the ECCSD to provide services for its then Participants, to assure the prompt, accurate and orderly processing and settlement of securities transactions, to safeguard the records, the funds, and securities held for Participants or otherwise to carry out its functions. However, the applicants whose applications are denied pursuant to this paragraph shall be approved as promptly as the capabilities of the ECCSD permit in the order in which their applications were filed with the ECCSD.

The ECCSD shall apply the foregoing requirements on a nondiscriminatory basis. Any applicant aggrieved by action taken by the ECCSD in applying such qualifications shall be entitled to a right of appeal in accordance with the provisions of Rule 21.

For the purposes of this Section I the term "person associated with" when applied to any person shall mean any partner, officer, director, or employee of such person or any person directly or indirectly controlling or controlled by such person.

The ECCSD may at any time cease either temporarily or definitively to make its services available to a Participant in accordance with Rules 9, 10 and 11 and the Participant shall, upon receipt of notice thereof given by the ECCSD as provided in these Rules cease to be a Participant; provided however, that if the ECCSD notifies a Participant that it has ceased to act for it with respect to a particular transaction or transactions, the Participant will continue to be a Participant. A Participant may terminate its business with the ECCSD by notifying the ECCSD thereof; the Participant shall, upon receipt of such notice by the ECCSD, cease to be a Participant. In the event that an individual shall cease to be a Participant, the ECCSD shall thereupon cease to make its services available to the Participant, except that

the ECCSD may perform services on behalf of the Participant or its successor, in interest necessary to terminate the business of the Participant or its successor with the ECCSD. The Participant or its successor shall pay to the ECCSD fees and charges pursuant to these Rules with respect to services so provided by the ECCSD subsequent to the time at which the Participant ceases to be a Participant. The ECCSD shall immediately notify the Commission if it temporarily or definitively ceases to make its services available to a Participant in accordance with these Rules.

Upon the request of the ECCSD, any Participant shall furnish to the ECCSD, information sufficient to demonstrate its satisfactory financial condition and operational capability. The furnishing of any such financial or operational information to the ECCSD shall be subject to any applicable laws or rules and regulations of regulatory bodies having jurisdiction over the Participant which relate to confidentiality of records.

An entity whose application to become a Participant has been approved by the ECCSD shall sign and deliver to the ECCSD an instrument in writing whereby such applicant shall agree to the following:

- (a) That the Participant will abide by the By-Laws and Rules of the ECCSD and the ECCSD shall have all the rights and remedies contemplated by said By-Laws and Rules of the ECCSD;
- (b) That said By-Laws and Rules of the ECCSD shall be a part of the terms and conditions of every contract or transaction which the Participant may make or have with the ECCSD;
- (c) That the Participant will pay to the ECCSD the compensation due it for services rendered based on the ECCSD's fee schedules, and such fines as may be imposed or deposits as may be required in accordance with said By-Laws and Rules of the ECCSD for the failure to comply therewith;
- (d) That the Participant will pay to the ECCSD any amounts which pursuant to the provisions of Rules 8 and 19 hereof shall become payable by the Participant to the ECCSD;
- (e) That the Participant's books and records shall at all times during the regular business hours of the Participant (and at such other times as may be acceptable to the Participant) be open to the inspection of the duly authorised employees or agents of the ECCSD and that the ECCSD shall be furnished with all such information in respect of the Participant's business and transactions as it may require, provided, however, that the ECCSD's right to inspect the books and records of the Participant and to be furnished with information as provided herein shall be subject to any applicable laws or rules and regulations of regulatory bodies having jurisdiction over the Participant which relate to confidentiality of records;

- (f) That the ECCSD, via the Eastern Caribbean Central Securities Registry, is authorised to provide to the issuer of any security at any time credited to the account of the Participant the name of the Participant and the amount of the issuer's securities so credited and is authorised to provide similar information relating to all positions in any security to the Commission or any legally authorized governmental or self-regulatory authority or organisation;
- (g) That the Participant appoints the ECCSD its agent (1) to enter into a custody agreement if necessary with any bank or other appropriate entity (hereinafter referred to as "custodian") chosen by it, such agreement to be in such form and containing such terms and provisions as the ECCSD may in its sole discretion approve, and the Participant hereby ratifies and confirms any and all action previously taken by the ECCSD in this connection, and (2) to instruct each custodian as to the delivery of any and all securities or funds held by any such custodian pursuant to any such agreement;
- (h) That the Participant will, except as otherwise permitted by the ECCSD, give all instructions by it concerning any Credited Securities held by the ECCSD for the Participant's account, or by any custodian subject to the instructions of the ECCSD, through the ECCSD and not otherwise;
- (i) That each custodian shall be entitled to act and rely in all respects upon, and that as regards such custodian the Participant shall be bound by, the instructions of the ECCSD with respect to any Credited Securities from time to time held by the ECCSD for the Participant's account or by any such custodian subject to the instructions of the ECCSD;
- (j) That each security to be credited to the Participant's account with the ECCSD may be transferred into the name of any nominee designated by the ECCSD or by such custodian as the ECCSD may select, and the Participant will indemnify the ECCSD and any nominee of the ECCSD in the name of which securities credited to the Participant's account are registered against all loss, liability and expense which they may sustain, without fault on the ECCSD's part, as a result of securities credited to the Participant's account being registered in the name of any such nominee, including (a) assessments, (b) losses, liabilities and expenses arising from claims of third parties and from taxes and other governmental charges, and (c) related expenses in respect of any such securities. Participants will be notified of any such transfers within 10 business day of such transfer;
- (k) That the Participant will be bound by any amendment to the By-Laws or Rules of the ECCSD with respect to any transaction occurring subsequent to the time such amendment takes effect as fully as though such amendment were now a part of the By-Laws and Rules of the ECCSD, provided, however, that no such amendment shall affect the Participant's right to cease to be a Participant. Before such amendment or change becomes effective, the ECCSD will give the Participant 10 business days notice thereof and the opportunity to give written notice to the ECCSD of its election to terminate its business with the ECCSD; and

- (1) That the Participant's agreement with the ECCSD shall be binding upon the parties thereto and their respective successors and assigns.

Section 2a. Change of Personnel

The Participant shall provide written notice to the ECCSD of any change in Personnel related to its securities activities with 10 business days of such change. Such change to include but not limited to the authorized representative and most senior executive officer.

Section 2b. Change of Service Providers

The Participant shall provide written notice to the ECCSD of any change in Contracted Service Providers related to its securities activities with 10 business days of such change. Such change in service providers to include but not limited to the External auditor.

Section 3. Participant as Principal of Non-Participant

A Participant who utilizes the services of the ECCSD for a person who is not a Participant shall, so far as the rights of the ECCSD, and another Participants are concerned, be liable as principal.

Section 4a. Notice to Participants

Any notice from the ECCSD to a Participant under these Rules or under any agreement between the ECCSD and a Participant shall be sufficiently served on such Participant if the notice is;

- (i) in writing;
- (ii) is delivered to the Participant's box maintained by the ECCSD on its premises or, if such Participant maintains no such box, is delivered by the means other than mail, if any, normally employed by the ECCSD for delivery of communications to such Participant and;
- (iii) is delivered or mailed to the Participant's office address to the attention of such person as the Participant shall have designated in writing or, if the Participant shall have filed with the ECCSD a written request that notice to it be delivered to it at some other address, then to such other address. Any other notice shall be sufficiently served on a Participant if it is in writing and is delivered to the Participant's box maintained by the ECCSD on its premises or if no such box is maintained, if it is delivered or mailed to the Participant's office address as provided above. Any such notice to a Participant if mailed, shall be deemed to have been given when deposited in the Postal Service, with postage thereon prepaid, directed to the Participant at such address.

Section 4b. Notice to the ECCSD

Any notice from a Participant to the ECCSD, including any notice under any agreement between the ECCSD and a Participant, shall be sufficiently served on the ECCSD if the notice is in writing and is mailed through the postal service to the ECCSD at Post Office Box 94, Bird Rock, Basseterre, St. Kitts, Attention: General Manager.

Any such notice to the ECCSD if mailed, shall be deemed to have been given when deposited in the Postal Service, with postage thereon prepaid, directed to the ECCSD at address specified above.

Any such notice to the ECCSD if mailed, shall be deemed to have been given when deposited in the Postal Service, with postage thereon prepaid, directed to the ECCSD at address specified above.

Section 5. Rights and Remedies against the ECCSD

These Rules and the Procedures and the terms and conditions of every agreement and transaction by and among Participants and the ECCSD in connection therewith and pursuant thereto are not intended to confer upon any persons other than such Participants, successors and assigns any rights or remedies against the ECCSD.

Section 6. Confidentiality

Except as provided in Section 1 of this Rule all records of Participant activity with the ECCSD shall be kept strictly confidential.

Section 7. Liability Disclaimer

The ECCSD shall use its best efforts to perform its duties and responsibilities in the manner specified in the Rules, but shall have no liability to any Participant or any third party except for the non-performance or mis-performance of duties and responsibilities.

RULE 3 PARTICIPANT'S QUALIFICATIONS

Section 1. Participant's Qualifications

Subject to the provisions of Rule 2, a corporation, or other organisation or entity is eligible to become a Participant if it satisfies at least one of the following qualifications:

- (a) it is a licensed broker dealer or limited service broker which is a member or member organisation in good standing of a securities exchange or securities association licensed under the Securities Act;

- (b) it is a licensed custodian under The Securities Act; or
- (c) if it does not qualify under paragraphs (a) through (d) above, it is a regulated financial institution, which demonstrates to the Board of Directors that its business and capabilities are such that it could reasonably expect material benefit from direct access to the ECCSD's services.

Section 2. Participant's Reporting Requirements

In addition to those qualifications listed in Section 1 of this Rule, participants shall be required to submit to the ECCSD (i) unaudited quarterly financial statements within 30 days after the end of each quarter, (ii) annual financial statements audited by auditors approved by the ECCSD within 120 days after the end of the financial year, (iii) monthly net capital report within two weeks after the end of the month (iv) monthly position confirmation reports within 10 days of the month end. The Participant shall also provide the ECCSD with immediate notification in writing of any change in financial condition that could affect the Participant's ability to meet its obligations as a participant. The ECCSD may also require such other financial statements or information as may be necessary to assure the ECCSD that the participant's financial condition and performance do not create undue risks to the ECCSD and other Participants.

RULE 4 SECURITIES

Section 1. Eligible Securities

Eligible Securities may only be those issues of securities which when credited with the ECCSD may lawfully, as determined by the ECCSD, be the subject of transfer by book-entry pursuant to applicable provisions of law. The ECCSD shall accept an issue of securities as Eligible Securities only upon a determination by the ECCSD that it has the operational capability and can obtain information regarding the securities necessary to permit it to provide its services to Participants when securities of such issue are credited. The timing of additions of such issues shall be on a nondiscriminatory basis consistent with the ECCSD objective to provide the maximum practical degree of service in facilitating the prompt and orderly settlement of securities transactions.

Section 2. Disqualification of Eligible Securities

An Eligible Security which the ECCSD in its discretion determines no longer meets the requirements imposed pursuant to Section 1 of this Rule shall cease to be an Eligible Security. In addition, the ECCSD may determine that an Eligible Security shall cease to be such in the event that: (a) it shall have been suspended from being traded through the facilities of any securities association or exchange, (b) the Board of Directors find (i) that the level of activity concerning that security during the period of three consecutive months preceding that determination is insufficient to produce benefits commensurate with the costs for the Participants arising from its continued inclusion, (c) the ECCSD determines that the

security must be exchanged for, or will be converted into, another security which is not an Eligible Security or (d) the security is subject to a tender offer or an exchange offer.

In addition, any Security shall cease to be an Eligible Security upon a finding by the ECCSD, in its judgment that the continued eligibility of the security might endanger the financial condition of the ECCSD or the Participants.

Section 3. Notice to Participants of Disqualified Securities

If the ECCSD refuses to accept a security as an Eligible Security or determines that an Eligible Security shall cease to be such, the ECCSD shall give notice thereof to all Participants, and from and after the effective date specified in the notice, the ECCSD shall cease to render any service with respect to such security. A refusal to accept a security as an Eligible Security or a determination that an Eligible Security shall cease to be such shall be subject to appeal under Rule 21 by any Participant or the issuer of such security.

RULE 5 SERVICES

Section 1. Types of Services

Subject to the provisions of these Rules and the Procedures, the ECCSD, acting in accordance with duly authorised instructions from the Participants shall

- (i) credit the account of a Participant by book-entry with the securities for which it submits an inquiry and a transfer instruction 2 to the appropriate Registry at such time as the registration of the transfer thereof into the name of the ECCSD's nominee is effected at such Registry in response to the Participant's instruction;
- (ii) effect book-entry transfers at the ECCSD based on instructions in respect of a Participant's Credited Securities, including instructions initiated by a Participant using terminal input, to another Position of such Participant or to another Participant or Participants for free, or in the Trade-For-Trade System versus payment pursuant to Rule 6;
- (iii) instruct the Registry to transfer a Participant's Credited Securities from the ECCSD's registration at the Registry to a Participant or its designee by Registry Transfer;
- (iv) disburse money to, and receive money from, Participants in connection with related securities transactions; and
- (v) acting on its own or by appropriate instruction, provide to Participants information and statements of account regarding their business with the ECCSD.

Such transactions shall be effected in accordance with the By-Laws, these Rules and the Procedures, and the regulations of the Commission.

The ECCSD may also provide such other services as are consistent with the purposes and powers of the ECCSD; provided, however, that the ECCSD shall not initiate any change in the nature of, or any service other than, the services specified in the first paragraph of this Rule without first notifying the Commission thereof.

Any or all Credited Securities may be required by the ECCSD to be removed from a Participant's account with the ECCSD by Registry Transfer when the ECCSD in its discretion deems such removal necessary or expedient.

Section 2. Indemnity of Participant's Credited Securities Registered in Name of ECCSD's Nominee

In consideration of the Participant's Credited Securities being registered in the name of the ECCSD's nominee, the Participant shall indemnify the ECCSD and any nominee of the ECCSD in the name of which such securities are registered against all loss, liability and expense, which they may sustain, without fault on the ECCSD's part, as a result of such securities being registered in the name of such nominee, including:

- (a) assessments;
- (b) losses, liabilities and expenses arising from claims of third parties and from taxes and other governmental charges;
- (c) related expenses in respect of any such securities;
- (d) the inability of any person entitled to exercise any rights in respect of such securities (including, but not limited to, voting rights, dissenters' rights, rights to purchase other securities or exchange or conversion rights) so to exercise such rights or exercise such rights on a timely basis and;
- (e) the inability of any such person entitled to dividends or other distributions in respect of such securities to obtain such dividends or other distributions on a timely basis.

Section 3. Maintenance of Sufficient Securities in Participant's Security Account

Any instruction given to the ECCSD by a Participant shall be deemed to be an undertaking to the ECCSD by such Participant that it has and will maintain sufficient securities balances in its account on the books of the ECCSD to support all transactions specified in such instruction.

Section 4. Instructions by Participants to the ECCSD

The ECCSD may accept or rely upon any instruction given to the ECCSD by a Participant, in form acceptable to the ECCSD and in accordance with the Procedures, which reasonably is understood by the ECCSD to have been delivered to the ECCSD by the Participant, and the ECCSD shall have no responsibility or liability for any errors which may occur, without negligence on the ECCSD's part, in the course of transmission of such instruction to the ECCSD.

Section 5. Participant's Indemnity

Any Participant delivering instructions as provided above, shall indemnify the ECCSD, and any of its employees, officers, directors, stockholders, agents, and Participants who may sustain any loss, liability or expense as a result of:

- (a) any act done in reliance upon the authenticity of any instruction received by the ECCSD;
- (b) the inaccuracy of the information contained therein or;
- (c) effecting transactions in reliance upon such information or instruction against any such loss, liability or expense so long as such transactions are effected in accordance with such information and instructions even though they be inaccurate or not authentic and so long as the person asserting a right to indemnification shall not have, or should not have had, knowledge of such inaccuracy or lack of authenticity at the time of the event or events giving rise to such loss, liability or expense.

Notwithstanding the foregoing, the ECCSD will not act upon any instruction purporting to have been given by a Participant which is received commencing one business day after the ECCSD receives written notice from the Participant that the ECCSD shall not accept such instructions until such time as the Participant shall withdraw such notice.

Section 6. Services Based on Corporate Actions

If the ECCSD (a) receives notice that an issuer of an Eligible Security has declared a stock or cash dividend on such security or has authorised a stock split or combination or a distribution of rights or of other property or any other transaction with respect to such security (a "transaction") prior to the record date for the transaction or (b) receives notice of a proposed meeting of holders of an Eligible Security or other occasion for the exercise of voting rights or the giving of consents ("voting rights") prior to the record date for the voting rights, the ECCSD shall (i) credit the proceeds of the transaction received by the ECCSD to the accounts of Participants with a record date position in such Eligible Security or (ii) on or immediately after a record date for the exercise of voting rights, the ECCSD will use its best efforts to permit Participants to exercise voting rights in accordance with this Rule and the Procedures. If a Participant has a security credited to its account which is subject to the transaction or the voting rights after the record date, the ECCSD shall not credit the proceeds of the transaction to the account of the Participant or provide for the exercise of voting rights by the Participant. The ECCSD shall have no responsibility or obligation to Participants or others in respect of the exercise of voting rights except to use its best efforts to act in accordance with this Rule and the Procedures. Without limiting the generality of the foregoing, the ECCSD shall have no responsibility in the event that (i) the ECCSD, without fault on the ECCSD's part, receives insufficient notice of a proposed meeting to permit action in accordance with this paragraph, or (ii) no record date for a transaction or the exercise of voting rights is established by the issuer. The ECCSD shall not have any lien on or other interest in any fully paid securities held for customers in a Segregated Position

RULE 6 TRADE-FOR-TRADE SYSTEM

Section 1. Trade-For Trade System Defined

The Trade-For-Trade System is a system of accounting for and settling Trade-For-Trade Contracts pursuant to which the Participant is either obligated to deliver units of each Security in which it has activity for that settlement period (a Short Position) or is entitled to receive units of that Security (a Long Position). The delivery obligation being to the buying Participant with whom the contract was made and the right to receive being against the selling Participant with whom the contract was made; whereby Short Positions or Long Positions outstanding in respect of prior days' unsettled activity are carried forward until settled or closed-out in accordance with the provisions of this Rule 6 or other Rules; and whereby the contract money on all settling purchases is netted for each Participant against the contract money on all settling sales for that Participant and any mark-to-the-market payment obligations or miscellaneous payment items of or to that Participant.

Section 2. Maintenance of Position in Each Security

The ECCSD will maintain for each Participant for accounting purposes a position for each Contract in each Security for which the Participant has activity. The ECCSD will maintain either a Short Position reflecting units, which the Participant is obligated to deliver to another participant or a Long Position reflecting units, which the Participant is entitled to receive from another Participant.

Section 3. Delivery and Receipt of Securities

The ECCSD will on each Settlement Date by book-entry notations automatically effect delivery of Securities credited to a selling Participant's Free Positions to the applicable buying Participant's Free Position for the purpose of clearing Settled Trades. A Participant must hold all fully paid Securities held on behalf of third parties in a Segregated Position and must transfer such Securities promptly to a Segregated Position from a Free Position unless such third party has instructed the Participant to sell such Securities. Notwithstanding the foregoing, deliveries and receipts of securities may also be effected in such other manner as may be prescribed in the Rules.

Section 4. Submission of Contract Data by Participant

Each Participant shall cause to be submitted to the ECCSD for recording Contract Data with respect to all Contracts to be recorded, cleared or settled through the ECCSD which have been compared by another source. Such Contracts may include, but shall not be limited to, Contracts executed and compared through the facilities of any securities exchange or association. All Contract Data submitted to the ECCSD shall be recorded in accordance with this Section.

Section 5. Issuance of Detail Trade Report

On each business day each Participant will retrieve a Detail Trade Report which will show as to each Trade-For-Trade Security the Trade-For-Trade Contracts recorded on trade day with the ECCSD that are due to settle on settlement day or on another day as established by the contracting Participants, including details of each trade and such other information as the ECCSD may deem advisable. It shall be the duty of Participants to check all Detail Trade Reports immediately upon receipt thereof and to cause corrections of any errors thereon in accordance with Section 6 of this rule.

Section 6. Error Correction

Immediately upon discovery of any error reflected on the Detail Trade Report, the Participant shall be responsible to correct the error by notifying the applicable securities exchange or association with respect to Contracts completed by such exchange or association, or such other person or entity which is responsible for the comparison of trades which are submitted to the ECCSD for recording. The Participant or other appropriate person where applicable, shall take whatever action is required to correct such error. With respect to an error in any Contract which is discovered prior to settlement of such Contract, such Contract may be corrected by notifying the ECCSD to cancel the incorrect Contract, and, if applicable recording the correct Contract when both parties to such Contract have authorised this action and the ECCSD has agreed to such action. In the event that an error in any Contract is discovered after such Contract has been settled through the ECCSD, such Contract may be corrected only by executing a new trade, which reverses the incorrect Contract when both parties to such incorrect Contract have authorised a new and correct Contract.

Section 7. Issuance of Actual Settlement Report

On each Settlement Date, the ECCSD will issue to each Participant an Actual Settlement Report which will reflect for each Trade-For-Trade Security in which there was activity, the Participant's activity in such Trade-For-Trade Security on trade day, the transactions or transfers into and out of its Free and Segregated Positions, and the closing Long or Short Position for that day in each Trade-For-Trade Security. The Actual Settlement Report or such other report as the ECCSD shall determine, will show the Participant's money activity for that Settlement Date.

Section 8. Additional Mark-To-The-Market Payments

The ECCSD may, when it deems it necessary for the protection of the ECCSD and the Participants in view of the price fluctuations in or volatility or lack of liquidity of any Security, require any or all Participants to make mark-to-the-market payments on any Long or Short Position in respect of such security or to make mark-to-the-market payments in respect of any or all transactions in such Security prior to the Settlement Date for such transaction. The obligation to make mark-to-the-market payments in accordance with this Rule shall be a contractual obligation of each Participant in consideration of, and shall

constitute current value for, the ECCSD's continuing processing of Trade-For-Trade activity for such Participant with the ECCSD. The ECCSD shall hold all such mark-to-the-market payments until the transactions or positions giving rise to the payments are settled.

Section 9. Special Notice to Participants of Inadequate Securities to Settle Trades

A Participant having Settling Sales in a Trade-For-Trade Security which do not settle on Settlement Date because the Participant has failed to make available Securities it has an obligation to deliver, shall be sent a special notice from the ECCSD by the close of business on Settlement Date to eliminate such Short Position. Upon receipt of such special notice, the Participant shall promptly credit or cause to be delivered to its Free Position the amount of such Security specified in the notice, and if the Participant shall fail to do so prior to the post-closing cut-off time for processing trades, credits or deliveries on such Settlement Date, the ECCSD may take action as it deems necessary to protect its participants and itself (according to close-out Rules and Procedures) including cause such Securities to be bought in for the account of such Participant and for purposes of completing the required delivery on the first Business Day after Settlement Date.

When a Security is bought in for the account of a Participant pursuant to this Rule, the ECCSD shall do so in the best available market and at the best price and terms then obtainable, and neither the ECCSD nor any officer, director or employee thereof shall have any liability in respect of a buy-in executed in good faith under this Rule. The ECCSD shall have the discretion to appoint such broker or brokers as it may desire to execute the buy-in transaction, and the failing Participant shall be responsible for the payment of all costs and expenses incurred in connection with such transaction.

RULE 7 PARTICIPANT'S REPRESENTATIVES

Section 1. Authorised Representative of Participant

There shall be present at the location of each Participant on each business day between the hours of 8:00 am and 4:00 pm., and until the Participant's account with the ECCSD, in the judgment of the ECCSD, is settled and in balance, a representative authorised in writing by the Participant in the name and on behalf of the Participant to sign all instruments, correct errors and perform such duties as may be required under these Rules and the Procedures and transact all business in connection with the Participant's business with, and the operations of, the ECCSD.

Section 2. Filing of Authorised Signature

Every Participant shall file with the ECCSD the signature of each person who is authorised to act on behalf of the Participant pursuant to Section 1 of this Rule together with its written authorization.

Section 3. Appointment of Participant as Agent of Another Participant

A Participant may appoint another Participant as its agent with respect to all the appointing Participant's business carried out with the ECCSD, provided such appointment has been consented

to by the ECCSD and is evidenced by such appointments, authorizations, certifications and other agreements in such form as the ECCSD may require.

Section 4. Operational Arrangements by Participant without Another Participant as Agent

Each Participant which does not appoint another Participant as its agent pursuant to Section 3 of this Rule shall make operational arrangements satisfactory to the ECCSD to deliver to, and receive from, an office, or agency of the ECCSD and appropriate Registries, instructions and other documents. In addition, if required by the ECCSD because of the location of the Participant, the Participant shall arrange communications facilities between the Participant and the ECCSD and appropriate Registries, which shall be satisfactory to the ECCSD.

RULE 8 MONEY PAYMENTS

Section 1. Settlement of Transactions

Pursuant to the settlement of transactions under Trade-for-Trade System specifying an amount of money payable, the ECCSD is authorised to, and will (subject to the right of the ECCSD to cease to act for a Participant either with respect to a particular transaction or transactions or with respect to transactions generally pursuant to these Rules), credit the deliverer's account with the ECCSD with the amount specified and debit the receiver's account with the ECCSD with the same amount. Payments through the facilities of the ECCSD shall be made in accordance with these Rules and the Procedures

Section 2. Money Payments between Participants

Money payments between Participants pursuant to Section I of this Rule shall, except as otherwise provided in the Procedures, be made through an account established for that purpose at the Eastern Caribbean Central Bank (ECCB) (or at another bank on terms approved by the ECCSD) as provided in this Section 2. In addition to the debits and credits pursuant to Section 1 of this Rule, the ECCSD shall debit or credit itself, and Participants with other amounts receivable and payable in accordance with these Rules and the Procedures. On each business day the ECCSD shall net all debits and credits to the accounts of each Participant subject to adjustments fails as set forth for the Trade-for-Trade System in Rule 6.

If at any time a balance is due the ECCSD from a Participant, payment of the amount of such balance shall be made by the Participant to the ECCSD in the manner and at the time and place specified in the Procedures and if at any time a balance is due a Participant from the ECCSD, payment of the amount of such balance shall be made by the ECCSD in the manner and at the time and place specified in the Procedures. Each Participant shall open an account with the Eastern Caribbean Central Bank (ECCB) or a bank approved by the ECCSD to facilitate money settlement with the ECCSD pursuant to these Rules, and shall, at the ECCSD's request, authorise the ECCSD to deposit to, and withdraw from, such account, as the case may be, such amounts as are due to or from the ECCSD.

A Participant shall pay the ECCSD the whole or any part of its Net Debit Balance at any time on the ECCSD's demand. At the request of the ECCSD, a Participant shall immediately furnish it with such assurances as the ECCSD shall require of the Participant's financial ability to fulfill its commitments and shall conform to any conditions which the ECCSD deems necessary for its protection and the protection of other Participants, which may include, in the sole discretion of the ECCSD, Credited Securities; provided, however, that any such conditions shall not be inconsistent with any applicable laws or rules or regulations of regulatory bodies having jurisdiction over the Participant. If a Participant shall fail to furnish the ECCSD with such assurances, the ECCSD may, in its discretion, withhold any Net Credit Balance, or take any other action authorised under these Rules.

Section 3. Delivery of Securities between Participants

Notwithstanding any provision in these Rules to the contrary, any action taken by the ECCSD pursuant to the Trade-for-Trade System to deliver Securities from one Participant's account to the account of another Participant (the "receiver") by book entry on a business day for which, pursuant to such instruction, payment is to be made by the receiver through the facilities of the ECCSD shall, notwithstanding the nature of such action, not constitute an entry on the books of the ECCSD increasing the account of the receiver by the amount of the obligation or the number of shares or rights subject to the instruction until the earlier of (the "effective time") (a) (the time it is finally determined by the ECCSD on such business day that the receiver has a Net Credit Balance for such business day or (b) the time the receiver pays its Net Debit Balance, as finally determined by the ECCSD for such business day, to the ECCSD in the manner specified in these Rules.

In the event the ECCSD, prior to the effective time, ceases to act for the receiver with respect to transactions generally pursuant to Rule 9 or ceases to act for the receiver pursuant to Rule 11, or in its sole discretion, determines that, in light of the receiver's financial or operating condition, it is in the best interests of the ECCSD and its Participants not to complete certain transactions with respect to the receiver although it does not cease to act therefore, the ECCSD shall have the right to sell out some or all of the securities subject to the instruction in the manner specified in Section 4 of this Rule 8 and credit the proceeds of such sale to the receiver's money account with the ECCSD; and provided, further, that to the extent that the receiver shall obtain control of any such security, the receiver shall be considered as holding the same for the benefit of the ECCSD, and the ECCSD shall have the right to reclaim possession thereof from the receiver. If the receiver shall transfer or pledge the securities to a third party for value by a book entry transaction on the books of the ECCSD, the ECCSD shall have the right to reclaim, and shall be entitled to, any proceeds obtained by the receiver as a result thereof.

Section 4. Sale of Securities Pursuant To Section 3 of Rule 8

In the event the ECCSD shall sell any securities pursuant to Section 3 of this Rule, such sale may be made in any available market or at public auction or by private sale, and may be made without demand or notice to the receiver. If the sale is made in any market, or if the sale is at public auction, the ECCSD may purchase the securities sold for its own account.

The ECCSD shall, upon receipt of the proceeds of the sale of such securities, apply such proceeds to the payment of the receiver's Net Debit Balance for such business day and any surplus shall be credited to the account of the receiver with the ECCSD.

RULE 9 DISCRETIONARY TERMINATION

Section 1. Adequate Cause for Discretionary Termination

Based on its judgment that adequate cause exists to do so, the ECCSD may at any time cease to act for a Participant either with respect to a particular transaction or transactions or with respect to transactions generally. Adequate cause for ceasing to act shall be deemed to exist if:

- (i) the Participant has failed to make any required deposit with the ECCSD;
- (ii) the Participant has failed to pay any fine, fee, or other charge provided for in these Rules or the Procedures on the payment date therefore;
- (iii) the Participant has failed to pay any amounts owing in respect of securities subject to delivery to it, by the time required by the Procedures or reasonable grounds exist for a determination by the ECCSD that the Participant will not make such timely payment;
- (iv) the Board of Directors, or a committee authorised thereby, shall have reasonable grounds to believe that (I) the Participant or any person associated with the Participant is responsible for (a) fraud, fraudulent acts or breach of fiduciary duty, (b) making a misstatement of a material fact or omitting to state a material fact to the ECCSD in connection with its application to become a Participant or thereafter, (c) violating any Rule or any agreement with the ECCSD or (d) the willful violation of the Securities Act or any Commission rule or regulation thereunder or that (II) such ceasing to act is necessary for the protection of other Participants or to facilitate the orderly and continuous performance of the ECCSD's services;
- (v) the Participant or any other person associated with the Participant has been convicted within the ten years preceding its application to become a Participant or at any time thereafter of any crime, felony or misdemeanor which involves the purchase, sale or delivery of any security or arises out of conduct of the business of a broker, dealer, investment company, investment adviser, underwriter, bank, insurance company or other financial institution; or involves robbery, larceny, registry, embezzlement, fraudulent conversion, forgery or misappropriation of funds, securities or other property;
- (vi) the Participant or any person associated with the Participant is permanently or temporarily enjoined by order, judgment or decree of any court or other

governmental authority of competent jurisdiction from acting as an investment adviser, underwriter, broker, dealer, investment company, bank, insurance company, registry, or other financial institution or from engaging in or continuing any conduct or practice in connection with any such activity, or in connection with the purchase, sale or delivery of any security; or

- (vii) the Participant or any person associated with the Participant is expelled or suspended from a securities association, exchange, registry, or collective depository or has been barred or suspended from being associated with any member of such an exchange, association, registry, or collective depository.
- (viii) the Participant is in such financial or operating condition that reasonable grounds exist for a determination by the Board of Directors, or of the General Manager of the ECCSD if time does not permit action by the Board of Directors, that its continuation as a Participant would jeopardize the interests of other Participants. Any such action taken by the General Manager in this matter must be subsequently ratified by the Board of Directors.

For the purposes of this Section 1, the term "person associated with" when applied to any person shall mean any partner, officer, director, or employee of such person or any person directly or indirectly controlling or controlled by such person.

A written report of the reasons for such action shall be promptly made and filed with the ECCSD and the Commission . When the ECCSD ceases to act for a Participant with respect to a particular transaction or transactions, it will notify such Participant and such other Participants as it deems proper and shall determine what steps are to be taken in respect of the transaction or transactions with respect to which it is ceasing to act for such Participant. When the ECCSD ceases to act for a Participant with respect to transactions generally, it will notify such Participant and all other Participants.

The notice that the ECCSD has ceased to act for a Participant given by the ECCSD shall state in at least general terms how pending transactions will be affected.

Section 2. Mandatory delivery of Participant's Fully Paid Credited Securities

Notwithstanding Section 1 of this rule, the ECCSD may not at any time cease to deliver a Participant's fully paid Credited Securities to such Participant by Registry Transfer.

Section 3. Refusal To Accept Contract Data and Instructions

After the ECCSD has ceased to act for a Participant generally, except as provided by the Board of Directors in any particular case, it shall decline to accept any Contract Data for recording with the ECCSD on behalf of the Participant and any instructions from other Participants with respect to any transfer of Credited Securities to such Participant and shall decline to accept instructions from such Participant with respect to the transfer of Credited Securities to other Participants.

After the ECCSD has ceased to act for a Participant, in respect of a particular transaction or transactions, except as provided by the Board of Directors in any particular case, it shall decline to accept any applicable Contract Data for recording with the ECCSD on behalf of the Participant and instructions from other Participants with respect to any transfer of Credited Securities to the Participant and shall decline to accept instructions from the Participant with respect to the transfer of Credited Securities to other Participants in respect of such transactions.

Section 4. The ECCSD as Subrogee

After the ECCSD has ceased to act for a Participant, in respect of either a particular transaction or transactions generally, the ECCSD shall nevertheless have the same rights and remedies in respect of any Debit Balance due from such Participant or any liability incurred on its behalf as though the ECCSD had not ceased to act for it.

Section 5. Insolvent Participants Excluded from Provisions

The provisions of this Rule shall not apply in a case where a Participant is insolvent, as defined in Rule 11, and in such cases the provisions of Rule 11 shall govern.

RULE 10 MANDATORY TERMINATION

The ECCSD, upon determining to its reasonable satisfaction that none of the qualifications set forth in Rule 3 apply to a Participant, shall cease to act for such Participant with respect to transactions generally as provided in Rule 9, and in such cases the provisions of Rule 9 and the provisions therein as to notice shall govern.

RULE 11 INSOLVENCY

Section 1. Notice of Insolvency

A Participant, who fails to perform its contracts or obligations or determines that it is unable to do so shall immediately inform the ECCSD orally and in writing of such failure or inability.

Section 2. Insolvent Participant

A Participant shall be treated by the ECCSD in all respects as insolvent:

- (a) in the event specified in Section 1 of this Rule, provided, however, that a Participant shall not be treated as insolvent hereunder in such event if such Participant provides or posts a bond, indemnity or guaranty which the ECCSD in its sole discretion deems satisfactory to insure such Participant's performance under such contracts or obligations (without being deemed to have admitted its liability thereunder), or
- (b) in the event that the Participant is determined to be insolvent by any agency which regulates such Participant or in the event of the entry of a decree or order by a court having jurisdiction adjudging the Participant as bankrupt or insolvent, or approving as properly filed a petition seeking reorganization, arrangement, adjustment or composition of or in respect of the Participant under the applicable law, or appointing a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Participant or of any substantial part of its property, or ordering the winding up or liquidation of its affairs or the institution by the Participant of proceedings to be adjudicated a bankrupt or insolvent or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganisation or relief under the applicable law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee, sequestrator (or other similar official) of the Participant or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Participant in furtherance of any such action.

Section 3. Time of Insolvency

As used in this Rule, the phrase "Time of Insolvency" shall mean the time when the ECCSD determines to its reasonable satisfaction that any event specified in Section 2 of this Rule has occurred.

Section 4. The ECCSD Ceases to Act for Participant

From and after the Time of Insolvency of a Participant, the ECCSD shall cease to act for it, except as determined by the ECCSD in any particular case. The ECCSD shall as soon as possible after the Time of Insolvency notify the insolvent Participant and other Participants whether it has ceased to act for the insolvent Participant pursuant to the provisions of this Rule and such notice shall state, at least in general terms, how pending matters will be affected and what steps are to be taken in connection therewith.

Section 5. Non-acceptance of Participant's Contract Data

From and after the Time of Insolvency of a Participant, except as provided by the Board of Directors in any particular case, the ECCSD shall decline to accept any Contract Data for recording with the ECCSD on behalf of the Participant and any instructions from other Participants with respect to any transfer of Credited Securities to the insolvent Participant and shall decline to accept instructions from the insolvent Participant with respect to the transfer of Credited Securities to other Participants.

RULE 11A RIGHTS OF ECCSD WITH RESPECT TO SECURITIES AND POSITIONS

In case the ECCSD ceases to act for a Participant pursuant to Rules 9, 10, or 11, the ECCSD may, in its discretion, withhold any Net Credit Balance, close any or all Long or Short Positions held by such Participant under the Trade-For-Trade System by offsetting transactions in any reasonably available market for the account of such Participant, and immediately employ the remedies for uncompleted trades or open obligations set forth in Rules 6 and 8 and may cause all or any of the Securities or other property held by it for the account of such Participant to be transferred to a proprietary account of the ECCSD, or, to the extent permitted under these Rules, be sold. Such sale or offsetting transactions may be made in any available market, or by private sale, and may be made without further demand or notice to the Participant. The proceeds of sale shall be applied by the ECCSD to the payment of the Participant's Net Debit Balance and any surplus shall be paid over to the Participant or its legal representative. The ECCSD shall be entitled promptly to recover from the Participant all amounts payable in such Participant's account with the ECCSD, including all amounts payable as a result of the foregoing transactions, together with all of the ECCSD's expenses in connection therewith.

RULE 12 REINSTATEMENT

A Participant for whom the ECCSD shall have ceased to act pursuant to the provisions of Rule 9, 10 or 11 may at any time be reinstated by the affirmative vote of a majority of the entire Board of Directors.

RULE 13 INSURANCE

The ECCSD may maintain such insurance, in such amounts and having such coverage as the Board of Directors shall deem appropriate. If the ECCSD shall materially reduce the amount or coverage of any such insurance or the persons providing such insurance shall notify the ECCSD of a material reduction in the amount or coverage thereof, the ECCSD shall promptly notify each Participant, and the Commission thereof stating the effective date of such reduction.

RULE 14 REPORTS

Within 120 days after the end of each financial year, the ECCSD shall provide to each Participant and to the Commission financial statements of the ECCSD audited by external auditor selected by the Board of Directors for such calendar year.

Within 120 days after the end of each financial year an audit of the ECCSD's system shall be conducted by external auditors selected by the Board of Directors and the report of such an audit will be submitted to the Board of Directors and to the Commission.

RULE 15 LISTS TO BE MAINTAINED

Section 1. List of Eligible Securities

The ECCSD shall maintain lists of the securities which may be the subject of services rendered by the ECCSD which shall be called "Eligible Securities," and may from time to time add to, or delete from, such lists, securities in accordance with the provisions of Rule 5.

Section 2. List of Participants

The ECCSD shall maintain lists of all Participants.

RULE 16 ADMISSIONS TO PREMISES

No person will be permitted to enter the premises of the ECCSD on behalf of any Participant unless he has first been approved by the ECCSD and has been issued such credentials as the ECCSD may from time to time prescribe and such credentials have not been canceled or revoked.

Each Participant shall, if any person in its employ to whom any credentials have been issued pursuant to this Rule or to whom a power of attorney or other authorisation has been given to act for it in connection with the business of the ECCSD shall for any reason cease to be so employed, give to the ECCSD immediate notice in writing of such termination of employment and if any such power of attorney or other authorisation is otherwise revoked or canceled, shall likewise give to the ECCSD immediate notice in writing of such revocation or cancellation. All credentials issued pursuant to this Rule shall be immediately surrendered to the ECCSD, accompanied by a written statement specifying that they are being surrendered pursuant to this Rule, upon their revocation by the ECCSD or by the employer or upon the termination of the employment of the holder thereof.

Unless revoked by the ECCSD, all credentials, authorisations and powers of attorney issued pursuant to this Rule or in connection with the work of the ECCSD shall remain in full force and effect until the ECCSD shall have received written notice of the revocation thereof or of the termination of the holder's employment.

RULE 17 WAIVER OR SUSPENSION OF RULES AND PROCEDURES

The time fixed by these Rules and the Procedures for the doing of any act or acts may be extended or the doing of any act or acts required by these Rules or the Procedures may be waived or any provision of these Rules or the Procedures may be suspended by the Board of Directors, or by the Chairman of the Board or the General Manager whenever, in its or his/her judgment, such extension, waiver or suspension is necessary or expedient.

A written report of any such extension, waiver or suspension (other than an extension of time of less than one hour) shall be promptly made and filed with a member of the Board of Directors of the ECCSD. Any such extension, waiver or suspension shall not take effect until approved by the Commission.

RULE 18 NOTICE OF PROPOSED RULE CHANGES

The ECCSD shall immediately notify all Participants and the Commission of any proposal it has made to change or revise these Rules and of any proposal it has made to add or repeal any Rule, and of the text of any such proposal. The ECCSD shall notify all licensed registries of any proposal the ECCSD has made to change, add, or repeal a rule that concerns or implicates Registry records or Registry processing. Participants and the Registry may submit to the ECCSD for its consideration their comments with respect to any such proposal, and such comments shall be filed with the ECCSD's records and copies thereof delivered to the Commission.

RULE 19 CHARGES FOR SERVICES RENDERED

Each Participant shall pay such fees and charges to the ECCSD as shall be specified in the fee schedule and approved by the Board of Directors on a reasonable and nondiscriminatory basis. In addition, a Participant may be charged for any unusual expenses caused directly or indirectly by such Participant or incurred at its request.

RULE 20 DISCIPLINARY SANCTIONS

The ECCSD may discipline a Participant for a violation of these Rules or the Procedures or for errors, delays or other conduct detrimental to the operations of the ECCSD, Participants, or for not providing adequate facilities for its business with the ECCSD by imposing any of the following sanctions: expulsion, suspension, limitation of activities, functions and operations; fine; or censure. In addition, in the event a Participant shall violate these Rules, the Procedures, or any of its agreements with the ECCSD, the ECCSD may require such cash or other deposit by a Participant as shall be necessary or appropriate to protect the ECCSD or Participants in the circumstances.

In the event a Participant shall fail to settle, the ECCSD is authorised by these Rules and the Procedures to charge interest to that Participant and/or other Participants in substantially the same amounts as the ECCSD shall have paid by reason of such event; the charge of such interest shall not be considered a disciplinary sanction subject to this Rule or Rule 21.

When the ECCSD proposes to impose a sanction it will send the Participant a written statement describing the reason for the proposed sanction and notifying the Participant that it has an opportunity to respond pursuant to Rule 21. The sanction proposed may be imposed by the Chairman of the Board, or the General Manager of the ECCSD, unless, within five business days after notification of such proposed sanction, the Participant provides written notice of its desire to contest the sanction as provided in Rule 21. The right to contest a sanction before it is imposed pursuant to Rule 21 shall not apply to a case where the ECCSD summarily ceases to act for a Participant pursuant to these Rules.

RULE 21 RIGHT TO CONTEST DECISIONS

Section 1. Right to Hearing

A Participant or an applicant to become a Participant, or an issuer of a security (hereinafter in any case in this Rule referred to as the "Interested Person"), shall have the opportunity to be heard on any decision of the ECCSD:

- (a) which proposes to deny the applicant's application to become a Participant; or
- (b) to cease to act for the Participant pursuant to Rule 9, 10 or 11;
- (c) which proposes to impose a disciplinary sanction pursuant to Rule 20, or
- (d) to refuse to accept a security as an Eligible Security or to decide that an Eligible Security shall cease to be such.

Section 2. Request for Hearing

An Interested Person may request an opportunity to be heard by filing with the ECCSD, within five days after notification of the action or proposed action, a written request for a hearing setting forth (i) the action or proposed action of the ECCSD with respect to which the hearing is requested, (ii) a copy of the statement sent by the ECCSD describing the action or proposed action and (iii) the name of the Interested Person and its representative who may be contacted with respect to the hearing. Within 15 business days after the Interested Person files such written request with the ECCSD, or 3 business days in the case of ceasing to act summarily for the Interested Person pursuant to these Rules, the Interested Person shall submit to the ECCSD a clear and concise written statement setting forth with particularity the basis for objection to such action and whether the Interested Person chooses to be represented by counsel at the hearing. The failure of the Interested Person to file the written request referred to above within the time period required by these Rules and/or the failure of the Interested Person to submit the written statement referred to above within the

time period specified above shall constitute a waiver by the Interested Person of its right to a hearing. The ECCSD shall notify the Interested Person in writing of the date, place and hour of the hearing at least 5 business days prior to the hearing.

Section 3. Composition of Hearing Panel

The hearing will be before members of a panel (hereinafter the "Panel") selected by the Chairman of the Board from persons employed by Participants. Unless otherwise stipulated by all parties, including the ECCSD, the Panel shall comprise three members.

Notwithstanding the above, the Panel shall not include any person who had responsibility for the action or proposed action of the company as to which the hearing relates, or has a direct interest in the matter.

Section 4. Right to Legal Representation

At the hearing, the Interested Person shall be afforded an opportunity to be heard and may be represented by counsel if the Interested Person has so elected pursuant to Section 2 of this Rule. A record shall be kept of any hearing held pursuant to this Rule, and the cost of the record may, in the discretion of the Panel, be charged in whole or in part to the Interested Person in the event that the decision at the hearing is adverse to the Interested Person.

Section 5. Notification of Decision

The Panel shall advise the Interested Person of its decision in writing within 10 business days after the conclusion of the hearing. If the decision of the Panel shall have been to deny the Interested Person's application to become a Participant, a notice of decision setting forth the specific grounds upon which the decision is based shall be furnished to the Interested Person. If the decision of the Panel shall have been to impose a disciplinary sanction on the Interested Person in accordance with Rule 21 or to affirm any summary action previously taken against the Interested Person pursuant to these Rules, a notice of decision setting forth (i) any act or practice in which the Interested Person has been found to have engaged, or which the Interested Person has been found to have omitted, (ii) the specific provision(s) of the Rules or Procedures of the ECCSD or of the Participant's agreements with the ECCSD which any such act or practice or omission to act has been deemed to violate, and (iii) the sanction imposed and the reasons therefore shall be furnished to the Interested Person. A copy of the Panel's notice of decision shall also be furnished to the Chairman of the Board and the Commission.

Section 6. Application for Review by Commission

In the event that a Panel censures, fines, suspends, expels or limits the activities, functions or operations of any Interested Person, the Interested Person may apply for review to the Commission, by written motion filed with the Secretary to the Commission within 10 business days after issuance of the Panel's written statement of its decision. The granting of any such motion shall be within the sole discretion of the Commission. In addition, the

Commission may determine to review any such action by a Panel on its own motion no later than 75 days after the Panel's decision is rendered. Review by the Commission shall include consideration of the record of the proceedings in which the sanction was imposed. A record shall be kept of any such further proceedings. Based upon such review, the Commission may affirm, reverse or modify the decision of the Panel. The Interested Person shall be notified in writing of the decision of the Commission and if the decision shall have been to modify the imposition of any disciplinary sanction, the Interested Person shall be given a written statement setting forth (i) any act or practice in which the Interested Person has been found to have engaged, or which the Interested Person has been found to have omitted; (ii) the specific provision of the Rules or Procedures of the ECCSD or of the Participant's agreements with the ECCSD which any such act, practice or omission has been deemed to violate; and (iii) the sanction imposed and the reasons therefore. The reversal or modification at the hearing or subsequently by the Commission, shall not invalidate the acts of the ECCSD or its officers, directors, employees or agents taken prior to such reversal or modification.

Section 7. Final Ruling

Any action or proposed action of the ECCSD as to which an Interested Person has the right to be heard pursuant to this Rule shall be deemed final (i) when the Interested Person agrees to the taking of such action by the ECCSD, at which time the ECCSD shall furnish the Interested Person with a statement containing the information referred to in Section 5 of this Rule, or (ii) upon the expiration of the applicable time period provided in these Rules for the filing of a written request or a written statement pursuant to Section 2 of this Rule, at which time any such proposed action of the ECCSD shall become final and at which time the ECCSD shall furnish the Interested Person with a statement containing the information referred to in Section 5 of this Rule, or (iii) if a hearing has been held pursuant to this Rule, upon expiration of the time provided for the filing of a motion for review of the decision of the Panel, or, if a motion for review is timely filed, when the Interested Person is notified of the denial of the motion or the decision of the Board of Directors on review, as the case may be. Notwithstanding the foregoing, if the Board of Directors shall determine on its own motion to review any action by a Panel hereunder, such action shall not be deemed final until notice of the decision of the Board of Directors on review is sent to the Interested Person.

Section 8. Establishment of Procedures for Hearing outside Rule 21

A Panel may at any time establish procedures for a hearing not otherwise provided for by these Rules with respect to any action or proposed action of the ECCSD.

RULE 22 **BILLS RENDERED**

The ECCSD will render bills to Participants as provided in the Procedures for charges on account of services provided or fines imposed.

RULE 23 FORMS

In connection with any transactions or matters handled through, with or by the ECCSD under or pursuant to these Rules or the Procedures such forms of lists, notices and other documents shall be used as the ECCSD may from time to time prescribe, and additions to, changes in and elimination of any such forms may be made by the ECCSD at any time in its discretion.

RULE 24 BUSINESS DAYS

The Procedures shall specify the days on which the ECCSD will be open for business. Any deliveries to the ECCSD, any deliveries which the ECCSD is required to make and any transactions which the ECCSD is instructed to effect on days on which the ECCSD is not open for business will be accepted, made or effected on the next day on which the ECCSD is open for business.

RULE 25 FACSIMILE SIGNATURES

A Participant may execute any documents to be delivered to the ECCSD or to any other Participant pursuant to these Rules or the Procedures in order to effect transactions through the facilities of the ECCSD by means of a mechanically reproduced facsimile signature of a representative of the Participant, provided the Participant shall have (i) executed and filed with the ECCSD, in form prescribed by it, an agreement with respect to the use of such facsimile signature, (ii) if the Participant is a corporation, filed with the ECCSD, in the form prescribed by it, a certified copy of resolutions of the board of directors of such Participant authorising the execution and filing with the ECCSD of such agreement and (iii) complied with such other requirements as may be prescribed by the ECCSD in connection with the use of facsimile signatures.

RULE 26 RULES AND PROCEDURES

Section 1. Amendments

The Board of Directors shall pursuant to these Rules prescribe from time to time Rules and Procedures and other regulations in respect of the business of the ECCSD. The Board of Directors may by resolution delegate to the Chairman of the Board or the General Manager the power to prescribe Rules and Procedures. Each Participant and the ECCSD will be bound by such Rules and Procedures any amendment thereto in the same manner as it is bound by the provisions of the Statute and these Rules.

Section 2. Notice to Participants

Participants shall be given 10 business days notice of any amendment of the Rules and Procedures.

RULE 27 DELEGATION

Except where action by the Board of Directors is specifically required by the Rules, the ECCSD may act by the Chairman of the Board, the General Manager, or by such other person or persons, whether or not employed by the ECCSD, as may be designated by the Board of Directors from time to time.