



**nairobi
securities
exchange**

Discover Opportunity

**TRADING RULES
FOR
FIXED INCOME SECURITIES
JANUARY 2024**

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1 INTERPRETATION

The definitions used in the Capital Markets Act (Cap. 485A) of the Laws of Kenya and the Central Depositories Act 2000 (including the Regulations and Guidelines issued thereunder) shall apply to these rules.

Unless inconsistent with the context, the singular includes the plural and the use of either gender includes the other.

Headings are purely for reference purposes and shall not be taken into account in the interpretation of the rules.

2 DEFINITIONS

The definitions contained herein shall be as prescribed under the Capital Markets Act Cap. 485A (including the Regulations and Guidelines issued thereunder) and where appropriate, are repeated verbatim.

In these rules unless the context otherwise requires-

“Act”	refers to the Capital Markets Act (Cap. 485A) and the Regulations and Guidelines issued thereunder.
“Authority”	refers to the Capital Markets Authority established under Section 5 of the Capital Markets Act (Cap. 485A).
“Automated Trading Reporting System” (ATRS)	refers to the integrated software, hardware, communications and network systems forming the electronic trading and reporting system for reporting of OTC transactions and the automatic matching of orders designated and approved by the Exchange for the trading of listed securities in the Exchange.
“ATRS Operator”	means an authorized Trading Participant’s Representative certified by the Exchange as an ATRS Operator and having a unique identification number.
“Authorised Agent	means a person authorized to deal in securities and operate in a specified market segment as may be prescribed by the Authority.
“Authorised Participant”	means an ASD, Broker dealer or any other institutions approved by CMA and admitted by the Exchange to access the platform.
“Board”	refers to the Board of Directors of the Exchange.
“Bond Reference Price”	means the clean price of a fixed income security based on volume weighed yields in a trading session.
“Benchmark Bonds”	A government bond that provides a standard against which the performance of other bonds in the market can be measured.
“Bidding Advance”	refers to the allowable margins within which a trader may move the price of a security up or down during trading.

“Central Depository” means a company licensed by the Authority to -

- (a) establish and operate a system for the central handling of securities –
 - (i) where securities are deposited and held in custody by, or registered in the name of, the company or its nominee company for depositors and dealings in respect of these securities are effected by means of entries in securities accounts without the physical delivery of certificates; or
 - (ii) which permits or facilitates the settlement or registration of securities transactions or dealings in securities without the physical delivery of certificates; and
- (b) provides other facilities and services incidental thereto.

“CDSC”	refers to the Central Depository and Settlement Corporation Limited a limited liability company incorporated in Kenya and approved under Section 5 of the Central Depositories Act 2000.
“Central Bank of Kenya or CBK”	refers to the Central Bank of Kenya established under the Central Bank of Kenya Act (Cap 491 of the Laws of Kenya).
“Central Depository Rules 2004”	refers to the rules made by the CDSC for the operation of the CDS.
“Chairman”	refers to the Chairman of the Board of Directors of the Exchange.
“Chief Executive”	refers to the Chief Executive Officer of the Exchange.
“CDS Account”	means an account established by a central depository or the Central Bank of Kenya for the recording of securities in respect of dealings in such securities by the person in whose name the account has been established.
“Companies Act”	refers to the Companies Act, No. 17 of 2015 of the Laws of Kenya.
“Counterparty”	refers to an individual or an entity on the opposite side of a Fixed Income Trade from the relevant party.
“Daily Trading Summary Schedule”	refers to a schedule generated by the Exchange in which all transactions dealt by a Trading Participant in a trading session are recorded.
“Days”	means calendar days excluding Saturdays, Sundays and public holidays.
“Dealer”	means a person who carries on the business of buying, selling, dealing, trading, underwriting or retailing of securities whether or not he carries on any other business.

“Dealing in securities” means making or offering to make with any person, or inducing or attempting to induce any person to enter into or to offer to enter into-
or with a view to acquiring, disposing of, subscribing for or
l securities; or
purpose or intended purpose of which is to
secure a profit to any of the parties from the yield of listed

	securities or by reference to fluctuations in the price of listed securities.
“Dealing Spread”	refers to the allowable price margin within which a deal may move up or down during trading.
“Disaster Recovery Site”	refers to the place designated by the Exchange for the relocation of the trading Floor in the event that the Trading Floor and the Remote Broker Servers are inaccessible for purposes of trading.
“Exchange”	refers to Nairobi Securities Exchange Plc.
“Executive Director”	means a Director of a Trading Participant, by whatever name described, who has executive responsibility within a Trading Participant.
“Exchange Trading Workstations”	refers to the Trading Workstations placed on the Trading Floor for use by Trading Participants during an ATRS Floor Session.
“Fixed Income Security”	refers to: <ul style="list-style-type: none"> (a) a debentures or bonds issued or proposed to be issued by a government or local authority; or (b) debentures, bonds or notes issued or proposed to be issued by a body corporate.
“Head of Operations and Technology”	refers to the Head of the Operations and Technology Department of the Exchange.
“Hybrid Bond Market Structure”	refers to a secondary market for Fixed Income Securities that combines both Onscreen Trading and OTC Trading, providing market participants with multiple avenues for trade execution.
“Indicative Quotes”	refer to preliminary, non-binding bids and offers provided by Authorized Participants and Dealers trading in Fixed Income Securities.
“Issuer”	means an entity that is quoted or listed on the Exchange.
“IT Help Desk”	refers to the function in the Operations and Technology Department of the Exchange dedicated to providing support to Trading Participants accessing the ATRS through the Remote Broker Server.
“Listed”	means admitted to the Official List of The Exchange, and listing shall be construed accordingly.
“Lot”	means the number of securities comprising an order.

“Market Halt” means the stopping of trading in all listed securities during a trading session.

“Market Segment” means a separate segment of the official list established by a securities exchange, with the approval of the Authority, with respect to listings of securities for which specific eligibility and disclosure requirements are prescribed.

“Material Information”

refers to any information that may affect the price of an issuer’s securities or influence investment decisions and includes but is not limited to information on -

- (a) a merger, acquisition or joint venture;
- (b) a block split or stock dividend;
- (c) earnings and dividends of an unusual nature;
- (d) the acquisition or loss of a significant contract;
- (e) a significant new product or discovery;
- (f) a change in control or significant change in management;
- (g) a call of securities for redemption;
- (h) the public or private sale of a significant amount of additional securities;
- (i) the purchase or sale of a significant asset;
- (j) a significant labour dispute;
- (k) a significant law suit against the issuer;
- (l) establishment of a programme to make purchases of the issuer’s own shares;
- (m) a tender offer for another issuer’s securities;
- (n) significant alteration of the memorandum and articles of association of the issuer; or

any other peculiar circumstances that may prevail with respect to the issuer or the relevant industry.

“Onscreen trading”

refers to the execution of fixed income securities transactions through the NSE’s electronic ATRS, where orders are matched automatically based on price-time priority within a central order book

“Official List”

means a list specifying all securities which have been admitted to listing on any of the market segments of the Exchange.

“Order”

means written instructions by a client to a Authorized Participant as to the security name, quantity, price or price limits and duration or validity of instructions and for the purposes of these rules means a verified order entered in the ATRS to buy or sell securities or in the case

of OTC transaction, refers to a request or instruction from an investor to buy or sell a specific quantity of a fixed income securities at a negotiated price.

“Order Book” or Central Order Book means the electronic record in the ATRS of the sequential list of unexecuted orders entered by the Registered ATRS Operators.

“Order ID” Refers to the unique number generated by the ATRS that identifies an Order.

“Over The Counter” refers to the bilateral negotiation and execution of fixed income securities transactions outside the Exchange’s ATRS, occurring directly between parties and reported in accordance with these Rules.

“Par Value”	means the nominal value of a fixed income security or the price at which it will be redeemed.
“Primary Exchange”	refers to the regulated platform where the initial trading of Fixed Income securities takes place following their issuance in the primary market, as determined by the issuer of such security
“Principal Officer”	in relation to a Trading Participant means an officer, by whatever name called, identified by the Trading Participant to the Exchange as the person who is primarily responsible for the management of the day to day affairs of the Trading Participant.
“Quotations Board”	Refers to a board where Authorized Representatives input a two-way indicative quotes as defined in these Rules
“Remote Broker Server”	means Trading Stations registered with the Exchange for use by Trading Participants for remote trading.
“Remote Trading”	refers to the trading of Listed Securities under the ATRS using Remote Broker Servers.
“Restricted Board ”	refers to a trading board where listed fixed income securities arising from a restricted public offer shall trade.
“restricted public offer”	means a public offer of securities which is either – <ul style="list-style-type: none"> (a) restricted to sophisticated investors ; or (b) directly communicated to a prescribed category and number of persons; or (c) restricted offer in relation to asset backed securities as defined under the Act;

“Rules” refer to the trading rules of the Exchange currently in force and which may be amended from time to time, as approved by the Authority

“Securities” means:

- (a) debentures or bonds issued or proposed to be issued by a government;
- (b) debentures, shares, bonds, commercial paper or notes issued or

proposed to be issued by a body corporate;

- (c) derivatives including futures contracts and options contracts on-
 - (i) securities;
 - (ii) indices;
 - (iii) interest or other rates;
 - (iv) currency;
 - (v) futures; or
 - (vi) commodities
- (d) any unit, interest or share offered under a collective investment scheme or other similar vehicles, whether established in Kenya or not; or
- (e) any instruments commonly known as securities but does not include-
 - (i) bills of exchange;
 - (ii) promissory notes; or
 - (iii) certificates of deposits issued by a bank or financial institution licensed under the Banking Act

“Security Code”	means the abbreviation used to identify an Issuer’s securities in the ATRS.
“Security Halt”	means the temporary stopping of trading in a particular security during a trading session other than by reason of suspension of that security.
“Sell Buy Back Transaction”	means a transaction for the sale and a forward repurchase of a Fixed Income Security.
“Sell Buy Back Contract”	refers to a written agreement between the seller and the buyer in a Sell Buy Back Transaction.
“Settlement”	refers to the fulfillment of the obligation arising from a transaction including payment to the seller and transfer of title to the buyer.
“Sophisticated investor”	means any person eligible as a sophisticated or qualified investor under the Act;
“Spread”	means the difference between the prices quoted for an immediate sale (ask) and an immediate purchase (bid) for a fixed income security in the quotations board.

“System Failure”

refers to equipment breakdown or the breakdown, interruption, suspension, termination or failure or defect in any system (hardware

	or software), including but not limited to any trading system, or services rendered by or on behalf of the Exchange.
“Trading and Compliance Committee”	means the Trading and Compliance Committee appointed by the Exchange.
“Trading Floor”	refers to any place designated and operated by the Exchange for the physical location of Exchange Trading Workstations.
“Trading Halt”	means a Market Halt or a Security Halt.
“Trading Participant”	refers to a body corporate admitted as a Trading Participant of the Exchange as a full or associate Trading Participant.
“Trading Participant Representative”	means a representative of any person licensed by the Authority who is in the employment of the Trading Participant and who plays a critical role in that company, and includes a trader, director, general manager, analyst, or any other person employed by the Trading Participant who plays a critical role.
“Repository ”	means a Primary Exchange with a centralized electronic database that collects and maintains trade information for OTC transactions.
“Trading Session”	means the hours during which trades may be entered into and matched through the ATRS as specified in these rules.
“Transaction”	means the matching and execution of a buy and a sell order.
Two-Way Indicative Quotes	means bids and asks inputted by Authorized representatives in the Quotation Board.
“Unrestricted Board”	refers to a trading board where only publicly offered and listed Fixed Income Securities other than those arising from a restricted public offer shall trade.
“Validation”	refers to the process carried out by the ATRS prior to the acceptance of an order in the ATRS.

Acronyms:

“CDS”

Central Depository

“FISMS”

Fixed Income Securities Market Segment

“T”

In reference to a transaction is the day the transaction is effected

“T+”

A number indicated after T+ means the indicated number of days after the day the transaction is effected. **T+1** therefore means one day following the day the transaction is effected and so forth.

3 APPLICATION OF THESE RULES

- 3.1** The Exchange Fixed Income Securities shall operate as a Hybrid Bonds Market Structure as defined in these Rules.
- 3.2** All listed Fixed Income Securities shall be traded in accordance with these rules through the ATRS unless otherwise specifically exempted by these rules or the Act.
- 3.3** Fixed Income Securities including preference shares that have not been immobilized are exempted from these rules and shall be traded in accordance with the Exchange's Trading Rules as approved by the Authority.
- 3.4** English shall be the official language of communication for all users of ATRS both during Remote Trading and ATRS Floor Sessions.
- 3.5** The Chief Executive shall have the discretion to deny any Trading Participant and/or Trading Participant Representative access to the ATRS if they are in breach of the Trading Rules.

4 ACCESS TO THE ATRS

4.1 General Access Rules

- 4.1.1** Each Trading Participant shall at all times strictly comply with the Rules of the Exchange and any guidelines, manuals and instructions issued pursuant thereto from time to time by the Exchange, Central Depository or any Regulator relating to ATRS Trading.
- 4.1.2** Each Trading Participant shall inform the Exchange of its designated ATRS Operators and shall immediately inform the Exchange of any changes thereto.
- 4.1.3** Each designated ATRS Operator shall access the ATRS using a unique personal identification user name and code provided by the Exchange.
- 4.1.4** Trading Participants shall at all times ensure that only their designated ATRS operators access the ATRS for order inputs and executing transactions.
- 4.1.5** Trading Participants shall be liable for any loss that may arise in the event that their Remote Broker Server is accessed by unauthorized persons to input orders in the ATRS.
- 4.1.6** Officers of the Exchange and the Authority who have been granted access to the ATRS shall access ATRS using a unique personal identification user name and code provided by the Exchange.

4.1.7 No Trading Participant shall:

- (i) establish or permit to be established any form of electronic device or system capable of routing orders directly from its clients into the ATRS or any part of the ATRS.
- (ii) connect or cause to be connected to -
 - (a) The ATRS or any part thereof (whether directly or indirectly) any device, equipment or facilities for any purpose whatsoever without the written approval of the Exchange; or
 - (b) any device, equipment or facilities which have been approved by the Exchange to be connected to ATRS or any part thereof, any additional device, equipment or facilities.

4.1.8 A Trading Participant which is unable to update or remove orders from the ATRS or unable to access the ATRS through its designated terminal shall immediately notify the Exchange. The notification shall be directed to either the Exchange's Chief Executive, the Head of Operations and Technology and/or the IT Help Desk by telephone and in writing, by electronic mail or by facsimile.

4.1.9 The Exchange shall immediately provide an alternative terminal to a Trading Participant upon receipt of notification under rule 4.1.8.

4.1.10 A Trading Participant which has notified the Exchange of its inability to update or remove orders from the ATRS or to access the ATRS may request the Exchange to remove its orders from the ATRS. Such instruction shall be confirmed in writing immediately thereafter but in any event no later than the end of the trading session.

4.1.11 Access to the ATRS shall be through the Remote Broker Server or through the Exchange Trading Workstations.

4.2 Access Through Remote Trading

4.2.1 Provisions to Safeguard the Operations of Remote Trading

4.2.1.1 The Exchange shall be responsible and bear all costs for providing, connecting and maintaining the Remote Broker Server which shall at all times remain the property of the Exchange.

4.2.1.2 Trading Participants shall not in any form or fashion modify the Remote Broker Server.

4.2.2 Use of Remote Trading

- 4.2.2.1 Trading Participants may participate in trading on the Exchange via Remote Trading.
- 4.2.2.2 Each Trading Participant shall have access to the Remote Broker Server and connectivity to the ATRS.
- 4.2.2.3 Remote trading can only be conducted by an ATRS Operator.

4.3 Access Through the Trading Floor

- 4.3.1 Each Trading Participant shall be granted access to the ATRS through a terminal located on the Trading Floor.
- 4.3.2 The Exchange shall assign each Trading Participant a designated terminal on the Trading Floor through which the Trading Participant's designated ATRS Operators shall access the ATRS.
- 4.3.3 No unauthorized person shall be permitted onto the Trading Floor.
- 4.3.4 Authorized persons shall include Trading Participants representatives, ATRS Operators, officers of the Exchange, officers of the CDSC, officers of the Authority, and any persons authorised by the Head of Trading or the Chief Executive.
- 4.3.5 ATRS Operators shall at all times strictly comply with the Rules of the Exchange and any guidelines, manuals and instructions issued pursuant thereto from time to time by the Exchange relating to the ATRS Floor Sessions.
- 4.3.6 Save as provided for in rule 4.3.5, Trading Participants shall not be allowed to bring clients onto the Trading Floor.

4.4 Conduct and Dress Code

- 4.4.1 All persons on the Trading Floor shall be expected to conduct themselves in a respectable and responsible manner.
- 4.4.2 All persons on the Trading Floor shall be well groomed. Dress code shall be formal and for the gentlemen shall include a jacket and a tie.
- 4.4.3 NSE Trading Floor Personnel shall wear green jackets while on the Trading Floor.
- 4.4.4 Stockbroker ATRS Operators shall wear red jackets while on the Trading Floor.
- 4.4.5 Dealer ATRS Operators shall wear light blue jackets while on the Trading Floor.
- 4.4.6 CDSC officers, Officers of the Authority and all authorised persons shall wear identification badges while on the Trading Floor.

4.5 Disaster Recovery Transition

- 4.5.1** Upon the determination by the Exchange that an event has occurred that renders the ATRS inaccessible the Exchange shall provide access to the ATRS through the Disaster Recovery Site.
- 4.5.2** The determination of such event shall be made by the Chief Executive in consultation with Chairman of the Exchange and the Chairman of the Trading and Compliance Committee. In the absence of any or all of the persons mentioned above, the determination shall be made by any three Trading Participants of the Board.
- 4.5.3** The Exchange shall within two hours of such determination inform all Trading Participants of the location of the designated Trading Floor and the procedures to be followed by the Trading Participants for the resumption of trading at the designated Trading Floor.

5 TRADING PROCEDURES

5.1 Trading Hours

- 5.1.1** Trading of listed fixed income securities shall be conducted continuously in daily trading sessions commencing at 9.00 a.m. and closing at 3.00 p.m. each day.
- 5.1.2** Time shall be determined by the clock displayed through the ATRS trading software.
- 5.1.3** The Chief Executive may, in consultation with the Authority, vary the Trading Hours upon the occurrence of an event that prevents adherence to the set trading hours.

5.2 Fixed Income Securities Quotations Board

- 5.2.1** The Exchange shall provide a quotations board to facilitate two-way indicative quotes on specified fixed income instruments.
- 5.2.2** Access to the Quotations Board shall be granted to Authorized Participants approved by the Authority and admitted by the Exchange.
- 5.2.3** The indicative two-way quotes provided for in 5.2.1 above shall be within a reasonable spread and in any case not more than 100 basis points between the bid and ask quotes.
- 5.2.4** The indicative two-way quotes shall be within a maximum rate of one hundred basis points based on the NSE Yield Curve reported during end of the previous session.
- 5.2.5** Where a same tenor bond has been auctioned at the primary market, by way of re-opening, tap sale or any other action at the primary level affecting a specific bond, clause 5. 2.3 shall not be applicable during the trading session following the auction.
- 5.2.6** Authorized Participants shall be obligated to provide indicative quotes for the Benchmark Bonds in accordance with these Rules before 9.00am during all trading sessions.
- 5.2.7** Authorized Participants may amend quotes intraday as long as such amendments comply with the requirements of these rules.
- 5.2.8** An Authorized Participant which is unable to update or remove quotes from the quotations board or unable to access the quotations board through its designated access shall immediately notify the Exchange. The notification shall be directed to the Chief Operating Officer or the IT Help Desk by telephone and in writing, by electronic mail or by facsimile.
- 5.2.9** The Exchange shall as soon as possible provide alternative access to an Authorized Participant upon receipt of notification under rule 5.2.8.
- 5.2.10** Each Authorized Participant shall always strictly comply with the Rules of the Exchange and any guidelines regarding the quotation board, manuals and

instructions issued pursuant thereto from time to time by the Exchange.

5.3 Fixed Income Securities Board

- 5.3.1** Fixed income securities shall be traded on the Fixed Income Securities Board in ATRS.
- 5.3.2** The Fixed Income Securities Board shall be divided into the following Boards for purposes of trading:-
 - i. Unrestricted Board
 - ii. Restricted Board
- 5.3.3** Trading on the Restricted Board shall be restricted to sophisticated investors only.
- 5.3.4** All transactions on the Fixed Income Securities Board shall be settled by T+3.

5.4 Board Lot

The minimum board lot on the Fixed Income Securities board shall be as prescribed by the issuer but in any case not less than one unit of the security.

5.5 Fixed Income Securities Trades

5.5.1 Fixed income securities shall be listed in a separate order book on the Fixed Income Securities Board.

5.5.2 Fixed income securities with periodic partial principal repayments shall be traded at the subsequent minimum nominal value following the partial principal repayments. Where the fixed income securities traded bear a floating rate of interest, the daily applicable reference interest rate shall be displayed on the Fixed Income securities Board at the start of the trading session.

5.5.3 All fixed income securities shall be traded cum coupon up to the date fixed for the closure of books for determination of entitlements as communicated by the issuer.

5.5.4 A fixed income security issued by the Government shall not be traded within the last 2 working days of the principal redemption.

5.5.5 A fixed income security issued by a body corporate shall not be traded within the last 3 working days of the principal redemption.

5.5.6 All transactions of fixed income securities issued by the Government shall be settled by T+3.

5.5.7 All transactions of fixed income securities shall be settled by T+3.

5.6 Order Input - Onscreen Trading

5.6.1 All orders shall be entered by ATRS operators in the ATRS through their trading terminals which shall then be processed by the ATRS for validation, acceptance and execution.

5.6.2 Once the order is accepted by the ATRS it shall be automatically time stamped and allocated an order ID which shall be used for all future references to the order.

5.6.3 Orders input into the ATRS shall be anonymously displayed to the market.

5.6.4 A Trading Participant shall be solely responsible for the accuracy of details of orders entered into the ATRS system in accordance with these rules.

5.6.5 The order entry instructions for fixed income securities shall include:

- (i) Security code
- (ii) CDS Account
- (iii) An indication whether it is a buy or sell order.
- (iv) Quantity/Volume

- (v) Yield or price (either clean price or dirty price)
- (vi) Duration of validity of instructions; and
- (vii) Names of two authorized signatories of the CDS account.

- 5.6.6** Following the entry of an order, the ATRS shall validate the order by confirming that the seller's CDS account holds the required number of securities and that the same are available for trading.
- 5.6.7** Where an order fails validation, it shall be rejected and the reasons for such rejection given.

5.7 Order Input- OTC Trading

- 5.7.1** All orders shall be reported by a representative of an Authorized Participant through their reporting terminals which shall then be processed by the ATRS for validation, acceptance and reporting to the Settlement Agent.
- 5.7.2** For this purpose a Settlement Agent refers to the Depository where the Fixed Income Security is domiciled.
- 5.7.3** The Authorized Representative shall be solely responsible for the accuracy of details of orders entered into the ATRS system in accordance with these rules.
- 5.7.4** The order entry instructions for fixed income securities shall include:
 - i. Security code;
 - ii. CDS Account;
 - iii. An indication whether it is a buy or sell order;
 - iv. Quantity/Volume;
 - v. Yield or price (either clean price or dirty price); and
 - vi. Counterparty to the transaction

5.8 Cancellation or Amendment of Orders

- 5.8.1** An ATRS operator may cancel or amend orders at any time prior to execution.
- 5.8.2** Where an order has been partially executed, the unexecuted portion of the order may be cancelled.
- 5.8.3** ATRS operators shall have access only to orders input by them in the ATRS for cancellation or amendment.
- 5.8.4** Order shall only be amended in respect of price/ yield, volume attributes or duration of validity of instructions.
- 5.8.5** An amended order shall be considered to be a new order with a new time stamp.

5.9 Sell Buy Backs

5.9.1 The parties to a Sell Buy Back Transaction shall negotiate and sign a Sell Buy Back Contract containing the following minimum information prior to the execution of the Sale Buy Back Transaction:

- i. Security Name,
- ii. Quantity
- iii. Price (Dirty and Clean)
- iv. Duration and validity of instructions
- v. Second leg price (Dirty and Clean)
- vi. Names of two authorized signatories of the CDS account.

5.9.2 The parties to a Sell Buy Back Transaction shall report to the Exchange a Sell/Buy Back transaction concluded during a given trading session.

5.10 Trading Status of Security

The following status shall be indicated against individual securities in accordance with the timetable provided by the Issuer:-

„s“ To signify that the security has been suspended from trading and no transactions shall be recorded on that particular security.

‘xc’ To signify that the security is trading ex coupon.

„Q“ To indicate that the auditors’ opinion on the annual financial statements of the company is qualified. The annotation shall be removed once the company produces an unqualified opinion of its auditor.

5.11 Announcements

5.11.1 An issuer shall as soon as possible but not later than twenty four hours, release announcements in accordance with Chapter 10 of the NSE Listing Manual.

5.11.2 Immediately upon receipt of material information and corporate action announcements in respect of entitlements and other market information, the Exchange shall send copies of the entire text of the information or announcement as the case may be, and not an abridged version, to Trading Participants through the ATRS.

6 TRADING SESSIONS

6.1 Continuous Trading

6.1.1 The Exchange shall provide matching of fixed income securities orders.

(i) through the ATRS

(ii) reporting of fixed income securities concluded over the counter (OTC)

6.2 Matching of Orders through the ATRS

6.2.1 All orders shall be ranked in the order book by reference to first price and then time.

6.2.2 Priority shall be given to the highest buy orders and the lowest sell orders.

6.2.3 When buy or sell orders are entered at the same buy or sell price priority shall be given to the earliest buy or sell order on a first-in-first-out basis.

6.2.4 Orders for fixed income securities trading onscreen shall execute when the yield or clean price matches.

6.2.5 Where a partial execution of an order occurs the remaining volume will be registered in the order book preserving its original time stamp.

6.3 Reporting of Trades Concluded OTC.

- 6.3.1** All trades concluded OTC shall be reported at the Central Trade Repository as shall be determined by the Authority (CMA) before settlement.
- 6.3.2** The Primary Exchange shall be determined by the Issuer.
- 6.3.3** Authorized Participant(s) party to a trade shall have obligation to report OTC trades within 30 minutes.
- 6.3.4** An Authorized participant which is unable to access the repository system shall immediately notify the Exchange. The notification shall be directed to the Exchange's Chief Executive, Chief Operating Officer, or the IT Help Desk by telephone and in writing, by electronic mail or by facsimile.
- 6.3.5** The Exchange shall as soon as possible provide an alternative access to a reporting agent upon receipt of notification under rule 6.3.4.

6.4 Closing

The trading session for fixed income securities shall close at 3.00 p.m.

6.5 Reference Price of a Fixed Income Security

The bond reference price of a fixed income security shall be determined as

- (i) The clean price of a fixed income security based on volume weighed yield of trades in a trading session.
- (ii) The reference price shall factor trades of above Kes fifty million.
- (iii) Where there are no trades concluded in a given session , the reference price shall be determined by volume weighed based on the indicative yields.

7. CANCELLATION OF TRANSACTIONS

Cancellation of transactions shall only be done in instances of fraud and with the approval of the Authority.

8. TRADING HALTS

8.1 The Chief Executive may, upon prior consultation with the Authority, vary the duration of trading and/or suspend trading for one or more trading sessions or any part of a trading session. Any such halts or variations shall be immediately reported to the Trading and Compliance Committee to note.

8.2 A trading halt may be imposed by the Exchange for a time period during a trading session or may be extended beyond one trading session.

8.3 The Exchange shall inform the Trading Participants of trading halts via the announcement system of the ATRS.

8.4 The Exchange shall make a public announcement of a market halt that extends beyond one trading session.

8.4.1 Market Halts

A market halt can occur during a trading session in the following circumstances:

- i. Due to a technical failure of the ATRS.
- ii. Where in the opinion of the Chief Executive circumstances exist or are about to occur that could result in other than the transparent, fair and orderly trading of the listed securities.

8.4.2 Security Halts

The Exchange may temporarily halt trading in one or more securities in the following circumstances:

- i. Upon the request of the Authority;
- ii. By the Exchange
- iii. Prior to obtaining a clarification from the company on a report regarding the company which has been brought to the attention of the Exchange.
- iv. When there are unusual market movements in price/volume of a security.
- v. Where in the opinion of the Chief Executive circumstances exist or are about to occur that could result in other than the transparent, fair and orderly trading of the specific securities.

- 8.5** Trading Participants shall be prohibited from effecting transactions in the security/securities for which a halt of trading has been announced.
- 8.6** Where the Exchange has reasonable grounds to suspect collusion or market manipulation, the Exchange may delete the orders in the order book at the time of halt.
- 8.7** Where the orders are not deleted by the Exchange, Trading Participants may withdraw their own orders during the period of halt. No other changes to the order book shall be permitted during the halt.
- 8.8** The Exchange may upon the request of a Trading Participant, purge all the outstanding orders in the order book of the security/securities on which there has been a halt.
- 8.9** The Exchange shall immediately inform the Issuer of any halt in the trading of its securities other than for the purposes of making an announcement and in any event no later than 30 minutes after such halt is imposed.
- 8.10** Trading in the security/securities will resume as soon as the clarification from the Exchange or the issuer is disseminated to the market.
- 8.11** When the halt is lifted, trading in the security/ securities will resume as per the current market status.

9 ASSISTANCE BY THE EXCHANGE

- 9.1** The Exchange may suspend or impose restrictions on a Trading Participant who fails to settle a transaction upon receiving a written request from CDSC or CBK.
- 9.2** Rule 9.1 shall be effected by the Exchange after receiving authorization from the Authority.

10 EXCLUSION OF LIABILITY

- 10.1** When acting in good faith and without negligence, the Exchange shall not be liable to any person for:
- (i) any loss of opportunity, profit, goodwill, interest or use of money or securities;
 - (ii) any other special, indirect or consequential loss, damage, expense, liability or claim; which is suffered resulting from the failure of the ATRS Service.
- 10.2** Where the Exchange or a Trading Participant is unable to operate the ATRS Service due to a market halt, security halt or system failure, or due to an Act of God or force majeure or any act outside the control of the Exchange, the Exchange shall not be liable to pay any compensation or indemnity to any person who incurs a loss as a result of a delay in effecting any transaction.

10.3 RECORD KEEPING

10.3.1 Authorized Participants and Dealers shall record and maintain the following information for each fixed-income securities transaction executed in their capacity as such:

- (a) Date and time of transaction
- (b) Parties to the transaction
- (c) Bond identification (type, issuer, ISIN)
- (d) Trade details (quantity, price, settlement date)
- (e) Name of broker/dealer, if applicable; and
- (f) any other relevant information to the transaction.

10.3.2 For purposes of clause 10.3.1. Authorized Participants and Dealers shall adhere to the provision related to the Act, Data Protection Act, The Exchange Business Conduct and Enforcement Rules.

11 SUPERVISION AND ENFORCEMENT

The Exchange in its capacity as an SRO approved by the Authority shall exercise oversight over Fixed Income Market Segment in accordance with the NSE Business Conduct and any other provisions as may be agreed with the Authority.

12 DISPUTE RESOLUTION

12.1 The Head of Operations and Technology shall be responsible for interpreting the Trading Rules and settling all disputes on the Trading Floor.

12.2 Any person aggrieved by any decision of the Head of Operations and Technology may appeal to the Chief Executive. If the aggrieved party is not satisfied with the decision of the Chief Executive he may appeal to the Trading and Compliance Committee.

13 OFFICIAL PRICE LIST AND OTHER MARKET INFORMATION

- 13.1** The Exchange's Official Price List, Market Report and all reports generated by the ATRS are the sole property of the Exchange. The copyrights of the Exchange therein are reserved. No person may make a commercial use of the proprietary information of the Exchange in any form or manner whatsoever, unless prior written consent has been given by the Exchange and on such terms and conditions for such use as the Exchange at its absolute discretion shall impose.
- 13.2** All copyright subsisting in the Exchange's 20 Share Index, all share index, sectoral indices and all other indices that the Exchange may from time to time create and their constituent lists vests in Exchange.
- 13.3** Transmission of live feeds of market data and information generated through the ATRS shall be the sole preserve of the Exchange and redistribution of such live feeds is not permitted without the express prior written consent of the Exchange.
- 13.4** The Exchange shall publish information on the prices, the traded volumes and the index.
- 13.5** The Exchange shall determine the particulars to be published for all listed securities, and the form in which and the precise time within which the information is to be provided, as well as the means by which it is to be made available, having regard to the nature, size and needs of the market concerned and of the investors operating on that market.

14 FEES

The Applicable fees on the Fixed Income Securities shall be as provided for under Schedule VI of the Act. For avoidance of doubt, these fees shall be applicable to OTC Transactions.

15 TRANSITIONAL PROVISIONS

These Trading Rules shall come into effect after approval by the Authority on a date to be determined by the Exchange.