



Resolution

No. (73 /2023)

Issuing the Market Making Regulations

Based on the Capital Market Law promulgated by Royal Decree No. 80/98; and
Commercial Companies Law promulgated by Royal Decree No. 18/2019; and
Royal Decree 5/2021 Transforming Muscat Securities Market into a Closed Omani Joint
Stock Company Named Muscat Stock Exchange SAOC; and
Securities Law promulgated by Royal Decree No. 46/2022; and
Executive Regulations of the Capital Market Law issued by Resolution No. 1/2009; and
Approval of the Capital Market Authority' Board of Directors; and
Approval of Muscat Stock Exchange SAOC's Board of Directors; and
In pursuance of the public interest

Have Decided the following

Article One

The provisions of the Market Making Regulation attached hereto shall enter into force.

Article Two

The CEO of Muscat Stock Exchange SAOC shall issue the necessary decisions, circulars, forms and instructions to implement the provisions of this Regulation.

Article Three

Anything that contravenes the provisions of the attached Regulation or contradicts its provisions shall be repealed.

Article Four

This Resolution is effective as of the date of its issuance.

Mohammed Mahfoodh Al Ardhi
Chairman of Board of Directors

Issued on: 24 Dhul Qi'dah 1444 AH.

Corresponding: 12 June 2023 AD.





Market Making Regulations

Chapter I

Definitions & General Provisions

Article (1)

In applying the provisions of these Regulations, the words and expressions shall have the same meaning assigned thereto in the Securities Law. Further, the following words and expressions shall have the meanings indicated to each of them, unless the context requires otherwise:

1. Stock Exchange: Muscat Stock Exchange Company SAOC.
2. Depository: Muscat Clearing & Depository Company SAOC.
3. Eligible Securities: Securities listed on the Stock Exchange on which Market Making can be exercised.
4. Market Making: An activity aimed at providing continuous orders for supply and demand for eligible securities during the trading session with the aim of promoting liquidity.
5. Market Maker: an entity working in securities and licensed by the CMA to engage in market making activity.
6. Market Making Agreement: The agreement concluded between the Stock Exchange and the market maker, in which the Stock Exchange defines conditions and duties that the market maker must adhere to.
7. Liquidity Provision: The financial service that the market maker commits to in order to improve liquidity of one or more securities listed on the Stock Exchange under a contract with the issuing entity.
8. Liquidity Provider: A market maker registered with the Stock Exchange to provide liquidity supply service.
9. Related party: A person is a related party in the cases set forth in the Governance Charter of public shareholding companies issued by the CMA.

Article (2)



Market making and liquidity provisions activities are limited to entities operating in securities and licensed by the CMA.

Article (3)

Eligible Securities may have more than one market maker, and a market maker may not practice liquidity provision on the same security on which he exercises market making.

Article (4)

The market maker and liquidity provider do not have any priority in the order book or in the process of executing deals.

Article (5)

The Stock Exchange shall supervise the trading operations carried out by the market maker or the liquidity provider, and all applicable trading rules in this regard shall apply to the same.

Article (6)

The Stock Exchange may appoint a third party to assess the commitment of the market maker and liquidity provider to the provisions of these Regulations, and they must cooperate with and provide it with all necessary information and data. All information and data shall be treated in strict confidentiality and it is prohibited to disclose or publish thereof.

Article (7)

The Stock Exchange shall publish a list of eligible securities. It may also develop and publish a list of eligible securities for each market maker separately, and this list is updated in the event of any change.

Article (8)

The market maker and liquidity provider must keep all information and data related to the activity or service registration, and all records, documents, data and information related to trading from the date of trading transaction, and for a period of no less than (10) ten years.

Chapter II

Market Maker



Section One

Registration

Article (9)

The market maker who wishes to be registered to practice market making activity must apply to the Stock Exchange according to the form prepared for that purpose, along with the following documents and data:

1. A copy of the license issued by the CMA to practice market making activity.
2. The authorization issued by the Board of Directors or directors to those acting on their behalf to initiate the registration procedures with the Stock Exchange.
3. A proof of the availability of the technical requirements necessary for registering the activity, in accordance with the requirements of the Stock Exchange.
4. Evidence of the payment of the registration fee.
5. Any other documents or data required by the Stock Exchange.

Article (10)

The Stock Exchange shall study the application for registration within (15) fifteen days from the date of fulfilling the requirements stipulated in Article (9) of these Regulations and signing the Market Making Agreement. If this period expires without a response, the application is deemed acceptable.

Article (11)

The registration is valid for one year, starting from the approval date of the registration. The registration may be renewed for a similar period or periods at the request of the market maker no later than (30) thirty days from the expiry of the registration period according to the form prepared for that purpose. In all cases, the registration ends with the expiry of the license period.

Section Two

Market Maker Obligations

Article (12)



The market maker must separate the market making, liquidity provision, the trading floor, and the employees of the activity from other activities. The separation requirements include, for example, digital and physical records, bank accounts and trading account. Access to the activity offices is limited to authorized employees only.

Article (13)

While exercising the activity, the Market Maker shall comply with the following:

1. Preserving the stability of the Stock Exchange by working to reduce sharp fluctuations in the prices of eligible securities.
2. Ensuring the availability and follow-up of a sufficient balance of cash and eligible securities to fulfill its obligations on an ongoing basis, in order to facilitate the process of pumping thereof into the Stock Exchange, when needed.
3. The entered buy or sell order must be among the best (3) three requests or offers entered in the order book at the time the order is entered.
4. Submitting the following data and information to the Stock Exchange:
 - A. Quarterly report on profits and losses and the size of the securities portfolio.
 - B. A semi-annual report on the internal procedures of the market maker, including the risks that were discovered and the corrective action plan that was implemented.
 - C. Any other data or information required by the Exchange.

Article (14)

The market making agreement specifies the data, numbers, and financial values that the market maker must abide by, according to the following:

1. The minimum monthly trading percentage.
2. The percentage of presence in the continuous trading session.
3. The maximum price difference between bid and ask.
4. The maximum period for updating orders.
5. The minimum value of bid and ask orders.

Article (15)



The market maker must inform the Stock Exchange immediately in the event of a change in its legal, regulatory or financial status, or any decisions taken against it, the members of the board of directors, the directors or the executive management, whether in the Sultanate of Oman or any other country.

Chapter III

Liquidity Provider

First Section

Registration

Article (16)

The liquidity provider who wishes to engage in the liquidity provision service must apply to the Stock Exchange according to the form prepared for that purpose, along with the following documents and data:

1. A copy of the license issued by the CMA to practice market making activity.
2. The authorization issued by the Board of Directors or directors to those acting on their behalf to initiate the registration procedures with the Stock Exchange.
3. A proof of the availability of the technical requirements necessary for registering the activity, in accordance with the requirements of the Stock Exchange.
4. Evidence of the payment of the registration fee.
5. Any other documents or data required by the Stock Exchange.

Article (17)

The Stock Exchange shall study the application for registration within (15) fifteen days from the date of fulfilling the requirements stipulated in Article (16) of these Regulations. If this period expires without a response, the application is deemed acceptable.

Article (18)

The registration is valid for one year, starting from the approval date of the registration. The registration may be renewed for a similar period or periods at the request of the market maker no later than (30) thirty days from the expiry of the registration period according to



the form prepared for that purpose. In all cases, the registration ends with the expiry of the license period.

Section Two

Liquidity Provider Obligations

Article (19)

The liquidity provider shall conclude a liquidity provision contract with the issuing entity according to the form prepared for that purpose, and shall submit a true copy of that contract to the Stock Exchange for approval. The Stock Exchange shall not be legally responsible for the implementation of the contractual obligations contained in the contract.

Article (20)

The liquidity provider shall keep separate records of the contracts stipulated in Article (19) of these Regulations, and it may not use the assets of those contracts in any way for any purpose other than providing liquidity for the security the subject of the contract.

Article (21)

The liquidity provider shall immediately inform the Stock Exchange in writing in the event that the liquidity provision contract is terminated.

Chapter IV

Duties and Prohibitions of the Market Maker and Liquidity Provider

Article (22)

The market maker and liquidity provider must comply with the following:

1. Sending bids and asks according to the prevailing prices in the Stock Exchange, and in the event of default, the Stock Exchange has the right to cancel the same.
2. Notifying the Stock Exchange immediately in the event of a violation of the provisions of these Regulations or unusual trading in the securities under their responsibility.

Article (23)

The market maker and liquidity provider shall not:



1. Exercise the activity or service on an issuer related party that results in a conflict of interests, and the market maker and liquidity provider undertakes to set controls that prevent a conflict of interest for its employees and the related party.
2. Communicate with any client through a market maker trading account. All bids and asks must be sent to a trading account designated for market making through the Stock Exchange and from the private trading book.

Chapter V

Administrative Penalties

Article (24)

Without prejudice to any administrative or penal penalties stipulated in the laws in force in the Sultanate of Oman, the CEO of the Stock Exchange may, in the event that the market maker or liquidity provider fails to comply with the provisions of these Regulations, take any of the following measures:

1. Issuing specific mandatory directives to rectify the situation within a period not exceeding (15) fifteen days.
2. Suspending the registration with the Stock Exchange for a period not exceeding (30) thirty days.
3. Canceling the registration.

The Stock Exchange shall immediately notify the CMA when any of the aforementioned penalties are taken.

Article (25)

In the event that the violations committed by the market maker or the liquidity provider were severe or serious, and the procedures stipulated in Article (24) of these Regulations were not sufficient, the Stock Exchange must forward the violation to the CMA to take the necessary measures in this regard.

Article (26)

Administrative penalties do not hinder the Stock Exchange from filing any civil claim for compensations against the damages suffered as a result of the violations committed by the market maker or liquidity provider.



Article (27)

Concerned parties may appeal against the decision to impose any of the administrative penalties to the CMA within a period not exceeding (60) sixty days from their notification date of the penalty.

Chapter VI

Fees

Article (28)

The Stock Exchange shall charge the following fees:

#	Statement	Fee (RO)
1	Registration of the activity or service	Ten thousand (10,000)
2	Renewal of registration	One thousand (1,000)