



# Electronic Trading Regulations



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### Article 1

In applying the provisions of these rules, the following words and expressions shall have the following meanings assigned to each of them unless the context requires otherwise:

The Authority: Financial Services Authority.

Stock Exchange: Muscat Stock Exchange Company SAOC

Company: The Company licensed to practice brokerage activity.

Platform: Any of the applications, programs, websites or similar provided by the company to dealers for use in the electronic trading process and conducting transactions.

Electronic trading: A service provided by the company to dealers, allowing them to buy and sell securities themselves through the platform and enter them into the trading system.

Securities reservation: The process of verifying and ensuring the possession of dealers' securities by the company before executing the sale process in the trading system by transferring securities from the main accounts to the dealers' sub-accounts.

Securities release: The process of releasing the possession of dealers' securities reserved by the company after stock settlement operations by transferring securities from the sub-accounts to the dealers' main accounts.

External hosting: The process of placing and operating a program or application on a server located in a country other than the Sultanate of Oman.

### Article 2

The company must provide the platform, which must be available around the clock to all customers without exception or discrimination.



### Article 3

When creating the platform, the company must adhere - as a minimum - to the requirements of the technological infrastructure and information protection and security systems contained in Appendix No. (1).

### Article 4

The company must provide the following services at a minimum through the platform:

- A. Opening a shareholder/investor account.
- B. Entering/amending/cancelling buy and sell orders.
- C. Securities reservation and release feature.
- D. Depositing and withdrawing dealers' funds.
- E. The authority may add any other services.

### Article 5

The company must adhere to the following:

1. Provide an order management system (OMS)
2. Enable dealers to enter/modify/cancel orders.
3. Enable dealers to deal with all types of orders supported by the stock exchange.
4. Enable dealers to extract an account statement and view the balance in the portfolio.
5. Develop written procedures that clarify the steps of electronic trading and are available on the company's website.
6. Provide electronic means to provide support and assistance and record dealers' orders in a secure manner consistent with the company's business plan.
7. Use electronic payment/withdrawal/deposit systems approved by the Central Bank of Oman.
8. Appoint an employee to assume the following responsibilities:



- A. Supervise electronic trading operations.
  - B. Add, modify or cancel orders based on the client's instructions.
  - C. Supervise the submission of the necessary reports to the competent authorities.
9. Sign contracts with its clients in accordance with the unified contract form issued by the Authority.
10. Any other requirements requested by the Authority.

#### Article 6

Before activating the electronic trading service, the company must obtain the approval of the stock exchange by submitting a request to the stock exchange and signing the relevant agreement according to the form prepared by the stock exchange.

#### Article 7

Orders received through the platform are subject to the laws, regulations and instructions in force at the stock exchange.

#### Article 8

The company must cancel the orders issued by the trader through the platform if such orders constitute a violation of the instructions and regulations in force in the stock exchange or a violation of what was agreed upon with the trader, or are intended to create fictitious purchase or sale orders. The company must inform the client of this.

#### Article 9

The Company shall separate or distinguish orders sent by traders through the platform from orders sent by the Company's brokers.



#### Article 10

The Company must keep a historical record of all its clients' orders and trades entered through the Platform for a period of not less than ten years.

#### Article 11

The company is committed to providing the Stock Exchange with a report prepared by an external auditor stating that he has audited the security of the company's information and platform in accordance with the technical specifications required by the Stock Exchange, and this shall be done on an annual basis.

#### Article 12

The company must update and test both the disaster recovery plan and the business continuity plan at least annually and notify the Authority and the Stock Exchange within a period not exceeding 10 days from the date of the update. The Stock Exchange may request any other documents or data or take other measures.

#### Article 13

Without prejudice to the provisions of Article (5/5), the company must conduct awareness programmers for customers to clarify the mechanism and details of dealing with the platform.

#### Article 14

The company is committed to notifying both the dealers and the stock exchange immediately, stating the necessary time period, which does not exceed one business day, to restore the platform's operation and provide alternative means of trading until the malfunctions are resolved, in the event of any of the following malfunctions:

1. Technical malfunction in the platform.
2. Orders not arriving from the platform to the company for any reason.



### 3. Technical malfunction in processing dealers' orders at the company.

The company does not bear any responsibility resulting from its failure to receive orders issued by its client through the platform if it is not due to the malfunctions mentioned above, and dealers must use the available alternative means to achieve this.

### Article 15

The Stock Exchange has the right to determine the minimum quantity of shares entered by traders through the platform, in accordance with what the market's interest requires.

### Article 16

In the event of non-compliance with the technical requirements and regulations in force in the Stock Exchange, the CEO of the Stock Exchange may take any of the following penalties:

- 1- Suspend the trader in the event of a repeated violation.
- 2- Temporarily suspend the service to the company until the situation is rectified.
- 3- Terminate the agreement signed between the Stock Exchange and the company.

The CEO of the Stock Exchange must refer the violation to the Authority in the event of serious violations by the company to take appropriate action.



## Appendix No. (1)

### First: Technological requirements:

The company must meet the following:

- 1- Provide the (OMS) system and use the protocol used in the trading system to receive and send orders.
- 2- Provide the platform in an easy-to-use manner with easy-to-understand functions.
- 3- The stock exchange is committed to providing an independent protocol usage code for each company, and the company is responsible for maintaining these codes and not giving them to any third party, and the stock exchange must be notified in writing immediately upon any violation of this.
- 4- Provide electronic means to receive, record and enhance dealer orders in a safe and coordinated manner with the company's business plan.

### Second: Data protection and security systems requirements:

- 1- The company must provide the minimum data protection and security systems from hacking in trading systems or solutions via the platform, by providing the following requirements:
  - A. Develop and test incident management, response and disaster recovery plans
  - B. Apply the secure (HTTPS) protocol for transferring data over the Internet to protect information from eavesdropping, interception and manipulation.
  - C. Impose a strong password for each dealer and apply two-factor authentication tools
  - D. A mechanism for controlling passwords for users.
  - E. Providing protection systems to control external use of its systems and devices, such as firewall systems and control via routers and WAF applications to protect websites and electronic applications from various types of attacks.
  - F. Conducting a vulnerability detection and penetration testing (VAPT) on an annual basis and notifying the stock exchange of the results of the testing.



G. Linking protection systems to the security records management system (SOC & Log Management)

H. Following the application security guide for smartphones issued by the Electronic Defense Center issued by Royal Decree No. 64/2020, and the OWASP standard.

I. A detailed drawing of the company's internal network showing the main servers and protection devices in line with the stock exchange's requirements.

J. The capacity of the leased line that connects the company's main offices to the market must not be less than 1 Mbps, and depends on the volume of traffic and systems used by the stock exchange.

## 2- Security guarantees in the event of external hosting:

A. Certificate from the host: If the electronic trading service is hosted by a third party (such as a bank), a certificate must be obtained from that party confirming its commitment to maintaining the security and confidentiality of customer data and ensuring the continuity of service provision.

B. Certificate from the parent or subsidiary company: If the company is part of a group of companies, a certificate must be obtained from the parent or subsidiary company confirming its commitment to maintaining the security and confidentiality of customer data and ensuring the continuity of service provision.

C. Certificate related to cloud computing: If cloud computing technology is used to provide online trading service, a certificate must be obtained confirming that the cloud used complies with international standards for security and safety and is licensed by the Ministry of Transport, Communications and Information Technology.