

3 / 3 / 2004

Circular No. (36)

Issued on 12/ 7/ 2005

Amending Circular No. (4) issued on 9/ 11/ 1998

Chairman of the Board

Company:

Dear Sir:

In the light of Article (263) of the Executive Regulations of Law No. 95 of 1992 which states that it is permissible to receive orders of clients by phone according to a telephone recording system to be prepared by the company and approved by the Authority,

The following controls for the call recording system for clients' phone orders must be complied with:

- (1) No phone orders may be received without prior written approval of the client who should have an open account with the company. In all cases, provisions of Article 256 of the Layha must be observed.
- (2) One of the company staff members must be designated to be in charge of the call recording system and the secret numbers of the clients
- (3) The phone call recording must include all data that must be available in the client's orders and prescribed by the provisions of Law No. 95/ 1992 and its Executive Regulations, especially Article 91 thereof. The company may not record any other material that falls outside the scope of this data
- (4) The obligation and responsibility of the company for phone orders is limited to the trading rules and systems which are set by the Exchange. The phone order must not include anything in violation of this.
- (5) The client may cancel the order he gave, either by phone or in writing. In case of recording or writing, the data of the order the client wishes to cancel must be indicated in detail and must include all the data in the order before the company fills this order.
- (6) Under no circumstances should the company's representative at the Exchange take any phone orders directly pursuant to provision of Article 263 of the Executive Regulations. No recording of

phone calls is allowed save through the company only. The calls shall be entered into the record it maintains according to the provisions of the mentioned Article 263.

The company must enter this order in the open orders record it has once it receives it in compliance with provisions of Law No. 95 of 1992. The registration must include all data of the recorded phone order.

- (7) The company shall send to its clients a monthly statement of phone orders which it received from them and which it filled. The statement must include the written approval of the client allowing the company to delete these orders from the phone memory.
- (8) The system must play a greeting message stating that the all calls are monitored and recorded.
- (9) The system must record the number of the caller and the time of the call. Such data must not be changed after being recorded in the system.
- (10) The system must not allow any deletion of any phone order in the system.
- (11) The system must have the function of automatic verification of the identity of the client. For example, the client can enter his confidential number which he received from the company in accordance with its instructions for maintaining the confidentiality of this number. This should be the case if the system is based on computers. If it is not, the brokerage firm is responsible for verifying the identity of the client.
- (12) The system must keep more than one copy of the phone orders that are registered. One copy at least must be maintained in a safe, theft proof and fire proof place. This copy must be unchangeable; for example, it can be a read-only CD.
- (13) The recording system must have the function of having a log of events of emergencies such as a power outage, any procedures conducted on the parameters of the system (such as changing the date and time of the system). Such data must be undeletable.

Yours truly,

Dr. Ahmed Saad Abd Al-Latif

Head, Market Operations Sector