

IN THE CAPITAL MARKETS TRIBUNAL

AT DAR ES SALAAM

CIVIL APPEAL NO. 01 OF 2026

JEREMIA DAVID CHALLE.....APPELLANT

VERSUS

ORBIT SECURITIES COMPANY LIMITED.....1ST RESPONDENT

DAR ES SALAAM STOCK EXCHANGE.....2ND RESPONDENT

CAPITAL MARKETS AND SECURITIES AUTHORITY.....3RD RESPONDENT

JUDGMENT

On Friday, 20th February 2026, the appellant traded shares of Tanzania Breweries Limited (TBL) through a mobile digital platform known as "*Hisa Kiganjani*", managed by the Dar es Salaam Stock Exchange (DSE) (Second Respondent). The appellant's trade involved 9,000 and 484 shares at TZS 10,200 per share, with an anticipated consideration of approximately TZS 96,736,800. Both trades were matched and executed accordingly. However, on the same day, before end of trading hours, the appellant's Broker, Orbit Securities Limited (first respondent), applied to DSE to cancel the two trades. The cancellation followed a request arising from a mutual agreement between the relevant Licensed Dealing Members (LDMs); Orbit Securities Limited, the appellant's broker, and CRDB Bank Limited, the counterparty broker for the buyer. CRDB Bank Limited alleged "wrong entry" as the reason for the cancellation. Despite being disgruntled with the cancellation, the appellant

approached the first respondent, and the two agreed to resell the shares. This time, not through the online mobile platform but through the first respondent (broker). On 23rd February 2026, the first respondent sold 2305 shares. In the following days, a system failure prevented the re-sale. On 23rd February 2026, the appellant received TZS 22,991,876.65 from the first respondent for the 2305 re-sold shares, but the funds were subsequently and immediately reversed. On 27th February 2026, the appellant was credited with TZS 100,216,174.15 under the rubric "settlement of shares". However, the first respondent immediately applied for freezing the amount, alleging an internal error committed by its Finance Department. The appellant is now before this Tribunal seeking a declaration that the cancellation was unlawful, invalid and ineffective; the release and discharge of TZS 100,216,174.15; compensation against the 1st Respondent for financial loss; general damages against the first respondent; costs of the case against the 1st and 2nd respondents and any other relief this Tribunal deems fit to grant.

During the trial, the Tribunal framed the following issues for determination:

- 1. Whether the appellant executed a sale transaction of 10,000 TBL shares.*
- 2. Whether the transaction of such shares was completed.*
- 3. Whether the cancellation of the sale was lawful.*
- 4. What relief(s) are the parties entitled.*

During the hearing, the appellant, Jeremiah David Challe (PW1) testified that on 20th February 2026, in the morning hours, he traded 10,000 TBL shares. At around 11:30 a.m., he found a buyer for TBL shares through a mobile application (*Hisa Kiganjani*) operated by the Dar es Salaam Stock Exchange. The buyer was ready to buy each share at TZS 10,200, and he wanted to buy 9,800 shares. As per DSE rules and practice, in order to trade, an investor needs to have a broker who is expected to act on behalf of the client, and in this matter his broker was Orbit Securities Company Limited. Afterward, he sold 9,000 shares through the system at TZS 10,200.

On the same day, the appellant traded 10,000 shares in a different transaction; at 10:47 am, he traded 10,000 shares at TZS 10,300; the transaction was partially fulfilled, with 162 shares executed and the rest remaining. At 10:16 am, he mistakenly traded 10,019 shares at TZS 10,280. This order was incomplete because he traded more shares than were available. At 11:23 am, he placed a sell order for 9,838 shares at TZS 10,280/= per share. However, the order expired, and the shares were not sold. At 11:52 am, he traded 9,857 shares at TZS 10,260/= but the order remained pending and was unsuccessful. At 11:53 am, he traded 18 shares at TZS 10,260/= and the sale was fulfilled. At 11:55 am, he traded 64 shares at TZS 10,240/= and the order was fulfilled. At 11:58 am, he traded 32 shares at TZS 10,240/= and the order was fulfilled. At 12:08 noon, he traded 100 shares at TZS 10,200/= and the order was

fulfilled. At 12:16 noon, he traded 624 shares at TZS 10,200/= per share, and the order was fulfilled. At 12:51 noon, he traded 9,000 shares at TZS 10,200/= per share, and the order was fulfilled. (**Exhibit P1**).

PW1 further testified that, in total, on that day, he traded 10,000 shares, which were fulfilled. He expected the settlement under the T+2 trading cycle (trading day plus two working days). As the trading day was on 20th February 2026, the settlement was expected to be on the 24th February 2026. Surprisingly, on the same day, at 03:16 pm, he received a call from Aurelia Kajumulo (DW1) from Orbit Securities Company Limited (the Broker), informing him that the Exchange (second respondent) cancelled the trade of 9484 shares. He asked why the DSE trade was cancelled, but he was told that DSE had been informed that the counterpart broker (i.e., the buyer's broker) mistakenly entered 9,800 shares, whereas the buyer wanted to buy 10 shares at TZS 9,800. PW1 told Aurelia that he did not approve the cancellation, and Aurelia hung up. He later phoned Aurelia several times but without success. (**Exhibit P2**).

PW1 testified that on the same day, at around 5:08 pm, he went to Orbit Securities Company Limited to meet Mr. Simon Malaure, the Trading Director. He asked Mr. Simon Malaure about the trade cancellation. He was informed that the counterparty broker made a mistake. Mr. Simon told him further that the buyer did not have enough funds. PW1 urged Mr. Simon to provide any proof;

however, he had none. Mr. Simon promised to pay him the money originating from the sale of the shares on 23rd February 2026. He promised to pay him in advance while they continued to resolve the matter internally. They, however, agreed to re-trade the shares, and PW1 accordingly signed the sale order forms.

On 23rd February 2026 at around 8:45 am, PW1 went to the first respondent's office to follow up on payment, but Mr. Simon changed his mind and told him he would pay in instalments, in line with the share trade. Mr. Simon further told him that the cancellation was due to the buyer's need for CRDB shares. Therefore, the counterparty broker mistakenly placed TBL shares instead of CRDB shares. According to PW1, this was a second reason for cancellation different from the one communicated to him on 20th February 2026. PW1 still pressed for proof, but none was provided. PW1 promised to take the matter to the DSE. On 24th February 2026, at 9:12 am, he emailed the DSE narrating the whole transaction. **(Exhibit P3)**. On 27th February 2026, at around 9 am, he logged in to the mobile digital platform, and the trade appeared to have settled because he did not see the shares. **(Exhibit P4)**.

On 27th February 2026, at around 10:10 am, PW1 received a credit of TZS 100,216,174.15 into his account. He was therefore content that the transaction was settled. **(Exhibit P5)**. He immediately instructed the bank officer to transfer the money to his Trust Account for investment. At around 11:46 am, a

Bank Officer informed him that the fund was frozen. At around 12:43 noon, another Bank Officer told him that the first respondent had instructed the freezing because the fund was deposited by mistake. The bank officer requested PW1's approval to reverse the funds to the first respondent, but PW1 refused. PW1 emailed the second respondent to complain that he was being exposed to risk and financial losses. The second respondent promised to work on the issue and provide feedback to PW1.

On 03rd March 2026, PW1 received an email from Mr. Simon Malaury containing two Cancellation Forms that he had never received before. The Cancellation Forms appeared to have been sent to the bank. He tendered the cancellation forms, the email to Brightness, the conversation between the first respondent and NMB Bank, the internal fund transfer from the first respondent to him and a letter from the first respondent to the Bank seeking reversal of the fund transfer. (**Exhibit P6**). After reading the cancellation forms, PW1 realized that Imani Muhingo was listed as the trader, buyer, and reporter of the cancellation. According to PW1, Imani Muhingo alleged "wrong entry" as the reason for cancellation, without any supporting evidence. On 04th March 2026, PW1 lodged the complaint with the Capital Markets and Securities Authority (CMSA). (**Exhibit P7**). On 13th March 2026, PW1 sent another email to CMSA, reiterating his previous email. On 02nd April 2026, at 12:35 noon, PW1 spoke with an officer from CMSA, who informed him that he had spoken with the first respondent

and CRDB Bank Limited, and that the buyer needed 900 TBL shares, but the broker placed 9000 shares on the platform.

On 11th April 2026, PW1 received a phone call from a CMSA officer urging him to reverse the payment because he was holding shares and money at the same time. PW1 responded that the TZS 100,216,174.15 was for the settlement of shares. In the conversation, PW1 told the officer that the shares were returned on 23rd February 2026, and that the first respondent sold 2305 shares. From that sale, the first respondent deposited TZS 22,991,876.65. However, the first respondent immediately reversed it. The officer finally told him that he would explain the incident to CMSA's management and provide feedback. On 20th April 2026, at 4:12 pm and 4:22 pm, PW1 contacted Esther Mwamwala for feedback, who promised to communicate with CRDB Brokerage and give feedback on 22nd April 2026. (**Exhibit P8**). On 23rd April 2026, the appellant finally filed this complaint. PW1 prayed that the Tribunal declare that the transaction was validly executed and final; declare the cancellation unlawful and ineffective; direct that the money be unfrozen; order compensation for financial loss; and award general damages and costs of this case.

In the defence, Aurelia Kajumulo (DW1), the first respondent's Chief Dealer, testified that on 20th February 2024 he received the cancellation order from CRDB Bank Limited, through Imani Muhingo at around 2:19 pm. (**Exhibit D1**).

Mr. Imani Mhingo told DW1 that he incorrectly placed more shares than required. DW1 sent the cancellation form to DSE for the trade transaction. Thereafter, she contacted the appellant (PW1) for information and notification. DW1 insisted that she called the appellant to cancel the trade within trading hours. When the appellant arrived at DW1's office, Simon explained to the appellant what happened to the transaction, and the appellant seemed to understand. The appellant agreed that the first respondent should re-sell the 9484 shares. DW1 sent the sale order forms to the appellant through WhatsApp (**Exhibit D2**).

According to DW1, the re-sale order form signified the client's consent to resell 9484 shares. After signing the sale order form, she returned 9484 shares to the trading at the price of TZS 10,200/=. On that day, they sold about 2,305 shares and informed the appellant via WhatsApp. (**Exhibit D3**). The following day, a system flaw occurred with the Automated Trading System (Avvento). When trading resumed on 26th February 2026, the shares were floated for sale. Afterward, DW1 received a notification that the appellant cancelled the re-sale order. DW1 testified that they normally extract a matched report from the Automated Trading System (ATS) showing matched and executed trades. (**Exhibit D4**). After extracting the report, they send it to the finance department for settlement. Unfortunately, the finance department mistakenly ordered payment of 10,000 in favour of the appellant. After the trade, the

cancelled trades do not appear on the list. She insisted that the sale of 10,000 shares was cancelled. She tendered an SOR Historical Transaction Report showing the appellant's shareholding status. (**Exhibit D6**). DW1 testified further that, in Exhibit D6, 9484 shares held by the appellant were canceled on 20th February 2026.

Mr. Juventus Malauri Simon (DW2), a stockbroker from Orbit Security Limited who worked as the Director of Operations and Trading, recalled the appellant coming to his office to complain about the cancellation of his trading. After the appellant failed to agree with the trader, they brought the complaint to him (DW2). The trader urged DW2 to explain the trade cancellation to the appellant. DW2 notified the appellant of the circumstances under which the trade may be canceled: after the sale, the transaction is not complete, and the broker must complete other procedures. If there is an error, the broker may rectify it through the Exchange. Human errors may be rectified by the Exchange. DW2 advised the appellant to re-sell the shares and raised his concern that he needed money for an ill person who needed medical treatment abroad. Thereafter, the appellant signed the sale order forms, and they discussed the appellant's urgent need for money. At that time, the appellant did not request any proof of cancellation, and DW2 found no obligation to give any proof of cancellation to the appellant. DW2 further testified that the broker must protect the customer's interests and that the buyer must have money before the purchase. DW2

insisted the finance department mistakenly paid the appellant, and he contacted the bank to freeze and reverse the payment.

Lilian Kagasha (DW3), the Director of Finance at Orbit Securities Limited, was familiar with the appellant's transactions. She paid TZS 100,200,000/= on 27th February 2026 in favour of the appellant for the 10,000 shares. The Department of Operations later informed him that the payment was made in error and that he needed to reverse it because the appellant's trade was canceled. He phoned and emailed the bank to request reversal of the payment. The bank later informed him that the appellant refused to authorize the reversal, stating that the transaction was completed. The payment has not been reversed to date. The bank also required proof of the trade cancellation, which they provided. The appellant also received another payment of TZS 22,900,000/= from Orbit Securities Limited, arising from the resale of the shares.

Geoffrey Sengi (DW4), Director of Technology and Digital Transformation at Orbit Securities Limited, extracted email conversations from the email users and saved them in encrypted form in a flash drive. (Exhibit D7. He further informed the court that the electronic documents in the flash drive were admitted as Exhibits D1 to D6.

During the trial, the appellant prayed that the tribunal recall DW1 to demonstrate whether she received emails from Mr. Muhingo. In the interests of justice, the tribunal recalled DW1. As a recalled witness, Aurelia Kajumlo further confirmed that she received an email from Mr. Imani Muhingo at CRDB Bank Limited regarding the cancellation of the trade. She further demonstrated before the tribunal, by logging in to her email account, that Imani Mhingo emailed her the cancellation order on 20th February 2026 at 2:19 pm. The email was captioned 'order cancellation' and attached with two cancellation forms. The first form canceled 484 TBL shares due to a wrong entry. The second form canceled 9,000 TBL shares for the same reason. She also replied to the email on 20th February 2026 at 03:16 pm with the appellant's details.

Hawa Bakari (DW5), Trading and Marketing Officer at the Dar es Salaam Stock Exchange, monitors trading operations. She also reconciles market trades and transfers money from the Application to the banks. She knew the appellant as a client of Orbit Securities Limited who had complained about the cancellation of his trade on 20th February 2026. The appellant placed the sale order on 20th February 2026 via a mobile trading platform. The appellant's order was executed. However, the counterparty at CRDB Bank Limited phoned and informed her that the trader made a mistake regarding the number of shares. The buyer wanted 100 TBL shares, but the trader placed 10,000 shares instead. Therefore, the trader was requesting cancellation. The procedure is that the

trader must phone the DSE to explain the issue before cancellation; if it is a human error, DSE normally requires the trader to contact the counterparty trader to discuss the cancellation. If the counterparty trader agrees to the cancellation, they sign the cancellation forms and send them to DSE for cancellation. DSE cancels the trade after receiving the cancellation forms from the traders. In this dispute, DW5 received the cancellation form on 20th February 2026 at around 3:41 pm. The cancellation form did not need to state the reason for cancellation because the parties had discussed the issue beforehand. The appellant's trade successfully matched and was executed. Under the trading rules, an executed trade may be canceled before settlement, which is based on the T+2 trading cycle. The broker is responsible for informing the customer of the cancellation, but it is not the responsibility of DSE. A total of 9,484 shares were canceled under Rule 225 of the *DSE Rules*, provided there was mutual consent between Licensed Dealing Members (LDMs) and the cancellation occurred before settlement. As the trade was done on 20th February 2026, settlement was expected on 24th February 2026. The cancellation information may be found in the Automatic Trade System (ATS). According to DW5, CSDR cancelled the appellant's trades on 20th February 2026. (Exhibit D8).

Ally Othman (DW6), Chief Technology Officer at the Dar es Salaam Stock Exchange, heard the appellant's complaint. The legal department urged him to

provide the information necessary to manage the investor's complaint. He retrieved electronic evidence from the system and presented it to the legal department handling the investor's complaint. DW6 retrieved information from the database and from email communications. (Exhibit D10). He used a computer to retrieve the information from the database. The computer worked properly because it is a standard computer used in the ordinary business. He further testified that the flash disk contains the appellant's sale order from MTP (Mobile Trading Platform); the appellant's information from the Automated Trading System; the CSD Cancellation Report; correspondence from Hawa Bakari to the depository office; the cancellation forms filled in by the brokers. The information shows that the sale was done on 20th February 2026. According to DW6, a trade may be cancelled on the auction platform and in the depository system.

Having carefully considered the parties' evidence, we must now address the issues in this case. The first issue is whether the appellant executed a sale transaction of 10,000 TBL shares. All parties agree that on 20th February 2026, the appellant transacted TBL shares through the mobile trading platform, *Hisa Kiganjani*. Specifically, the parties agree that the appellant traded 10,000 shares in the following order: he placed an order to sell 10,000 shares at TZS 10,300/= which was partially fulfilled. Again, he mistakenly pressed to trade 10,019 shares at TZS 10,280/=. The order was incomplete as he traded more shares

than were available; he traded 9,838 shares at TZS 10,280/= per share, but the order expired; he then tried to trade 9,857 shares at TZS 10,260/= which was unsuccessful. At 11:53 am, he successfully traded 18 shares at TZS 10,260/=. At 11:55 am, he traded 64 shares at TZS 10,240/=. At 11:58 am, he traded 32 shares at TZS 10,240/=. At 12:08 noon, he traded 100 shares at TZS 10,200/=. At 12:16 noon, he traded 624 shares at TZS 10,200/= per share, and the order was fulfilled. At 12:51 noon, he traded 9,000 shares at TZS 10,200/= per share, and the order matched and executed. (Exhibit P1). The appellant therefore executed a sale transaction of 10,000 TBL shares through the mobile trading platform, *Hisa Kiganjani*; hence, the first issue is answered in the affirmative.

The second is whether the transaction of such shares was completed. As stated earlier, on Friday, 20th February 2026, the appellant traded shares in separate transactions. However, the only contested transaction involves 9,000 and 484 shares, making a total of 9,484 shares. It is an uncontroverted fact that the trading of 9,484 shares were matched and executed. Thereafter, the appellant expected the settlement under the T+2 trading cycle. Specifically, the shares were expected to settle on or before Tuesday, 24th February 2026, counting from the trading day (Friday) and two working days: Monday, 23rd February 2026 and Tuesday, 24th February 2026. **See, Rule 252 of the DSE Rules of**

2022 as amended in 2025. DW1 testified that the buyer's counterparty broker (CRDB Bank Limited) noticed a "wrong entry" in the system, prompting cancellation. Mr. Imani Muhingo a Trader with CRDB Bank Limited who is alleged to have made the "wrong entry" immediately contacted the DSE with a view of lodging a cancellation and was informed to contact the counter party broker. It is on evidence that Mr. Imani Muhingo contacted DW1, the appellant's trader, about the error, and the two agreed to cancel the trade. Under the DSE Rules, the trade must be cancelled before the trading hours, i.e., 4 pm. Also, the brokers (LDMs) must mutually agree to cancel the trade. See, Rule 225 of the DSE Rules of 2022 as amended in 2025. On that day, the LDMs mutually agreed to cancel the trade due to an error, and they immediately signed the cancellation forms before the Exchange pressed the cancellation button. (Exhibit D1). The brokers subsequently completed, stamped, and submitted the forms to the DSE. DW5, Hawa Bakari Ally, testified that the DSE received the cancellation forms at approximately 3:41 p.m. on 20th February 2026, and canceled the trading. The SOR Historical Transaction Report confirms the cancellation of the 9,484 shares, while other trades settled. (Exhibit D6). DW1, the first respondent's trader, communicated with the appellant at 3:46 pm regarding the cancellation. Despite the cancellation, the appellant visited the first respondent's office and, after a fruitful discussion with the first respondent's officer, Mr. Simon Malauri, agreed to resell the shares. This time, the appellant opted to engage a broker rather than transact online. The

appellant signed the resale form authorizing the resale of the shares at TZS 10,200/= per share. (Exhibit D2). As a result, on 23rd February 2026, the first respondent successfully traded 2,305 shares. The DSE Chief Technology Officer, produced electronic records confirming the sale orders, ATS and CSD records, cancellation report and related correspondence.

The tribunal also wanted to ascertain from the DSE system whether the appellant's trade was cancelled. The respondents' witnesses could not access the DSE online trading system during the trial due to IT information security reasons. According to DSE internal rules, the system may be accessed only through the DSE and using the DSE computers and systems, unless authorized by the Exchange. For that reason, and to protect the DSE trading system, especially given the major issue of cancellation of the appellant's trade, the Tribunal found it necessary to visit the DSE to access the online database and relevant information related to the cancellation of the appellant's trade. Mr. Ally Othman, Chief Technology Officer at the DSE, facilitated the Tribunal in accessing the two systems. The Tribunal sought information on the appellant's transaction on 20th February 2026. The Tribunal observed that the appellant's CDS (Central Securities Depository) Number, 641308, is unique to each investor. On that day, the appellant conducted various trades, but the 9,000- and 484-share trades were cancelled, as indicated by a 0.00 fee in the flag fee window. The system shows that Hawa Bakari cancelled the trade. However, the

system normally does not record the reason for cancellation. According to the system audit trail, the appellant executed several trades, but the contentious trades were 484 shares and 9,000 TBL shares. According to the system, the appellant entered an order to sell 9,000 shares at 14:02:10 on 20th February 2026 under CDS number 641308, and the order remained valid until 17:47:57, when the CSD Operations Officer, Simon Ngara, cancelled it. The appellant also entered an order to sell 484 shares at 14:01:58 on 20th February 2026; it was executed and remained valid until 17:47:57, when the CSD Operations Officer cancelled it. The system indicates that, technically, the DSE does not cancel the trade because the investor's account is hosted by a CSD, which has the final cancellation button. Under such circumstances, the appellant's trade was cancelled and never settled.

As the second respondent demonstrated, the trade date was Friday, 20th February 2026, while the scheduled settlement date was Tuesday, 24th February 2026, under the applicable T+2 settlement cycle. The cancellation occurred on 20th February 2026, before the scheduled settlement date (24th February 2024). More importantly, the CSD determines the shares' status. In this case, it shows the cancellation of 9,484 shares on 20th February 2026. (Exhibit D6). In our view, if the transaction were complete, the system would display the settlement. We did not doubt the information contained in the system, which cannot be altered. However, as stated above, on 27th February

2026, the first respondent mistakenly deposited TZS 100,216,174.15 into the appellant's account, which was later frozen. Accordingly, the second issue is answered in the negative: the transaction was not completed because it was canceled.

The third issue is whether the trade's cancellation was lawful. This issue exercised our minds for considerable time, prompting us to revisit the law and authorities from other jurisdictions. We were basically compelled to conduct a thorough review of the DSE Rules of 2022 as amended in 2025. We should make it clear that under Rule 225, an executed trade may be cancelled. The Rule provides:

"225.-(1) Executed trades may be cancelled either with the consent of the Exchange and mutual agreement of both LDMS or where the Exchange determines that the particular circumstances of that trade warrant its cancellation and only prior to settlement.

(2) Cancellations shall be made within the trading day before LDMS commits the trades."

Under the above provisions, an executed trade may be cancelled under the following conditions: **first**, only with the consent of the Exchange (in this case, the Dar es Salaam Stock Exchange); after a mutual agreement of both brokers. Both the broker for the seller and the buyer must agree to the cancellation;

second, where there are circumstances compelling the Exchange to cancel the trade; **third**, the trade can be cancelled only before settlement. As stated earlier, Rule 252 of the DSE Rules provides that trade settlement is based on the T+2 formula. **Fourth**, cancellation of trading must be made within the trading day before the LDMs (brokers) commit the trade, meaning cancellation must occur before trading hours end, at 4:00 pm in Tanzania.

In the case at hand, the Exchange cancelled the appellant's trade after the first respondent (the appellant's broker) and CRDB Bank Limited mutually completed the cancellation forms. The cancellation occurred on 20th February 2026 before trading hours ended. According to DW1, the appellant was informed of the cancellation around 3 pm, although the cancellation in the system occurred after trading hours. The cancellation order was placed during the trading hours; as stated earlier, the Exchange has no direct mandate to cancel the transaction because the investor's account is hosted by another system, to which DSE has no direct access for cancellation. Behind the scenes, the cancellation is done by the Central Depository System (CSD) after receiving an order from the Exchange. In this case, according to the system observed by the tribunal, the appellant's trade was cancelled at 17:47, which means after the LDMs had committed their trades but before settlement.

However, the above provisions of the law must be read together with Rule 171 of the DSE Rules of 2022 as amended in 2025. For easy reference, the Rule reads:

*"171.-(1) Every Trade transacted on DATS, whether for the account of the LDM or an LDM's client, shall be executed by the LDM in the name of the LDM and **for the liability of the LDM**, according to these Rules.*

*(2) **All trades on DATS are final at the time of execution binding on both parties unless reversed within the settlement period** when:*

*(a) **the DSE reverses or cancels a trade at its discretion in accordance with Rule 172;***

*(b) **an LDM applies to annul a transaction. An application to annul a transaction on DATS shall not be accepted by DSE management, except:***

*(i) **on a specific allegation of fraud or wilful misrepresentation; or***

*(ii) **upon prima facie evidence of such material mistake in the trade as in their judgement; the DSE may require the consent of the other party to the trade.**" (Emphasis added).*

From the above provision, the following is pertinent: **First**, the general rule is that all trades on the DSE Automated Trading System (DATS) are final at the time of execution. As soon as the trade is executed, the transaction is binding on both parties unless reversed. Trade execution may be defined as *"the fulfillment of a buy or sell order for a financial asset (such as a stock, bond, currency, or commodity) in the market. It happens when a submitted order is matched and completed, turning an investor's decision into an actual*

transaction.”¹ **Second**, there are a few exceptions under which the Exchange may cancel the trade if it is irregular or contravenes the rules governing trading. See also Rule 172 of the DSE Rules of 2022 as amended in 2025. **Third**, brokers may apply to the Exchange to annul the transaction only where there are specific allegations of fraud or wilful misrepresentation in the trade. Also, the trade may only be cancelled where there is prima facie evidence of material mistake(s) warranting cancellation. As stated in the case of **M/s. Emkay Global Financial Services Limited v. The National Stock Exchange of India Limited and 8 Others**, Miscellaneous Application No. 80 of 2014 and Appeal No. 86 of 2013, all transactions executed on an exchange are inviolable; annulment is a narrow exception strictly limited to genuine, unforeseen material mistake, fraud or willful misrepresentation.

In the case at hand, there were no allegations of fraud or wilful misrepresentation, but the LDMs prompted the Exchange to cancel the trading on the basis of a “wrong entry”. The issue is whether “wrong entry” amounts to a material mistake envisaged by the above rule. The Indian Tribunal faced a similar dispute in **M/S. Emkay Global Financial Services Limited v. The**

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https://www.google.com/search?q=execution+of+trade+meaning&oq=execution+of+a+trade&gs_lcrp=EoZjaHJvbWUqCAgBEAAyFhqeMqYIABBFgDkyCAgBEAAyFhqeMqgIAhAAGBYHjIICAMQABgWGB4yCAgEEAAyFhqeMqgIBRAAGBYHjIICAYQABgWGB4yCAgHEAAyFhqeMqgICBAAGBYHjIICAKQABgWGB7SAQk50TAyajBqMTWoAgiwAgHxBTuFs5LQDrfx8QU7hbOS0A638Q&sourceid=chrome&source=chrome.rb&ie=UTF-8

National Stock Exchange of India Limited and 8 Others (*supra*) and discussed in length, *inter alia*:

"Since dealings on the Exchange are inviolable, it is obvious that both parties to the trade i.e., selling dealer as also the buying dealer have to enter into dealings on the Exchange with due care, caution and diligence. Where a dealer (whether selling dealer or buying dealer) fails to exercise due care, caution or diligence while entering into the dealings on the Exchange, then, consequences such failure may be disastrous... Trading Members shall be solely responsible for the accuracy of details of orders entered into the trading system including orders entered on behalf of his constituents and that the trades generated on the system are irrevocable and shall be 'locked in'... appellant is not justified in contending that the mistake committed in punching erroneous sell order constitutes material mistake in the trade... Bye-law 5(a) does not permit annulment of trades executed by mistake, but permits annulment of only those trades where there is material mistake in the trade. Trades executed by mistake cannot be termed as material mistake in the trade merely because every mistake contains element of negligence in executing such trade. If trades executed due to negligence/breach of duty are treated as material mistake in the trade then it would amount to promoting breach of duty/negligence which is not the object with which Bye-law 5(a)."

The Tribunal stated further that:

"Bye-law 5(a) contemplates inviolability of dealings on the Exchange, it is evident that the expression 'material mistake in the trade' in Bye law 5(a) would be attributable to such trades which affect sanctity of the trade in spite of it being executed after exercising due care, caution and diligence. In other words, a trading member who is guilty of breach of

duty and is also guilty of negligence cannot claim annulment of trades on grounds that erroneous trades constitute material mistake in the trade...A mistake whether committed due to inadvertent error or not does not become material mistake merely because that mistake has led to huge financial losses...Even if the expression 'material mistake in the trade' is to be construed widely, common thread passing through the expressions 'fraud' or 'wilful misrepresentation' or 'material mistake in the trade' in Bye-law 5(a) is to ensure sanctity of the trades executed on the Stock Exchange. Expression 'material mistake in the trade' would therefore be attributable to unforeseen circumstances which vitiate sanctity of the trades executed on the Stock Exchange. Breach of duty/negligence would not be unforeseen circumstance that can be said to vitiate the trades executed on the exchange...Thus, trades of a trading member who is guilty of placing erroneous order coupled with breach of duty/negligence cannot be annulled on ground of material mistake. Similarly trades of a trading member who is guilty of violating margin money norms cannot be annulled on ground of material mistake. In both such cases, trading members would be obliged to fulfill the obligation arising from the trades executed."

Though the DSE Rules do not define the term "material mistake," borrowing from the above principle of law, a wrong entry cannot amount to a material mistake warranting cancellation of the trade. In line with the above authorities, we are of the firm view that the allegation of "wrong entry" was not coupled with evidence; hence, no prima facie evidence justified cancellation of the appellant's trade. In addition, the wrong entry committed by the buyer's broker does not benefit from the exceptions provided in the above Rule. Furthermore,

the cancellation was done after the trading hours contrary to Rule 225(2) of the DSE Rules. We are therefore of the view that the appellant's trade was unlawfully canceled.

The last issue is what reliefs the parties are entitled to. As stated above, the cancellation of the appellant's trade was unlawful and therefore caused loss, inconvenience, trauma and unnecessary disturbances. As a result, the appellant is entitled to certain reliefs. In his appeal, the appellant prayed for the declaration that the transaction was validly executed and final; the cancellation was unlawful and ineffective; an order prohibiting reversal of the funds; an order directing release of funds; compensation for financial loss; interest for delayed settlement beyond T+2; general damages; costs of this case; an order compelling production of full audit trail; a formal email to be written by the first respondent to the appellant's bank clearing the appellant's negative image; and any other relief deemed fit by this Tribunal. Having found merit in the appeal, we order the following: the cancellation was unjustified and unlawful, as it was done without a material mistake; the funds deposited in the appellant's account, which was frozen, should be released immediately. The appellant should also discharge the 9484 shares to the first respondent. As this case arises from a commercial transaction, the first respondent should pay interest at the court's interest rate of 10% from the date of cancellation to the date the funds are fully

released, and the first respondent should bear the costs of this case. Order accordingly.

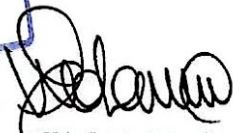
Dated at Dar es Salaam this 20th Day of October 2026.


Ntemi N. Kilekamajenga, J.
Chairperson
20 October 2026


Mr. Andrew Mkapa
Member
20 October 2026



Ms. Sia B. Mrema
Member
20 October 2026


Mr. Eliad E. Mndeme
Member
20 October 2026

Tribunal:

The Judgement delivered this 20th October 2026 in the presence of the appellant present in person; the counsel for the first respondent, Ms. Erieth Bashulula; the counsel for the second respondent, Ms. Jackline Kilama but in the absence of the 3rd respondent. Right of appeal explained to the parties.


Ntemi N. Kilekamajenga, J.
Chairperson
20 October 2026


Mr. Andrew Mkapa
Member
20 October 2026



Ms. Sia B. Mrema
Member
20 October 2026


Mr. Eliad E. Mndeme
Member
20 October 2026