

**DECISION NO (3/R) OF 2000
CONCERNING
THE REGULATIONS AS TO DISCLOSURE AND
TRANSPARENCY**

The Chairman of the Board of Directors of the Securities & Commodities Authority,
Having considered Federal Law No. 4 of 2000 concerning the Emirates Securities & Commodities Authority and Market,
Council of Ministers Resolution No. 193/18 of 2000 of 13/3/2000 concerning the constituting of the Board of Directors of the Authority,
After consultation and coordination with the bodies concerned in the establishment of markets in the State, and Pursuant to the resolution of the Authority's board of directors at its meeting held on 29/10/2000,
Has decided to approve the following regulations as to disclosure and transparency:

**Definitions
Article (1)**

The following words and expressions shall have the meanings set forth opposite each of them, unless the context of the provision requires otherwise:

The Law: Federal Law No. 4 of 2000 concerning the Emirates Securities & Commodities Authority and Market.

The State: The State of the United Arab Emirates.

The Authority: The Securities & Commodities Authority.

The Board: The board of directors of the Authority.

Market: A securities and commodities market licensed in the State by the Authority.

Broker: A juristic person authorized under the provisions of the Law to undertake brokerage business in the Market.

Broker's Representative: A natural person appointed by a Broker to conduct on its behalf acts of Brokerage in dealings relating to securities and commodities.

Market Members: Brokers operating therein and joint stock companies and other entities whose securities are listed therein.

Parent Company: A company that performs the function of incorporating another company and overseeing it.

Subsidiary Company: A company owned as to at least half of its capital by another company.

Affiliate Company: A company belonging to the same group as another company belongs to.

Allied Company: A company linked to another company by a contract of cooperation and coordination.

Article (2)

To secure the integrity and accuracy of transactions and the interaction of the forces of supply and demand so as to ensure the natural setting of prices and protection of investors by establishing the bases for sound and just dealings, the following rules for disclosure and transparency shall be observed.

First: General Provisions

Article (3)

Every natural person who owns, or who together with his minor children own, a percentage equivalent to (5%) or more of the shares of a company listed in the Market shall immediately notify the Market thereof.

Article (4)

Every juristic person which owns what amounts to (5%) of the shares of a company listed in the Market shall immediately notify the Market thereof.

Article (5)

Every natural person who owns, or who together with his minor children own, and every juristic person which owns, a percentage equivalent to, or in excess of, (10%) of the shares of a Parent, Subsidiary, Affiliate or Allied Company of the company listed in the Market shall immediately notify the Market thereof.

Article (6)

Every natural or juristic person which owns a percentage equivalent to (10%) or more of the shares of any company listed in the Market, and desires to purchase (20%) or more of such company's shares, shall notify the Market before it places the purchase order for execution on the floor. The director general of the Market may, after

consultation with the Authority, prohibit the said operation if in his opinion prejudice to the interests of the national economy would ensue from it.

Article (7)

A bank or financial institution carrying on banking business shall obtain the approval of the Central Bank of the United Arab Emirates before entering upon any transaction leading to its acquiring (5%) or more of the shares of any company listed in the Market.

Second: Disclosure as it relates to the Authority

Article (8)

The Authority shall ensure that disclosure and transparency are subsisting and regulated in the manner prescribed in the Law, the regulations and the resolutions issued in implementation thereof.

Article (9)

The Board may conduct an inspection of Market Members periodically or upon request by a concerned party, in order to ascertain the extent of compliance with the Law, and the rules and regulations in application thereof, in accordance with the regulations which it makes in this respect.

The inspection shall be conducted in coordination with the management of the Market in cases where that is requisite.

Article (10)

The Authority shall not conduct commercial activities, or have an interest of its own in any undertaking, or hold or issue any securities.

Article (11)

Each member of the Board shall, forthwith upon assuming his duties, make a declaration in writing to the Authority as to the securities owned by himself, his spouse and his minor children, as well as the holdings of himself and the holdings of his spouse and minor children with any Broker. He shall also make a declaration in writing as to any change occurring therein within one week at most from the date he becomes aware of the change.

Article (12)

A member's membership of the Board shall terminate if he is convicted of an offence of dishonour or breach of trust or his bankruptcy is declared.

Article (13)

The Board may decide, by a majority of its members present, temporarily to halt trading in the securities Market or in the securities of any company or trading in any securities upon the occurrence of exceptional circumstances or that which threatens the proper and regular working of that Market.

The Board may also decide, by the same majority, to freeze, suspend or bring back into force any rules or regulations relating to the Market or any of its operations.

*** Article (14)**

The Board or Chief Executive may suspend the listing of any securities in the Market in a number of cases, including:

1. Where the entity or the company issuing the listed securities ceases to satisfy a condition for listing.
2. Where the net value of the shareholders' equity in the company falls below (50%) of its capital.
3. Where the market value of the securities listed falls below (60%) of their nominal value or if such value suddenly rises.
4. Where a resolution is passed by the company's extraordinary general assembly to reduce its capital.
5. Where the company falls to issue annual, half-yearly or quarterly reports on its activities.
6. Where the company's extraordinary general assembly passes a resolution to sell the greater part of the company's assets.

Article (15)

The Authority may cancel the listing of any securities for trading in the Market in any of the following cases:

1. If a resolution is passed to dissolve and liquidate the company.
2. If the listing of the securities remains suspended for or beyond a period of six months.

*Article (14) has been amended according to Decision No. (63\R) of 2005

3. If any radical change in the main activity of the company occurs.
4. If the company discontinues its activity.
5. If the company is merged with another company or companies by way of a merger having as its consequence that the juristic personality of the company comes to an end.

Article (16)

The Board may compel any person having a connection with activities in securities, whether a natural or a juristic person, to make public or private disclosure and to submit any information related to its activity.

In the performance of its duties, the Board may also order the making of any investigation it deems necessary in applying the provisions of the Law and the regulations and resolutions issued in implementation thereof.

Third: Disclosure as it relates to the Market

Article (17)*

- 1- The Market shall monitor listed companies' obligations to make disclosure of significant matters and information and financial statements, the publication of the same, and the timing of such publication, and shall ascertain that the same are clear and disclose the facts which they express.
- 2- After having taken the necessary action, the Market shall refer the violations of listed companies to the Authority for determination.

Article (18)

The board of directors of the Market shall issue the press notices necessary to ensure transparency of information and disclosure.

Article (19)*

The Market shall make disclosure to the Authority and to investors of all cases referred to in Articles (3, 4, 5) and (6) of this Regulation.

*Article (17) has been amended according to Decision No. (5\R) of 2008

*Article (19) has been amended according to Decision No. (5\R) of 2008

Article (20)

All information effected in relation to securities listed in the Market shall be registered in its records. Any transaction in such securities not registered in accordance with the provisions of the Law and the regulations and resolutions issued in implementation thereof shall be null and void.

Article (21)

Markets shall be reciprocally linked with one another electronically at State level.

Article (22)

No member of the board of directors a public joint stock company or a financial or broker representative of a financial broker may hold membership of the board of directors of the Market.

Article (23)

Members of the board of directors of the Market, its director general and deputy director general and each member of the Market shall, upon assuming his duties, make a declaration in writing to the Authority as to the securities owned by himself, his spouse and his minor children, as well as the holdings of himself and the holdings of his spouse and his minor children with any Broker. He shall also make a declaration in writing as to any change occurring therein within one week at most from the date he becomes aware of the change.

Article (24)

Membership of the board of directors of the Market shall terminate if the member is convicted of an offence of dishonour or breach of trust or his bankruptcy is declared.

Article (25)*

The Market shall furnish the Board with the balance sheet, the profit and loss account and the annual financial statements audited by an accredited auditor within ninety days from the end of its financial year.

*Article (25) has been amended according to Decision No. (5\R) of 2008

Article (26)

The Market shall submit to the Authority the following regular Reports on trading movement in the securities listed therein:

1. A daily report on trading movement, including a statement of the types of securities traded, the price of each, the quantity of securities traded and the total number of transactions in the day.
2. A mid-month report and a monthly report on trading movement, including a statement of the volume of securities trading, the gross Value thereof, the number of transactions and the last closing price.
3. An annual report on trading movement, including a statement of the quantity of securities traded, their value, the number of transactions compared with the previous year, the distribution of trading movement amongst the various sectors of activity, the most significant phenomena occurring in the year, the extent of their impact on the Market, and the proposals of the board of directors of the Market as to remedying the adverse effects of such phenomena.
4. A report on the number of shares owned by the members of the board of directors of the company within (15) fifteen days from the date they take up membership and at the end of each financial year, and also in respect of all trades undertaken by the members of the board of directors of the company and its executive management* .

Article (27)

The Market shall prepare a daily price bulletin on the trading, including the following particulars:

1. The type of securities traded.
2. The trading prices at which transactions were affected.
3. The closing price of each securities, stating the offer and bid prices, even if there was no dealing therein.
4. A comparison of the day's closing prices with the last preceding closing prices.

Clause No (4) has been added to the article (26) according to decision No (5\R) of 2008. *

**Fourth: Disclosure as it relates to Entities and Companies
whose Securities are listed in
the Market and their Management**

A) Pre-listing Disclosure

Article (28)

No securities may be listed in the Market without the prior approval of the Authority, and no listed securities may be traded other than through a Broker registered in the Markets.

Article (29)

Annexed to the application for listing shall be the following particulars and information which are such as to disclose the true position of the company:

(A) A report from the company's board of directors which includes the following:

1. A brief account of the company's incorporation, its objects and its relationships with other companies, whether Parent, Subsidiary, Affiliate or Allied (if any).
2. A description of the securities previously issued by the company, with a statement as to the securities the company desires to have listed.
3. The board of directors' assessment, supported by figures, of the company's performance and achievements as compared with the plan made.
4. A statement of the significant events that the company has experienced from its incorporation up to the date of submitting the application for listing.
5. The names of the members of the board of directors and the executive managers, with a statement of the shares owned by each of them and their relatives to the first degree, whether the shares are owned in the company applying for listing or in the Parent, Subsidiary, Allied or Affiliate Companies (if any), and the membership of any of them on the boards of directors of other public joint stock companies.
6. The names of those who own, or whose holdings coupled with those of their minor children amount to, (5%) or more of the shares of the company applying for listing.

7. The percentage of the holdings of persons who are not nationals in the company's capital.

(B) A financial statement containing the following:

1. A report as to the financial year preceding the date of submitting the application for listing, supported by reports from each of the board of directors and the auditor.
2. Interim financial statements covering the period from the end of the financial year preceding the date of submission of the application for listing to the end of the last quarter preceding the date of submission of such application, such statements being certified by the company's auditor.

Article (30)

The members of the board of directors of any listed company or any company proceeding to listing shall be responsible for the completeness and accuracy of all information submitted to each of the Authority and the Market. The fact that the Authority or the Market is cognizant of it, or has confirmed it in their publications, shall not be taken an admission by either of them of the accuracy of the contents thereof or as a admission by either of them of the legality of action taken by any person on the basis of them.

Article (31)*

A company whose securities are approved for listing on the Market by the Authority shall, ten days prior to the date of its listing on the Market, make public, in two daily newspapers of wide circulation published in the Arabic language in the State, its annual and interim financial statements and a summary of the board of directors' report submitted for the purposes of listing.

B) Post-listing Disclosure

Article (32)

A company whose listed securities have been the subject of a transaction shall not change the ownership of the shares in the register of the shareholders of the company unless the management of the

*Article (31) has been amended according to Decision No. (75\R) of 2004

Market has approved the transaction, or it has been conducted in accordance with the provisions of the Law and the rules and regulations issued in implementation thereof.

Article (33)

The company or entity whose securities have been listed in the Market shall notify the Authority and the management of the Market of any significant developments affecting the prices of such securities upon learning of the same, such as catastrophes, fires, mergers, the issue of new securities, the discontinuance of a production line, voluntary liquidation or lawsuits filed by or against the company affecting its financial position.

The board of directors of the Market shall have the right to publish any statement in respect of such developments in the local press and other media it deems appropriate.

Article (34)

A company or entity whose securities have been listed in the Market shall, when so requested, publish any explanatory information which relates to its circumstances and activities and is such as to secure the integrity of transactions and the confidence of investors.

If any change occurs in a significant matter contained in a previously published press announcement, such entity or company shall issue a press announcement reflecting the actual situation after the change, the subsequent press announcement to be issued in the same newspaper or newspapers as contained the earlier announcement.

Article (35)*

It shall be permissible for the entity or company not to issue a press announcement regarding any given information or matters which are under negotiation, if its senior management has reasonable grounds to believe that the revealing of such information will inflict serious damage upon its interests, and there has not been, nor will be, any dealing in its shares by members of its board of directors and executive managers and their relatives to the first degree on the basis of the information not announced to the public, provided that the

*Article (35) has been amended according to Decision No. (5\R) of 2008

company furnishes to the director of the Market such information and data specifying the persons aware of such information, and, requesting him to consider it confidential until the grounds which gave rise to that no longer subsist. The director of the Market may, in coordination with the Authority, accede to such request or compel the company to announce the information and data if the Market and the Authority consider that the revealing of such information will not affect the interests of the company or feel that there is a leakage of the related information and data which the company considers confidential.

Article (36)

Entities and companies whose securities are listed in the Market shall notify and provide the Authority and the Market of and with the following:

1. All information and statistics requested by the Authority or the Market.
2. Transactions effected in such securities outside the Market, before entering them in the register of shares.
3. The number of shares owned by members of the company's board of directors, within fifteen (15) days as from their assumption of membership and also at the end of each financial year, and all trades effected by members of the company's board of directors and its executive management.
4. Details of the sale or purchase of major assets which affect the position of the company.
5. The documents relating to amendments introduced into the company's articles of association, as soon as approved.
6. Any change relating to the company's management structure at the level of the board of directors and the executive management.
7.
 - a) Entities or companies whose securities are listed on the Market shall notify and provide to both the Authority and the Market short-form final accounts (preliminary financial statements which are unaudited and unreviewed) within forty-five days from the end of the financial year, signed by the board of directors or the person authorised to sign on its behalf.

- b) Entities or companies whose securities are listed on the Market are required to notify and provide to both the Authority and the Market the following reports:
1. Interim financial reports (quarterly – half-yearly) which are reviewed by the external auditor of the company within forty-five days from the end of the specified time period, signed by the board of directors or the person authorised to sign on its behalf.
 2. Annual financial reports which are audited by the external auditor of the company, within ninety days from the end of the financial year, signed by the board of directors or the person authorised to sign on its behalf.

The above reports should be prepared according to the international accounting standards, which are issued by The International Accounting Standards Board (IASB), in both Arabic and English. Such reports should include board of directors' report, audit report, balance sheet, income statement, cash flow statement, changes in equity statement, and the notes to the financial statements. *

Entities or companies are required to disclose the financial reports before or after trading hours. *

8. Copies of all printed materials destined for the company's shareholders, as soon as issued.
9. The resolution of the board of directors of the company as to the distribution of profits to shareholders or the announcing of profits and losses, in order to obtain the approval of the management of the Market for the publication thereof.
10. The names of those who own, or whose holding together with their minor children reaches, (5%) or more of the company's shares, this obligation also to be complied with upon each occasion when the holding reaches (1%) of the company's shares over and above the (5%).

*Clouse (7) of Article (36) has been amended according to decision No. (29\R) of 2007

* Simi last paragraph of Clouse (7-b) from article (36) has been amended according to decision No. (52\R) of 2008

* last paragraph of Clouse (7-b) from article (36) has been added according to decision No. (5\R) of 2008

11. Notify the Authority and the Market of the dates and times of the meetings of the board of directors of the company in which that board is to deliberate on resolutions having an effect on the price and movement of the shares in the securities market, such as cash distributions, bonus shares, increase or reduction of the capital of the company, subdividing the nominal value of shares, and purchase by the company of its own shares, and this shall be done at least two days before the date of the convening of the meeting. The Authority and the Market shall likewise be provided with the resolutions passed in this regard after they have been approved by the board of directors forthwith upon issue of such approval and regardless as to whether the day following the meeting is a working day or an official holiday. If the holding of the meeting coincides with trading hours, trading in the shares of the company shall be suspended until the Market has been notified of the results of the meeting. *

12- *

Article (37)

- 1- Pursuant to Federal Law No. 4 of 2000 concerning the Emirates Securities & Commodities Authority and Market, any person shall be liable to imprisonment for a period of not less than three months and not more than three years and a fine of not less than one hundred thousand (100,000) Dirhams and not more than one million (1,000,000) Dirhams, or either of these penalties, if he:
- a. Furnishes any data, or proffers any declaration or information being untrue and such as to affect the market value of the securities and an investor's decision to invest or otherwise.
 - b. Deals in securities on the basis of unpublicized or undisclosed information he acquired by virtue of his position.
 - c. Spreads tendentious rumours regarding the selling or buying of shares.
 - d. Exploits unpublicized information which could affect the prices of securities to achieve personal benefits.

Any dealing or transaction effected on the basis of the preceding shall be null and void.

*Clouse No (11) of Article (36) has been amended according to decision No. (5\R) of 2008.

*Clouse No (12) has been Omitted from the Article (36) according to decision No (26\R) of 2009.

2- Without prejudice to the provisions of Articles (14 & 15) herein, the Authority - in the event of violation of the provisions of the law and SCA regulations – shall have the right to impose penalties or take the following measures against listed companies and investors, whether natural or legal persons, as the case may be:

- a. Warning.
- b. A financial fine of no more than one hundred thousand Dirhams.
- c. Suspending the investor for a period of no more than one year.
- d. Suspending the listing for a period of no more than six months.
- e. Cancelling the listing.*

Article (38)

The chairman and the members of the board of directors of a company whose securities are listed in the Market and its general manager and any of its employees shall be liable to imprisonment for a period of not more than three years and a fine of not less than one hundred thousand Dirhams and not more than one million Dirhams, or to either of these penalties, if he effects dealings through himself or through others in any transaction in the securities of the company, before disclosing to the Market the purchase or sale transaction, the quantities and prices thereof, and any other information required by the Market, and the obtaining of the approval of the Market's board of directors for such transaction. Any transaction not effected pursuant to such disclosure shall be null and void.

Article (39)

Any chairman and any of the members of the board of directors of any company or any of its employees who exploits his inside information as to the company in the purchase of shares or the sale thereof in the Market shall be liable to imprisonment for a period of not less than three months and not more than three years and a fine of not less than one hundred thousand Dirhams and not more than one million Dirhams, or either of these penalties. Any transaction so effected shall be null and void.

* Clouse No (2) from article (37) has been amended according to decision No (46) of 2010.

Article (40)

This regulation shall be gazetted in the Official Gazette, and shall come into force as from the date of their gazetting.

Fahim Bin Sultan Al Qasimi
Chairman of the Board of Directors of the
Securities & Commodities Authority

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On // Hijri
Corresponding to 5/11/2000