

**The Chairman of the Authority's Board of Directors' Decision No.
(25/Chairman) of 2020**

**On amending some provisions of The Chairman of the Authority's
Board of Directors' Decision No. (11/ Chairman) of 2016**

**concerning the regulation for offering and issuing shares of Public
Joint-Stock Companies**

**The Chairman of the Securities and Commodities Authority' Board
of Directors,**

Having perused The Federal Law No. (4) of 2000 concerning the
Emirates Securities and Commodities Authority and Market, as
amended;

The Federal Law No. 2 of 2015 concerning Commercial Companies, as
amended;

Federal Decree No. 103 of 2020 concerning Formation of the UAE
Cabinet;

The Cabinet Resolution No. (13) of 2000 concerning the Regulation as
to the Functioning of the Securities and Commodities Authority, as
amended;

The Cabinet Resolution No. (14/8W) of 2017 concerning the
Restructuring of the Securities and Commodities Authority's Board;

The Cabinet Resolution No. (53M/11W) of 2020 concerning the appointment of the Chairman of the Securities and Commodities Authority;

The Cabinet Resolution No. (11/Chairman) of 2016 concerning the Regulation for Offering and Issuing Shares of Public Joint-Stock Companies, as amended;

Pursuant to the Authority's Board of Directors approval in its seventeenth meeting of the six term in the session held on 30/09/2020;

And as required by the interest of work,

Decided:

Article (1)

- 1. The definition of (offering) in Article (1) of the Authority's Board of Directors Resolution No. (11 / Chairman) of 2016 concerning the regulation for offering and issuing shares of public joint-stock companies shall be amended to be read as follows:**

"Offering: The invitation in public subscription in the shares of the issuing company, the foreign company, or the free zone company within the state."

- 2. The definition of (Foreign Company) mentioned in Article (1) of the Authority's Board of Directors Resolution No. (11 / Chairman) of 2016 concerning the regulation for offering and issuing shares of public joint-stock companies shall be amended to read as follows:**

"The Foreign Company: the company established outside the state in a form of a public joint-stock company or the like, supervised by a regulatory authority similar to the Authority, and demanding to offer portion of its shares in the state in accordance with the provisions hereof."

Article (2)

The following definitions shall be added to Article (1) of the Authority's Board of Directors Decision No. (11 / Chairman) of 2016 concerning the regulation for offering and issuing shares of public joint-stock companies:

Free Zone: The free zone established in any of the Emirates of the State, including free zones and financial free zones.

Free Zone Company: The company established in the Free Zone in a form of public joint-stock company or the like, in accordance with the legislation in force in the Free Zone, and demanding to offer its shares in the State in accordance with the provisions hereof.

Article (3)

Article (2) of the Authority's Board of Directors Decision No. (11 / Chairman) of 2016 concerning the regulation for offering and issuing shares of public joint-stock companies shall be amended to read as follows:

- “1. Subject to the provisions of the Companies Law, this regulation shall be applicable to all matters related to offering and issuing of shares of local public joint-stock companies, the foreign company and the free zone company in the State, and the procedures and processes of subscription and allocation, the parties to offering, the appraiser of in-kind shares, and other party participating therein.
2. No shares of local public joint-stock company, foreign company, and free zone company may be issued or offered in the State, without the Authority approval in accordance with the provisions hereof.”

Article (4)

Article (19) of the Authority’s Board of Directors Decision No. (11 / Chairman) of 2016 concerning the regulation for offering and issuing shares of public joint-stock companies shall be amended to read as follows:

“**First:** Subject to the Companies Law, a company interesting to offer its shares in public subscription shall be bound to contract with:

1. A subscription receiving institution.
2. A Financial Advisor.
3. A Listing Advisor.

Second: It is permissible to carry out the financial tasks and activities specified above in accordance with the controls set by the Authority in this respect.”

Article (5)

Clause (14) shall be added to Article (23) of the Authority's Board of Directors Decision No. (11 / Chairman) of 2016 concerning the regulation for offering and issuing shares of public joint-stock companies as follows:

"14. Provide the Authority with any information according to the mechanism and time limit specified thereby."

Article (6)

Clause (7) shall be added to Article (24) of the Authority's Board of Directors' Decision No. (11 / Chairman) of 2016 concerning the regulation for offering and issuing shares of public joint-stock companies as follows:

"7. Provide the Authority with any information according to the mechanism and time limit specified thereby."

Article (7)

Article (25) of the Authority's Board of Directors' Decision No. (11 / Chairman) of 2016 concerning the regulation for offering and issuing shares of public joint-stock companies shall be amended to read as follows:

"The listing Advisor shall be committed to the following:

1. Provide consultation and advice to the issuing company and ensure that it meets the listing requirements and continuously adheres to those requirements;
2. Provide the Authority and the relevant market, upon submitting the listing application, a declaration concerning the issuing

company's compliance with the listing requirements in accordance with the form prepared therefor;

3. Ensure that the listed company has operating capital sufficient for period of (12) months subsequent to the date of the Authority's approval of the prospectus;
4. Ensure that the listed company has set all the necessary regulations to perform the disclosures required therefrom on time in accordance with the law and the Companies Law and the regulations issued pursuant thereunder, and the listing rules, as well as the market decisions and instructions;
5. Ensure that the listed company has set all the necessary regulations to enable its board of directors to be aware of the company current and future financial position, which enable the board of directors to take the necessary decisions on such basis;
6. Notify the company immediately upon being aware of any violation of the law or regulations issued for its implementation thereof, and advise the company to regularize its situation;
7. Notify the Authority of any corrective procedures taken by the company in case of violation of the law, the Companies Law, or any of the resolutions issued for its implementation thereof, and cases of lack of cooperation of the company with the listing Advisor;
8. Perform the licensed activity as a prudent person in accordance with the provisions of the law and the regulations issued for its implementation thereof, together with the conditions and controls on the basis of which the license has been issued, taking into account the commercial norms in this regard and the principles of trust, justice, and equality as well as concern for the interests of investors;

9. Provide the Authority and the relevant market with any information according to the mechanism and the time limit specified thereby.

Article (8)

Clause (8) shall be added to Article (27) of the Authority's Board of Directors' Decision No. (11 / Chairman) of 2016 concerning the regulation for offering and issuing shares of public joint-stock companies, as amended, as follows:

"8. Provide the authority with any information according to the mechanism and time limit specified thereby.

Article (9)

The title of Chapter 5 of the Authority's Board of Directors' Decision No. (11 / Chairman) of 2016 concerning the Regulation for the Offering and Issue of Shares of Public Joint Stock Companies shall be amended as follows:

"Chapter 5: The Foreign Company and the Free Zone Company Offer."

Article (10)

1. Clause "First" shall be at the beginning of Article (33) of the Authority's Board of Directors' Decision No. (11 / Chairman) of 2016 concerning the regulation for offering and issuing shares of public joint-stock companies to read as follows:

“First: Conditions for approval of a foreign company offering of its shares in public subscription in the State.”

2. Clause (4) of Article (33) of the Authority’s Board of Directors’ Decision No. (11 / Chairman) of 2016 concerning the regulation for offering and issuing shares of public joint-stock companies shall be amended to read as follows:

“4. Perform all the listing requirements in force with the authority and the Market.”

3. Paragraph (f) shall be added to Clause (5) of Article (33) of the Authority’s Board of Directors’ Decision No. (11 / Chairman) of 2016 concerning the regulation for offering and issuing shares of public joint-stock companies to read as follows:

“f. The company has paid the subscribed fees for the offering.”

4. Clause (6) shall be added to Article (33) of the Authority’s Board of Directors’ Decision No. (11 / Chairman) of 2016 concerning the regulation for offering and issuing shares of public joint-stock companies to read as follows:

“6. Provide the authority with any information according to the mechanism and time limit specified thereby.”

Article (11)

Second and third shall be added to Article (33) of the Authority's Board of Directors' Decision No. (11 / Chairman) of 2016 concerning the regulation for offering and issuing shares of public joint-stock companies as follows:

"Second: Conditions for approval of a free zone company offering of its shares in the State:

In order for the Authority to issue approval for a free zone company to offer its shares in public subscription in the State, the following shall be complied with:

- 1) The company shall be subject to a free zone companies registrar - approved by the Authority - that will supervise and control the affairs of free zone companies.
- 2) The existence of a cooperation agreement between the authority and the registrar of companies in the free zone in the field of supervision and control according to the form prepared by the authority for this purpose.
- 3) Provide the authority with no objection letter for offering and listing of its shares in public subscription in the State issued by the Registrar of companies in the free zone.
- 4) The issuance of a decision by the company's general assembly approving the offering and listing of its shares in public subscription in the State.
- 5) The shares offered in public subscription shall be listed in the market.
- 6) All listing requirements in force with the Authority and the Market shall be met.

- 7) The company paid-up capital shall not be less than AED (20) million.
- 8) The net shareholders' equity shall not be less than (100%) of its paid-up capital.
- 9) The shares offered in public subscription in the State shall not be less than (25%) and not more than (70%) of its capital. As an exception, a percentage of (100 %) of its capital may be offered, if it is limited to the qualified investor.
- 10) The Company has practiced an independent activity as a main activity thereof or through one or more of its subsidiaries throughout at least two fiscal years prior the offering application.
- 11) The Company has declared its audited financial statements of its main activity or of its subsidiary companies' activities for at least the two fiscal years prior the offering application. The period extending from the most recent audited financial statements included in the prospectus shall not be more than three months to the date of disclosure the prospectus. In the event such period is more than three months to the date of disclosure the prospectus, the recent audited financial statements must be submitted.
- 12) The Company has achieved net profits from its main activity or from the activities of its subsidiaries during at least two fiscal years prior the offering application.
- 13) Provide a subscription prospectus according to the form approved by the Authority.
- 14) Appoint the parties to the offering process and the appraiser of in-kind shares, if any, according to the provisions of this regulation before the start of the offering process, provided that

the appointment of the listing Advisor continues for a period of one year from the date of listing in the market. Its appointment may be extended according to the market's discretion after consulting with the free zone company before at least three months of the expiry date of his appointment.

- 15) The higher management of the company shall have sufficient competencies and experiences related to the company's activity to manage its business.
- 16) Provide sufficient working capital for period of (12) months subsequent to the date of the Authority's approval of the prospectus.
- 17) Provide the Authority with any information according to the mechanism and time limit specified thereby.
- 18) Pay the subscribed fees for the offering.

Third: A free zone company may offer its shares through the Book Building Mechanism in accordance with the provisions hereof.

Article (12)

Article (33 / bis) shall be added to the Authority's Board of Directors' Decision No. (11 / Chairman) of 2016 concerning the regulation for offering and issuing shares of public joint-stock companies to read as follows:

The provisions of Chapter 2 and Chapter 3 of this regulation shall apply when a foreign company or a free zone company offers its shares in the State.

Article (13)

This Decision shall be published in the Official Gazette and shall come into effect after (30) days from the date of its publication.

Abdulla bin Touq Al-Marri
Minister of Economy - Chairman
of the Board of Directors

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