

**The Chairman of the Authority's Board of Directors'
Resolution No. (22/Chairman) of 2024 Concerning the
Regulation of the Private Offering of Debt Securities,
Sukuks and Securitized Financial Instruments**

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

Having perused:

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

Federal Decree- Law No. (32) of 2021 on Commercial Companies;

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

Cabinet Resolution No. (34 C/ 1M) of 2022 Restructuring of the
Securities and Commodities Authority's Board of Directors;

Chairman of the Authority's Board of Directors' Resolution No.
(13/Chairman) of 2021 on the Regulations Manual of the Financial
Activities and Status Regularization Mechanisms; and

As required for the public interest,

Decided:

Article (1) Definitions

**The following words and phrases shall have the meanings
assigned thereto unless the context indicates otherwise:**

State : The United Arab Emirates.

Companies Law : The Federal Decree- Law No. (32) of 2021 on
Commercial Companies.

Authority : The Securities and Commodities Authority.

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- Market** : The Securities and Commodities market licensed in the State by the Authority.
- The Regulations Manual of the Financial Activities** : The Chairman of the Authority's Board of Directors' Resolution No. (13/Chairman) of 2021 on the Regulations Manual of the Financial Activities and Status Regularization Mechanisms.
- Issuer** : A public joint stock company or a special purpose vehicle established within the state that issues debt securities, sukuk, or securitized financial instruments in accordance with the provisions of this resolution.
- Special Purpose Vehicle** : The company established for the purpose of separating the obligations and assets associated with a specific financing transaction from the obligations and assets of the person who established it, and it's used in credit, borrowing, securitization, bond issuance, and risk transfer operations associated with insurance, reinsurance, and derivatives operations in accordance with the provisions of this resolution.
- Private Offering** : Inviting the professional investor to subscribe to debt securities, sukuk or securitized financial instruments issued by

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مكتب رئيس مجلس الإدارة

the issuer in accordance with the provisions of this resolution

- Professional Investor** : A professional investor or counterparty as identified in accordance with the Regulations Rulebook of the Financial Activities.
- Offering Document** : The document that explains details and conditions of the offering and all information related thereto and necessary to enable the investor to learn about the financial product that was offered and make his investment decision.
- Bonds** : Securities of equal value and tradable, proving or creating indebtedness against the issuer, whether it's covered or not.
- Covered Bonds** : Debt securities that are covered with assets and/or cash flows - specified in the offering document - to pay the amount of interest due thereon and their nominal value on their maturity date.
- Convertible Bonds** : Bonds that are convertible or exchangeable into shares in the issuer's capital according to the offering document.
- Sukuks** : Securities of equal value that represent joint ownership of an asset or group of assets, and are issued in accordance with the provisions and principles of Islamic Sharia.
- Sukuks Convertible Into Shares** : Sukuks that are convertible or exchangeable into shares in the issuer's capital according to the offering document.

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مكتب رئيس مجلس الإدارة

- Payment Agent** : The person responsible for paying the nominal value, profits or interest of the sukuks or bonds and their redemption value, on behalf of the issuer.
- Sharia Supervisory Committee** : The committee responsible for verifying the compliance of the sukuks with the principles and provisions of Islamic Sharia in accordance with the legislations applicable in the state.

Article (2) Scope of application

First: The provisions of this resolution shall apply to issuer when issuing debt securities, sukuks, or securitized financial instruments pursuant to a private offering in accordance with the provisions of this resolution, as well as to all parties concerned with the private offering.

Second: With the exception of notifying the Authority of private offerings, the provisions of this resolution shall not apply to private offerings by federal or local government authorities or companies wholly owned by any of them.

Article (3) Requirements for Issuance within the State

First: Procedures before applying for approval of the private offering and issuance (initial approval):

The issuer shall obtain the Authority's initial approval before presenting it to the General Assembly by presenting the draft invitation of the General Assembly meeting to the Authority, and attach all the documents and data referred to in Clause (First/ 1) of Article (6) of this resolution.

Second: The issuer shall submit an application to the Authority for its final approval of the private offering and issuance accompanied by all documents and data supporting the application, with a minimum of the following:

1- Approval of the General Assembly by special resolution in accordance with the provisions of the Companies Law.

2- A copy of the offering data signed by the issuer or his authorized representative, including a minimum of the following:

A. Type of offered security.

B. The value of the private offering.

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مكتب رئيس مجلس الإدارة

3- An acknowledgment from the issuer's board of directors or its representative that the issue does not include a conflict of interest and is not associated or connected directly or indirectly to any related parties.

4- If the bonds or sukuk are convertible into shares, the issuer shall provide the following:

A. A report from an independent financial consultant approved by the Authority to determine the conversion rate for bonds and sukuk into shares and a statement of the calculation method.

B. A list of the names of the ultimate beneficiaries of the private offering.

Third: Taking into account the requirements stated in Clause (Second) of this Article, the offering may be through a program consisting of a series of issuances to be implemented within a specific period, provided that the following controls are taken into account:

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مكتب رئيس مجلس الإدارة

1- Obtaining the approval of the General Assembly by a special resolution, for the program, and the approval of the issuer's Board of Directors for each of the issuances related to the program.

2- The duration of the program shall not exceed two years from the date of the Authority approval. If it is not implemented during that period, the approval shall be deemed null and void with regard to the program as a whole if it is not fully implemented or what remains thereof if it is partially implemented.

Fourth: The applicant shall pay the prescribed fees.

Fifth: The Authority may request any additional data or documents from the applicant, and also request any amendments to the documents submitted by him.

Article (4) The Authority's Decision Regarding the Application

The Authority shall issue its approval of the application within a period not exceeding one working day from the date of submission of the application fulfilling all the requirements and conditions contained in this resolution, provided that in the event of rejection, the Authority shall state the reasons for rejection.

Article (5) Issuance outside the State

When offering and issuing bonds, sukuks, or securitized financial instruments in a private offering outside the state or in a financial free zone within the state, the issuer shall notify the Authority of the basic offering data such as (the total value of the offering, its duration, and the type of offered securities) immediately upon completion of the offering and issuance process. Otherwise, the provisions of this resolution shall not apply.

Article (6) Responsibilities and Obligations of the Issuer

First: Without prejudice to the provisions contained in the Companies Law, the issuer shall comply with the following:

1- The documents and data attached to the General Assembly invitation that includes a special clause for the issuance of debt securities or sukuks under a private offering shall include the following:

A. A study prepared by an independent financial adviser approved by the Authority, including a statement of the benefits

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مكتب رئيس مجلس الإدارة

that will accrue to the issuer from issuing debt securities or sukuk, the reasons for choosing financing through the issuance compared to the cost of bank financing, and the impact of each of them on the company shareholders and their rights.

B. A statement of the share of holders of bonds or sukuk convertible into shares of the dividends for the fiscal year during which the conversion took place.

C. The decision of the Sharia Supervisory Committee regarding the compliance of the sukuk with the provisions of Islamic Sharia.

D. A report from the issuer's board of directors regarding the issuance of bonds and sukuk convertible into shares.

2- Appointing a bank licensed to operate within the State to act as a payment agent in the State, with the exception of the issuing bank.

3- Providing the Authority with any data or documents required within the period specified by the Authority.

Second: The issuer shall be responsible for the accuracy of the data and documents submitted to the Authority and the information

contained therein, and for immediately notifying the Authority of any change in the documents or information submitted thereto.

Article (7) Listing and Trading of Bonds, Sukuks and Securitized Financial Instruments

Bonds, sukuk, and securitized financial instruments offered under private offering may be listed and traded in the market as follows:

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- (1) Their trading shall be limited to the professional investor.
- (2) Shall be traded through a special platform designated by the markets for that purpose.
- (3) Shall be registered with the Authority in accordance with the resolution issued by the Authority in this regard before being listed in the market.

Article (8) Penalties

First: Administrative penalties specified in the Cabinet's Resolution issued in implementation of the provisions of the Companies Law shall be applied to actions that violate the provisions of this resolution.

Chairman's Office

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Second: In the event of violation of the provisions of this resolution or the circulars issued pursuant thereto, the Authority may suspend or cancel the issuance procedures or any approval issued in this regard.

Article (9) Validity

This resolution shall be published in the Official Gazette, and shall come into force as of the day following the date of its publication.

Mohammed Ali Al Shorafa Al Hammadi

Chairman of the Board of Directors

Issued in Abu Dhabi on 28/06/2024