

**The SCA Board Chairman's Decision No. (13/Chairman) of 2020
Concerning Procedures of Dealing with Listed Troubled Joint Stock Companies**

The Securities and Commodities Authority's Board Chairman,,,

Having reviewed the federal law No. (4) of 2000 concerning the Emirates Securities & Commodities Authority and Market, as amended;

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

The Federal Decree No. (28) of 2016 concerning the Formation of the United Arab Emirates Cabinet;

Cabinet Resolution No. (12) of 2000 concerning the Regulation relating to Listing of Securities and Commodities;

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

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

SCA's Board of Directors' Decision No. (3) of 2000 concerning the Regulation as to disclosure and transparency;

SCA's Board of Directors' Decision No. (3/R) of 2001 concerning the Regulation as to the Functioning of the Market, as amended; and

Pursuant to the approval of the Authority Board of Directors at its fourteenth meeting of sixth session and after the consultation with the financial markets.

Decided:

Definitions

Article (1)

The following phrases and words shall have the meanings ascribed thereto, unless the context requires otherwise:

The Authority: Securities and Commodities Authority.

The Market: Securities market licensed in the State by the Authority.

The Company: Local or foreign Joint Stock Company listed in the market.

Watch List: A list includes the companies that its shares have been transferred from the first category to the second category due to missing of one of the two conditions referred to in the article (2) hereof, for the purpose of monitoring the performance of those companies pursuant to the provisions of that decision.

The Conditions of Classifying the Company within the First Category.

Article (2)

In addition to the conditions stated in Cabinet Resolution No. (12) of 2000 concerning the Regulation relating to Listing of Securities and Commodities, the following two conditions shall be added to the conditions of classifying the company within the first category:

1. The company shares' listing is not suspended for six months or more.
2. The company did not incur accumulated losses of (50%) or more of the capital thereof according to the last audited annual financial statements of the company.

The Procedures for Transferring the Listing of Company Shares between the Two Categories

Article (3)

1. The Market shall undertake transferring the company's shares between the first and second category in accordance with the conditions specified for each category.
2. Upon this decision come into force, the market shall divide the listing of the companies' shares listed therewith between the first and second categories in accordance with the conditions specified for each category, and the audited annual financial statements for the year of 2019 shall be adopted for dividing the shares, as the case may be.
3. Without prejudice to the provisions of clause 2 of this Article, the market shall transfer the listing of the company shares from the first to the second category or from the second to the first category once a year after the

company provides the market with its audited financial statements as at the end of its fiscal year.

4. As an exception from clause 3 of this Article, the market shall transfer the listing of the company shares from the first to the second category immediately if the period of suspension of the company shares' listing lasts six months or more, and from the second to the first category in accordance with the provisions of Article (5/3/First/B) herein.
5. Notwithstanding any other provisions, following the Authority approval, the market may choose not to transfer the listing of the company shares from the second to the first category if the company subjected to penalties in the last fiscal year preceding the listing transfer due to failing to comply with the regulations applicable by the Authority or the market.
6. The market shall announce the transfer of the company shares between the two categories on its website in line with the provisions of this article.

**The Procedures of Trading of the Company Shares classified within the
Second Category
Article (4)**

1. The shares of the company suspended from being listed for six months or more shall be re-traded upon transferring it from the first category to the second category.
2. Upon trading or re-trading of the shares of a company whose listing was transferred to the second category, the market shall:

- A. Provide a screen for the trading of the shares of the companies classified within the second category including the data pertain to such companies.
 - B. Have the name of the listed company written next to its listing category (second category).
 - C. Add a distinctive mark next to the name of the company, in line with the SCA' Chairman of Board of Director's Decision No. (32/Chairman) of 2019 on the Procedures Concerning Companies whose Shares are listed in the Market and its accumulated loses reached 20% or more of its capital.
 - D. Announce the trading or re-trading, as the case may be, of the company classified within the second category. Provided that the announcement must include a brief description of trading within the second category, the Watch List requirements, as well as the company's current status, financial position, the risks associated with investing in the company and any other details the market deems necessary to protect investors.
3. After the Authority approval, the market may take any other procedures related to the application of the provisions of clause (2) of this Article

Monitoring the Status of Company whose shares are listed within the Second Category

Article (5)

1. Upon a decision by The Authority's CEO, a joint committee shall be formed, which includes, in addition to the Authority chairmanship and membership, the membership of concerned market, and the relevant supervisory authorities.
2. The committee shall undertake monitoring the company placed on the (Watch List) to assess their compliance with the disclosure and listing requirements and whether it took the necessary actions to regularize its status in line with the committee decision within a one-year period, extendable to three years. The period shall commence on the date of the company transfer to the second category.
3. The committee shall take the following procedures:
 - First:** Make recommendation to the authority and the market to transfer the company's shares listing to the first category if the company regularized its status within the specified period.
 - Second:** In case the company did not regularize its status within the specified period, the committee shall make to the authority or the market one of the following two recommendations:

- A. Keep the company listed within the second category and continuing trading of its shares.
- B. Cancel the listing of its shares pursuant to procedures determined in article (7) of this decision.

The Commitments of the Company Placed on (Watch Lis):

Article (6)

The company placed on the watch list shall:

- A. Provide the committee with an action plan for regularizing its status.
The plan must be approved by the board of the company and by an entity with financial and technical expertise approved by the authority.
- B. Disclose the details of the implementation of its action plan, meeting the Watch List requirements and to which extent it complies with the disclosure and listing requirements and conditions to the committee, every three months or upon a request.

The Producers of the Company Shares Delisting

Article (7)

In case the Authority, after consultation with the market, decided to delist the company shares, the following procedures shall be taken:

1. The Authority shall notify the company of its shares delisting within a period of 30 days of the date of decision issuance.
2. The concerned market shall post an announcement on its website of its decision to delist the shares of the company within 30 days of the decision, including the mechanism of transferring the company shares after delisting.

The Mechanism of Transferring the Company's Delisted Shares

Article (8)

Subject to article (212) of the Commercial Companies Law, the markets shall, after obtaining the Authority Approval, set forth the necessary technical and operational controls for transferring the delisted shares of the company (over the counter).

Decision Enforcement

Article (9)

This decision shall come into force as of 01/07/2020 and shall be published in Official Gazette.

Engineer / Sultan bin Saeed Al-Mansoori

Chairman of Board of Directors

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