

Resolution No. (80) of 2023

Regarding

Amending Some Provisions of Module Nine (Mergers and Acquisitions) of the Executive Bylaws

Having Perused:

- Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and its Executive Bylaws, and their amendments; and
- CMA Board of Commissioners Resolution passed in its meeting No. (16) of 2023 held on 31/05/2023.

The Following Was Resolved

Article (1)

Module Nine (Mergers and Acquisitions) of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments is hereby amended pursuant to Annex (1) attached to this Resolution.

Article (2)

Appendix 6 (Form of Sale or Purchase for the Controllers of a Listed Company's Shares) of Module Nine (Mergers and Acquisitions) of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments is hereby amended pursuant to Annex (2) attached to this Resolution.

Article (3)

Appendix 11 (Procedures of Executing the Division) of Module Nine (Mergers and Acquisitions) of the Executive Bylaws of Law No. 7 of 2010 Regarding the Establishment of the Capital Markets Authority and Regulating Securities Activities and their amendments is hereby amended pursuant to Annex (3) attached to this Resolution.

Article (4)

The concerned bodies shall execute this Resolution, each within its jurisdiction. This Resolution shall come into force from the date of its issuance, and it shall be published in the Official Gazette.

Prof. Ahmad Almelhem

Issued on: 04/06/2023

Annex (1)

| # | Module | Chapter | Article | Amendment Type | Present Text | Proposed Text |
|---|--------|---------|---------|---------------------|--|---|
| 1 | Nine | Three | 3-3-1 | Amending an Article | <p>An <u>Offer Document</u> shall in particular include the following information:</p> <ol style="list-style-type: none"> 1. Adequate information about the <u>Offeror</u> and <u>Offeree</u> company. 2. Details of the <u>Offeree</u> company's shares and any related rights or obligations. 3. Total amount of the submitted offer. 4. Full description of the financing of the offer and the sources of financing, as well as stating the names of the main lenders or those who make the necessary arrangements for financing. 5. Details of the required documents and the procedures necessary to be followed for offer acceptance. 6. A statement of any conditions or restrictions to which the offer is subject, and any related procedures. 7. The Timeline for the <u>Acquisition Offer</u>. 8. Ownership of shares and any Control shares of the <u>Offeror</u> in the <u>Offeree</u> company. 9. Ownership of shares and any <u>Control</u> shares of the <u>Offeror</u> in the case of a <u>Non-Cash Voluntary Acquisition Offer</u>. 10. Ownership of shares and any <u>Control</u> shares of the <u>Offeror</u> in the <u>Offeree Company</u> which includes an interest in the <u>Members of the Board of Directors</u> of the <u>Offeror</u>; or ownership of or control by a <u>Subsidiary</u> or a person with whom they are <u>Acting in Concert</u>, along with their name and the ownership of shares or a <u>Controlled</u> stake by persons who are committed to accept the offer irrevocably before publishing the <u>Offer Document</u>, along with their names. 11. Any other information required by the <u>Authority</u>. | <p>An <u>Offer Document</u> shall in particular include the following information:</p> <ol style="list-style-type: none"> 1. Adequate information about the <u>Offeror</u> and <u>Offeree</u> company. 2. Details of the <u>Offeree</u> company's <u>Shares</u> and any related rights or obligations. 3. Total amount of the submitted offer. 4. Full description of the financing of the offer and the sources of financing, as well as stating the names of the main lenders or those who make the necessary arrangements for financing. 5. Details of the required documents and the procedures necessary to be followed for offer acceptance. 6. A statement of any conditions or restrictions to which the offer is subject, and any related procedures. 7. Future plans of the <u>Offeree</u> company. 8. The Timeline for the <u>Acquisition Offer</u>. 9. Ownership of <u>Shares</u> and any <u>Control Shares</u> of the <u>Offeror</u> in the <u>Offeree</u> company. 10. Ownership of <u>Shares</u> and any <u>Control Shares</u> of the <u>Offeror</u> in the case of a <u>Non-Cash Voluntary Acquisition Offer</u>. 11. Ownership of <u>Shares</u> and any <u>Control Shares</u> of the <u>Offeror</u> in the <u>Offeree Company</u> which includes an interest in the <u>Members of the Board of Directors</u> of the <u>Offeror</u>; or ownership of or control by a <u>Subsidiary</u> or a person with whom they are <u>Acting in Concert</u>, along with their name and the ownership of <u>Shares</u> or a <u>Controlled</u> stake by persons who are committed to accept the offer irrevocably before publishing the <u>Offer Document</u>, along with their names. 12. Any other information required by the <u>Authority</u>. |
| 2 | Nine | Three | 3-5-1 | Amending an Article | <p>A <u>Person</u> who acquires, directly or indirectly, more than 30% of the Securities admitted to trading of a <u>Listed Shareholding Company</u> shall within thirty days from the date of acquisition submit an offer to purchase all the remaining <u>Shares</u> traded in the exchange as per the conditions set in these <u>Bylaws</u>. The following cases shall be exempt from this provision:</p> <p>....</p> | <p>A <u>Person</u> who acquires, directly or indirectly, more than 30% of the <u>Securities</u> admitted to trading of a <u>Listed Shareholding Company</u> shall within thirty days from the date of acquisition submit an offer to purchase all the remaining <u>Shares</u> traded in the exchange as per the conditions set in these <u>Bylaws</u>. The following cases shall be exempt from this provision:</p> <p>....</p> <ol style="list-style-type: none"> 7. Obtaining the percentage referred to as a result of transferring <u>Shares</u> of a <u>Listed</u> |

| | | | | | | |
|---|------|-------|-------|---------------------|--|--|
| | | | | | <p>7. Obtaining the percentage referred to as a result of transferring shares of a <u>Listed Company</u> between companies form a single <u>Group</u>; provided that the company which obtained such percentage shall remain within the investment <u>Group</u>. Ownership transfer shall be executed pursuant to provisions set forth in the <u>Exchange's</u> rules.</p> <p>....</p> <p>16. Obtaining the percentage referred to as a result of executing the <u>Partial Purchase Offer</u>.</p> | <p><u>Company</u> between the <u>Person's</u> subsidiaries that form a single <u>Group</u>; provided that the company which obtained such percentage shall remain within the investment <u>Group</u> of the <u>Person's</u> subsidiaries. Ownership transfer shall be executed pursuant to provisions set forth in the <u>Exchange's</u> rules.</p> <p>....</p> <p>16. Obtaining the percentage referred to as a result of executing the <u>Partial Purchase Offer</u>.</p> <p>17. Such other cases as provided for in rules and regulations issued by the <u>Authority</u>.</p> |
| 3 | Nine | Three | 3-6-7 | Amending an Article | <p>Exceeding the Permitted Percentage of Sale</p> <p>The <u>Controller</u> shall be obligated to disclose the sale process in the event it intends to reduce its ownership in the company subject to <u>Control</u> to become less than 30% percentage of the company's <u>Traded Shares</u>, by contacting the <u>Authority</u> before achieving such interest and completing the form concerning sales or purchases permitted for the <u>Controllers</u> of a <u>Listed Company</u> in the <u>Exchange</u> set out in Appendix 6 of this Module. The form referred to shall be submitted to the <u>Authority</u> and announced in the <u>Exchange</u>.</p> | <p>Exceeding the Permitted Percentage of Sale</p> <p>The <u>Controller</u> shall be obligated to fill out the form included in Appendix (6) of this Module, and submit the form to the <u>Authority</u> in the event it intends to exceed the permitted percentage of sale referred to in Article (3-6-2) of this Module, provided that this process does not lead to the reduction of the <u>Controller's</u> ownership to become less than 30% of the company subject to <u>Control</u>.</p> <p>However, in the event that the <u>Controller</u> intends to reduce its ownership in the company subject to <u>Control</u> to become less than 30% of the company's <u>Traded Shares</u>, the <u>Controller</u> shall be obligated to disclose that process by contacting the <u>Authority</u> and completing the form (of Sale or Purchase for the <u>Controllers</u> of a <u>Listed Company's</u> Shares in the <u>Exchange</u>) set out in Appendix 6 of this Module before realizing the interest. The form referred to shall be submitted to the <u>Authority</u> and announced in the <u>Exchange</u>.</p> |
| 4 | Nine | Four | 4-3-1 | Amending an Article | <p>A <u>Partial Purchase Offer Document</u> shall in particular include the following information:</p> <ol style="list-style-type: none"> 1. Adequate information about the <u>Offeror of Partial Purchase</u> and <u>Offeree of Partial Purchase</u>. 2. Details of the <u>Offeree of Partial Purchase</u> shares and any related rights or obligations. 3. Total amount of the submitted offer, number of shares, and percentage to be obtained from the capital of the <u>Offeree of Partial Purchase</u>. 4. Full description of the financing of the offer and the sources of financing, as well as stating the names of the main lenders or those who make the necessary arrangements for financing. | <p>A <u>Partial Purchase Offer Document</u> shall in particular include the following information:</p> <ol style="list-style-type: none"> 1. Adequate information about the <u>Offeror of Partial Purchase</u> and <u>Offeree of Partial Purchase</u>. 2. Details of the <u>Offeree of Partial Purchase</u> shares and any related rights or obligations. 3. Total amount of the submitted offer, number of shares, and percentage to be obtained from the capital of the <u>Offeree of Partial Purchase</u>. 4. Full description of the financing of the offer and the sources of financing, as well as stating the names of the main lenders or those who make the necessary arrangements for financing. |

| | | | | | |
|--|--|--|--|---|--|
| | | | | <p>5. Details of the required documents and the procedures necessary to be followed for offer acceptance.</p> <p>6. A statement of any conditions or restrictions to which the offer is subject, and any related procedures.</p> <p>7. The timeline for the <u>Partial Purchase Offer</u>.</p> <p>8. Ownership of shares and any <u>Control</u> shares of the <u>Offeror of Partial Purchase</u> in the <u>Offeree of Partial Purchase</u>.</p> <p>9. Ownership of shares and any <u>Control</u> shares of the <u>Offeror of Partial Purchase</u> in the <u>Offeree of Partial Purchase</u> which includes an interest in the <u>Members of the Board of Directors</u> of the <u>Offeror of Partial Purchase</u>; or ownership of or control by a <u>Subsidiary</u> or a person with whom they are <u>Acting in Concert</u>, along with their name and the ownership of shares or a <u>Controlled</u> stake by persons who are committed to accept the offer irrevocably before publishing the <u>Partial Purchase Offer Document</u>, along with their names.</p> <p>10. Any other information required by the <u>Authority</u>.</p> | <p>5. Details of the required documents and the procedures necessary to be followed for offer acceptance.</p> <p>6. A statement of any conditions or restrictions to which the offer is subject, and any related procedures.</p> <p>7. Future plans of the <u>Offeree</u> company.</p> <p>8. The timeline for the <u>Partial Purchase Offer</u>.</p> <p>9. Ownership of shares and any <u>Control</u> shares of the <u>Offeror of Partial Purchase</u> in the <u>Offeree of Partial Purchase</u>.</p> <p>10. Ownership of shares and any <u>Control</u> shares of the <u>Offeror of Partial Purchase</u> in the <u>Offeree of Partial Purchase</u> which includes an interest in the <u>Members of the Board of Directors</u> of the <u>Offeror of Partial Purchase</u>; or ownership of or control by a <u>Subsidiary</u> or a person with whom they are <u>Acting in Concert</u>, along with their name and the ownership of shares or a <u>Controlled</u> stake by persons who are committed to accept the offer irrevocably before publishing the <u>Partial Purchase Offer Document</u>, along with their names.</p> <p>11. Any other information required by the <u>Authority</u>.</p> |
|--|--|--|--|---|--|

Annex (2)

- Taking into consideration the provisions of Article (3-6-2) of this Module, the Controlling Person shall be entitled to increase or decrease the ownership thereof with a percentage of sale or purchase semi-annually, as follows:
 1. $\pm 2\%$ for ownerships over 30 % to 50 %.
 2. $\pm 5\%$ for ownerships over 50 % to 100 %.
 - The form shall be filled in the following cases:
 1. Disclosure of the percentage increase or decrease of the Controlling Person's ownership, in accordance with the permitted percentages, semi-annually.
 2. Disclosure of the Controller's intent to reduce its ownership by exceeding the permitted percentage of sale before realizing such interest, provided that this process does not lead to a reduction of the Controller's ownership to become less than 30% of the company subject to Control.
 3. Disclosure of the Controlling Person's desire to decrease his ownership to less than 30 % of the current Shares of the company subject to control, that is before the interest has been achieved.
- The undersigned shall be fully responsible for accuracy of information in this form.

| Applicant Data | |
|--|--------------|
| Controller | |
| Commercial Register/ Civil Number | |
| Name of listed company | |
| Total Ownership Percentage (Direct and Indirect) | |
| Trading Data | |
| Trading Type (Sale/ Purchase) | |
| Quantity | Percentage % |
| Permitted Range of Trading | From: To: |
| Period of Trading | From: To: |

*The provisions of Mandatory Acquisition Offer shall apply in the event of exceeding permitted percentage of purchase.

| Contact Details | |
|-----------------|-----|
| Signatory | |
| Request Date | |
| Direct Phone | Fax |
| E-mail | |
| Postal Address | |
| Signature | |

Annex (3)

Appendix 11

Procedures of Executing the Division

1. The Dividing Company, whether listed in the Exchange or licensed by the Authority, shall submit the Division request to the Authority. The Authority notifies the Ministry of Commerce and Industry of the Division request.
2. The Dividing Company shall disclose its readiness for Division in accordance with the disclosure announcement mechanism set out in Article (5-4) of this Module; and once this disclosure is completed, trading Shares of the Dividing Company shall be suspended for only one hour.
3. The Dividing Company shall obtain advice by an independent Investment Advisor that is prepared in accordance with the provisions of Article (5-9) of Chapter Five (Division) of this Module, and the shareholders or partners shall be informed of the details of such advice; provided that the study of the Investment Advisor shall be written in Arabic language, and shall include an asset valuation report of the Dividing Company, and determines the number of shareholders or partners, their names, and the share of each one of them in the Divided Companies, and these companies' rights and obligations and the mechanism of distributing the assets and liabilities between them.
4. The Dividing Company shall prepare a Draft Division Contract and submit it to the Authority, in accordance with requirements of the Draft Division Contract set out in Chapter Five of this Module.
5. The Dividing Company shall pay the Division fees upon submitting the Draft Division Contract to the Authority.
6. The Authority shall issue its resolution within fifteen Business Days commencing from the date of receiving the Draft Division Contract, complete with all required data and conditions by the Dividing Company. In the event that the Authority's decision is issued on the approval of the Draft Division Contract, the Dividing Company shall disclose such approval and publish the Draft Division Contract in accordance with the disclosure mechanism referred to in Article (5-4) of this Module. The Dividing Company shall also make all the documents referred to in Article (5-11) of this Module available to be reviewed through its website from the approval date of the Draft Division Contract until the official announcement of the division resolution.
7. A Division application form shall be completed and submitted to the Ministry of Commerce and Industry; the Draft Division Contract shall be attached alongside the report of Investment Advisor who is licensed by the Authority, which includes an asset valuation report.
8. The Ministry shall study the Division application form, after which it shall issue its approval to initiate the execution of the Division's process.
9. The Dividing Company shall call for an extraordinary general assembly meeting for its shareholders in order to issue a resolution regarding the Division, after no less than fifteen days from the date of the Ministry of Commerce and Industry's approval of the Draft Division Contract.
10. The extraordinary general assembly of the Dividing Company shall issue its resolution of approving the Division including the number of shareholders or partners, their names, and the share of each one of them in the Divided Companies, and these companies' rights and obligations and the mechanism of distributing the assets and liabilities between them.
11. The Dividing Company shall submit to the Ministry of Commerce and Industry the approval of the Bondholders Association or Sukukholders Association of the process, in addition to the approval of all companies and shareholders, if Division resolution would lead to an increase in financial obligations.
12. The Ministry of Commerce and Industry shall undertake procedures for the official announcement and will consider the objections of the debtors.
13. In the event that the Dividing Company was listed in the Exchange and the Division resolution included the termination of the Dividing Company, the Dividing company shall provide the Authority with the resolutions of the extraordinary general assembly approving the Division and the winding-up of the

company upon their publication in the Official Gazette. The Authority shall suspend the shares of the Dividing Company to trade in the Exchange, commencing from the working day following the acquisition of shares specified by the general assembly of the Dividing Company in accordance with the Exchange's rules.

14. The establishment of a new legal entity or more and the termination of the legal entity of the Dividing Company shall be marked in the Commercial Register at the Ministry of Commerce and Industry, as the case may be.
15. In the event that the Dividing Company was listed in the Exchange and the Division resolution included the termination of the Dividing Company, the Dividing Company shall provide the Authority with a copy of the notation in the Commercial Register at the Ministry of Commerce and Industry to initiate the procedures of delisting the company's shares from the Exchange.
16. The companies involved in the Division shall submit the Division execution application form to the Authority, after the defined fees are paid.
17. The Authority shall issue its approval of executing the Division after assuring that the procedures are valid, and that the concerned companies have met the criteria specified by the Authority.
18. The companies involved in the Division shall edit their shareholders' register at the Clearing Agency.
19. The companies involved in the Division shall send the new memorandum and articles of association to the Authority.
20. The companies involved in the Division shall disclose the end of the Division in accordance with the announcement mechanism stipulated in Article (5-4) of this Module.