### Resolution No. (52) of 2021

# Regarding

Amendment of Some Provisions of Module One (Glossary), Module Eleven (Dealing in Securities) and Module Twelve (Listing Rules) of the Executive Bylaws of Law No. 7 of 2010 for the Purpose of Regulating Trading of

# **Pre-emptive Rights**

# **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. (13) of 2021 held on 14/04/2021.

### **The Following Was Resolved**

# Article (1)

Module One (Glossary), Module Eleven (Dealing in Securities) and Module Twelve (Listing Rules) of the Executive Bylaws of Law No. (7) of 2010 are hereby amended pursuant to Annex (1) attached to this Resolution.

# Article (2)

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 A. Al-Melhem

Issued on: 21/04/2021

#	Module	Chapt er	Article	Amendment Type	Present Text	Proposed Text
1	One	-	Pre-emptive Rights	Amending definition	a right that grants a security owner priority to subscribe in an Issuer's share capital increase pro rata to the number of securities he owns in the Issuer's share capital.	a tradable or waivable Security that grants its owner priority to subscribe in an Issuer's share capital increase pro rata to the number of Securities he owns in the Issuer's share capital.
2	Eleven	Two	2-5	Amending	The following documents shall be enclosed with the Security issuance or offering application:  1. An application for Securities issuance or offering signed by the person authorized by the Issuer or Obligor (as the case may be).  2. A draft of the proposed Prospectus, which shall be prepared in accordance with the form approved by the Authority. The draft shall be issued in Arabic and accompanied by an English translation with a statement showing that it is in compliance with the conditions of contents and disclosure.  3. A copy of the subscription application.  4. A copy of any existing or upcoming agreements entered into between the	upcoming agreements entered into between the <u>Issuer</u> and other for the purpose of issuing or offering such <u>Securities</u> , in the event that the <u>Authority</u> requires

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		Issuer and other for the	5. A copy of the <u>Company</u>
		purpose of issuing or	Contract of the Issuer, Obligor
		offering such Securities, in	or guarantor, if any.
		the	6. A copy of the commercial
		event that the Authority	register and license or any other similar documents of
		requires any such	the <u>Issuer</u> , <u>Obligor</u> or
		agreement.	guarantor, if any.
		5. A copy of the Company	7. A copy of the <u>Company</u>
		Contract of the Issuer,	Contract for which shares are
		Obligor or guarantor, if any.	convertible, if any.
		6. A copy of the commercial	8. In the event of an issuance
		register and license or any	of <u>Preferred Shares</u> , a
		other similar documents of	statement of the classification
		the Issuer, Obligor or	of the <u>Preferred Shares</u> in accordance with the
		guarantor, if any.	International Financial
		7. A copy of the Company	Reporting Standards shall be
		Contract for which shares	attached. The <u>Authority</u> may
			require the Issuer to re-
		are convertible, if any.	classify such <u>Shares</u> .
		8. In the event of an issuance	9. A copy of the credit rating
		of Preferred Shares, a	report in the event of issuing
		statement of the	or offering <u>Bonds</u> or <u>Sukuk</u> . 10. The audited annual
		classification of the	financial statements of the
		Preferred Shares in	<u>Issuer</u> , <u>Obligor</u> or guarantor,
		accordance with the	if any, for the last three
		International Financial	financial years before the
		Reporting	application submission date,
		Standards shall be attached.	unless the <u>Securities</u> are
		The Authority may require	issued for subscription in the
		the Issuer to re-classify such	<u>Issuer's</u> capital upon its foundation. In the event that
		Shares.	the company was founded
		9. A copy of the credit rating	less than three financial years
		report in the event of issuing	ago, the financial statements
		or offering Bonds or Sukuk.	of the provisional period or
		10. The audited annual	periods elapsed before the
		financial statements of the	application submission date
		Issuer, Obligor or guarantor,	shall be submitted.
		if any, for the last three	Additionally, the quarterly
		financial years before the	reviewed financial statements shall be
		application submission date,	submitted in the event that a
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unless the Securities are issued for subscription in the Issuer's capital upon its foundation. In the event that the company was founded less than three financial the financial vears ago, of statements the provisional period or periods elapsed before the application submission date shall be submitted. Additionally, the quarterly reviewed financial statements shall he submitted in the event that a period of more than six months has elapsed from the last annual audited financial statements prior to application submission date. 11. A report prepared by an Asset Valuator of any assets in kind in the event that subscription in Securities are to be against assets in kind.

12. A real estate Appraisal Report shall be issued pursuant to Appendix 1 in this Module if the intended Securities are Bonds and Sukuk secured by real estate assets.

13. A copy of the documents proving that the Issuer and Obligor have acquired all the approvals required in accordance with the

period of more than six months has elapsed from the last annual audited financial statements prior to the application submission date.

- 11. A report prepared by an <u>Asset Valuator</u> of any assets in kind in the event that subscription in <u>Securities</u> are to be against assets in kind.
- 12. A real estate <u>Appraisal</u> <u>Report</u> shall be issued pursuant to Appendix 1 in this Module if the intended <u>Securities</u> are <u>Bonds</u> and <u>Sukuk</u> secured by real estate assets.
- 13. A copy of the documents proving that the <u>Issuer</u> and <u>Obligor</u> have acquired all the approvals required in accordance with the memorandum of association of the <u>Issuer</u> or <u>Obligor</u> for the issuance or offering of <u>Securities</u> in order to obtain the <u>Authority's</u> approval.
- 14. A copy of the agreement concluded with the Subscription Agent, if any.
- 15. The approval of the Board of Directors of the company into whose shares the Preferred Shares, Bonds or Sukuk shall be converted, and the approval of the

company's General Assembly in accordance with the company's Memorandum of Association to increase the issued capital of the company for the purpose of making available the Shares required

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					memorandum of association	for converting the Preferred
					of the Issuer or Obligor for	Shares, Bonds or Sukuk,
					the issuance or offering of	pursuant to this Module.
					Securities in order to obtain	16. A copy of the resolution of
					the Authority's approval.	the Board of Directors or
					14. The approval of the	competent fund's
					Board of Directors of the	Administrative Authority by
					company into whose shares	the <u>Obligor</u> , approving the
					the Preferred Shares, Bonds	security of the <u>Bonds</u> or <u>Sukuk</u> if the <u>Securities</u> are
					or Sukuk shall be converted,	secured Bonds or Sukuk.
					and the approval of the	secured <u>serias</u> or <u>serias.</u>
					company's General	Any further documents or
					Assembly in accordance	information required by the
					with the company's	<u>Authority</u> .
					Memorandum of Association	
					to increase the issued capital	
					of the company for the	
					purpose of making available	
					the Shares required for	
					converting the Preferred	
					Shares, Bonds or Sukuk,	
					pursuant to this Module.	
					15. A copy of the resolution	
					of the Board of Directors or	
					competent fund's	
					Administrative Authority by	
					the Obligor, approving the	
					security of the Bonds or	
					Sukuk if the Securities are	
					secured Bonds or Sukuk.	
					16. Any further documents	
					or information required by	
					the Authority.	
					A Public Offer Prospectus	A <u>Public Offer Prospectus</u>
			_		shall include the details of	shall include the details of
3	Eleven	Five	5-8	Amending	the Securities to be offered	the <u>Securities</u> to be offered
				Article	as follows:	as follows:
					1. Number and class of the	1. Number and class of the
					Securities offered.	Securities offered.
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		2. Statement of the rights	2. Statement of the rights
		arising from Securities in	arising from Securities in
		accordance with the details	accordance with the details
		included in Article (5-9) in	included in Article (5-9) in
		this Module.	this Module.
		3. Procedures for exercising	3. Procedures and the period
		pre-emptive rights related	for exercising Pre-emptive
		to Securities.	Rights related to Securities,
		4. Statement of the	and the means of disposal of
		convertibility of the	such rights without prejudice
		Securities' to other forms of	to the provision of Article (5-
		Securities.	9) of this Module, and
		5. Brief description of any	mentioning the risks
		restrictions on dealing in	associated with purchasing
		offered Securities and any	the <u>Pre-emptive Rights</u> in the
		future arrangements for	case of withdrawing from the
		dealing therein.	subscription for <u>Listed</u>
		6. Statement whether the	Companies.
		Securities offered are listed	4. Time frame for listing and
		on an Exchange or not.	trading <u>Pre-emptive Rights</u>
		7. Purpose of issuing such	in the case of a <u>Listed</u>
		Securities.	Company.
		8. Period of time for	5. Statement of the
		allocation of subscribed	convertibility of the
		Securities.	Securities' to other forms of
			Securities.
			6. Brief description of any
			restrictions on dealing in
			offered <u>Securities</u> and any
			future arrangements for
			dealing therein.
			7. Statement whether the
			<u>Securities</u> offered are listed
			on an <u>Exchange</u> or not.
			8. Purpose of issuing such
			Securities.
			9. Period of time for
			allocation of subscribed
			Securities.

Rights arising from Securities shall include the following:  Rights arising from Securities shall include the following:	the
	the
following.   following.	
following: following:	
1. In the case of issuing or 1. In the case of issuing	or
offering ordinary Shares, the offering ordinary <u>Shar</u>	s, the
rights arising from such rights arising from such	1
shares shall be as follows: shares shall be as follo	ws:
a. Voting rights. a. Voting rights.	
4   Eleven   Five   5-9   Amending   b. Short-term rate of   b. Short-term rate of	
Article profitability of the shares. profitability of the sha	es.
c. Rights upon the Issuer's c. Rights upon the <u>Issu</u>	
liquidation. liquidation.	
d. rights in the event that he d. rights in the event that	at he
subscription is not covered.   subscription is not cov	
2. In the case of issuing or 2. In the case of issuing	or
offering Preferred Shares, offering <u>Preferred Sha</u>	es,
the relevant rights shall the relevant rights sha	
include the following: include the following:	
a. Profits to be distributed a. Profits to be distribu	ted
among the holders of among the holders of	
Preferred Shares, with <u>Preferred Shares</u> , with	
provisions determining the provisions determinin	the
periods of distribution of periods of distribution	
dividends. dividends.	
b. Any restrictions on b. Any restrictions on	
payment of dividends for payment of dividends	or
Shares. <u>Shares</u> .	
c. Rights of the holders of c. Rights of the holders	of
Preferred Shares concerning Preferred Shares concerning	rning
voting, profits, liquidation voting, profits, liquidation	ion
proceeds of the company proceeds of the compa	ny and
and any other rights. any other rights.	
d. Terms and conditions to d. Terms and condition	s to
redeem convertible redeem convertible	
Preferred Share. <u>Preferred Share</u> .	
e. Terms and conditions for e. Terms and condition	s for
the conversion of Preferred the conversion of Preferred	<u>rred</u>
Shares into ordinary Shares. Shares into ordinary S	<u>ıares</u> .
f. Procedure for exercising f. Procedure for exercising	ing
rights relating to Preferred rights relating to <u>Prefe</u>	<u>red</u>
Shares before and after Shares before and after	being
being converted. converted.	
g. Disclaimer of liability g. Disclaimer of liabilit	7
stated in Article (13-13) in stated in Article (13-13)	
this Module. this Module.	

	3. In the case of issuing or offering Bonds, Sukuk or any other debt instruments. the rights arising from such shares shall be as follows:  a. Payable returns. b. Date of payment. c. Redemption payment. d. Provisions of formation and operation of the Bondsholders and Sukukholders Association. e. Events which would lead to the acceleration of the redemption or redemption of Bonds and Sukuk. f. Terms and conditions of converting Bonds and Sukuk into ordinary Shares. g. Rights of the Bondholders and Sukukholders, in the event that the Issuer or Obligor is bankrupt, wound up or liquidated.	3. In the event of offering Pre-emptive Rights, the shareholder to whom those rights are assigned may dispose of them by one or both of the following means: a. Trading all or part of the Pre-emptive Rights pursuant to the Exchange's rules. b. Waiving the Pre-emptive Rights to another shareholder or others without return, pursuant to the rules of the Exchange and the Clearing Agency. In all cases, anyone disposing of the Pre-emptive Rights as explained above shall not be entitled to subscribe to these rights, with their subscribtion to the disposed rights deemed null. Nevertheless, the person who receives the Pre-emptive Rights shall have the right to subscribe to the shares assigned to these rights, and shall be entitled to dispose of the rights as stipulated in this item until at least five Business Days from the date of subscription closure.  4. In the case of issuing or offering Bonds, Sukuk or any other debt instruments, the rights arising from such shares shall be as follows: a. Payable returns. b. Date of payment. c. Redemption payment. d. Provisions of formation and operation of the Bondsholders and Sukukholders Association.

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						e. Events which would lead
						to the acceleration of the
						redemption or redemption of
						Bonds and Sukuk.
						f. Terms and conditions of
						converting <u>Bonds</u> and <u>Sukuk</u>
						into ordinary <u>Shares</u> .
						g. Rights of the <u>Bondholders</u>
						and <u>Sukukholders</u> , in the
						event that the Issuer or
						Obligor is bankrupt, wound
						up or liquidated.
					Supplementary	Supplementary Prospectus
					Prospectus	In the event of a substantial
					In the event of a substantial	
						change or mistake or difference of information or
5	Eleven	Five	5-26	Amondina	change or mistake or difference of information or	
Э	Eleven	rive	3-20	Amending Article		data of the <u>Prospectus</u>
				Article	data of the Prospectus	approved by the <u>Authority</u> ,
					approved by the Authority,	the <u>Issuer</u> or <u>Subscription</u>
					the Issuer or Subscription	Agent shall provide the
					Agent shall provide the	I
					Authority with a	supplementary prospectus
					supplementary prospectus	including the necessary
					including the necessary	amendments, prior to the end
					amendments, prior to the	of the subscription period
					end of the subscription	and the trading of <u>Pre-</u>
					period.	emptive Rights period, as the
					Each Subscriber shall be	case may be.
					given a supplementary	Each Subscriber shall be
					Prospectus after being	given a supplementary
					approved by Authority and	
					before the end of the	approved by <u>Authority</u> and
					subscription period. The	before the end of the
					provisions of Article (5-25)	subscription period. The
					of this Module shall apply to	provisions of Article (5-25) of
					the supplementary	this Module shall apply to the
					prospectus. Any subscriber	supplementary prospectus.
					who subscribed before being	Any subscriber who
					provided with the	subscribed before being
					supplementary prospectus	provided with the
					shall be entitled to withdraw	supplementary prospectus
					from subscription. In such	shall be entitled to withdraw
					case, the Issuer shall return	
						from subscription. In such
					the subscription payments	case, the <u>Issuer</u> shall return
					to the withdrawing	the subscription payments to

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					subscriber immediately when he decides to	the withdrawing subscriber
					when he decides to withdraw his subscription.	immediately when he decides to withdraw his subscription.
					•	•
6	Eleven	Five	5-27	Amending Article	The Issuer, Subscription Agent and all Obligors, if any, shall place the Prospectus approved by the Authority on their websites to be available for printing and downloading at least two Business Days before the opening of the subscription.	The <u>Issuer</u> , <u>Subscription</u> <u>Agent</u> and all <u>Obligors</u> , if any, shall place the <u>Prospectus</u> approved by the <u>Authority</u> on their websites to be available for printing and downloading at least two <u>Business Days</u> before the opening of the subscription.  And without prejudice to the provisions of the previous paragraph, a <u>Listed Company</u>
						shall publish a copy of the Prospectus on the Exchange's
					Securities shall be allocated	website.  Securities shall be allocated
7	Eleven	Five	5-36	Amending Article	in accordance with the method set out in the Prospectus during a maximum period of five Business Days from the date	in accordance with the method set out in the Prospectus during a maximum period of five Business Days from the date
					of subscription closure.	of subscription closure.  The results of allocation and
					Closure.	subscription shall be published, within the period set forth in the previous paragraph, in the same method used to publish and
						announce the <u>Prospectus</u> .
8	Twelve	One	1-3	Amending Article	No Security may list on the Exchange unless approved by the Authority.	No Security may list on the Exchange unless approved by the Authority. Listing Pre-emptive Rights shall be exempt from the approval procedures of
						listing and delisting stipulated in this Module. The <u>Authority's</u> approval of the <u>Prospectus</u> that includes
						permission of trading <u>Pre-</u> emptive <u>Rights</u> at the
						Exchange is considered an

		approval from the <u>Authority</u> on listing these rights. Listin <u>Pre-emptive Rights</u> shall be cancelled after the <u>Listed</u>
		<u>Company</u> 's disclosure of the
		results of subscription in the
		company's capital increase.
		The <u>Exchange's</u> rules shall
		explain the controls of listin
		<u>Pre-emptive Rights</u> .