

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	Chapter	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 Article	<p>The following documents shall be enclosed with the Security issuance or offering application:</p> <ol style="list-style-type: none"> 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 	<p>The following documents shall be enclosed with the <u>Security</u> issuance or offering application:</p> <ol style="list-style-type: none"> 1. An application for <u>Securities</u> issuance or offering signed by the person authorized by the <u>Issuer</u> or <u>Obligor</u> (as the case may be). 2. A draft of the proposed <u>Prospectus</u>, which shall be prepared in accordance with the form approved by the <u>Authority</u>. 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 <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 any such agreement.

				<p>Issuer and other for the purpose of issuing or offering such Securities, in the event that the Authority requires any such agreement.</p> <p>5. A copy of the Company Contract of the Issuer, Obligor or guarantor, if any.</p> <p>6. A copy of the commercial register and license or any other similar documents of the Issuer, Obligor or guarantor, if any.</p> <p>7. A copy of the Company Contract for which shares are convertible, if any.</p> <p>8. In the event of an issuance of Preferred Shares, a statement of the classification of the Preferred Shares in accordance with the International Financial Reporting Standards shall be attached. The Authority may require the Issuer to re-classify such Shares.</p> <p>9. A copy of the credit rating report in the event of issuing or offering Bonds or Sukuk.</p> <p>10. The audited annual financial statements of the Issuer, Obligor or guarantor, if any, for the last three financial years before the application submission date,</p>	<p>5. A copy of the <u>Company Contract</u> of the <u>Issuer, Obligor</u> or guarantor, if any.</p> <p>6. A copy of the commercial register and license or any other similar documents of the <u>Issuer, Obligor</u> or guarantor, if any.</p> <p>7. A copy of the <u>Company Contract</u> for which shares are convertible, if any.</p> <p>8. In the event of an issuance of <u>Preferred Shares</u>, a statement of the classification of the <u>Preferred Shares</u> in accordance with the International Financial Reporting Standards shall be attached. The <u>Authority</u> may require the Issuer to re-classify such <u>Shares</u>.</p> <p>9. A copy of the credit rating report in the event of issuing or offering <u>Bonds</u> or <u>Sukuk</u>.</p> <p>10. The audited annual financial statements of the <u>Issuer, Obligor</u> or guarantor, if any, for the last three financial years before the application submission date, unless the <u>Securities</u> are issued for subscription in the <u>Issuer's</u> capital upon its foundation. In the event that the company was founded less than three financial years ago, the financial statements of the provisional period or periods elapsed before the application submission date shall be submitted. Additionally, the quarterly reviewed financial statements shall be submitted in the event that a</p>
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				<p>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 years ago, the financial statements of the provisional period or periods elapsed before the application submission date shall be submitted. Additionally, the quarterly reviewed financial statements shall be submitted in the event that a period of more than six months has elapsed from the last annual audited financial statements prior to the application submission date.</p> <p>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.</p> <p>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.</p> <p>13. A copy of the documents proving that the Issuer and Obligor have acquired all the approvals required in accordance with the</p>	<p>period of more than six months has elapsed from the last annual audited financial statements prior to the application submission date.</p> <p>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.</p> <p>12. A real estate <u>Appraisal 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.</p> <p>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.</p> <p>14. A copy of the agreement concluded with the <u>Subscription Agent</u>, if any.</p> <p>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</p>
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					<p>memorandum of association of the Issuer or Obligor for the issuance or offering of Securities in order to obtain the Authority's approval.</p> <p>14. 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 for converting the Preferred Shares, Bonds or Sukuk, pursuant to this Module.</p> <p>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 <i>Sukuk</i> if the Securities are secured Bonds or <i>Sukuk</i>.</p> <p>16. Any further documents or information required by the Authority.</p>	<p>for converting the Preferred Shares, Bonds or Sukuk, pursuant to this Module.</p> <p>16. A copy of the resolution of the Board of Directors or competent fund's <u>Administrative Authority</u> by the <u>Obligor</u>, approving the security of the <u>Bonds</u> or <u>Sukuk</u> if the <u>Securities</u> are secured <u>Bonds</u> or <u>Sukuk</u>.</p> <p>Any further documents or information required by the <u>Authority</u>.</p>
3	Eleven	Five	5-8	Amending Article	<p>A Public Offer Prospectus shall include the details of the Securities to be offered as follows:</p> <p>1. Number and class of the Securities offered.</p>	<p>A <u>Public Offer Prospectus</u> shall include the details of the <u>Securities</u> to be offered as follows:</p> <p>1. Number and class of the <u>Securities</u> offered.</p>

				<p>2. Statement of the rights arising from Securities in accordance with the details included in Article (5-9) in this Module.</p> <p>3. Procedures for exercising pre-emptive rights related to Securities.</p> <p>4. Statement of the convertibility of the Securities' to other forms of Securities.</p> <p>5. Brief description of any restrictions on dealing in offered Securities and any future arrangements for dealing therein.</p> <p>6. Statement whether the Securities offered are listed on an Exchange or not.</p> <p>7. Purpose of issuing such Securities.</p> <p>8. Period of time for allocation of subscribed Securities.</p>	<p>2. Statement of the rights arising from <u>Securities</u> in accordance with the details included in Article (5-9) in this Module.</p> <p>3. Procedures and the period for exercising <u>Pre-emptive Rights</u> related to <u>Securities</u>, and the means of disposal of such rights without prejudice to the provision of Article (5-9) of this Module, and mentioning the risks associated with purchasing the <u>Pre-emptive Rights</u> in the case of withdrawing from the subscription for <u>Listed Companies</u>.</p> <p>4. Time frame for listing and trading <u>Pre-emptive Rights</u> in the case of a <u>Listed Company</u>.</p> <p>5. Statement of the convertibility of the <u>Securities</u>' to other forms of <u>Securities</u>.</p> <p>6. Brief description of any restrictions on dealing in offered <u>Securities</u> and any future arrangements for dealing therein.</p> <p>7. Statement whether the <u>Securities</u> offered are listed on an <u>Exchange</u> or not.</p> <p>8. Purpose of issuing such <u>Securities</u>.</p> <p>9. Period of time for allocation of subscribed <u>Securities</u>.</p>
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4	Eleven	Five	5-9	Amending Article	<p>Rights arising from Securities shall include the following:</p> <ol style="list-style-type: none"> 1. In the case of issuing or offering ordinary Shares, the rights arising from such shares shall be as follows: <ol style="list-style-type: none"> a. Voting rights. b. Short-term rate of profitability of the shares. c. Rights upon the Issuer's liquidation. d. rights in the event that he subscription is not covered. 2. In the case of issuing or offering Preferred Shares, the relevant rights shall include the following: <ol style="list-style-type: none"> a. Profits to be distributed among the holders of Preferred Shares, with provisions determining the periods of distribution of dividends. b. Any restrictions on payment of dividends for Shares. c. Rights of the holders of Preferred Shares concerning voting, profits, liquidation proceeds of the company and any other rights. d. Terms and conditions to redeem convertible Preferred Share. e. Terms and conditions for the conversion of Preferred Shares into ordinary Shares. f. Procedure for exercising rights relating to Preferred Shares before and after being converted. g. Disclaimer of liability stated in Article (13-13) in this Module. 	<p>Rights arising from <u>Securities</u> shall include the following:</p> <ol style="list-style-type: none"> 1. In the case of issuing or offering ordinary <u>Shares</u>, the rights arising from such shares shall be as follows: <ol style="list-style-type: none"> a. Voting rights. b. Short-term rate of profitability of the shares. c. Rights upon the <u>Issuer's</u> liquidation. d. rights in the event that he subscription is not covered. 2. In the case of issuing or offering <u>Preferred Shares</u>, the relevant rights shall include the following: <ol style="list-style-type: none"> a. Profits to be distributed among the holders of <u>Preferred Shares</u>, with provisions determining the periods of distribution of dividends. b. Any restrictions on payment of dividends for <u>Shares</u>. c. Rights of the holders of <u>Preferred Shares</u> concerning voting, profits, liquidation proceeds of the company and any other rights. d. Terms and conditions to redeem convertible <u>Preferred Share</u>. e. Terms and conditions for the conversion of <u>Preferred Shares</u> into ordinary <u>Shares</u>. f. Procedure for exercising rights relating to <u>Preferred Shares</u> before and after being converted. g. Disclaimer of liability stated in Article (13-13) in this Module.
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				<p>3. In the case of issuing or offering Bonds, <i>Sukuk</i> or any other debt instruments. the rights arising from such shares shall be as follows :</p> <ol style="list-style-type: none"> a. Payable returns. b. Date of payment. c. Redemption payment. d. Provisions of formation and operation of the Bondsholders and <i>Sukuk</i>holders Association. e. Events which would lead to the acceleration of the redemption or redemption of Bonds and <i>Sukuk</i>. f. Terms and conditions of converting Bonds and <i>Sukuk</i> into ordinary Shares. g. Rights of the Bondholders and <i>Sukuk</i>holders, in the event that the Issuer or Obligor is bankrupt, wound up or liquidated. 	<p>3. In the event of offering <u>Pre-emptive Rights</u>, the shareholder to whom those rights are assigned may dispose of them by one or both of the following means:</p> <ol style="list-style-type: none"> a. Trading all or part of the <u>Pre-emptive Rights</u> pursuant to the <u>Exchange's</u> rules. b. Waiving the <u>Pre-emptive Rights</u> to another shareholder or others without return, pursuant to the rules of the <u>Exchange</u> and the <u>Clearing Agency</u>. <p>In all cases, anyone disposing of the <u>Pre-emptive Rights</u> as explained above shall not be entitled to subscribe to these rights, with their subscription to the disposed rights deemed null. Nevertheless, the person who receives the <u>Pre-emptive Rights</u> 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 <u>Business Days</u> from the date of subscription closure.</p> <p>4. In the case of issuing or offering <u>Bonds</u>, <u><i>Sukuk</i></u> or any other debt instruments, the rights arising from such shares shall be as follows :</p> <ol style="list-style-type: none"> a. Payable returns. b. Date of payment. c. Redemption payment. d. Provisions of formation and operation of the <u>Bondsholders</u> and <u><i>Sukuk</i>holders Association</u>.
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						<p>e. Events which would lead to the acceleration of the redemption or redemption of <u>Bonds</u> and <u>Sukuk</u>.</p> <p>f. Terms and conditions of converting <u>Bonds</u> and <u>Sukuk</u> into ordinary <u>Shares</u>.</p> <p>g. Rights of the <u>Bondholders</u> and <u>Sukukholders</u>, in the event that the Issuer or <u>Obligor</u> is bankrupt, wound up or liquidated.</p>
5	Eleven	Five	5-26	Amending Article	<p><u>Supplementary Prospectus</u> In the event of a substantial change or mistake or difference of information or data of the Prospectus approved by the Authority, the Issuer or Subscription Agent shall provide the Authority with a supplementary prospectus including the necessary amendments, prior to the end of the subscription period. Each Subscriber shall be given a supplementary Prospectus after being approved by Authority and before the end of the subscription period. The provisions of Article (5-25) of this Module shall apply to the supplementary prospectus. Any subscriber who subscribed before being provided with the supplementary prospectus shall be entitled to withdraw from subscription. In such case, the Issuer shall return the subscription payments to the withdrawing</p>	<p><u>Supplementary Prospectus</u> In the event of a substantial change or mistake or difference of information or data of the <u>Prospectus</u> approved by the <u>Authority</u>, the <u>Issuer</u> or <u>Subscription Agent</u> shall provide the <u>Authority</u> with a supplementary prospectus including the necessary amendments, prior to the end of the subscription period and the trading of <u>Pre-emptive Rights</u> period, as the case may be. Each Subscriber shall be given a supplementary <u>Prospectus</u> after being approved by <u>Authority</u> and before the end of the subscription period. The provisions of Article (5-25) of this Module shall apply to the supplementary prospectus. Any subscriber who subscribed before being provided with the supplementary prospectus shall be entitled to withdraw from subscription. In such case, the <u>Issuer</u> shall return the subscription payments to</p>

					subscriber immediately when he decides to withdraw his subscription.	the withdrawing subscriber 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 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 <u>Prospectus</u> on the <u>Exchange's</u> website.
7	Eleven	Five	5-36	Amending Article	Securities shall be allocated in accordance with the method set out in the Prospectus during a maximum period of five Business Days from the date of subscription closure.	<u>Securities</u> shall be allocated in accordance with the method set out in the <u>Prospectus</u> during a maximum period of five <u>Business Days</u> from the date of subscription closure. The results of allocation and 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 <u>Security</u> may list on the <u>Exchange</u> unless approved by the <u>Authority</u> . <u>Listing Pre-emptive Rights</u> 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-emptive Rights</u> at the <u>Exchange</u> is considered an

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