

# DECISION No (12) OF 2000 CONCERNING THE REGULATIONS AS TO THE LISTING OF SECURITIES AND COMMODITIES

The Council of Ministers,

Having considered the Constitution,

Federal Law No. (1) of 1972 concerning the Competences of the Ministries and the Powers of the Ministers, and the laws in amendment thereof,

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

Council of Ministers Resolution No. (193/18) of 2000 of 25/3/2000 concerning the constituting of the Board of Directors of the Securities & Commodities Authority,

The Resolution of the Authority's Board of Directors at its meeting No. (2) on 8/4/2000 on the approval of regulations as to the acceptance, listing, and cancellation or suspension of listing of any securities or commodities from trading in the market,

Council of Ministers Resolution No. (384/10) of 2000 on the regulations as to the listing of securities and commodities, and

On the basis of the proposal of the Minister of Economy & Commerce - Chairman of the Authority's Board of Directors - and the approval of the Council of Ministers,

Has resolved:

## **Article (1)**

In the application of the provisions of these regulations, the following words and expressions shall have the meanings set forth opposite each of them, unless the context of the provision indicates

otherwise:

The State: The State of the United Arab Emirates.

The Law: Federal Law No. (4) of 2000 concerning the Emirates Securities and Commodities Authority and Market.

The Authority: The Securities & Commodities Authority.

Market: A securities and commodities market licensed in the State by the Authority.

The Board: The board of directors of the Authority.

The Committee: The committee for examining applications for a license for listing.

Company: A company whose Securities are listed on the Market.

Securities: Shares, bonds and notes issued by joint stock companies, bonds and notes issued by the Federal Government or Local Governments, public authorities and public institutions in the State, and any other domestic or non-domestic financial instruments accepted by the Authority.

Commodities: Agricultural produce and natural resources extracted from under the ground and the seas after being processed and prepared for commercial use.

## **Article (2)**

No Securities may be listed on the Market without the prior approval of the Authority.

## **Article (3)**

The effecting of transactions in the Markets shall be restricted to Securities listed therein. Such transactions shall be conducted through one of the brokers registered in the Markets.

## **Article (4)**

Listing shall be restricted to the following Securities:

1. Shares in joint stock companies incorporated in the State, or those whose head office is located in the State.
2. Shares of companies not holding the nationality of the State which are approved for listing by the Board.
3. Bonds and debt instruments which the Board resolves to list.
4. Any other Securities approved for listing by the Board.

## **Article (5) <sup>[1]</sup>**

All public joint stock companies incorporated in the State shall submit applications in respect of listing their shares on the licensed markets in the State, failing which the Board may request the issue of a decision from the concerned authority suspending the company's activities if it has not obligated itself to list within (30) days from the date it has been notified in this regard. As an exception to the foregoing, the companies which are wholly owned by the Federal Government or the Governments of the Emirates which are members of

the Union shall be exempted from the obligation to list.

## Article (6)

1- The conditions for the listing of the securities of public joint stock companies incorporated in the State for trading on the Market shall be in accordance with the following classification, with the name of the company listed being in all cases accompanied by its category under the classification.

A- The first category: The conditions for the classification of a company under this category shall be as follows:

- 1- The company is registered with the Ministry of Economy & Commerce.
- 2- A period of not less than two years has elapsed since the incorporation of the company, in respect of which period there have been issued two balance sheets audited by an auditor entered on the roll of practicing auditors and authorized to audit joint stock company accounts.
- 3- The company has obtained the Authority's approval for listing.
- 4- The company's paid-up capital is not less than (25) (twenty-five) million dirhams or (35% )of the subscribed capital, whichever is higher.
- 5- The shareholders' rights are equal as regards each class of the shares issued by the company.
- 6- The shareholders' equity in the company is not, at the time of submitting the application for listing, less than the paid-up capital.
- 7- It is demonstrated that the company's ordinary general assembly has been held at least once a year.
- 8- The company is obligated to publish its balance sheet and business results in the daily published media before its shares are permitted to be traded in the Market.
- 9- Any other conditions as the Board from time to time prescribe.

B- The second category:

A company shall be classified in this category when it does not satisfy one or more of the conditions prescribed for the first category, or of the other conditions from time to time prescribed by the Board.

Companies shall be moved from the second category to the first category when the company moved satisfies the listing conditions for the category being moved into. Companies shall likewise be moved from the first category to the second category when there is a breach of the listing conditions for its current category and the listing conditions for the category being moved into are satisfied.

The Board may move any company from the first category to the second category in the event of the company not complying with the rules in force as to disclosure and transparency or the company's breach of such rules. <sup>[2]</sup>

2. Listing of foreign companies, companies listed in free zones, bonds, other debt instruments, commodities and any other securities approved for listing by the board are subject to the terms rules and regulations set by the board. <sup>[3]</sup>

## Article (7)

Applications for listing shall be submitted to the Authority on the model format prepared therefore, supported by the documents requisite for the type of Securities for which listing is being applied for, in accordance with the following particulars :

First: For shares in joint stock companies: The following shall be submitted:

A. A report issued by the Company's board of directors which includes the following:

1. A brief account of the Company's incorporation, its main objects, and its relationship with other companies, whether parent, subsidiary, affiliate or allied companies (if any). The relationship with other companies shall be specified in a clarification to be issued by the Authority subsequently.
2. A statement of the securities previously issued by the Company and of those the Company wishes to have listed.
3. The names of the members of the board of directors and the executive managers, and the Securities which are owned by themselves and their relatives to the first degree, and which are issued by the parent, subsidiary, allied or affiliated company (if any), and the membership of any of them on the boards of directors of other public joint stock companies.
4. The names of those who own more than (5%) of the Securities issued by the Company and the amount of Securities owned by each of them.
5. The percentage of the holdings of persons who are not nationals in the Company's capital.
6. The significant events that the Company has experienced from the date of its incorporation to the date of submitting the application for listing.
7. The board of directors' assessment, supported by figures, of the Company's performance and achievements, as compared with the plan made.

B. The Company's financial statements containing the following:

1. The Company's annual report for the two financial years preceding the date of the submission of the application for listing, supported by the report of the Company's auditors.
2. Interim financial statements covering the period from the end of the financial year preceding the submission of the application for listing to the end of the last quarter preceding the date of such application, such statements being certified by the Company's auditor.

Second: For bonds and other Securities : where the following shall be submitted:

- a . The issuing entity, stating also the subscription manager.
- b . The value of the bond or other Securities.
- c . The yield and the maturity date.
- d . The type of subscription.
- e . The date and number of the issue for which application is made for the

Securities to be listed.

## **Article (8)**

For joint stock companies, the application for listing shall be signed by the chairman of the board of directors of the Company for whose Securities listing in the Market is applied for, or by whoever is authorized by the chairman to do so. The application for listing of bonds and other debt instruments shall be signed by their issuer or by whoever is authorized by the issuer to do so.

## **Article (9)**

The members of the board of directors of any listed company, or any company proceeding to listing, shall be responsible for the completeness and accuracy of all information submitted to each of the Authority and the Market.

## **Article (10)**

Neither the Authority nor the Market shall be responsible for the data, information, reports and documents submitted by Companies, whether submitted for the purposes and objectives of the Market, or for publication. The fact that the Market or the Authority is cognizant of them, or has confirmed them in its publications, shall not be taken as an admission by either of them of the accuracy of their contents or as an admission of the legality of action taken by any person on the basis of them.

## **Article (11)**

The Authority shall prepare a register in which shall be entered the applications for listing with serial numbers according to the date each is received. Each application shall be given its own file in which the documents and any related procedures shall be filed.

The Authority shall provide the person submitting the application with a receipt evidencing submission of the application, its date and its entry number in the said register.

## **Article (12)**

A committee composed of technical and legal members shall be formed by resolution of the Chairman of the Board to examine the application for listing. If the application is complete, the committee shall make its decision thereon within a period not exceeding fifteen days from date of its submission. If it is incomplete, the concerned parties shall be notified of the necessity of completing it within a period not exceeding fifteen days from the date of the notification, otherwise the applicant shall be deemed to have abandoned his application.

### **Article (13)**

The decisions of the committee shall be placed before the Board, which shall take its decision on the application within a period not exceeding thirty days from the date the applications were placed before it complete.

The Board may, before determining the application for listing, request any particulars it deems necessary in order to issue its decision.

### **Article (14)**

The concerned parties shall be notified of the Board's decision within a period not exceeding one week from the date it is issued.

### **Article (15)**

The Board's decision approving the listing of any Securities shall entitle the entity issuing such Securities to enter such Securities upon one of the Markets of the State. Such Market shall inform the Authority of the effecting of the entry within a period not exceeding one week from the date of the entry.

### **Article (16)**

If the Securities of a Company have been approved for listing in a particular Market, such Market shall furnish the Company with its own trading code and an abbreviated name in the Arabic and the English languages. The selecting of the code and the abbreviated name shall be the Market's prerogative, provided that there is no similarity of names in the Markets.

### **Article (17) [4]**

It shall not be permitted for the chairman and the board members of a Company whose Securities are listed in the Market, nor for the Company's general

manager nor any of its employees, to act by himself or through others of any dealings in the securities of the Company prior to disclosure, through the Market, of the purchase or sale transaction, the quantities and prices thereof and obtaining the approval of the director of the Market on the transaction. At the same time, the aforementioned persons shall comply with the advance disclosure to the Market of any dealings in the securities of the parent company, subsidiaries or sisters if such companies are listed in the Market.

## **Article (18)**

No trading in Securities of listed Companies shall be permitted unless such companies have, within ten days of the date of their listing in the Market, announced, in two daily newspapers published in the State in the Arabic language, their annual financial statements and a summary of their board of directors' report submitted for listing purposes.

Obligations of Companies and Entities whose Securities are Listed in the Market

## **Article (19)**

Companies or entities whose Securities are listed in the Market shall be obligated vis \_is the Authority and such Market in terms of the following:

- a. To comply with all regulations and instructions issued by either of the Authority and the Market.
- b. To submit all data, information and statistics which are requested by the Authority and the management of the Market.
- c. To communicate to the Authority and the Market any significant developments which affect the prices of their listed Securities, upon their becoming aware thereof.
- d. To publish, whenever requested to do so, any explanatory information on their position and activities so as to ensure the integrity of dealings and confidence on the part of investors.
- e. To notify the Authority and the Market as to board members' ownership of the Company's shares within (15) days from the date they assume membership and also at the end of each financial year, and as well as to all trades effected by the Company's board members and executive management.
- f. To notify the Market of the resolution of the Company's board of directors as to the distribution of profits to shareholders or the announcing of profits and losses, in order to obtain approval for the publication thereof.
- g. To notify the management of the Market immediately of the details of the purchase or sale of any major assets which affects the position of the Company.
- h. To notify the Authority and the Market immediately of any changes in the Company's board of directors and executive management.
- i. To pay the annual fees for entry and listing on the dates prescribed therefore.
- j. To provide to the Authority and the Market all printed materials destined for the

Company's shareholders, as soon as issued.

k. To provide to the Authority and the Market the documents relating to amendments introduced in the Company's articles of association, as soon as approved.

L. To provide to the Authority and the Market annual, half-yearly and quarterly reports on its activity and business results, so as to disclose its financial position, as soon as the same are issued.

m. To provide immediately to the Authority and the Market the names of those who own, or whose holdings together with their minor children reach, (5%) or more of the Company's shares, this obligation also to be complied with upon each occasion when the holding reaches (5%) of the Company's shares over and above the (5%).

If the owner, or the party whose holding will reach (5%) or more of the Company's shares, is a bank or financial institution conducting banking activities, the approval of the Central Bank of the United Arab Emirates shall first be obtained.

Suspension of Listing

## **Article (20)**

1. The Authority may, after investigation and consultation with the Markets, suspend the listing of any Securities from trading in the Market, if there occur exceptional circumstances or threats to proper working, or if it considers that trading in such Securities does not serve the public interest or is oppressive or violative of shareholders' rights, or for any other reasons.

2. Without prejudice to the generality of what appears in paragraph (1) of this Article, the Board may suspend listing in the following cases:

a. If the Company ceases to satisfy a condition for listing stated in Article (6) of these regulations.

b. If the Company defaults on payment of the fees due from it to the Authority, the Market or the clearing.

c. If the net value of the shareholders' equity in the Company falls below (50%) of the capital.

d. If the market value of the Securities falls below (60%) of the nominal value thereof, or if such value suddenly rises.

e. If a resolution is passed by the extraordinary general assembly to reduce the Company's capital.

f. If the Company fails to issue annual, half-yearly and quarterly reports on its activities.

g. If the extraordinary general assembly passes a resolution to sell the greater part of the Company's assets.

h. If the Company, on the basis of a resolution of its general assembly, submits an application showing due cause for the suspension of the listing of its

Securities.

The Authority may decide to revoke a decision to suspend the listing of any Securities, upon request by the entity issuing such Securities where the causes which led to the suspension of listing no longer subsist.

Cancellation of Listing

Article (22)

The Authority may cancel the listing of any Securities for trading in the Market in any of the following cases:

1. If a resolution is taken to dissolve and liquidate the Company.
2. If the listing of the Securities remains suspended for or beyond a period of six months.
3. If any radical change in the main activity of the Company occurs.
4. If the Company is merged with another company or companies with the consequence that the juristic personality of the Company comes to an end.
5. If the Company discontinues its activity.

Article (23)

This resolution shall be published in the Official Gazette, and shall come into force as from the date of its gazetting.

The Prime Minister

Issued by Us in Abu Dhabi

On 1 Rabi' Al Akhar 1421 Hijri

Corresponding to 3 July 2000 AD

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- [1] - Article (5) has been amended according to Council of Ministers Resolution No. (7) of 2006
  - [2] - Article (6/1) has been amended according to Council of Ministers Resolution No. (16) of 2004
  - [3] - Article (6/2) has been amended according to Council of Ministers Resolution No. (34) of 2008
  - [4] - Article (17) has been amended according to Council of Ministers Resolution No. (32) of 2012