



The Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations and the Glossary of Defined Terms Used in The Regulations and Rules of The Capital Market Authority

A) Preamble:

As part of the Capital Market Authority's ("CMA") strategic objectives to develop the capital market, and based on the Capital Market Law issued by Royal Decree No. (M/30) dated 2/6/1424H, the CMA Board issued its resolution to publish the Draft Amendments of the Rules on the Offer of Securities and Continuing Obligations and the Glossary of Defined Terms Used in The Regulations and Rules of The Capital Market Authority (the "Draft") for public consultation for a period of (30) calendar days.

B) Objectives of the Draft Amendments and its Main Elements:

The project aims to establish a regulatory framework that enables the direct listing of shares in the Main Market by companies that are subsidiaries of companies already listed in the Main Market. The key elements of the project include regulating the conditions and requirements for submitting an application to register shares for the purpose of direct listing in the Main Market, including clarifying the supporting documents required to accompany such application, and clarifying the restrictions that will apply to the shares of certain categories of shareholders in the issuer following the direct listing of the issuer's shares in the Main Market.



C) Proposed amendments to the Rules on the Offer of Securities and Continuing Obligations compared with the current provisions:

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<p>PART 4 Public Offer Chapter 1: General Provisions</p> <p>Article 15: Application of the Provisions on Public Offers</p> <p>a) The purpose of this Part is to regulate the registration and public offering of securities in the Kingdom.</p> <p>b) Securities may not be offered by way of a public offer except in accordance with this Part.</p> <p>c) A foreign issuer who submits an application for listing its shares in the Main Market pursuant to the Listing Rules shall be subject to Article (18) of these Rules.</p> <p>d) The registration and public offering of Saudi Depositary Receipts shall be subject to the provisions regulating the registration and offering of shares stated in this Part (as applicable). For the purpose of implementing the provisions of the Law and its Implementing Regulations, the foreign company whose shares correspond to the Saudi Depositary Receipts is considered the issuer of those Receipts.</p>	<p>PART 4 Registration or Public Offer Chapter 1: General Provisions</p> <p>Article 15: Application of the Provisions on Registration and Public Offers</p> <p>a) The purpose of this Part is to regulate the registration and public offering of securities in the Kingdom, as well as the registration of shares in the Main Market.</p> <p>b) Securities may not be offered by way of a public offer, nor may shares be registered in the Main Market, except in accordance with this Part.</p> <p>c) An issuer may submit an application to register its shares for the purpose of direct listing in the Main Market if it is an affiliate of another issuer. The registration of such shares shall be subject to the requirements stated in this Part.</p> <p>d) A foreign issuer who submits an application for listing its shares in the Main Market pursuant to the Listing Rules shall be subject to Article (18) of these Rules.</p> <p>e) The registration and public offering of Saudi Depositary Receipts shall be subject to the provisions regulating the registration and offering of shares stated in this Part (as applicable). For the purpose of implementing the provisions of the Law and its Implementing Regulations, the foreign company whose shares correspond to the Saudi Depositary Receipts is considered the issuer of those Receipts.</p>	<p>It is proposed to make the following amendments:</p> <ul style="list-style-type: none"> - Amending the title of Part Four of the Rules on the Offer of Securities and Continuing Obligations (“the Rules”) for the purpose of regulating the provisions relating to registration for the purpose of direct listing in the Main Market within the scope of such Part. - Amending the title of Article (15) and paragraphs (a) and (b) of the Rules for the purpose of clarifying the scope of the regulation of the provisions governing the registration of shares for the purpose of direct listing in the Main Market. - Adding paragraph (c) to Article (15) of the Rules for the purpose of providing that the registration of shares in the Main Market pursuant to the provisions of Part Four referred to above shall be limited to the shares of an issuer that is a subsidiary of a company listed in the Main Market.



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<p>Article 16: Requirement to Comply with the Listing Rules An offeror may not offer securities to the public without making prior arrangements for listing those securities on the Exchange in accordance with the Listing Rules.</p>	<p>Article 16: Requirement to Comply with the Listing Rules An offeror or an issuer may not offer securities to the public, or register its shares for the purpose of direct listing in the Main Market, without making prior arrangements for listing those securities on the Exchange in accordance with the Listing Rules.</p>	<p>It is proposed to amend Article (16) of the Rules, for the purpose of clarifying the issuer's obligation to comply with the requirements set out in the Listing Rules prior to registering its shares for the purpose of direct listing in the Main Market.</p>
<p>Article 17: Required Approvals An offeror may not offer securities to the public without obtaining all approvals required pursuant to the issuer's bylaws, the Companies Law and its implementing regulations. In case where securities are publicly offered by a special purposes entity, such securities may not be offered unless the approval of the special purposes entity's and the sponsor's boards' approvals are obtained.</p>	<p>Article 17: Required Approvals An offeror or an issuer may not offer securities to the public, or register its shares for the purpose of direct listing in the Main Market, without obtaining all approvals required pursuant to the issuer's bylaws, the Companies Law and its implementing regulations. In case where securities are publicly offered by a special purposes entity, such securities may not be offered unless the approval of the special purposes entity's and the sponsor's boards' approvals are obtained.</p>	<p>It is proposed to amend Article (17) of the Rules for the purpose of clarifying the issuer's obligation to obtain the required approvals prior to registering its shares for the purpose of direct listing in the Main Market.</p>
<p>Article 19: Fees a) An issuer who submits an application for registration and offer of its securities is required to pay such fees to the Authority as the Authority specifies. ...</p>	<p>Article 19: Fees a) An issuer who submits an application for registration and offer of its securities, or for registration of its shares for the purpose of direct listing in the Main Market, is required to pay such fees to the Authority as the Authority specifies. ...</p>	<p>It is proposed to amend Article (19) of the Rules for the purpose of clarifying the obligation of the issuer submitting an application to register its shares for the purpose of direct listing in the Main Market to pay the applicable fees to the Authority.</p>
<p>PART 4 Public Offer Chapter 2: Conditions and Requirements for a Public Offer (except for debt instruments) Article 20: Appointment of advisors a) Where an issuer makes an application for registration and offer of its securities that requires the production of a prospectus or a shareholders' circular (as applicable), the issuer must appoint financial advisor and legal advisor. ...</p>	<p>PART 4 Registration or Public Offer Chapter 2: Conditions and Requirements for a Public Offer (except for debt instruments) or Registration in the Main Market Article 20: Appointment of advisors a) Where an issuer makes an application for registration and offer of its securities or for registration of its shares for the purpose of direct listing in the Main Market that requires the production of a prospectus, a shareholders' circular, or a registration document (as</p>	<p>It is proposed to make the following amendments:</p> <ul style="list-style-type: none"> - Amending the title of Chapter Two of Part Four of the Rules on the Offer of Securities and Continuing Obligations for the purpose of regulating the conditions and requirements for the registration of shares for the purpose of direct listing in the Main Market within the provisions of such Chapter. - Amending paragraphs (a) and (h) of Article (20) of the Rules for the purpose of regulating the provisions



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<p>e) Where a financial advisor or a legal advisor gives advice to an issuer in relation to the application for registration and offer of its securities or any matter related to the application of these Rules, the Capital Market Law, its Implementing Regulations or the Exchange Rules, it must ensure that it gives appropriate advice in accordance with the rules of its profession.</p>	<p>applicable), the issuer must appoint financial advisor and legal advisor. Where the application is for the registration of shares for the purpose of direct listing in the Main Market, the appointed financial advisor must be an independent financial advisor.</p> <p>...</p> <p>e) Where a financial advisor or a legal advisor gives advice to an issuer in relation to the application for registration and offer of its securities or for registration of its shares for the purpose of direct listing in the Main Market or any matter related to the application of these Rules, the Capital Market Law, its Implementing Regulations or the Exchange Rules, it must ensure that it gives appropriate advice in accordance with the rules of its profession.</p>	<p>relating to the appointment of advisors by the issuer that wishes to register its shares for the purpose of direct listing in the Main Market.</p>
<p>Article 21: Requirements and Obligations of the Financial Advisor</p> <p>...</p> <p>b) Upon an application to the Authority of an issuer for registration and offer of securities, the financial advisor must:</p> <ol style="list-style-type: none"> 1) be the main point of contact for the Authority in relation to the application for registration and offer of the securities; 2) satisfy itself, having conducted due diligence and made enquiry from the issuer and its advisors, that the issuer has satisfied all conditions required for the registration and offer of the securities and has satisfied all other relevant requirements; <p>...</p>	<p>Article 21: Requirements and Obligations of the Financial Advisor</p> <p>...</p> <p>b) Upon an application to the Authority of an issuer for registration and offer of securities or for registration of shares for the purpose of direct listing in the Main Market, the financial advisor must:</p> <ol style="list-style-type: none"> 1) be the main point of contact for the Authority in relation to the application; 2) satisfy itself, having conducted due diligence and made enquiry from the issuer and its advisors, that the issuer has satisfied all conditions required for the registration and offer of the securities or for the registration of shares for the purpose of direct listing in the Main Market 	<p>It is proposed to amend paragraph (b) of Article (21) of the Rules for the purpose of regulating the obligations of the financial advisor appointed by the issuer that wishes to register its shares for the purpose of direct listing in the Main Market.</p>



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	and has satisfied all other relevant requirements; ...	
<p>Article 22: Requirements and Obligations of the Legal Advisor</p> <p>...</p> <p>b) On an application of an issuer for the registration and offer of its securities, the legal advisor to the issuer must provide the Authority with a letter in the form set out at Annexes (23) of these Rules.</p>	<p>Article 22: Requirements and Obligations of the Legal Advisor</p> <p>...</p> <p>b) On an application of an issuer for the registration and offer of its securities, or for the registration of its shares for the purpose of direct listing in the Main Market, the legal advisor to the issuer must provide the Authority with a letter in the form set out at Annexes (23) of these Rules.</p>	<p>It is proposed to amend paragraph (b) of Article (22) of the Rules, for the purpose of clarifying the obligations of the legal advisor when the issuer submits an application to the Authority to register its shares for the purpose of direct listing in the Main Market.</p>
<p>Article 23: Conditions for a Public Offer of Shares</p> <p>The conditions for making a public offer of shares are:</p> <p>...</p> <p>2) Any application for registration and offer of securities must be accompanied by a prospectus, except where a prospectus is not required under these Rules.</p> <p>3) When submitting an application for registration and offer of securities, the issuer must have been carrying on, either by itself or through one or more of its subsidiaries, the same main activity for at least the previous three years before submitting the application for registration and offer of securities.</p> <p>4) When submitting an application for registration and offer of securities, the issuer must have audited financial statements that cover at least the previous three financial years and that were prepared in accordance with the accounting standards adopted by SOCPA.</p> <p>5) If the period covered by the most recent audited financial statements has ended more than six months prior to the expected</p>	<p>Article 23: Conditions for a Public Offer of Shares or their Registration in the Main Market</p> <p>The conditions for making a public offer of shares or their registration for the purpose of direct listing in the Main Market are:</p> <p>...</p> <p>2) Where the application is for registration and offer of securities, the application must be accompanied by a prospectus, except where a prospectus is not required under these Rules. Where the application is for the registration of shares for the purpose of direct listing in the Main Market, the application must be accompanied by a registration document.</p> <p>3) When submitting an application for registration and offer of securities, the issuer must have been carrying on, either by itself or through one or more of its subsidiaries, the same main activity for at least the previous three years before submitting the application for registration and offer of securities. When the application is for the registration of shares for the purpose of direct listing in the Main</p>	<p>It is proposed to amend the title and provisions of Article (23) of the Rules for the purpose of regulating the conditions for the registration of shares for the purpose of direct listing in the Main Market within the provisions of such Article.</p>



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<p>date of approval of the application for registration and offer of securities, it shall submit to the Authority a reviewed interim financial statements covering any period from the date of the end of the period covered by the latest audited financial statements until the expected date of approval of the application for registration and offer of securities, or submit audited annual financial statements (as applicable). In all cases, the period covered by the latest audited interim financial statements submitted to the Authority shall not have ended more than (6) months before the date of approval of the application for registration and offer of securities.</p> <p>6) Where the issuer has undergone material restructuring, an application for registration and offer of securities may not be submitted until one financial year has elapsed from the date of completion of that material restructuring. For the purposes of this paragraph, "material restructuring" shall mean:</p> <p>...</p> <p>8) An issuer must, on its own or with its subsidiaries (if any) hold sufficient working capital to continue operating for at least the twelve months immediately following the date of publication of the prospectus.</p> <p>...</p> <p>10) An application for registration and offer of securities may be accepted if it does not meet the requirements of this Article if the Authority is satisfied that it will be in the interest of the investors and that the investors</p>	<p>Market, the issuer must have been carrying, either by itself or as a business unit of another issuer whose shares are listed in the Main Market, for at least the previous three years before submitting the application for registration of shares.</p> <p>4) When submitting an application for registration and offer of securities or for registration of shares for the purpose of direct listing in the Main Market, the issuer must have audited financial statements that cover at least the previous three financial years and that were prepared in accordance with the accounting standards adopted by SOCPA. By way of exception, where the application is to register shares for the purpose of direct listing in the Main Market, and the issuer was a business unit of another issuer whose shares are listed in the Main Market, the issuer must have prepared financial statements that cover at least the previous three financial years, provided that it has prepared audited financial statements for at least the previous financial year in accordance with the accounting standards adopted by SOCP.</p> <p>5) If the period covered by the most recent audited financial statements has ended more than six months prior to the expected date of approval of the application, it shall submit to the Authority a reviewed interim financial statements covering any period from the date of the end of the period covered by the latest audited financial statements until the expected date of approval of the application, or submit audited annual financial statements (as applicable). In all cases, the</p>	



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<p>have received the necessary information to arrive at an informed judgment concerning the issuer and the securities that are the subject of the application.</p> <p>...</p>	<p>period covered by the latest audited interim financial statements submitted to the Authority shall not have ended more than (6) months before the date of approval of the application.</p> <p>6) Where the issuer has undergone material restructuring, an application for registration and offer of securities, or for the registration of shares for the purpose of direct listing in the Main Market, may not be submitted until one financial year has elapsed from the date of completion of that material restructuring. For the purposes of this paragraph, "material restructuring" shall mean:</p> <p>...</p> <p>8) An issuer must, on its own or with its subsidiaries (if any) hold sufficient working capital to continue operating for at least the twelve months immediately following the date of publication of the prospectus or the registration document.</p> <p>...</p> <p>10) An application for registration and offer of securities or for registration of shares for the purpose of direct listing in the Main Market may be accepted if it does not meet the requirements of this Article if the Authority is satisfied that it will be in the interest of the investors and that the investors have received the necessary information to arrive at an informed judgment concerning the issuer and the securities that are the subject of the application.</p> <p>...</p>	
<p>Article 26: Supporting Documents</p> <p>a) The issuer, must submit to the Authority with its application for registration and offer</p>	<p>Article 26: Supporting Documents</p> <p>a) The issuer, must submit to the Authority with its application for registration and offer, or its application for registration of its</p>	<p>It is proposed to amend the provisions of paragraphs (a), (b) and (c) of Article (26) of the Rules for the purpose of regulating the supporting</p>



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<p>electronic copies of the following documents (it shall maintain original copies of such documents and submit it to the Authority at its request):</p> <p>...</p> <p>3) the authorisation letters or powers of attorney of the representatives of the issuer empowering them to sign the prospectus or the shareholders' circular (as applicable);</p> <p>...</p> <p>6) a formal letter of application for registration and offer, signed by a representative of the issuer that contains the applicable information as required by Annex (8) of these Rules;</p> <p>...</p> <p>11) the draft prospectus or shareholders' circular (as applicable) in Arabic;</p> <p>...</p> <p>14) the audited annual financial statements of the issuer for each of the three financial years immediately preceding submission of the application;</p> <p>...</p> <p>19) the letters of consent from all the advisors on the use of their names, logos and statements in the prospectus or the shareholders' circular (as applicable);</p> <p>...</p> <p>b) Following the approval of the application for registration and offer by the Authority and prior to the listing, the issuer, must submit an electronic copy (and shall maintain the original copies for submission at the Authority's request) of the following documents:</p> <p>1) a prospectus or the shareholders' circular (as applicable) in Arabic signed on every page by the representatives of the issuer</p>	<p>shares for the purpose of direct listing in the Main Market, electronic copies of the following documents (it shall maintain original copies of such documents and submit it to the Authority at its request):</p> <p>...</p> <p>3) the authorisation letters or powers of attorney of the representatives of the issuer empowering them to sign the prospectus, the shareholders' circular or the registration document (as applicable);</p> <p>...</p> <p>6) a formal letter of application for registration and offer or for registration of shares for the purpose of direct listing in the Main Market (as applicable), signed by a representative of the issuer that contains the applicable information as required by Annex (8) of these Rules;</p> <p>...</p> <p>11) the draft prospectus, shareholders' circular or registration document (as applicable) in Arabic;</p> <p>...</p> <p>14) the audited annual financial statements of the issuer for each of the three financial years immediately preceding submission of the application to register and offer its securities or to register its shares for the purpose of direct listing in the Main Market. By way of exception, where the application is to register shares for the purpose of direct listing in the Main Market, and the issuer was a business unit of another issuer whose shares are listed in the Main Market, the issuer must submit its financial statements for the three financial years</p>	<p>documents required to be submitted by the issuer when submitting an application to register its shares for the purpose of direct listing in the Main Market and after obtaining the Authority's approval of such application. It is also proposed to add paragraph (h) to Article (26) referred to above, for the purpose of clarifying the documents that the issuer is not required to submit when submitting an application to register its shares for the purpose of direct listing in the Main Market or after obtaining the Authority's approval of the registration.</p>



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<p>who are appointed as authorised signatories;</p> <p>...</p> <p>c) The issuer, must retain original copies (or certified copy where appropriate) of all documents required pursuant to this Article for a period not less than ten years from the completion of the offer. Without prejudice to this period, in the event such documents relate to any litigation or claim (including any litigation pending or threatened) or any on-going investigations, the issuer must retain such documents until the closure of that litigation, claim or on-going investigation.</p> <p>...</p>	<p>immediately preceding submission of the application, provided that the financial statements for the most recent financial year are audited.</p> <p>...</p> <p>19) the letters of consent from all the advisors on the use of their names, logos and statements in the prospectus, the shareholders' circular or the registration document (as applicable);</p> <p>...</p> <p>b) Following the approval of the application for registration and offer or the application for registration of shares for the purpose of direct listing in the Main Market by the Authority and prior to the listing, the issuer, must submit an electronic copy (and shall maintain the original copies for submission at the Authority's request) of the following documents:</p> <p>1) a prospectus, the shareholders' circular or the registration document (as applicable) in Arabic signed on every page by the representatives of the issuer who are appointed as authorised signatories;</p> <p>...</p> <p>c) The issuer, must retain original copies (or certified copy where appropriate) of all documents required pursuant to this Article for a period not less than ten years from the completion of the offer or the direct listing in the Main Market. Without prejudice to this period, in the event such documents relate to any litigation or claim (including any litigation pending or threatened) or any on-going investigations, the issuer must retain such documents until the closure of that litigation, claim or on-going investigation.</p> <p>...</p>	



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	d) The provisions of sub-paragraphs (20) and (25) of paragraph (a), and sub-paragraphs (3) and (5) of paragraph (b) of this Article shall not apply where the issuer submits an application to register its shares for the purpose of direct listing in the Main Market.	
<p>Article 27: The Prospectus</p> <p>a) The prospectus must contain all information which is necessary to enable an investor to make an assessment of the activities, assets and liabilities, financial position, management and prospects of the issuer and of its profits and losses and must include information in relation to the number and price of the securities and any obligations, rights, powers and privileges attaching to them.</p> <p>b) Annex (12) of these Rules sets out the minimum information which must be included in a prospectus for shares.</p> <p>d) The draft of the prospectus that is submitted to the Authority must be in the Arabic language.</p> <p>e) The draft prospectus submitted to the Authority must be annotated in the margin to indicate where the information required by the applicable paragraphs of these Rules has been included and any changes from any previous drafts must be clearly marked. Each draft prospectus must indicate the draft number and date of submission on its cover page.</p>	<p>Article 27: The Prospectus and the Registration Document</p> <p>a) The prospectus and the registration document must contain all information which is necessary to enable an investor to make an assessment of the activities, assets and liabilities, financial position, management and prospects of the issuer and of its profits and losses and must include information in relation to the number and price of the securities and any obligations, rights, powers and privileges attaching to them.</p> <p>b) Annex (12) of these Rules sets out the minimum information which must be included in a prospectus for shares, and Annex (12) (a) of these Rules sets out the minimum information which must be included in a registration document, and may contain additional information, provided that such information must be within the requirements set forth in Annex (12) of these Rules.</p> <p>d) The draft of the prospectus or the draft of the registration document submitted to the Authority must be in the Arabic language.</p> <p>e) The draft prospectus and the draft registration document submitted to the Authority must be annotated in the margin to indicate where the information required by the applicable paragraphs of these Rules has</p>	<p>It is proposed to amend the title and provisions of Article (27) of the Rules for the purpose of regulating the provisions relating to the Registration Document proposed to be submitted by the issuer that wishes to register its shares for the purpose of direct listing in the Main Market within the provisions of such Article, and for the purpose of clarifying the requirements that must be met in the proposed Registration Document.</p>



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	<p>been included and any changes from any previous drafts must be clearly marked. Each draft prospectus and the draft registration document must indicate the draft number and date of submission on its cover page.</p>	
<p>Article 29: Supplementary Prospectus and Supplementary Circular</p> <p>a) A supplementary prospectus or supplementary shareholders' circular must be submitted (as applicable) to the Authority if, at any time after that prospectus or circular has been published and before completion of the offer (in the case of a prospectus) or before the extraordinary general assembly is convened (in the case of a shareholders circular), the issuer, becomes aware that:</p> <ol style="list-style-type: none"> 1) there has been a significant change in material matters contained in the prospectus or the shareholders' circular (as applicable); or 2) additional significant matters have become known which would have been required to be included in the prospectus or the shareholders' circular (as applicable). <p>b) A supplementary prospectus or supplementary circular must contain the following (as applicable):</p> <p>...</p> <p>2) a declaration in the form specified at paragraph (10) of section (1) of Annex (12) of these Rules, paragraph (7) of section (1) of Annex (13) of these Rules, paragraph (13) of section (1) of Annex (13) (a) of these Rules, , paragraph (11) of section (1) of Annex (19) of these Rules, or paragraph (11) of section (1) of Annex (20) of these Rules, as the case may be;</p>	<p>Article 29: Supplementary Prospectus or Supplementary Circular or Supplementary Registration Document</p> <p>a) A supplementary prospectus, supplementary shareholders' circular or supplementary registration document must be submitted (as applicable) to the Authority if, at any time after that prospectus, circular or registration document has been published and before completion of the offer (in the case of a prospectus) or before the extraordinary general assembly is convened (in the case of a shareholders circular) or prior to the direct listing in the Main Market (in the case of a registration document), the issuer, becomes aware that:</p> <ol style="list-style-type: none"> 1) there has been a significant change in material matters contained in the prospectus, the shareholders' circular or the registration document (as applicable); or 2) additional significant matters have become known which would have been required to be included in the prospectus, the shareholders' circular or the registration document (as applicable). <p>b) A supplementary prospectus, supplementary circular or supplementary registration document must contain the following (as applicable):</p> <p>...</p> <p>2) a declaration in the form specified at paragraph (10) of section (1) of Annex (12) of these Rules,</p>	<p>It is proposed to amend the title and provisions of Article (29) of the Rules for the purpose of regulating the provisions relating to the supplementary Registration Document to be submitted after the publication date of the proposed Registration Document and prior to the completion of the direct listing in the Main Market.</p>



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<p>3) a declaration by the directors, , that there have been no significant changes in material matters nor additional significant matters have arisen other than what has been disclosed in the supplementary prospectus or supplementary circular; and</p> <p>4) a declaration by the directors, that a copy of the supplementary prospectus or supplementary circular has been submitted to the Authority.</p> <p>c) Where a supplementary prospectus or supplementary circular is submitted to the Authority under this Article, it must be signed on every page by the relevant representatives of the issuer who are appointed as authorised signatories.</p> <p>...</p> <p>e) Where a supplementary prospectus or supplementary circular is submitted to the Authority under this Article, the Authority must be satisfied that the information contained in such supplementary prospectus or supplementary circular is complete and fulfils the requirements of the Capital Market Law, its Implementing Regulations and the Exchange Rules. If the information supplied suggests to the Authority that the proposed offer of securities may not be in the interest of the investors or may result in a breach of the Capital Market Law, its Implementing Regulations or the Exchange Rules, then it may require the issuer to terminate the offer.</p> <p>f) The supplementary prospectus or supplementary shareholders' circular must not be published or otherwise made available to the public without obtaining the approval of the Authority.</p>	<p>paragraph (8) of section (1) of Annex (12) (a) of these Rules, paragraph (7) of section (1) of Annex (13) of these Rules, paragraph (13) of section (1) of Annex (13) (a) of these Rules, paragraph (11) of section (1) of Annex (19) of these Rules, or paragraph (11) of section (1) of Annex (20) of these Rules, as the case may be;</p> <p>3) a declaration by the directors, that there have been no significant changes in material matters nor additional significant matters have arisen other than what has been disclosed in the supplementary prospectus, supplementary circular or supplementary registration document; and</p> <p>4) a declaration by the directors, that a copy of the supplementary prospectus, supplementary circular or supplementary registration document has been submitted to the Authority.</p> <p>c) Where a supplementary prospectus or supplementary circular or supplementary registration document is submitted to the Authority under this Article, it must be signed on every page by the relevant representatives of the issuer who are appointed as authorised signatories.</p> <p>...</p> <p>e) Where a supplementary prospectus, supplementary circular or supplementary registration document is submitted to the Authority under this Article, the Authority must be satisfied that the information contained in such supplementary prospectus, supplementary circular or supplementary registration document is complete and fulfils the requirements of the Capital Market Law, its Implementing Regulations and the Exchange</p>	



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	<p>Rules. If the information supplied suggests to the Authority that the proposed offer of securities or registration of shares may not be in the interest of the investors or may result in a breach of the Capital Market Law, its Implementing Regulations or the Exchange Rules, then it may require the issuer to terminate the offer or it may issue a "notification" to the issuer stating that the registration has been stopped.</p> <p>f) The supplementary prospectus, supplementary shareholders' circular or supplementary registration document must not be published or otherwise made available to the public without obtaining the approval of the Authority.</p>	
<p>Article 30: Authority Powers in Relation to the Application for Registration and Offer</p> <p>a) The approval of the application for registration and offer of securities will only be given by the Authority if:</p> <p>...</p> <p>3) the Authority is satisfied that the information contained in the prospectus or the shareholders' circular (as applicable) is complete and fulfils the requirements of the Capital Market Law and its Implementing Regulations.</p> <p>...</p> <p>c) If, having reviewed the application, the Authority considers that the proposed offer of securities may not be in the interest of the investors or may result in a breach of the Capital Market Law, its Implementing Regulations or the Exchange Rules, then it may take any of the following actions:</p> <p>...</p> <p>d) If, having taken action pursuant to paragraph (c) of this Article, the</p>	<p>Article 30: Authority Powers in Relation to the Application</p> <p>a) The approval of the application for registration and offer of securities or the application for registration of shares for the purpose of direct listing in the Main Market will only be given by the Authority if:</p> <p>...</p> <p>3) the Authority is satisfied that the information contained in the prospectus, the shareholders' circular or the registration document (as applicable) is complete and fulfils the requirements of the Capital Market Law and its Implementing Regulations.</p> <p>...</p> <p>c) If, having reviewed the application, the Authority considers that the proposed offer of securities or registration of shares in the Main Market may not be in the interest of the investors or may result in a breach of the Capital Market Law, its Implementing</p>	<p>It is proposed to make the following amendments:</p> <p>- Amending the title of Article (30) of the Rules, which shall encompass the Authority's powers in respect of applications for the registration and offering of securities and applications for the registration of shares in light of the proposed amendments, and amending the provisions of such Article for the purpose of including the Authority's powers in respect of applications for the registration of shares in the Main Market.</p> <p>- Adding paragraph (g) to Article (30) referred to above, for the purpose of clarifying that the issuer and its financial advisor may—prior to obtaining the Authority's approval of the application to register shares—present information about the issuer and its financial statements to a group of potential investors for the purposes set out in</p>



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<p>Authority determines that the offer to be made pursuant to the application may not be in the interest of the investors or may result in a breach of the Capital Market Law its Implementing Regulations or the Exchange Rules, the Authority may issue a "notification" to the issuer stating that the application has not been approved, or publish a "notice" prohibiting the offer, sale or transfer of title of the securities to which the application relates.</p> <p>e) The approval of the application for registration and offer of securities by the Authority shall be considered as an approval of the prospectus or the shareholders' circular, as applicable.</p> <p>f) The prospectus or shareholders' circular (as applicable) must not be published and made available to the public without the approval of the application for registration and offer of securities by the Authority.</p> <p>...</p> <p>h) The Issuer and its financial advisor may, prior to obtaining the approval of the Authority, request the registration and presentation of securities by providing information on the issuer and its financial statements to a specific group of Capital Market Institutions to conduct the advice activity for the purpose of preparing research and financial reports on the issuer, provided that such research and reports shall not be published before obtaining the approval of the Authority for the application of registration and offer of securities.</p>	<p>Regulations or the Exchange Rules, then it may take any of the following actions:</p> <p>...</p> <p>d) If, having taken action pursuant to paragraph (c) of this Article, the Authority determines that the offer or registration to be made pursuant to the application may not be in the interest of the investors or may result in a breach of the Capital Market Law its Implementing Regulations or the Exchange Rules, the Authority may issue a "notification" to the issuer stating that the application has not been approved, or publish a "notice" prohibiting the offer, sale or transfer of title of the securities to which the application relates.</p> <p>e) The approval of the application for registration and offer of securities or the application for registration of shares for the purpose of direct listing in the Main Market by the Authority shall be considered as an approval of the prospectus, the shareholders' circular or the registration document, as applicable.</p> <p>f) The prospectus, shareholders' circular or the registration document (as applicable) must not be published and made available to the public without the approval of the application for registration and offer of securities or the application for registration of shares for the purpose of direct listing in the Main Market by the Authority.</p> <p>...</p> <p>h) The Issuer and its financial advisor may, prior to obtaining the approval of the Authority of the application for registration and offer of securities or the application for registration of shares for the purpose of direct</p>	<p>paragraph (g) referred to above.</p>



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	<p>listing in the Main Market, provide information on the issuer and its financial statements to a specific group of Capital Market Institutions to conduct the advice activity for the purpose of preparing research and financial reports on the issuer, provided that such research and reports shall not be published before obtaining the approval of the Authority for the application.</p> <p>g) The issuer and its financial advisor may, prior to the Authority's approval of the application for shares registration for the purpose of direct listing in the Main Market, be allowed to provide information on the Issuer and its financial statements to the group of potential investors; In order to ascertain the extent to which potential investors are willing to invest in the Issuer's shares if they are directly listed in the Main Market.</p>	
<p>Article 31: Publication of Prospectus, Shareholders' Circular and Formal Notices</p> <p>a) The issuer must publish the prospectus and must ensure that it is made available to the public at least (14) days prior to the start of the offering.</p> <p>...</p> <p>d) The prospectus, the shareholders' circular, any supplementary prospectus or any supplementary circular (as applicable) shall be made available to the public on the websites of the issuer, the Exchange, the Authority and the financial advisor</p> <p>e) Where an issuer has published a disclosure after the publication of the prospectus or the shareholders' circular in a local</p>	<p>Article 31: Publication of Prospectus, Shareholders' Circular, Registration Document or Formal Notices</p> <p>a) The issuer must publish the prospectus or the registration document (where applicable) and must ensure that it is made available to the public at least (14) days prior to the start of the offering (In case of prospectus) and before direct listing (in case of registration document).</p> <p>...</p> <p>d) The prospectus, the shareholders' circular, the registration document, any supplementary prospectus, any supplementary circular or any supplementary registration document (as applicable) shall be made available to the public on the websites of the issuer, the</p>	<p>It is proposed to amend the title and provisions of Article (31) of the Rules for the purpose of regulating the provisions relating to the publication of the Registration Document prior to the direct listing of shares in the Main Market.</p>



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<p>newspaper, the disclosure must contain at least the following (if applicable):</p> <p>...</p> <p>2) the securities that are the subject of the relevant application for registration and offer and their value, type and class;</p> <p>3) the addresses and locations where the public may obtain the prospectus or the shareholders' circular;</p> <p>4) the date of publication of the prospectus or the shareholders' circular;</p> <p>...</p>	<p>Exchange, the Authority and the financial advisor</p> <p>e) Where an issuer has published a disclosure after the publication of the prospectus, the shareholders' circular or the registration document in a local newspaper, the disclosure must contain at least the following (if applicable):</p> <p>...</p> <p>2) the securities that are the subject of the relevant application for registration and offer or the application for registration of shares for the purpose of direct listing in the Main Market and their value, type and class;</p> <p>3) the addresses and locations where the public may obtain the prospectus, the shareholders' circular or the registration document;</p> <p>4) the date of publication of the prospectus, the shareholders' circular or the registration document;</p> <p>...</p>	
<p>Article 34: Dormant Applications The Authority may, at its absolute discretion, cancel an application for registration and offer of securities where such application has in the opinion of the Authority remained dormant. The effect of such cancellation is that if the issuer then wishes to seek approval for registration and offer of the same securities, it must make a new application in accordance with the process set out in these Rules.</p>	<p>Article 34: Dormant Applications The Authority may, at its absolute discretion, cancel an application for registration and offer of securities or an application for the registration of shares for the purpose of direct listing in the Main Market where such application has in the opinion of the Authority remained dormant. The effect of such cancellation is that if the issuer then wishes to seek approval for registration and offer of the same securities or the registration of shares for the purpose of direct listing in the Main Market, it must make a new application in accordance with the process set out in these Rules.</p>	<p>It is proposed to amend Article (34) of the Rules for the purpose of clarifying the Authority's powers concerning a cancelled application to register shares on the Main Market, and the consequences arising from such cancellation.</p>
<p>PART 7 Continuing Obligations</p>	<p>PART 7 Continuing Obligations</p>	<p>It is proposed to add the provisions of paragraph (d) to Article (72) of the Rules, for the purpose of regulating</p>



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<p>Chapter 2: Restrictions on Dealings</p> <p>...</p> <p>Article 72: Restrictions on Shares</p> <p>...</p>	<p>Chapter 2: Restrictions on Dealings</p> <p>...</p> <p>Article 72: Restrictions on Shares</p> <p>...</p> <p>d) In the event of the direct listing of the Issuer's shares in the Main Market, the shareholders of the issuer, specified in this paragraph, who own shares in the issuer, must not dispose of their shares during a period of twelve months from the date on which the issuers shares' trading first commences on the Exchange, except where the issuer states a longer lock up period in the registration document:</p> <p>1) The shareholder whose shares are listed in the Main Market and of which the issuer whose shares are to be listed is a subsidiary.</p> <p>2) The shareholders who owned shares in the issuer during the period commencing twelve months prior to the issuance of the recommendation of the board of directors of the shareholder, referred to in paragraph (1) above, to list the issuer's shares and ending on the date on which trading in the issuer's shares first commences on the Exchange.</p>	<p>restrictions on the shares of the company listed in the Main Market (of which the issuer is a subsidiary) and the shares of investors in the issuer (that wishes to be directly listed in the Main Market).</p>
<p>PART 13 ANNEXES</p>	<p>PART 13 ANNEXES</p> <p>ANNEX 12 (A) CONTENT OF A REGISTRATION DOCUMENT</p> <p>The registration document shall contain the following as minimum:</p> <p>1. Cover page</p> <p>This section must include the following information (where applicable):</p>	<p>It is proposed to add a new annex to Part Thirteen of the Rules entitled: "Annex (12) (A) Contents of a Registration Document" for the purpose of specifying the information required to be included in the Registration Document when submitting an application to register shares for the purpose of direct listing in the Main Market.</p>



	<ol style="list-style-type: none"> 1) the issuer's name; 2) the issuer's incorporation date and commercial registration number; 3) capital and number of shares; 4) share class and rights; 5) substantial shareholders; 6) shares that have been listed (if any); 7) a statement that the issuer has submitted the application to the Authority, and all requirements have been met; and 8) the following declaration: "This document includes information provided in compliance with the Rules on the Offer and Continuing Obligations issued by Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority"). The directors, whose names appear in this document, collectively and individually accept full responsibility for the accuracy of the information contained in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omissions of which would make any statement in the document misleading. The Authority and the Exchange do not take any responsibility for the contents of this document, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this document. Those wishing to buy listed shares under this document shall verify the information related to the shares being offered; and consult a 	
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	<p>licensed financial advisor when facing any difficulty understanding the contents of this document.”</p> <p>2. Important notice This section must include a notice which shows the purpose and the nature of information mentioned in the document.</p> <p>3. Corporate directory This section must include the following:</p> <ol style="list-style-type: none"> 1) issuer and its representatives' contact information, including addresses, telephone numbers, e-mail addresses, and the issuer's website. 2) the contact information, including addresses, telephone numbers, and website and e-mail addresses, for each of the parties listed below, and any other expert to whom a statement or report included in the registration document has been attributed: <ol style="list-style-type: none"> a. the financial advisor; b. the legal advisor; c. the external auditor; and d. the capital market institution authorised to offer or sell the shares. <p>4. Summary This section must include the following information (where applicable):</p> <ol style="list-style-type: none"> 1) the issuer's name, description and incorporation information; 2) the issuer's activities; 3) substantial shareholders showing their ownership percentages and number of shares prelisting; 4) the capital of the issuer; 5) issuer's total number of shares; 6) the nominal value per share; 7) the guiding share price upon listing as determined by the financial advisor; 8) the rights to dividends; 9) voting rights; 10) restrictions on shares; and 	
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	<p>11) shares that have been listed (if any).</p> <p>5. Summary of basic information This section must include the following:</p> <ol style="list-style-type: none"> 1) a description of the issuer; 2) the issuer's mission and overall strategy; and 3) the issuer's key strengths and competitive advantages. <p>6. Summary of financial information This section must include a summary of the following key financial information:</p> <ol style="list-style-type: none"> 1) issuer's operational performance; 2) financial condition; 3) cash flows; and 4) the issuer's key performance indicators. <p>7. Table of contents This section must include the table of contents for the registration document.</p> <p>8. Terms and definitions This section must include the terms and definitions used through the registration document.</p> <p>9. Risk factors This section must include information in relation to risk factors specific to:</p> <ol style="list-style-type: none"> 1) the issuer; 2) the market and industry in which the issuer operates; 3) the shares being directly listed in the Main Market; 4) the mechanism for determining the guiding share price; and 5) the direct listing in the Main Market. <p>10. Market and industry information This section must include information on market trends and industry information specific to the issuer's operations and the source of the information contained therein.</p> <p>11. Issuer's background and business nature</p>	



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	<p>This section must include the following information:</p> <ol style="list-style-type: none"> 1) the official name, commercial registration number and the address shown in the commercial registration and, if different, the principal address of the issuer; 2) the date of incorporation of the issuer; 3) the authorised shares of the issuer, the number of shares issued or agreed to be issued, the value paid up, the nominal value and a description of the shares; 4) a description and organisation chart of the group showing the issuer's position within that group (if applicable); 5) the general nature of the business of the issuer and details of the main products sold or services performed and an indication of any significant new products or activities; 6) if the issuer trades outside the Kingdom, a statement showing the location of such trading operations must be provided. Where a material portion of the issuer's assets is outside the Kingdom, the value and location of such assets and the value of the assets located in the Kingdom must be specified; 7) information concerning the policy of the issuer on the research and development of new products and production processes over the last financial year, where significant; 8) particulars of any interruption in the business of the issuer which may have or has had a significant effect on the financial position in the last 12 months; 9) the number of people employed by the issuer and any material changes to that 	



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	<p>number, with a breakdown of persons employed by main categories of activity and by Saudisation ratio; and</p> <p>10) a statement that no material change in the nature of the business is contemplated or, if one is contemplated, a detailed description of that change and its impact on the issuer's business and profitability.</p> <p>12. Ownership and Organisational structure</p> <p>This section must include the following information:</p> <ol style="list-style-type: none"> 1. Ownership structure in the issuer. 2. Management: <ol style="list-style-type: none"> a) the issuer's organisational chart showing the directors structure, supervisory committees, and the functions of senior executives; b) the full names and description of the most significant professional and academic qualifications and area of expertise and the date of appointment of all the directors or proposed directors (showing whether the director is independent or executive or non-executive), in addition to the senior executives and the secretary of the board; and c) a statement showing the direct or indirect interests of each director. d) information about the issuer's board committees, including the names of each committee member and a summary of the terms of reference under which the committee operates. e) information on the issuer's compliance with Corporate Governance Regulations. <p>13. Financial information and management discussion and analysis</p>	



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	<p>The information required below must be provided in relation to the issuer and the issuer's substantial subsidiaries (if applicable) for the three financial years or the financial year (as applicable) immediately preceding the application for registration the shares that are subject to this document as well as the period covered in the interim financial statements as per paragraph (4) of Article (23) of the Rules on the Offer of Securities and Continuing Obligations:</p> <ol style="list-style-type: none"> 1. comparative tables of financial information with commentary and analysis by management. The comparative tables must: <ol style="list-style-type: none"> a) be prepared on a consolidated basis; b) be extracted without material adjustment from audited financial statements; and c) include financial information presented in a form consistent with that which is adopted in the issuer's annual financial statements. 2. a report by certified external auditor to be prepared in accordance with the requirements of Annex (21) of the Rules on the Offer of Securities and Continuing Obligations in any of the following circumstances: <ol style="list-style-type: none"> a) where the external auditors' report on the financial statements of the issuer for last three financial years or last financial year (as applicable) immediately preceding the application for registration of the shares that are subject to this document has been qualified; b) where the issuer has undergone restructuring in the three financial years immediately preceding the date of the application for 	



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	<p>registration of the shares that are subject to this document;</p> <p>c) where any material change has been made to the accounting policies of the issuer; or</p> <p>d) where any material adjustment has been made or is required to be made to the published audited financial statements during the period referred to in subparagraph (a) above.</p> <p>3. details of holdings, including holdings in contractually based securities or other assets whose value may be subject to fluctuations or be difficult to ascertain with certainty, significantly affecting the assessment of the issuer's financial position.</p> <p>4. the information required below must be provided in relation to the financial, operating performance, and results of operations:</p> <p>a) performance indicators;</p> <p>b) the financial, operating performance, and results of operations of the main lines of business;</p> <p>c) any seasonal or business cycles which affect the business or the financial condition;</p> <p>d) an explanation of any material changes from year to year in the financial information;</p> <p>e) information regarding any governmental, economic, fiscal, monetary or political policies or other factors that have materially affected, or could materially affect, directly or indirectly, the operations;</p> <p>f) the funding structure;</p> <p>g) particulars of any alterations in the capital of the issuer, or where material, any of the issuer's substantial subsidiaries (if applicable) within the three</p>	



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	<p>years immediately preceding the date of the application for registration of the shares that are subject to this document. Such particulars must state the price and terms of any issues by the issuers or its subsidiaries; and</p> <p>h) a table showing any capital of the issuer or any subsidiaries subsidiary which is under option, including the consideration for which the option was granted, and the price and duration of the option, and the name and address of the grantee, or provide an appropriate negative statement.</p> <p>5. property, plant and equipment:</p> <p>a) a breakdown of any existing material fixed assets, including leased properties;</p> <p>b) an explanation of the issuer's depreciation policy and any changes contemplated in that policy; and</p> <p>c) any planned material fixed assets, including leased properties.</p> <p>6. in relation to debt, a statement on a consolidated basis as at the most recent date must be prepared covering the following:</p> <p>a) a breakdown and classification of any debt instruments issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the pledge is provided by the issuer or by third parties) and unsecured loans, or provide an appropriate negative statement;</p> <p>b) a breakdown and classification of all other borrowing or indebtedness, including bank overdrafts, liabilities under</p>	



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	<p>acceptances, acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowing and debt, or provide an appropriate negative statement;</p> <p>c) a breakdown and classification of all mortgages, rights and charges on the issuer, and its subsidiaries' properties, or provide an appropriate negative statement; and</p> <p>d) a breakdown of any contingent liabilities or guarantees, or provide an appropriate negative statement.</p> <p>7. a working capital statement in accordance with paragraph (8) of Article (23) of the Rules on the Offer of Securities and Continuing Obligations.</p> <p>8. a statement by the directors of any material adverse change in the financial or trading position in the three financial years preceding the application for registration of the shares that are subject to this registration document and during the period from the end of the period covered in the external auditors' report up to and including the date of approval of the document, or provide an appropriate negative statement.</p> <p>9. particulars of any commissions, discounts, brokerages or other non-cash compensation granted within the three years immediately preceding the application for registration of the shares that are subject to this document in connection with the issue or offer of any securities by the issuer or any of the issuer's subsidiaries (if applicable), together with the names of any directors,</p>	



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	<p>proposed directors, senior executives, persons offering or placing the securities or experts who received any such payment or benefit, or provide an appropriate negative statement.</p> <p>For the purpose of measuring the substantiality of a subsidiary, the issuer and its financial advisors must consider its impact on the investment decision in the securities and its price, including but not limited to, a subsidiary is considered substantial if it constitutes 5% or more of the total assets, liabilities, revenues or profits of the issuer, or any potential obligations or on it.</p> <p>14. Dividend policy This section must include an explanation of the issuer's dividend policy, as well as details on any dividend payments made during the last year.</p> <p>15. Costs of direct listing This section must include an estimation of the costs of direct listing in the Main Market.</p> <p>16. Declarations The directors of the issuer must make the following declarations:</p> <ol style="list-style-type: none"> 1) other than what has been mentioned on page [●] of this document, there has not been any interruption in the business of the issuer or any of its subsidiaries (if any) which may have or has had a significant effect on the financial position in the last 12 months. 2) other than what has been mentioned on page [●] of this document, no commissions, discounts, brokerages or other non-cash compensation have been granted within the last year preceding the application for registration for the issuance and offer of shares that are the subject of this document in connection with the issue or offer of any securities by the issuer or any of the issuer's subsidiaries (if applicable). 	



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	<p>3) other than what has been mentioned on page [●] of this document, there has not been any material adverse change in the financial and trading position of the issuer or any of its subsidiaries (if any) in the last year preceding the application for registration for the issuance and offer of shares.</p> <p>4) other than what is mentioned on page [●] of this document, no director nor any of their relatives have interest of any kind in the issuer or any of its subsidiaries (if any).</p> <p>17. Legal information This section must include the following legal information:</p> <p>1) the following declarations from the board of directors that:</p> <p>a) the issuance does not constitute a breach of the relevant laws and regulations in Saudi Arabia;</p> <p>b) the issuance does not constitute a breach of any contract/agreement entered into by the issuer;</p> <p>c) all material legal issues concerning the issuer have been disclosed in the registration document;</p> <p>d) other than what has been mentioned on page [●] of this document, the issuer and its subsidiaries are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the business of the issuer or its subsidiaries or their financial position; and</p> <p>e) other than what has been mentioned on page [●] of this document, the directors are not subject to any claims, litigious cases or any other type of legal proceedings that could individually or collectively have a material effect on the</p>	



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	<p>business of the issuer or its subsidiaries or their financial position.</p> <p>2) a summary of the provisions of the issuer's bylaws and other constitutional documents, including but not limited to:</p> <ul style="list-style-type: none"> a) the object clause; b) provisions relating to the issuer's administrative, management and supervisory bodies; c) provisions relating to the rights and restrictions attached to the issuer's securities; d) provisions governing the alteration of share rights or classes; e) provisions governing the conduct of general assembly meetings; f) provisions governing liquidation and winding up; g) any power enabling a director or the CEO to vote on a contract or proposal in which he has an interest; h) any power enabling a director or the CEO to vote on remuneration to themselves; and i) any powers allowing the directors or the senior executives to borrow from the issuer. <p>3) a summary of all material contracts.</p> <p>4) a summary of all related party material contracts.</p> <p>5) a relation to the issuer and its subsidiaries (if applicable), the following must be included:</p> <ul style="list-style-type: none"> a) particulars of any intangible assets such as trademarks, patents, copyright or other intellectual property rights which are material in relation to the issuer's or any of its subsidiaries (if 	



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	<p>applicable) business or profitability, and a statement regarding the extent to which the issuer or any of its subsidiaries (if applicable) is dependent on such assets; and</p> <p>b) particulars of any litigation or claim (including any litigation pending or threatened) or any ongoing investigations which may have a material effect on the issuer's or any of its subsidiaries business or financial position, or an appropriate negative statement.</p> <p>6) as to the shares that are the subject of the application, a description of the rights of the holders of the shares must be provided, as follows:</p> <p>a) the voting rights, rights to dividends, rights to redemption or repurchase or to surplus assets on liquidation, winding up or otherwise, and all other significant information regarding the rights of the holders of such shares; and</p> <p>b) a summary of the approvals necessary for the variation of such rights.</p> <p>18. Information concerning the shares and terms of direct listing</p> <p>This section must include the following information:</p> <p>1) a statement that application has been made to the Authority for the registration of shares for the purpose of direct listing in the Main Market;</p> <p>2) the guiding share price upon listing and the nominal value of each share;</p> <p>3) when and under what circumstances the shares may be suspended;</p> <p>4) a description of the resolutions, and approvals</p>	



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	<p>by virtue of which the shares will be listed; and</p> <p>5) details of any lock-up arrangement in place restricting the disposal of particular shares.</p> <p>19. Documents Available for Inspection This section must include information in relation to the place at which the following documents may be inspected and the period of time during which the inspection may take place (being not less than 7 days before the end of the listing period):</p> <ol style="list-style-type: none"> 1) the by-laws and other constitutional documents of the issuer; 2) any document or order granting permission to directly list shares in the Main Market; 3) all other reports, letters, documents or statements prepared by any expert and any part of which is extracted or referred to in the registration document; and; 4) The mechanism by which the guiding price is determined. 5) the audited annual financial statements of the issuer for the three most recent financial years or the most recent financial year (as applicable) prior to the date of publication of the registration document, in addition to the most recent interim financial statements. <p>20. External auditor's report The issuer's audited annual financial statements for the last three years or the last year (as applicable) preceding the date of the publishing the registration document, in addition to the most recent interim financial statements (if any), must be enclosed.</p>	
PART 13 ANNEXES	PART 13 ANNEXES	It is proposed to amend Annex (21) of Part Thirteen of the Rules relating to the legal accountant's report for the purpose of specifying the details of the legal



RULES ON THE OFFER OF SECURITIES AND CONTINUING OBLIGATIONS		
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<p>ANNEX 21 EXTERNAL AUDITOR'S REPORT</p> <p>This Annex details the external auditor's report which is prepared pursuant to, Annex (12) (Contents of a Prospectus for Shares), Annex (13) (Content of a Prospectus for a Rights Issue), Annex (14) (Contents of a Prospectus for Debt Instruments and Convertible Debt Instruments for an issuer without securities listed on the Exchange), Annex (15) (Content of a Prospectus for Debt Instruments for an issuer that has securities currently listed on the Exchange), and Annex(17) (Contents of a Registration Document for Registration of Debt Instruments Offered by Way Of Private Placement For An Issuer Without Securities Listed On The Exchange) to the Rules on the Offer of Securities and Continuing Obligations. The Authority must be consulted in cases where the issuer is uncertain as to whether an external auditor's report is required.</p> <p>...</p> <p>1) Contents of external auditor's report:</p> <p>...</p> <p>d) The report must include the following financial information, presented in a form consistent with that which is adopted in the issuer's annual financial statements, and must cover the three financial years immediately preceding the application for registration and offer of securities subject to the relevant prospectus or the application for the registration of securities subject to the relevant registration document [use as applicable]:</p> <p>...</p>	<p>ANNEX 21 EXTERNAL AUDITOR'S REPORT</p> <p>This Annex details the external auditor's report which is prepared pursuant to, Annex (12) (Contents of a Prospectus for Shares), Annex (12)(A) (Contents of a Registration Document), Annex (13) (Content of a Prospectus for a Rights Issue), Annex (14) (Contents of a Prospectus for Debt Instruments and Convertible Debt Instruments for an issuer without securities listed on the Exchange), Annex (15) (Content of a Prospectus for Debt Instruments for an issuer that has securities currently listed on the Exchange), and Annex(17) (Contents of a Registration Document for Registration of Debt Instruments Offered by Way Of Private Placement For An Issuer Without Securities Listed On The Exchange) to the Rules on the Offer of Securities and Continuing Obligations. The Authority must be consulted in cases where the issuer is uncertain as to whether an external auditor's report is required.</p> <p>...</p> <p>1) Contents of external auditor's report:</p> <p>...</p> <p>d) The report must include the following financial information, presented in a form consistent with that which is adopted in the issuer's annual financial statements, and must cover the three financial years immediately preceding the application for registration and offer of securities subject to the relevant prospectus, or the three financial years or the financial year (as applicable) immediately preceding the application for the registration of securities subject</p>	<p>accountant's report required pursuant to Annex 12 (a) relating to the contents of the Registration Document for the registration of shares in the Main Market, which is proposed to be added under the project.</p>



RULES ON THE OFFER OF SECURITIES AND CONTINUING OBLIGATIONS		
Current Provision	Proposed Amendments	Explanation
<p>5. any notes to the financial statements covering, as a minimum, the last three financial years.</p> <p>...</p> <p>In the case of a new application for registration and offer of securities or application for the registration of securities [use as applicable], where the external auditor's report on the audited financial statements for the last three financial years of any undertaking acquired by the issuer during the period under review has been qualified, the issuer will be regarded as unsuitable for registration and offer of the securities or registration of securities [use as applicable] unless the Authority is satisfied that the qualification has been adequately explained so as to enable the investors to make a proper and appropriate assessment of the significance of the matter that is the subject of the qualification.</p>	<p>to the relevant registration document [use as applicable]:</p> <p>...</p> <p>5. any notes to the financial statements covering, as a minimum, the last three financial years or to the financial statements covering, as a minimum, the last financial year (as applicable).</p> <p>...</p> <p>In the case of a new application for registration and offer of securities or application for the registration of securities [use as applicable], where the external auditor's report on the audited financial statements for the last three financial years or the audited financial statements for the last financial year (as applicable) of any undertaking acquired by the issuer during the period under review has been qualified, the issuer will be regarded as unsuitable for registration and offer of the securities or registration of securities [use as applicable] unless the Authority is satisfied that the qualification has been adequately explained so as to enable the investors to make a proper and appropriate assessment of the significance of the matter that is the subject of the qualification.</p>	

D) Proposed amendments to Glossary of Defined Terms Used in The Regulations and Rules of The Capital Market Authority compared with the current provisions:

Glossary of Defined Terms Used in The Regulations and Rules of The Capital Market Authority		
Current Provision	Proposed Amendments	Explanation
<p>Application for Registration: the registration of shares with the Authority or, where the context permits, submitting an application</p>	<p>Application for Registration: the registration of shares with the Authority or, where the context permits, submitting an application for the registration of shares for</p>	<p>It is proposed to amend the definition of the term “Application for Registration” set out in the glossary of defined terms used in the regulations and rules of</p>



Glossary of Defined Terms Used in The Regulations and Rules of The Capital Market Authority		
Current Provision	Proposed Amendments	Explanation
for the registration of shares for direct listing on the Parallel Market.	direct listing on the Main Market or the Parallel Market.	the Capital Market Authority in light of the proposed provisions regulating the registration of shares in the Main Market under Part Four of the Rules on the Offer of Securities and Continuing Obligations pursuant to the draft.
Main Market: the market of Exchange where securities, that have been registered and offered pursuant to Part 4 of the Rules on the Offer of Securities and Continuing Obligations, are traded.	Main Market: the market of Exchange where securities, that have been registered and offered or registered pursuant to Part 4 of the Rules on the Offer of Securities and Continuing Obligations, are traded.	It is proposed to amend the definition of the term “ Main Market ” set out in the glossary of defined terms used in the regulations and rules of the Capital Market Authority in light of the proposed provisions regulating the registration of shares in the Main Market under Part Four of the Rules on the Offer of Securities and Continuing Obligations pursuant to the project.
Registration Document: the document required for the registration of shares with the Authority for direct listing on the Parallel Market pursuant to the Rules on the Offer of Securities and Continuing Obligations.	Registration Document: the document required for the registration of shares with the Authority for direct listing on the Main Market or the Parallel Market pursuant to the Rules on the Offer of Securities and Continuing Obligations.	It is proposed to amend the definition of the term “ Registration Document ” set out in the glossary of defined terms used in the regulations and rules of the Capital Market Authority in light of the proposed provisions regulating the registration of shares in the Main Market under Part Four of the Rules on the Offer of Securities and Continuing Obligations pursuant to the project, including the provisions governing the Registration Document.
Independent Financial Advisor: means in the Merger & Acquisition Regulations, a financial advisor who is authorized by the Authority and is independent of its appointor (whether it is the offeror, offeree company or any other person obligated to appoint an independent financial advisor in accordance with the Merger & Acquisition Regulations). Circumstances under which the financial advisor shall not be considered independent of its appointor include, but are not limited to the following:	Independent Financial Advisor: means in the Merger & Acquisition Regulations, a financial advisor who is authorized by the Authority and is independent of its appointor (whether it is the offeror, offeree company or any other person obligated to appoint an independent financial advisor in accordance with the Merger & Acquisition Regulations). Circumstances under which the financial advisor shall not be considered independent of its	It is proposed to amend the definition of the term “ Independent Financial Advisor ” set out in the glossary of defined terms used in the regulations and rules of the Capital Market Authority in light of the proposed provisions regulating the registration of shares in the Main Market under Part Four of the Rules on the Offer of Securities and Continuing Obligations pursuant to the project, including the provisions



Glossary of Defined Terms Used in The Regulations and Rules of The Capital Market Authority		
Current Provision	Proposed Amendments	Explanation
...	<p>appointor include, but are not limited to the following:</p> <p>...</p> <p>And means in Part Four of the Rules on the Offer of Securities and Continuing Obligations, a financial advisor who is authorized by the Authority and is independent of both the person that appointed it and the issuer whose shares are listed in the Main Market (where the appointing person is considered to be a subsidiary of such issuer). Circumstances under which the financial advisor shall not be considered independent include, but are not limited to, the Circumstances set out above for the purpose of the Merger & Acquisition Regulations.</p>	<p>regulating the obligations and requirements of the financial advisor, including the requirement that the financial advisor of an issuer wishing to register its shares in the Main Market be an independent financial advisor</p>