



**Circular (3 /2025)  
Regarding Dividend Distribution Policy  
guidelines For Listed Companies**

**تعميم (2025/3)  
بشأن الدليل الاسترشادي لاعداد سياسة توزيعات  
الأرباح في الشركات المدرجة**

After Compliments,

تحية طيبة وبعد،،،

In interest of enhancing market transparency and supporting investors in making investment decisions, All publicly listed joint stock companies in Muscat Stock Exchange must prepare a dividend distribution policy in accordance with the guidelines attached to this circular. Companies must disclose the aforementioned policy on its official website and on MSX website upon the company's board of directors' approval.

حرصًا على تعزيز الشفافية ودعم القرارات الاستثمارية لدى المستثمرين في بورصة مسقط؛ على كافة شركات المساهمة العامة المدرجة لدى بورصة مسقط إعداد سياسة حول توزيعات الأرباح لديها، وذلك وفقًا للدليل المرفق بهذا التعميم، وعلى الشركات الإفصاح عن السياسة المشار إليها أعلاه عبر موقعها الإلكتروني الرسمي والموقع الإلكتروني لبورصة مسقط بعد اعتمادها من مجلس إدارة الشركة.

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Chief Executive Officer

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# Dividend Distribution Policy Guidelines for Listed Companies



## 1. Introduction:

Upon studying the dividend distribution landscape in Oman as part of MSX Capital Market Development initiative, MSX researchers identified the need to improve transparency and disclosure among issuers, for investors to make better more informed investment decisions.

The study analysed the local, regional and international dividend distribution practices and assessed the need for a dividend distribution policy statement practice to be adopted by local issuers in line with international best practices.

Therefore it was then suggested to create a basic dividend distribution policy template along with additional guidelines on the types of disclosures required by local investors.

Points 8 and 9 in the guideline align the entire issuer market with a unified template along with guidelines to create awareness on the types of disclosures imperative for the investor community, along with their impact analysis on investors.



## 2. Purpose

To align the local issuers market on a unified dividend policy template for issuers to improve disclosures and information related to companies' dividend distribution strategies for investors to make better, informed investment decisions.

## 3. Scope

The guidelines and template are for MSX Secondary Market Listed Companies (Board – Dividend Distribution Approvers/C-Suite (Finance team) – Dividend Planners & Compliance/IR Function or Board Secretary – for investor engagement and explanation of the Policy).

## 4. Rules & Standards

The template should be adopted by all issuers as is, during their first AGM to announce the dividend distribution policy after the 5<sup>th</sup> of February 2025.

## 5. Responsibilities

The issuers are responsible for planning the dividend distribution, preparing the policy and providing additional disclosures on company's official website and MSX website, while the BoD approves and announces the policy statement and the front line IR/Compliance or BoD Secretary is in charge of investor engagement.

## 6. Compliance

To comply with the dividend policy circular and template until the first AGM post announcement, if missed the first AGM deadline, the compliance must be within one year from the issuance of the circular, which will be by the end of first quarter 2026.

## 7. Governing law

The policy shall be governed by and construed in accordance with the commercial companies law and its regulations.



## 8. Dividend Distribution Policy Guidelines Template:

### **Company (X) SAOG Listed on MSX Dividend Distribution Policy Statement**

**BoD Decision:** The Board of Directors of Company (X) listed on MSX has decided in its meeting on (Date) and agreed on a decision regarding Dividend Distribution Policy

**Dividend to Share Holder Intent:** To Pay / or Not to Pay

**Interval:** Annual / Biannual / Quarterly / etc.

**Dividend Distribution Strategy:** Cash/Bonus/DRIP etc.

**Company's Financial Position:** Earnings/ Net Profit / Debt Ratios / etc.

**Growth Strategy:** Distribution or Reinvestment Plans

**Industry Update:** Economic Conditions / Macro environment / Competitive advantage update / etc.

**Dividend Distribution plan:** what will be disclosed in the dividend announcement (Dates & Ratios)

**Dividend Announcement Placement Plan:** Where to look for dividend announcement (Ideally company portal and MSX portal)

**Dividend Approval:** BoD/ Management responsible personnel names

**Policy Rationale:** Reasons behind the interval and payment plan

**Additional Information:** (Custom to each company's need as per the Optional Components under point 9)

**Legal Clause (If Any):** Declarations/ Share Classes/ Rights retention on changes and amendments / Legal Authority / etc

**Amendment:** Clause of amendment interval and rights as per company's experience with irregularities.

**Disclaimer:** Any additional information that are valuable to investor perception of the Dividend Distribution Policy / payment plan / and ratios declared should be mentioned here as - subject to disclaimer point 1/2/3

**Contact Information:** for more information/ clarification/ dividend related information – directed to IRO or anyone with full info on Dividend Distribution Policy within the company.

## 9. Optional Components of Dividend Distribution Policy Vs Investor Perception Summary:

* Could Incorporate #Optional		INFORMATION DISCLOSED IN THE DIVIDEND DISTRIBUTION POLICY DOCUMENTS	DEFINITION OF DISCLOSURE	INVESTOR PERCEPTION
*	1.	<b>Prominence:</b>	On a Public Platform (Company/MSX Website) on a specific Date	Disclosures must be easy to notice.
*	2.	<b>Presentation:</b>	Bilingual (English/Arabic) with important dates highlighted in a simple understandable language with steric upon notes for further clarification	They should be simple and easy to understand.
*	3.	<b>Placement:</b>	Under IR Portal/Page Dividend History Page	Disclosures need to be where people can see them.
*	4.	<b>Proximity:</b>	They must be near the claims they support. Near Dividend History	So investor can understand the rationale behind dividend distribution.
*	5.	<b>Dividend Pay-ability &amp; Frequency (Interval):</b>	The impact of the dividend pay-ability on the current financial status of the company and the number of times the dividend will be paid during the year.	Investor expectation management and ease of decision making.
*	6.	<b>Cash Dividends</b>	A financial distribution made by a company to its shareholders, representing a portion of its profits and free cash flow, while providing shareholders with immediate monetary benefits.	A change in cash dividend pay-out can impact investor perception where a cut can be perceived as a sign of financial trouble, potentially eroding investors' confidence in the company. This all cash dividend pay-outs must be with disclosures and further explanations in order to retain investor trust.
*	7.	<b>Bonus Shares</b>	A bonus issue is considered as an alternative by many companies to dividends. In dividends, a company gives out extra money to shareholders from its net profits, in a bonus issue the shareholders are given extra shares. It increases the share capital of the company and makes it attractive for investors.	Or Stock dividends, give you more shares, possibly increasing your future profits from the company's growth.  Bonus issue expands a company's equity base and makes it more liquid.  On the other hand, a company may announce a stock split when it wants to reduce the price of shares and make it more affordable

				for investors. This is also done to increase the liquidity of the shares.
#	8.	<b>DRIP</b>	A dividend reinvestment plan, or DRIP, automatically uses the proceeds generated from dividend stocks to purchase more shares of the company. This strategy allows investors to compound their returns over time by accumulating more shares, which themselves pay dividends that will be reinvested.	Investors aiming for long-term growth might find a DRIP appealing.
*	9.	<b>Dividend Declaration Announcement/Date</b>	The declaration date is the date on which the board of directors of a company announces the next dividend payment. This statement includes the dividend's size, ex-dividend date, and payment date. The declaration date is also referred to as the "announcement date."	This announcement aligns investor expectation, and a consistent dividend declaration timeline further stabilizes investor trust in the company.
*	10.	<b>Cum Dividend</b>	Stocks are usually "cum dividend" for trades made on or before the third trading day preceding the record date, when the register of eligible holders is closed for that dividend period. A stock will trade cum dividend until the ex-dividend date.	Last day of trading for investors with entitlement to dividends.
*	11.	<b>Ex-Dividend</b>	A stock trading without the value of the next dividend payment. The ex-dividend date or "ex-date" is usually one business day before the record date.	First day of trading without entitlement to dividends. Investors who purchase a stock on its ex-dividend date or after will not receive the next dividend payment. Instead, the seller gets the dividend.
*	12.	<b>Record-Date</b>	Record date, also known as the cut-off date, is the specific day on which a company finalizes the list of shareholders eligible for its forthcoming dividend distribution.	The day on which all shareholders on the register will be entitled to dividends.
*	13.	<b>Payment-Date</b>	The pay date for the dividend after the ex-dividend date passes.	Dividend payment date to entitled shareholders.
*	14.	<b>Dividend Pay-out ratio</b>	Calculated as annual dividends per share (DPS) divided by earnings per share (EPS) or total dividends divided by net income.	Investors consider companies that pay out less than 50% of their earnings stable, with the potential to raise its earnings over long term.

#	15.	<b>Dividend Coverage ratio</b>	Dividend Coverage Ratio (DCR) calculates how many times a company can pay dividends to its shareholders using net income. This is also commonly known as dividend cover.	Enables investors to estimate their risk of not receiving dividends in future.
#	16.	<b>Free Cash Flow to Equity (FCFE),</b>	The FCFE ratio measures the amount of cash that could be paid out to shareholders after all expenses and debts have been paid. The FCFE is calculated by subtracting net capital expenditures, debt repayment, and change in net working capital from net income and adding net debt.	Investors typically want to see that a company's dividend payments are paid in full by FCFE.
#	17.	<b>Net Debt to Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) ratios</b>	The net debt to EBITDA ratio is calculated by dividing a company's total liability less cash and cash equivalents by its EBITDA. The net debt to EBITDA ratio measures a company's leverage and its ability to meet its debt.	For Investors The net debt to EBITDA ratio measures a company's leverage and its ability to meet its debt, a lower ratio, against its industry average is more attractive, and a high ratio indicates that the company may cut its dividend in the future.
#	18.	<b>Announce even if you have Zero Dividend Policy</b>	A zero dividend policy is when a company decides not to distribute any dividends to its shareholders. Instead, the company reinvests all its earnings back into the business. This is often seen in start-ups or companies in growth phases where all profits are reinvested to fuel expansion and growth.	It reinstates investor confidence in the strategic planning of the company, with a promise of capital growth and tax benefits.
#	19.	<b>Company's Financial Health</b>	Net income is a reflection of companies profit and dividend percentage in comparison to net profit is a healthy display to investors their share in the money the company makes.	Before corporations were required by law to disclose financial information a company's ability to pay dividends was one of the few signs of its financial health. And, dividends still remain a worthwhile yardstick of a company's prospects.
#	20.	<b>Economic Condition</b>	Giving an Economic, industry or Sector overview in the dividend policy helps investor understand	Helps investor assess their investment growth better in comparison to dividend pay-

			the pay-out ratios better.	out ratio with its industry average.
#	<b>21. Business Expansion Plans</b>	For ex. Young, fast-growing companies such as those in the technology and biotechnology sectors may not pay regular dividends since they may be in the early stages of development and retain all of their earnings for research and development, business expansion, and operational activities.	Investors tend to forgive the lack of a dividend if the company's stock price is growing rapidly.	
# * (In case of 8. DRIP announcement)	<b>22. Debt Levels</b>	Debt to equity Ratio is a good way of asserting a company's DRIP or Bonus share policies as they use their profits for reinvestment, it is an acceptable reasoning behind dividend distribution policy.	While a history of steady or increasing dividends is certainly reassuring, investors usually worry companies that rely on borrowings to finance those payments, may not be able to meet the obligation, thus it is important to identify current debt levels and repayment plans and contingencies, to maintain investor trust in companies' ability to comply with borrowing commitments.	