



NASDAQ DUBAI: LISTING RULES V2

CONSULTATION PAPER NO 1 OF 2011

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PROPOSED CHANGES TO THE NASDAQ DUBAI LISTING RULES

ناسداك دبي
NASDAQ DUBAI

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WHY ARE WE ISSUING THIS PAPER?

1. NASDAQ Dubai is issuing this Consultation Paper to facilitate public comment on its proposed new Listing Rules (the “New Rules”). The current Listing Rules were first published on 25th September 2005 (the “Original Rules”), and have not been amended since that time. The New Rules propose significant changes, both in terms of framework and content.
2. Pursuant to section 9.2.1 of the Authorised Market Institutions module of the DFSA, in order for any amendment to the Listing Rules to become effective, the amendments must be (a) available for market consultation and (b) approved by the DFSA.
3. NASDAQ Dubai therefore wishes to notify and consult with its stakeholders in relation to the New Rules.

WHO SHOULD READ THIS PAPER?

4. This Paper will be of interest to existing Issuers admitted to the Official List of NASDAQ Dubai, and potential Issuers. It will also be of interest to Members of NASDAQ Dubai, advisors of Issuers (existing or potential) and to the general investment community and public.

HOW TO PROVIDE COMMENT?

5. All comments should be in writing and forwarded to listing.authority@nasdaqdubai.com on or before **17 March 2011**.
6. You may, if relevant, identify the organisation you represent in providing your comments. NASDAQ Dubai may publish, including on its website, any comments you provide.

WHAT HAPPENS NEXT?

7. Once all comments are received, NASDAQ Dubai will consider if any further amendments are required to the proposals set out in the New Rules. NASDAQ Dubai may then proceed to adopt the New Rules, following the required approval of the DFSA. No one should act on the proposals as set out in this Paper until the New Rules have been adopted by NASDAQ Dubai.

TERMINOLOGY IN THIS PAPER

8. Capitalised terms in this Paper have the same meaning as those terms defined in the New Rules. Terms not defined in the New Rules are identified and defined throughout this Paper.

RELIANCE ON THIS PAPER

9. This Paper has been prepared for the purposes of consultation only and should not be relied upon in interpreting the New Rules.

BACKGROUND

10. This Paper provides an overview of the changes proposed to the Listing Rules. In drafting the New Rules, NASDAQ Dubai has addressed concerns raised by market participants in the course of their interaction with the Original Rules. The New Rules aim to build on the Original Rules by ensuring that NASDAQ Dubai maintains a listing regime which strikes an appropriate balance between flexibility and regulation.
11. NASDAQ Dubai (under its former name of Dubai International Financial Exchange) previously consulted on proposed amendments to the Listing Rules in September 2008. Those amendments were not adopted, and consideration of this Paper should be against the Original Rules, rather than the changes proposed in September 2008.
12. NASDAQ Dubai has continued to monitor developments in relation to listing rules, both regionally and internationally, to ensure that it maintains leadership in relation to listing rule developments in the region. NASDAQ Dubai also remains in dialogue with its market participants, and feedback from these participants, particularly in the listing rule working groups in mid-2009 and early 2010, has been important in drafting the New Rules.

SUMMARY OF PROPOSED CHANGES

13. The changes incorporated in the New Rules are designed to ensure that the Listing Rules continue to operate to the highest standards and that NASDAQ Dubai continues to be a key participant in capital markets (in the DIFC, the region and internationally).
14. The key proposed changes to the Listing Rules include the following:
 - **Prospectus Offer** – All Primary Listings of Equity Securities on NASDAQ Dubai must be conducted by way of a Prospectus.
 - **Genuine Investor Interest** – Issuers of Securities must demonstrate ‘genuine investor interest’. For Issuers of Equity Securities, this may be demonstrated either by obtaining a minimum number of holders or by a Retail Set Aside. The required free float minimum of 25% is also an indication of ‘genuine investor interest’.
 - **Security Specific Rules** – The Listing Rules now specifically cater for the following:
 - i. Equity Securities (including mining, and oil and natural gas). Specific Listing Rules have also been established in relation to both Ordinary and Preference Shares;
 - ii. Debt Securities (including Asset Backed Securities, Mortgage Backed Securities and retail offers of Debt Securities);
 - iii. Units of Collective Investment Funds (including Exchange Traded Funds and REITs);
 - iv. Structured Products (including Exchange Traded Commodities); and
 - v. Sharia Compliant Securities.

- **Alternative Equity Listing Eligibility Standards** – Issuers of Equity Securities may qualify for Listing under any of four alternative tests, being:
 - i. A \$50 million market capitalisation test;
 - ii. A \$20 million market capitalisation test;
 - iii. A profits test; or
 - iv. An assets test.
 - **Lead Manager** – Issuers of Securities, particularly Equity Securities, may engage a Lead Manager to provide compliance and marketing support in relation to their Listing and Offer.
 - **Credit Rating** – Debt Issuers must have an investment grade credit rating, or provide a ‘guarantee’ of the debt.
 - **IFRS** – All Issuer accounts must be audited under IFRS, or to an IFRS-equivalent standard.
 - **Continuous Disclosure** – Issuer exemptions from disclosure of Price Sensitive Information have been introduced, focusing on the concepts of confidentiality, the nature of the information, and whether a reasonable person would expect the information to be disclosed.
 - **Interim Financial Reports** – To improve transparency, Issuers of Equity Securities will be required to disclose financial information on a quarterly basis.
 - **Issuer Ongoing Eligibility:** Ongoing obligation are now clarified and updated, and focus on the following areas:
 - i. Sufficient Operations
 - ii. Free Float
 - iii. Communication and Compliance
 - iv. Financial Condition
 - v. Genuine Investor Interest
 - vi. Proportion of Assets in Cash
 - vii. Corporate Governance
 - **Trading Halts** – Issuers will continue to have the power to request suspension of their Securities, but will also have access to the less onerous tool of a trading halt, which Issuers may request for up to two Business Days.
15. The key proposed changes outlined in paragraph 14, as well as the other changes proposed in the New Rules, are addressed in more detail throughout this Consultation Paper.
16. NASDAQ Dubai is not proposing a fundamental change to the process of approving Applications for Admission to the Official List. The New Rules are aimed at providing greater clarity to Issuers and their advisers, aiding not just the process of Application, but also the process of maintaining a listing on an ongoing basis.

The 'framework' of the Listing Rules

17. The Original Rules were divided into 8 Parts:

- General
- Eligibility
- Admission Procedures
- Sponsors
- Continuing Obligations
- Suspensions Delisting and Cancellation
- Appeals
- Governing Law and Jurisdiction

18. NASDAQ Dubai is now taking the opportunity to streamline the 'framework' of the Listing Rules. The New Rules are divided into 9 distinct, and more self-evident, chapters. These chapters are as follows:

- Chapter 1: Introduction
- Chapter 2: General Admission Rules
- Chapter 3: Security Specific Admission Rules
- Chapter 4: General Ongoing Obligations
- Chapter 5: Security Specific Ongoing Obligations
- Chapter 6: Securities and Proposed Actions
- Chapter 7: Regulatory Powers and Requirements
- Chapter 8: Interpretation and Definitions
- Chapter 9: Appendices, Forms and Timetables

A new, non-binding section on Guidance Notes is also proposed.

19. Where possible, for the purposes of the New Rules, NASDAQ Dubai has streamlined the Listing Rules such that reliance upon the number of appendices/tables which prescribed eligibility and ongoing obligations have been removed, and these requirements are now within the rules themselves.

20. The New Rules have been provided in marked-up form, so the reader can clearly identify new or amended rules. Where sections of the Listing Rules, or individual rules, remain clean, this means that there have been no changes (apart from a possible movement of their position within the framework of the Listing Rules). The revised table of contents within each chapter may be used as a 'roadmap' to navigate the New Rules.

General Amendments

21. Some of the general amendments in the New Rules include the following:

- All references to DIFX now read as NASDAQ Dubai.
- References to 'Price Sensitive Information' and 'Material Information' have been consolidated so that the New Rules refer only to Price Sensitive Information. We believe this provides consistency and clarity. Previously the terms had been used interchangeably to mean the same thing, but may have raised doubts about whether material information was the same as Price Sensitive Information.

- Expansion of the use of guidance throughout the Listing Rules. Guidance has been included for the purpose of clarifying to market participants how NASDAQ Dubai interprets the Listing Rules and how the Listing Rules should be applied in order to ensure compliance.
22. The following paragraphs set out the key changes that NASDAQ Dubai is proposing in each of the 9 chapters. Marked-up and clean forms of the New Rules are attached.

CHAPTER 1. INTRODUCTION

Chapter 1 sets out the objectives and the application of the Listing Rules.

23. **Objectives of the Listing Rules:** The New Rules identify a set of objectives that provide the foundation upon which the Listing Rules are based. Many of the changes introduced in the New Rules have resulted from the introduction of these objectives. These objectives are:
- Maintain a fair, well-informed and transparent market for Securities;
 - Ensure an internationally competitive and accessible capital market;
 - Provide a strong and liquid capital market to serve Issuers, investors, the DIFC, the wider GCC region and the international financial community;
 - Follow international recognised standards of regulation in relation to the Listing of Securities;
 - Enable NASDAQ Dubai to enforce the Listing Rules in a fair and transparent manner;
 - Provide sufficiently flexible Listing standards to promote capital raising within the DIFC and wider region;
 - Ensure a timely flow of disclosures and financial information by Issuers; and
 - Provide certainty of trading for investors and market participants.
24. **Application of the Listing Rules:** NASDAQ Dubai has provided detail as to how it interprets, administers and enforces the Listing Rules. The Listing Rules are to be interpreted:
- Pursuant to their spirit, intention and purpose;
 - By looking beyond form or content to substance; and
 - In support of the objectives of the Listing Rules.

Are the objectives of the Listing Rules appropriate? Is NASDAQ Dubai's interpretative approach too broad, or does it give NASDAQ Dubai the latitude required to administer the Listing Rules?

Do you have any other concerns or comments in relation to the proposed changes set out in chapter 1?

CHAPTER 2. GENERAL ADMISSION RULES

Chapter 2 contains the general admission rules applicable to all types of Securities and Issuers. Rules in Parts 2, 3, 4 and the general rules in Appendix E parts 1 & 2 of the Original Rules are now primarily located in this chapter.

25. **Issuer's Audited Accounts:** Listing Rule 2.5 describes the acceptable accounting standards for Primary and Secondary Listings. NASDAQ Dubai will accept accounts that have been audited under IFRS or an accounting standard it deems as equivalent to IFRS. For example, U.S. GAAP or Canadian GAAP would be acceptable. We believe this proposal is in line with the requirements of our peer jurisdictions, particularly within the European Union.
26. **Issuer's ongoing contact:** The Original Rules required one ongoing contact to act as a principal channel of communication with NASDAQ Dubai. We have found this problematic as the one contact person, if not immediately reachable during trading hours, impedes effective communication. The New Rules (Listing Rule 2.6) require that two ongoing contacts be available prior to and during trading hours, and have good knowledge and understanding of the Issuer's business, as well as the relevant rules and requirements.
27. **Listing application review process:** The reference to the 12 day review process in the Original Rules has been removed (Listing Rule 2.9.5). This review process did not accurately reflect the actual time taken for processing an Application, which in recent cases has been much shorter. The time taken for processing an Application will be subject to receipt of final and satisfactory documentation, with full appreciation of the speed necessary to allow for a capital raising. We also expect to work closely with the DFSA in streamlining the overall regulatory approval process, to ensure maximum time efficiency. NASDAQ Dubai generally expects that its listing decisions will be made within one week of receipt of final and satisfactory documentation. NASDAQ Dubai will continue to use the FAQ section on its website to communicate key information on the timing of the review process and steps that issuers may take to expedite the process.¹
28. **Admission & Approval Process:** The New Rules provide significantly more clarity to the admission and approval process, and identify the documents required for Admission and the timeframes for submission. Furthermore, Listing Rule 2.14 lists the documents that will be published on the NASDAQ Dubai website.
29. **Secondary Listing:** Issuers seeking a Secondary Listing on NASDAQ Dubai must meet the requirements of the New Rules, including 'genuine investor interest', but may request waivers or modifications from the New Rules, if there is inconsistency with the requirements of an Issuer's Primary Listing.

Do you have any comments or concerns as to whether the changes to the Admission rules and the Application process are clear and enforceable?

30. **Lead Manager Regime:** The New Rules propose a Lead Manager regime in place of the Sponsor regime in the Original Rules. A Lead Manager's role is to advise and assist an Issuer during the Application process, and ensure that the directors of the Issuer understand the nature and scope of their responsibilities in connection with any offer and the ongoing

¹ http://www.nasdaqdubai.com/issuers/faq_listings.html

obligations of an Issuer. Under the proposals, the Lead Manager would be required to submit a declaration to NASDAQ Dubai (as set out in Form 5 of chapter 9). Liability for disclosures made in the prospectus would remain with the Issuer, and not with the Lead Manager. The responsibilities of the Lead Manager are set out in Listing Rule 2.17.

Do you have any concerns or comments about the proposed change to a Lead Manager regime?

Should the Lead Manager regime be an optional or a mandatory one, considering that the obligations of the Listing Rules (both initial and ongoing) sit clearly with an Issuer?

Would it be preferable to use a different term than 'Lead Manager', such as 'Listing Adviser', particularly if the Lead Manager subject to these Listing Rules was a different entity to the Lead Manager who assists with the capital raising as part of an IPO?

Do you have any other concerns or comments in relation to the proposed changes set out in chapter 2?

CHAPTER 3. SECURITY SPECIFIC ADMISSION RULES

Chapter 3 contains the Security specific Admission rules, including the specific documents required to be submitted for each type of Security (and Issuer).

EQUITY SECURITIES

31. **Prospectus Offer:** A key part of the New Rules is the introduction of Listing Rule 3.1.3, which requires a Primary Listing Equity Issuer to issue and file a Prospectus with the DFSA. The current position of allowing an Issuer to Primary List on NASDAQ Dubai by way of an Exempt Offer is no longer considered appropriate. This is an important change, in terms of promoting greater liquidity and providing for greater investor protection, as well as conforming to both international and regional standards.

In addition to being mindful of the current Prospectus content requirements prescribed in Appendix 1 of the OSRs, NASDAQ Dubai understands that the DFSA expects to further align the content requirements of Prospectuses with those of the EU Prospectus Directive. As such, it would be advisable that until the DFSA implements new Prospectus content rules, that any prospective Issuer and its advisors take note of those requirements and enters into early discussions with the DFSA regarding the content of a Prospectus.

Do you have any comments or concerns in relation to Prospectus Offers?

32. **Genuine Investor Interest:** The New Rules require 'genuine investor interest' in the Securities of each Listed Issuer. To demonstrate compliance, Issuers may have either a Retail Set Aside of at least 10% or a minimum of 400 Security holders. For Secondary Listings an Issuer must either have a Retail Set Aside of at least 10% or have a minimum of 100 Security holders. The purpose of the 'genuine investor interest' tests is to ensure greater liquidity in the secondary market, but in a way that allows for flexibility in how an Issuer chooses to obtain genuine investor interest.

Whilst it is now proposed to let Issuers choose either a Retail Set Aside or a minimum of 400 holders, should NASDAQ Dubai consider a different minimum number of holders? If so, why?

33. **Alternative Eligibility Tests:** The New Rules include three alternative eligibility tests, with an intention to provide Equity Issuers more Admission options. These tests will allow NASDAQ Dubai to attract a wider range of new Issuers, including small and medium-sized enterprises (SMEs) and family-owned businesses, whilst maintaining flexible and high-quality regulation. The key point is that it is now up to an Issuer to determine which test to satisfy. The different tests are set out below:
- a. **Market Capitalisation Tests:** The New Rules retain the \$50 million test from the Original Rules. A new \$20 million test has been introduced, which is balanced by a mandatory 12-month Lock-In for pre-IPO shareholders.
 - b. **Profits Test:** The New Rules introduce a profits test, which can be met by Issuers who have generated a profit for each of the most recent three fiscal years, including the immediately preceding 12 month period. The Issuer also must have been conducting the same business activity during that three-year period. No regulatory Lock-In will be imposed on the shareholders of these Issuers, although an Issuer and its advisors may still impose a voluntary lock-in.
 - c. **Assets Test:** The New Rules add an assets test, designed for Issuers who may not have a three year track record, but who meet minimum requirements for Tangible Assets and Working Capital. For Securities of these Issuers to be Admitted, NASDAQ Dubai would impose a mandatory 12-month Lock-In on pre-IPO shareholders (as identified in Listing Rule 3.33.2), and may impose additional cash flow reporting requirements for a minimum period.

Each of these tests require an Issuer to submit a *pro forma* balance sheet at the time of Admission.

Do you have any concerns or comments about the proposed Equity eligibility tests? Are the different eligibility tests, with the inbuilt flexibility, set at the right levels?

Do you have any other concerns or comments about the changes in relation to general eligibility for Equity Securities?

DEBT SECURITIES

34. **Credit Rating:** The New Rules require an investment grade credit rating of the Securities/Issuer at the time of Admission. This replaces the \$10 million net assets requirement contained in the Original Rules.
35. **Tangible Assets:** If an Issuer does not have a credit rating, or the rating is not investment grade, Listing Rule 3.12.2 proposes that an Issuer/Obligor have net Tangible Assets of \$10 million, and a guarantor with net Tangible Assets backing the capital raised by the Issuer. The guarantor may be required to publish audited accounts for at least two years and undertake to release its annual report and financial statements to the market on an ongoing basis.

Do you have any comments as to the balance provided by the Debt Security eligibility tests set out in Listing Rules 3.12.1 to 3.12.3?

Should the requirement to have equal assets in Listing Rule 3.12.2(a) be set at a lower level, or should NASDAQ Dubai consider modifications of this rule in particular circumstances?

36. **Professional Clients:** Market participants have advised NASDAQ Dubai that they have had difficulty in ensuring that only Professional Clients transact in Wholesale Debt Securities. Listing Rule 3.12.1(b) has been introduced to provide a threshold requiring a minimum denomination of USD \$100,000 to ensure participation by Professional Clients only.
37. **Retail Offers:** Though the previous Debt listings on NASDAQ Dubai have been wholesale in nature, the New Rules introduce specific rules to allow for retail Debt Securities (refer to Listing Rule 3.13).

Do you have any other concerns or comments about the proposed Debt Security rules?

COLLECTIVE INVESTMENT FUNDS

38. The Original Rules provided only a basic framework for Collective Investment Funds. The New Rules provide a more structured framework for Closed-ended Investment Funds, and address several types of Collective Investment Funds, including Exchange Traded Funds (“ETFs”) and Real Estate Investment Trusts (“REITs”).
39. The New Rules reflect the concepts of the DIFC’s Collective Investment Law and the Collective Investment Rules (“CIR”) of the DFSA. Where appropriate the Listing Rules are tied to the CIR, specifically in relation to the track record of a Fund and the use of Recognised Jurisdictions.
40. **ETFs and REITs:** There are general Listing Rules for all Funds, and additional Listing Rules applicable to ETFs and REITs (refer to Listing Rules 3.19 and 3.20).
41. As market participant feedback has focused on developing a framework for Closed-ended Investment Funds, and NASDAQ Dubai does not consider Open-ended Investment Funds as part of its business proposition, the New Rules (apart from recognising that ETFs can be considered as open-ended) are built around a closed-ended framework.

Are the rules suitable for an Issuer of ETFs?

Are the rules suitable for an Issuer of REITs?

Do you have any concerns or comments about the proposed Collective Investment Fund rules?

STRUCTURED PRODUCTS

42. The Original Rules provided only a basic framework for Structured Products (currently defined in the Original Rules as 'Designated Investments'). The New Rules provide a more comprehensive framework for Structured Products, including specific Listing Rules for Exchange Traded Commodities ("ETCs").
43. The New Rules identify who can issue Structured Products (refer to Listing Rule 3.22.1(b)) and require a minimum issued value of USD \$10 million. An Issuer of a Structured Product will also be required to make a submission to NASDAQ Dubai as to how it will obtain and maintain genuine investor interest (refer to Listing Rule 3.22.1(g)).
44. **ETCs:** Listing Rule 3.24 establishes specific additional criteria applicable to an Issuer of an ETC, and Listing Rule 3.26 provides for the documents that are to be submitted to NASDAQ Dubai for ETCs.

Do you have any concerns or comments about the proposed Structure Product rules, or the specific rules for ETCs?

SHARIA COMPLIANT SECURITIES

45. In addition to the general eligibility criteria in chapter 2 and applicable parts of chapter 3 (refer to Listing Rule 3.27), Listing Rule 3.28 provides specific criteria that apply to Sharia Compliant Securities.
46. **Sharia Pronouncement:** As there is clear precedent for the publication of a Sharia Pronouncement at the time of Admission, NASDAQ Dubai is proposing to formalise this by way of Listing Rule 3.31.1(a).

Do you have any concerns or comments about the proposed Sharia Compliant rules?

SECURITIES ISSUANCE PROGRAMME

47. The Original Rules only allowed for issuance programmes for Debt Securities. The New Rules provide for Structured Product and Sharia Compliant Security issuance programmes (refer to Listing Rule 3.32.1).
48. The New Rules clarify that NASDAQ Dubai has authority to provide an in-principle approval for the programme. We are working with the DFSA toward aligning the programme approval process such that the DFSA would provide its 'no objection' to a programme instead of to an issue of individual tranches of a programme. We believe this will bring the approval process for Securities Issuance Programmes in line with international best practices.
49. The Original Rules did not provide for extensions or updates to an issuance programme. The New Rules propose an extension period of 12 months, with NASDAQ Dubai's approval.

LOCKED-IN SECURITIES

50. The Original Rules did not require a mandatory Lock-In for Equity Securities. Under the New Rules, a mandatory Lock-In is proposed, as indicated in Listing Rule 3.33.1, for a period of 12 months from Admission under the assets test and the \$20 million market capitalisation test. The Lock-In would apply to pre-IPO shareholders who are Connected Persons, Promoters or Vendors. The Lock-In would not apply to general subscribers of an IPO. NASDAQ Dubai does not expect to grant waivers of the Lock-In, and may determine to impose the Lock-In on shareholders of Issuers who qualify for admission under alternative tests, if warranted under the circumstances (see Listing Rule 3.33.2(e)).
51. Issuers and their Lead Managers may decide to apply a Voluntary lock-in outside of the NASDAQ Dubai mandatory Lock-In. In such cases, NASDAQ Dubai will require disclosure of the voluntary lock-in provisions, but will not enforce the voluntary lock-in agreements under the Listing Rules.

Is the proposed Lock-In period reasonable, and are they set on the right tests?

Should the Lock-In that is applicable for assets test Issuers be set at 18 months?

Are there other methods or mechanisms which NASDAQ Dubai should consider in order to protect investors?

Do you have any other comments in relation to the proposed changes set out in chapter 3?

CHAPTER 4. GENERAL ONGOING OBLIGATIONS

Chapter 4 contains the general ongoing obligations applicable to Issuers of all Securities.

52. **Disclosure Exceptions:** NASDAQ Dubai is removing the ‘formal’ framework surrounding disclosure exceptions as it was never used and the process would have been time consuming and impractical in the context of a continuous disclosure framework. The New Rules propose three new exceptions (refer to Listing Rule 4.3) to the disclosure of Price Sensitive Information. These exceptions focus on the concepts of confidentiality, the nature of information and whether a reasonable person would expect the information to be disclosed.
53. **Uninformed Market:** Listing Rule 4.4 has been added to ensure that NASDAQ Dubai has appropriate power to require information to be disclosed to correct or prevent an uninformed market. Though it is envisaged to be used infrequently, this will be an important part of NASDAQ Dubai’s continuous disclosure framework. Many Continuous Disclosure jurisdictions refer to this rule as a ‘false market’ rule, including the United Kingdom, the European Union and Australia.

Do you have any concerns or comments in relation to the clarity or enforceability of the Price Sensitive Information Listing Rules (including the disclosure exceptions), or the use of an Uninformed Market Listing Rule?

54. **Issuer Ongoing Eligibility:** The Original Rules did not clearly set out the ongoing obligations applicable to an Issuer. In the Original Rules the initial eligibility criteria (for example, the requirement to have a \$50 million market capitalisation upon Admission) could be

interpreted as an initial as well as an ongoing requirement, thereby creating confusion for Issuers. Furthermore, the ongoing obligations were primarily quantitative in nature, which are not necessarily appropriate indicators of ongoing eligibility for Listing. To provide clarity, the New Rules require all Issuers to comply with, on an ongoing basis, obligations in Listing Rule 4.9, which relate to the following:

- Sufficient Operations
- Free Float
- Communication and Compliance
- Financial Condition
- Genuine Investor Interest
- Proportion of Assets in Cash
- Corporate Governance

Issuers will not be required to comply with, on an ongoing basis, obligations applicable to an Issuer at the time of Admission, unless otherwise stated. NASDAQ Dubai will maintain close contact with an Issuer in relation to the Issuer's compliance with its ongoing obligations. NASDAQ Dubai believes that this framework of less quantitative ongoing obligations is more suitable to its market

Do you have any concerns or comments in relation to the clarity of any of the ongoing eligibility obligations?

55. **Documents:** Under the proposed Listing Rule 4.13, an Issuer may not disclose documents such as a notice of meeting (which seeks shareholder approval under the Listing Rules or the OSRs), amended constitutional documents or any proposed amended document setting out the terms of any Debt Securities, until NASDAQ Dubai has reviewed the documents and advised the Issuer that it can proceed to disclose the documents. This is an important introduction to the Listing Rules, allowing NASDAQ Dubai to protect investors and the market generally, by allowing it the chance to review documents that potentially do not meet regulatory requirements before they are disclosed to the market.

Do you have any other concerns or comments in relation to the proposed changes set out in chapter 4?

CHAPTER 5. SECURITY SPECIFIC ONGOING OBLIGATIONS

Chapter 5 contains the ongoing obligations applicable to the Security specific products and must be read in conjunction with chapter 4.

56. **Interim Financial Report:** Following considerable stakeholder input, and after assessing the requirements of peer jurisdictions, NASDAQ Dubai proposes to implement interim financial reports for the first and third quarters of a financial year (refer to Listing Rule 5.1). This would supplement the current requirement for annual and half-yearly financial reports. To allow this to be most effective, NASDAQ Dubai has worked with the DFSA so that it can, on a case by case basis, relax its current mandatory requirement for preliminary financial reports to become a voluntary one. Many peer jurisdictions follow this practice.

Do you support the proposal for the reporting framework to include interim financial reports, and is the thirty day period appropriate?

57. **Annual Report for Primary Equity Issuers:** The New Rules propose to require additional information to be included in a Primary Equity Issuer's Annual Report (Listing Rule 5.4). This includes information on shareholder voting rights, foreign ownership, 'blackout periods', Lock-In and Proposed Actions. The purpose of Listing Rule 5.4 is to ensure that Issuers operate to the highest standards of transparency and governance, by making key information available to the market.
58. **Collective Investment Funds (and REITs):** The New Rules introduce ongoing requirements for Collective Investment Fund Securities. Consistent with the eligibility requirements for these Securities, a framework and terminology that is closely linked to CIR has been adopted.

Do you have any comments on whether the right balance has been struck between what is required for disclosure purposes and what requires Security holder approval for Collective Investment Funds (as set out in Listing Rules 5.9 and 5.10)?

59. **Sharia Compliant Securities:** The key change in the New Rules is the removal of the requirement for an annual confirmation of compliance to Sharia standards by the Sharia Supervisory Board.
60. **Mining Rules:** NASDAQ Dubai is proposing two key changes:
- a. The introduction of specific Listing Rules in relation to oil and natural gas Issuers; and
 - b. That mining Issuers (apart from those involved in Oil or Natural Gas) in compliance with the requirements of any of the following, may be Admitted to the Official List of NASDAQ Dubai:
 - i. The National Instrument 43-101 (Standards of Disclosure for Mineral Projects) of Canada;
 - ii. The South African Code for the Reporting of Mineral Resources and Mineral Reserves (SAMREC); or
 - iii. The Joint Ore Reserves Committee Code (JORC) of Australia.
61. These mining proposals would allow NASDAQ Dubai to admit the Securities, on a Primary basis, of Mining Issuers. The Original Rules did not allow listings of Mining Issuers on a Primary basis.
62. NASDAQ Dubai has contacted the relevant professional bodies in the jurisdictions proposed above to ensure that an appropriate regulatory framework is in place. Mining Issuers would be required to disclose various quarterly reports.

Do you have any comments in relation to the introduction of specific mining Listing Rules and requirements? Do you have any comments on whether Issuers who report under the mining disclosure requirements of Canada, South Africa, or Australia should be permitted to list on NASDAQ Dubai?

Are there any other industry specific sectors which NASDAQ Dubai should consider introducing Listing Rules for (for example, biotech or clean energy)? If so, should special rules or disclosure requirements apply?

Do you have any other concerns or comments in relation to the proposed changes set out in chapter 5?

CHAPTER 6. SECURITIES AND PROPOSED ACTIONS

Chapter 6 deals primarily with the terms of Securities and Proposed Actions. Proposed Actions include Share Repurchase Programs and tender offers.

63. **Maintaining an orderly market:** Listing Rule 6.1 has been introduced, requiring an Issuer that proposes to reorganise its capital structure to consult with NASDAQ Dubai to ensure an orderly market is maintained in its Securities, and to ensure that any Proposed Actions, reorganisations, etc. are clear, transparent and equitable.
64. **Terms of Securities:** The New Rules would require the terms applicable to each Class of Security to be appropriate and equitable. The purpose is to ensure that there is equal treatment of Securityholders. The New Rules also provide specific requirements in relation to ordinary Shares, and the rights and limitations attaching to preference Shares and preference Securities.
65. **Share Repurchase Programme (SRP):** The New Rules propose significant updates to the process and requirements of an SRP (refer to Listing Rule 6.8). Under the New Rules an Issuer must provide a written application to NASDAQ Dubai, rather than just written notice to the market of an SRP. The application must set out, among other things, the period during which the SRP will be conducted and the number of Securities to be repurchased. The SRP may commence on the first Business Day following approval by NASDAQ Dubai. To ensure the market is informed, disclosure of information relating to the SRP is required, and further disclosure is required on any day that a repurchase occurs.
66. **Tender offers:** The New Rules now propose a regulatory structure for tender offers, pursuant to which an Issuer may purchase up to 10% of its Securities over a 12 month period, provided that specified requirements have been met (refer to Listing Rule 6.14). The tender offer must be made via an offer document to all Security holders on a pro rata basis, and in such a way as to ensure equality of all Security holders, including minority holders. The New Rules also outline the content requirements of a written application by an Issuer to NASDAQ Dubai, and the disclosure (e.g. key dates, material terms) and reporting requirements of an Issuer relating to a tender offer.
67. **Timetable:** The New Rules propose timetables for Issuers undertaking Proposed Actions, such as dividend payments, bonus issues and reorganisations. NASDAQ Dubai expects these additions will provide Issuers, their advisors and the market with greater certainty.

Do you have any comments in relation to the proposals for a Share Repurchase Programme or tender offer?

Do you have any other concerns or comments in relation to the proposed changes set out in chapter 6?

CHAPTER 7. REGULATORY POWERS & REQUIREMENTS

Chapter 7 deals primarily with the regulatory powers of NASDAQ Dubai, including trading halts, suspensions, removals, sanctions, appeals and the role of a Compliance Advisor.

68. **Trading Halt:** The New Rules introduce the concept of a trading halt, whereby NASDAQ Dubai may, at the Issuer’s written request, grant a trading halt on Securities for a maximum period of two Business Days. This is an important and practical addition to the continuous disclosure framework of NASDAQ Dubai as it provides Issuers with an option to halt Securities without resulting in a suspension, pending an announcement of Price Sensitive Information, without resorting to a suspension, which is often viewed with negative implications by the market.
69. **Suspension at the Issuer’s request:** The Listing Rules relating to urgent and non-urgent suspensions in the Original Rules have been removed and replaced with Listing Rule 7.7, which provides NASDAQ Dubai with the discretion to suspend on an Issuer’s Securities at the written request of the Issuer. This Listing Rule also identifies the information required to be contained in an Issuer’s written request. Suspensions will not be subject to an explicit timeline, which is applicable to a trading halt.
70. **Suspension by NASDAQ Dubai:** The New Rules clarify that NASDAQ Dubai has an immediate right to suspend an Issuer’s Securities in a number of circumstances, including if it is necessary to prevent a disorderly or uninformed market. Furthermore, NASDAQ Dubai may suspend the Securities of an Issuer if the Issuer fails to file financial reports by their due date (i.e. an Annual Report) or fails to pay its annual listing fee within 15 Business Days after the due date (refer to Listing Rules 7.7.6 and 7.7.7).
71. **Removal by NASDAQ Dubai:** The Listing Rules relating to urgent and non-urgent de-listings in the Original Rules have been revised, and the term “de-listing” has been replaced with the term “removal” in the New Rules. Under the New Rules NASDAQ Dubai would have a right to remove an Issuer’s Securities from the Official List if, in its opinion, the Issuer does not comply with the Listing Rules or the OSRs, there are no longer any Securities admitted to the Official List or it is appropriate for another reason.
72. **Removal at the Issuer’s request:** The Listing Rules relating to a voluntary de-listing/removal have been amended in the New Rules to deal specifically with Debt Securities. For example, an Issuer of Debt Securities requesting to be removed from the Official List is only required to provide NASDAQ Dubai with 30 calendar days’ written notice rather than 90 calendar days. Listing Rule 7.9.4 has also been amended so that an Issuer with a Secondary Listing on NASDAQ Dubai may only voluntarily withdraw its Securities if it has given its Security holders sufficient notice (i.e., approximately two months) of the proposed withdrawal. This change ensures that Security holders obtain the relevant information before a removal occurs. Provision has also been made under Listing Rule 7.9.7 for removals arising from mergers or Takeovers.
73. **Waivers:** Listing Rule 7.10.4 has been amended, giving NASDAQ Dubai the discretion to publish waivers or modifications that it has granted periodically on its website.
74. **Revocations:** Under Listing Rule 7.11.1, NASDAQ Dubai may on the application of an Issuer or its own behalf, vary a decision it has made in relation to the Listing Rules or revoke it. While it is not envisaged that this Listing Rule be exercised often, it may apply (but is not

limited to) for example, circumstances where information supplied by an Issuer or its advisors as part of an Application is found to be misleading, untrue or incomplete.

75. **Compliance Advisor:** As noted in chapter 2 above, the New Rules would remove the mandatory requirement for an Issuer to appoint an ongoing listing sponsor to assist the Issuer in meeting its ongoing obligations. Therefore, NASDAQ Dubai may instead require an Issuer to appoint a Compliance Advisor to assist with ongoing listing obligations if NASDAQ Dubai finds that the Issuer does not sufficiently understand its continuing obligations.

Do you have any comments in relation to the new framework of trading halts and suspensions?

Do you have any comments or concerns in relation to the continued role of the Compliance Advisor?

Do you have any other concerns or comments in relation to the proposed changes set out in chapter 7?

CHAPTER 8. INTERPRETATION AND DEFINITIONS

76. The existing interpretation and definitions sections of the Original Rules have been moved to chapter 8 in the New Rules. Chapter 9 has been expanded significantly with many new definitions being added and others being amended. Where applicable, changes have been made to ensure definitions are consistent with the defined terms in the GLO Module of the DFSA Rulebook. NASDAQ Dubai also provides information on how it will interpret the Listing Rules. For example, where the Listing Rules mention 'disclose' it means to announce by way of CAP.

Do you have any concerns or comments in relation to the new definitions set out in chapter 8?

CHAPTER 9 APPENDICES, FORMS AND TIMETABLES

For ease of reference, all Appendices, Forms and Timetables are now located in this chapter.

77. Appendix 1 (Continuing Obligations) of the Original Rules has been removed, with the requirements of this appendix moved into specific rules within the New Rules (in chapters 4 and 5). Appendix 2 (List of Recognised Exchanges) of the Original Rules has also been removed. As the rules in chapter 2 provide greater clarity on the eligibility criteria for a Secondary Listing, this appendix is no longer required. NASDAQ Dubai will place importance on an Issuer itself, rather than the jurisdiction it comes from.
78. **Appendix 1:** Mandatory provisions for the constitution: The New Rules segregate the provisions into those that are always mandatory and those which are mandatory in specific circumstances.
79. The New Rules include appendices in relation to **IPO Allotment Status, Distribution Schedule** and **Shareholder Information**. The information in these appendices will be required to be disclosed prior to Admission.

80. **Appendix 5 - Quarterly Report:** Issuers admitted under the assets test (Listing Rule 3.3.1(b)(ii)) will be required to disclose this report for the first 8 quarters after Admission. This report is required for Issuers who have a significant proportion of their assets in cash at the time of Admission, and as a result the market should be informed as to how the Issuer is utilising its cash resources. This is separate to the requirement for Equity Issuers to provide Interim Financial Reports (see Listing Rule 5.1).
81. **Appendix 6 – Quarterly Mining Report:** Mining Exploration Issuers will be required under Listing Rule 5.18.1 to disclose on a quarterly basis their cash flow position. Issuers of this type generally have a high ‘cash burn’ rate and it is important for the market to understand the cash flow position of these Issuers for a period of time after Admission.
82. **Forms 1 & 2: Listing Application forms:** The New Rules separately contain a revised general listing Application and a securities issuance programme Application.
83. **Form 5: Lead Manager Declaration:** The New Rules reflect the change from a sponsor regime to a Lead Manager regime. The specific requirements of Listing Rule 2.17.1 are reflected in this Form.
84. **Forms 6 to 10: SRP and Tender Offer:** Specific notices for an SRP and tender offer have been created, including the important introduction of notices in relation to daily activity and changes. The Forms are to work in conjunction with the specific Listing Rules in chapter 6, in order to provide the market with adequate and relevant information on an ongoing basis.
85. **Timetables:** The New Rules introduce specific timetables for dividends or distributions, interest payments on debentures, bonus issues, pro-rata issues (non-renounceable and renounceable) and reorganisation of capital structure. These enable an Issuer to make timely and clear disclosure in relation to these actions.

Do you have any concerns or comments in relation the changes in relation to the appendices, forms or timetables set out in chapter 9?

GUIDANCE NOTES

86. In the New Rules, guidance notes have been included to provide general guidance to the market in relation to key areas, being bookbuilds, underwriting agreements, oil and gas exploration, Lead Managers and pro forma information. As a way of communicating and providing clarity to the market, NASDAQ Dubai will continue to add new guidance notes to this chapter in the future. This will be an important way for NASDAQ Dubai to communicate to its market in a non-binding manner (without imposing new Listing Rules or requiring consultation).
87. The other chapters (apart from chapter 1) contain guidance that has been provided in relation to specific Listing Rules. Any changes to either Listing Rules or guidance in chapters 1 to 9 will result in NASDAQ Dubai entering public consultation to makes those changes become effective.

Do you have any concerns or comments in relation to the guidance notes?