

Regulations for Listing Free Zone Companies in Dubai Financial Market

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Introduction

The Board of Directors of Dubai Financial Market,

Having reviewed the Federal Law No. (4) of 2000 concerning Emirates Securities & Commodities Authority (“SCA”) and Market, as amended;

The Federal Law No. (8) of 2004 Concerning Financial Free Zones;

The Federal Law No. 2 of 2015 on Commercial Companies, as amended;

The Federal Decree No. (28) of 2016 Regarding the Formation of the Council of Ministers of the United Arab Emirates;

The Federal Decree-Law No. (22) of 2020 Regarding the Distribution of Responsibilities and Powers between the Securities and Commodities Authority and the Securities and Commodity Markets Licensed in the State;

The Council of Ministers' Resolution No. (12) of 2000 Concerning the the Listing of Securities and Commodities Regulations, as amended;

The Council of Ministers' Resolution No. (13) of 2000 Concerning the Regulations as to the Functioning of the Securities & Commodities Authority, as amended;

The Council of Ministers' Resolution No. (28) of 2007 Regarding the Executive Regulations of Federal Law No. (8) of 2004 Regarding Financial Free Zones;

The Council of Ministers' Resolution No. (14/8/f) of 2017 Regarding the Re-constituting of the Board of Directors of the Securities & Commodities Authority;

The SCA's Board of Directors Decision No (2/R) of 2000 Concerning the Regulations on the Market Membership;

The SCA's Board of Directors Decision No. (3) of 2000 Concerning the Disclosure and Transparency Regulations;

The SCA's Board of Directors Decision No. (2) of 2001 Concerning the Regulations as to Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities, as amended;

The SCA's Board of Directors Decision No. (3/R) of 2001 Concerning the Regulations as to the Functioning of the Market, as amended;

The Chairman of the SCA's Board of Directors Decision No. (43/R) of 2008 Concerning the Dual Listing;

The Chairman of the SCA's Board of Directors Decision No. (11 / R.M) of 2016 on the Regulations for issuing and Offering Shares of Public Joint Stock Companies, Shares of Foreign Companies, and Shares of Free Zones Companies, as amended;

The Chairman of the SCA's Board of Directors Decision No. (26 / R.M) of 2016 concerning the Regulation of Some Financial Services Activities and the Trading process.

The Chairman of the SCA's Board of Directors Decision No. (32 / R.M) of 2019 Concerning the Procedures Related to the Listed Companies that have Accumulated Losses of 20% or above of their Capital;

The Chairman of the SCA's Board of Directors Decision No. (3 / R.M) of 2020 Concerning Approval of the Joint Stock Companies' Governance Guide;

The Emirate of Dubai Decree No. (14) of 2000 Concerning the Establishment of the Dubai Financial Market, as amended; and

The Regulations, Resolutions and Rules issued by the DFM;

IT IS HEREBY RESOLVED as follows::



Article (1) Definitions

First: The following words and expressions shall have the meaning assigned thereto hereunder, unless the context otherwise requires:

State	The United Arab Emirates.
Government	The government of the United Arab Emirates or one of the governments of the Emirates that are members of the Union.
Law	The Federal Law No. (4) of 2000 Concerning Emirates Securities & Commodities Authority and Market, as amended.
SCA	Securities & Commodities Authority.
Market	Dubai Financial Market.
CEO	The Chief Executive Officer of Dubai Financial Market.
SCA-Equivalent Regulatory Authority	A regulatory body which is an ordinary member or associate member of the International Organization of Securities Commissions (IOSCO).
Local Company	The public joint stock company or the private joint stock company incorporated in the State.
Free Zone	A free zone established in any Emirate of the State, including free zones and financial free zones.
Company/ Free Zone Company	A company incorporated in the Free Zone and takes the form of a Public Joint Stock Company or its equivalent in accordance with the legislations in force in the Free Zone, and wishes to list its shares on the Market in accordance with the provisions hereof.
Foreign Market	A market licensed outside the State or in a financial free zone inside the State by a SCA-Equivalent Regulatory Authority.
Listing Advisor	A legal person licensed by SCA to provide advice and care to the issuing Company and to verify its fulfillment and continued satisfaction of the listing requirements, in accordance with the provisions of the Regulations for issuing and Offering Shares of Public Joint Stock Companies, and Offering Shares of Foreign Companies, and Shares of Free Zones
Relatives	Spouse, and minor children.

Second: The words and expressions not defined herein shall have the meanings assigned thereto in the Law, SCA's regulations and decisions, or the DFM's rules, regulations, decisions and instructions, as the case maybe.



Article (2)

Scope of Application

The provisions hereof shall apply to free zone Companies that wish to list their shares on the Dubai Financial Market.

Article (3)

Chapter I: Listing of Free Zone Company's Shares - Listing Requirements

In order for the shares of the Free Zone Company to be listed on the Market, the following conditions shall be satisfied:

1. The Market shall approve the listing of the shares of the Free Zone Company.
2. The Company, in a financial free zone, shall operate under the regulation and supervision of a SCA-Equivalent Regulatory Authority, and the Company, in a free zone, shall operate under the regulation and supervision of a registrar of companies acceptable to SCA, as the case maybe.
3. The Company's capital shall be divided into shares, and such shares shall secure equal rights for the shareholders of the relevant class.
4. The transfer of the Company's shares shall be unrestricted.
5. The net shareholders' equity in the Company shall be not less than (100%) of its paid-up capital.
6. The Company shall have carried out, by itself or through one or more of its subsidiaries, an independent business activity as its main activity, and disclosed its annual financial statements audited by its auditor on its main activity or on the activities of its subsidiaries for at least the (2) two financial years preceding the date whereon the listing application is submitted, with the exception of Companies in which the Government holds no less than (25%) of their shares.
7. The Company shall have generated net profits through its main activity, or through the activities of its subsidiaries, within no less than the (2) two financial years preceding the date whereon the listing application is submitted.
8. The Company's paid-up capital shall not be less than AED 20,000,000.
9. The number of the Company's shareholders shall not be less than (100) shareholders. Each and every shareholder shall hold at least (100) shares if the Company's shares are offered inside or outside the State or if the Company is listed on a Foreign Market.
10. The Company shall have sufficient operating capital for a period of (12) twelve months following the date of listing.
11. The Company shall appoint a Listing Advisor licensed by SCA for a period of (1) one year from the listing date. Such appointment may be extended at the discretion of the Market after consulting with the Free Zone Company at least (3) three months before the the expiry of the appointment term.



Article (4) Listing Application

1. A Free Zone Company wishing to list its shares on the Market shall submit the listing application to the Market together with the following documents:
2. The Company's Articles and Memorandum of Association.
3. The Company's registration certificate with the Free Zone.
4. NOC from the SCA-Equivalent Regulatory Authority in the Financial Free Zone or the Registrar of Companies in the Free Zone, as the case may be, for the listing on the Market.
 - a. A report from the Company's board of directors, including:
 - b. A brief description of the Company's business activity, its main objectives and its relation to other companies whether it is a parent Company, subsidiary, associated Company or an affiliate, if any.
 - c. The achievements and milestones achieved by the Company from the date of its incorporation until date whereon the listing application is submitted.
 - d. The Securities previously issued by the Company and those it wishes to list.
 - e. The ratio of the non-UAE nationals' subscription in the Company's capital.
 - f. The Board's financial and operational assessment, supported by figures, of the Company's performance and achievements for the last (2) two financial years, compared to the set plan.
 - g. Names of the legal persons who hold 5% or more of the Company's shares.
 - h. Names of natural persons who individually or collectively with their relatives hold 5% or more of the Company's shares.
 - i. Associated groups that hold 5% or more of the Company's shares.
 - j. Names of the members of the board of directors and the executive directors, and the number of securities, issued by the parent, subsidiary, affiliate, or sister Company (if any), which are held by them and their first-degree relatives, and a statement of whether any of them is a member of the boards of directors of free zone companies and other local companies.
 - k. The Company's commercial agencies, if any.
 - l. The Company's annual report (if any) for the (2) two financial years preceding the date on which the listing application is submitted. It shall include the board of directors' report, the Company's audited financial statements and auditor's report, and the minutes of the general assembly meeting in which the same are approved.
 - m. The interim financial statements covering the period from the end of the financial year preceding the date on which the listing application is submitted until the end of the last quarter preceding the date on which the listing application is submitted, audited by the Company's auditors (if any)
 - n. The listing prospectus as per the form approved by the Market.
5. The Foreign Market approval on which the Company's shares are listed -if the Company is listed on a Foreign Market and the legislations applicable to that market requires such approval.
6. The document that appointing the Listing Advisor.
7. The Company's undertaking to comply with all disclosure and transparency requirements specified in Article (10) hereof.
8. Any other details in Regulation for Listing Free Zone Companies in Abu Dhabi Global Market to examine the listing application.



Article (5)

Examining and Approving the Listing Application

1. The Market shall make its decision either to approve or reject the listing application in accordance with the requirements of the public interest within no later than (30) thirty days from the date on which the complete application is received. SCA shall be notified of the Market's decision to approve the listing application within (2) two working days from the date on which the decision is made. In case no decision is made during such period, the application shall be deemed to be rejected.
2. In case the Market approves the listing application, the Market shall, before finalizing the listing procedures, collect the fees due to the Market.
3. The Market may request any other documents, information or conditions as it may deem necessary.

Article (6)

Liability of the Applicant for Listing

The Applicant shall be continuously liable for:

1. The punctual payment of all fees due to the Market;
2. The accuracy of the details, information, reports and documents submitted by the Applicant. The fact that the Market has reviewed and approved the same in their bulletins shall not be construed as an acknowledgment of the accuracy of the contents thereof or a confirmation of the validity of the actions of any person acting according thereto; and
3. Meeting all the technical requirements determined by the market to enable the listed Company to fulfill all duties, obligations and disclosures towards investors.

Article (7)

The Company, whose shares have been approved to be listed on the Market shall, (10) ten days prior to the date on which those share are first traded in the Market, publish a summary of its audited financial statements, the last interim financial statements, and a summary of the Company's board of directors' report submitted for listing purposes in (2) two daily local newspapers within the State, at least (1) one of which shall be in Arabic, or by such other means as may be determined by the Market.



Article (8)

Chapter II: Continuous Obligations of a Listed Free Zone Company

A listed Free Zone Company shall provide the Market with the following details, information and reports:

1. Information, reports and decisions issued by the Company which might have an effect upon the price of its shares, including, but not limited to, disasters, fires, mergers, issuance of new securities, or the suspension of a production line.
2. The agenda and date of its general assembly meetings, at least (15) fifteen days before the meeting date and the decisions issued by it immediately after the meeting is closed.
3. The agenda and date of its board of directors' meetings, in which any matters affecting the Company's share price will be discussed, (2) two working days before the meeting date and the decisions issued by it immediately after the meeting is closed.
4. Any amendment to the Company's articles and memorandum of association, once approved by the shareholders of the Company.
5. Any change to the Company's board of directors or executive management.
6. The Company's annual report that includes the report of its board of directors, audited financial statements, and auditor's report, within (90) ninety days of the end of its financial year.
7. A comparative quarterly report for the same period of the previous financial year that includes the Company's financial statements reviewed by its auditor within (45) forty-five days from the end date of the relevant quarter.
8. Summary of final accounts (initial unaudited and unreviewed financial statements) within (30) thirty days of the end of the financial year.
9. Resolutions related to the Company's liquidation, merger or transformation, once issued.
10. Major transactions, whose value constitutes (5%) or more of the Company's assets, which the Company concludes or cancels.
11. Any material interest which any member of the Company's board of directors or executive management has, including the transactions concluded with the Company, with the exception of personal service contracts.
12. Appointment or dismissal of the Company's auditor.
13. Legal actions brought by or against the Company which have an effect on the financial position of the Company.
14. Any inconsistency between the provisions of this Decision and the regulations of the relevant Free Zone or regulations of the Foreign Market on which the Company's shares are listed, or any material changes to the listing regulations applicable in the Foreign Market, as the case may be.
15. Any other information or details as may be requested by the Market and deemed necessary during the period specified in such request.



Article (9)

The listed company shall:

1. Comply with all applicable legislations and decisions issued by SCA and the Market in relation to the listing and the continuous listing obligations.
2. Comply with the Chairman of the SCA's Board of Directors Decision No. (3 / R.M) of 2020 Concerning Approval of the Joint Stock Companies' Governance Guide, in accordance with the mechanism approved by the Market for this purpose in coordination with SCA and the SCA-Equivalent Regulatory Authority in the Financial Free Zone or the Registrar of Companies in the Free Zone, as the case maybe.
3. Pay all the due fees in accordance with the applicable legislations and decisions.

Article (10)

1. The listed Company shall prepare its annual and interim financial statements in accordance with international accounting standards adopted by SCA.
2. The Company shall appoint an independent external auditor to audit and review its annual and interim financial statements in accordance with the international standards adopted by SCA and such other requirements as it may deem appropriate.
3. The financial statements of the listed Company shall include the following information, as a minimum:
 - a. The Board of Directors' report or the executive management discussion report.
 - b. Balance sheet.
 - c. Income statement (profit and loss account).
 - d. Statement of changes in shareholders' equity.
 - e. Statement of cash flows.
 - f. Notes to the financial statements.
 - g. Auditor's report.

Article (11)

The party or the Company may not issue a newspaper announcement regarding specific data or matters which are under negotiation, if its senior management has reasonable grounds to believe that disclosing such information will seriously damage its interests and there has not been, and there will not be, any dealing in its shares by members of its board of directors and executive managers and their relatives to the first degree on the basis of such information not disclosed to the public, provided that the company provides the director of the Market with such information and data specifying the persons aware of such information, and requesting him to treat such information as confidential until the grounds which gave rise to non-publication in accordance with this Article no longer exist. The director of that Market may, in coordination with the Authority, comply with such request or compel the Company to announce the information and data if the Market and the Authority consider that the publication of such information will not affect the interests of that company or have reasons to believe that there is a release of the information and data which was deemed confidential by the company. The Company is committed to inform Market of any developments arise regarding the negotiations as soon as they take place in the event that the Company's request for non-disclosure is approved.



Article (12)

Chapter III: General Provisions

1. In cases not specifically provided for herein, the Chief Executive Officer shall take all necessary decisions to implement the provisions of this Decision.

Article (13)

Liability of the Applicant for Listing

1. The Market shall collect the listing fees from free zone companies as per the below table.
2. For the purposes of calculating the listing fees, the listing term shall be (1) one year ending at the end of December of each year. As for the first listing, its term shall run from the date whereon the Market approves the listing until the end of December of the same year. In this case, the fees shall be prorated on the basis of the remaining period of the year, provided that a fraction of a month shall be deemed to be a full month.

#	Description	Fees
1	Listing application fees for Free Zone Company	AED 2,000
2	Listing Fee for a Free Zone Company whose capital equals or less than AED 500,000,000	AED 30,000
3	Listing Fee for a Free Zone Company whose capital is more than AED 500,000,000 and less than AED 2,000,000,000	AED 50,000
4	Listing Fee for a Free Zone Company whose capital is more than AED 2,000,000,000	AED 100,000
5	Fees for delisting a Free Zone Company	AED 1,000
6	Fees for renewing the listing of a Free Zone Company whose capital equals or less than AED 500,000,000	AED 30,000
7	Fees for renewing the listing of a Free Zone Company whose capital is more than AED 500,000,000 and less than AED 2,000,000,000	AED 50,000
8	Fees for renewing the listing of a Free Zone Company whose capital is more than AED 2,000,000,000	AED 100,000

Article (14)

The Market may request the listed Company to provide it with their periodic or non-periodic financial details or any other required information to be disclosed through the electronic systems determined by the Market. The Market may, with the approval of SCA, charge a fee for their use of its electronic systems.



Article (15)

Suspension of Trading the Shares of a Listed Free Zone Company

First: The Authority may, after consultation with the Market, suspend the trading of the listed company shares if there occur exceptional circumstances or threats to proper working, or if it considers that trading in such shares does not serve the public interest or is oppressive or violative of shareholders' rights, or for any other reasons.

Second: After consultation with SCA, the Market shall be entitled to suspend the trading of the shares of the Company listed on the Market in any of the following cases:

1. If the Company violates any of the listing conditions, obligations or requirements mentioned herein.
2. If the Company fails to pay the fees due under the applicable legislation and decisions.
3. If the net value of the shareholders' equity in the Company falls below (50%) of its paid-up capital.
4. If the Market value of the Company's share falls below (60%) of its face value, or if such value rises abruptly.
5. If the Company's general assembly resolves to sell (50%) or more of its assets.
6. If any material change occurs in the main business activity of the Company.
7. If the Company ceases to carry out its activities.
8. If the Company submits, based on a resolution passed by its general assembly, a justified application to suspend the trading of its shares, specifying the period of suspension and the proposed mechanism for transferring its shares after the suspension of trading.
9. If a decision is issued by the competent authority in the Foreign Market in which the shares of the Company are listed, stating that the Company does not comply with the legislations in force therein.
10. In case that the trading of the Company's shares in the Foreign Market is suspended.
11. If the Market requests the Company to disclose certain information before the expiry of a certain period and such period expires without the Company providing the Market with the required disclosure.
12. If the Company, during the trading session, provides the Market with any disclosures that are insufficient or inconsistent with the legislations in force and until the Market is provided with the information required in accordance with these legislations.



Third: The Market shall suspend the trading of the shares of a listed Free Zone Company in any of the following events:

1. Based on a decision issued by SCA in accordance with the provisions set forth in (First) hereinabove.
2. In case of an increase or decrease in the share price by the maximum limit for (2) two consecutive sessions until the Company discloses to the shareholders the material information that has affected the movement of the shares price.
3. If the time of the meeting of the general assembly coincides with the trading hours, starting from the beginning of the trading session until the Market is provided with the resolutions passed at the meeting.
4. If the general assembly meeting takes place after trading hours, starting from the beginning of the next trading session, in the event that the Company does not disclose the outcome of the meeting immediately after it is closed, until the outcome of the meeting is disclosed to the Market.
5. If the meeting of the Company's board of directors coincides with the trading hours, starting from the beginning of the board meeting until the Market is provided with the resolutions passed and the financial statements presented at the meeting.
6. The failure to disclose the financial statements to the Market on the specified dates, starting from the trading session following the expiry of the specified dates until such Statements is disclosed to the Market.
7. If the Company takes a decision regarding the amendment of its capital in the event that work procedures in the Market so require.

Fourth: If the trading of the Company's shares in the Market has been suspended, the return of the shares to trading shall be based on a decision of the party which took the suspension decision after the reasons that resulted in this suspension cease to exist.



Article (16) Delisting

First: After coordination and consultation with the Market, SCA may delist the shares of a Free Zone Company listed on the Market in case exceptional circumstances or events which threaten the proper functioning of the Company occur, or in case it considers that the trading of the Company's shares does not serve the public interest or constitutes a prejudice to or violation of shareholders' rights or for any other reason.

Second: After coordination and consultation with SCA, the Market shall be entitled to delist the shares of the Free Zone company listed on the Market in any of the following cases:

1. If the Company violates any of the listing conditions, obligations or requirements mentioned herein.
2. If the trading of the Company's shares remains suspended for a period of (6) six months or more.
3. If any material change occurs in the main business activity of the Company.
4. If the Company ceases to carry out its activities.
5. If the Company, by virtue of a resolution passed by its general assembly, submits an application to delist its shares.

Third: The Free Zone Company shall be delisted from the Market in any of the following events:

1. In case a resolution is passed to dissolve or liquidate the Company
2. In case the Company is merged with another company/other companies and the corporate personality of the listed Company ceases to exist as a result.
3. If the Company transforms into another legal form whereby the Company's capital is not divided into shares.

Article (17)

First: The Market shall take all necessary measures to supervise the Companies which are subject to this regulation in order to ensure their compliance with its provisions and the regulations and circulars issued in implementation thereof.

Second: The Market may request all information, details and documents, and any additional clarifications, from Companies which are subject to this regulation and their employees, for the purposes of ensuring their compliance with its provisions and the circulars issued in implementation thereof.



Article (18) **Penalties**

In case the provisions of this regulations or circulars issued thereunder are violated, the Market shall be entitled to impose any of the following penalties:

1. To serve a notice upon the listed Company and require it to rectify the violation within the period as may be specified by the Market.
2. To impose a fine of no more than AED 100,000 on the listed Company.
3. To suspend the trading of the listed Company's shares.
4. To de-list the Company's shares.

Article (19) **Final Provisions**

Chairman of the SCA's Board of Directors Decision No. (32 / R.M) of 2019, concerning the Procedures Related to the Listed Companies that have Accumulated Losses of 20% or above of their Capital shall apply to Free Zone Companies. Free Zone Companies shall be treated as foreign companies for the purposes of implementing this Regulation.


Article (20)


Any decisions, circulars, regulations, or procedures issued by the Market in contrary to the provisions of these Regulations shall be abrogated.


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