



QFMA's Board Decision No. (05) of 2020

Concerning the Issuance of

Rules of Listed Shareholding Companies Purchase of Own Shares for the Purpose of Employee Incentive Scheme

The Board of Directors,

Having considered Law No. 8 of 2012 of Qatar Financial Markets Authority; as amended by Decree-Law No. (22) Of 2018,

Law of Qatar Central Bank and the Regulation of Financial Institutions, Promulgating by virtue of Law No. 13 of 2012;

Law No. 11 of 2015 Promulgating the Commercial Companies Law;

QFMA Board's Decision No. 1 of 2016 regarding Ownership of Shares in Listed Companies on QSE;

QFMA's Board Decision No. 06 of 2017 Concerning the Issuance of Rules of the Employees' Incentive Shares Scheme in Listed Shareholding Companies Through Owning Shares in the Listed Company;

Offering & Listing of Securities on the Financial Markets Rulebook issued by QFMA's Board Decision No. 4 of 2020;

Proposal of the QFMA's Chief Executive Officer;

And QFMA's Board approval at its 4th meeting of 2020 on 10th of December 2020,

We have decided the following:

Article (1)

Rules of Listed Shareholding Companies Purchase of Own Shares for the Purpose of Employee Incentive Scheme annexed to this decision shall come into full force and effect.

Article (2)

Decision No. 06 of 2017 referred to shall hereby be repealed.

Article (3)

All competent authorities, each within its jurisdiction, shall implement this decision. The decision shall be effective from the date of issuance and shall be published in the Official Gazette.

Mohammed Bin Hamad Bin Qassim Al-Thani

Chairman of the Board of Directors

Issued on 11/07/1442 H

Corresponding to: 23/02/2021

Published in the Official Gazette Issue No. (3) – 24/03/2021

This is a translation of the Official Arabic version. In case of any discrepancies, the Arabic version shall prevail.

Rules of Listed Shareholding Companies Purchase of Own Shares for the Purpose of Employee Incentive Scheme

A listed shareholding company shall observe the following rules upon endorsement of the rules of purchase own shares for the purpose of its employee incentive shares scheme:

1. The proposal of the rules of the employee incentive shares scheme shall be developed by the Board of Directors “BoD” to be presented to the general assembly of the company for endorsement following the approval of the Qatar Financial Markets Authority “QFMA”.
2. The incentive shares scheme, when presented to the general assembly, shall be included the following:
 - a. The proposed number of shares earmarked to the incentive scheme to be allocated to the employees, which shall not exceed (7%) of the total paid up capital.
 - b. The beneficiaries of the incentive scheme. The BoD members shall be excluded from the scheme.
 - c. The legal status of the incentive shares concerning rights related to shares such as their loss of voting right.
 - d. The accounting methodology used in implementing the incentive rules according to the applied scheme mechanism.
 - e. The opinion of the company’s external auditor about the impact of the proposed employees’ incentive shares scheme on the shareholders' equity, the method of obtaining the scheme shares, and the financing method used in accordance with the company’s approach, provided that it is done inside the State of Qatar without investing any amounts outside Qatar or managing them by any other party outside Qatar. The

method of obtaining the shares shall be determined by the company's policy in this regard.

- f. Dates of allocation of the incentive scheme shares according to the determined eligibility mechanism.
3. Notify the QFMA, Qatar Stock Exchange “QSE” and Qatar Central Securities Depository “QCSD” of the general assembly decision regarding the employees’ incentive scheme.
4. The QSE shall publish the general assembly decisions specifying the proposed scheme.
5. The company shall conclude contracts or determine the appropriate mechanism for contracting with the beneficiaries of the said rules following the contract’s approval by the company’s general assembly. The contractual mechanism shall include the items mentioned in the sixth provision of the rules.
6. The contract must include:
 - Terms of the scheme’s eligibility criteria.
 - Cost and method of obtaining the shares.
 - Legal implications in case of employee’s resignation, dismissal, death or cancellation of the scheme.
 - The scheme beneficiary shall not own more than 10% of the scheme shares with a must of observance of the terms of ownership ratios in accordance with the company’s articles of association and QFMA’s instructions in this regard.
 - If the company intends to purchase the scheme shares from the market, it shall comply with the following provisions:
 1. The purchase shall be carried out through the Market in accordance with its trading rules and procedures provided that the company and executing financial services company shall abide by the following terms:
 - a) The purchase transactions to be carried out in one trading session shall not exceed 10% of the approved quantity.
 - b) The purchase transactions shall not be carried out by pre-agreed deals or interfacing orders.

- c) Any one of the company's BoD, the CEOs, their spouses, or first-degree relatives shall not be a party to the purchase transactions carried out by the company.

If the company intends to sell the shares purchased for the incentive scheme because of a justification that is accepted by the QFMA with the need of obtaining its prior approval, it shall comply with the same above-mentioned purchase provisions.

2. The company must not execute any sale transaction of shares while it is in the process of purchase transaction and must not execute any purchase transaction while it is in the process of a sale transaction.
3. The company must not purchase or sell its shares during fifteen days preceding the announcement of its own financial statements or any significant information that may effect on the share price.
7. The company shall provide the QFMA and the QSE with quarterly reports about the scheme. These reports shall be presented annually to the general assembly.
8. Any amendment to the scheme items may be made with the general assembly approval based on the recommendation of the company's BoD and after the QFMA's approval.
9. The company shall provide the QFMA with the ordinary general assembly decisions regarding the implementation of the employees' incentive rules.
10. The scheme shall not be liquidated or canceled prior to QFMA's notification of such decision, stages and method of the said liquidation or cancellation.
11. The QSE shall publish on its website the transactions executed in relation to the company's shares under the employees' incentive rules as soon as executed under "employees' incentive shares scheme transactions".
12. The QCSD shall register the shares in a separate investor account opened for this purpose.