

The QFMA's Board Decision No. 1 of 2017

Concerning the Issuance of Rules of Companies' Conversion into Public Shareholding Ones for Listing in the Financial Market

The Board of Directors,

Having considered Law No. 8 of 2012 of Qatar Financial Markets Authority;

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

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

Offering & Listing of Securities Rulebook issued by the Decision of the QFMA's Board Chairman No. 3 of 2010 and amendments;

Offering & Listing of Securities Rulebook "Second Market" issued by the Decision of the QFMA's Board Chairman No. 2 of 2011, and amendments;

The QFMA's Board approval at its 2nd meeting of 2017 on 12th of July 2017;□

And the proposal of the QFMA's Chief Executive Officer

We have decided the following:

Article (1)

Rules of Companies' Conversion into Public Shareholding Ones for Listing in the Financial Market annexed to this decision shall come into full force and effect.

Article (2)

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.

Abdulla Bin Saoud Al-Thani

The Governor

Chairman of the Board of Directors

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*This is a translation of the Official Arabic version of
Rules of Companies' Conversion into Public Shareholding Ones for
Listing in the Financial Market.*

In case of any discrepancies, the Arabic version shall prevail.

Rules of Companies' Conversion into Public Shareholding Ones for Listing in the Financial Market

Article (1)

In the application of these Rules, the following words and phrases shall have the adjacent meaning given to them hereunder, unless the context requires otherwise:

Ministry: Ministry of Economy and Commerce.

Authority: Qatar Financial Markets Authority "QFMA".

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

Article (2)

The company's conversion into a public shareholding one shall require that:

1. The value of issued shares shall be fully paid or the partners' shares have been fully met.
2. The period of not less than two financial years shall be lapsed for the company.
3. During the two financial years preceding the approval on the conversion request, the company shall have realized operating profits generated by the establishment purpose activity and shall have realized net profits distributable to shareholders or partners of average not less than 5% of the capital.
4. The company's issued capital after evaluation of its assets and liabilities shall not be less than the value determined for each market according to the Authority's regulations and distributed on shares of equal value can be traded without restrictions.
5. The requirements of establishing the public shareholding company and the requirements of conversion into public shareholding company at the Ministry shall be met in accordance with the provisions of Law No. 11 of 2015.
6. Upon conversion, the company's external auditor shall be registered at the Authority.
7. Any other requirements by the Authority.

Article (3)

1. Any company may be converted into a public shareholding company by an application submitted in a form prepared by the Authority for this purpose and signed by the company's authorized person.
2. The following documents must be attached to the application:
 - a. The draft memorandum of association and amended articles of association of the company.
 - b. The decision of the General Assembly of the concerned company or who acting in its place by a majority to amend its memorandum of association or articles of association including the approval of any necessary capital increase and the company's conversion into a public shareholding company. The conversion decision of the partners or shareholders shall include any changes in the memorandum of association as appropriate, including changing the company's name.
 - c. The Ministry's approval on the company's conversion into a public shareholding one upon the settlement of the objection to the conversion or its term expiry.
 - d. Interim financial statements of the company prepared not later than six months prior to the date of the company's conversion application, in addition to a copy of a report free of reservations issued by the auditors of the company on these statements.
 - e. Audited financial statements for the last two years, provided that the external auditor's report is free of reservations to the company's accounts for the latest audited financial results.
 - f. A written report from the company's auditors stating that the net asset value of the company at the date of preparing the general budget is not less than its required capital and its undistributed reserves.
 - g. A report of the company's assets, liabilities and fair value of the company prepared by a financial evaluator registered at the Authority.
 - h. An acknowledgment by one of directors or board of directors, as the case may be, confirming that there has been no material change in the financial position of the company during the period between the date of the relevant balance sheet and the date of the application to convert.
 - i. Any other documents required by the Authority for the conversion.

Article (4)

The company wishing to convert into a public shareholding company for the purpose of listing in the main market must sell or offer through the public subscription a percentage not less than (20% and no more than 40%) of its capital after evaluation.

Article (5)

The shareholders of the company pre converted into public shareholding company, shall not dispose of (50%) of the company's capital after evaluation for one year from the date of trading in the Main Market. During this period, they may pledge or transfer such shares by selling among themselves, or from the heirs of one of them in the event of death to others or under a final judicial ruling.

Article (6)

The procedures of selling or offering in a public subscription shall be in accordance with the Authority's legislations.

Article (7)

1. In case of conversion, each partner or shareholder shall have a number of shares in the converted to company equal to the value of the shares he had before the conversion. If the value of the partner's share or its stocks is less than the minimum of determined nominal value of the shares, it shall completed in cash. Otherwise, such partner or shareholder shall be considered as withdrawn from the company and the value of his share or stocks shall be carried at market value or book value at the conversion date whichever is greater.
2. The company shall, after conversion and re-registration, retain its legal personality, rights and obligations prior to the conversion. Therefore, the conversion shall not result in the acquittal of the joint partners from the company's obligations prior conversion unless the creditors have agreed in writing.

Article (8)

1. The Ministry shall be notified of the company's conversion along with the commercial register mentioning the new legal form.
2. The company shall comply with amending its legal form in the commercial register and commercial license at the Ministry. The conversion shall be effective from the date of amendment of the company's commercial register.