



# **Offering and Listing, and Mergers and Acquisitions Rules 2025**

**QMFA's Board Decision No. (8) of 2025**

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**Qatar Financial Market Authority's Board Decision No (8) of 2025**  
**Concerning the Issuance of**  
**Offering and Listing, and Mergers and Acquisitions Rules**

**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 No. 11 of 2015 Promulgating the Commercial Companies Law; as amended by Law No. 8 of 2021;

OFMA Regulation issued by the Decision of the QFMA Board No. 1 of 2008;

Rules for the Offering & Listing of Sukuk and Bonds issued by the Decision of the QFMA's Board Chairman No. 3 of 2011;

Mergers and Acquisition Rules issued by the Decision of the QFMA's Board No. 2 of 2014; as amended by Decision No. 2 of 2015;

Selling Rights Issues Rules issued by the Decision of the QFMA's Board No. 3 of 2014; as amended by Decision No. 4 of 2016;

Ownership of Shares in Listed Companies on QSE Rules issued by the Decision of the QFMA's Board No. 1 of 2016; as amended by Decision No. 4 of 2024;

Rules of Companies' Conversion into Public Shareholding Ones for Listing in the Financial Market issued by the Decision of the QFMA's Board No. 1 of 2017;

Rules of the Employees' Incentive Shares Scheme in Listed Shareholding Companies Through Owning Shares in the Listed Company issued by the Decision of the QFMA's Board Chairman No. 6 of 2017;

Procedures of Delisting of Public Shareholding Company Listed in the Main Market as a result of Company's Type Conversion issued by the Decision of the QFMA's Board No. 7 of 2017;

Listing Rules for Funds' Units issued by the Decision of the QFMA's Board No. 1 of 2019; as amended by Decision No. 2 of 2020;

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

Listed Shareholding Companies Purchase of Own Shares for the Purpose of Employee Incentive Scheme Rules issued by the Decision of the QFMA's Board No. 5 of 2020;

Rules of Dividend Distribution in Shareholding Companies Listed on the Financial Markets issued by the Decision of the QFMA's Board No. 7 of 2023; as amended by Decision No. 5 of 2024;

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Rules on Company's Buyback of its Own Shares with the Intent of Selling issued by the Decision of the QFMA's Board No. 3 of 2024; as amended by Decision No. 6 of 2024;

Insider Trading Rules issued by the Decision of the QFMA's Board No. 2 of 2024;

Book Building Rules issued by the Decision of the QFMA's Chief Executive Officer No. 1 of 2023;

QFMA's Board approval at its second meeting of 2025 on 9 July;

Proposal of the QFMA's Chief Executive Officer;

And as required by the public interest,

**We have decided the following:**

### **Article (1)**

The Offering and Listing, and Mergers and Acquisitions Rules annexed to this decision shall come into full force and effect.

### **Article (2)**

Any person to whom the Rules annexed to this decision apply must comply with the Rules annexed to this decision within the period of 1 year from the date of their publication in the Official Gazette, and the Chairman of the Authority's Board of Directors may extend this period.

### **Article (3)**

The following decisions of the QFMA's Board, Chairman and Chief Executive Officer shall hereby be repealed from the effective date of the Offering and Listing, and Mergers and Acquisitions Rules: Rules for the Offering & Listing of Sukuk and Bonds (Board Chairman's Decision No. 3 of 2011); the Mergers and Acquisition Rules (Board Decision No. 2 of 2014); Amendment of Some Provisions of Decision No. 2 of 2014 Concerning the Issuance of Merger and Acquisition Rules (Board Decision No. 2 of 2015); the Selling Rights Issues Rules (Board Decision No. 3 of 2014); Amendment of Some Provisions of Decision No. 3 of 2014 Concerning the Issuance of Selling Rights Issue Rules (Board Decision No. 4 of 2016); the Ownership of Shares

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in Listed Companies on QSE Rules (Board Decision No. 1 of 2016); Ownership of Shares in Listed Companies on QSE (Amendment) (Board Decision No. 4 of 2024); the Rules of Companies' Conversion into Public Shareholding Ones for Listing in the Financial Market (Board Decision No. 1 of 2017); the Rules of the Employees' Incentive Shares Scheme in Listed Shareholding Companies Through Owning Shares in the Listed Company (Board Decision No. 6 of 2017); the Procedures of Delisting of Public Shareholding Company Listed in the Main Market as a result of Company's Type Conversion (Board Decision No. 7 of 2017); the Listing Rules for Funds' Units (Board Decision No. 1 of 2019); Listing Rules for Funds' Units (Amendment) (Board Decision No. 2 of 2020); the Offering and Listing of Securities on the Financial Markets Rulebook (Board Decision No. 4 of 2020); the Listed Shareholding Companies Purchase of Own Shares for the Purpose of Employee Incentive Scheme Rules (Board Decision No. 5 of 2020); the Rules of Dividend Distribution in Shareholding Companies Listed on the Financial Markets (Board Decision No. 7 of 2023); Rules of Dividend Distribution in Shareholding Companies Listed on the Financial Markets (Amendment) (Board Decision No. 5 of 2024); the Rules on Company's Buyback of its Own Shares with the Intent of Selling (Board Decision No. 3 of 2024); Controls for a Company's Buyback of its Own Shares with the Intent of Selling (Amendment) (Board's Decision No. 6 of 2024); the Insider Trading Rules (Board Decision No. 2 of 2024); the Book Building Rules (Chief Executive Officer's Decision No. 1 of 2023).

#### **Article (4)**

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.

**H.E. Sheikh Bandar bin Mohammed bin Saud Al Thani**  
**Chairman of the Board of Directors**

Issued on: 09/06/1447 AH

Corresponding to: 30/11/2025

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# Offering and Listing, and Mergers and Acquisitions Rules 2025

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## **Chapter 1**

### **Introduction and general provisions**

#### **Part 1.1**

#### **Title, commencement and guide to the Rules**

##### **1.1.1 Name of Rules**

These Rules are the *Offering and Listing, and Mergers and Acquisitions Rules 2025*.

##### **1.1.2 Commencement**

These Rules commence on the date the Board decision approving these Rules is issued.

##### **1.1.3 Guide to the Rules**

These Rules are arranged as follows.

Chapter 1	Definitions of key terms and introductory provisions.
Chapters 2 to 6	Provisions about offering securities, in particular: <ul style="list-style-type: none"><li>(a) Chapter 2 sets out the requirements for offering securities applicable to all issuers, including provisions about all public offers of securities, requirements for obtaining Authority approval for certain private offers and application of Chapters 2 and 3 to public offers of depository receipts;</li><li>(b) Chapter 3 sets out the requirements for public offers of shares;</li><li>(c) Chapter 4 sets out the requirements for public offers of bonds;</li></ul>

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	<ul style="list-style-type: none"> <li>(d) Chapter 5 sets out the requirements for public offers of sukuk; and</li> <li>(e) Chapter 6 sets out the requirements for public offers of fund units of funds that are to be listed on an exchange (these Rules do not contain provisions relating to unlisted funds which are dealt with in other applicable laws, regulations and rules).</li> </ul>
Chapters 7 to 11	<p>Provisions about listing and trading securities on a market, in particular:</p> <ul style="list-style-type: none"> <li>(a) Chapter 7 sets out the requirements for the listing and trading of all securities and sets out the ongoing obligations applicable to issuers of those listed securities, including provisions requiring directly listed issuers to comply with certain provisions in the Chapters relating to public offers with modifications, and provisions about listing securities issued by foreign issuers, listing securities issued by issuers in Qatar on a foreign exchange and the modification of the provisions of Chapters 7 and 8 in relation to the listing of depository receipts;</li> <li>(b) Chapter 8 sets out the requirements for listing and trading of shares and sets out the ongoing obligations applicable to issuers of shares;</li> <li>(c) Chapter 9 sets out the requirements for listing bonds and sets out the ongoing obligations applicable to issuers of bonds;</li> <li>(d) Chapter 10 sets out the requirements for listing sukuk and sets out the ongoing obligations applicable to issuers of sukuk; and</li> </ul>

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	(e) Chapter 11 sets out the ongoing obligations applicable to listed funds.
Chapter 12	Disclosure requirements applicable to all issuers, including ongoing disclosure requirements and the ability to delay disclosure or not disclose (Part 12.2), requirements to publish periodic reports and financial statements (Part 12.3) and provisions about timings of board meetings and maintaining insider lists (Part 12.4).
Chapter 13	Provision about temporary pausing of trading (Part 13.1), suspension of trading (Part 13.2) and delisting (Part 13.3).
Chapter 14	Provision about rights issues.
Chapter 15	Provision about employee share schemes.
Chapter 16	Provision about the processes for acquisitions and mergers involving listed companies.
Chapter 17	Provision about ownership limits and the circumstances in which compulsory offers for a company must be made.
Chapter 18	Provision about appeals against certain decisions made by the Authority.

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## Part 1.2 Definitions and interpretation

### 1.2.1 Application

The words and phrases defined in this Part have the meaning given by this Part unless the context otherwise requires.

### 1.2.2 Meaning of security etc.

(1) *Security* means:

- (a) any of the following as stated in the QFMA Law:
  - (i) a share in a Qatari issuer;
  - (ii) a bond issued by a Qatari issuer;
  - (iii) sukuk issued by a Qatari issuer; and
- (b) any of the following as designated by the Authority in accordance with the QFMA Law:
  - (i) a share in a foreign issuer or an issuer incorporated in the QFC, the Qatar Free Zones, the Qatar Science and Technology Park or any other special zone in the State;
  - (ii) a bond issued by a foreign issuer or an issuer incorporated in the QFC, the Qatar Free Zones, the Qatar Science and Technology Park or any other special zone in the State;
  - (iii) sukuk issued by a foreign issuer or an issuer incorporated in the QFC, the Qatar Free Zones, the Qatar Science and Technology Park or any other special zone in the State;
  - (iv) a commodity instrument;
  - (v) a warrant;
  - (vi) a fund unit;
  - (vii) a tradable rights issue (see Chapter 14);
  - (viii) a depository receipt;

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- (ix) any right or interest in anything referred to in paragraphs (a) (i) to (iii) or (b) (i) to (vi) derived from an option, future, or a contract for difference.
- (2) **Share** means a share or stock in the share capital of a company.
- (3) **Bond** means an instrument creating or acknowledging a debt owed by the issuer that is to be repaid to the bond owner in accordance with the terms of the instrument (including a treasury bill or bond issued by a Government entity) but does not include any of the following, that are not considered to be securities:
  - (a) an instrument creating or acknowledging a debt under a contract for the supply of goods or services, or for money borrowed to pay or settle the debt under such a contract;
  - (b) a cheque, a bill of exchange, a banker's draft or a letter of credit;
  - (c) a banknote, a statement showing a balance on a bank account, or a lease contract or any other evidence of disposition of property; or
  - (d) a contract of insurance.
- (4) **Sukuk** means an instrument that represents an equal share, along with other such instruments of equal value, in arrangements that are in compliance with the principles of Shari'a.
- (5) **Commodity instrument** means a tradable instrument conferring on the holder a right or interest in any commodity.
- (6) **Warrant** means an instrument conferring on the holder a right to acquire:
  - (a) a share (a **share warrant**); or
  - (b) a bond (a **bond warrant**).
- (7) **Fund unit** means a share or other interest in a fund.
- (8) **Depository receipt** means a negotiable instrument:
  - (a) which confers on the holder of the instrument contractual or property rights to or in respect of shares held by the issuer of the

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instrument, including rights exercised by the issuer on behalf of the holder of the instrument; and

(b) which may be transferred by the holder of the instrument without the consent of the issuer,

but it does not include an instrument representing an option to buy shares.

(9) **Option** means an option to acquire or dispose of:

- (a) a share;
- (b) a bond;
- (c) sukuk;
- (d) a commodity;
- (e) warrant;
- (f) fund unit;
- (g) a future; or
- (h) a contract for difference,

which is acquired for investment and not commercial purposes.

(10) **Future** means a right under a contract for the sale of a commodity or property of any other description under which delivery is to be made at a future date and at a price agreed on when the contract is made and which is made for investment and not commercial purposes.

(11) But a contract is not a future if the seller delivers or intends to deliver the property, or the purchaser takes or intends to take delivery of the property.

(12) **Contract for difference** means rights under a contract the purpose or purported purpose of which is to secure a profit or avoid a loss by reference to fluctuations in:

- (a) the value or price of property of any description; or

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- (b) an index or other factor designated for that purpose in the contract.

(13) But a contract is not a contract for difference if:

- (a) the parties intend that the profit is to be secured or the loss avoided by one or more of the parties taking delivery of any property to which the contract relates;
- (b) money is received on terms that the entire principal amount will be repaid (after deduction of reasonable fees, if relevant) but any interest or other return to be paid on the sum received will be calculated by reference to fluctuations in an index or other factor; or
- (c) the contract is a contract of insurance.

#### **1.2.3 Meaning of *issuer***

- (1) ***Issuer*** means a person who issues, or is seeking to issue, securities.
- (2) An issuer is a ***Qatari issuer*** if it is incorporated pursuant to the Companies Law or it is a Government entity.
- (3) An issuer is a ***foreign issuer*** if it is incorporated outside the State and has its head office outside the State.

#### **1.2.4 Meaning of *market, licensed exchange and associated terms***

- (1) A ***market*** means a multilateral facility operated by a licensed exchange that provides:
  - (a) a centralised market or markets for trading securities; and
  - (b) a non-discretionary system or mechanism (whether order-driven, quote-driven or a hybrid of both) enabling face-to-face trading (open outcry), electronic trading, or trading by other means, on the market.
- (2) ***Licensed exchange*** means a person licensed to operate a market.

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- (3) For these Rules, any reference to a licensed exchange in relation to an issuer is a reference to the licensed exchange operating the market on which the issuer's securities are listed or are proposed to be listed.
- (4) **Foreign exchange** means a legal person operating a market outside the State.
- (5) **Main equity market** means a market operated by a licensed exchange for shares or share warrants that meet the listing criteria set out in rule 8.2.2 (1) and (2).
- (6) **Second equity market** means a market operated by a licensed exchange for shares or share warrants that meet the listing criteria set out in rule 8.2.2 (1) and (3).

#### **1.2.5 Other definitions**

In these Rules:

**acquisition** has the meaning given by rule 16.1.3 (3);

**alliance** means an agreement between persons obtaining or utilising voting rights in a listed company in order to pursue a common purpose or objective for, or in relation to, the company;

**Appeals Committee** means the Appeals Committee established under the QFMA Law;

**approved Shari'a supervisory board** means a Shari'a supervisory board approved by the State;

**Authority** means the Qatar Financial Markets Authority (or QFMA);

**board**, in relation to an entity, means the entity's board of directors or other body of persons responsible for strategic decision making in relation to the entity;

**the Companies Law** means Law No. (11) of 2015 promulgating the Commercial Companies Law (as amended);

**depository** means a firm licensed as such by the Authority;

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***direct listing*** means a listing of securities on a market operated by a licensed exchange which has not been preceded by a public offer of those securities;

***employee share scheme*** has the meaning given by rule 15.1.2;

***external auditor*** means an external auditor registered as such with the Authority;

***financial evaluator*** means an entity registered as a financial evaluator with the Authority;

***financial year***, in relation to an issuer, means the period specified as the issuer's financial year in the issuer's articles of association or similar document;

***first day of trading***, in relation to securities offered in a public or private offer or listed in a direct listing, means the first day on which the securities are capable of being traded on the licensed exchange;

***founder*** means:

(a) in the case of a company converting into a public shareholding company by means of an offer, a person who was a shareholder, or otherwise an owner, immediately before:

- (i) the company converts; or
- (ii) if earlier, the beginning of the subscription period; or

(b) in the case of a company converting into a public shareholding company by means of a direct listing, a person who was a shareholder, or otherwise an owner, immediately before:

- (i) the company converts; or
- (ii) if earlier, the company is listed,

but does not include a person who purchases shares in a book building process used to determine the offer price or initial listing price and in the case of a company converting into a public shareholding company under the Companies Law a person who is not treated as a founder in

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accordance with the Law is also not considered to be a founder under these Rules;

***fund*** has the meaning given by rule 6.1.2 (1);

***fund manager*** has the meaning given by rule 6.1.2 (2);

***Government entity*** means the government of the State or a public, regional or local authority in the State (including the Qatar Central Bank, the Qatar Foundation for Education, Science and Community Development, the Qatar Investment Authority or any entity in the same group, the Qatar Holding Company, and any fund affiliated with another Government entity);

***group***, in relation to an entity, means;

- (a) the entity;
- (b) any parent entity of the entity; and
- (c) any subsidiary of the entity;

***high net worth individual*** means an individual who has

- (a) at least QR 4 million (or the equivalent in another currency) in net assets (excluding the value of the individual's primary family residence, but including assets in which the individual has a beneficial interest); or
- (b) earned income (including bonuses) of QR 750,000 (or the equivalent in another currency) or more in each of the previous 2 calendar years and who reasonably expects to do so in the current calendar year,

for paragraph (b), the ***current year*** means the year in which, at any point, the individual is to be treated as a high net worth individual for the purposes of these Rules;

***initial public offer*** means a public offer of shares to be listed on an exchange where the same class of the issuer's shares is not already listed;

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*insider* has the meaning given by rule 12.1.3;

*investment trustee* means a firm licensed as such by the Authority;

*legal advisor* means a person licensed, or otherwise authorised, to practice law:

- (a) in the State;
- (b) in or from the QFC; or
- (c) in a jurisdiction with which the appropriate Ministry of the State has arrangements recognising the qualifications of such a person;

*licensed firm* means an entity licensed by the Authority to carry out a financial services activity, and *licensed* is to be construed accordingly;

*listed company* means a company which has its securities listed on an exchange;

*market maker and liquidity provider* means a firm licensed as such by the Authority;

*major shareholder*, in relation to a company, means a person who owns 5% or more of the company's capital (whether directly or indirectly) and includes a person whose ownership of a company combined with that of the person's spouse and minor children is 5% or more;

*material non-public information* has the meaning given by rule 12.1.2;

*merger* has the meaning given by rule 16.1.3 (3);

*obligor*:

- (a) in relation to a bond, has the meaning given by rule 4.1.2;
- (b) in relation to sukuk, has the meaning given by rule 5.1.3;

*offering and listing advisor* means a person licensed as such by the Authority;

*parent entity*, in relation to another entity, means an entity which:

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- (a) alone, or together with one or more associates holds a majority of the voting rights in the other entity;
- (b) is a member of the other entity (whether direct or indirect, or through legal or beneficial entitlement) and has the right to appoint or remove a majority of the board members of the other entity;
- (c) has the right to exercise a dominant influence over the management and operation of the other entity through:
  - (i) provisions contained in the memorandum of association, articles of association, or similar document, of the other entity; or
  - (ii) any contractual arrangement relating to the management and operation of the other entity; or
- (d) is a parent entity of a third entity which is itself a parent entity of the other entity,

and for this definition, *associate*, in relation to a person (“person A”) holding shares in, or entitled to exercise or control the exercise of voting power in, an entity, means:

- (a) a spouse, child or stepchild of person A;
- (b) the trustee of any settlement in which A is a beneficiary;
- (c) an entity of which person A is a director;
- (d) an entity in the same group as person A;
- (e) an employee or partner of person A;
- (f) if person A is an entity:
  - (i) a director of person A;
  - (ii) a subsidiary of person A;
  - (iii) a director or employee of a subsidiary; or

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(g) another person (“person B”) with whom person A has an agreement or arrangement under which A and B undertake to act together with respect to the acquisition, holding or disposal by each of them of shares or other interests in the entity, or with respect to the exercise by them of their voting power in relation to the entity (other than where the only agreement or arrangement to which they are party forms part of the memorandum of association, articles of association, or similar document of the entity, or of a parent entity of the entity);

*person* includes a natural and a legal person;

*private offer* has the meaning given in Division 2.3.A;

*private shareholding company* means an entity incorporated as such under the Companies Law;

*public offer* has the meaning given by rule 2.2.2;

*public shareholding company* means an entity incorporated as such under the Companies Law;

*the QFC* means the Qatar Financial Centre established under the QFC Law;

*the QFC Law* means Law No. (7) of 2005 regarding the Qatar Financial Centre;

*the QFMA Law* means Law No. (8) of 2012 regarding the Qatar Financial Markets Authority;

*qualified investor* means a person who is:

- (a) a licensed firm;
- (b) a financial services firm established outside the State, only if:
  - (i) the firm’s competent regulatory or supervisory authority is a member of the International Organization of Securities Commissions (IOSCO); and
  - (ii) adequate arrangements exist for cooperation between the Authority and that other authority;

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- (c) a bank, insurance company, fund or other financial institution:
  - (i) regulated or supervised by the Qatar Central Bank;
  - (ii) authorised by the Qatar Financial Centre Regulatory Authority;
  - (iii) regulated by another regulator in the State; or
  - (iv) regulated by a competent authority outside the State and approved by the Authority;
- (d) a Government entity or an entity owned by a Government entity;
- (e) an entity owned by the government of another state approved by the Authority;
- (f) an international organisation or authority (that is, a body whose membership comprises the governments, central banks, regulators or other public authorities of more than one state);
- (g) an investor who invests through a licensed investment manager acting as the investor's agent;
- (h) a high net worth individual;
- (i) an individual who:
  - (i) has worked for an entity carrying out financial services activity in relation to the financial markets, or for an entity referred to in paragraph (c), for a period of at least 3 years in a professional capacity;
  - (ii) has traded in the financial markets and has conducted deals with a total value of no less than QR 50 million (or the equivalent in another currency) in a period of 1 year before being offered securities under these Rules; or
  - (iii) has qualifications in the field of investment in financial markets recognised in the State or internationally; or
- (j) an individual otherwise approved by the Authority to be a qualified investor.

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**reference price**, in relation to a direct listing, means the price stated at the beginning of the first day of trading of the listed securities to inform any orders placed on the market;

**rights issue** has the meaning given by rule 14.1.1;

**second market listing advisor** means a person licensed as such by the Authority;

**senior executive management**, in relation to an issuer or other company, means:

- (a) the chief executive officer, or a person holding an office with responsibilities substantially similar to a chief executive officer; and
- (b) any person with strategic responsibilities who reports to that officer;

**senior management**, in relation to an issuer or other company, means:

- (a) the chairman, or a person holding an office with responsibilities substantially similar to a chairman;
- (b) the board; and
- (c) the senior executive management;

**special purpose vehicle** means:

- (a) a special purpose company established in the Qatar Financial Centre in accordance with the Special Company Regulations; or
- (b) an entity of a similar nature established under an applicable law of the State or under the law of a jurisdiction outside the State, provided the company or entity is established for the purpose of issuing bonds or sukuk;

**the State** means the State of Qatar;

**subsidiary**, in relation to an entity, means any other entity of which the entity is a parent entity;

**underwriter** means a firm licensed as such by the Authority;

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***working day*** means a day that is not a Friday, Saturday, or a public or bank holiday in the State.

#### **1.2.6 Calculation of periods of time**

In these Rules:

- (a) periods of time are to be calculated in accordance with the Gregorian calendar;
- (b) if a period of time is expressed as occurring after an event, the period of time is to be treated as beginning on the day after the event in question;
- (c) if a period of time is expressed as occurring before an event, the period of time is to be treated as ending on the day before the event in question.

#### **1.2.7 References to legislation**

In these Rules, a reference to any Law, regulations or other rules is a reference to that Law, those regulations or those other rules as may be amended from time to time and, if a Law, regulations or rules have been superseded the reference is to be read as a reference to the Law, regulations or rules that superseded them.

#### **1.2.8 Guidance**

The Authority may give guidance consisting of information and advice relating to these Rules, including the Authority's interpretation of any rule, as it considers appropriate.

## Part 1.3 General provisions

### 1.3.1 Notices

- (1) Any reference in these Rules to giving notice to a person, or notifying a person, however expressed, is a reference to giving notice in writing, including by electronic means.
- (2) A notice given by electronic means:
  - (a) must be sent in a manner in which the sender may reasonably presume that the recipient will receive it;
  - (b) must be in a form which is capable of being accessed and retained by the recipient; and
  - (c) is treated as given when it is sent.

### 1.3.2 Agreements

- (1) Any reference in these Rules to a person entering into an agreement with another person, however expressed, is a reference to entering into an agreement in writing.
- (2) An agreement may be entered into:
  - (a) by the parties signing the agreement (or by representatives of the parties); or
  - (b) by any other means of signifying agreement, including electronic means, which constitutes parties entering into a contractual relationship in accordance with the applicable law.

### 1.3.3 Publication

In these Rules, any reference to a document being published is a reference to it being published in a manner generally accessible by the public, including through any electronic medium.

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#### **1.3.4 Decisions**

- (1) In these Rules, any decision required to be made, or that may be made, by the Authority may be made by the Chief Executive Officer of the Authority.
- (2) The Authority's Board may specify that a particular decision, or a particular category of decisions must either:
  - (a) be taken by the Board; or
  - (b) be taken by the Chief Executive Officer.
- (3) The Authority may publish its decisions on the Authority's website. But the Authority need not publish a decision if it considers it unnecessary or inappropriate to do so, having regards to the interests of the market, the interests of persons to whom the decision relates and the public interest.
- (4) The Authority's notice of a decision must include the reasons for the decision.

#### **1.3.5 Forms and fees**

- (1) In these Rules, any reference to a form specified by the Authority for a particular purpose is a reference to the form issued by the Chief Executive Officer of the Authority, or by the Authority's Board, for that purpose.
- (2) The Chief Executive Officer, or the Board, may:
  - (a) amend or replace a form;
  - (b) give guidance and instructions to complete a form either in the form itself or on a separate document.
- (3) Forms must be published on the Authority's website.
- (4) In these Rules, any reference to a fee required to be paid to the Authority by any person for a particular purpose is a reference to the fee approved in accordance with the QFMA Law as published on the Authority's website.

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- (5) In these Rules, any reference to a fee required to be paid to a licensed exchange by any person for a particular purpose is a reference to the fee specified in a notice issued by the exchange.
- (6) A licensed exchange may amend or replace a fee notice by issuing a further notice.
- (7) A licensed exchange must publish fee notices on its website.

#### **1.3.6 Power to waive or modify rules**

- (1) The Authority may, to the extent it considers appropriate:
  - (a) partially or fully waive or modify the application of these Rules to a Government entity; and
  - (b) partially waive or modify the application of these Rules to any other person or class of persons.
- (2) The Authority may cancel or amend a waiver or modification.
- (3) The Authority may exercise its power under this rule only if it considers doing so to be in the interest of:
  - (a) the orderly operation of the financial markets and systems in the State; or
  - (b) the public.
- (4) The Authority must notify the persons affected of any waiver or modification, or cancellation or amendment of a waiver or modification.
- (5) A notice must:
  - (a) specify the period for which the waiver or modification has effect; or
  - (b) state that it has effect until further notice.

#### **1.3.7 Failure to comply with rules**

If a person fails to comply with any requirement imposed by these Rules, the Authority may, in addition to any action the Authority may take under these Rules, take any action it is authorised or required to

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take under the QFMA Law (see in particular Article 35 of the Law) or any other Law of the State, or any other regulations or rules made under such Laws.

#### **1.3.8 Documents etc. to be in Arabic**

- (1) Any application, notice, report, study, other document or other information, which, under these Rules, is required to be, or which may be, prepared, published, or provided to another person, must be in Arabic unless otherwise stated in this rule.
- (2) This does not prevent any application, notice, study, other document or other information from also being prepared, published or provided in English or any other language.
- (3) An application, notice, report, study, other document or other information may be prepared, published or provided in English only with the prior written approval of the Authority.
- (4) Information that is required to be disclosed under Chapter 12 must be disclosed in Arabic and English.
- (5) If an application, notice, report, study, other document or other information is prepared, published or provided in more than one language, the Arabic version prevails in the event of any discrepancy or inconsistency unless otherwise permitted under subrule (6).
- (6) If an application, notice, report, study, other document or other information is prepared, published or provided:
  - (a) by a foreign issuer;
  - (b) an issuer incorporated in the QFC or the Qatar Free Zones; or
  - (c) in relation to the issuance of securities that are offered or listed outside the State (whether or not they are also offered or listed in the State), including as part of a program of issuances of bonds or sukuk from the same issuer over a period of time,

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the version of the application, notice, report, study, other document or other information in another language specified by the person providing it prevails in the event of any discrepancy or inconsistency between the version in that language and the Arabic version.

(7) This rule applies to a prospectus as it applies to any other document.

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## **Chapter 2**

## **Offering securities: General**

### **Part 2.1**

### **Offering securities in the State**

#### **2.1.1      Restrictions on offering and requirements for Authority approval**

- (1) Securities may be publicly offered in the State only in accordance with these Rules or in accordance with any other rules made by the Authority regulating the offering of securities not regulated under these Rules.
- (2) The following types of offers made in the State must be approved by the Authority:
  - (a) a public offer of securities;
  - (b) a private offer of shares or share warrants made by an issuer with shares already listed on a market; and
  - (c) an offer of shares under an employee share scheme.
- (3) A private offer of securities made in the State does not require the approval of the Authority (unless it is a private offer of shares or share warrants made by an issuer with shares already listed on a market).
- (4) A rights issue must be conducted in accordance with Chapter 14 and must not be made unless the Authority approves the information document required under rule 14.1.4.
- (5) Securities may be offered outside the State without the Authority's approval unless it is a public offer or private offer of shares, share warrants or securities convertible into shares made by a Qatari issuer with shares already listed on a market.
- (6) For these Rules, an offer of securities includes:
  - (a) inviting persons to subscribe for securities;

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- (b) directly or indirectly marketing securities, including presenting information on the terms of an offer, or the terms of the offered securities, so as to enable an investor to make a decision to buy, or subscribe to, the offered securities; and
- (c) making any statement, announcement or communication in any form or by any means that has the effect of paragraph (a) or (b).

- (7) But an offer does not include preliminary steps taken in preparing, or considering making, an offer, including negotiations with underwriters and the entering into contracts with or among underwriters.
- (8) If an offer of securities is made to persons who are not Qatari, the issuer must ensure that any acquisition of the offered securities is in compliance with the issuer's articles of association and the Laws of the State as regards ownership of particular entities.
- (9) If an offer of securities is for the purpose of increasing the issuer's issued and paid-up capital, it must be completed and any additional securities paid for by, and distributed to, subscribers within 1 year of the approval given at the issuer's extraordinary general assembly. If the additional securities are not distributed within that time the offer must be completed to the extent of the securities distributed.
- (10) These Rules do not apply to either of the following types of offers:
  - (a) an offer of securities made on a licensed equity crowdfunding platform made in accordance with Rules made by the Authority about the licensing of such platforms and offers made on them;
  - (b) offers of fund units that are not, and are not to be, listed on a market (for provision about offers of unlisted funds, see the relevant legislation concerning funds).

### **2.1.2 Offering foreign issuer's securities**

- (1) If a foreign issuer's securities are offered in the State in a private offer they may be offered only to qualified investors.

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- (2) No person may promote or market a private offer of a foreign issuer's securities in the State other than by direct contact with qualified investors.

## Part 2.2 Public offers

## Division 2.2.A Application

### **2.2.1 Offers this Part applies to**

### This Part:

- (a) applies to public offers of securities;
- (b) but it applies to public offers of fund units only if they are, or are to be, listed on a market; and
- (c) applies to a person making a public offer in the State of depository receipts in accordance with Division 2.2.F.

## Division 2.2.B Approval of public offers

## 2.2.2 Meaning of *public offer*

A **public offer** is an offer of securities that is not:

- (a) a private offer;
- (b) a rights issue; or
- (c) an offer under an employee share scheme.

### 2.2.3 Authority approval

(1) A public offer may be made only if:

- (a) an application for the Authority's approval to make the offer is made;
- (b) if the offered securities are to be listed, the application includes an application for the Authority's approval to list the securities on a market;
- (c) the application is in the form and contains the information specified by the Authority;
- (d) the application includes a written undertaking that the issuer will comply with all of the Authority's regulations, rules, codes and

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procedures relevant to the issuer, including the Governance Code published by the Authority applicable to the issuer;

- (e) the appropriate fee is paid to the Authority; and
- (f) the Authority has approved the application.

(2) For the Authority to approve an application, the following requirements must be met:

- (a) the issuer requirements set out in Division 2.2.C;
- (b) a prospectus is prepared for publication which meets the requirements set out in Division 2.2.D, including the requirements in Schedule 1;
- (c) if the offered securities are to be listed, the issuer has met, or will meet, the requirements for listing set out in Division 7.2.B; and
- (d) it is in the public interest to approve the application.

(3) If the offer relates to shares or share warrants, the following requirements must also be met:

- (a) the requirements in Part 3.2;
- (b) the additional prospectus requirements in Part 3.3; and
- (c) if the shares or share warrants are to be listed, the issuer has met, or will meet, the additional requirements in rule 8.2.2.

(4) If the offer relates to bonds or bond warrants, the following requirements must also be met:

- (a) the requirements in Part 4.2;
- (b) the additional prospectus requirements in Part 4.3; and
- (c) if the bonds or bond warrants are to be listed, the issuer has met, or will meet, the additional requirements in Part 9.2.

(5) If the offer relates to sukuk, the following requirements must also be met:

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- (a) the requirements in Part 5.2;
- (b) the additional prospectus requirements in Part 5.3; and
- (c) if the sukuk are to be listed, the issuer has met, or will meet, the additional requirements in Part 10.2.

(6) If the offer relates to fund units, the following requirements must also be met:

- (a) the requirements in Part 6.2; and
- (b) the additional prospectus requirements in Part 6.3.

(7) The Authority must make its decision to either approve or reject an issuer's application no later than 30 working days after the application is made. The Authority must notify the issuer of the decision no later than 5 working days after the day the decision is made.

(8) The Authority may require the issuer to provide further information to make its decision on the application.

(9) If the Authority requires further information, the period for making a decision on the application may be extended. The Authority must notify the issuer of the extension.

(10) The Authority may further extend the period for making a decision. The Authority must notify the issuer of any further extension.

#### **2.2.4 Cancellation of public offer**

- (1) The Authority may cancel an approved public offer at any time before the end of the subscription period if any of the following applies:
  - (a) there has been a material change in the circumstances of the issuer or to the information provided in the application for approval of the offer (whether that information is provided in the prospectus or otherwise);
  - (b) the Authority considers that the offer no longer complies with the requirements of these Rules and it is therefore appropriate to cancel the offer; or

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- (c) it is in the public interest to cancel the offer.
- (2) The Authority must give notice to the issuer of a cancellation and must publish the notice on its website.
- (3) A notice must specify the steps the issuer must take in relation to the cancellation (including, for example, steps to ensure that any subscribers to the offer are fully refunded).
- (4) The Authority is not liable for any costs that may be incurred by an issuer or any other person as a result of the cancellation of a public offer.

## **Division 2.2.C        Public offer requirements**

### **2.2.5        General requirements**

- (1) An issuer of securities offered in a public offer must be:
  - (a) a Government entity;
  - (b) an entity incorporated in the State; or
  - (c) an entity incorporated in a jurisdiction outside the State in accordance with the laws of that jurisdiction.
- (2) If an issuer of securities offered in a public offer is not a Government entity, the issuer must meet all the following requirements:
  - (a) the issuer's articles of association and memorandum of association, or other establishing document, must not include any limitations on:
    - (i) making the public offer;
    - (ii) if the offered securities are to be listed, listing the offered securities on a market; or
    - (iii) trading in those securities;

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- (b) no member of the issuer's board or senior management has been convicted of a crime related to immorality or dishonesty (unless the person has been rehabilitated following such a conviction);
- (c) if the issuer is regulated or supervised by another public authority in the State (including the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority, or the Qatar Free Zones Authority), the issuer has complied with any approval requirements of that other authority applicable to the offer; and
- (d) if the issuer is regulated or supervised by a public authority in another state, the issuer has complied with any approval requirements in that other state applicable to the offer.

#### **2.2.6      Restriction on promotional activity**

No person may engage in activity that is calculated or intended to solicit or encourage another person to subscribe for, or acquire, publicly offered securities unless the activity is required, or carried out in accordance with:

- (a) these Rules;
- (b) the QFMA Law; or
- (c) any other rules made by the Authority.

### **Division 2.2.D      Prospectus**

#### **2.2.7      Requirement to prepare and publish prospectus**

- (1) A person making a public offer must ensure that a prospectus is prepared and published relating to the offer.
- (2) A document which meets the requirements of these Rules relating to a prospectus is to be treated as a prospectus even if it is not described as a prospectus.

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### **2.2.8 Content of prospectus**

- (1) A prospectus relating to a public offer:
  - (a) must comply with the requirements set out in Schedule 1;
  - (b) must comply with the format and layout of the model prospectus published by the Authority for the type of securities offered and include any other information specified in the model prospectus;
  - (c) must include a comprehensive and accurate disclosure of all information relevant to the offer which may be of interest to investors, for the purposes of making an informed assessment of the assets and liabilities, financial position, profits and losses, and prospects of the issuer and any guarantor and the nature of the securities including the rights and liabilities attaching to those securities; and
  - (d) must include any other information as the Authority may specify.
- (2) A prospectus must not contain any information or statements that are untrue or may reasonably be considered to be misleading.
- (3) A prospectus may not state the name of any individual other than:
  - (a) the members of the issuer's board and senior executive management;
  - (b) if the offer relates to sukuk, the issuer's Shari'a advisor and, if the issuer has a Shari'a supervisory board, the members of that board; and
  - (c) any other individual who has agreed in writing that their name may appear in the prospectus.

### **2.2.9 Auditor's reports and other expert reports**

- (1) An issuer's annual financial statements contained in, or accompanying, a prospectus must include the issuer's external

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auditor's report on the statements which must not contain any reservations other than reservations:

- (a) which, in the Authority's opinion, do not have a significant effect on the issuer's ability to operate as a going concern; or
- (b) in relation to which action has been taken and a separate external auditor's report has been prepared.

(2) A prospectus must contain a separate report prepared by an external auditor if:

- (a) there is a reservation in the external auditor's report on the financial statements contained in, or accompanying, the prospectus and action has been taken in relation to the reservation;
- (b) the issuer has undergone restructuring or has made a change in the capital using external financing since the beginning of the period covered by the financial statements contained in, or accompanying, the prospectus;
- (c) any material change has been made to the company's accounting policies since the publication of the issuer's most recent annual financial statements; or
- (d) any material adjustment has been made to, or is required to be made to, the financial statements contained in, or accompanying, the prospectus.

(3) A separate external auditor's report must either:

- (a) contain no reservations; or
- (b) contain reservations which, in the Authority's opinion, do not have a significant effect on the issuer's ability to operate as a going concern.

(4) A report prepared by an external auditor or other expert (for example, a financial evaluator) which is contained in, or accompanies, a prospectus must:

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- (a) be prepared no earlier than 6 months before the application for approval of the public offer is made, or
- (b) be accompanied with a statement from the issuer that no events have occurred, and no information or data has changed, which would have materially changed the report or the underlying information on which the report was based had the report being prepared after the event or the change in information or data occurred.

(5) The prospectus must include:

- (a) the name and business address of any person who has prepared a report contained in, or accompanying, the prospectus; and
- (b) a declaration of any:
  - (i) material interest the person has in the issuer or in a person in the same group as the issuer; or
  - (ii) other conflict of interest the person may have with the issuer or a person in the same group as the issuer,along with an explanation of the nature of the interest or conflict and steps taken to ensure that such interest or conflict has no effect on the report.

(6) The prospectus must state that the report has been included in, or accompanies, the prospectus with the consent of the person who prepared it.

(7) A report contained in, or accompanying, a prospectus is treated as part of the prospectus.

(8) No external auditor's reports are required if the issuer, or the obligor, is a Government entity.

#### **2.2.10      Period of validity**

- (1) A prospectus is valid for 1 year after the day the Authority approves the offer to which it relates.

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- (2) But a prospectus that relates to a program of offers of bonds or sukuk from the same issuer is valid for the duration of program.
- (3) An issuer may not accept subscriptions for offered securities at any time when the prospectus is not valid.

#### **2.2.11 Exemption where small percentage of same securities offered**

The requirement to prepare and publish a prospectus does not apply to the public offer of securities to be listed if the amount of securities offered, combined with the amount of securities in the same class listed in the period of 1 year ending when the subscription period for the offer begins, represents no more than 10% of securities of the same class already listed and available for trading on a market.

#### **2.2.12 Responsibility for content**

- (1) Neither the Authority nor a licensed exchange are responsible for the content or accuracy of a prospectus nor for any other disclosure made by the issuer in relation to the offer. This includes:
  - (a) the technical aspects of any analysis of the investment prospects or commercial or economic feasibility of the issuer;
  - (b) any analysis of the financial position of the issuer prepared by the issuer's financial evaluator or external auditor;
  - (c) any assumptions underlying those analyses; and
  - (d) any statements, reports or documents containing information relevant to the public offer.
- (2) The publication by the Authority or a licensed exchange, of any information prepared by or on behalf of an issuer or by an issuer's external auditor is not to be taken to be an acknowledgement by the Authority or the exchange of the accuracy, validity or comprehensiveness of the information.

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### **2.2.13 Publication**

- (1) An issuer making a public offer must ensure that the prospectus is published as soon as possible after the offer is approved by the Authority.
- (2) The prospectus must be published on the issuer's website and, if the offered securities are to be listed, on the website of the licensed exchange.
- (3) The prospectus must be made available to prospective investors free of charge.
- (4) The issuer may promote the public offer by any means it considers appropriate provided the issuer complies with any controls, restrictions and requirements related to the promotion of securities and the publication of prospectuses:
  - (a) set out in rules made by the Authority (including these Rules) and, if the offered securities are to be listed, by the licensed exchange; and
  - (b) set out in any applicable Laws of the State.

### **2.2.14 Requirement to publish amended or supplementary prospectus**

- (1) If, any time after a prospectus is published:
  - (a) there is a significant change in, or a material mistake or inaccuracy affecting, anything contained in the prospectus; or
  - (b) significant new information arises that, were it to have arisen before the prospectus was published, would have been required to be included in the prospectus,the issuer or the issuer's offering and listing advisor must take the action set out in subrule (2).
- (2) That action is:

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- (a) immediately notify the Authority and, if the offered securities are to be listed, the licensed exchange; and
- (b) publish an amended or supplementary prospectus specifying the change and its effect on the issuer's website as soon as possible.
- (3) A supplementary document published after the prospectus is published is taken to be a supplementary document published under this rule (for example, a pricing term sheet).
- (4) The Authority may direct the issuer or the issuer's offering and listing advisor to make such further amendments to an amended or supplementary prospectus as the Authority considers appropriate. A further amended prospectus must be published on the issuer's website as soon as possible.

#### **2.2.15 Use of prospectus prepared for offering or listing outside the State**

- (1) The requirement to ensure that a prospectus is prepared and published may be met by publishing a prospectus prepared in relation to an offer, or application to list, securities outside the State if the prospectus contains information that is equivalent to that required under these Rules.
- (2) The Authority may direct that amendments are made to the prospectus.

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## **Division 2.2.E        Subscription process**

### **2.2.16    Promotion and marketing of public offer**

- (1) The promotion and marketing of securities offered in a public offer must be carried out by a firm licensed to carry out securities promotion and marketing.
- (2) In carrying out promotion and marketing, the licensed firm must:
  - (a) ensure the public offer has been approved by the Authority; and
  - (b) use clear, easy to understand and non-misleading language in any promotional or marketing material.
- (3) Any promotional or marketing material issued by the licensed firm in relation to the public offer must clearly set out:
  - (a) the type of investor that the offer is aimed at;
  - (b) any restrictions on investors subscribing for the offered securities; and
  - (c) the investment risks associated with investing in the offered securities.
- (4) A licensed firm carrying out promotion and marketing of securities offered in a public offer must not recommend any particular investment or give advice to prospective investors on whether or not to invest unless the firm is licensed to carry out the activity of advising on securities.

### **2.2.17    Promotion and marketing of public offer: projections**

- (1) As part of the promotion and marketing of securities offered in a public offer, an issuer or a firm licensed to carry out securities promotion and marketing may provide a forward-looking projection of the issuer's revenues, profit or loss, earnings or any similar financial metric only if provided in accordance with this rule.

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- (2) The projection must be made available to all investors that the offer is aimed at.
- (3) The projection must:
  - (a) contain a statement that it represents only one or more of a number of potential scenarios and that it should not be relied upon as an indication of future performance of any investment;
  - (b) be clear and unambiguous and contain a statement setting out the information and principal assumptions upon which it is based;
  - (c) make a clear distinction between assumptions about factors that the issuer can influence and assumptions about factors that are outside the issuer's influence;
  - (d) be comparable with past financial information about the issuer;
  - (e) be prepared using the same accounting basis and policies as those used by the issuer in the preparation of its financial statements; and
  - (f) include a certification from issuer's external auditor that the accounting basis and policies applicable to it are the same as those used by the issuer in the preparation of its financial statements.
- (4) The assumptions in a projection must:
  - (a) be reasonable, readily understandable by investors, specific and precise; and
  - (b) clearly indicate any uncertain factors that may materially change the outcome of the projection.
- (5) A projection must not form part of, or be an accompanying document to, a prospectus.

### **2.2.18    Invitation to subscribe**

- (1) An issuer making a public offer must ensure that an invitation to subscribe for the offer is published on the issuer's website or other

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electronic medium available to the public and in any other manner required under any applicable Law.

- (2) The invitation to subscribe must be published:
  - (a) in the case of an issuer subject to the Companies Law offering a bond or sukuk – no later than 15 days before the start of the subscription period or any other period as may be specified in the Companies Law;
  - (b) in the case of an issuer subject to the Companies Law offering shares or share warrants – no later than 1 week before the start of the subscription period or any other period as may be specified in the Companies Law; or
  - (c) in any other case – no later than 1 week before the start of the subscription period.
- (3) The invitation to subscribe must clearly state that any prospective investor must view the prospectus for the public offer and must provide details of how to view it.
- (4) The invitation to subscribe must also include the following information:
  - (a) the name, main activity and location of the head office of the issuer;
  - (b) the date of the issuer's general assembly at which the offer was approved;
  - (c) the amount of the issuer's paid-up and issued capital;
  - (d) the current ownership structure of the issuer;
  - (e) the type, quantity and nominal value of the offered securities;
  - (f) if the offer is intended to alter the amount of the issuer's paid-up and issued capital, the prospective amount of that capital following the completion of the public offer;
  - (g) the subscription period;

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- (h) the conditions of subscription to the offered securities; and
- (i) the name, address and contact details of the subscription receiving parties.

### **2.2.19 Duration of subscription period**

- (1) The subscription period for a public offer must be:
  - (a) in the case of an issuer subject to the Companies Law offering shares or share warrants, not less than 2 weeks and not more than 4 weeks or any other period as may be specified in the Companies Law;
  - (b) in the case of any other issuer offering shares or share warrants, not less than 1 week and not more than 2 weeks;
  - (c) if the offered securities relate to a bond or to sukuk, not more than 4 weeks; or
  - (d) in any other case, not less than 1 week and not more than 4 weeks.
- (2) In the case of an issuer subject to the Companies Law, the subscription period may be extended only in accordance with the Companies Law.
- (3) In any other case, the issuer may extend the subscription period with the Authority's approval.
- (4) If the subscription period is extended, the issuer must, as soon as possible, ensure that a revised invitation to subscribe is published.
- (5) A subscription period must not begin until the offer price of the offered securities is published (for example, if the price is to be specified in a pricing term sheet published after the initial publication of the prospectus, the subscription period must not begin until the pricing term sheet is published).

### **2.2.20 Subscription receiving parties**

- (1) Subscriptions to a public offer must be made through a subscription receiving party.

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- (2) A subscription receiving party must be:
  - (a) a bank regulated by the Qatar Central Bank; or
  - (b) a financial services company or other entity, authorised by the Authority to receive subscriptions.
- (3) A subscription receiving party must:
  - (a) have in place an adequate electronic registration system for subscription applications;
  - (b) have a system for correcting errors during the subscription process;
  - (c) provide all subscribers with the subscription application form (either electronically or in hard copy) along with a list of the documents that must be enclosed with the application;
  - (d) hold all amounts paid by subscribers until the offered securities are issued; and
  - (e) maintain a record of those amounts and of any distributions to the issuer or amounts repaid to subscribers for such period as is required by the Laws of the State.
- (4) If a subscription receiving party is not a bank regulated by the Qatar Central Bank, any amounts paid by subscribers must be held by the party in an account at such a bank.
- (5) Any amounts held by a subscription receiving party are held on behalf of the subscribers until the subscribers are able to exercise their rights as security holders, at which point the amounts are held on behalf of the issuer. At no time are those amounts to be treated as the property of the subscription receiving party or of any bank with whom the party has opened an account for the purposes of holding amounts paid by subscribers.

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### **2.2.21 Applications for subscriptions**

- (1) The issuer and the subscription receiving parties may determine the information required on a subscription application form and any documents to be enclosed with the form, but the application must include:
  - (a) the subscriber's name and the subscriber's unique identifier allocated by the depository with whom ownership of the offered securities is to be registered;
  - (b) the number of offered securities the subscriber wishes to subscribe for;
  - (c) the price of those securities and the total amount to be paid by the subscriber if allocated the full amount of securities applied for; and
  - (d) any other information as may be required by the depository.
- (2) A person may subscribe to an offer of securities only if the person has been allocated a unique identifier required by the depository.

### **2.2.22 End of subscription period: allocation to subscribers**

- (1) No later than 5 working days after the end of the subscription period, the issuer must complete the process of allocating the offered securities to subscribers.
- (2) The issuer must, as soon as possible after allocating the securities, provide the depository with a list of subscribers to whom the securities have been allocated and the amount of securities allocated to each subscriber. The list must be audited by an external auditor who must certify the validity of the list before it is provided to the depository.
- (3) Allocated securities are distributed by the depository registering ownership of the allocated securities with the subscribers in accordance with the audited list.
- (4) In the case of an underwritten initial public offer with a greenshoe option, the distribution of securities that are over-allocated must be

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completed no later than 30 working days after the first day of trading in the offered securities. The issuer must indicate over-allocations in the audited list provided to the depository and must give instructions to the depository as to when the securities are to be distributed.

- (5) If the number of subscribed securities exceeds the number of offered securities, the issuer must allocate the offered securities proportionately to the subscribers in accordance with the procedure for allocation set out in the prospectus. Any calculation used in the allocation process must result in allocations of securities to the nearest integer.
- (6) Subrule (5) also applies to an over-allocation as part of a greenshoe option.
- (7) Any excess funds received from subscribers must be returned to subscribers by the subscription receiving parties no later than 7 days after the process of allocating and distributing the offered securities has been completed.

## **Division 2.2.F                    Depository receipts**

### **2.2.23                    Depository receipts to be issued by banks or approved entities**

Depository receipts may be issued in or from the State only by:

- (a) a bank regulated, licensed or supervised by the Qatar Central Bank; or
- (b) another entity approved by the Authority to issue depository receipts.

### **2.2.24                    Modified application of this Part and Chapter 3**

- (1) This Part and Chapter 3 apply to a public offer of depository receipts as they apply to a public offer of shares but any requirement to provide in a prospectus any details relating to the issuer is to be read

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as a requirement to provide those details in relation to the issuer of the shares represented by the depository receipts.

- (2) The Authority's approval of an application to make a public offer of depository receipts may require the applicant to apply these Rules with such modifications as the Authority may specify in its approval. In particular the Authority may specify that certain requirements relating to an issuer are to be treated as if they apply to the issuer of the shares represented by the depository receipts.
- (3) If an approval is given subject to modifications, these Rules apply to the public offer of depository receipts as if so modified.

## **Division 2.2.G      Public offers outside the state**

### **2.2.25      Public offers outside the state by listed companies**

- (1) An issuer with shares listed on a market operated by a licensed exchange may make a public offer of shares, share warrants or securities convertible into shares outside the State only if:
  - (a) before an extraordinary general assembly approving the offer is held:
    - (i) the issuer applies to the Authority for approval to make the offer; and
    - (ii) the Authority approves the application; and
  - (b) the offer is subsequently approved at an extraordinary general assembly.
- (2) The application must contain:
  - (a) a copy of any documents relating to the offer to be sent to persons entitled to vote at the issuer's extraordinary general assembly;
  - (b) details of:
    - (i) the value and number of the offered shares, share warrants or of the shares that the offered securities may be converted into; and

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- (ii) the expected impact of the offer on the issuer's paid up and issued capital;
- (c) a copy of any document to be given to persons to whom the offer is being made, whether in the form of a prospectus or other documents; and
- (d) a description of the intended target investors and the purpose of offer.

- (3) The application must be accompanied with the appropriate fee, if any.
- (4) The Authority may reject an application if it considers it is in the public interest to do so.
- (5) If the offer is for the purposes of increasing the issuer's issued and paid-up capital, the Authority must not approve the offer if it will result in an increase of the issuer's issued and paid-up capital of more than 15%.
- (6) If the application is approved, the extraordinary general assembly must not be held earlier than 5 working days after the day the issuer is notified of the approval.
- (7) The Authority must make its decision to either approve or reject an issuer's application no later than 10 working days after the application is made. The Authority must notify the issuer of the decision no later than 5 working days after the day the decision is made.
- (8) The Authority may require the issuer to provide further information to make its decision.
- (9) If the Authority requires further information, the period for making a decision on the application may be extended. The Authority must notify the issuer of the extension.
- (10) The Authority may further extend the period for making a decision. The Authority must notify the issuer of the extension.

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## **Part 2.3**

## **Private offers**

### **Division 2.3.A**

### **Types of private offer**

#### **2.3.1 Meaning of *private offer***

- (1) An offer of securities is a private offer if the offer is made to:
  - (a) no more than 200 persons in the State who are not qualified investors;
  - (b) any number of qualified investors; or
  - (c) a combination of no more than 200 persons in the State who are not qualified investors and any number of qualified investors.
- (2) But an offer is not a private offer if it is:
  - (a) a rights issue (see Chapter 14); or
  - (b) made under an employee share scheme (see Chapter 15).

#### **2.3.2 Offer of securities for acquisition or merger**

- (1) An offer of securities is also a private offer if an issuer makes an offer to the shareholders of another entity (the target entity) for the purposes of acquiring or merging with the target entity or for the purposes of a reverse takeover where the shareholders of the target entity acquire the issuer. The offer may be made to the shareholders in the target entity on a cash and stock or stock-for-stock basis.
- (2) The value of the offered securities and the value of the target entity's securities and any swap factor must be determined in a report prepared by a financial evaluator. The report must also be approved at an extraordinary general assembly, or equivalent decision-making body, of the issuer.

#### **2.3.3 Private offer made by bank to its customers**

An offer is also a private offer if all of the following apply to the offer:

- (a) it is made by a bank regulated by the Qatar Central Bank;

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- (b) it is an offer of units in an unlisted fund or of securities in, or relating to, a foreign issuer;
- (c) it is made to customers privately by the bank; and
- (d) no more than 1000 of the bank's customers in the State are offered the units or securities.

## **Division 2.3.B        Approvals for private offers**

### **2.3.4    No Authority approval required**

A private offer of securities does not require the approval of the Authority unless it is a private offer of shares, share warrants or securities convertible into shares to which rule 2.3.5 applies.

### **2.3.5    Authority approval for private offer of additional shares**

- (1) An issuer with shares listed on a market may make a private offer of shares, share warrants or securities convertible into shares only if:
  - (a) before an extraordinary general assembly approving the offer is held:
    - (i) the issuer applies to the Authority for approval to make the offer; and
    - (ii) the Authority approves the application; and
  - (b) the offer is subsequently approved at an extraordinary general assembly.
- (2) The application must contain:
  - (a) a copy of any documents relating to the offer to be sent to persons entitled to vote at the issuer's extraordinary general assembly;
  - (b) details of:

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- (i) the number of the offered shares or share warrants or of the shares that the offered securities may be converted into;
- (ii) the pricing of the offer or the methodology to be used in order to establish the offer price (for example, details of any procedure similar to a book building process); and
- (iii) the expected impact of the offer on the issuer's paid up and issued capital;
- (c) a copy of any document to be given to persons to whom the offer is being made, whether in the form of a prospectus or other documents; and
- (d) a description of the intended target investors and the purpose of offer.

(3) The application must be accompanied with the appropriate fee, if any.

(4) The Authority may reject an application if it considers:

- (a) the offer to be detrimental to the interests of the existing shareholders; or
- (b) it is otherwise in the public interest to reject the application.

(5) If the private offer is for the purposes of increasing the issuer's issued and paid-up capital, the Authority may approve the offer subject to such conditions as it considers appropriate having regard to the interests of existing shareholders and to the public interest.

(6) Those conditions may include, in particular, a condition:

- (a) limiting the amount by which the issuer's issued and paid-up capital may be increased by the offer; or
- (b) prohibiting a person subscribing to the offer from selling the offered securities before the end of such period as the Authority considers appropriate.

(7) For subrule (6) (b) the following are not considered to be sales of securities:

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- (a) mortgaging securities;
- (b) a transfer to an heir of the person in the event of the person's death;
- (c) a transfer (by sale or otherwise) by an heir who inherits securities in the event of the person's death;
- (d) a transfer required as a result of the liquidation, dissolution, or bankruptcy or similar process;
- (e) a transfer ordered by a court.

(8) If the application to make a private offer is approved, the extraordinary general assembly must not be held earlier than 21 days after the day the issuer is notified of the approval.

(9) The Authority must make its decision to either approve or reject an issuer's application no later than 10 working days after the application is made. The Authority must notify the issuer of the decision no later than 5 working days after the day the decision is made.

(10) The Authority may require the issuer to provide further information to make its decision.

(11) If the Authority requires further information, the period for making a decision on the application may be extended. The Authority must notify the issuer of the extension.

(12) The Authority may further extend the period for making a decision. The Authority must notify the issuer of any further extension.

(13) This rule 2.3.5 applies to a private offer whether it is made in or out of the State. But it does not apply to:

- (a) an offer of securities for an acquisition or merger under rule 2.3.2; or
- (b) a private offer made by a bank to its customers under rule 2.3.3.

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## **Division 2.3.C      Promotion and marketing of private offers**

### **2.3.6      Promotion and marketing of private offer**

- (1) A private offer may be promoted only by means of direct communication from the issuer, or from a licensed firm contracted to assist the issuer in accordance with subrule (3), to the persons to whom the offer is made.
- (2) Any such direct communication must:
  - (a) clearly set out:
    - (i) the type of investor that the offer is aimed at;
    - (ii) any restrictions on investors subscribing for the offered securities; and
    - (iii) the investment risks associated with investing in the offered securities;
  - (b) avoid using incorrect or misleading data or other information;
  - (c) use clear, easy to understand and non-misleading language; and
  - (d) not make any recommendation or give advice about whether or not to invest in the offered securities.
- (3) The issuer may contract with a firm licensed to carry out securities marketing and promotion to assist the issuer in communicating with the persons to whom the offer is made or to undertake those communications on the issuer's behalf.
- (4) To avoid doubt, a private offer must not be advertised in a newspaper, online platform or through any other public medium.

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## **Division 2.3.D**

### **Private offers to high net worth individuals**

#### **2.3.7      Duty on issuers**

- (1) If a private offer is made to a qualified investor who is a high net worth individual, the issuer must ensure that it is reasonable to treat the individual as a high net worth individual.
- (2) An issuer, or a person acting for an issuer, may require an individual to provide evidence of the individual's net assets or income.

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## **Chapter 3**

## **Public offer of shares and share warrants**

### **Part 3.1**

### **Introduction**

#### **3.1.1 Application**

- (1) This Chapter applies to public offers of shares and share warrants.
- (2) Any reference in this Chapter to an issuer is a reference to an issuer of shares or share warrants.

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## **Part 3.2 General requirements**

### **3.2.1 Purpose of Part**

This Part sets out general requirements for an application for the Authority's approval of a public offer of shares or share warrants.

### **3.2.2 No public offer of shares without listing**

A public offer of shares or share warrants may be made only if:

- (a) the issuer is a listed company; or
- (b) the offer is an initial public offer.

### **3.2.3 Contract with underwriter and financial evaluator's report**

- (1) In the case of an initial public offer:
  - (a) if the offer price of the shares is to be determined in accordance with a contract between the issuer and an underwriter, an application for approval of the offer must include a copy of the contract; or
  - (b) if the offer price of the shares is to be determined, or informed, by a financial evaluator's report, the application for approval of the offer must include a copy of the report.
- (2) The Authority may, in making its decision on an application for a public offer, require a financial evaluator to:
  - (a) provide further information and amend the report accordingly; or
  - (b) prepare a new report.
- (3) A financial evaluator must amend the report or prepare a new report within a reasonable time specified by the Authority.

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### **3.2.4 Issued and paid-up capital requirements**

- (1) The application must contain sufficient evidence to satisfy the Authority that, when the share or share warrants are issued and listed, all of the requirements in subrules (2) to (6) are met.
- (2) The issuer's subscribed and paid-up capital must be:
  - (a) not less than QR 40 million (or the equivalent in another currency), if the shares or share warrants are to be listed on a main equity market; or
  - (b) not less than QAR 2 million (or the equivalent in another currency), if the shares or share warrants are to be listed on a second equity market.
- (3) The capital of the issuer represented by issued shares is fully paid-up.
- (4) If the securities are shares, the shareholders' equity is not less than:
  - (a) 100% of the issuer's paid-up capital if the shares are to be listed on a main equity market; or
  - (b) 50% of the issuer's paid-up capital, if the shares are to be listed on a second equity market,according to the issuer's most recent audited financial statements.
- (5) If the shares or share warrants are to be listed on a main equity market no less than 20% and no more than 60% of the issuer's total issued and paid-up capital is owned by the public, unless otherwise provided by the laws under which the issuer is established.
- (6) If the shares or share warrants are to be listed on a second equity market, no less than 10% and no more than 60% of the issuer's total issued and paid-up capital is owned by the public, unless otherwise provided by the laws under which the issuer is established.
- (7) For this rule, shares are not considered to be owned by the public if they are owned by:
  - (a) a founder;

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- (b) a member of the issuer's board or the member's spouse or child under the age of 18;
- (c) a person in the same group as the issuer;
- (d) any person with the right to appoint a member of the issuer's board, whether or not the right is held jointly with any other person; or
- (e) a major shareholder.

### **3.2.5      Operating history and profitability**

- (1) The application must contain sufficient evidence to satisfy the Authority that the issuer has been carrying out its main activity for at least the 2 financial years preceding the date the application is made.
- (2) The application must include a copy of the issuer's audited financial statements for those 2 financial years.
- (3) Those financial statements must show that, over the course of the 2 financial years to which the statements relate, the issuer achieved average operating profits from its main activity of not less than 5% of the issuer's capital.
- (4) The requirements of subrules (1) to (3) may be met by any of the following entities, or a combination of such an entity and the issuer:
  - (a) a subsidiary of the issuer;
  - (b) an entity which comprised the issuer before a demerger;
  - (c) an entity which was subsequently acquired by, or merged with, the issuer.
- (5) In the application of this rule to an issuer whose shares or share warrants are to be listed on a second equity market:
  - (a) the period of 2 financial years in subrules (1) and (2) is to be read as a period of 1 financial year; and
  - (b) subrule (3) does not apply.

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- (6) This rule does not apply if the issuer is, or is owned by, a Government entity.

### **3.2.6 Additional requirement where company converting to public shareholding company**

If public offer is made by a Qatari issuer for the purposes of converting to a public shareholding company, the issuer's application for approval of the public offer and listing must include a report on any request by a shareholder or partner to withdraw due to objecting to the conversion in accordance with the Companies Law including details as to how that request has been dealt with.

### **3.2.7 Offering and listing advisor**

An issuer must appoint an offering and listing advisor.

### **3.2.8 Functions of offering and listing advisor**

- (1) An issuer's offering and listing advisor is responsible for:
  - (a) preparing the application for approval of the public offer and listing and submitting it to the Authority;
  - (b) listing the shares or warrants on the issuer's behalf; and
  - (c) obtaining any other approvals.
- (2) The offering and listing advisor acts as an advisor to the issuer in relation to the public offer and listing process and as the point of communication between the issuer and the Authority and between the issuer and the licensed exchange.
- (3) The offering and listing advisor must supervise and coordinate the activities of persons providing services relating to the public offer and the listing process.
- (4) The offering and listing advisor must take all necessary steps to ensure:
  - (a) that any prospectus prepared for publication:
    - (i) complies with the requirements of these Rules; and

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- (ii) does not include misleading information and does not omit relevant information;
- (b) that an adequate number of prospectuses and subscription applications are made available to prospective investors; and
- (c) that any errors occurring during the process of subscription for the shares or share warrants are corrected no later than 20 working days after the allocation and refund of excess funds is completed.

(5) The offering and listing advisor must maintain:

- (a) all documents prepared by the issuer relating to the public offer and listing; and
- (b) all applications received during the subscription process along with any supporting documents,

in accordance with the relevant Laws of the State.

## Part 3.3 Prospectus requirements

### 3.3.1 Purpose of Part

This Part sets out additional requirements for a prospectus prepared in relation to a public offer of shares or share warrants.

### **3.3.2      Board's report on period since last audited financial statements**

- (1) The prospectus must include a report prepared by the issuer's board covering the period beginning immediately after the end of the financial year to which the most recent audited financial statements of the issuer relate and ending when the prospectus is prepared.
- (2) The report must include:
  - (a) details of the activities of the issuer during the period and confirmation that those activities were managed satisfactorily throughout the period;
  - (b) details of the financial position of the issuer and any subsidiary of the issuer during the period, including details of any events which may have affected the financial position of the issuer or subsidiary;
  - (c) details of the current assets of the issuer and any subsidiary and confirmation that the book value of those assets is realistic; and
  - (d) an undertaking that no conditional obligations have arisen from any guarantee or indemnity issued by the issuer or any subsidiary.

### **3.3.3 External auditor's report on period since last audited financial statements**

(1) The prospectus must include a report prepared by the issuer's external auditor for the period covered by the board's report under rule 3.3.2 if that report is required.

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- (2) The report must include:
  - (a) a statement that it was prepared for the purpose of being included in the prospectus;
  - (b) a detailed statement of the financial position of the issuer for the period covered by the board's report; and
  - (c) a clear and comprehensive statement of any reservations the external auditor has relating to the financial position of the issuer for that period.
- (3) If, within the period covered by the board's report, the issuer has merged with, or acquired, another entity, the external auditor's report must include a detailed statement of the financial position of the other entity for the portion of the period before the merger or acquisition.

### **3.3.4 Financial evaluator's report**

- (1) In the case of an initial public offer, if a financial evaluator's report is used to determine the offer price of the shares, or to inform the determination of the offer price, the prospectus must include a summary of the report containing:
  - (a) the name and details of the experience of the financial evaluator (or evaluators, if more than 1 is involved);
  - (b) a description of the evaluation methods used and the suitability of each of them to the nature of the issuer's activity;
  - (c) a summary of the issuer's strengths, weaknesses, opportunities, and challenges including the issuer's competitive advantages and its market share locally and regionally; and
  - (d) a description of the assumptions and principles upon which the study is based in relation to growth rates, comparative growth rates for similar issuers or for the sector, discount rates, and profit multiples.

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(2) If the Authority requires the report to be amended, or a new report to be prepared, the summary of the report must be a summary of the amended or new report.

### **3.3.5 Details of underwriting**

In the case of an initial public offer, if the offer is underwritten on any basis (including where the price of the shares is determined by an underwriter or where the price is determined by a book building process that is underwritten), the prospectus must include:

- (a) the name and address of the underwriter;
- (b) details of any terms of the underwriting agreement that are material to the successful completion of the offer (for example any financial compensation arrangements between the issuer and the underwriter such as a discount on the offer price given to the underwriter if purchasing all the offered shares on a firm commitment basis or any commission payable to the underwriter for placing the offered securities); and
- (c) a description of the basis of the underwriting (for example, whether the offer is underwritten on a firm commitment basis, partial commitment or best efforts) including the number of shares or share warrants, the percentage of the total value of the offer covered by the underwriter and the basis of that coverage.

### **3.3.6 Details of book building**

- (1) If book building is used to determine the offer price of the offered shares, the prospectus must set out the details of the methodology used, including:
  - (a) the price range;
  - (b) methods used to determine that range;
  - (c) key assumptions; and
  - (d) the sources of any data and information used.

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- (2) The prospectus may be submitted with the application for approval of a public offer and listing without details of the outcome of the book building process (including the offer price) because the Authority's approval must be obtained before the book building process begins.

### **3.3.7 Details of price stability mechanism**

The prospectus for an initial public offer of shares must set out the details of any approved price stability mechanism. If the mechanism is part of a greenshoe option, these details must be included as part of the description of the underwriting agreement.

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## **Part 3.4 Determining offer price**

### **3.4.1 Determining offer price**

- (1) In the case of an initial public offer, one of the following methods to determine the offer price of the offered shares must be used:
  - (a) the determination of an underwriter as set out in a contract between the issuer and the underwriter where the offer is underwritten on a firm commitment basis;
  - (b) the determination of an underwriter as set out in a contract between the issuer and the underwriter and informed by a financial evaluator's report prepared by 1 financial evaluator where the offer is underwritten on a basis other than a firm commitment;
  - (c) book building; or
  - (d) a financial evaluator's report prepared by 1 financial evaluator.
- (2) Nothing in this rule prevents:
  - (a) the price of shares in an offer underwritten on a firm commitment basis from being informed by a financial evaluator's report; or
  - (b) an offer priced by means of book building from being underwritten on any basis as may be agreed between the issuer and an underwriter.
- (3) In the case of a public offer that is not an initial public offer, the issuer may determine the offer price of the shares or share warrants and may use such process or methodology to arrive at that price (for example, accelerated book building, underwriting or a financial evaluator's report) as the issuer determines.

### **3.4.2 Financial evaluator's report**

- (1) If an issuer determines the offer price of shares offered in an initial public offer by means of a financial evaluator's report, the Authority

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may require the issuer to appoint an additional evaluator to be involved in preparing the report.

- (2) If the Authority requires an additional evaluator to be involved in preparing the report, the issuer must bear the evaluator's costs associated with preparing the report.
- (3) Any financial evaluator's report used to determine an offer price, or to inform the determination of an offer price, must be prepared in accordance with:
  - (a) any rules made by the Authority relating to financial evaluators; and
  - (b) any procedures issued by the Authority setting out how a financial evaluation is to be prepared.

### **3.4.3 Basis of underwriting**

- (1) For these Rules, an initial public offer is underwritten on a *firm commitment basis* if the underwriting agreement for the offer obliges the underwriter to:
  - (a) purchase all the offered shares and allocate and sell them to subscribers;
  - (b) purchase any shares not allocated to subscribers at the end of the subscription period; or
  - (c) otherwise guarantee the purchase of any unsubscribed shares from the issuer.
- (2) An offer underwritten on any other basis is not considered to be underwriting on a firm commitment basis (whether the obligation on the underwriter is to use best efforts to sell the offered securities, or to purchase or guarantee the purchase of a portion of the offered securities, or is any other obligation falling short of the obligation set out in subrule (1)).

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- (3) If the underwriting agreement for an initial public offer includes a *greenshoe option*, the offer is considered to be underwritten on a firm commitment basis if the obligation on the underwriter mentioned in subrule (1) applies to the shares offered before accounting for any over-allocation.
- (4) A *greenshoe option* is a provision of an underwriting agreement that permits the underwriter to:
  - (a) over-allocate offered shares and create a short position in the shares for the underwriter; and
  - (b) fulfil the over-allocated orders to subscribers and close out the short position by either:
    - (i) exercising options to purchase additional shares from the issuer and sell them to subscribers at the offer price; or
    - (ii) buying back shares from the market as part of a price stability mechanism.
- (5) An underwritten offer may include a *greenshoe option* only if:
  - (a) the offer is underwritten on a firm commitment basis;
  - (b) the proportion by which the offer may be over-allocated is no more than 15% of the amount of shares offered;
  - (c) the over-allocation takes place during the subscription period and only at the offer price;
  - (d) the period for exercising the option to purchase additional shares ends no later than 30 working days after the first day of trading of the offered shares.

#### **3.4.4 Book building: application for approval**

- (1) If book building is used to determine the offer price, the issuer's offering and listing advisor must supervise that process.
- (2) An issuer may use book building to determine the offer price of the offered shares only if use of that process is approved by the Authority as part of the approval to make the offer.

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- (3) The application for approval must include any relevant information relied on by the issuer in setting the price range and an evaluation of that information.
- (4) In this rule and rules 3.4.5 to 3.4.11:
  - (a) ***book-building period*** means the period during which institutional investors may make bids for the shares allocated to them in the book-building process;
  - (b) ***institutional investor*** means:
    - (i) a licensed firm;
    - (ii) a financial services company licensed, authorised or regulated in a state that applies regulatory and supervisory standards equivalent to those applied by the Authority;
    - (iii) a bank, insurance company or investment firm licensed by the Qatar Central Bank, authorised by the Qatar Financial Centre Regulatory Authority or a regulator in a state that applies regulatory and supervisory standards equivalent to those applied by the Qatar Central Bank;
    - (iv) a Government entity or an entity owned by a Government entity;
    - (v) an entity owned by the government of another state approved by the Authority;
    - (vi) an international organisation or authority (that is, a body whose membership comprises the governments, central banks, regulators or other public authorities of more than one state);
    - (vii) a fund; or
    - (viii) any other person as the Authority may approve as an institutional investor in respect of a particular book building process on the application of the issuer; and

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- (c) *price range* means the range between the lowest and highest price per offered share within which institutional investors participating in the book-building process may make bids during the book-building period.
- (5) An application for a person to be approved as an institutional investor must be in the form specified by the Authority.
- (6) The Authority must give notice of its decision on such an application to the issuer no later than 3 working days after the application is made.
- (7) If notice of the decision is not given within that period, the application is to be treated as rejected.

#### **3.4.5 Book building: process**

- (1) The offering and listing advisor must determine:
  - (a) the percentage of the total amount of shares subject to the public offer to be allocated to institutional investors for book building;
  - (b) the price range; and
  - (c) the book-building period.
- (2) The offering and listing advisor must invite institutional investors to submit bids for the allocated shares during the book-building period.
- (3) The percentage allocated to institutional investors must be no less than 30% of the total amount of offered shares.
- (4) Invitations to institutional investors must be given no later than 5 working days before the first day of the book-building period.
- (5) The book-building period must be no more than 10 working days, but this may be extended;
  - (a) under rule 3.4.7 (5); or
  - (b) with the approval of the Authority.

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### **3.4.6 Book building: initial discussions and promotional meetings**

- (1) An issuer or an issuer's offering and listing advisor may, before an application for approval of an initial public offer is made, hold informal discussions about the potential of carrying out the initial public offer and using book building to determine the offer price.
- (2) Such discussions are not considered to be part of the book building process nor to be promotion and marketing of the offer (but information shared in such discussions may be material non-public information, see rule 12.1.2).
- (3) The offering and listing advisor may hold promotional meetings with institutional investors during the period beginning on day the Authority approves the application and ending on the day before the first day of the book-building period.
- (4) Those meetings are not considered to be promotion and marketing of the offer.

### **3.4.7 Book building: submission of bids**

- (1) An institutional investor must not bid for allocated shares unless the investor has given the issuer a written undertaking in a form specified by the issuer that the investor acknowledges and approves the terms of the offer.
- (2) An institutional investor must make a bid for allocated shares in the form specified by the issuer.
- (3) An institutional investor may cancel or amend a bid at any time during the book-building period.
- (4) The offering and listing advisor may, with the issuer's approval, amend the price range during the book-building period.
- (5) If the price range is amended, an institutional investor who has made a bid must be given at least 5 working days to amend the bid and, if

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an extension to the book-building period is necessary for this purpose, the period must be extended as necessary.

#### **3.4.8 Book building: Determination of offer price**

- (1) After the end of the book-building period the issuer must determine the offer price in accordance with the mechanism set out in the prospectus and having analysed the bids received by institutional investors during the period.
- (2) The prospectus must be amended to include the offer price and details of how the price was determined.
- (3) The amended prospectus must be published no later than the day before the start of the subscription period for the public offer. The Authority's approval is not required to publish the amended prospectus if it is amended only to include the offer price and details of how the price was determined.
- (4) The issuer must not increase the offer price during the subscription period and may reduce the price during that period only if this is in accordance with the mechanism for determining the offer price set out in the prospectus.

#### **3.4.9 Book building: Cancellation of offer**

- (1) A public offer must be cancelled if, at the end of the book-building period:
  - (a) the issuer has not received successful bids for the whole percentage of the shares allocated to institutional investors; or
  - (b) fewer than 5 institutional investors made successful bids for the allocated shares.
- (2) If the offer is cancelled, any payment made by an institutional investor in respect of allocated shares must be refunded no later than 5 working days after the offer is cancelled.

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### **3.4.10 Book building: Restrictions on institutional investors**

- (1) An institutional investor must not submit a bid in a book-building process if the investor has a conflict of interest with the issuer.
- (2) A conflict of interest includes but is not limited to the following circumstances:
  - (a) a member of the board of the institutional investor or one of its senior employees is a major shareholder in the issuer or any entity that controls the issuer or any of the issuer's subsidiaries;
  - (b) a member of the board of the issuer or one of its senior employees is a major shareholder in the institutional investor or any entity that controls the investor or any of the investor's subsidiaries;
  - (c) the institutional investor is a major shareholder in the issuer or any entity that controls the issuer or any of the issuer's subsidiaries;
  - (d) the issuer is a major shareholder in the institutional investor or any entity that controls the investor or any of the investor's subsidiaries;
  - (e) the institutional investor, a member of the investor's board or one of its senior employees is a member of the issuer's board or the board of any of the issuer's subsidiaries.
- (3) An institutional investor that participates in the book-building process must not subscribe to:
  - (a) any of the issuer's shares offered in the subsequent public offer other than those the investor successfully bids for in the book-building process; or
  - (b) an amount of the issuer's shares exceeding 20% of the amount of shares allocated to institutional investors in the book-building process.

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### **3.4.11 Book building: record keeping**

Both the issuer and the offering and listing advisor must keep a copy of the register of bids and subscriptions of institutional investors made during the book-building process for 3 years after end of the subscription period.

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## **Chapter 4                    Public offers of bonds**

### **Part 4.1                    Application**

#### **4.1.1                    Application**

- (1) This Chapter applies to public offers of bonds and bond warrants.
- (2) Any reference in this Chapter to an issuer is a reference to an issuer of bonds or bond warrants.

#### **4.1.2                    Obligors of bonds**

- (1) *Obligor*, in relation to a bond, means an entity that is not the issuer that:
  - (a) benefits from the capital raised by the bond issuance; and
  - (b) directly or indirectly, establishes the special purpose vehicle that is the issuer.
- (2) An entity is taken to benefit from the capital raised by a bond issuance even if funds from that capital are passed to the entity in the form of a loan or other arrangement under which the funds are to be repaid.

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## **Part 4.2 General requirements**

### **4.2.1 Purpose of Part**

This Part sets out general requirements for an application for the Authority's approval of a public offer of bonds or bond warrants and sets out the obligations imposed on a bond manager, trustee and paying agent appointed in relation to such a public offer.

### **4.2.2 Credit rating**

A bond or bond warrant may be offered in a public offer only if the bond has a credit rating provided by a credit rating agency licensed or approved by the Authority.

### **4.2.3 Bond manager, trustee and paying agent**

- (1) If neither the issuer nor the obligor is a listed company or a Government entity, the issuer must appoint:
  - (a) a bond manager and a trustee; and
  - (b) at least 1 paying agent.
- (2) If the issuer or the obligor is a listed company or a Government entity, the issuer must:
  - (a) appoint a third party as trustee; and
  - (b) appoint a bond manager and paying agent that is either:
    - (i) a department, team or individual who works for the issuer or obligor, or a member of the same group as the issuer or obligor; or
    - (ii) a third party.
- (3) An issuer may appoint a bond manager under subrule (1) (a) or (2) (b) (ii) only if:
  - (a) the manager is an offering and listing advisor; and
  - (b) the issuer provides the manager with an undertaking that the issuer will fully cooperate with the manager, including

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providing any assistance to the bond manager as the manager may reasonably require in carrying out its functions.

- (4) An issuer may appoint a trustee or a paying agent only if the appointment has been approved by the Authority.
- (5) The Authority may approve the appointment of a trustee only if:
  - (a) the trustee is a bank, law firm, or accounting or auditing office, authorised in the State, or is an investment trustee;
  - (b) the trustee is independent;
  - (c) the trustee has no conflict of interest relating to the public offer;
  - (d) the trustee is not a guarantor for paying amounts due on the bond; and
  - (e) if the trustee is not a bank or an investment trustee, the trustee has provided evidence satisfying the Authority that it has the resources and expertise necessary to protect the interests of the bond owners.
- (6) The Authority may approve the appointment of a paying agent only if:
  - (a) the agent is a bank regulated by the Qatar Central Bank; or
  - (b) it is satisfied that the agent:
    - (i) will act with integrity; and
    - (ii) has the resources and expertise necessary to carry out the functions of a paying agent.
- (7) An issuer must maintain at least 1 paying agent until the bond matures and all amounts and revenues owed to the bond owners are paid.
- (8) The issuer must bear the costs of the bond manager, trustee and paying agent.
- (9) The issuer may replace:
  - (a) the trustee at the request of the bond owners;

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- (b) a paying agent at the request of the owners or of the trustee.
- (10) The issuer must, as soon as possible, notify the Authority and the licensed exchange of any change of bond manager, trustee or paying agent.
- (11) An issuer's bond manager, trustee and paying agent need not be resident or established in the State unless the issuer is a foreign issuer and the obligor, if any, is also not resident nor established in the State.

#### **4.2.4 Trustee's duty**

- (1) A trustee's duty is to protect the interests of the bond owners.
- (2) In carrying out that duty, a trustee may, in particular:
  - (a) arrange and hold meetings with the bond owners and otherwise communicate with them;
  - (b) require the issuer to call a meeting between the issuer, bond manager and the bond owners; and
  - (c) initiate legal proceedings on behalf of the bond owners and represent them in legal proceedings relating to the bond.
- (3) A trustee must arrange and hold a meeting of bond owners if required to do so under the Companies Law or by virtue of the terms and conditions of the bond issuance.
- (4) An issuer must call a meeting no later than 2 working days after the request is made, or within such other period as may be specified under the terms and conditions of the bond issuance and must bear the costs of holding the meeting.
- (5) Notwithstanding the generality of subrule (1), *protect the interests of the bond owners* includes:
  - (a) taking all appropriate steps to ensure that the issuer fulfils all of its obligations owed to bond owners whether under the bond, the prospectus or any associated documents (for example, by monitoring decisions of the issuer's board that may impact on the interests of the bond owners);

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- (b) ensuring amounts due to the bond owners are paid in a timely manner;
- (c) if assets are mortgaged to provide security for the bond owners, ensuring that the assets are maintained and managed:
  - (i) in accordance with the Laws of the State or any other applicable law; and
  - (ii) in a manner which minimises the risk of diluting or reducing the security provided by them; and
- (d) if there is a guarantor for the bond, ensuring that the guarantor meets its obligations under the contract of guarantee.

#### **4.2.5 Bond manager's functions**

- (1) A bond manager is responsible for:
  - (a) preparing the application for approval of the public offer and submitting it to the Authority;
  - (b) if the bonds or bond warrants are to be listed:
    - (i) preparing the application for approval of the listing and submitting it to the Authority; and
    - (ii) listing the bonds or warrants on the issuer's behalf; and
  - (c) obtaining any other approvals.
- (2) The bond manager must supervise and coordinate the activities of persons providing services relating to the public offer and, if applicable, the listing process.

#### **4.2.6 Paying agent's functions**

- (1) A paying agent must, on behalf of the issuer:
  - (a) pay amounts owed to the bond owners, including interest; and
  - (b) repay the nominal value to the owners at maturity.

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- (2) If a paying agent is not a bank regulated by the Qatar Central Bank, any amounts owed to bond owners must be held in an account for that purpose at such a bank on behalf of the bond owners.

## Part 4.3 Prospectus requirements

### 4.3.1 Purpose of Part

This Part sets out additional requirements for a prospectus prepared for a public offer of bonds or bond warrants.

#### 4.3.2 Identity of issuer and obligor

If there is an obligor in relation to the bond, the prospectus must specify the identity of the special purpose vehicle issuer and the obligor, and the relationship between them.

### 4.3.3 Responsibility for content

A bond manager and an obligor, if any, are, along with the issuer, jointly and severally responsible for the accuracy of the information contained in a prospectus and for ensuring that any information required to be disclosed in relation to the offer (whether in the prospectus or otherwise) is disclosed in a timely manner.

#### 4.3.4 Issue price, guarantee

- (1) The prospectus must either:
  - (a) specify the issue price of the bond; or
  - (b) state how the issue price is to be determined.
- (2) If the prospectus states how the issue price is to be determined, the issuer must, as soon as possible after the price is determined, publish a supplementary prospectus in the form of a supplemental document (for example, a pricing term sheet) specifying the issue price.
- (3) The prospectus must, if the bond is guaranteed, set out the details of the guarantee.

#### 4.3.5 Disclosure of credit rating

The prospectus must include the credit rating of the bond.

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#### **4.3.6 Bond manager, trustee and trust deed**

- (1) The prospectus must set out the name and address of the bond manager, if different to that of the issuer, and the trustee.
- (2) The prospectus must set out:
  - (a) any requirements that must be met before the trustee may act on behalf of the bond owners (for example, any requirement for a certain proportion of bond owners to instruct the trustee to take action); and
  - (b) the details of any indemnification required before the trustee may take action on behalf of the bond owners.
- (3) If there is a trust deed underlying the issuance of the bond, the prospectus must include details of the terms of the deed, including any terms requiring the issuer to make periodic disclosures providing an indication of the issuer's, or the obligor's, financial position.

#### **4.3.7 Maturity and redemption**

The prospectus must specify:

- (a) the maturity date of the bond and must set out the arrangements for redemption of bond owners' funds on maturity; or
- (b) the fact that the bond is a perpetual bond and provide details of any option for bond owners to call in the bond and redeem it.

#### **4.3.8 Issuances as part of a program**

If a bond issuance is part of a program, the prospectus must:

- (a) be for the whole program; or
- (b) state that the issuance is part of program and provide details of the program.

#### **4.3.9 Convertible bonds**

- (1) The prospectus for a convertible bond must include details of the following:

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- (a) the mode of conversion or exchange;
- (b) the period during which the bond may be converted or exchanged;
- (c) the conversion or exchange ratio;
- (d) the conversion or exchange price.

(2) If the convertible bond is to be issued with warrants for shares (whether or not those warrants are detachable from an interest in the bond), the prospectus must include the following:

- (a) the number of warrants issued with each interest in the bond and the total number of warrants issued with the bond;
- (b) the value of the warrants and a description of the shares they represent;
- (c) a description of the rights attached to the warrants;
- (d) the period during which the warrants may be exercised;
- (e) the warrant exercise price; and
- (f) if the shares are not listed and are not to be listed, a statement of that fact and an explanation of the process for delisting the bond in the event of conversion, if the bond itself is to be listed.

(3) If subrule (1) or (2) applies, the prospectus must also include:

- (a) an assessment of the effects of the issuance and the conversion, exchange or exercise of warrants on the earnings per share and the net assets per share of the issuer or another relevant entity;
- (b) details of the proposed use of proceeds from the conversion, exchange or exercise of warrants, if any; and
- (c) a detailed description of the adjustment of the conversion price, exchange price or warrant price in light of any changes to the issuer's, or another relevant entity's, share capital.

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- (4) The references in subrule (3) to *another relevant entity* mean the entity (including an obligor) other than the issuer:
  - (a) whose shares may be converted to or exchanged for under the terms of the bond; or
  - (b) who has warrants for its shares issued with the bond.
- (5) If the bond is convertible or exchangeable into shares listed on a market, or the warrants issued with the bond relate to securities listed on a market, the prospectus must include:
  - (a) details of the highest and lowest market prices of the listed securities:
    - (i) in each year for the 3 most recent full financial years; and
    - (ii) in each month for the most recent 6 months;
  - (b) details of any significant suspension of trading in the listed securities in most recent 3 years; and
  - (c) if the listed securities are not regularly traded, information about any lack of liquidity.

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## **Chapter 5                    Public offers of sukuk**

### **Part 5.1                    Application**

#### **5.1.1                    Application**

- (1) This Chapter applies to public offers of sukuk.
- (2) Any reference in this Chapter to an issuer is a reference to an issuer of sukuk.

#### **5.1.2                    Characteristics of sukuk**

Sukuk may have the following characteristics:

- (a) the sukuk arrangements require a person (the *sukuk-owner*) to pay a sum of money (the *capital*) to the issuer of the sukuk;
- (b) that payment is not treated as a bond or other debt obligation;
- (c) the arrangements confer on the sukuk-owners shares in the undivided beneficial ownership of assets, or a pool of assets;
- (d) the arrangements cease to have effect at the end of a specified period;
- (e) the issuer undertakes:
  - (i) to make a redemption repayment in respect of the capital to the sukuk-owners during or at the end of the specified period (whether or not in instalments); and
  - (ii) to pay to the sukuk-owners other payments on one or more occasions during or at the end of the specified period (the *profit payments*) unless, under the terms of the sukuk, no such payments are payable;
- (f) the assets that may be the subject of sukuk include, for example:
  - (i) tangible assets (including *istisna* assets);
  - (ii) intangible assets;

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- (iii) financial assets;
- (iv) leased assets or assets of a similar type (including *ijarah* lease assets);
- (v) services;
- (vi) equity in business ventures (such as *mudarabah* and *musharakah*);
- (vii) a pool of the kinds of assets mentioned in paragraphs (i) to (iv);
- (g) if the issuer acquires the assets, they may be acquired before or after the sukuk arrangements take effect;
- (h) the identification of the assets and the undertakings to make redemption payments and profit payments may be described as, or accompanied by a document described as, a declaration of trust;
- (i) sukuk may be tradable if this is in accordance with the principles of Shari'a;
- (j) the specified period at the end of which the sukuk arrangements cease to have effect may be specified as the period ending upon the redemption of the sukuk by the issuer;
- (k) the issuer may, under the terms of the sukuk, permit a sukuk-owner to terminate their share in the sukuk, or participate in terminating it, before the end of the sukuk term;
- (l) the amount of the profit payments may be:
  - (i) fixed, or set at a floating rate, at the beginning of the sukuk term;
  - (ii) determined wholly or partly by reference to the value of or income generated by the assets; or
  - (iii) determined in another way;
- (m) the issuer may, under the terms of the sukuk, provide that the amount of the redemption payment may be subject to reduction

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in the event of a fall in the value of the assets or in the rate of income generated by them; and

- (n) entitlement to the redemption payment may be capable of being satisfied (whether or not at the option of the issuer or the sukuk-owner) by the issue or transfer of shares or other instruments.

#### **5.1.3      Obligors of sukuk**

- (1) *Obligor*, in relation to sukuk, means an entity that is not the issuer that:
  - (a) benefits from the capital raised by the sukuk issuance; and
  - (b) directly or indirectly, establishes the special purpose vehicle that is the issuer.
- (2) An entity is taken to benefit from the capital raised by a sukuk issuance even if funds from that capital are passed to the entity in the form of a loan or other arrangement under which the funds are to be repaid.

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## **Part 5.2 General requirements**

### **5.2.1 Purpose of Part**

This Part sets out general requirements for an application for the Authority's approval of a public offer of sukuk and sets out the obligations imposed on a sukuk manager, trustee and paying agent appointed in relation to such a public offer.

### **5.2.2 Credit rating**

Sukuk may be offered in a public offer only if the sukuk has a credit rating provided by a credit rating agency licensed or approved by the Authority.

### **5.2.3 Sukuk manager, trustee and paying agent**

- (1) If neither the issuer nor the obligor is a listed company or a Government entity, the issuer must appoint:
  - (a) a sukuk manager and a trustee; and
  - (b) at least 1 paying agent.
- (2) If the issuer or the obligor is a listed company or a Government entity, the issuer must:
  - (a) appoint a third party as trustee; and
  - (b) appoint a sukuk manager and paying agent that is either:
    - (i) a department, team or individual who works for the issuer or obligor, or a member of the same group as the issuer or obligor; or
    - (ii) a third party.
- (3) An issuer may appoint a sukuk manager under subrule (1) (a) or (2) (b) (ii) only if:
  - (a) the manager is an offering and listing advisor; and
  - (b) the issuer provides the manager with an undertaking that the issuer will fully cooperate with the manager, including

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providing any assistance to the sukuk manager as the manager may reasonably require in carrying out its functions.

- (4) An issuer may appoint a trustee or a paying agent only if the appointment has been approved by the Authority.
- (5) The Authority may approve the appointment of a trustee only if:
  - (a) the trustee is a bank, law firm, or accounting or auditing office, authorised in the State, or is an investment trustee;
  - (b) the trustee is independent;
  - (c) the trustee has no conflict of interest relating to the public offer;
  - (d) the trustee is not a guarantor for paying amounts due under the sukuk; and
  - (e) if the trustee is not a bank or an investment trustee, the trustee has provided evidence satisfying the Authority that it has the resources and expertise necessary to protect the interests of the sukuk-owners.
- (6) The Authority may approve the appointment of a paying agent only if:
  - (a) the agent is a bank regulated by the Qatar Central Bank; or
  - (b) it is satisfied that the agent:
    - (i) will act with integrity; and
    - (ii) has the resources and expertise necessary to carry out the functions of a paying agent.
- (7) An issuer must maintain at least 1 paying agent until the sukuk matures and all amounts and revenues owed to the sukuk-owners are paid.
- (8) The issuer must bear the costs of the sukuk manager, trustee and paying agent.
- (9) The issuer may:

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- (a) replace the trustee at the request of the sukuk-owners;
- (b) replace a paying agent at the request of the owners or of the trustee.
- (10) The issuer must, as soon as possible, notify the Authority and the licensed exchange of any change of sukuk manager, trustee or paying agent.
- (11) An issuer's sukuk manager, trustee and paying agent need not be resident or established in the State unless the issuer is a foreign issuer and the obligor, if any, is also not resident nor established in the State.

#### **5.2.4 Trustee's duty**

- (1) A trustee's duty is to protect the interests of the sukuk-owners.
- (2) In carrying out that duty, a trustee may, in particular:
  - (a) arrange and hold meetings with the sukuk-owners and otherwise communicate with them;
  - (b) require the issuer to call a meeting between the issuer, sukuk manager and the sukuk-owners; and
  - (c) initiate legal proceedings on behalf of the sukuk-owners and represent them in legal proceedings relating to the sukuk.
- (3) A trustee must arrange and hold a meeting of sukuk-owners if required to do so under the Companies Law or by virtue of the terms and conditions of the sukuk issuance.
- (4) An issuer must call a meeting no later than 2 working days after the request is made, or within such other period as may be specified under the terms and conditions of the sukuk issuance, and must bear the costs of holding the meeting.
- (5) Without prejudice to the generality of subrule (1), *protect the interests of the sukuk-owners* includes:
  - (a) taking all appropriate steps to ensure that the issuer fulfils all of its obligations owed to sukuk-owners whether under the sukuk, the prospectus or any associated documents (for example, by

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monitoring decisions of the issuer's board that may impact on the interests of the sukuk-owners);

- (b) ensuring amounts due to the sukuk-owners are paid in a timely manner; and
- (c) if assets are mortgaged to provide security for the sukuk-owners, ensuring that the assets are maintained and managed;
  - (i) in accordance with the Laws of the State or any other applicable law; and
  - (ii) in a manner which minimises the risk of diluting or reducing the security provided by them.

#### **5.2.5 Sukuk manager's functions**

- (1) A sukuk manager is responsible for:
  - (a) preparing the application for approval of the public offer and submitting it to the Authority;
  - (b) if the sukuk are to be listed:
    - (i) preparing the application for approval of the listing and submitting it to the Authority; and
    - (ii) listing the sukuk on the issuer's behalf; and
  - (c) obtaining any other approvals.
- (2) The sukuk manager must supervise and coordinate the activities of persons providing services relating to the public offer and, if applicable, the listing process.

#### **5.2.6 Paying agent's functions**

- (1) A paying agent must, on behalf of the issuer:
  - (a) pay amounts owed to the sukuk-owners; and
  - (b) make the redemption payment in respect of the capital to the sukuk-owners at maturity.

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- (2) If a paying agent is not a bank regulated by the Qatar Central Bank, any amounts owed to sukuk-owners must be held in an account for that purpose at such a bank on behalf of the sukuk-owners.

#### **5.2.7 Shari'a advisor**

- (1) An issuer or the obligor must appoint a Shari'a advisor.
- (2) The Shari'a advisor is responsible for ensuring that any sukuk issued by the issuer, and any transactions and operations relating to issued sukuk, are compliant with the provisions and principles of Shari'a.
- (3) The Shari'a advisor may be a person responsible for advising the issuer or the obligor about the compliance with the principles of Shari'a of the issuer's or obligor's operations in general.
- (4) If the issuer has its own Shari'a supervisory board, the board may act as the advisor and any Fatwa relating to the sukuk may be issued by the board.
- (5) The issuer must maintain a Shari'a advisor until the maturity date of the sukuk.
- (6) The advisor must be appointed in accordance with any relevant regulations or rules made by the Authority.

## Part 5.3 Prospectus requirements

### 5.3.1 Purpose of Part

This Part sets out additional requirements relating to a prospectus prepared in relation to a public offer of sukuk.

### 5.3.2 Identity of issuer and obligor

If there is an obligor in relation to the sukuk, the prospectus must specify the identity of the special purpose vehicle issuer and the obligor, and the relationship between them.

### 5.3.3 Responsibility for content

A sukuk manager and an obligor, if any, are, along with the issuer, jointly and severally responsible for the accuracy of the information contained in a prospectus and for ensuring that any information required to be disclosed in relation to the offer (whether in the prospectus or otherwise) is disclosed in a timely manner.

### 5.3.4 Issue price

- (1) The prospectus must either:
  - (a) specify the issue price of the sukuk; or
  - (b) state how the issue price is to be determined.
- (2) If the prospectus states how the issue price is to be determined, the issuer must, as soon as possible after the price is determined, publish a supplementary prospectus in the form of a supplemental document (for example, a pricing term sheet) specifying the issue price.

### 5.3.5 Disclosure of credit rating

The prospectus must include the credit rating of the sukuk.

### 5.3.6 Type of sukuk, amount offered, return on investment

(1) The prospectus must specify:

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- (a) the type of sukuk; and
- (b) details of any other market on which the sukuk is listed.
- (2) The summary of the prospectus must contain a diagram that sets out:
  - (a) the structure of the sukuk;
  - (b) each of the parties involved in the establishment, management, and distribution of the sukuk; and
  - (c) the principal cashflows underlying the sukuk.
- (3) The prospectus must set out the size of the sukuk to be issued or, if that size is not fixed, an indication of the maximum size of the sukuk to be issued.
- (4) If the issuance is part of a program the prospectus must:
  - (a) be a prospectus for the program (but it need not set out the size of the program); or
  - (b) state that the issuance is part of a program and provide details of the program (but this need not include the size of the program).
- (5) The prospectus must contain:
  - (a) a statement setting out the nature of the sukuk assets;
  - (b) details of the means of obtaining any information about the sukuk assets and whether or not it can be obtained free of charge; and
  - (c) if the sukuk uses derivative contracts, a clear and comprehensive explanation as to how those contracts are used.

### **5.3.7 Compliance with principles of Shari'a**

- (1) The prospectus must contain:
  - (a) a statement explaining how the sukuk complies with the principles of Shari'a including information about the process by which the issuer determined that the sukuk is compliant and providing details of any papers or other documents reviewed as part of that process; and

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- (b) confirmation that no interest will be chargeable or receivable under the terms of the sukuk.
- (2) If the sukuk is established under laws regulating the compliance of sukuk or similar instruments with the principles of Shari'a, the prospectus must state that fact and provide a summary of the relevant laws and regulations.
- (3) The prospectus must include a copy of the Fatwa related to the sukuk. The Fatwa may be attached as a supplementary document.
- (4) In the case of a program of offers of sukuk by the same issuer, or on behalf of the same obligor, a single Fatwa may relate to each offer under the program.
- (5) A Fatwa may relate to more than one offer of sukuk, if the sukuk in question are of the same structure and have substantially the same characteristics.
- (6) The prospectus must contain an explanation of the procedures that will be followed in the event of the sukuk failing, or becoming likely to fail, to comply with the principles of Shari'a in the future including an explanation of the sukuk-owners' rights in those circumstances.

#### **5.3.8 Identity and activity of Shari'a advisory and supervisory board**

- (1) The prospectus must set out the name and qualifications of the issuer's Shari'a advisor and, if the issuer has a Shari'a supervisory board or has obtained a Fatwa from an approved Shari'a supervisory board, the names and qualifications of the members of that board.
- (2) If the issuer has a Shari'a supervisory board, or has obtained a Fatwa from an approved Shari'a supervisory board, the prospectus must contain a statement confirming one of the following:
  - (a) that the Shari'a supervisory board carries out its functions in accordance with standards and guidance issued by the

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Accounting and Auditing Organisation for Islamic Financial Institutions (“AAOIFI”);

- (b) that the board carries out its functions in accordance with standards and guidance issued by another organisation, and stating the name of that organisation; or
- (c) that the board does not adopt published standards and guidance of any organisation and explaining how the board carries out its functions in a manner which provides prospective investors with sufficient information to assess whether the board is applying the principles of Shari'a appropriately and effectively.

(3) The prospectus must include information about any interest the issuer's Shari'a advisor and, if the issuer has a Shari'a supervisory board or has obtained a Fatwa from an approved Shari'a supervisory board, any member of that board, has in the issuer, or in a person in the same group as the issuer and about any conflict of interest that the advisor, or any supervisory board member, may have with the issuer, or a person in the same group as the issuer. The prospectus must also include information as to how the impact on the interests of investors arising from any such interest or conflict is to be eliminated or mitigated.

### **5.3.9 Sukuk manager, trustee and trust deed**

- (1) The prospectus must set out the name and address of the sukuk manager, if different from that of the issuer, and of the trustee.
- (2) The prospectus must set out:
  - (a) any requirements that must be met before the trustee may act on behalf of the sukuk-owners (for example, any requirement for a certain proportion of sukuk-owners to instruct the trustee to take action); and
  - (b) the details of any indemnification required before the trustee may take action on behalf of the sukuk-owners (for example, action to enforce a lien against the issuer's property).

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- (3) If there is a trust deed underlying the issuance of the sukuk, or relating to any asset in which the sukuk has an interest, the prospectus must include details of the terms of the deed, including any terms requiring the issuer to make periodic disclosures providing an indication of the issuer's, or the obligor's, financial position.

#### **5.3.10 Maturity and redemption**

The prospectus must specify the maturity date of the sukuk and must set out the arrangements for redemption of capital on maturity.

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## Chapter 6                    Public offers of funds units

### Part 6.1                    Application and key terms

#### 6.1.1                    Application

- (1) This Chapter applies to public offers of funds whose units are, or are to be, listed on a market.
- (2) Any reference in this Chapter:
  - (a) to a fund is a reference to a fund whose units are, or are to be listed on a market; and
  - (b) to fund units is a reference to listed units or units that are to be listed on a market.

#### 6.1.2                    Key terms

- (1) **Fund** means any arrangements that have all of the following characteristics:
  - (a) the arrangements are in respect of property of any description, including money (**fund property**);
  - (b) the purpose or effect of the arrangements is to enable persons taking part in them to:
    - (i) participate in or receive profits or income arising from the acquisition, holding, management or disposal of the fund property; or
    - (ii) receive sums paid out of such profits or income;
  - (c) the persons taking part in the arrangements (other than the fund manager) do not have day to day control over the management of the fund property whether or not they have the right to be consulted or give directions;
  - (d) the contributions of the persons taking part and the profits or income out of which payments are to be made to them are pooled; and

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- (e) the fund property is managed as a whole by or on behalf of a fund manager.
- (2) **Fund manager** means the person (however described) responsible for managing the fund including all of the fund property.
- (3) **Fund trustee** means the person (however described) responsible for monitoring the management of the fund property to ensure it is in accordance with the fund's investment objectives and investment policy for achieving those objectives.
- (4) **Fund custodian** means a person (however described) responsible for providing custody services in relation to any fund property.
- (5) **Contracted party**, in relation to a fund, means:
  - (a) a founder of the fund;
  - (b) a member of the fund's board, if it has one, or a person acting in a similar capacity; and
  - (c) any person:
    - (i) providing liquidity to the fund; or
    - (ii) conducting any operational activity of the fund, including any person contracted by the fund to carry out that activity (other than the fund manager, fund trustee, or a fund custodian).
- (6) **Net asset value**, in relation to a fund at any particular time, means the value at that time of the fund's assets after deduction of its liabilities.
- (7) **Related party**, in relation to a fund, means:
  - (a) the fund manager, fund trustee, a fund custodian or a contracted party;
  - (b) a board member or member of the senior executive management of any related entity;
  - (c) a person who owns 5% or more of the fund's units;

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- (d) a person who owns 5% or more of a related entity; or
- (e) a relative to the second degree of a person mentioned in paragraph (a) or (b).

(8) For subrule (7), ***related entity*** means:

- (a) a founder of the fund;
- (b) a person who is part of the same group as the fund or a founder;
- (c) a person over whose management and operation the fund or a founder has the right to exercise a dominant influence through:
  - (i) provisions contained in the entity's memorandum of association, articles of association, or similar document; or
  - (ii) any contractual arrangement relating to the management and operation of the entity; or
- (d) a person who is participating in a joint venture, partnership or other project with the fund or a founder;

(9) ***Open-ended fund*** means a fund where the fund units are capable of being created and redeemed continuously or periodically.

(10) ***Real estate fund*** means a fund that wholly or mainly invests in land and buildings for the purposes of generating profits for the fund's investors.

(11) ***Real estate valuer***, in relation to a real estate fund, means an entity approved by the Authority to provide real estate valuation services for real estate funds.

(12) The Authority may approve an entity as a real estate valuer only if the Authority is satisfied that the entity:

- (a) provides real estate valuation services;
- (b) is licensed by the appropriate authority in the State to provide those services or, if the fund holds real estate outside the State, is authorised to provide those services in the country where the real estate is situated;

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- (c) is independent of any real estate fund for which it provides valuation services;
- (d) employs persons with knowledge and experience of the real estate sector; and
- (e) acts in accordance with internationally accepted valuation principles, procedures and definitions as set out in the International Valuation Standards published by the International Valuation Standards committee and endorsed by the Royal Institute of Chartered Surveyors (RICS).

(13) The Authority may publish a list of entities it has approved to be real estate valuers. The Authority may amend the list at any time and must publish the amended list.

(14) A real estate fund may assume that an entity on the list published under subrule (13) is approved to be a real estate valuer.

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## **Part 6.2 General requirements**

### **6.2.1 Purpose of Part**

This Part sets out general requirements for an application for the Authority's approval of a public offer and listing of fund units.

### **6.2.2 Fund manager and other entities required**

- (1) A fund must appoint a fund manager:
  - (a) that is licensed as an investment manager by the Authority; or
  - (b) is otherwise approved by the Authority to manage the fund.
- (2) A fund must also appoint:
  - (a) a fund trustee that is licensed as an investment trustee by the Authority;
  - (b) a fund custodian that is licensed as a custodian by the Authority;
  - (c) if the fund is an open-ended fund, a market maker and liquidity provider; and
  - (d) if the fund is a real estate fund, a real estate valuer approved by the Authority.

### **6.2.3 Fund manager's other functions**

- (1) A fund manager is responsible for:
  - (a) preparing the application for approval of the public offer and listing and submitting it to the Authority;
  - (b) listing the fund units on the fund's behalf; and
  - (c) ensuring any other approvals are obtained.
- (2) The fund manager must supervise and coordinate the activities of persons providing services relating to the public offer and listing.

### **6.2.4 Capital and fund unit requirements**

- (1) The Authority must be satisfied that, when the offered fund units are issued:

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- (a) the issued capital of the fund is fully paid; and
- (b) the fund's subscribed and paid-up capital is:
  - (i) in the case of a real estate fund, no less than QR 150 million; or
  - (ii) in any other case, no less than QR 10 million, or the equivalent in another currency.

(2) If the fund is not an open-ended fund, the Authority must be satisfied that when the fund units are listed:

- (a) fund units representing at least 25% of the fund capital will be held by the public; and
- (b) there will be no fewer than 10 public holders of those units.

(3) Each fund unit must have equal nominal value and must confer equal rights and obligations on the unit holders.

(4) For this rule, fund units are not considered to be held by the public if they are held by:

- (a) the fund manager;
- (b) a member of the fund's board, if it has one, or the member's spouse or minor children;
- (c) a person in the same group as the fund;
- (d) any person with the right to appoint a member of the fund's board, if it has one, whether or not the right is held jointly with any other person; or
- (e) a person who holds 5% or more of the fund units (whether directly or indirectly) including a person whose holding combined with that of the person's spouse and minor children is 5% or more of the fund's units.

## Part 6.3 Prospectus requirements

### 6.3.1 Purpose of Part

This Part sets out additional requirements relating to a prospectus prepared in relation to a public offer of fund units.

### 6.3.2 Responsibility for content

The fund manager is responsible for the accuracy of the information contained in the prospectus and for ensuring that any information required to be disclosed in relation to the offer (whether in the prospectus or otherwise) is disclosed in a timely manner.

### 6.3.3 Additional content

- (1) The prospectus must contain:
  - (a) a description of the fund's investment objectives and investment policy for achieving those objectives;
  - (b) details of the fund's past performance or, where relevant, details of the past performance of the fund's assets;
  - (c) details of the fund's costs and associated charges;
  - (d) a description of the risk and reward profile of the investment, including appropriate guidance and warnings in relation to the risks associated with investments in the fund; and
  - (e) details of the method of valuation of the fund's assets and, in the case of a real estate fund, a declaration that the fund's assets will be valued by a real estate valuer.
- (2) The details required under subrule (1) (b) must include details of past performance of the underlying assets in periods prior to the creation of the fund or prior to the fund owning the assets, if available, and if no information is available about the past performance of any underlying assets, the prospectus must include an explanation as to why this is the case.

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**6.3.4 Fund manager's report on period since last audited financial statements**

- (1) If a fund has audited financial statements, the prospectus must include a report prepared by the fund manager covering the period beginning immediately after the end of the financial year to which the most recent audited financial statements of the fund relate and ending when the prospectus is prepared.
- (2) If a fund does not have any audited financial statements, the prospectus must include a report prepared by the fund manager covering the period beginning at the formation of the fund and ending when the prospectus is prepared.
- (3) The report must include:
  - (a) details of the activities of the fund during the period and confirmation that those activities were managed satisfactorily throughout the period;
  - (b) details of the financial position of the fund and any subsidiary during the period, including details of any events which may have affected the financial position of the fund or subsidiary;
  - (c) details of the current assets of the fund and any subsidiary and confirmation that the book value of those assets is correct and appropriate; and
  - (d) an undertaking that no conditional obligations have arisen from any guarantee or indemnity issued by the fund or any subsidiary.

**6.3.5 External auditor's report on period since last audited financial statements**

- (1) The prospectus must also include a report prepared by the fund's external auditor for the period covered by the report under rule 6.3.4.
- (2) The report must include:

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- (a) a statement that it was prepared for the purpose of being included in the prospectus;
- (b) a report on the financial position of the fund for the period covered by the report under rule 6.3.4; and
- (c) a clear and comprehensive statement of any reservations the external auditor has relating to the financial position of the fund for that period.

(3) If, within the period covered by report under rule 6.3.4, the fund has merged with, or acquired another entity, the external auditor's report must include a report on the financial position of the other entity for the portion of the period before the merger or acquisition.

### **6.3.6 Use of previous prospectus for similar fund**

- (1) The prospectus for a listed fund may be used for another fund that is substantially similar to the listed fund, provided it is accompanied by a supplemental document specifying any differences between the funds.
- (2) For this rule, two funds are *substantially similar* if:
  - (a) they are both the same type of fund;
  - (b) the investment objectives and investment policies are substantially similar for both funds;
  - (c) the risk and reward profiles of both funds are substantially similar;
  - (d) the same fund manager manages both funds; and
  - (e) any persons:
    - (i) acting as fund custodian;
    - (ii) providing liquidity to the fund,are the same for both funds.
- (3) The Authority may determine that funds are not substantially similar and a new prospectus must be prepared.

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## Chapter 7

## Listing requirements, trading and ongoing obligations: general

### Part 7.1

### General

#### 7.1.1 Application of this Chapter

- (1) This Chapter applies to issuers whose securities are listed on a market, or who intend to list their securities on a market.
- (2) This Chapter applies to the listing and trading of depository receipts in accordance with Part 7.7.
- (3) This Chapter and Chapters 8 to 11, may apply to issuers whose securities are listed on a restricted market with such modifications as the Authority may, by notice, specify, having regard to the securities to be listed on the market and the nature of the investors who may trade on it (for example, the Authority may permit listing on a restricted market without requiring a prospectus to be published or requiring a prospectus with only limited information).
- (4) **Restricted market** means a market for trading securities where trades may be carried out only by exchange members:
  - (a) who are qualified investors on their own account, or
  - (b) on behalf of clients who are qualified investors.

#### 7.1.2 Requirement for approval for listing and trading

- (1) A security may be traded on a market in the State only if the issuer obtains the approval of:
  - (a) the Authority for listing; and
  - (b) the licensed exchange for trading.

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- (2) Subrule (1) does not apply to any security traded on a market in the QFC in accordance with any rules and regulations made under the QFC Law.
- (3) If these Offering and Listing Rules do not make provision for the listing of a particular type of security on a market operated by a licensed exchange, that type of security may not be listed and traded on such a market other than in accordance with any other rules as the Authority may make regulating the listing and trading of securities not regulated by these Rules.

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## **Part 7.2                    Listing**

### **Division 7.2.A            Approval to list**

#### **7.2.1        Approval for listing given with approval of public offer**

If securities offered in a public offer are to be listed on a market, the Authority's approval is both for the public offer to be made and for the securities to be listed.

#### **7.2.2        Application for approval for direct listing**

If an issuer's securities have not been offered in a public offer, the securities may be listed on a market only if the Authority has approved an application for direct listing.

#### **7.2.3        Authority approval**

- (1) For the Authority to approve an application to list, the following requirements must be met:
  - (a) the application specifies the appropriate market of a licensed exchange as follows:
    - (i) for shares and share warrants – the main equity market or the second equity market as the case may be;
    - (ii) for bonds and bond warrants – the bonds market;
    - (iii) for sukuk – the sukuk market; and
    - (iv) for fund units – the funds market;
  - (b) in the case of a listing following a public offer, the Authority has approved the public offer;
  - (c) in the case of a direct listing, a listing prospectus has been prepared for publication which meets the requirements set out in Division 2.2.D and:
    - (i) for shares and share warrants – Part 3.3;

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- (ii) for bonds and bond warrants – Part 4.3;
- (iii) for sukuk – Part 5.3;
- (iv) for fund units – Part 6.3,  
as applied by rule 7.2.4 (3) and (4);
- (d) the listing requirements applicable to the securities are met;
- (e) any other action to ensure the securities may be traded on the first day of trading has been or will be taken;
- (f) in the Authority's opinion, the issuer will comply with the ongoing obligations set out in Part 7.5 and:
  - (i) for shares and share warrants – Part 8.3;
  - (ii) for bonds and bond warrants – Part 9.3;
  - (iii) for sukuk – Part 10.3;
  - (iv) for fund units – Chapter 11; and
- (g) it is in the public interest to approve the application.

- (2) The applicant must pay the appropriate fee.
- (3) In the case of a direct listing, the Authority must make its decision no later than 30 working days after the application is made. The Authority must notify the applicant of the decision no later than 5 working days after the decision is made.
- (4) The Authority may require the applicant to provide further information to make its decision.
- (5) If the Authority requires further information, the period for making a decision may be extended. The Authority must notify the applicant of the extension.
- (6) The Authority may further extend the period for making a decision. The Authority must notify the applicant of any further extension.

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## **Division 7.2.B        Listing requirements**

### **7.2.4        Direct listings: additional requirements**

- (1) An issuer applying for approval of a direct listing must comply with the requirements set out in rule 2.2.5 and:
  - (a) for shares and share warrants – Part 3.2;
  - (b) for bonds and bond warrants – Part 4.2;
  - (c) for sukuk – Part 5.2;
  - (d) for fund units – Part 6.2.
- (2) In the application of those provisions to an application for approval of a direct listing:
  - (a) references to a public offer or offer are to be read as references to the direct listing; and
  - (b) references to offered securities are to be read as references to the securities to be listed.
- (3) The prospectus requirements set out in the following provisions apply to an application for a direct listing as they apply to an application for a public offer:
  - (a) Division 2.2.D, other than rule 2.2.10 (3);
  - (b) for shares and share warrants – Part 3.3 other than rule 3.3.7;
  - (c) for bonds and bond warrants – Part 4.3;
  - (d) for sukuk – Part 5.3;
  - (e) for fund units – Part 6.3.
- (4) In the application of those provisions to an application for a direct listing:
  - (a) references to a public offer are to be read as references to the direct listing;

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- (b) references to offered securities are to be read as references to the securities to be listed; and
- (c) rule 2.2.13 (1) is to be read as requiring the prospectus to be published no later than 3 working days before the first day of trading.

(5) The issuer must not recommend any particular investment or give advice to prospective investors on whether to invest.

## Part 7.3 Commencement of trading

### 7.3.1 Trading application

- (1) A person making a listing application must also apply to the licensed exchange for approval of the listed securities to be traded on the appropriate market (a ***trading application***).
- (2) A trading application:
  - (a) may be made at the same time as the listing application is made to the Authority; and
  - (b) must be made no later than 3 months after the Authority has approved the listing application, or a longer period as approved by the licensed exchange.
- (3) If a trading application is not made on or before the end of the period mentioned in subrule (2) (b) the Authority's approval to list the securities ceases to be valid.

### 7.3.2 Exchange decision on trading application

A licensed exchange must approve a trading application if the following requirements are met:

- (a) the listing has been approved by the Authority;
- (b) any requirements imposed by a depository in respect of listing and trading the securities; and
- (c) any requirements imposed by the exchange in respect of the listing and trading of the securities.

### 7.3.3 Announcing commencement of trading

- (1) The issuer must give public notice of the first day of trading no later than 2 working days before that day.
- (2) The issuer must consult the licensed exchange in order to establish the expected first day of trading.

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(3) The notice must also include the following:

- (a) the name, headquarters and address of the issuer;
- (b) details of where and how to view the prospectus.

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## **Part 7.4 Transfer to another exchange**

### **7.4.1 Transfer to another exchange**

- (1) An issuer may request that the Authority gives a direction to transfer the listing of the issuer's securities from a market operated by a licensed exchange to a market operated by another licensed exchange.
- (2) The Authority may give a direction to transfer if the Authority considers that:
  - (a) the market to which the listing is proposed to be transferred is an appropriate market for the securities in question having regard to the interests of investors and the markets, and to the public interest; and
  - (b) the issuer will comply with all relevant ongoing obligations applicable if the listing is transferred.
- (3) If the Authority gives a direction to transfer:
  - (a) the Authority must notify the issuer and the licensed exchanges; and
  - (b) the issuer must disclose the transfer under rule 12.2.1.
- (4) A transfer takes effect on the day specified by the Authority in the direction having consulted with the exchanges.

## Part 7.5 Ongoing obligations

### 7.5.1 Fees

An issuer must pay:

- (a) any periodic fees associated with the continued listing of the securities; and
- (b) any fees in relation to specific services or activities, due to the Authority or a licensed exchange.

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## **Part 7.6**

## **Foreign issuers, listing on foreign exchanges and dual listings**

### **7.6.1 Listing of foreign issuers**

- (1) A foreign issuer's securities may be listed on a market only if the Authority considers that:
  - (a) the regulatory regime in the country where the foreign issuer operates is broadly equivalent to that which applies to a Qatari issuer; and
  - (b) all necessary arrangements exist for cooperation between the Authority and the body responsible for regulating or supervising the issuer.
- (2) A foreign issuer who applies for its securities to be listed on a market must specify a person resident in the State to:
  - (a) act as the point of contact between the issuer and investors or prospective investors;
  - (b) distribute revenues and profits; and
  - (c) provide information and financial statements to the Authority as may be required by or under these Rules or any other applicable Laws, regulations or rules.
- (3) The Authority may, by giving notice, impose further requirements on a foreign issuer for the purposes of ensuring that the issuer is in no more advantageous position than an issuer incorporated within the jurisdiction of the State.
- (4) A requirement imposed by a notice takes effect on the day specified in the notice.
- (5) The Authority must give the notice to the issuer and must publish a copy on its website.

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### **7.6.2 Qatari issuers: permission to dual list on foreign exchange**

- (1) A Qatari issuer whose securities are listed on a market may list those securities on a foreign exchange only with the prior approval of the Authority.
- (2) The Authority may approve an application for listing on a foreign exchange if it considers that:
  - (a) the regulatory regime in the country where the foreign exchange operates is broadly equivalent to that which applies to a licensed exchange; and
  - (b) all necessary arrangements exist for cooperation between the Authority and the body responsible for regulating and supervising the foreign exchange.
- (3) The Authority may:
  - (a) give approval subject to specified conditions; or
  - (b) revoke an approval at any time,having regard to the interests of investors in the State, the interests of a licensed exchange or the public interest.
- (4) If the Authority revokes its approval, the issuer must take all necessary steps to ensure that its securities are delisted from the foreign exchange.

### **7.6.3 All issuers: dual listing**

- (1) If an issuer whose securities are listed on a foreign exchange applies for approval to list those securities on a market operated by a licensed exchange, the Authority may approve the application even if the issuer's offering and listing advisor and any other person carrying out a licensed activity on behalf of the issuer is not licensed by the Authority if the Authority considers that:
  - (a) the regulatory regimes in the countries where the foreign exchange, the issuer's offering and listing advisor, and any other

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person carrying out a licensed activity on behalf of the issuer, operate are broadly equivalent to the Authority's regulatory regime; and

- (b) all necessary arrangements exist for cooperation between the Authority and the bodies responsible for regulating and supervising the foreign exchange, the issuer's offering and listing advisor, and any other person carrying out a licensed activity on behalf of the issuer.
- (2) This rule does not exempt a foreign issuer from the requirement in rule 7.6.1 (2).

#### **7.6.4 Qatari issuers: offering and listing of depository receipts outside the State**

- (1) A Qatari issuer may enter into an agreement with another entity to issue depository receipts representing rights in the issuer's shares and to offer and list those receipts outside the State only with the Authority's approval.
- (2) Shares that are represented by depository receipts may be owned by:
  - (a) the entity with whom the issuer has an agreement with; or
  - (b) another entity established under the agreement, provided they are held by the entity for the benefit of the owners of the depository receipts.
- (3) Such shares are to be treated as shares held by the public.
- (4) The issuer must apply for approval on the form specified by the Authority and must pay the appropriate fee to the Authority.
- (5) The Authority may approve application only if it considers that all of the following requirements are met:
  - (a) the entity with whom the issuer has an agreement is subject to a regulatory regime in the country where it operates that is broadly equivalent to the regulatory regime in the State;

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- (b) all necessary arrangements exist for cooperation between the Authority and the body responsible for regulating and supervising the entity;
- (c) the depository receipts to be offered and listed represent no more than:
  - (i) 10% of the issuer's shares; and
  - (ii) one third of the total number of shares owned by the public;
- (d) the entity, or other entity established under the agreement, has adequate arrangements in place with a licensed broker to deal in the issuer's shares on a market in the State and to separate any dealings in shares represented by depository receipts from any other dealings;
- (e) the offering and listing of the depository receipts does not prejudice the rights of other shareholders nor have a detrimental effect on the issuer's ability to meet its obligations;
- (f) it is in the public interest to approve the application.

(6) The Authority must make its decision no later than 30 working days after the application is made. The Authority must notify the issuer of the decision no later than 5 working days after the day the decision is made.

(7) The Authority may require the issuer to provide further information to make its decision.

(8) If the Authority requires further information, the period for making a decision on the application may be extended. The Authority must notify the issuer of the extension.

(9) The Authority may further extend the period for making a. The Authority must notify the issuer of the extension.

(10) To avoid doubt, if a person owning an issuer's shares issues depository receipts in relation to those shares without entering into any form of agreement or arrangement with the issuer, the issuer is

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not required to obtain the Authority's approval for the issuance of the depository receipts.

#### **7.6.5      *Depository receipts outside the state: ongoing obligations and cancellation***

If at any time the Authority:

- (a) is no longer satisfied as to any matter referred to in rule 7.6.4 (5); or
- (b) considers that a condition of its approval is not being complied with,

the Authority may direct the entity to dispose of its shares in the issuer and cancel the associated depository receipts or take any other action as the Authority considers appropriate having regard to the laws of the jurisdiction in which the depository receipts are issued (or dispose of such shares and cancel such receipts as the Authority considers necessary or appropriate).

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## **Part 7.7**

## **Depository receipts listed on a market in the State**

### **7.7.1 Modified application of this Chapter and Chapter 8**

- (1) This Chapter and Chapter 8 apply to the listing and trading of depository receipts on a market in the State as they apply to the listing and trading of shares on such a market but any requirement to provide in a prospectus details relating to the issuer is to be read as a requirement to provide those details in relation to the issuer of the shares represented by the depository receipts.
- (2) The Authority's approval of an application to list depository receipts may require the applicant to apply these Rules with such modifications as the Authority specifies in its approval. In particular, the Authority may specify that certain requirements relating to an issuer are to be treated as if they apply to the issuer of the shares represented by the depository receipts.
- (3) If an approval is given subject to modifications, these Rules apply to the listing and trading of depository receipts as if so modified.

## Part 7.8 Off-market transactions

### 7.8.1 Restriction on off-market transactions in listed securities

- (1) A transaction involving the purchase or sale of listed securities, in or from the State, other than a transaction executed on a market is referred to in this rule as an ***off-market transaction***.
- (2) But a transaction executed on a market operated by a foreign exchange is not an off-market transaction.
- (3) A depository shall not settle and register an off-market transaction unless the transaction falls within subrule (4).
- (4) An off-market transaction falls within this subrule if it is:
  - (a) a transfer of securities among spouses or relatives to the second degree;
  - (b) a transfer under a will or otherwise to an heir in the case of a shareholder's death;
  - (c) a donation of securities without consideration changing hands between the parties (including a charitable endowment, family endowment or joint endowment);
  - (d) a transfer pursuant to an order or ruling of a competent court;
  - (e) a transfer to an issuer of fractional shares resulting from subscriptions and other corporate actions through accounts held at a depository and designated by the depository for this purpose;
  - (f) a transfer executed in connection with a capital restructuring among a group of companies;
  - (g) a transfer executed in connection with a redemption of a fund unit;
  - (h) a transfer executed in connection with a bond repurchase (repo);

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- (i) a transfer to a holder of a depository receipt of the underlying share as a redemption executed in accordance with the terms of the depository receipt issuance;
- (j) a transfer or exchange of shares in a listed company between its founders which is executed within a time period as may be specified in an applicable law;
- (k) a transfer of securities executed by a Government entity, or executed by an entity owned or controlled by a Government entity;
- (l) a transfer involving a securities lending agent in connection with securities lending;
- (m) a transfer of a bond or sukuk where the initial issuance of the bond or sukuk is to primary dealers authorised as such by the Qatar Central Bank;
- (n) a transfer in connection with a process approved by the Authority (for example a transfer connected with the implementation of a merger approved by the Authority); or
- (o) any other transaction as may be determined by a depository and approved by the Authority on the application of the depository.

- (5) For subrule (4) (k), an entity is owned or controlled by a Government entity if the Government entity has at least 51% ownership of the other entity, or such lower percentage as may be approved by the Council of Ministers.
- (6) The parties to an off-market transaction falling within subrule (4) (b) must:
  - (a) give notice of the transaction to the depository in accordance with the rules and procedures of the depository; and
  - (b) comply with any other rules and procedures of the depository relating to the transaction.
- (7) An off-market transaction may be required to be disclosed under Part 12.2.

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- (8) Nothing in this rule prevents a depository from settling and registering a transfer of shares in an unlisted joint-stock company.

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## **Chapter 8**

## **Listing requirements, trading and ongoing obligations: shares and share warrants**

### **Part 8.1**

### **Application**

#### **8.1.1 Application of this Chapter**

- (1) This Chapter applies to shares and share warrants listed, or to be listed, on a market.
- (2) References in this Chapter to an issuer are to an issuer of listed shares or share warrants, or shares or share warrants to be listed.

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## **Part 8.2                    Listing requirements**

### **8.2.1            Purpose of Part**

This Part sets out requirements for approval of the listing of shares or share warrants.

### **8.2.2            General requirements**

- (1) The Authority may approve an application to list shares only if:
  - (a) the issuer is:
    - (i) legally entitled to list its shares; or
    - (ii) if the issuer is a foreign issuer, entitled to have its shares listed under the law by virtue of which it is incorporated;
  - (b) the shares each have a nominal value of QR 1, unless the issuer is a foreign issuer;
  - (c) the shares provide shareholders with equal rights and obligations;
  - (d) the issued capital of the issuer is fully paid;
  - (e) the shares are negotiable and transferable without condition or restriction;
  - (f) the shares are eligible for electronic settlement in a depository in accordance with requirements specified by the depository;
  - (g) the issuer is able to submit a register of share ownership to the depository in accordance with requirements specified by the depository; and
  - (h) the Authority is satisfied that the issuer has, or will, comply with any other requirements specified by the depository.
- (2) The Authority may approve an application to list shares on the main equity market only if the following conditions are met:

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- (a) the shareholders' equity is no less than 100% of the issuer's paid-up capital as stated in the most recent audited financial statements;
- (b) if the application is not for a direct listing, the number of public shareholders is no less than 200; and
- (c) if the application is for a direct listing, the number of public shareholders is no less than 100 and those shareholders own no less than 25% of the issuer's issued and paid-up capital.

(3) The Authority may approve an application to list shares on the second equity market only if the following requirements are met:

- (a) the shareholders' equity is no less than 50% of the issuer's paid-up capital as stated in the most recent audited financial statements;
- (b) the number of public shareholders is no less than 20; and
- (c) if the application is for a direct listing, at least 10% of the issuer's issued and paid-up capital is owned by the public.

(4) If the requirements of subrule (2) are met, the shares or share warrants must be listed on the main equity market of a licensed exchange; and if the requirements of subrule (3) are met, the shares or share warrants must be listed on the second equity market.

(5) For this rule, shares are not considered to be owned by the public if they are owned by:

- (a) a founder;
- (b) a member of the issuer's board or the member's spouse or child under the age of 18;
- (c) a person in the same group as the issuer;
- (d) any person with the right to appoint a member of the issuer's board, whether or not the right is held jointly with any other person; or
- (e) a major shareholder.

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- (6) The Authority may approve an application to list share warrants only if the requirements of subrules (1) to (3) are met, so far as applicable, in relation to the shares represented by the warrants.
- (7) The requirements of subrules (2) and (3) do not need to be met if the issuer is, or is owned by, a Government entity.

#### **8.2.3 Offering and listing advisor**

- (1) An issuer whose shares or share warrants are subject to an application for approval of a direct listing must appoint an offering and listing advisor.
- (2) An issuer whose shares are subject to an application for approval of a direct listing in the second equity market of a licensed exchange may appoint a second market listing advisor and, in such a case, any references in these Rules to the offering and listing advisor are to be read as references to the second market listing advisor.
- (3) Rule 3.2.8 applies to an offering and listing advisor appointed in relation to a direct listing with the following modifications:
  - (a) references to the public offer and listing process are to be read as references to the listing process;
  - (b) the reference in subrule (4) (b) to subscription applications is omitted; and
  - (c) subrules (4) (c) and (5) (b) are omitted.

#### **8.2.4 Determining reference price for direct listing**

An applicant for approval of a direct listing of shares must use one of the following methods to determine the reference price of the shares:

- (a) a preliminary auction process;
- (b) a financial evaluator's report prepared by 1 financial evaluator; or
- (c) a combination of those methods.

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### **8.2.5 Financial evaluator's report**

- (1) If the applicant determines the reference price of shares in a direct listing by means of a financial evaluator's report, the Authority may direct the issuer to appoint an additional evaluator to be involved in preparing the report.
- (2) If the Authority requires an additional evaluator to be involved in preparing the report, the issuer must bear the evaluator's costs associated with preparing the report.
- (3) The report must be prepared in accordance with:
  - (a) any rules made by the Authority relating to financial evaluators; and
  - (b) any procedures issued by the Authority setting out how a financial evaluation is to be prepared.
- (4) A copy of the report must be included in the application for approval of the direct listing.
- (5) A summary of the report must be published as part of any prospectus for the listing.
- (6) The Authority may, in making its decision on an application for approval of a direct listing, require a financial evaluator to:
  - (a) provide further information and amend the report accordingly; or
  - (b) prepare a new report.
- (7) A financial evaluator must amend the report or prepare the new report within a reasonable time specified by the Authority.
- (8) If a report is amended, or a new report is prepared, the summary published as part of any prospectus must be a summary of the amended or new report.

### **8.2.6 Preliminary auction in a direct listing**

- (1) If a preliminary auction is used to determine the reference price of shares to be directly listed, it is to be conducted in accordance with

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this rule and any rules made by the licensed exchange operating the market on which the shares are to be listed.

- (2) The issuer's offering and listing advisor must obtain firm commitments for purchase orders on the first day of trading from a number of institutional investors as may be specified in rules made by the licensed exchange.
- (3) The issuer must set the reference price based on those commitments using a mechanism approved by the exchange.
- (4) The prospectus for the direct listing must be amended before the first day of trading to include the reference price.
- (5) The Authority may direct the issuer to comply with any other requirements in relation to the preliminary auction (for example, requirements as to the time period during which firm commitments may be obtained, or the maximum amount of the issuance to be available for purchase under such commitments).

#### **8.2.7 Additional requirements relating to offering and listing advisors**

- (1) An issuer whose shares or share warrants are listed on the second equity market of a licensed exchange must appoint an offering and listing advisor for at least 6 months after the first day of trading of those securities or for a longer period specified by the Authority.
- (2) The issuer's offering and listing advisor must:
  - (a) notify the Authority and the licensed exchange immediately in the event of becoming aware of the issuer failing to comply with any requirement imposed by these Rules or rules made by the licensed exchange; and
  - (b) if the advisor is aware that the issuer has not complied with such a requirement, take the necessary steps to provide or procure the provision of any information or evidence as the Authority or the licensed exchange may require.

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### **8.2.8 Price stability mechanism for listing following initial public offer**

- (1) An issuer whose shares are offered in an initial public offer may establish a price stability mechanism for the purposes of maintaining the price of the offered shares when listed on a market.
- (2) A price stability mechanism must be:
  - (a) approved by the Authority; and
  - (b) managed by the offering and listing advisor or an underwriter.
- (3) The entity designated to buy back the shares under a price stability mechanism must be an underwriter or a market maker and liquidity provider.
- (4) A price stability mechanism may be financed by the issuer, a founder or major shareholder selling some of their shareholding (but see rule 8.4.1 for restrictions on the trading of founders' shares etc.).
- (5) No more than 15% of the offered shares may be bought back under a price stability mechanism.
- (6) A price stability mechanism must be available from the first day of trading.
- (7) A price stability mechanism must cease to be available on the end of the period of 30 working days after the first day of trading (or a later day approved by the Authority).
- (8) If a price stability mechanism is financed by a greenshoe option granted to an underwriter, the liquidation of the mechanism and any retention or distribution of the proceeds (whether in cash or shares or a combination of both) must be carried out in accordance with the underwriting agreement.
- (9) Otherwise, the price stability mechanism must be liquidated no later than 5 working days after it ceases to be available and, on liquidation, the proceeds arising from the buyback must be returned to the persons who financed the mechanism.

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- (10) If the issuer receives shares from the proceeds arising from the buyback, the issuer may retain them as treasury shares to which Part 8.6 applies.
- (11) In the application of that Part to shares retained as treasury shares under subrule (10):
  - (a) rule 8.6.11 does not apply;
  - (b) the issuer may re-offer the shares to investors on the licensed exchange through a licensed firm which is an underwriter or a market maker and liquidity provider without seeking further shareholder approval under Part 8.6; and
  - (c) if the issuer does not re-offer the shares, rule 8.6.7 applies.

#### **8.2.9 Issuers registered in QFC, Qatar Free Zones or other zones**

- (1) An issuer must comply with the requirements of subrule (2) if:
  - (a) the issuer is registered in the QFC, the Qatar Free Zones, or under any law of the State other than the Companies Law;
  - (b) the issuer's securities are offered, or are to be offered, in a public offer; and
  - (c) those securities are listed, or are to be listed, on a market.
- (2) The requirements are that:
  - (a) the composition of the issuer's board;
  - (b) the procedures relating to requirements for amending the issuer's memorandum of association or articles of association, or for increasing or reducing the issuer's capital; and
  - (c) the requirements as to the quorum at a general assembly or its equivalent,comply with any requirements imposed on public shareholding companies registered with the Ministry of Commerce and Industry,

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including requirements imposed by the Companies Law, and any Governance Code issued by the Authority.

- (3) The Authority may, by giving notice, impose further requirements on an issuer registered in the QFC, the Qatar Free Zones, or under any law of the State other than the Companies Law, for the purposes of ensuring that the issuer is in no more advantageous position than a public shareholding company registered with the Ministry of Commerce and Industry.
- (4) A requirement imposed by a notice takes effect on the day specified in the notice.
- (5) The Authority must give the notice to the issuer and must publish a copy on its website.

## Part 8.3 Ongoing obligations

### 8.3.1 Requirements for continuity of listing on main equity market

- (1) This rule applies to an issuer whose shares are listed on the main equity market of a licensed exchange.
- (2) At all times during the period when the issuer's shares are listed, the issuer must meet all of the following requirements:
  - (a) it must have no less than 200 shareholders;
  - (b) its issued and paid-up capital must be no less than QR 40 million (or the equivalent in another currency);
  - (c) its shares available to be traded must represent no less than 10% of its issued and paid-up capital;
  - (d) the shareholders' equity must not be less than 75% of the issuer's paid-up capital, unless the issuer is subject to a restructuring plan;
  - (e) the frequency of trading in the listed shares over each period of one year must not be less than the rate (if any) specified by the Authority in a notice to the issuer;
  - (f) the requirements of the applicable Governance Code published by the Authority;
  - (g) all other requirements specified in this Chapter which are relevant to the issuer.
- (3) But an issuer whose shares are directly listed on the main equity market of a licensed exchange need only comply with the requirement in subrule (2) (a), and any requirement under subrule (2) (e), after the end of the period of 2 years beginning with the first day of trading in the shares.

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- (4) If an issuer whose shares are directly listed on the main equity market of a licensed exchange is not complying with the requirement in subrule (2) (a), and any requirement imposed under subrule (2) (e), after the end of the period of 1 year beginning with the first day of trading in the shares, the Authority may direct the issuer to appoint a market maker and liquidity provider to carry out liquidity provider activity in relation to those shares. But the Authority may direct an issuer to appoint a market maker and liquidity provider before the end of the 1-year period.
- (5) An appointment of a market maker and liquidity provider is for such period and on such terms as the Authority may specify.
- (6) An issuer must prepare and publish a report on the issuer's corporate governance at least once every year and the report must comply with the requirements of the Governance Code published by the Authority applicable to the issuer.
- (7) The Authority must:
  - (a) give any notice under subrule (2) (e) to an issuer in respect of a year no later than 30 days before the beginning of that year; and
  - (b) publish any notice given under that subrule on its website.
- (8) A notice under subrule (2) (e) may specify a rate for a particular issuer or a particular category of issuers.

### **8.3.2 Requirements for continuity of listing on second equity market**

- (1) This rule applies to an issuer whose shares are listed on the second equity market of a licensed exchange.
- (2) At all times during the period when the issuer's shares are listed, the issuer must meet all of the following requirements:
  - (a) it must have no less than 20 shareholders;
  - (b) its issued and paid-up capital must be no less than QR 2 million (or the equivalent in another currency);

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- (c) its shares available to be traded on the second equity market must represent no less than 5% of its issued and paid-up capital;
- (d) the shareholders' equity must not be less than 50% of the issuer's paid-up capital, unless the issuer is subject to a restructuring plan;
- (e) the requirements of the applicable Governance Code published by the Authority;
- (f) all other requirements specified in this Chapter which are relevant to the issuer.

(3) The issuer must prepare and publish a report on the issuer's corporate governance at least once every year and the report must comply with the requirements of the Governance Code published by the Authority applicable to the issuer.

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## Part 8.4 Trading restrictions

### 8.4.1 Lock up period for founders and major shareholders

- (1) A founder or initial major shareholder must not sell their original shareholding during the period of 1 year beginning on the first day of trading (the *first year*).
- (2) During the period of 1 year beginning on the day after the end of the first year, a founder or initial major shareholder may not sell any amount of their original shareholding if the sale would result in the total shareholding of all founders and initial major shareholders decreasing below 40% of the company's issued and paid-up capital.
- (3) But in the case of an issuer that converts to a public shareholding company by means of a direct listing of its shares on the second equity market:
  - (a) subrules (1) and (2) do not apply;
  - (b) a founder or initial major shareholder must not sell any part of their original shareholding in the first year in excess of 30% of their original shareholding; and
  - (c) a founder or initial major shareholder may not sell any part of their original shareholding in the first year if the sale would result in the total shareholding of all founders and initial major shareholders decreasing below 40% of the company's issued and paid-up capital.
- (4) For this rule, the following are not to be treated as a sale of shares:
  - (a) mortgaging shares;
  - (b) a transfer (by sale or otherwise) between founders or initial major shareholders;
  - (c) a transfer to an heir of a founder or initial major shareholder in the event of the founder's or initial major shareholder's death;
  - (d) a transfer (by sale or otherwise) by an heir who inherits shares in the event of the founder's or initial major shareholder's death;

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- (e) a transfer required as a result of the liquidation, dissolution or bankruptcy or similar process;
- (f) a transfer ordered by a court.

(5) For this rule:

- (a) ***initial major shareholder*** means a person who is a major shareholder at the beginning of the first day of trading but does not include a person who holds shares allocated to the person following a bid made by the person in a book building process; and
- (b) ***original shareholding*** means shares held at the beginning of the first day of trading.

(6) This rule applies to a spouse or minor child of a founder or initial major shareholder as it applies to the founder or initial major shareholder.

## Part 8.5 Market transfers

### 8.5.1 Transfer to second equity market

- (1) The Authority may, on the Authority's own initiative or at the request of an issuer, direct a licensed exchange to transfer the issuer's shares listed on the main equity market to the second equity market of the exchange if the Authority considers that:
  - (a) it is in the interests of investors, the licensed exchange and the public to do so;
  - (b) after the transfer, the issuer is likely to comply with the ongoing obligations imposed on second equity market issuers; and
  - (c) if the direction is on the Authority's own initiative, the issuer has failed to comply with an obligation imposed on it as a main equity market issuer.
- (2) The Authority must consult with the licensed exchange before giving a direction.
- (3) A transfer under this rule applies to an issuer's share warrants as it applies to its shares.

## 8.5.2 Transfer from second equity market to main equity market

- (1) The Authority may, on the Authority's own initiative or at the request of an issuer, direct a licensed exchange to transfer the issuer's shares listed on the second equity market of the exchange to the main equity market, if the Authority considers that:
  - (a) it is in the interests of investors, the licensed exchange and the public to do so; and
  - (b) the issuer is likely to comply with its ongoing obligations imposed under Part 7.5 and Part 8.3 in so far as they would be relevant to the issuer were its shares to be transferred.
- (2) An issuer may request that the Authority give a direction to transfer to a main equity market only if:

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- (a) the issuer has complied with the obligations imposed under Part 7.5 and Part 8.3, relevant to an issuer whose shares are listed on the second equity market, throughout the period during which the shares have been trading on that market;
- (b) the issuer's shares have been trading on the second equity market for more than 2 years after the first day of trading on that market; and
- (c) in that period, the issuer has published at least 1 report on the issuer's corporate governance under rule 8.3.2 (3).

(3) The Authority:

- (a) must consult with the licensed exchange before giving a direction; and
- (b) may require the issuer to provide the Authority with any information the Authority considers may assist it in making its decision.

(4) A transfer under this rule applies to an issuer's share warrants as it applies to its shares.

#### **8.5.3 Notification and implementation of transfer by an exchange**

- (1) The Authority must give a copy of a direction given under rule 8.5.1 (1) or 8.5.2 (1) to the issuer when it gives the direction to a licensed exchange.
- (2) If the Authority refuses to give a direction on a request made by an issuer, the Authority must notify the issuer of the decision.
- (3) A licensed exchange must implement a direction as soon as possible after it is given.

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## Part 8.6

## Share buybacks and sales of treasury shares

### Division 8.6.A

### Key terms

#### 8.6.1 Key terms

In this Part:

- (a) *share buyback programme* means the process by which an issuer buys its listed shares; and
- (b) *treasury shares* means an issuer's shares that have been bought under a share buyback programme and held in treasury.

### Division 8.6.B

### Share buybacks

#### 8.6.2 Share buyback programmes

- (1) Before commencing a share buyback programme an issuer must disclose the decision to commence a buyback programme under rule 12.2.1. The disclosure must state that the issuer need not purchase all the shares it is permitted to buyback under the programme.
- (2) An issuer may carry out a share buyback programme only if it is approved by:
  - (a) the Authority; and
  - (b) the Qatar Central Bank, if the company is licensed, regulated or supervised by the Bank.
- (3) An issuer must not buy any of its issued share capital other than in accordance with an approved share buyback programme.

#### 8.6.3 Buyback programme requirements

- (1) An issuer must not buy, in a single buyback programme, more than 10% of the issuer's issued and paid-up share capital unless the programme is for the purposes of buying back shares owned by a

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person in excess of an ownership percentage specified in the issuer's articles of association (see rule 17.4.5 (2)).

- (2) An issuer may carry out a buyback programme only if:
  - (a) the value of the issuer's assets exceeds its liabilities (including contingent liabilities) in the issuer's audited financial statements most recently preceding the date the application for approval of the programme is made (or in any interim financial statements reviewed by an external auditor if they have been prepared more recently than the annual statements);
  - (b) the buyback programme is not prohibited by the issuer's articles of association; and
  - (c) the issuer confirms to the Authority that:
    - (i) it had sufficient working capital throughout the period of 1 year ending on the date the application for approval of the programme is made;
    - (ii) it will be able to finance the programme from its voluntary or optional reserves and realised profits; and
    - (iii) the value of its assets will exceed its liabilities (including contingent liabilities) and it will have sufficient working capital to continue its operations after the end of the programme.
- (3) A buyback programme must be approved:
  - (a) by the shareholders at an extraordinary general assembly; or
  - (b) if the programme is for the purposes of reselling the bought back shares or holding them as treasury shares, by the issuer's board by resolution, provided the board is authorised to approve a buyback programme for either of those purposes.
- (4) The approval must include approval for taking action in relation to the bought back shares under rule 8.6.7.

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- (5) On any day on which an issuer's shares are traded, the issuer may not purchase an amount of its shares under a share buyback programme in excess of 10% of the shares that are allocated for repurchase under the programme.
- (6) An order to purchase shares under a buyback programme must be placed as a market order or a limit order (that is, at the market price and not as a pre-determined deal).
- (7) An issuer may not commence a share buyback programme before the expiry of the period of 3 working days beginning on the day the Authority's approval of the programme is disclosed by the issuer.
- (8) A buyback programme must be concluded within the period of 1 year beginning on the day the Authority's approval of the programme is disclosed by the issuer. But that period may be extended with the approval of the Authority and the issuer's shareholders or board in accordance with rule 8.6.6.
- (9) An issuer may conclude a buyback programme at any time before the end of that period and need not purchase all the shares it is permitted to buyback under the programme.
- (10) An issuer must disclose the conclusion of a buyback programme, and any approved extension to a programme, under rule 12.2.1.
- (11) An issuer must finance a buyback programme from its voluntary or optional reserves and realised profits and not by any other means.
- (12) An issuer must not:
  - (a) borrow funds to finance a share buyback programme;
  - (b) carry out more than one share buyback programme at the same time; or
  - (c) begin a share buyback programme within 6 months of the date of any sale of treasury shares.

#### **8.6.4 Application for approval**

- (1) An application for approval of a share buyback programme must:

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- (a) be in the form and contain the information specified by the Authority; and
- (b) be accompanied with:
  - (i) a letter signed by the issuer's chairman, or a person holding an office with responsibilities substantially similar to a chairman, and sealed with the company's seal, setting out the decision of the issuer's extraordinary general assembly or board to carry out the share buyback programme;
  - (ii) a copy of the disclosure of the decision made under rule 12.2.1;
  - (iii) a statement from the company's internal auditor providing an opinion on the programme, including, in particular, an opinion on the effects of the programme on the company's liquidity and main activities;
  - (iv) a copy of the Qatar Central Bank's, or Qatar Financial Centre Regulatory Authority's, approval of the programme, if required.
- (2) The application must be made no later than the end of the next working day after the day of the decision of the issuer's extraordinary general assembly or board to carry out the share buyback programme.

#### **8.6.5 Authority decision**

- (1) The Authority may approve a share buyback programme if is satisfied that:
  - (a) the issuer has met, or is likely to meet, the requirements of this Part relevant to the programme; and
  - (b) it is in the interest of the shareholders and the public.
- (2) The Authority must make its decision and notify the issuer no later than 10 working days after the application is made.

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- (3) The Authority may require the issuer to provide further information necessary to make its decision on the application.
- (4) If the Authority requires further information, the period may be extended. The Authority must notify the issuer of any extension.
- (5) The Authority may further extend the period necessary to make its decision on the application. The Authority must notify the issuer of any further extension.
- (6) An issuer must disclose the Authority's decision to approve or reject a share buyback programme under rule 12.2.1.

#### **8.6.6 Amendment of a share buyback programme**

- (1) The terms of a share buyback programme may only be amended with the approval of the Authority in either of the following cases:
  - (a) the issuance of a decision of the issuer's extraordinary general assembly to amend the programme; or
  - (b) the issuance of a decision by the issuer's board to amend the programme if the board originally approved the programme.
- (2) This Division applies to the approval of an amendment to a share buyback programme but any references to approval of the programme are to be read as references to approval of the amendment.

### **Division 8.6.C Cancelling shares and holding and selling treasury shares**

#### **8.6.7 Options for the issuer**

- (1) An issuer may, by decision of the extraordinary general assembly approving a share buyback programme or an amendment to the programme, do any of the following with shares bought under the programme:
  - (a) offer them to existing shareholders;
  - (b) distribute them as bonus shares in a dividend distribution;
  - (c) offer them in a public or private offer;

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- (d) sell them on the market on which they are listed;
- (e) allocate them to an employee share scheme;
- (f) hold them as treasury shares for a period agreed at the assembly;  
or
- (g) cancel them.

(2) If the issuer's board has the authority to approve a buyback programme for the purposes of reselling the bought back shares or holding them as treasury shares, the issuer may, by decision of the board approving the programme or amending the programme, do any of the following with shares bought under the programme:

- (a) offer them in a public or private offer;
- (b) sell them on the market on which they are listed; or
- (c) hold them as treasury shares for a period specified in the resolution.

(3) The period for holding the shares as treasury shares may be extended with the approval of the issuer's shareholders at an extraordinary general assembly, or with the approval of the board by resolution.

(4) Shares bought under a buyback programme are considered to be treasury shares until any other approved action is taken.

(5) Any decision to offer or sell the shares is subject to the restrictions on selling treasury shares set out in this Part.

#### **8.6.8 Status of treasury shares**

- (1) Treasury shares lose the rights and obligations associated with the shares during the period they remain treasury shares.
- (2) For example, an issuer may not exercise any voting rights associated with treasury shares.

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**8.6.9****Prohibition of sale during share buyback programme**

An issuer must not sell treasury shares during the period beginning when the issuer's extraordinary general assembly or board decides to approve a share buyback programme and ending either on the day the last transaction is settled under the programme or on the expiry of the 1-year period, or extended period, referred to in rule 8.6.3 (8).

**8.6.10****No new issuances if treasury shares owned**

An issuer must not issue additional share capital if the issuer owns treasury shares.

**8.6.11****Treasury shares not to exceed retained profits**

An issuer must not hold treasury shares of a value in excess of its retained profits.

**8.6.12****Period for selling treasury shares**

- (1) An issuer must not sell treasury shares during the period of 6 months beginning on:
  - (a) the next working day after the day the last transaction is settled to buy back all the shares proposed to be bought under the share buyback programme; or
  - (b) if all the shares proposed to be bought are not bought, the expiry of the 1-year period, or extended period, referred to in rule 8.6.3 (8).
- (2) An issuer must sell treasury shares within the period of 6 months beginning after the expiry of any approved period for retaining them. But that 6-month period may be extended with the approval of the issuer's shareholders at an extraordinary general assembly, or with the approval of the board by resolution.

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**8.6.13 Amount of sales of treasury shares in a single day**

On any day on which an issuer's shares are traded, the issuer must not sell an amount of treasury shares in excess of 10% of the treasury shares held by the issuer.

**8.6.14 Disclosure of sales of treasury shares**

An issuer must disclose a sale of treasury shares under rule 12.2.1.

**8.6.15 Distribution of treasury shares under employee share scheme**

The following activities do not constitute a sale of treasury shares:

- (a) allocating shares or options for shares under an employee share scheme;
- (b) any sale or distribution of shares under an employee share scheme; or
- (c) otherwise enabling persons to exercising options under an employee share scheme.

**Division 8.6.D      Buying and selling restrictions and requirements****8.6.16 Restricted types of transactions**

- (1) Transactions in the form of pre-agreed deals or interfacing orders may not be entered into by an issuer to:
  - (a) buy shares under a share buyback programme; or
  - (b) sell treasury shares.
- (2) An issuer may not enter into a transaction to:
  - (a) buy shares under a share buyback programme; or
  - (b) sell treasury shares,if a party to the transaction is a connected person.

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(3) For subrule (2), ***connected person*** means a member of the issuer's board or senior executive management and the spouses and first-degree relatives of those persons.

#### **8.6.17    Restricted periods**

(1) An issuer may not enter into a transaction during a restricted period to:

- (a) buy shares under a share buyback programme; or
- (b) sell treasury shares.

(2) For subrule (1), the following are ***restricted periods***:

- (a) the period beginning 15 working days before the issuer publishes quarterly or half-yearly financial statements required under rule 12.3.1 and ending when the financial statements are published; and
- (b) the period beginning 15 working days before the issuer's board meeting to approve its annual report and financial statements is convened and ending when the report and financial statements are published.

#### **8.6.18    Reporting transactions in financial statements**

A transaction entered into by an issuer to:

- (a) buy shares under a share buyback programme; or
- (b) sell treasury shares,

must be reported in the issuer's quarterly, half-yearly and annual financial statements required under rule 12.3.1 relating to the period within which the transaction was entered into.

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## Part 8.7

## Distribution of dividends

### Division 8.7.A

### Definitions

#### 8.7.1 Meaning of *dividend* and associated terms

In this Part:

- (a) ***annual dividend*** means a dividend in relation to a listed company's results for a financial year and distributed after the end of that year;
- (b) ***bonus shares*** means additional shares (whether held as treasury shares or issued as an increase in the issuer's capital) issued to existing shareholders as a dividend distribution (or part of a dividend distribution);
- (c) ***dividend*** includes:
  - (i) cash dividends; and
  - (ii) bonus shares distributed to existing shareholders;
- (d) ***interim dividend*** means a dividend in relation to a listed company's results for any quarter or half-year within the company's financial year and distributed after the end of that quarter or half-year;
- (e) ***dividend distribution agreement*** means an agreement between a listed company and a depository setting out the rights and obligations of the company and the depository in respect of the distribution of the company's dividends and which is in a form specified by the Authority;
- (f) ***dividend distribution account*** means an account opened by a depository for the purposes of holding sums to be distributed as cash dividends on behalf of a listed company that distributes a cash dividend.

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## **Division 8.7.B      Distribution**

### **8.7.2      Timing of dividend distributions**

A listed company may distribute only annual dividends and interim dividends.

### **8.7.3      Distributions to be carried out by depository**

- (1) The distribution of dividends to a listed company's shareholders must be carried out by a depository on behalf of the company.
- (2) Before the dividends of a listed company may be distributed, the company must enter into a dividend distribution agreement.
- (3) The depository must take all necessary steps to ensure that it has the infrastructure and human and technological resources to distribute dividends on behalf of listed companies.

### **8.7.4      Notification of decision to distribute dividend**

- (1) A listed company must notify the depository of a decision to distribute a dividend (including an interim dividend) as soon as is possible after the general assembly or board meeting at which the decision was taken.
- (2) The notice must include the date of the decision and:
  - (a) in the case of a cash dividend, the value of the dividend to be allocated to each existing share; or
  - (b) in the case of bonus shares, the number of bonus shares to be allocated to the holder of each existing share.
- (3) Notice must be given under this rule in addition to any disclosure of the decision made under Part 12.2.

### **8.7.5      Entitlement to dividend**

- (1) A person is entitled to an annual dividend allocated to a share in a listed company if the person is a shareholder:

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- (a) at the close of trading in those shares on the day the decision to distribute the dividend is made; or
- (b) if the decision is made on a day the shares are not traded, at close of trading in those shares on the most recent day of trading preceding the decision.

(2) A person is entitled to an interim dividend allocated to a share in a listed company if the person is a shareholder:

- (a) at the close of trading on the 7<sup>th</sup> working day after the decision to distribute the dividend is made, or
- (b) if the shares are not traded on that 7<sup>th</sup> day, at the close of trading on the first trading day after that day.

(3) For subrule (2), the day the decision is made is to be treated as the first day of the period of 7 days, unless it is not a working day in which case the next working day is to be taken as the first day of the period.

(4) For this rule:

- (a) **trading** means trading on a market; and
- (b) a person is considered to be a shareholder at the close of trading if the person:

- (i) owns the share and has not executed a transaction to sell or otherwise transfer the share by the close of trading which is subsequently settled in accordance with a depository's delivery versus payment procedures; or
- (ii) has executed a transaction to buy or otherwise acquire the share by the close of trading and the transaction is subsequently settled in accordance with a depository's delivery versus payment procedures.

(5) If, as a result of a transaction failing to settle, a person is not entitled to a dividend that the person would have been entitled to had the

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transaction settled, the licensed firm acting for the person in the transaction must compensate the person for the loss of entitlement to the dividend in so far as not attributable to the actions of the person.

- (6) Subrule (5) does not prevent a licensed firm from pursuing any remedy in relation to a failed transaction (for example under a contract or other agreement with another party to the transaction).

## **Division 8.7.C      Cash dividends**

### **8.7.6      Distribution of cash dividends**

- (1) A depository must open a dividend distribution account for each listed company that distributes a cash dividend. Dividend distribution accounts must be opened at a bank regulated by the Qatar Central Bank and be segregated from other accounts opened by a depository.
- (2) The depository must provide a listed company with the details of the dividend distribution account opened for the company before the end of the next working day after the day the company gives the depository notice of the distribution of a cash dividend.
- (3) No later than 3 working days after the day the depository provides the account details, the listed company must:
  - (a) deposit the full amount due as cash dividends into the account; and
  - (b) provide the depository with a list of the persons entitled to the dividends (*beneficiaries*), their shareholdings, and the amount of dividends due to each person.
- (4) The depository must transfer the amount of cash dividend due to each beneficiary no later than 5 working days after the listed company deposits the amount and provides the list of beneficiaries.
- (5) Amounts of cash dividend must be transferred by the depository to one of the following as specified by the beneficiary:
  - (a) a bank account;
  - (b) a beneficiary's trading account held at a licensed broker; or

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- (c) the balance of a national payment card authorised by the Qatar Central Bank (for example, Himyan).
- (6) The depository must take all necessary steps to contact a beneficiary to obtain the details required to make the transfer.

#### **8.7.7 Unclaimed dividends**

- (1) If a depository is unable to transfer funds due as cash dividends to a beneficiary, it must, no later than 1 year after the end of the period mentioned in rule 8.7.6 (4), transfer funds to a dividend trustee account.
- (2) A *dividend trustee account* is an account opened by a depository at a bank regulated by the Qatar Central Bank for the purposes of holding sums due as cash dividends that the depository is unable to transfer to beneficiaries. The account must be segregated from other accounts opened by the depository.
- (3) A depository must keep the following records of unclaimed dividends in a dividend trustee account:
  - (a) sums deposited in the dividend trustee account;
  - (b) details of the beneficiaries of the dividends that have not been transferred and the amounts held on account in respect of each beneficiary;
  - (c) the dates on which the dividends that have not been transferred were due to be transferred in accordance with rule 8.7.6.
- (4) A depository must, as soon as possible after the end of each month, send:
  - (a) a copy of the records of unclaimed dividends to the Authority; and
  - (b) extracts of the statement showing the records relating to dividends of a listed company with cash dividends that have not been transferred, to each such listed company.

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- (5) If a beneficiary of a dividend held in the dividend trustee account requests that the depository transfers the dividend to the beneficiary, the depository must verify the beneficiary's details and, if verified:
  - (a) transfer the dividend to the beneficiary in accordance with rule 8.7.6 (5); and
  - (b) give notice of the transfer to the Authority and the listed company that distributed the dividend.

## **Division 8.7.D      Bonus shares**

### **8.7.8      Distribution of bonus shares**

If a listed company gives notice of the distribution of bonus shares, the depository must:

- (a) treat the allocation of the bonus shares as a transaction settled in accordance with the depository's delivery versus payment procedures for which payment has been made;
- (b) allocate the shares to the settled balances of beneficiaries as specified in the notice at the end of the settlement period set out in those procedures;
- (c) give notice to a licenced exchange operating a market on which the listed company's shares are traded setting out:
  - (i) the number of bonus shares distributed;
  - (ii) details of any restrictions on trading of those shares; and
  - (iii) details of the beneficiaries of the bonus shares in so far as is necessary to assist the exchange in monitoring any breaches of ownership limits set out in Chapter 17 or specified in any other applicable law.

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## **Division 8.7.E        Interim dividends**

### **8.7.9        Interim dividends**

- (1) A listed company may decide to distribute an interim dividend only if:
  - (a) the company's articles of association permit distribution of interim dividends;
  - (b) the distribution is agreed at a meeting of the company's board held:
    - (i) after the company's financial statements for the period to which the interim dividend relates have been issued: and
    - (ii) during a period of not less than 1 week after the date of the meeting is disclosed;
  - (c) the financial statements for the period to which the dividend relates show that the company made a net profit in that period;
  - (d) those financial statements have been reviewed by an external auditor and the auditor has prepared a report on the statements in accordance with subrule (2);
  - (e) the total value of the dividend is not greater than the net profit shown in those financial statements; and
  - (f) if the company is licensed, regulated or supervised by the Qatar Central Bank, the Bank has approved the distribution of the interim dividend.
- (2) An external auditor's report on a listed company's financial statements for the period to which an interim dividend relates must:
  - (a) state that the company's net profits are realisable and are not merely book profits;
  - (b) set out the value of the net profits;

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- (c) state that the company has sufficient liquidity to cover the distribution of the interim dividend; and
- (d) state that, in the auditor's view, the distribution of the interim dividend shall have no substantial impact on the company's ability to pay its debts or fulfil its other obligations.

- (3) A person who receives an interim dividend from a listed company in relation to a period of a financial year must not be obliged by the company to return the dividend even if, in any subsequent period of the same financial year, the company makes a loss.
- (4) A listed company must include details of the amount of an interim dividend and the number of shareholders to whom it was distributed in the company's annual report and financial statements for the financial year.
- (5) For this rule, *net profits* means net profits after the deduction of any legal and voluntary or optional reserves.

## **Division 8.7.F            Further provisions about dividend distribution**

### **8.7.10    Exchange procedures**

A licensed exchange must have systems and procedures in place to ensure that, from the start of the next trading session after entitlement to a dividend is established:

- (a) the company's shares are traded without any right to that dividend; and
- (b) in the case of a distribution of bonus shares, the share price reflects that distribution.

### **8.7.11    Ownership limits and bonus shares**

Chapter 17 applies to an acquisition of bonus shares under this Part as it applies to any other acquisition of shares.

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#### **8.7.12 Dividend distribution accounts and dividend trustee accounts**

- (1) Any amount held in a dividend distribution account or dividend trustee account:
  - (a) is to be treated as held by the depository on behalf of the beneficiaries (even in the case of a beneficiary that has not been, or cannot be, identified);
  - (b) is not to be treated as the property of either the depository or the listed company that distributed the dividend;
  - (c) must not be seized or otherwise encumbered in any bankruptcy proceedings or other action taken against the depository or the listed company;
  - (d) must not be subject to any charge or other encumbrance imposed by the company.
- (2) A bank must not charge any fee for the transfer of any amount into or out of a dividend distribution account or dividend trustee account.
- (3) Any amount of interest or other return earned from those accounts may be used by a depository in accordance with any directions or guidance given by the Authority.
- (4) A depository must comply with any order to seize, transfer or take other action in relation to any amount held in those accounts issued by:
  - (a) a court;
  - (b) the Authority's Appeals Committee; or
  - (c) the Authority's disciplinary committee.

#### **8.7.13 Mistakes and delays**

- (1) A listed company is responsible for any mistakes, omissions, or delays in any action taken by the company that is required or permitted under this Part.

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- (2) A depository is responsible for any mistakes, omissions, or delays in any action taken by it that is required or permitted under this Part unless the mistake, omission or delay is due to the submission of incomplete or incorrect information by a listed company or a beneficiary.
- (3) A depository must keep records of any complaints or claims made against it or against a listed company relating to any such mistakes, omissions or delays.

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## Part 8.8

## Marketed sales of listed shares by major shareholders

### 8.8.1 Sale of large holding by major shareholder

- (1) A major shareholder of listed shares may sell all or part of the shareholder's holding in accordance with this Part instead of executing a sale on a market on which the shares are listed if it is a sale of shares constituting at least 1% of the total issued share capital of the issuer.
- (2) A sale of shares carried out in accordance with this Part is referred to as a *marketed sale*.
- (3) If the sale is marketed to and executed with only qualified investors, it is referred to as a *private marketed sale*. Otherwise, it is referred to as a *public marketed sale*.

### 8.8.2 Offering and listing advisor

- (1) A major shareholder making a marketed sale must appoint an offering and listing advisor to manage the sale.
- (2) The offering and listing advisor must:
  - (a) make the application to the Authority for approval of the marketed sale on behalf of the major shareholder;
  - (b) obtain any other approvals as may be required and ensure that the sale is conducted in accordance with all legal requirements;
  - (c) manage and supervise the processes of preparing the information document, setting the sale price (see rule 8.8.3), marketing the sale, managing purchases and distributing shares to buyers;
  - (d) take all necessary steps to ensure that any information or data contained in the information document, the application for approval, or any other documentation relating to the sale is

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accurate, comprehensive and complete and does not include misleading information or omits any material information;

- (e) provide legal, financial and procedural advice to the major shareholder in relation to the sales process;
- (f) act as liaison between the Authority and the major shareholder;
- (g) supervise and take responsibility for any other person providing services in relation to the sale; and
- (h) liaise with the issuer of the shares being sold and take all necessary steps to ensure the issuer provides any information as may be necessary in order to carry out the sale.

- (3) The offering and listing advisor must also take all necessary steps to ensure that any person who the offering and listing advisor reasonably considers may have inside information relating to the sale does not engage in any act amounting to market abuse under any rules made by the Authority.
- (4) Those steps must include warning any such person of their responsibilities as holders of inside information.

### **8.8.3 Setting the price**

- (1) A major shareholder making a marketed sale must set the price for the sale using the book building process as set out in rules 3.4.4 to 3.4.11.
- (2) In applying those rules to a marketed sale, references in those rules to the issuer are to be read as references to the major shareholder and the requirement to obtain the Authority's approval for the process is considered to be fulfilled by obtaining the Authority's approval to make the marketed sale.
- (3) A major shareholder may apply the book building process to a marketed sale with such modifications as the major shareholder considers appropriate.

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- (4) But the process must include the setting of a price range by the major shareholder within which institutional investors may bid in order to set a sale price within that range.
- (5) The book building process used to set the price of a marketed sale must be set out in the information document for the sale which must specify any modifications to the process.
- (6) The book building process for a marketed sale may be commenced before the Authority's approval for the sale is obtained and need not be completed before the information document is published.

#### **8.8.4 Application for approval**

- (1) A marketed sale may be made only if:
  - (a) an application for the Authority's approval of the sale is made;
  - (b) the application is in the form and contains the information specified by the Authority;
  - (c) the appropriate fee is paid to the Authority; and
  - (d) the Authority has approved the application.
- (2) For an application to be approved, the Authority must be satisfied that:
  - (a) the sale meets the requirements of this Part and, in particular, an information document has been prepared which meets the requirements of rule 8.8.5; and
  - (b) it is appropriate to approve the application having regard to the public interest.
- (3) An application for approval must:
  - (a) provide details of:
    - (i) the shares to be sold including the number of shares being sold;

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- (ii) the major shareholder including the percentage of the shareholder's ownership of the issuer; and
  - (iii) the offering and listing advisor;
- (b) specify whether it is a public or private marketed sale;
- (c) set out the proposed timeline for concluding the sale; and
- (d) be accompanied with:
  - (i) a copy of the information document; and
  - (ii) a copy of any agreements entered into, or that are proposed to be entered into, by the major shareholder with any person in relation to the sale.

- (4) The Authority must make its decision no later than 5 working days after the application is made satisfying the requirements of this Part. The Authority must notify the major shareholder or their representatives and the offering and listing advisor of the decision no later than 2 working days after the day the decision is made.
- (5) The Authority may require the major shareholder to provide further information to make its decision.
- (6) If the Authority requires further information, the period for making a decision on the application may be extended. The Authority must notify the major shareholder and the offering and listing advisor of the extension.
- (7) The Authority may further extend the period for making a decision. The Authority must notify the major shareholder and the offering and listing advisor of any further extension.

#### **8.8.5      Information document**

- (1) A major shareholder making a marketed sale must prepare an information document for the sale.
- (2) The information document must include at a minimum:
  - (a) the name of the major shareholder and its legal form;

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- (b) the name of the issuer whose shares are being sold and its legal form;
- (c) details of the paid-up capital of the issuer whose shares are being sold;
- (d) the name and details of the offering and listing advisor;
- (e) the names and details of any brokers or other persons acting in relation to the sale;
- (f) the percentage of the major shareholder's current ownership of the issuer and the expected percentage of ownership following the conclusion of the sale;
- (g) the number of shares to be sold (or the minimum number to be sold if not a fixed amount) including:
  - (i) the percentage of the major shareholder's holding represented by those shares; and
  - (ii) the percentage of the issued share capital of the issuer represented by those shares;
- (h) a description of the type of investors targeted by the sale;
- (i) the proposed allocation of the shares to be sold to different investors or types of investors;
- (j) the proposed timeline for concluding the sale;
- (k) a description of the book building process being used to set the sale price, including any modifications of the process;
- (l) the price range for the shares proposed in the book building process and, if the process has been completed, the sale price arrived at as a result of the process;
- (m) a copy of any relevant reports prepared by any party associated with the sale;
- (n) acknowledgements by the major shareholder and the issuer that:

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- (i) to the best of their knowledge, there is no material non-public information relating to the sale that would affect the price; and
- (ii) the shares to be sold are not subject to a mortgage or similar restriction nor are subject to any restriction on trading set out in the issuer's articles of association;
- (o) a description of any other restriction applying to the shares, if applicable;
- (p) if applicable, a copy of any Fatwa related to the shares or the issuer and details of the person who issued it and the person's qualifications and experience; and
- (q) details of how the shares will be allocated to buyers in the event that purchase orders exceed the number of shares to be sold.

- (3) The information document and a summary of it must be published on the websites of the major shareholder, the offering and listing advisor, the issuer, and a licensed exchanged, as soon as possible after the Authority notifies its approval of the sale.
- (4) The offering and listing advisor is responsible for sending the information document and the summary to the issuer and the licensed exchange so that it can be published by them.

#### **8.8.6 Requirement to publish amended or supplementary information document**

- (1) The major shareholder or the offering and listing advisor must take the action set out in subrule (2) if, any time after an information document is published and before the marketed sale process is concluded:
  - (a) there is a significant change in, or a material mistake or inaccuracy affecting, anything contained in the document; or
  - (b) significant new information arises that, were it to have arisen before the document was published, would have been required to be included in it.

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- (2) That action is:
  - (a) immediately inform the Authority; and
  - (b) publish an amended or supplementary information document specifying the change and its effect on the websites of the major shareholder, the issuer, and the licensed exchange as soon as possible.
- (3) The conclusion of the book building process and the setting of the sale price is a significant change to which this rule applies.
- (4) The Authority may direct the major shareholder or the offering and listing advisor to make such further amendments to an amended or supplementary information document, and to publish it as further amended, as the Authority considers appropriate.

#### **8.8.7 Marketing the sale**

- (1) If a marketed sale is a private marketed sale, it may be marketed only through meetings held with qualified investors and conducted by the major shareholder, the offering and listing manager, or a firm licensed to carry out securities marketing and promotion and appointed by the shareholder.
- (2) A major shareholder making a public marketed sale may appoint a firm licensed to carry out securities marketing and promotion to market the sale.

#### **8.8.8 Sale process**

- (1) In the case of a public marketed sale, the sale price arrived at in the book building process must be publicly disclosed no later than 5 working days before the first day on which purchase orders may be accepted.
- (2) That disclosure must also specify the period for accepting purchase orders and the proposed allocation of shares to investors.

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- (3) Purchase orders in a public marketed sale must be executed in a special trading session established by a licensed exchange for the purposes of conducting the marketed sale. The orders must be executed in accordance with the procedures of the exchange and the depository.
- (4) As soon as possible after the sale process is concluded, the offering and listing advisor must give the Authority notice of all sales executed during the process, including the names of the purchasing investors and the number of shares purchased by each of them.
- (5) Purchase orders in a private marketed sale must be executed:
  - (a) at the price arrived at in the book building process; and
  - (b) as off-market transactions in accordance with the depository's procedures.
- (6) A marketed sale is concluded on the date on which the sale of the last shares to be sold is executed or, if not all of the shares are sold, on the last day on which purchase orders may be accepted as stated in the timeline in the information document.

### **8.8.9 Cancellation and withdrawal**

- (1) The Authority may cancel an approved marketed sale at any time before it is concluded if any of the following applies:
  - (a) there has been a material change in the circumstances of the major shareholder or the issuer or to the information provided in the application for approval (whether that information is provided in the information document or otherwise);
  - (b) the Authority considers that the sale no longer complies with the requirements of this Part and it is therefore appropriate to cancel the sale; or
  - (c) it is in the public interest to cancel the sale.
- (2) The Authority must give notice to the major shareholder of a cancellation and must publish the notice on its website.

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- (3) A notice must specify the steps the major shareholder must take in relation to the cancellation (including, for example, steps to ensure that any buyers are fully refunded).
- (4) The Authority is not liable for any costs that may be incurred by a major shareholder or any other person as a result of the cancellation of a marketed sale.
- (5) A major shareholder may withdraw a public marketed sale at any time before the beginning of the period during which purchase orders may be accepted.
- (6) A major shareholder may withdraw a private marketed sale at any time, but this does not permit the major shareholder to withdraw from any sale to a qualified investor executed before the withdrawal.

#### **8.8.10 Selling restrictions**

- (1) A major shareholder making a marketed sale must not sell any more of the issuer's shares in the period of 6 months beginning on the day the marketed sale is concluded.
- (2) An issuer whose shares are sold in a marketed sale must not:
  - (a) buy back shares in the marketed sale; nor
  - (b) buy back shares, or issue new shares to increase capital, in the period of 3 months beginning on the day the marketed sale is concluded.
- (3) Subrule (2) (b) does not prevent an issuer from issuing bonus shares as a dividend.

#### **8.8.11 Duty of issuer to cooperate**

An issuer whose shares are sold in a marketed sale must cooperate with the major shareholder making the sale. This includes taking all reasonable steps to promptly provide any information or documentation as the shareholder may reasonably require in order to

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prepare the information document and apply for the Authority's approval.

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## **Chapter 9**

## **Listing requirements and ongoing obligations: bonds**

### **Part 9.1**

### **Application**

#### **9.1.1 Application of this Chapter**

- (1) This Chapter applies to bonds or bond warrants that are listed, or are to be listed, on a market.
- (2) References in this Chapter to an issuer are references to the issuer of the bond or bond warrants.

## Part 9.2 Listing requirements

### 9.2.1 Purpose of Part

This Part sets out requirements for approval of the listing of bonds or bond warrants.

## 9.2.2 Issuers permitted to issue listed bonds

- (1) An issuer of a bond or bond warrants to be listed on a market must be one of the following:
  - (a) a company incorporated in the State;
  - (b) a Government entity;
  - (c) an entity established under the law of another jurisdiction that is entitled to issue bonds under that law (whether directly or through a special purpose vehicle); or
  - (d) a special purpose vehicle owned directly or indirectly by one of the above.
- (2) If the issuer is a special purpose vehicle established and owned, directly or indirectly, by an obligor that is established outside the State and has its head office outside the State, the Authority may approve an application to list the issuer's bond or bond warrants only if the following applies:
  - (a) the regulatory regime in which the obligor operates is broadly equivalent to that which applies to a Qatari issuer; and
  - (b) adequate arrangements exist for cooperation between the Authority and the body responsible for regulating or supervising the obligor.

### 9.2.3 General requirements

- (1) The Authority may approve an application to list a bond only if the requirements in subrules (2) to (4) are met.
- (2) Each bond in a single issuance must:

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- (a) have equal value;
- (b) be equally tradable;
- (c) not be capable of being divided; and
- (d) confer equal rights on the bond owners.

- (3) A register of bond owners must be submitted to a depository before the bond is listed.
- (4) The register must be in the format specified by the depository.
- (5) The Authority may approve an application to list bond warrants only if the requirements in subrule (2) are met in relation to the bond represented by the warrant.

#### **9.2.4 Listing of convertible bonds**

If a convertible bond is convertible into shares, it may be listed only if:

- (a) existing shareholders had priority in subscribing for the bond; or
- (b) before the subscription process, a different priority (or that there was to be no priority) was approved at a general assembly of the issuer of the shares.

#### **9.2.5 Direct listing: bond manager and paying agents**

- (1) A bond may be directly listed only if the issuer complies with rule 4.2.3 as to the appointment of a trustee and the appointment or specification of a bond manager and at least 1 paying agent.
- (2) Rules 4.2.3 to 4.2.6 apply to the direct listing of a bond as they apply in relation to a bond subject to a public offer but with the following modification: any reference to a public offer is to be read as a reference to the direct listing.

## Part 9.3 Ongoing obligations

### **9.3.1 Notice of meetings**

An issuer must ensure that, if the trustee has requested a meeting of the bond owners, all owners are given notice of the meeting no later than 2 days after the issuer receives the request.

### 9.3.2 Replacing trustee or paying agent

An issuer must replace the trustee or a paying agent if requested to do so by a majority of the bond owners.

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## **Chapter 10**

## **Listing requirements and ongoing obligations: sukuk**

### **Part 10.1**

### **Application**

#### **10.1.1 Application of chapter**

- (1) This Chapter applies to sukuk that are listed, or are to be listed, on a market.
- (2) Consequently, references in this Chapter to an issuer are references to the issuer of sukuk.

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## **Part 10.2 Listing requirements**

### **10.2.1 Purpose of Part**

This Part sets out requirements for approval of the listing of sukuk.

### **10.2.2 Issuers permitted to issue listed sukuk**

- (1) An issuer of sukuk to be listed on a market must not be prohibited from issuing sukuk in accordance with the principles of Shari'a and must be one of the following:
  - (a) a company incorporated in the State;
  - (b) a Government entity;
  - (c) an entity established under the law of another jurisdiction that is entitled to issue bonds under that law (whether directly or through a special purpose vehicle); or
  - (d) a special purpose vehicle owned directly or indirectly by an obligor that is one of the above.
- (2) If the issuer is a special purpose vehicle established and owned, directly or indirectly, by an obligor that is established outside the State and has its head office outside the State, the Authority may approve an application to list the issuer's sukuk only if the following applies:
  - (a) the regulatory regime in which the obligor operates is broadly equivalent to that which applies to a Qatari issuer; and
  - (b) adequate arrangements exist for cooperation between the Authority and the body responsible for regulating or supervising the obligor.

### **10.2.3 General requirements**

- (1) The Authority may approve an application to list sukuk only if the requirements subrules (2) to (5) are met.
- (2) Each sukuk in a single issuance must:

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- (a) have equal value;
- (b) be equally tradable;
- (c) not be capable of being divided; and
- (d) confer equal rights on the sukuk-owners.

- (3) The sukuk must not be prohibited from listing by virtue of any Law of the State or any regulations or rules made by the Authority.
- (4) A register of sukuk-owners must be submitted to a depository before the sukuk is listed.
- (5) The register must be in the format specified by the depository.

#### **10.2.4 Direct listing: sukuk manager and paying agents**

- (1) Sukuk may be directly listed only if the issuer complies with rule 5.2.3 as to the appointment of a trustee and the appointment or specification of a bond manager and at least 1 paying agent and with rule 5.2.7 as to the appointment of a Shari'a advisor.
- (2) Rules 5.2.3 to 5.2.7 apply to the direct listing of sukuk as they apply in relation to sukuk subject to a public offer but with the following modification: any reference to a public offer is to be read as a reference to the direct listing.

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## **Part 10.3                    Ongoing obligations**

### **10.3.1    Notice of meetings**

The issuer of a sukuk must ensure that, if the trustee has requested a meeting of the sukuk-owners, all owners are given notice of the meeting no later than 2 days after the issuer receives the request.

### **10.3.2    Replacing trustee or paying agent**

The issuer of a sukuk must replace the trustee or a paying agent if requested to do so by a majority of the sukuk-owners.

## Chapter 11      Funds: listing and ongoing obligations

### 11.1.1 Purpose of Chapter

This Part sets out requirements which must be met in relation to a fund listed on a market.

### 11.1.2 Direct listing

- (1) Fund units may be directly listed on a market.
- (2) Chapter 6 applies to a direct listing of fund units as it applies to a public offer and, in that application, any reference in that Chapter to a “public offer” is to be read as a reference to a direct listing and any reference to offered fund units is a reference to the fund units being directly listed.

### 11.1.3 Continuity of listing

(1) At all times during the period when a fund's units are listed, the fund must meet all of the following requirements:

- (a) if the fund is not an open-ended fund, it must have no fewer than 10 public unit holders;
- (b) the fund capital must be no less than the following amounts:
  - (i) in the case of a real estate fund, QR 150 million or the equivalent in another currency;
  - (ii) in any other case, QR 10 million or the equivalent in another currency.
- (c) if the fund is not an open-ended fund, fund units representing at least 25% of the fund capital must be available to be traded;
- (d) the fund must annually distribute to its unit holders at least 80% of its total net profits for each financial year;

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- (e) the fund must prepare and publish a report on the fund's governance at least once every year and the report must comply with the requirements of any Governance Code published by the Authority and applicable to the fund;
- (f) the fund must also comply with the other requirements of that Code;
- (g) the fund must meet the investment requirements specified in subrule (2);
- (h) if the fund is an open-ended fund, the fund must fulfil any request to redeem a unit:
  - (i) on the day the request is made if it is a day on which units are traded; or
  - (ii) on the earliest trading day following the request in any other case;unless subrule (3) applies; and
- (i) the fund must be valued at the end of each trading day unless it is a real estate fund.

(2) The investment requirements are:

- (a) the fund's investment in a particular transferable security must not exceed 10% of the fund's net asset value unless the security is issued by, or sponsored by, the State or the Qatar Central Bank;
- (b) the fund's investment in securities of a particular issuer must not exceed 15% of the fund's net asset value unless the issuer is, or is sponsored by, the State or the Qatar Central Bank;
- (c) the fund's investment in deposits made with a credit institution that has its registered office in the State or the QFC and is subject to prudential supervision by the Qatar Central Bank or the Qatar Financial Centre Regulatory Authority must not exceed 15% of the fund's net asset value;

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- (d) the fund's investment in bonds, other debt instruments or sukuk issued by a credit institution that has its registered office in the State or the QFC and is subject to prudential supervision by the Qatar Central Bank or the Qatar Financial Centre Regulatory Authority must not exceed 25% of the fund's net asset value;
- (e) the fund's investment in securities issued or guaranteed by a state other than Qatar, or by an international organisation of which Qatar is a member, must not exceed 35% of the fund's net asset value;
- (f) the fund's total investment in securities of the kind referred to in either paragraph (d) or (e) must not, in either case, exceed 80% of the fund's net asset value;
- (g) the fund's investment in another fund must not exceed 10% of either the investing fund's net asset value or the fund in which it is investing's net asset value;
- (h) unless the fund is a real estate fund, it must not borrow or enter into a transaction that may result in the fund incurring liabilities, other than temporary borrowing for liquidity purposes provided that the fund's borrowing does not, on any day, exceed 10% of its net asset value; and
- (i) if the fund is a real estate fund:
  - (i) the fund may borrow money (directly or through any intermediate holding vehicle) for the use of the fund to finance an investment or for operating purposes (including for temporary liquidity purposes);
  - (ii) any such borrowing must be repaid out of the fund property;
  - (iii) the fund's total borrowing must not, on any day, exceed 50% of its gross asset value;

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- (iv) at least 75% of the assets of the fund (measured by the gross value of the assets) must generate a regular income;
- (v) the fund's investment in vacant land for development must not exceed 20% of the fund's net asset value;
- (vi) the return from any lease or other contractual arrangement relating to real estate must not constitute more than 25% of the fund's total returns from all such leases and other contractual arrangements for any period for which the fund prepares half-yearly or annual financial statements; and
- (vii) the fund must maintain an account of all real estate assets, including cash held and allocated for the purchase of those assets, and must send a copy of the account to its unit holders annually.

(3) A fund may postpone the fulfilment of a request to redeem a unit to the next trading day if:

- (a) the total of all redemption requests in a day amounts to 10% or more of the fund's net asset value; or
- (b) trading in any securities or other assets owned by the fund is suspended or temporarily paused.

(4) For subrule (1) (d) a fund's total net profits are its total net realisable profits and any gains from revaluation of the fund's assets are to be disregarded.

(5) For subrule (2) (i) (vi):

- (a) a real estate fund's returns from a lease or other contractual arrangement must be calculated in accordance with the terms of the lease or other contractual arrangement; and
- (b) a real estate fund's total returns from all such leases or other contractual arrangements is to be calculated without deducting any expenses associated with the operation of the fund that are not accounted for under the terms of those leases or other contractual arrangements.

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- (6) For this rule, fund units are not considered to be held by the public if they are held by:
  - (a) the fund manager;
  - (b) a member of the fund's board, if it has one, or the member's spouse or child under the age of 18;
  - (c) a person in the same group as the fund;
  - (d) any person with the right to appoint a member of the fund's board, if it has one, whether or not the right is held jointly with any other person; or
  - (e) a person who holds 5% or more of the fund units (whether directly or indirectly) including a person whose holding combined with that of the person's spouse and minor children is 5% or more of the fund's units.

#### **11.1.4 Funds: additional requirements**

- (1) A fund and its related parties must take all reasonable steps to avoid conflicts of interest.
- (2) If a fund or one of its related parties has reason to believe that a conflict of interest exists between them, the fund must disclose details of the conflict under rule 12.2.1.
- (3) A fund may not invest in another fund established by a related party unless the other fund is a money market fund.
- (4) A fund manager must take all necessary steps to manage and mitigate anything that may give rise to a conflict of interest between:
  - (a) the fund manager and the fund;
  - (b) the fund and any other fund managed by the fund manager;
  - (c) the fund manager and the unit holders;
  - (d) the fund manager and a related party.

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- (5) The unit holders of a fund, other than the fund manager, may not participate in, or interfere in, the management of the fund unless they have the right under the arrangements constituting the fund to be consulted or give directions.

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## Chapter 12      Disclosure requirements

### Part 12.1      Application and definitions

#### 12.1.1      Application of Chapter

This Chapter applies to an issuer of listed securities, or securities that are to be listed, on a market (including a foreign issuer) and references to an *issuer* are to be construed accordingly.

#### 12.1.2      Meaning of *material non-public information*

(1) In these Rules:

*material non-public information*, in relation to a security, means information that:

- (a) is precise (see subrule (2));
- (b) is not generally available (see subrule (3));
- (c) relates, directly or indirectly, to the security or its issuer; and
- (d) would, if generally available, be likely to have a significant effect (see subrule (4)) on the price of the security (whether that effect is to increase or decrease the price).

(2) Information is *precise* if:

- (a) it describes circumstances that exist or may reasonably be expected to come into existence, or an event that has occurred or may reasonably be expected to occur; and
- (b) it is specific enough to enable a conclusion to be drawn about the possible effect of the circumstances or event on the price of a security.

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(3) Information is ***generally available*** if, for example:

- (a) it has been disclosed to the market through a regulatory announcement service or otherwise in accordance with the rules of the market or other enforceable obligation;
- (b) it is available in records that are open to inspection by the public (whether or not a fee is payable);
- (c) it is otherwise generally available, including through the internet or another publication (whether or not a fee is payable), or is derived from information that has been published;
- (d) members of the public can obtain it without infringing rights or obligations of privacy, property or confidentiality; or
- (e) it can be obtained by analysing or developing other information that is generally available.

(4) Information is taken to be likely to have a significant effect on the price of a security if it is information of a kind that a reasonable investor would be likely to use as part of the basis of an investment decision.

#### **12.1.3 Meaning of *insider***

(1) In these Rules:

***insider*** means a person who has material non-public information, if:

- (a) the person obtained the information as a result of:
  - (i) the person's membership of an administrative, management or supervisory body of an issuer;
  - (ii) the person's holding in the capital of an issuer;
  - (iii) the person's having access to the information through the exercise of the person's employment, profession or duties;
  - (iv) the person's criminal activities; or

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- (b) the person obtained the information by other means and knows, or could reasonably be expected to know, that the information is material non-public information.
- (2) A person could reasonably be expected to know that information is material non-public information if:
  - (a) a normal and reasonable person in the person's position would know, or should have known, that the person from whom he or she received the information was an insider; and
  - (b) a normal and reasonable person in the person's position who has material non-public information would have known that it is material non-public information.

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## Part 12.2

## Disclosure of market-relevant information

### 12.2.1 Disclosure of market-relevant information: general requirement

- (1) An issuer must disclose to the Authority, the licensed exchange, and the public:
  - (a) any material non-public information; and
  - (b) any other event or information specified in this Part,unless disclosure may be delayed, or non-disclosure is permitted, under rule 12.2.2.
- (2) Disclosure must take place at the time specified in this rule unless a different time is specified in another rule or disclosure is delayed in accordance with rule 12.2.2.
- (3) If the information becomes known to the issuer before trading commences, the issuer must disclose the information as soon as possible and must take all necessary steps to ensure disclosure occurs before trading commences.
- (4) If the information becomes known to the issuer after trading ends, the issuer must disclose the information as soon as possible and in any event:
  - (a) before trading commences on the following day; or
  - (b) if the securities are not traded on the following day, within 24 hours of the information becoming known to the issuer.
- (5) If the information becomes known to the issuer on a day on which the issuer's securities are not traded, the issuer must disclose the information as soon as possible and in any event:
  - (a) within 24 hours; or
  - (b) if trading in the issuer's securities commences within 24 hours, before trading next commences.

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- (6) Despite subrules (2) to (5), if information disclosed under this rule is also disclosed to another authority inside or outside the State, the issuer must disclose the information to the Authority and the licensed exchange no later than the time at which it is disclosed to the other authority.
- (7) If the information becomes known to the issuer during a period when the issuer's securities are traded the issuer must:
  - (a) make a request under rule 13.1.1 for trading in the securities to be paused and disclose the information as soon as possible after trading has been paused; and
  - (b) not disclose the information during a trading period unless trading has been paused.
- (8) Information disclosed under this rule ceases to be material non-public information when it is disclosed.

### **12.2.2 Legitimate delay and non-disclosure**

- (1) An issuer may delay disclosure of information required to be disclosed under these Rules only if:
  - (a) disclosure within the required time period would be substantially detrimental to the issuer's commercial interests;
  - (b) delaying the disclosure will not mislead investors or the public; and
  - (c) the issuer complies with subrule (2).
- (2) The issuer must:
  - (a) until the information is disclosed, take all reasonable steps to control the dissemination of the information and limit the persons who have knowledge of it to the minimum number necessary;

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- (b) obtain a written acknowledgement and undertaking from every person whom the issuer is reasonably aware has knowledge of the information that the person:
  - (i) will not use the information for their personal gain;
  - (ii) will not engage in any act amounting to market abuse under any rules made by the Authority;
  - (iii) will not further disclose the information to other persons until the information is disclosed; and
  - (iv) will report details of the trading activity of the person, and their relatives and personal and business associates, to the issuer for so long as the information is not disclosed; and
- (c) monitor the trading activity reported under paragraph (b) (iv) until the information is disclosed.

(3) If disclosure of information has been delayed, the issuer must disclose the information if:

- (a) disclosure would no longer be substantially detrimental to the issuer's commercial interests; or
- (b) continuing to delay disclosure may mislead investors or the public.

(4) For this rule, circumstances in which disclosure may be substantially detrimental to an issuer's commercial interests include:

- (a) negotiations taking place in the ordinary course of the issuer's business where the outcome of the negotiations would be likely to be jeopardised by public disclosure;
- (b) preliminary preparations or negotiations relating to a merger with, or acquisition of, another entity where disclosure of the preparations or negotiations would be likely to jeopardise the merger or acquisition (having regard to the requirement to not mislead investors by delaying disclosure);
- (c) the financial viability of the issuer is in grave and imminent danger (except where disclosure is required by any Law,

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regulation or rule relating to insolvency or any similar process) and public disclosure of the information would seriously jeopardise the interest of existing and potential holders of the issuer's securities;

- (d) decisions have been taken or contracts entered into by the issuer's senior executive management or other persons authorised to do so on the issuer's behalf, where:
  - (i) the decision or contract requires the approval of the issuer to become effective;
  - (ii) public disclosure of the information before the approval would jeopardise the correct assessment of the information by the public; and
  - (iii) the issuer has arranged for a definitive decision to be taken as soon as possible;
- (e) the issuer has developed a product or an invention and the immediate public disclosure of that information is likely to jeopardise the intellectual property rights of the issuer;
- (f) the issuer is planning to buy or sell a significant interest in another entity and the disclosure of that plan would likely jeopardise its implementation; and
- (g) a transaction or other act previously announced is subject to the Authority's, or other competent authority's, approval, and the approval is conditional upon additional requirements, where the immediate disclosure of those requirements will likely affect the ability of the issuer to meet them and therefore prevent the final success of the transaction or act.

- (5) An issuer may continue to delay disclosure for so long as the requirements in subrule (1) are met.
- (6) If information that was material non-public information but was not disclosed by virtue of this rule no longer meets the criteria in

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rule 12.1.2 (1), the issuer need not disclose the information (for example, information that was not disclosed because it may be substantially detrimental to an issuer's commercial interests may no longer be likely to have a significant effect on the issuer's securities and therefore need not be disclosed).

### **12.2.3 Clarification of unusual activity**

- (1) The Authority, or the licensed exchange, may require an issuer to provide any information the Authority or exchange considers relevant or necessary in the event that the Authority or exchange thinks the issuer's listed securities are, or have been, subject to:
  - (a) unusual or volatile price fluctuations;
  - (b) unusual volumes of trades; or
  - (c) any other market activity that the Authority or exchange regards as abnormal.
- (2) An issuer must provide the information as soon as possible.
- (3) On receiving the required information from an issuer, the Authority or the licensed exchange may require the issuer to disclose the information to the public under rule 12.2.1.

### **12.2.4 Information and events required to be disclosed**

- (1) Schedule 2 sets out information and events that must be disclosed by an issuer.
- (2) An issuer must include in any disclosure required by Schedule 2:
  - (a) details of the circumstances of the event or information disclosed; and
  - (b) the reasons for any decision which led to the event, or which brought about the information, required to be disclosed.
- (3) A requirement to disclose an event or information relating to an issuer is also to be treated as a requirement to disclose an event or information relating to a person in the same group as the issuer, unless the event or information could not reasonably foreseeably have a

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material impact on the business of the issuer or the value of the issuer's securities. But a merger or acquisition involving an entity in the same group as an issuer is presumed to be an event that has a material impact on the issuer and must therefore be disclosed.

#### **12.2.5 Bonds: disclosure requirements for guarantors**

- (1) In the case of an issuer of a bond which is guaranteed by another entity (the *guarantor*), the disclosure requirements set out in this Part apply to the guarantor as they apply to the issuer (but this does not include the requirements in rule 12.2.7).
- (2) An issuer of a guaranteed bond must take all necessary steps to ensure that the guarantor complies with those disclosure requirements.
- (3) This rule does not apply if the guarantor is a Government entity.

#### **12.2.6 Bonds and sukuk: disclosure by obligor**

- (1) Any obligation to disclose information imposed on the issuer of a bond or sukuk is also imposed on the obligor if applicable to the obligor.
- (2) If information is disclosed by either the issuer or the obligor, the other entity need not disclose the same information.

#### **12.2.7 Real Estate Funds: disclosure of change of real estate valuer**

- (1) If a real estate valuer appointed by an issuer who is a real estate fund stops providing valuation services to the fund for any reason, the fund must disclose this to the Authority, the licensed exchange and the public no later than 5 working days after the valuer stops providing the service.
- (2) The disclosure must set out the reasons for the valuer no longer providing the services.

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(3) A real estate fund must disclose to the Authority, the licensed exchange and the public, the appointment of a real estate valuer no later than 5 working days after the appointment takes effect.

#### **12.2.8 How to publicly disclose**

(1) An issuer must disclose information under this Chapter:

- (a) in the form and manner specified by the Authority; and
- (b) by giving notice of the information to the Authority and the licensed exchange operating the market on which the issuer's securities are listed in the form and manner specified by the Authority.

(2) The Authority may by notice specify the form and manner of particular categories of disclosures and must publish the notice on its website.

(3) If information is disclosed:

- (a) in a prospectus; or
- (b) by a third party (for example, a firm licensed to carry out securities marketing and promotion or a bond manager, or a credit rating agency),

it need not be separately disclosed by the issuer.

(4) The licensed exchange must publish disclosed information on its website as soon as possible.

(5) In the case of material non-public information, an issuer:

- (a) must ensure that the information is published in a manner that enables the complete, correct and timely assessment of the information by the public; and
- (b) may not combine the disclosure of the information to the public with the marketing of its activities.

(6) An issuer must maintain on its website, or other electronic medium available to the public, for a period of at least 5 years all information it has disclosed to the public.

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### **12.2.9 Information to be provided to holders of certain securities**

- (1) A public shareholding company must provide the following information to its shareholders:
  - (a) the place, time and agenda of general assemblies;
  - (b) the total number of shares and voting rights; and
  - (c) the rights of shareholders to participate in assemblies.
- (2) An issuer of a bond or sukuk must provide the following information to bond or sukuk-owners:
  - (a) the place, time and agenda of meetings of the bond or sukuk-owners;
  - (b) details of the payment of interest on the bond or profits of the sukuk;
  - (c) details of any conversion, exchange, subscription or cancellation rights associated with the bond or sukuk and an explanation as to how bond or sukuk-owners exercise those rights; and
  - (d) details of repayment rights under the bond or sukuk and an explanation as to how bond or sukuk-owners exercise them.

## Part 12.3 Periodic requirements

### 12.3.1 Periodic financial statements and reports

- (1) Every issuer who has shares or share warrants listed on the main equity market of a licensed exchange must prepare and publish quarterly financial statements for first quarter and the third quarter of each financial year.
- (2) Quarterly financial statements must be published no later than 30 days after the end of the period to which they relate.
- (3) Every issuer who has shares or share warrants listed on the main equity market or second equity market of a licensed exchange, and every listed fund, must prepare and publish half-yearly financial statements for the first half of each financial year.
- (4) Half-yearly financial statements must be published no later than 45 days after the end of the period to which they relate.
- (5) Quarterly and half yearly financial statements must be reviewed by an external auditor.
- (6) Every issuer who has shares or share warrants listed on the main equity market or second equity market of a licensed exchange, and every listed fund, must prepare and publish an annual report and financial statements for each financial year.
- (7) An annual report and financial statements must:
  - (a) contain:
    - (i) operating results for the year;
    - (ii) details of cash flows during the year;
    - (iii) a comprehensive income statement;
    - (iv) if the issuer is not a fund, details of changes in the equity capital of the issuer;
    - (v) details of the issuer's financial position at year-end;

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- (vi) a comprehensive analysis of the issuer's performance and financial position compared with the previous year; and
- (vii) supplementary notes stating the accounting policies used to prepare the financial statements, any applicable assumptions and any other relevant explanatory notes; and
- (b) be audited by the issuer's external auditor and be accompanied by the auditor's report on the financial statements.

(8) Annual financial statements must be prepared in accordance with:

- (a) International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS); or
- (b) any other principles or standards approved by the Authority.

(9) An issuer who has shares or share warrants listed on the main equity market of a licensed exchange must publish an unaudited draft of its annual report and financial statements no later than 45 days after the end of the year to which they relate, unless the audited report and financial statements are published before the end of that period.

(10) An annual report and financial statements must be published:

- (a) in the case of an issuer who has shares or share warrants listed on the second equity market of a licensed exchange, no later than 4 months after the end of the year to which they relate; or
- (b) in any other case, no later than 3 months after the end of the year to which they relate.

(11) If an issuer has published an unaudited draft of its annual report and financial statements, the auditor's report on the financial statements must highlight and explain any differences between the draft version and the audited version.

(12) In the case of an issuer required to publish statements under this rule who issues a bond which is guaranteed by another entity:

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- (a) the guarantor must prepare the financial statements and reports required under this rule as if it were an issuer; and
- (b) the issuer must publish the guarantor's financial statements and reports.

(13) This rule does not apply to an issuer that is a Government entity. Nor does subrule (12) apply if the guarantor is a Government entity.

### **12.3.2 Periodic financial statements and reports: further requirements**

- (1) An issuer must notify the licensed exchange operating a market on which the issuer's securities are listed of the date of publication of quarterly or half-yearly financial statements no later than 5 working days before they are published.
- (2) An annual report and financial statements must be approved at a meeting of the issuer's board before they are published. But this only applies to a fund if the fund has a board.
- (3) An issuer must notify the licensed exchange operating a market on which the issuer's securities are listed of the date of the board meeting no later than 10 working days before it is convened.
- (4) An issuer's board members and any other person who receives the annual report and financial statements for the purposes of the board meeting must not receive them earlier than 3 working days before the meeting is convened.
- (5) No other person may receive the annual report and financial statements before they are published apart from persons involved in preparing them and the issuer's external auditor.
- (6) An issuer must provide its annual report and financial statements to each of its shareholders within such period before the issuer's annual general assembly following the end of the year to which the report and financial statements relate as is required under the law applicable to the issuer. But this requirement does not apply to a fund.

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### **12.3.3 Funds: content of periodic financial statements**

- (1) If an issuer is a fund, the half-yearly and annual financial statements required under rule 12.3.1 must include:
  - (a) as at the end of the period to which the statements relate:
    - (i) the fund's net asset value;
    - (ii) the number of fund units and value of a unit; and
    - (iii) the financial position of the fund;
  - (b) a statement of any dividends paid during the period to which the statements relate; and
  - (c) details of the procedures utilised by the fund during the period to manage risk.
- (2) In the case of a real estate fund, the statement of the fund's net asset value must:
  - (a) include a valuation of the real estate in which the fund is invested prepared by a real estate valuer approved by the Authority under rule 6.1.2;
  - (b) set out the valuation method and assumptions used;
  - (c) set out details and descriptions of the real estate in which the fund is invested;
  - (d) contain an analysis of:
    - (i) the variables in the real estate market during the period, including, supply and demand trends and other market trends; and
    - (ii) the risks related to the fund's assets;
  - (e) contain a statement of the fund's net asset value based on both normal and abnormal real estate market conditions; and
  - (f) be accompanied by:

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- (i) a copy of the real estate valuer's certificate of registration in the commercial register or equivalent document;
- (ii) a certificate from the real estate valuer that clarifies that there is, or is not, a conflict of interest with the fund or a related party, directly or indirectly, and provides all relevant details of any such conflict; and
- (iii) details of the real estate valuer's previous experience.

#### **12.3.4 Bonds and sukuk: content of periodic financial statements**

If an issuer issues any bonds or sukuk, the financial statements required under rule 12.3.1 must include a statement of the status of any bonds or sukuk outstanding at the end of the period to which the statements relate.

#### **12.3.5 Trading restriction before publication of periodic reports**

- (1) The following persons may not enter into transactions involving an issuer's securities during the pre-reporting period:
  - (a) a member of the issuer's board (including an individual representing a legal person who is a board member at board meetings);
  - (b) a member of the issuer's senior executive management and, in the case of a fund, this means the fund manager;
  - (c) any other person who is an insider under rule 12.1.3 by virtue of obtaining material non-public information contained in, or relating to, the issuer's quarterly or half-yearly accounts or annual report and accounts; and
  - (d) any spouse or child aged under 18 of a person mentioned in paragraphs (a) to (c).
- (2) For subrule (1), *the pre-reporting period* is:
  - (a) in relation to quarterly or half-yearly financial statements required under rule 12.3.1, the period comprising the 5 working

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days immediately preceding the publication of the financial statements;

- (b) in relation to an annual report and financial statements required under that rule, the period beginning 5 working days before the issuer's board meeting to approve the report and financial statements is convened, or in the case of the fund before the completion of any other procedure for approval, and ending on the day they are published.

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## Part 12.4

## Timing of board meetings and insider lists

### 12.4.1 Timing of board meetings

On a day on which an issuer's securities are traded, the issuer must not hold a board meeting during the period the securities are traded if the meeting is one at which:

- (a) a discussion is to be held, or a decision is to be made, about financial statements or a report required under rule 12.3.1; or
- (b) a decision is to be made about a matter that may reasonably be considered to have an effect on:
  - (i) the value of the issuer's listed securities; or
  - (ii) the ability of the issuer to meet its commitments.

### 12.4.2 Insider lists

- (1) An issuer must prepare and maintain a list (an *insider list*) of:
  - (a) members of the issuer's board and members of the board of any entity in the same group as the issuer;
  - (b) members of the issuer's senior executive management and members of the senior executive management of any entity in the same group as the issuer;
  - (c) employees and any person working for or advising the issuer, or an entity in the same group as the issuer, who have material non-public information; and
  - (d) the spouses and minor children of the individuals mentioned in paragraphs (a) to (c).
- (2) The issuer must give a copy of the insider list, and any revisions to the list, to:
  - (a) the licensed exchange; and
  - (b) the depository with whom the issuer's securities are registered.

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- (3) An insider list must also include details of any entity owned by a person on the list.
- (4) An issuer must have procedures for ensuring that:
  - (a) every person on the list is made aware of their inclusion on it and of the consequences of acting, or advising, inducing or encouraging others to act on insider information that the person may be privy to;
  - (b) every person on the list signs a declaration signifying their awareness of those things;
  - (c) persons on the list disclose to the issuer any dealing in the securities of the issuer, or in a person in the same group as the issuer, no later than 3 working days after the date of the transaction;
  - (d) any such dealings are monitored by the issuer (or by a department, internal committee or special committee of the issuer) for the purposes of assessing compliance with these Rules, any other rules or regulations made by the authority, and any relevant rules made by a depository or licensed exchange.
- (5) The issuer must disclose to the licensed exchange, any dealings disclosed to the issuer under subrule (4) (c) and the exchange must publicly disclose the dealings as soon as possible.

#### **12.4.3 Obligations of persons on insider lists**

A person on an insider list must do the following:

- (a) maintain the confidentiality of any information the person has by virtue of being an insider;
- (b) disclose to the issuer any dealing in the securities of the issuer, or a person in the same group as the issuer, no later than 3 working days after the date of the transaction;

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- (c) not deal in the securities of the issuer, or a person in the same group as the issuer, during any period in which such a dealing is prohibited under these Rules, any other rules or regulations made by the Authority, and any relevant rules made by a depository or licensed exchange.

#### **12.4.4 Depository's and exchange's obligations**

- (1) A depository must provide the Authority with copies of every insider list, and every revision to such a list, given to it by issuers as soon the depository obtains it.
- (2) A depository must have procedures to monitor issuers so as to ensure that they are complying with their obligation to maintain an insider list and that persons on insider lists are complying with their obligations under rule 12.4.3.
- (3) A licensed exchange must publish on its website:
  - (a) every insider list, and every revision to such a list, given to it by issuers; and
  - (b) every dealing in securities disclosed to the exchange under rule 12.4.2 (5).
- (4) A published insiders list may, at the issuer's request, have the names redacted of any individual who is an insider by virtue of being the spouse or minor child of an insider.
- (5) A licensed exchange must have procedures to monitor the compliance of persons on insiders lists with these Rules, any other rules or regulations made by the authority, and any relevant rules made by the exchange.

## Chapter 13 Pausing trading, suspension of trading and delisting

## Part 13.1 Temporary pause in trading

### 13.1.1 Temporary pause to allow for disclosure

- (1) On the request of an issuer, or on its own accord, the Authority may direct a licensed exchange to pause trading in the issuer's securities if the Authority considers that:
  - (a) the issuer seeks to disclose information under rule 12.2.1 on a particular day or has information which the Authority considers ought to be disclosed under that rule;
  - (b) the disclosure must take place during a period on that day when the issuer's securities may be traded; and
  - (c) it would be contrary to the interests of investors, the market or the public to delay disclosure until the end of that period.
- (2) A licensed exchange may pause trading in an issuer's securities on the exchange's own accord only if the exchange is satisfied that:
  - (a) the Authority would consider paragraphs (a) to (c) of subrule (1) to apply if the Authority was aware of the situation; and
  - (b) the situation is urgent and it is in the interests of investors, the market on which the securities are traded, or the public to pause trading in the securities.
- (3) If a licensed exchange pauses trading in a security on its own accord, it must notify the Authority as soon as possible, giving details of the circumstances relating to the pause in trading.
- (4) If trading is paused, the issuer must immediately disclose the following under rule 12.2.1:

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- (a) the reason for pausing trading including details of any event that led to the requirement to disclose information;
- (b) the expected time when trading in the issuer's securities will recommence (having consulted the exchange and the Authority about the expected time, unless the pause is effected by the exchange on its own accord, in which case the Authority need not be consulted); and
- (c) the extent to which the pause is expected to affect the issuer's activities.

### **13.1.2 Effect of pause**

- (1) A licensed exchange must pause trading in securities as soon as possible after:
  - (a) receiving the direction from the Authority; or
  - (b) the exchange determines on its own accord that trading is to be paused.
- (2) If trading in an issuer's securities has been paused, the issuer must nevertheless continue to comply with any requirements imposed on it by these Rules.

### **13.1.3 Recommencement of trading**

- (1) If trading in an issuer's securities has been paused, trading recommences at the beginning of the period of trading on the day after the day on which trading was paused unless the Authority considers that to do so would be:
  - (a) detrimental to the interests of the market on which the securities are traded; or
  - (b) likely to be contrary to the interests of investors or the public interest.
- (2) If the Authority extends the pause in trading it must:

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- (a) consider whether the matters referred to in subrule (1) (a) or (b) continue to apply at the end of each day on which trading continues to be paused; and
- (b) notify the licensed exchange to recommence trading on the first day on which the Authority considers those matters to no longer apply.

- (3) On each day that a pause in trading is extended, the Authority must:
  - (a) notify the issuer and the licensed exchange giving reasons for the extension; and
  - (b) publish that notification on the Authority's website.
- (4) The Authority may direct a licensed exchange to recommence trading before the end of the period of trading on the day trading was paused if it is in the interests of interests of investors, the market on which the securities are traded, and the public, to do so.

## Part 13.2 Suspension of trading

### 13.2.1 Suspension on Authority's or exchange's own accord

- (1) The Authority may direct a licensed exchange to suspend trading in an issuer's securities.
- (2) A direction may be issued only if the Authority considers that suspension is necessary to protect the interests of investors, the market on which the securities are traded, or the public.
- (3) The circumstances in which the Authority may consider suspension is necessary include the following:
  - (a) the issuer has continuously or repeatedly failed:
    - (i) to meet an ongoing obligation imposed under these Rules; or
    - (ii) to disclose information required to be disclosed under Chapter 12,
  - or a single failure has occurred that the Authority considers to be serious;
  - (b) the conversion of the securities or any part of them, or the commencement of conversion;
  - (c) the announcement of a proposal to change the rights of holders of the securities or otherwise change the class of the securities;
  - (d) the issuer passes a resolution to:
    - (i) sell, or otherwise transfer ownership of a significant portion of its assets;
    - (ii) enter into a transaction granting other persons significant rights over the issuer's assets; or
    - (iii) reduce its share capital;
  - (e) in the case of a fund, the fund fails to pay the redemption value of any fund units when due;

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- (f) the inclusion of a reservation by the issuer's external auditor in the auditor's review of the issuer's annual report and financial statements published under rule 12.3.1;
- (g) the issuer ceasing to carry on its normal business for more than 3 months, or, in the case of a fund, for any period, and the Authority does not consider there to be a good reason for the cessation;
- (h) the activities of the issuer are suspended by order of:
  - (i) a court;
  - (ii) a Ministry of the State;
  - (iii) a public, regional or local authority in the State (including the Qatar Financial Centre Authority, Qatar Financial Centre Regulatory Authority or the Qatar Free Zones Authority); or
  - (iv) in the case of a foreign issuer, the government of another state or a public, regional or local authority in another state;
- (i) the issuer's securities are listed on a foreign exchange and that exchange has suspended trading in the issuer's securities;
- (j) the issuer has contravened a Law of the State, a regulation or rule made by the Authority, or a rule of the licensed exchange;
- (k) the issuer's business activities, or, in the case of a fund, the fund's investments, are longer in the interests of investors, the market or the public.

- (4) If the Authority considers that a temporary pause in trading would better serve the interests of investors, the market and the public, it may give a direction under Part 13.1.
- (5) The Authority must give a copy of the direction under this rule to the issuer at the same time as it is given to the licensed exchange.

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- (6) A licensed exchange may suspend trading in an issuer's securities on the exchange's own accord only if the exchange is satisfied that:
  - (a) the Authority would consider that suspension is necessary to protect the interests of investors, the market on which the securities are traded, or the public if the Authority was aware of the situation; and
  - (b) the situation is urgent and it is in the interests of investors, the market, and the public to suspend trading in the securities without waiting for a direction from the Authority.
- (7) If a licensed exchange suspends trading in a security on its own accord, it must notify the Authority and the issuer as soon as possible.

### **13.2.2 Suspension on request of issuer**

- (1) An issuer may request that the Authority direct the licensed exchange to suspend trading in the issuer's securities.
- (2) The request must be made in writing and must include:
  - (a) the name and contact details of the issuer;
  - (b) the expected period of the suspension;
  - (c) details of the securities to be suspended;
  - (d) a clear explanation of the reasons for the suspension, including a statement that it is not contrary to the interests of investors;
  - (e) the specified time for the suspension to begin;
  - (f) a copy of any circular, declaration or other correspondence sent to the securities holders in relation to the request; and
  - (g) if the issuer's securities holders have approved the request, a copy of that approval.
- (3) The Authority may give a direction on the issuer's request only if it has confirmed the validity of the reasons for suspension and that the suspension is not likely to be contrary to the interests of investors, the market on which the securities are traded, or the public.

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- (4) The Authority must give a copy of the direction to the issuer at the same time as it is given to the licensed exchange.
- (5) If the Authority refuses to make a direction following a request, the Authority must notify the issuer and the licensed exchange of that refusal.

#### **13.2.3 Effect of suspension**

- (1) A suspension of trading takes effect at the time specified in the direction given by the Authority.
- (2) A copy of a suspension direction, including the reasons why it is being made, must be published on the website of:
  - (a) the issuer; and
  - (b) the licensed exchange,as soon as possible after it is made.
- (3) If trading in an issuer's securities has been suspended, the issuer must nevertheless continue to comply with any requirements imposed on it by these Rules.

#### **13.2.4 Lifting of suspension**

- (1) The Authority may, on the request of an issuer or the licensed exchange operating the market on which the issuer's securities are listed, or on its own accord, direct the licensed exchange to lift a suspension of trading if the Authority is satisfied that the suspension is no longer in the interests of investors, the market on which the securities are traded, and the public.
- (2) An issuer's request to lift a suspension must include the reasons why the issuer thinks the suspension is no longer in the interests of investors, the market on which the securities are traded, and the public.

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- (3) The Authority may require an issuer to provide the Authority with any information the Authority considers may assist it in making its decision.

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## **Part 13.3                    Delisting**

### **Division 13.3.A            Delisting: general**

#### **13.3.1    Delisting**

- (1) The Authority may, on the request of an issuer or the licensed exchange operating the market on which the issuer's securities are listed, or on its own accord, direct the licensed exchange to delist an issuer's securities.
- (2) A delisting direction may be given if:
  - (a) the issuer is liquidated or otherwise dissolved;
  - (b) the issuer ceases to exist as a legal person following a merger with another entity;
  - (c) the issuer is converting from a public shareholding company to another form of commercial company or entity that may not have its securities listed on a market;
  - (d) trading in the issuer's securities has been suspended for 6 consecutive months; or
  - (e) delisting is necessary to protect the interest of investors, the market on which the securities are traded, or the public.
- (3) The cases in which delisting is necessary to protect the interest of investors, the market on which the securities are traded, or the public include the following:
  - (a) the issuer has continuously or repeatedly failed:
    - (i) to meet an ongoing obligation imposed under these Rules; or
    - (ii) to disclose information required to be disclosed under Chapter 12,

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or a single failure has occurred which the Authority considers to be very serious;

- (b) trading in the issuer's securities has been suspended for 3 consecutive months or for 6 months over the course of 1 year;
- (c) the issuer's securities are listed on a foreign exchange and that exchange has delisted the securities.

- (4) A request for delisting must include the issuer's reasons for making it.
- (5) If a public shareholding company is applying for approval under rule 13.3.3 to convert into another form, the application is taken to be a request under this rule.
- (6) The Authority must give a copy of a direction to delist to the issuer at the same time as the direction is given to the licensed exchange.
- (7) If the Authority refuses to make a direction following a request, the Authority must notify the issuer and the licensed exchange.

### **13.3.2 Effect of delisting**

- (1) Delisting takes effect at the time specified in the direction given by the Authority.
- (2) A copy of a delisting direction, including the reasons why it is being made, must be published on the website of:
  - (a) the issuer; and
  - (b) the licensed exchange,as soon as possible after it is made.

## **Division 13.3.B Delisting due to company conversion**

### **13.3.3 Authority approval for conversion from public shareholding company**

- (1) A public shareholding company may not convert into another form of company unless the conversion has been approved:

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- (a) at an extraordinary general assembly of the company in accordance with the Companies Law or other applicable law; and
- (b) then by the Authority.

- (2) The company must notify the Authority and the licensed exchange as soon as the company takes any action in relation to conversion. For example, the company must give notice if an extraordinary general assembly is called at which conversion is on the agenda.
- (3) The company must apply for the Authority's approval in the form specified by the Authority no later than 5 working days after a decision taken at the company's extraordinary general assembly to proceed with conversion.
- (4) The Authority may approve a conversion only if it is satisfied as to all to the following:
  - (a) the company has met all the applicable legal requirements relating to approval of the conversion at an extraordinary general assembly and the assembly has approved it taking account of any objections raised;
  - (b) the company has made the disclosure required by rule 13.3.5;
  - (c) the company has no matters outstanding with the Authority, a licensed exchange or a depository which would not be capable of being resolved once the company converted;
  - (d) on conversion, the company will be registered in its new form and operate in accordance with the law applicable to the new form of company;
  - (e) the conversion is not contrary to the interests of the shareholders, the market or the public.

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#### **13.3.4 Documents to accompany application**

- (1) An application for the Authority's approval to convert from a public shareholding company must include the following:
  - (a) a record of the decision taken at the extraordinary general assembly of the company approving the conversion (including details of the shareholders who voted for and against the conversion); and
  - (b) a copy of the approval for the conversion given by the appropriate authority under the applicable law.
- (2) The Authority may require the company to provide any other documents or information as the Authority may require in order to make its decision.

#### **13.3.5 Disclosure of decision to convert**

Following a decision taken at a public shareholding company's extraordinary general assembly to approve conversion, the company must make a disclosure in accordance with rule 12.2.1 (and subject to any delay in disclosure permitted by virtue of rule 12.2.2) including the following information:

- (a) the proposal to convert including details of the form the company will take on conversion;
- (b) the period in which it is expected the conversion will be completed and the expected day when the company's shares will be delisted;
- (c) that the conversion is contingent on the Authority's approval;
- (d) the shares owned by the company itself (directly or indirectly) and the percentage of the company's issued capital represented by those shares; and

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- (e) the mechanism proposed by the company to be used for compensating shareholders who are not to continue as shareholders following conversion, including:
  - (i) the purchase price for shares held immediately before conversion;
  - (ii) details of the persons who will purchase those shares;
  - (iii) the period specified for receiving sale applications from shareholders, which must be no longer than 10 working days; and
  - (iv) the period specified for executing the purchase of shares following an application, which must be no longer than 5 working days.

### **13.3.6 Authority's decision**

- (1) The Authority must make its decision and give notice to the following no later than 30 working days after the application meeting all the applicable requirements is made:
  - (a) the company;
  - (b) the Ministry of Commerce and Industry, the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority, or the appropriate authority of the Qatar Free Zones, the Qatar Science and Technology Park or any other special zone in the State, as applicable; and
  - (c) the commercial registry, or the Companies Registration Office of the Qatar Financial Centre Authority, as applicable.
- (2) If the Authority requires additional documents or information in order to make its decision, it may extend the 30-day period as it considers necessary. The Authority must give notice of any extension to the company within that 30-day period.

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- (3) The company must disclose the Authority's decision in accordance with rule 12.2.1 (and subject to any delay in disclosure permitted by virtue of rule 12.2.2).

### **13.3.7 Calculating purchase price for shares on conversion**

- (1) The minimum purchase price for shares to be purchased from shareholders as part of the conversion process must be the higher of:
  - (a) the highest execution price for a share in any transaction on the market executed no earlier than 3 months before the disclosure required by rule 13.3.5; or
  - (b) the average closing price of shares in the company on that market over the period of 1 year immediately preceding disclosure.
- (2) If the company's shares have not been traded in the periods mentioned in subrule (1), the company must appoint a financial evaluator to determine a fair value for the shares.

### **13.3.8 Delisting and time when conversion takes effect**

- (1) Shares in a company converting from a public shareholding company are to continue to be listed on the licensed exchange for 50 working days after the Authority gives notice approving the conversion.
- (2) A person who purchases shares in the company in that period is not entitled to compensation upon selling the shares at the price calculated under rule 13.3.7.
- (3) Conversion takes effect at the end of that period and consequently the licensed exchange must delist the company's shares.
- (4) If shares to be purchased from shareholders in accordance with the approved conversion process have not been so purchased when conversion takes effect, this rule does not prevent any of those purchases from taking place after conversion takes effect.

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### **13.3.9 Conversion back to public shareholding company**

A company which converts from being a public shareholding company to another form may not apply to convert back to a public shareholding company and for its shares to be listed on a market within 3 years of the conversion taking effect.

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## Chapter 14 Rights issues

### 14.1.1 Meaning of *rights issue* and associated terms

- (1) **Rights issue** means the issue of the right to an issuer's shares to existing shareholders.
- (2) The securities offered in a rights issue may be:
  - (a) additional shares for the purpose of increasing the issuer's issued and paid-up capital; or
  - (b) existing shares forming the issuer's issued and paid-up capital (for example treasury shares).
- (3) **Tradable rights issue** means a tradable instrument representing the holder's right to a share offered under a rights issue.
- (4) **Record date**, in relation to a rights issue, means the date on which it is determined which shareholders will be allocated the tradable rights issues. The record date is the date falling 3 working days after the date of the extraordinary general assembly at which the decision to approve the rights issue is taken.

### 14.1.2 Requirements for rights issues

An issuer making a rights issue must comply with the following:

- (a) the number of tradable rights issues in the rights issue must not be more than the number of shares available to subscribers to the rights issue; and
- (b) tradable rights issues must be issued to every person holding shares in the same class as the shares represented by the tradable rights issues as at the record date and in proportion to their holdings.

### 14.1.3 Procedure before commencement of trading

- (1) An issuer must not hold an extraordinary general assembly at which a decision to approve a rights issue is to be taken, unless the issuer

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has given a copy of the information document under rule 14.1.4 to the Authority and the Authority has approved the document.

- (2) The Authority must make its decision no later than 5 working days after the issuer provides the information document. The Authority must notify the issuer of the decision as soon as possible.
- (3) The Authority may require the issuer to provide further information or amend the document.
- (4) If the Authority requires further information or an amendment to the document, the period for making a decision may be extended. The Authority must notify the issuer of the extension.
- (5) The Authority may further extend the period for making a decision. The Authority must notify the issuer of any further extension.
- (6) No later than 2 working days after the extraordinary general assembly at which a decision to approve a rights issue was taken, the issuer must give notice of the record date to:
  - (a) the Authority;
  - (b) the licensed exchange; and
  - (c) the depository.
- (7) At the same time as giving notice, the issuer must give a copy of the information document to the exchange.
- (8) The issuer must also, on the same day as the notice is given, publish the record date and the information document on its website or other electronic medium available to the public.

#### **14.1.4 Information document**

- (1) An issuer who is making a rights issue must provide a document containing the information specified in subrule (2) to all existing shareholders to whom a tradable rights issue is to be allocated, no later than 5 working days before the extraordinary general assembly at which the decision to approve the rights issue is to be taken.

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(2) The information document must include the following:

- (a) the total value of the capital proposed to be raised by the rights issue;
- (b) the percentage increase in the issuer's capital that this represents;
- (c) the nominal value and the offer price for the shares offered through the exercise of rights under the rights issue;
- (d) a description of the process used to determine that price;
- (e) the start and end of the period for trading in the tradable rights issues;
- (f) the start and end of the period for holders of the tradable rights issues to exercise their rights;
- (g) details as to how to access the most recent annual report and financial statements published by the issuer and subsequently published quarterly or half-yearly financial statements, or a copy of those statements;
- (h) the information required for a prospectus by paragraphs S1.2, S1.3, S1.4, S1.5, S1.12, S1.13, S1.14, S1.15, S1.17, S1.18, S1.19, S1.20, S1.24 and S1.25 of Schedule 1;
- (i) if the rights issue is underwritten, the name of the issuer's underwriter and other details regarding the underwriting as are required for a prospectus under paragraph S1.23 of Schedule 1.

#### **14.1.5 Registration, listing and commencement of trading of tradable rights issues**

(1) No later than the end of the day after the record date, the depository must register the tradable rights issues in the names of the issuer's shareholders as at the end of the record date in proportion to their shareholdings.

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- (2) Provided the licensed exchange operating the market on which the issuer's shares are listed is satisfied that the issuer has complied with rules 14.1.3 and 14.1.4, the exchange must:
  - (a) list the issuer's tradable rights issues on the appropriate market; and
  - (b) announce the commencement of trading in the tradable rights issues,

on the day after the record date.
- (3) Tradable rights issues must be listed and registered separately from the issuer's shares or other securities.
- (4) No fees may be charged for listing or registering a tradable rights issue. But this does not prevent trading commission being charged if a tradable rights issue is traded.

#### **14.1.6 Trading in tradable rights issues**

- (1) Tradable rights issues may be traded in the period of 5 working days beginning on the day they are listed.
- (2) Tradable rights issues must not be pledged, seized or otherwise restricted by an order of a court, or purchased through margin trading.
- (3) If trading in the issuer's shares of the same class as the shares represented by a tradable rights issue is paused or suspended, trading in the tradable rights issue must be paused or suspended.
- (4) If the issuer's shares of the same class as the shares represented by a tradable rights issue are delisted, the tradable rights issue must be delisted.
- (5) At the end of the 5-day period, the licensed exchange must delist the tradable rights issue.

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#### **14.1.7 Exercise of rights under a tradable rights issue**

- (1) A person holding a tradable rights issue may exercise the right under it to subscribe to the share represented by it.
- (2) That right may be exercised in the period of 10 working days beginning on the day after the end of the period of trading the tradable rights issues.
- (3) Shares must be allocated by the depository to each person exercising that right according to the tradable rights issues held by the person and in accordance with the depository's procedures.
- (4) A person must not exercise a right under a tradable rights issue if doing so would result in a breach of any ownership limits specified in the issuer's articles of association, these Rules, or in any Law of the State or any regulations or rules made under a Law. Any attempt to exercise rights in this manner shall not be recognised by a depository
- (5) If the issuer is an entity registered in the QFC or the Qatar Free Zones, the reference in subrule (4) to a "Law of the State" includes regulations and rules made by the Qatar Financial Centre Authority, the Qatar Financial Centre Regulatory Authority, or the Qatar Free Zones Authority, as the case may be.

#### **14.1.8 Action at end of period for exercising rights**

- (1) As soon as possible after the end of the period during which holders of tradable rights issues may exercise their rights, the issuer must send to the Authority and a depository details of:
  - (a) the names of every person who exercised their rights;
  - (b) the number of shares subscribed as a result;
  - (c) the ownership percentages of shareholders following the subscription; and
  - (d) the number of unsubscribed shares.
- (2) If any shares are unsubscribed at the end of the period:

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- (a) in the case of a rights issue underwritten on a firm commitment basis, the issuer's underwriter must purchase those shares; or
- (b) in any other case the issuer must determine what to do with the unsubscribed shares by a decision taken at an extraordinary general meeting (whether this is the same meeting as the one at which the rights issue is approved or a later meeting), for example, the issuer may:
  - (i) apply for approval to directly list the unsubscribed shares;
  - (ii) offer them in a public or private offer;
  - (iii) cancel them; or
  - (iv) make a further rights issue allocating the unsubscribed shares in proportion to the existing shareholders.

- (3) Any amount of proceeds from a subsequent sale of shares that are unsubscribed at the end of a rights issue exceeding the premium at which the shares were offered in the rights issue (plus any fees and other costs associated with the sales) must be held by the issuer on behalf of persons to whom tradable rights issues were allocated but who did not subscribe to the shares.
- (4) The issuer must take all necessary steps to distribute those proceeds to those persons in proportion to their allocation of tradable rights issues.

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## Chapter 15 Employee share schemes

### 15.1.1 Employee share schemes

A public shareholding company may make an offer and distribution of shares to its employees and former employees under an employee share scheme.

### 15.1.2 Meaning of *employee share scheme*

- (1) An *employee share scheme* is a scheme for encouraging or facilitating the holding of an issuer's shares by, or for the benefit of, the issuer's employees or former employees, whether this is carried out for the purposes of remuneration or to encourage or facilitate holding as an investment.
- (2) For these Rules, a scheme that encourages or facilitates the holding of an issuer's securities by members of the issuer's board is not an employee share scheme.

### 15.1.3 Approval of scheme

- (1) An employee share scheme must be approved:
  - (a) by the Authority; and
  - (b) then by a decision of an extraordinary general assembly of the issuer.
- (2) An issuer must apply for the Authority's approval on the form specified by the Authority and must include a copy of:
  - (a) the scheme rules; and
  - (b) the external auditor's report prepared in accordance with rule 15.1.5.
- (3) The Authority may require the issuer to provide any other documents or information in order to make its decision.
- (4) The Authority may approve a scheme only if it is satisfied that:

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- (a) the scheme rules have been prepared in accordance with rule 15.1.4; and
- (b) the issuer is likely to operate the scheme in accordance with those rules.
- (5) The Authority must notify the issuer of its decision on an application no later than 5 working days after the application is made.
- (6) If the Authority requires additional documents or information in order to make its decision, it may extend the 5-day period as it considers necessary. The Authority must give notice of any extension to the issuer within that 5-day period.
- (7) An extraordinary general assembly of an issuer at which a decision is to be made on approving an employee share scheme may not take place until after the Authority has notified the issuer that the Authority has approved the scheme.
- (8) Every person entitled to attend the assembly must, no later than 21 days before the assembly is held, be given an invitation to the assembly including a copy of:
  - (a) the scheme rules; and
  - (b) the external auditor's report.
- (9) The issuer must disclose the decision taken at the extraordinary general assembly to approve or reject the scheme under rule 12.2.1 and must additionally notify the depository.

#### **15.1.4 Scheme rules**

The rules of an employee share scheme must include the following:

- (a) the period during which the scheme is to have effect, but the scheme may not take effect before it is approved at the extraordinary general assembly and the rules may state that the scheme is open-ended;

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- (b) the proposed number of the issuer's shares to be available for allocation to beneficiaries of the scheme;
- (c) the percentage of the issuer's total paid up capital represented by those shares, which must not be more than 7%;
- (d) the maximum percentage of the total value of shares to be allocated under the scheme which may be owned by a single beneficiary, which must not be more than 10%;
- (e) a description of the beneficiaries of the scheme;
- (f) a description of the rights associated with the shares available under the scheme, including whether those shares attract voting rights or dividends prior to being wholly owned by the beneficiary to whom they are allocated under the scheme;
- (g) the accounting methodology underlying the scheme, in particular the methodology for any incentive mechanism used to allocate shares to beneficiaries; and
- (h) the dates on which, or periods of time during which, shares may be allocated to beneficiaries according to any incentive or eligibility mechanism.

#### **15.1.5 External auditor's report**

- (1) An issuer's external auditor must prepare a report on a proposed employee share scheme to be given to:
  - (a) the Authority when the issuer applies for approval of the scheme; and
  - (b) every person entitled to attend the extraordinary general assembly of the issuer at which a decision is to be made on approving the scheme.
- (2) The report must include the auditor's views on:
  - (a) the impact of the scheme on the equity and interests of the issuer's security holders;

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- (b) the proposed method of obtaining the shares to be allocated under the scheme (for example, whether the shares are to be newly issued additional shares or shares bought back by the issuer); and
- (c) the proposed method of financing the scheme.

#### **15.1.6 Amendment of scheme**

If an employee share scheme is amended, the amended scheme must be approved in accordance with rule 15.1.3 and rules 15.1.4 and 15.1.5 apply to the amended scheme accordingly.

#### **15.1.7 Operation of scheme**

- (1) Following approval of the scheme at an extraordinary general assembly, the issuer must conclude contracts with the beneficiaries of the scheme.
- (2) The contracts must include:
  - (a) details of the scheme rules, in particular the eligibility criteria and any incentive mechanism;
  - (b) the costs and method of obtaining the shares to be allocated under the scheme;
  - (c) the implications for a beneficiary of resignation, dismissal or death, or of cancellation or liquidation of the scheme;
  - (d) provision prohibiting a beneficiary from owning more than 10% of the shares allocated under the scheme; and
  - (e) provision prohibiting a beneficiary from owning an amount of shares under the scheme that would result in a contravention of ownership limits specified in:
    - (i) the issuer's articles of association;
    - (ii) these Rules; or

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(iii) any Law of the State or any regulations or rules made under a Law.

#### **15.1.8 Trading shares to be allocated under scheme**

- (1) If an issuer decides to purchase its own shares in the market for the purpose of allocating them under an employee share scheme it may do so only if all of the following conditions are met:
  - (a) the issuer complies with Part 8.6 and any applicable law relating to the buyback of shares;
  - (b) the purchase transactions carried out by the issuer on any single day on which the shares are traded are no more than 10% of the quantity of shares required to be allocated under the scheme;
  - (c) the purchase transactions are not pre-agreed deals or interfacing orders; and
  - (d) none of the issuer's board, the chief executive officer nor the spouses and first-degree relatives of those persons are party to the transactions.
- (2) An issuer may not sell its shares to be allocated under an employee share scheme unless it has the prior approval of the Authority to do so.

#### **15.1.9 Segregation of scheme shares**

Shares allocated, or to be allocated, under an employee share scheme must be held by a depository in a separate investor account opened solely for this purpose until they are transferred to the beneficiary to whom they have been allocated.

#### **15.1.10 Disclosure of transactions**

- (1) An issuer must disclose under rule 12.2.1 every transaction executed in relation to the issuer's shares allocated, or to be allocated, under an employee share scheme.

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- (2) The disclosure must not include any information that may identify a beneficiary of the scheme. For example, a disclosure may be headed “employee share scheme transaction”.

#### **15.1.11 Scheme reports**

- (1) An issuer operating an employee share scheme must provide the Authority and the licensed exchange with quarterly reports about the scheme.
- (2) A quarterly report must include details of any changes to the scheme made in the period to which the report relates.
- (3) The issuer must submit all the quarterly reports provided in a financial year to the ordinary general assembly of the issuer held in relation to that year.

#### **15.1.12 Disclosure of cancellation or liquidation**

An issuer may not cancel or liquidate an employee share scheme:

- (a) before the end of the period specified for the scheme in its rules; or
- (b) if the scheme is open-ended, at any time, unless the issuer discloses the proposed liquidation or cancellation under rule 12.2.1.

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## **Chapter 16                    Mergers and acquisitions**

### **Part 16.1                    Application and key terms**

#### **16.1.1                    Application**

- (1) This Chapter applies to:
  - (a) mergers where at least one of the parties is a Qatari issuer that is a listed company; and
  - (b) acquisitions where the offeree is a Qatari issuer that is a listed company.
- (2) Part 16.6 contains provision about mergers and acquisitions where:
  - (a) the offeror is a listed company; and
  - (b) the offeree is a company established outside the State.
- (3) This Chapter does not apply to a merger or acquisition involving an unlisted entity in the same group as a listed company but not involving the listed company itself. But a listed company must disclose such an event under rule 12.2.1.

#### **16.1.2                    Treatment of reverse takeovers**

- (1) This Chapter applies to a reverse takeover as if it were an acquisition but subject to the modifications in subrule (2).
- (2) References to the offeror are to the listed company to be acquired and references to the offeree are references to the acquiring company, except as follows:
  - (a) in rule 16.3.2 (3) (e) the reference to the offeree's shareholders is to be read as a reference to the listed company to be acquired's shareholders;
  - (b) in Schedule 3S3.1(1) (c) is to be read as requiring a statement of the number and percentage of the listed company to be acquired's shares owned by the acquiring company;
  - (c) in Schedule 3, paragraph S3.1 (2):

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- (i) references to the offeree's shares are to be read as references to the listed company to be acquired's shares;
- (ii) the reference to the price offered by the offeror is a reference to the price offered by the listed company to be acquired to the acquiring company for the shares in the listed company; and
- (iii) the requirement for a bank guarantee is imposed on the acquiring company;
- (d) in Schedule 4:
  - (i) paragraph S4.1 (2) (c) is to be read as requiring the offer document to contain a statement of the acquiring company's obligations to the minority shareholders of the listed company to be acquired; and
  - (ii) paragraph S4.1 (3) does not apply;
- (e) in Part 16.5:
  - (i) references to the offeror are to be read as references to the acquiring company and references to the offeree are to be read as references to the listed company to be acquired; and
  - (ii) rules 16.5.3, 16.5.4 and 16.5.5 (1) (b) and (3) do not apply.

### **16.1.3 Key terms**

- (1) In this Chapter, ***offer*** means an offer submitted to an offeree by an offeror to acquire, or merge with, the offeree.
- (2) For this Chapter, an offer is:
  - (a) ***under preparation*** at any time when a person is making preparations for the offer, including holding preliminary negotiations relating to the offer with the offeree;
  - (b) ***completed*** when either:

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- (i) in the case of an acquisition, the closing date for accepting or rejecting the offer has passed and the offeror has entered into agreements with shareholders, partners or owners of the offeree to own sufficient capital, or have sufficient voting rights, in the offeree to be its acquirer (in which case the offer is accepted);
- (ii) in the case of a merger, the closing date has passed, and the offeree has agreed, at a general assembly or other valid decision-making process, to accept the offer (in which case the offer is accepted);
- (iii) in the case of an acquisition, the closing date has passed, and the offeror has failed to enter into sufficient agreements (in which case the offer is rejected);
- (iv) in the case of merger, the closing date has passed, and the offeree has failed to agree to the offer (in which case the offer is rejected); or
- (v) the offer is withdrawn (but see rule 16.3.7).

(3) In this Chapter:

**acquisition** means a procedure by means of which a person becomes, or persons acting in alliance become, the owner of all of a company's capital, or a sufficient part of a company's capital to grant the person or persons majority voting rights in the company, but which does not result in the termination of the legal personality of the company or any contravention of its rights and obligations to third parties as they existed immediately before the procedure began;

**closing date** means:

- (a) in relation to an acquisition, the last day on which shareholders, partners or owners of the offeree may accept the offer;
- (b) in relation to a merger, the last day on which the offeree may decide to accept the offer (whether by a decision taken at a general assembly or otherwise);

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**competing offer** means an offer to acquire, or merge with, an offeree which is made after another offer has been made to the same offeree and before that other offer is completed;

**concerned persons**, in relation to an offer, means collectively:

- (a) the offeror;
- (b) the offeree;
- (c) an independent advisor to the offeror or offeree; and
- (d) any other person involved in, or related to, the offer process;

**merger** means a procedure by means of which 2 or more companies join together to form a single entity which:

- (a) retains the legal personality of one of the companies and the legal personalities of the other companies are extinguished (commonly referred to as *absorption*); or
- (b) has a new legal personality and the legal personalities of all of the companies are extinguished (commonly referred to as *consolidation*);

**offer document** means a document prepared in accordance with rule 16.3.5;

**offeree**, in relation to an offer, means a company which an offeror proposes to acquire, or merge with (commonly referred to as a *target company*);

**offeror** means a company which has submitted an offer to acquire, or merge with, an offeree;

**offer period** has the meaning given by rule 16.3.1;

**reverse takeover** means a procedure by means of which a listed company makes an offer of new shares in itself to another company (the *acquiring company*) in exchange for cash, shares in the acquiring company, or a combination of cash and shares, and the procedure results in the acquiring company acquiring the listed company.

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## **Part 16.2**

## **Disclosure of information related to an offer**

### **16.2.1 General restriction on disclosing non-public information relating to an offer**

- (1) No person may disclose information relating to an offer, or an offer under preparation, that:
  - (a) has not been disclosed to the public; and
  - (b) if it were disclosed to the public, may have an effect on the value of the offer or be detrimental to any aspect of the offer process.
- (2) Subrule (1) does not apply if disclosure is permitted or required under these Rules.
- (3) A concerned person must take all reasonable steps to ensure that information is not disclosed in contravention of subrule (1).
- (4) Those steps must include obtaining a commitment in writing from each person to whom information is disclosed in accordance with these Rules, stating that the person will not further disclose the information other than in accordance with these Rules.
- (5) This rule applies in addition to any obligation imposed under Chapter 12 on an offeror, or offeree, that is a listed company and on any insider.

### **16.2.2 Disclosure of information to shareholders**

If either, or both, an offeror and offeree are a listed company, information relating to the offer to be disclosed to shareholders of the listed company must be disclosed to each shareholder:

- (a) as soon as possible;
- (b) at the same time; and

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- (c) in the same way or in a way that does not place any shareholder at a disadvantage to another shareholder.

### **16.2.3 Disclosure of offer under preparation**

- (1) An offeror must disclose the fact that it has an offer under preparation under rule 12.2.1 if the risk that investors may be misled by non-disclosure outweighs the risk that disclosure will be substantially detrimental to the offeror's commercial interests (see rule 12.2.2).
- (2) In assessing whether an offer under preparation must be disclosed, an offeror must have regard to all relevant factors, including, in particular:
  - (a) the risk of the fact that the offer is under preparation being disclosed to persons other than a concerned person (for example, as a result of preliminary negotiations or discussions with the offeree);
  - (b) any statements, announcements or other information that have been made public (including any speculation that the offeror may be aware of); or
  - (c) any unusual patterns of trading in securities or fluctuations in the price of securities that may relate directly or indirectly to the offeror or offeree.
- (3) Disclosure must include all information the offeror has in relation to the offer and the offeror must update its insider list under rule 12.4.2 to include the names of every person the offeror is aware has knowledge of the offer under preparation.
- (4) If the Authority considers that subrule (1) applies, the Authority may direct an offeror to disclose an offer under preparation.

### **16.2.4 Disclosure of major shareholder activity during offer period**

- (1) If an offeror or offeree is a listed company, any major shareholder must disclose to the offeror or offeree all dealings in the offeror's or

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offeree's securities by the major shareholder carried out during the offer period.

- (2) The disclosure must take place as soon as is possible after the major shareholder becomes aware, or ought reasonably to have been aware, of the existence of the offer.
- (3) The offeror or offeree must then disclose the dealing under rule 12.2.1.

#### **16.2.5 Disclosure of completion**

Upon completion of an offer, the offeror must disclose that fact under rule 12.2.1.

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## **Part 16.3**

## **Offers in general**

### **Division 16.3.A**

### **Offer period and timetable**

#### **16.3.1 Offer period**

- (1) The *offer period*, in relation to a particular offer, is the period:
  - (a) beginning when the offeror applies to the Authority for approval of the offer or, if earlier, when the existence of the offer is first disclosed under rule 12.2.1; and
  - (b) ending when the offer is completed.
- (2) If the offeree, or a person connected with the offeree, is required to, or prohibited from, doing something during the offer period by these Rules, the offer period is to be taken to begin when the offeree or person first becomes aware of the offer.

#### **16.3.2 Timetable**

- (1) An offeror must give the Authority a proposed timetable for the offer.
- (2) If the offeror has disclosed that an offer is under preparation, the proposed timetable must be given to the Authority no later than 10 working days after the disclosure is made, otherwise it must be given to the Authority before the application is made for the Authority's approval of the offer.
- (3) The proposed timetable must include:
  - (a) the date the offer document is proposed to be given to the Authority for approval;
  - (b) the date the approved offer document is proposed to be given to the offeree;
  - (c) if the offeror is a listed company, the date by which the offeror's shareholders' approval is proposed to be obtained;
  - (d) the proposed closing date; and

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- (e) in the case of an acquisition, the proposed final date for paying the amount or other consideration to be provided to the offeree's shareholders.
- (4) The Authority must approve the timetable before the offeror takes any further steps in relation to the offer. The Authority may, when approving the timetable, amend it as the Authority considers appropriate.
- (5) A concerned person must comply with the approved timetable.
- (6) If a concerned person is unable to comply with the approved timetable, the person must notify the Authority immediately.
- (7) The offeror may further amend the timetable and submit an amended timetable to the Authority and the Authority may, if it considers it appropriate, direct the offeror to make further amendments to the timetable.
- (8) The Authority may also direct the offeror to amend the timetable on the Authority's own accord.
- (9) An offer must proceed in accordance with the approved timetable.

## **Division 16.3.B Approval and offer document**

### **16.3.3 Application for Authority approval**

- (1) An offer must be approved by the Authority before it is made.
- (2) An offeror must make an application for approval of an offer on the form specified by the Authority and must include the information specified in Schedule 3.
- (3) If either the offeror or the offeree is a financial institution, the offer must also be approved by the authority responsible for supervising the offeror or offeree. In which case, the application must be accompanied with a copy of that authority's approval.

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#### **16.3.4 Authority approval**

- (1) The Authority may approve an offer only if it is satisfied that:
  - (a) all of the documents and information required have been provided; and
  - (b) the offer is not detrimental to the interests of the offeror's or offeree's licensed exchange, or to the public interest.
- (2) The Authority must give notice of its decision on the offer to the offeror no later than 10 working days after the completed application is given to the Authority.
- (3) The Authority may require the offeror to provide any other documents or information in order to make its decision.
- (4) If the Authority requires further documents or information the Authority may extend the period for giving notice. The Authority must notify the issuer of any extension.
- (5) The Authority may further extend the period for giving notice. The Authority must notify the issuer of any further extension.
- (6) As soon as possible after an offer is approved by the Authority, the offeror must disclose the offer, the offer document, and the approved timetable, under rule 12.2.1, or if the offer has already been disclosed, disclose the offer document and the approved timetable.

#### **16.3.5 Content of offer document**

An offer document must be in a form specified by the Authority and must include the information specified in Schedule 4.

#### **16.3.6 Offeror assembly to approve offer**

- (1) An offeror may not hold an extraordinary general assembly at which a decision is to be taken whether to approve an offer, or, if the offeror is not a listed company, the offeror may not otherwise take that decision, earlier than the day after the day on which the Authority gives notice of approval of the offer.

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- (2) If the offeror is a listed company, it must provide the offer document to every shareholder:
  - (a) no later than 3 working days after the Authority approves the offer; and
  - (b) no later than 10 working days before the holding of the extraordinary general assembly at which the decision is to be taken as to whether to approve the offer.
- (3) If a decision is taken at an extraordinary general assembly of the offeror to approve the offer, or it is otherwise approved by a decision of the offeror:
  - (a) the offeror must:
    - (i) disclose under rule 12.2.1 the fact that the offer has been so approved (even if the offeror is not a listed company); and
    - (ii) take all reasonable steps to notify the offeree and each shareholder, partner or owner of the offeree; and
  - (b) the offer is treated as having been made at the time of the disclosure.

## **Division 16.3.C      Withdrawal and amendment**

### **16.3.7      Withdrawal**

- (1) An offer may not be withdrawn after it is made unless:
  - (a) an event occurs that the offeror did not expect and could not reasonably have expected;
  - (b) the event has, or is likely to have, an effect on the value of the offeree or, if the offeree is a listed company, the value and trading of the offeree's securities; and

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- (c) the Authority approves the withdrawal having regard to the interests of the offeror, offeree, the offeror's or offeree's licensed exchange and the public.
- (2) This rule applies to an offer under preparation which has been disclosed as it applies to an offer which has been made.
- (3) If an offer is withdrawn, the offeror may not make a new offer in relation to the offeree in the 6 months after the withdrawal unless the Authority approves the making of a new offer within that period having regard to the interests of the offeror, offeree, the offeror's or offeree's licensed exchange and the public.

#### **16.3.8 Power to amend offer**

- (1) An offeror may amend the terms of an offer only if the amendment is approved by the Authority.
- (2) An offeror must give notice of an amendment to the Authority as soon as possible.
- (3) The Authority may require the offeror to provide any other documents or information in order to make its decision.
- (4) The Authority may approve an amendment only if it is satisfied that the amended offer is not detrimental to the interests of the offeror's or offeree's licensed exchange, or to the public interest.
- (5) An offeror must:
  - (a) disclose the amended offer under rule 12.2.1 (even if the offeror is not a listed company); and
  - (b) take all necessary steps to notify the offeree and each shareholder, partner or owner of the offeree.
- (6) If the Authority approves an amendment to an offer, the offeror must, if necessary, postpone the closing date to a day at least 5 working days after the amendment is disclosed.

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## **Division 16.3.D General restrictions**

### **16.3.9 Restrictions during offer period**

- (1) The senior management of an offeree must not, during the offer period:
  - (a) take any action that has a significant effect, or is likely to have a significant effect, on the value of the offeree or, if the offeree is a listed company, the value and trading of the offeree's securities; or
  - (b) carry on any business, or take any action, that would substantially affect the company's assets, increase its financial liabilities or hinder developing its activities in the future, unless the business or action is part of the usual activities of the company carried out before the start of the offer period.
- (2) An offeree must not, during the offer period, increase its capital or issue bonds that are convertible into shares in the offeree, if doing so is, or is likely to be, detrimental to the completion of the offer.
- (3) An offeror or offeree which is a listed company must not (individually or in alliance with others), during the offer period, make arrangements with shareholders, to deal, or agree to arrange a deal, in the offeree's securities, or agree on arrangements involving the approval of the offer, if those arrangements, dealings or agreements contain any preferential terms not including all shareholders.
- (4) This rule does not prevent an offeree from carrying out its ordinary day to day business.

### **16.3.10 Trading restrictions**

- (1) If an offeror or offeree is a listed company, the senior management of the company and their spouses and minor children must not:

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- (a) trade in the shares of the offeror or offeree until a decision to approve or reject the offer is made at a general assembly of the company in question; or
- (b) exploit information related to the offer for the purposes of trading in securities.

(2) During the offer period, the offeree must not, directly or indirectly, purchase any of its own securities or be granted any right of ownership of any of its own capital.

## **Division 16.3.E Completion**

### **16.3.11 Deadline for completion**

- (1) An offeror must complete an offer no later than 30 working days after the offeror's extraordinary general assembly at which the decision to approve the offer was taken, or, if the offeror is not a listed company, no later than 30 working days after the decision to approve the offer was otherwise taken.
- (2) That period may be extended if:
  - (a) the offeror applies to the Authority within the 30-day period for an extension, giving reasons for the extension; and
  - (b) the Authority approves the extension having regard to the interests of the offeror, offeree, the offeror's or offeree's licensed exchange and the public.

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## **Part 16.4 Mergers**

### **16.4.1 Purpose of Part**

This Part sets out provisions and procedures particular to mergers.

### **16.4.2 Evaluation of offeree's assets**

- (1) An offeror making an offer for a merger must include with the application to the Authority for approval of the offer a report prepared by a financial evaluator on the offeree's assets and financial position.
- (2) The report must include:
  - (a) details of the techniques, methods and assumptions underlying the report; and
  - (b) details of the assets being evaluated and an analysis of the variables and risks associated with those assets.
- (3) If the report is prepared more than 6 months before it is submitted to the Authority, it must be accompanied by a statement by the financial evaluator that the report remains valid and that nothing has occurred in the period between its preparation and submission that would significantly affect the content of the report. Otherwise, the evaluator must prepare an updated report for submission to the Authority.
- (4) The report must also include a statement confirming that there is no conflict of interest, directly or indirectly, between the evaluator and any concerned persons.
- (5) The financial evaluator preparing the report may be replaced by another evaluator if:
  - (a) a request to replace the evaluator is made at a general assembly of the offeror or offeree by shareholders holding at least 5% of the total value of shareholding represented by those voting at the assembly, in which case the costs of replacing the evaluator are to be met by the offeror or offeree, as the case may be; or

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- (b) the Authority considers it appropriate to replace the evaluator, in which case the costs are to be met by the offeror.

#### **16.4.3 Merger process**

- (1) If, by the end of the closing date, the offeree in a merger offer has accepted the offer, the offeror must, as soon as possible, give notice to the Authority that the offer has been accepted.
- (2) The notice must include a certificate confirming that:
  - (a) the legal personality of any entity which is to be extinguished as a result of the merger, has been extinguished; and
  - (b) the assets and liabilities of that entity have been transferred to:
    - (i) an entity that is to continue to exist following the merger; or
    - (ii) a new entity created as a result of the merger; and
  - (c) all approvals or evidence of no objection required for the merger to proceed have been obtained.
- (3) The certificate must be endorsed by:
  - (a) an external auditor;
  - (b) a financial evaluator;
  - (c) a licensed firm; or
  - (d) a legal advisor.
- (4) If the merger results in the creation of a new entity, the notice must include:
  - (a) a copy of the new entity's registration in the commercial registry; and
  - (b) a copy of the Qatar Central Bank's, or Qatar Financial Centre Regulatory Authority's, approval of the merger if that was required.
- (5) On receiving the notice, the Authority must direct the licensed exchange to suspend trading in the securities of whichever of the

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offeror or the offeree is a listed company, or both if they are both listed companies.

- (6) No later than 5 working days after the suspension of trading, the licensed exchange must:
  - (a) delist the securities of any company whose legal personality is extinguished by the merger; and
  - (b) if the merged entity meets the applicable listing requirements, either:
    - (i) lift the suspension of trading in the securities of any entity that is to continue to exist; or
    - (ii) list the securities of any new entity created as a result of the merger, provided that entity has made an application for listing.
- (7) A listed company that continues to exist following a merger must not record any revaluation of its assets on its accounting records (whether for the purposes of increasing its capital or for any other purpose).
- (8) If a new entity created as a result of a merger is a listed company, it must prepare and disclose financial statements reviewed by its external auditor no later than 5 working days after the licensed exchange lists its securities.

#### **16.4.4 Restriction on competing offer for a listed company**

If an offer to merge has been made to an offeree that is a listed company, a competing offer may not be made after a decision to approve the prior offer has been made at a general assembly of the offeree.

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## **Part 16.5 Acquisitions**

### **16.5.1 Purpose of Part**

This Part sets out provisions and procedures particular to acquisitions.

### **16.5.2 Restriction on offeror's purchases of offeree's securities**

During the offer period of an acquisition offer, the offeror may not, whether alone or in alliance with others, carry out any transactions in relation to securities of the offeree other than transactions implementing the offer.

### **16.5.3 Offeree's right to withdraw**

A shareholder of an offeree may withdraw acceptance of an acquisition offer at any time before the end of the closing date.

### **16.5.4 Rights of owners etc. in the event of amendment**

If an acquisition offer is amended, a shareholder of the offeree who accepted the offer before it was amended is to be treated as having withdrawn their acceptance and must be provided the opportunity to accept or reject the amended offer.

### **16.5.5 Acquisition process**

- (1) An offeror must:
  - (a) implement any agreements to purchase the offeree's securities in accordance with the settlement procedures of the licensed exchange and the depository with whom the securities are registered; and
  - (b) if the number of securities offered to the offeror exceeds the number to be purchased under the terms of the offer, the offeror must purchase from each security holder who accepted the offer in proportion to the amounts offered by them.
- (2) The offeror must register and document the new ownership of shares in accordance with these Rules and any other applicable law.

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- (3) An offeror must, whether alone or in alliance with others, purchase the offeree's securities only from those shareholders who respond to the offer on or before the closing date.

#### **16.5.6 Notification of transactions by depository**

- (1) A depository must notify the Authority of any transactions involving the offeror's or offeree's securities taking place during the offer period of an acquisition offer.
- (2) The notification must include:
  - (a) the names and addresses of the buyer and seller;
  - (b) the date of the trading session in which the transaction took place and, if applicable, the date of the assignment of the rights in the securities; and
  - (c) the number and price of the securities.

#### **16.5.7 Approval of competing offer**

- (1) A competing offer may be approved by the Authority only if the value of the offer is at least 2% greater than the value of any offer that has been made.
- (2) A competing offer must be made before the end of the closing date of any prior offer.
- (3) This Chapter applies to a competing offer as it applies to an original offer.

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## **Part 16.6**

### **Mergers and acquisitions involving entities outside the State**

#### **16.6.1 Application of rules to mergers with, and acquisitions of, companies outside the State**

This Chapter, other than Part 16.1, Part 16.2 and rule 16.3.7, does not apply to a merger or acquisition if:

- (a) the offeror is a listed company;
- (b) the offeree is a company established outside the State; and
- (c) when the offer is completed, the offeror will remain a listed company or, in the case of a merger which is a consolidation, the new entity will be a listed company.

#### **16.6.2 Notification of mergers with, and acquisitions of, companies outside the State**

- (1) As soon as possible after an offer in relation to a merger or acquisition mentioned in rule 16.6.1 is approved by the relevant authority in the offeree's state, the offeror must give notice to the Authority containing the information specified in Schedule 5.
- (2) The Authority may require the offeror to provide any other information relating to the merger or acquisition as it considers appropriate.

#### **16.6.3 Notification of completion of mergers with, and acquisitions of, companies outside the State**

- (1) As soon as possible after an offer is completed in relation to a merger or acquisition mentioned in rule 16.6.1, the offeror must give notice to the Authority and the licensed exchange.
- (2) The notice must provide details of the results of completing the offer including:

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- (a) if the offer has been accepted, a copy of the merger or acquisition agreement signed by the parties;
- (b) in the case of an acquisition offer which has been accepted:
  - (i) the number, percentage and value of shares in the offeree acquired by the offeror; and
  - (ii) whether this is different to the number, percentage and value proposed to be acquired and, if so, details of the difference and the impact of that on anything mentioned in the notice given under rule 16.6.2;
- (c) if the offer has been rejected or withdrawn, a statement of the reasons for the rejection or withdrawal and a statement as to whether the offeror intends to make a new offer in the future.

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## **Chapter 17**

## **Ownership limits, compulsory offers and notification of certain transactions**

### **Part 17.1**

### **Calculation of ownership percentages**

#### **17.1.1 Indirect ownership to be included in calculation**

- (1) For this Chapter, in calculating the percentage of a person's ownership of the capital of a listed company, the following indirect ownership must be included:
  - (a) ownership by the person on behalf of their minor children (whether in trust or otherwise);
  - (b) ownership in the listed company by any entity which the person:
    - (i) is a partner of;
    - (ii) owns more than 50% of the capital of (calculated in accordance with this subrule); or
    - (iii) otherwise has control over, or may exert control over, as determined by internationally accepted accounting standards; and
  - (c) ownership by the person of other securities that confer on the person an interest equivalent to that conferred by owning the listed company's shares (for example, through a derivatives position).
- (2) In determining whether ownership of other securities confers an interest equivalent to that conferred by owning the listed company's shares account must be taken of the economic interest conferred and any other rights conferred on the person, for example whether the

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person has significant influence on the voting rights associated with the shares in the company.

- (3) For this rule, ownership of capital in the listed company by the following other persons is taken to be indirect ownership by the person:
  - (a) the person's spouse and minor children;
  - (b) if the person is a company, the company's board members, major shareholders and members of its senior management;
  - (c) any member of the person's group; and
  - (d) any other person acting in alliance with the person.
- (4) For this rule, if a person owns units in a fund and the fund owns shares in a listed company, the person is not to be considered an indirect owner of the listed company by virtue of owning the fund units unless the person manages the fund or has significant control or influence over the management of the fund.

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## Part 17.2

## Notification of increases in ownership

### 17.2.1 Lower and upper ownership thresholds

- (1) For this Part, a person is a *lower-threshold owner* if:
  - (a) the person owns at least 10% and less than 30% of a listed company's shares (taking account only of direct ownership and indirect ownership resulting from the ownership of shares by the person's spouse and minor children); or
  - (b) the person owns at least 20% and less than 30% of a listed company's shares (taking account of direct ownership and any form of indirect ownership).
- (2) For this Part, a person is an *upper-threshold owner* if the person owns 30% or more of a listed company's shares.

### 17.2.2 Increases in ownership under upper threshold

- (1) A person may not enter into a transaction or other arrangement that results in the person becoming a lower-threshold owner unless the transaction or arrangement complies with subrule (4).
- (2) A person who is a lower-threshold owner may not enter into a transaction or other arrangement that:
  - (a) results in the person increasing the percentage of shares owned by them in the listed company;
  - (b) but does not result in the person becoming an upper-threshold owner,unless the transaction or arrangement complies with subrules (3) and (4).
- (3) A transaction or arrangement complies with this subrule if it is effected:
  - (a) by the person purchasing shares directly through a licensed exchange;

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- (b) by the person applying to a licensed exchange for a private market to be established in accordance with the exchange's rules for the person to purchase a specified number of shares from shareholders with whom the person has entered into an initial agreement to purchase at a particular price; or
- (c) by means of an offer carried out in accordance with Chapter 16 as if it were an acquisition offer.

(4) A transaction or arrangement complies with this subrule if the transaction or arrangement is disclosed under rule 12.2.1:

- (a) by the person, if the person is a listed company; or
- (b) by the listed company whose shares the person is purchasing following notification by the person to the listed company, if the person is not a listed company.

### **17.2.3 Increases in ownership at or above upper threshold**

- (1) A person may not enter into a transaction or other arrangement that results in the person becoming an upper-threshold owner unless the transaction or arrangement complies with subrule (3).
- (2) A person who is an upper-threshold owner may not enter into a transaction or other arrangement that results in the person increasing the percentage of shares owned by them in the listed company unless the transaction or arrangement complies with subrule (3).
- (3) A transaction or arrangement complies with this subrule if:
  - (a) the person has obtained written approval from the Authority to enter into the transaction or arrangement;
  - (b) the transaction or arrangement is effected by means of an offer carried out in accordance with Chapter 16 as if it were an acquisition offer; and
  - (c) the completion of the transaction or arrangement is disclosed under rule 12.2.1:

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- (i) by the person, if the person is a listed company; or
- (ii) by the listed company whose shares the person is purchasing following notification by the person to the listed company, if the person is not a listed company.

(4) Subrules (1) to (3) do not apply if the transaction or arrangement:

- (a) results in the person's ownership increasing by no more than 3% of the listed company's total share capital; and
- (b) after the transaction or arrangement is completed, the person owns no more than 33% of the listed company's total share capital.

#### **17.2.4    Exceptions**

A person may enter into a transaction or arrangement referred to in rule 17.2.3 (1) or (2) without complying with the requirements of that rule if the transaction or arrangement is:

- (a) a transfer of shares among ascendants and descendants;
- (b) a transfer under a will or otherwise to an heir in the case of a shareholder's death;
- (c) a donation of shares without consideration changing hands between the parties;
- (d) executed in connection with the implementation of a merger carried out in accordance with Chapter 16;
- (e) connected with a capital restructuring among a group of companies; or
- (f) a transfer of securities to an underwriter in connection with an underwritten issuance of securities.

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## Part 17.3                    Ownership limits and compulsory offers

### 17.3.1    Compulsory offer by 75% or 90% owner

- (1) Subrule (2) applies if a person enters into a transaction or other arrangement that:
  - (a) in the case of a company with shares listed in the main equity market of a licensed exchange, results in the person owning 75% or more of the company's share capital; or
  - (b) in the case of a company with shares listed in the second equity market of a licensed exchange, results in the person owning 90% or more of the company's share capital.
- (2) The person must:
  - (a) notify the Authority as soon as possible; and
  - (b) make an offer (a *compulsory offer*) to purchase the remaining shares.
- (3) A compulsory offer must:
  - (a) be carried out in accordance with Chapter 16 as if it were an acquisition offer; and
  - (b) be made no later than 30 working days after the transaction or arrangement is completed.
- (4) If the offeror of a compulsory offer has made an offer in relation to the listed company in the period of 1 year ending on the day the transaction or arrangement is completed, the price per share of the compulsory offer must not be less than the highest price per share of any previous offer in that period.
- (5) A compulsory offer must not be conditional on the offeror acquiring all the remaining shares of the company's capital (unless rule 17.3.2 applies). That is to say, an offeror must, after the closing date,

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proceed with transactions to purchase from a shareholder who has agreed to sell.

- (6) A person who makes a compulsory offer is not obliged to make a further offer unless required to do so under rule 17.3.4.
- (7) When a compulsory offer is made, the offeror must give a report to the Authority setting out the transactions in the listed company's securities entered into by the offeror during the period of 1 year ending on the day the compulsory offer is made.

### **17.3.2 Main equity market: completion of compulsory offer by purchase of 90% of company**

- (1) This rule applies only to a compulsory offer made in relation to a company with shares listed in the main equity market of a licensed exchange.
- (2) An offeror may make a compulsory offer that is conditional on the offeror purchasing an amount of shares in the listed company that results in the offeror owning at least 90% but less than 100% of the listed company's share capital if the offeror applies to the Authority for approval of that condition and the Authority gives the approval, having regard to the interests of the listed company, the licensed exchange and the public.
- (3) If the Authority approves such an offer, rule 17.3.4 does not apply.
- (4) If the offeror is unable to purchase an amount of shares sufficient to meet the condition, the offer may be treated as rejected and the offeror need not purchase any shares under the offer.

### **17.3.3 No new offer for 6 months**

If a compulsory offer is made, the offeror may not make another offer in the 6 months after the compulsory offer is completed unless:

- (a) the offeror applies for approval to make another offer, and the Authority approves the application; or

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- (b) the offeror owns at least 90% but less than 100% of a listed company's capital and a further compulsory offer is required under rule 17.3.4.

#### **17.3.4 Compulsory offer for 90% owner**

- (1) If a person enters into a transaction or other arrangement (including a compulsory offer) that results in the person owning at least 90% but less than 100% of a listed company's capital, the person must make a compulsory offer even if the person has made a compulsory offer within the previous 6 months which resulted in the person owning at least 90% of the capital.
- (2) But a person owning at least 90% of the capital need only make a further compulsory offer once.

#### **17.3.5 Exceptions**

- (1) The Authority may exempt a person from making a compulsory offer despite the person entering into a transaction or other arrangement that, because of rule 17.3.1, would result in the person being required to make a compulsory offer, if the following conditions are met:
  - (a) the amount of shares in the listed company that the person acquires in the transaction or arrangement represents no more than 3% of the listed company's capital;
  - (b) the person confirms to the Authority that the person will dispose of sufficient shares in the listed company to reduce the percentage of the company's capital owned by the person to under 75% no later than 3 months after the transaction or arrangement is completed;
  - (c) the person applies to the Authority for the exemption no later than 15 working days after the transaction or arrangement is completed; and
  - (d) the Authority considers it appropriate to grant the exemption.

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- (2) Shares that are required to be disposed of under subrule (1) (b) do not confer voting rights, or rights to a dividend or other distribution, on the person.
- (3) If a person does not dispose of securities as required under subrule (1) (b), an exemption granted under that subrule is to be treated as if it had not been granted.
- (4) A transaction, or other arrangement, that would otherwise result in a requirement being imposed on person to make a compulsory offer, does not result in that requirement being imposed if subrules (5) and (6) are satisfied.
- (5) This subrule is satisfied if the transaction or arrangement is:
  - (a) a transfer of securities among ascendants and descendants;
  - (b) a transfer under a will or otherwise to an heir in the case of a shareholder's death;
  - (c) a donation of shares without consideration changing hands between the parties;
  - (d) executed in connection with the implementation of a merger carried out in accordance with Chapter 16;
  - (e) connected with a capital restructuring among a group of companies; or
  - (f) a transfer of securities to an underwriter in connection with an underwritten issuance of securities.
- (6) A transaction or arrangement satisfies this subrule if the person acquiring the shares disposes of an amount of them sufficient to reduce the percentage of the company's capital owned by the person to under 75% no later than 3 months after the transaction or arrangement is completed.
- (7) A person acquiring shares in a transaction or arrangement of a kind mentioned in subrule (5) does not acquire the voting rights, or rights to a dividend or other distribution, associated with the amount of the

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shares as brings the percentage of the company's capital owned by the person to 75% or more.

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## **Part 17.4**

## **Ownership limits in a company's articles of association**

### **17.4.1 Application**

This Part applies to a listed company unless the company is subject to regulation, supervision or control by the Qatar Central Bank.

### **17.4.2 Ownership limits in articles of association**

- (1) No person may own a percentage of the capital of a listed company that exceeds any limit on ownership as may be specified in the company's articles of association. The articles of association may specify that the limit does not apply to a founder or does not apply to a founder's ownership rights established upon incorporation of the listed company.
- (2) This rule does not apply to a Government entity.

### **17.4.3 Amendment of ownership limits in articles of association**

- (1) A listed company may amend an ownership limit in its articles of association only with the Authority's approval.
- (2) An application for approval to amend an ownership limit must be:
  - (a) in the form and contain the information specified by the Authority; and
  - (b) accompanied by the specified fee, if any.
- (3) The Authority must make its decision no later than 10 working days after the application is made. The Authority must notify the listed company of the decision no later than 5 working days after the day the decision is made.
- (4) The Authority may require the listed company to provide further information to make its decision.
- (5) If the Authority requires further information, the period for making a decision may be extended. The Authority must notify the listed company of the extension.

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- (6) The Authority may further extend the period for making a decision. The Authority must notify the listed company of any further extension.

#### **17.4.4 Depository obligations**

- (1) If a depository has reasonable grounds to believe that a transaction results in a person owning shares in excess of any limit specified in a listed company's articles of association, it must refuse to process the order for that transaction.
- (2) If, despite that obligation, a person becomes the owner of shares in excess of any limit specified in a listed company's articles of association, the person must disclose that fact to the depository with whom the company's shares are registered as soon as possible (for example, if the limit is exceeded by virtue of indirect ownership).
- (3) A depository must provide a list of shareholdings it is aware of that are in excess of limits specified in listed companies' articles of association to the Authority at least once a month.
- (4) A listed company and any person who owns shares in excess of any limit specified in the company's articles of association must follow such procedures and guidelines as a depository may specify, or as the Authority may by notice direct, in relation to the disposal of shares and registration of ownership.

#### **17.4.5 Disposal of shares in excess of limit**

- (1) A person who owns shares in excess of any ownership limit specified in a listed company's articles of association must dispose of the excess in a manner that transfers ownership within the time limit instructed by the Authority.
- (2) If a person who owns shares in excess of any limit specified in a listed company's articles of association fails to comply with subrule (1), the listed company must apply to the Authority for approval of a share

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buyback programme for the purposes of buying the shares owned by the person in excess of the limit.

- (3) Part 8.6 applies to a share buyback programme under this rule but any requirement in that Part to buy back shares in the market is to be read as a reference to buying the shares from the person at the market price.
- (4) Shares owned by a person in excess of any limit specified in a listed company's articles of association do not confer on the person any rights to attend a general assembly, voting rights, rights to a dividend or other distribution, or other rights associated with those shares.

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## **Chapter 18        Appeals**

### **18.1.1    Appeals**

- (1) In accordance with the QFMA Law, an issuer may appeal the following decisions of the Authority to the Appeals Committee:
  - (a) the rejection of an application to approve a public offer and listing;
  - (b) the rejection of an application to approve a private offer;
  - (c) the rejection of an application for listing securities;
  - (d) the giving of a direction to transfer the listing of the issuer's securities, unless the issuer requested that the direction be given;
  - (e) the refusal to give a direction to transfer a listing requested by the issuer;
  - (f) the giving of a direction suspending trading in the issuer's securities, unless the issuer requested that the direction be given;
  - (g) the refusal to give a suspension direction requested by the issuer;
  - (h) the refusal to give a direction lifting the suspension of trading;
  - (i) the giving of a direction to delist the issuer's securities, unless the issuer requested that the direction be given;
  - (j) the refusal to give a delisting direction requested by the issuer;
  - (k) the rejection of an application to approve an employee share scheme.
- (2) An issuer may appeal to the Authority against a decision not being made by the Authority on an application.
- (3) An issuer may appeal to the Authority against a notice by the Authority to cancel a public offer.

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### **18.1.2 Time limit for appeals**

- (1) An issuer must make an appeal no later than 15 working days after the issuer is given notice of the decision.
- (2) An issuer may appeal against a decision not being made by the Authority no later than 60 days after the expiry of the time limit for issuing a decision.

### **18.1.3 Continuing effect of decisions pending determination**

- (1) A decision of the Authority continues to have effect and be enforceable pending the determination of any appeal unless the Appeals Committee makes an interim decision to the contrary.
- (2) If the Appeals Committee determines that securities are not to be delisted, the period between the delisting taking effect and the Committee's determination is to be treated as if it were a period during which trading in the securities was suspended.



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## **Schedule 1      General prospectus requirements**

(see r2.2.8 (1) (a))

### **S1.1      Language**

A prospectus must use plain language that is easy to understand.

### **S1.2      Disclaimer**

On the first page after the front cover, a prospectus must contain a statement that:

- (a) neither the Authority nor a licensed exchange are responsible for the content or accuracy of the prospectus nor for any other disclosure made by the issuer; and
- (b) the publication by the Authority or a licensed exchange, of the prospectus or any other information prepared by or on behalf of an issuer or by an issuer's external auditor is not to be taken to be an acknowledgement by the Authority or the exchange of the accuracy, validity or comprehensiveness of the prospectus or information.

### **S1.3      Declaration of listing**

- (1) If the securities are listed on a market operated by a licensed exchange, the prospectus must, on the cover page, state that fact and specify the market and the licensed exchange.
- (2) If the issuer has applied, or intends to apply, for the securities to be listed on a market, the prospectus must, on the cover page, state that fact and specify the market and the licensed exchange and, if known, the expected first day of trading. The statement must not give the impression that the application for listing will be approved.
- (3) A statement under sub-paragraph (1) or (2) must be followed by this declaration:

“Listing on [name of market and licensed exchange] is not to be taken as an indication of the merits of the offering or the issuer.”
- (4) If the securities are not transferable or tradeable (for example, in the case of non-transferable bonds or sukuk), the following declaration must appear on the front cover of the prospectus:

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“Investors are advised to note that the [describe the offered securities] are non-transferable and non-tradeable.”

(5) If the securities are to, or may, become non-transferable or non-tradeable (whether after the passage of a specified period of time or as a result of a particular event or set of circumstances), the front cover of the prospectus must include a description of the circumstances in which the securities are to, or may, become non-transferable or non-tradeable.

#### **S1.4 Date of prospectus and date of issuance**

A prospectus must state, on the front cover, the date on which it was prepared and the date on which the securities are to be issued.

#### **S1.5 Issuer and key entities information**

A prospectus must, on the fourth page after the cover, state the following information:

- (a) the issuer’s and its representatives’ contact information, including addresses, telephone and fax numbers, e-mails and the issuer’s website;
- (b) contact information, including addresses, telephone and fax numbers, websites and e-mails, for the following entities acting for the issuer:
  - (i) legal advisor;
  - (ii) external auditor;
  - (iii) underwriter (if any);
  - (iv) financial evaluator (if any);
  - (v) offering and listing advisor, bond or sukuk manager, or fund manager, as the case may be; and
  - (vi) any other entity to which a statement or report included in the prospectus has been attributed.

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## **S1.6      Founders, major shareholders and senior management**

A prospectus must state the names of the issuer's founders, major shareholders and senior management along with details of each of their shareholdings (or other ownership interest) in the issuer.

## **S1.7      Summary**

- (1) A prospectus must include a summary as the first section.
- (2) The summary must contain a warning that:
  - (a) the summary is to be read as an introduction to the prospectus; and
  - (b) any decision to invest in the securities should be based on reviewing the full prospectus.

## **S1.8      Supplemental documents**

- (1) A prospectus must be a single document unless the Authority approves the preparation and publication of supplemental documents to accompany the prospectus (for example, a pricing term-sheet).
- (2) An approved supplemental document must include a statement on the front cover making it clear that the document is supplemental to the prospectus and must be read alongside the prospectus.
- (3) A supplemental document must be published alongside the prospectus and is treated as part of the prospectus.

## **S1.9      Financial statements**

- (1) A prospectus must include:
  - (a) annual financial statements prepared in accordance with:
    - (i) International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS); or
    - (ii) any other principles or standards approved in writing by the Authority; and
  - (b) the external auditor's report on those statements.
- (2) The annual financial statements must be for:

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- (a) in the case of an issuance of shares or share warrants to be listed on the main equity market of a licensed exchange, the issuer's 2 most recent financial years;
- (b) in the case of an issuance of shares or share warrants to be listed on the second equity market of a licensed exchange, the issuer's most recent financial year;
- (c) in any other case, the issuer's 2 most recent financial years or, if the issuer has not been operating for enough time to prepare and publish statements for 2 financial years, for any period in relation to which statements are available.

(3) If, within the period covered by the financial statements included in the prospectus, the issuer has merged with, or acquired, another entity, the prospectus must include the annual financial statements of the other entity for so much of that period as precedes the merger or acquisition.

(4) This paragraph does not apply if the issuer, or the obligor, is a Government entity.

#### **S1.10 Third party information**

If a prospectus contains information sourced from a third party, the prospectus must:

- (a) state the source of the information;
- (b) include a statement confirming that:
  - (i) the information has been accurately reproduced; and
  - (ii) to the best of the issuer's knowledge, no facts have been omitted which would render the reproduced information inaccurate or misleading and the information is credible and has been prepared professionally and independently.

#### **S1.11 Credit rating**

If a prospectus contains a credit rating it must be provided by a credit rating agency licensed or approved by the Authority.

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## **S1.12 Connected persons and conflicts of interest**

- (1) A prospectus must include:
  - (a) a description of the nature and extent of any transactions between the issuer and a connected person and any proposed transactions that are material to the issuer and a connected person;
  - (b) information about any interest, including a conflict of interest that is material to the issuance of the securities, detailing the persons involved and the nature of the interest; and
  - (c) the amount of any outstanding loans (including guarantees of any kind) made by the issuer, or any person in the same group as the issuer, for the benefit of a connected person.
- (2) For this paragraph, *connected person* means:
  - (a) a board member, or member of the senior executive management, of the issuer or a related entity, or a relative to the second degree of such a person;
  - (b) a person who owns 5% or more of the issuer's capital; or
  - (c) a person who owns 5% or more of a related entity's capital; and
- (3) *related entity* means a person:
  - (a) who is a founder of the issuer;
  - (b) who is part of the same group as the issuer or a founder;
  - (c) over whose management and operation the issuer or a founder has the right to exercise a dominant influence through:
    - (i) provisions contained in the entity's memorandum of association, articles of association, or similar document; or
    - (ii) any contractual arrangement relating to the management and operation of the entity; or
  - (d) who is participating in a joint venture, partnership or other project with the issuer or a founder.
- (4) In relation to a fund, the references in sub-paragraph (2):
  - (a) to a board member apply only if the fund has a board;

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- (b) to a member of the senior executive management is a reference to the fund manager; and
- (c) to capital is a reference to fund units.

#### **S1.13 Reasons for issuance, use of proceeds and business plan**

- (1) A prospectus must set out, at a high level, the reasons why the issuer is issuing the securities and must, in particular, set out:
  - (a) the estimated total expenses associated with the issuance;
  - (b) the estimated net proceeds;
  - (c) a general description of the proposed allocation of those proceeds to the intended uses by the issuer in order of priority.
- (2) If the issuer anticipates that the proceeds will not be sufficient to fund the proposed uses, the prospectus must state the amount of other funds anticipated to be required and the proposed source of those funds.
- (3) A prospectus must also set out the issuer's business plan for such period as the issuer considers relates to the proposed use of the proceeds.
- (4) This requirement does not apply to a prospectus for fund units.
- (5) A prospectus must not contain a forward-looking projection of the issuer's revenues, profit or loss, earnings or any similar financial metric (see rule 2.2.17).
- (6) If the issuance is sukuk, any reference to *proceeds* is a reference to the sums invested in the sukuk by the sukuk-owners.

#### **S1.14 Form of securities**

- (1) A prospectus must state whether the securities are in certificated form or book-entry form.
- (2) If the securities are in book-entry form, the prospectus must state the name and address of the entity where the records of the book-entries are kept.

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### **S1.15 Undersubscription**

- (1) If the prospectus relates to an offer of securities (rather than a direct listing), it must contain a description of the process to be followed in the event of the offer being undersubscribed.
- (2) The description may provide details of more than one possible process depending on the extent of the undersubscription and may specify conditions relating to those processes (for example, that the issuer will cancel the offer and return monies paid by subscribers if a less than a certain amount of capital will be raised by the offer).

### **S1.16 Seniority in event of bankruptcy etc.**

- (1) A prospectus must set out details of the seniority of the securities in the event of the issuer's bankruptcy or any similar process.
- (2) Those details must include information on the level of subordination of the securities and the potential impact on a person's investment in those securities in the event of the issuer's bankruptcy or similar process.

### **S1.17 Security holders' rights**

A prospectus must include a description of the rights attached to the securities, including:

- (a) the procedure for the exercise of those rights;
- (b) any limitations of those rights; and
- (c) information about how those rights could be modified.

### **S1.18 Restrictions on transferability**

If the securities are subject to any restrictions on their transfer, the prospectus must include details of those restrictions.

### **S1.19 Tax treatment of securities**

A prospectus must include details of the tax treatment of the securities, but this must not include the provision of advice on the tax implications of investing in the securities.

### **S1.20 Risks**

- (1) A prospectus must include a description of all material risks relating to investing in the securities.

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- (2) In particular, a prospectus must include:
  - (a) a description of the risks resulting from the level of subordination of the securities and the impact on the expected size or timing of payments to security holders under bankruptcy, or any other similar procedure;
  - (b) if the securities are guaranteed, a description of the specific and material risks related to the guarantor to the extent they are relevant to the guarantor's ability to fulfil its commitment under the guarantee; and
  - (c) a warning that the tax legislation of the investor's jurisdiction and of the issuer's country of incorporation may have an impact on the income received from the securities.
- (3) The description of material risks must separate the risks by category and, within each category, the risks must be in order of materiality according to the issuer's assessment of the impact of those risks and the probability of their occurrence.

### **S1.21 Timetable, subscription process etc.**

A prospectus for an offer must include:

- (a) the subscription period;
- (b) a description of the process for applying to subscribe;
- (c) if the amount of offered securities to which an investor subscribes may be reduced, a description of the circumstances in which this may occur and the procedure for refunding amounts paid in excess by an investor;
- (d) details of the minimum and maximum amounts to which an investor may subscribe (if applicable);
- (e) a description of the process for paying for the securities to which an investor subscribes and the timing of delivery of any associated documents to the investor;
- (f) a description of the procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised;

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- (g) details of the process for allocating the offered securities and an indication of when dealing in the securities may commence; and
- (h) details of any conditions to which the offer is subject.

## **S1.22 Pricing**

- (1) A prospectus must include a description of the process used to determine the offer price or reference price of the securities and, if possible, the prospectus must provide an indication of that price.
- (2) A prospectus for an offer must include an indication of the expenses that may be charged to an investor who subscribes to the offered securities.

## **S1.23 Placing and underwriting**

- (1) A prospectus must include the details of the depository at which ownership of the securities is to be registered and, in the case of a bond or sukuk, the paying agents.
- (2) A prospectus must include details of any underwriter acting in relation to the offer or direct listing and must in particular state:
  - (a) the basis on which the underwriter is acting; and
  - (b) the material features of any agreement between the issuer and underwriter, including:
    - (i) the date of the agreement;
    - (ii) any quotas agreed; and
    - (iii) an indication of the amount of underwriting commission that may be due under the agreement.
- (3) If any portion of the securities are not underwritten, the prospectus must include details of the portion that is not underwritten.

## **S1.24 Advisors**

If any advisors act for, or on behalf of, the issuer in connection with the offer or direct listing, the prospectus must include details of those advisors and a description of the capacity in which they acted.

## **S1.25 Statement of dispute resolution procedure**

The prospectus must include a statement:

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- (a) that any dispute between the issuer and a security holder, or a prospective security holder, is to be resolved in accordance with the Rules for Settlement of Disputes Arising from Securities-Related Transactions by Arbitration (Board decision No. (5) of 2023); or
- (b) that any such dispute is to be resolved through different procedures and setting out what those procedures are.

#### **S1.26 Listing on a foreign exchange**

- (1) If the securities are listed on a market operated by a foreign exchange, the prospectus must, on the cover page, state that fact and specify the market and the exchange.
- (2) If the issuer has applied, or intends to apply, to the Authority for permission to list on a market operated by a foreign exchange under rule 7.6.2, and has applied, or intends to apply, to the foreign exchange to list the securities, the prospectus must, on the cover page, state that fact and specify the market and the foreign exchange and, if known, the expected first day of trading. The statement must not give the impression that either application will be approved.
- (3) If the securities are listed, or are to be listed, on markets operated by a licensed exchange and a foreign exchange (or more than one foreign exchange), the prospectus must state that fact and provide details of any tranches of the securities to be listed in each market.
- (4) If different persons are acting for or on behalf of the issuer in relation to listing on a market operated by a foreign exchange, the prospectus must include the details of those persons.

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## Schedule 2

## Information required to be disclosed

(see r12.2.4 (1))

### S2.1 Information required to be disclosed: general

An issuer must disclose the following:

- (a) any change to the structure of the issuer's capital;
- (b) any material change to the issuer's main activities and any material joint ventures into which it enters;
- (c) any decision by the issuer to issue or offer securities, as well as any guarantee or warranty that relates to a new issuance;
- (d) any approval given by the Authority of an application by the issuer to make a private offer (see rule 2.3.5);
- (e) any decision to distribute a dividend whether in the form of cash or securities (including an interim dividend);
- (f) any buy back or redemption of shares including details of the number of shares redeemed and the number of shares outstanding following the redemption;
- (g) a copy of all correspondence or other documents sent by the issuer to holders of its securities;
- (h) any change in the rights attaching to any category of the issuer's securities, including the changes in the conditions of the securities which could indirectly affect those rights, for example changes resulting from a change in loan terms or in interest rates;
- (i) the appointment of a receiver in relation to the activities and assets of the issuer;
- (j) the lodging of a petition to appoint, or the appointment of, a liquidator in relation to the issuer;
- (k) a decision by the owners of the issuer to liquidate, wind up or dissolve the issuer, or a direction given by any competent authority to do so;
- (l) the commencement of a bankruptcy or similar process in relation to the issuer;

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- (m) the sale, purchase, mortgage or other transaction relating to a portion of the issuer's assets representing an amount in excess of 5% of the book value of the issuer's total assets;
- (n) the entry into possession, or the sale, by any mortgagee of a portion of the issuer's assets representing an amount in excess of 10% of the book value of the issuer's total assets;
- (o) if the issuer becomes aware that it has accumulated losses amounting to 50% or more of its paid-up capital, an analysis of the losses and the reasons for them;
- (p) a merger, acquisition or de-merger involving the issuer (see Chapter 16 for provision about mergers and acquisitions involving an issuer) and including:
  - (i) any offer required to be notified under rule 16.6.2;
  - (ii) the completion of a merger or acquisition required to be notified under rule 16.6.3;
  - (iii) a merger, acquisition or de-merger involving an entity in the same group as the issuer;
- (q) the commencement of any legal, tax or regulatory proceedings by or against the issuer or any of its board members, senior executive management or staff which could reasonably foreseeably have a material impact on the value of the issuer's listed securities;
- (r) the issuance of a judgement or other ruling of a court in favour or against the issuer or any of its board members, senior executive management or staff which could reasonably foreseeably have a material impact on the value of the issuer's listed securities;
- (s) a change to the issuer's memorandum of association, articles of association, other constitutional documents or official address;
- (t) the opening and closing of nominations for any position on the issuer's board of directors;
- (u) a change to the issuer's board of directors or chief executive officer, or any other change to the issuer's senior management

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that the issuer reasonably considers meets the criteria for material non-public information;

- (v) the calling of a board meeting or general assembly of the issuer and the resolutions or outcome of a board meeting or general assembly, other than those resolutions concerning ordinary business passed at a board meeting or an annual general assembly;
- (w) the postponement of a board meeting or general assembly;
- (x) the agenda for a board meeting or general assembly and any change to a disclosed agenda;
- (y) the setting of a date for the publication of any financial statements and reports required to be published under rule 12.3.1;
- (z) any financial statements and reports required to be published under rule 12.3.1;
- (aa) the appointment or dismissal of the issuer's external auditor;
- (bb) a copy of any report by the issuer's external auditor including any material information relating to the issuer's financial statements, its performance, and reservations (if any) on the statements;
- (cc) any change to a credit rating of the issuer, or any issuance of securities by the issuer, that is already publicly available, or the withdrawal of any such rating by the credit rating agency that provided it;
- (dd) a decision issued by the Appeals Committee or by the Authority's disciplinary committee relating to the issuer;
- (ee) anything that the issuer is required to disclose under a Governance Code issued by the Authority or under any other applicable law (and such disclosure must be made in accordance with the procedures and timings stipulated in the Code or applicable law rather than in accordance with rule 12.2.1);
- (ff) if the issuer is required to disclose information to any other authority inside or outside the State, any information disclosed by the issuer to that authority;

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- (gg) the making of any law, regulation, judgment, or order by any court of competent jurisdiction, that may materially affect the value of the issuer's securities or assets;
- (hh) any information as the Authority, or the licensed exchange operating a market on which the issuer's securities are listed, may request from the issuer and which the Authority or exchange directs must be disclosed under rule 12.2.1.

## **S2.2      Securities listed on a foreign exchange: further disclosable events**

- (1) An issuer whose securities are also listed on a foreign exchange must disclose the following:
  - (a) the suspension of trading in the issuer's securities by the foreign exchange;
  - (b) the cancellation of the listing of the issuer's securities by the foreign exchange;
  - (c) any conflict between the rights and obligations of the issuer under the laws and rules regulating the listing and trading of the securities in the jurisdiction in which the foreign exchange is situated and these Rules, the QFMA Law and regulations and other rules made by the Authority;
  - (d) any substantive change in the laws and rules regulating the listing and trading of the securities in the jurisdiction in which the foreign exchange is situated;
  - (e) details of any disciplinary or enforcement action taken in relation to the issuer by a body outside the State.
- (2) If an issuer discloses information referred to in paragraph (1) (c) or (d) to the Authority, the Authority may give a direction to the issuer as to how to proceed. In particular, the Authority may use its power under rule 1.3.6 (power to waive or modify application of rules) in light of the disclosure.

## **S2.3      Bonds and sukuk: further disclosable events**

- (1) An issuer of a bond or sukuk must also disclose the following:

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- (a) any decision by the issuer not to make any payment due on the bond or sukuk;
- (b) any default or other failure by the issuer to pay any payment due on the bond or sukuk or to take any other action required in relation to the bond or sukuk;
- (c) any proposed new issue of bonds, sukuk or other securities including details of any guarantee associated with the new issue;
- (d) any decision to accelerate a payment on the bond or sukuk;
- (e) any purchase, redemption or cancellation of the bond or sukuk (including a purchase or redemption by a person in the same group as the issuer) or any action which results in a purchase, redemption or cancellation;
- (f) any other action taken by the issuer which may affect any payment due on the bond or sukuk.

(2) The disclosure must include:

- (a) details as to the procedures involved in arriving at the decision to take the action in question; and
- (b) details of the amount of the bond or sukuk remaining outstanding following the action.

(3) An issuer of a bond or sukuk must also disclose the following:

- (a) any changes to the terms and conditions of the bond or sukuk;
- (b) any change of bond or sukuk manager or paying agent;
- (c) any transaction entered into by the issuer, or a person in the same group as the issuer, which may materially affect the interests of the bond or sukuk owners;
- (d) any event which is required to be disclosed under the terms of any trust deed underlying the issuance of the bond or sukuk;
- (e) any other change which may materially affect the rights, interests or privileges of the bond or sukuk owners.

(4) An issuer of a bond or sukuk must notify the Authority of the due date of each bond interest payment or sukuk revenue payment no later than 10 working days before the due date.

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(5) The notification must also include:

- (a) details of the interest or revenue calculation for the period to which the payment relates or, if it is not possible to provide those details, an explanation as to why; and
- (b) if the payment is not to be made on the due date, an explanation of why payment was not made on that date and when the payment is to be made.

#### **S2.4 Sukuk: further disclosable events**

An issuer of sukuk must also disclose the following:

- (a) any material change to the Fatwa relating to the sukuk or the issuance of a new Fatwa relating to the sukuk;
- (b) any change of Shari'a advisor;
- (c) any change in the structure of the sukuk;
- (d) any material change to the assets, investments or activities underlying the sukuk structure;
- (e) any event that may result in the sukuk failing to comply with the principles of Shari'a.

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## **Schedule 3**

## **Mergers and acquisitions: content of application for Authority approval**

(see r16.3.3 (2))

### **S3.1 Application for Authority approval of merger or acquisition**

- (1) An application for the Authority's approval of a merger or acquisition must include:
  - (a) the name of the offeror, the address of its headquarters, its objectives and the amount of its capital;
  - (b) the names of the offeror's senior management and major shareholders and the number and percentage of shares held by each of them in the offeree company;
  - (c) a statement of the number and percentage of the offeree's shares owned by the offeror;
  - (d) the name of the offeree, the address of its headquarters, its objectives and the amount of its capital;
  - (e) a statement of the purpose of the merger or acquisition;
  - (f) a copy of articles of association, memorandum of association and entry in the commercial register for both the offeror and the offeree;
  - (g) an up-to-date copy of the shareholders' register of the offeror;
  - (h) a copy of the proposed merger or acquisition agreement;
  - (i) copies of the audited annual financial statements of both the offeror and the offeree for the last three years, if applicable;
  - (j) a written commitment from the offeror to pay the full fees due to the Authority related to the merger or acquisition;
  - (k) a copy of the offer document; and
  - (l) a copy of the notice of the offer given to the Competition Protection and Anti-Monopoly Committee established under Law No. (19) of 2006 on the Protection of Competition and the Prevention of Monopolistic Practices.

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- (2) In the case of an acquisition, the application must also include:
  - (a) a statement of the minimum and maximum number and percentage of the offeree's shares to be acquired;
  - (b) the price offered by the offeror; and
  - (c) if the acquisition of the offeree's shares is to be paid for wholly or partially in cash, a bank guarantee issued by a bank operating in the State guaranteeing the capability of the offeror to do so.
- (3) In the case of a merger, the application must also include a report evaluating the offeree company's assets issued by a financial evaluator in accordance with rule 16.4.2.

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## **Schedule 4      Mergers and acquisitions: content of offer document**

(see r16.3.5)

### **S4.1      Content of offer document**

- (1) An offer document for a merger or acquisition must include the following:
  - (a) the name and address of the offeror, and of any agent acting on behalf of the offeror;
  - (b) the names of the senior management and major shareholders of each of the offeror and the offeree and the nature of the relationship between them, if any;
  - (c) details of the reasons for the merger or acquisition, including the main objectives, the expected and desired benefits, an analysis of the advantages and disadvantages and the opportunities and risks that may arise;
  - (d) if the offeror is a listed company, the date and place of the extraordinary general assembly at which a decision is to be taken as to whether to approve the offer, and the agenda for the assembly;
  - (e) the approved timetable for implementing the offer;
  - (f) a statement indicating the contributing factors that may affect the full acceptance of the offer, such as the offeror's assets, profits, and business that may be material to evaluating the offer or to evaluating the value of shares if the offer constitutes an exchange of securities or ownership shares;
  - (g) a description of how the offer is to be financed and the financing sources, specifying the names of the main lenders or the party arranging the financing;
  - (h) if the offer is conditional, details of the conditions including, in the case of an acquisition, details as to when the offer becomes unconditional as to acceptances;
  - (i) details of the shareholdings in the offeree owned by:
    - (i) the offeror;

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- (ii) members of the offeror's senior management and their spouses and minor children;
- (iii) major shareholders in the offeror; and
- (iv) any person acting in alliance with the offeror (including the name of the person);
- (j) a report on the expected effect on future profits of the entity that will exist after the merger or acquisition is completed;
- (k) the names of the persons who provided advice and assistance in preparing the offer document;
- (l) copies of the financial statements of both the offeror and offeree for the previous 2 financial years, if applicable, approved by the relevant board and a report from the relevant external auditors on those statements;
- (m) a disclosure of any relationship between concerned persons and any interests relevant to the offer which concerned persons may have, or, if no relationships or interests exist, a statement of that fact;
- (n) if the offer is required to be approved by another authority, a copy of the approval;
- (o) a statement of the effect of the merger or acquisition on the existing legal obligations of the offeror and offeree; and
- (p) a statement of the future investment plans of the offeror in respect of the offeree or new entity to be established upon completion of the offer.

(2) In the case of an acquisition, the offer document must also include:

- (a) the total value of the proposed offer;
- (b) a description of the securities that are the subject of the offer and any related rights or restrictions;
- (c) a statement of the offeror's obligations towards the rights of minority shareholders in the offeree (whether imposed by these Rules or by any other applicable law); and

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- (d) details as to how, if the number of securities offered to the offeror exceeds the number to be purchased and the offeror purchases from security holders proportionately, any rounding is to be applied to that process.
- (3) In the case of a merger, the offer document must also include:
  - (a) a summary of the evaluation report of the offeree's assets prepared in accordance with rule 16.4.2; and
  - (b) details of any significant event occurring after the evaluation report was prepared and which has had, or is likely to have, an effect on the value of the offeree or, if the offeree is a listed company, the value and trading of the offeree's securities;
- (4) If the offeror is not a listed company and the consideration for the offer includes the issuance of securities or ownership shares, the offer document must be accompanied by:
  - (a) a financial evaluation of the offeror prepared by a financial evaluator;
  - (b) a statement of the offeror's:
    - (i) sales and net profits for the previous 3 financial years, if applicable;
    - (ii) assets and liabilities as at the end of the most recent financial year; and
    - (iii) cash flow for the most recent financial year, taken from the offeror's audited financial statements;
  - (c) a statement of any changes in the commercial or financial position of the offeror occurring after the end of the most recent financial year, or, if there are no changes, a statement of that fact;
  - (d) a list of the accounting policies applicable to the offeror's financial statements, including any changes to those policies applied in the previous 3 financial years and a description of the effect of those changes along with any other notes relevant to the preparation of those statements;
  - (e) a description of the nature of the offeror's business and its financial and commercial prospects; and

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- (f) a summary of the main contents of any agreement entered into by the offeror, or a subsidiary of the offeror, in the period of 3 years immediately preceding submission of the offer document and which does not relate to the normal business activities of the offeror or subsidiary (the summary must identify the parties involved in the agreements, the dates and terms of the agreements and any consideration paid by any party to them).

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## **Schedule 5**

## **Mergers and acquisitions involving entities outside the State: content of notice**

(see r16.6.2 (1))

### **S5.1 Information required in notice to authority about offer to merge with or acquire an entity outside the State**

- (1) A notice given to the Authority under rule 16.6.2 (1) of an offer to merge with or acquire an entity outside the State must include the following information:
  - (a) the name of the offeror, the address of its headquarters, its nationality, objectives and the amount of its capital;
  - (b) the names of the offeror's senior management and major shareholders and the number and percentage of shares in the offeror held by each of them;
  - (c) the nature of the offeror's activity and its previous business;
  - (d) the name of the offeree, the address of its headquarters, its nationality, objectives and the amount of its capital;
  - (e) the names of the offeree's senior management and major shareholders and the number and percentage of shares in the offeree held by each of them;
  - (f) the nature of the offeree's activity and its previous business, if any;
  - (g) the number and percentage of shares owned by the offeror, the offeror's senior management, and the offeror's major shareholders in the offeree;
  - (h) audited financial statements for both the offeror and offeree for the most recent 2 financial years, if applicable;
  - (i) a statement of the purpose of the merger or acquisition;
  - (j) the timetable to complete the merger or acquisition;
  - (k) a statement of the projected implications of completing the offer on the financial position of the offeror;

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- (l) details of the reasons for the merger or acquisition, including the main objectives, the expected and desired benefits, an analysis of the advantages and disadvantages and the opportunities and risks that may arise;
- (m) a statement of the financial and legal liabilities that the offeror will take on as a result of completing the offer;
- (n) a disclosure of any relationship between concerned persons, their board members or major shareholders, and any interests relevant to the offer which those persons may have, or, if no relationships or interests exist, a statement of that fact; and
- (o) evidence that the Competition Protection and Anti-Monopoly Committee established under Law No. (19) of 2006 on the Protection of Competition and the Prevention of Monopolistic Practices and any equivalent body that has jurisdiction over the offeree have been notified of the offer.

- (2) In the case of an acquisition, the notification must also include:
  - (a) the minimum and maximum number and percentage of shares to be acquired by the offeror in the offeree;
  - (b) the price offered by the offeror; and
  - (c) the total value of the offer and details of the funding sources.

