

**QFMA's Board Decision No. (7) Of 2023**  
**Concerning Rules of Dividend Distribution**  
**in Shareholding Companies Listed on the Financial Markets**

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**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 and its amendments;

QFMA's Board approval at its 3<sup>rd</sup> meeting of 2023 on 13<sup>th</sup> of September 2023;

And as required by the public interest,

**We have decided the following:**

**Article (1)**

Rules of Dividend Distribution in Shareholding Companies Listed on the Financial Markets annexed to this decision shall come into full force and effect.

**Article (2)**



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

**Bandar Bin Mohammed Bin Saoud Al-Thani**

**Chairman of the Board of Directors**

Issued on 01/05/1445 H

Corresponding to: 15/11/2023

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

## **Rules of Dividend Distribution in Shareholding Companies Listed on the Financial Markets**

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## Article (1)

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

<b>Authority:</b>	Qatar Financial Markets Authority (QFMA).
<b>Depository:</b>	A company licensed by the Authority to carry out the functions of registration, depository, ownership transfer and clearance of securities.
<b>Company:</b>	A shareholding company listed on a financial market.
<b>Dividend Distribution Agreement:</b>	An agreement signed between the Company and the Depository regarding the Depository's assuming, on behalf of the Company, the tasks of dividend distribution scheduled to be distributed to the shareholders.
<b>Interim Dividends:</b>	Dividends that the Company's board of directors decides to distribute from the net profits achieved during a quarterly or semi-annual period according to the financial statements audited by the external auditor.
<b>Dividend Distribution Account:</b>	A bank account of the Depository designated for depositing cash dividends to be distributed by the Company.
<b>Day:</b>	Business day in accordance with the laws and regulations in force in the State.



## **Article (2)**

These Rules shall apply to the Depository, the financial markets, and the listed companies.

## **Article (3)**

The Depository shall undertake, on behalf of all Companies, the tasks of distributing all cash dividends and bonus shares scheduled to be distributed to shareholders by the general assembly or the board of directors within a period not exceeding ten days from the date of entitlement to cash dividends or bonus shares as per these rules.

## **Article (4)**

The Depository shall conclude a bilateral agreement, called the “Dividend Distribution Agreement” with each Company to carry out the tasks of dividends distribution on its behalf, according to the form approved by the Authority. Such agreement shall include all the rights and obligations of both parties to the agreement.

## **Article (5)**

The Depository shall provide the infrastructure, human and technological resources, and internal controls and procedures required to carry out the tasks of dividends distribution on behalf of the Company.

## **Article (6)**

The Depository shall open bank accounts separate of its other accounts with one bank or more of the banks licensed by Qatar Central Bank (QCB). Such accounts shall be allocated to deposit the cash dividends decided to be distributed to the shareholders of each Company.

## **Article (7)**

The Company shall notify the Depository of the annual or interim dividend distribution decision (cash or bonus shares) issued by the general assembly or the board of directors, and shall disclose it on its website and on the website of QSE and the Depository immediately after the end of either meeting.

### **Article (8)**

The notification referred to in the previous article shall include the due date of the cash dividends or bonus shares, and the value of the cash dividends scheduled for each share, or the number of bonus shares scheduled for each share.

### **Article (9)**

The Depository shall notify the Company of the Dividend Distribution Account number to which the Company is obligated to transfer the dividend total amount, before the day following the date of its notification of the dividend distribution decision issued by the general assembly or the board of directors of the Company.

### **Article (10)**

The bonus shares or cash dividends scheduled to be distributed shall be entitled for the shareholder who owns shares at the end of the trading session on the day of the general assembly or board of directors meeting that includes the dividend distribution decision.

### **Article (11)**

The Delivery vs. Payment (DVP) procedures shall continue during the period of the Company's general assembly in accordance with the procedures in force at the Depository. In the event of any transactions rejected by the custodian for securities eligible for cash dividends or bonus shares, the financial services company shall compensate the affected client for such dividends or rights in accordance with an agreement concluded between the Company and the custodian.

### **Article (12)**

The Company shall disclose the distribution decision, the due date, and the party responsible for distribution, in one of the widely distributed print or electronic publications, and on its website, no later than the day following the date of issuance of the distribution decision. The Company shall also transfer the full value of the cash dividends distributed to the allocated Dividend Distribution Account, and send name lists of the shareholders entitled to the cash dividends scheduled to be distributed and their respective share of the dividends to the Depository within a



period not exceeding three Days from the date of the notification of the Dividend Distribution Account number.

### **Article (13)**

The Depository shall transfer the dividends received from the Company directly to the bank account of each shareholder, or to the shareholder's trading account at the brokerage company with which he deals, or add them to the balances of the shareholder's Qatari credit card (Hamyan). This depends on the investor's choice of his due dividends collection methods. The dividends payments to beneficiaries shall be before the end of the fifth business day from the date of dividends receipt from the Company.

### **Article (14)**

If the shareholder's due dividends are not received by any of the means referred to in the previous article, the Depository shall retain the uncollected dividends in accordance with the controls issued by the Authority until communicating with the beneficiaries shareholders, updating their data, and determining the method preferred by the investor to collect the due dividends in the future.

### **Article (15)**

If the listed company has due dividends for previous years not collected by beneficiaries, it shall transfer such funds to an account determined by the Authority within a period not exceeding six months from the date of issuance of these Rules, accompanied by name lists of beneficiaries and their respective portions in the dividends distributed for each year in which it was decided to distribute cash dividends and were not collected by their beneficiaries.

### **Article (16)**

The Depository shall allocate a separate bank account called - Trustee Account – to hold in it all cash dividends scheduled to be distributed by the general assemblies or board of directors of the Companies, and which have not been received or collected by their beneficiaries on the scheduled dates. This account shall not be considered

part of the Depository property and shall not be subject to any legal actions if taken against the Depository by any judicial authority, such as bankruptcy or seizure. Disbursements from this account shall not be made except with the Authority's approval and in accordance with its procedures.

#### **Article (17)**

The value of the returns resulting from the total funds in the account specified by the Authority shall be used in accordance with the controls set out by the Authority

#### **Article (18)**

The Depository shall maintain special records for due uncollected dividends which are deposited in the Trustee Account, including the names of the dividends beneficiaries, their personal data, their contacts according to the latest update from the listed companies, and the value of their each due dividends for each year in which it was decided to distribute dividends. The Depository shall send a quarterly statement to the Authority and to each listed company stating the value of those due dividends, the number of beneficiaries of those cash dividends.

#### **Article (19)**

When a beneficiary shareholder of uncollected dividends requests to get his due dividends, the Depository shall, after verifying the shareholder's data with the data records established for this purpose, pay him/her the due dividends by the means he chooses and notifying the Company and the Authority thereof.

#### **Article (20)**

If the Company distributes interim cash dividends to shareholders during the financial year, the following conditions shall be met:

- The Company's articles of association shall include a clause that allows the board of directors to distribute interim dividends during the year and get the approval of the Qatar Central Bank for Companies subject to its jurisdiction.

- A decision shall be issued by the Company's board of directors to determine the percentage of interim dividends during the financial year (quarterly or semi-annually) and the due date for the dividends, in accordance with the controls included in the Company's articles of association. The board of directors shall not approve the interim dividends except after the issuance of the Company's quarterly or semi-annual financial statements attached with an audit report from the Company's external auditor.
- The date of the board of directors meeting to discuss the item of interim dividends shall be announced no less than a week before the meeting.
- The Company shall have achieved net profits in the quarterly or semi-annual financial statements upon which it was decided to distribute dividends to shareholders. Interim dividends shall only be distributed after deducting the specified percentage of legal and optional reserves, if any.
- The value of the dividends distributed at the end of each quarter shall not be greater than the profits achieved in the financial statements for the quarter after deducting the specified reserves.
- The company's annual report submitted to the general assembly shall include the percentages of interim dividends distributed to shareholders during the year in addition to the percentage of dividends proposed to be distributed at the end of the financial year and the total of these distributions.
- The Company shall not oblige the shareholder to return the interim dividends distributed in accordance with these rules if the Company achieves losses in subsequent financial periods during the year.
- The external auditor's report of a review of the interim financial statements (quarterly/semi-annually) shall include:
  1. The Company's achievement of real profits but not book profits (imaginary).
  2. The value of the net profits achieved after deducting reserves.
  3. The availability of sufficient liquidity to cover the distributions proposed by the board of directors.
  4. The lack of impact of the proposed distributions on the Company's payment of its debts and obligations on the scheduled dates.

#### **Article (21)**

If it is decided to distribute bonus shares to shareholders, the financial market shall adjust the share price and adjust the indicators at the end of trading of the general assembly meeting day, so that the share is traded without rights on the day following the general assembly meeting.

#### **Article (22)**

The Depository shall add the bonus shares to its beneficiaries at the end of the settlement period and after obtaining official approvals (whichever is later), and shall provide the financial market with the number of new shares, tradable shares, and the maximum foreign ownership in order to update its indicators and systems.

#### **Article (23)**

The procedures for excluded transactions shall be implemented at the Depository until the day of settlement, and a paragraph shall be added to the share transfer request clarifying that the shares and the resulting bonus shares will be transferred.

#### **Article (24)**

The Company shall bear the responsibility for any mistakes, shortcomings, delays, or omissions in the processes of calculating and distributing cash dividends to shareholders and depositing them in the Dividends Distribution Account at the Depository that results in harm to shareholders.

#### **Article (25)**

The Company shall not take any legal actions or arrange any legal right over any of the funds deposited in the Dividends Distribution Account at the Depository.

#### **Article (26)**

The Depository shall be responsible for any mistakes or delay in the dates stipulated in these Rules in distributing dividends to beneficiaries who have completed their



data. The Depository shall establish a special record for the complaints and claims of shareholders of the listed companies in this regard.

#### **Article (27)**

The Depository shall take the necessary legal actions on the deposited dividends distributed to any of the shareholders, based on a judicial ruling, order, or decision issued by a judicial or regulatory authority. The Company shall notify the Depository of any received rulings, orders or decisions issued against any shareholder.

#### **Article (28)**

In the event of violating the provisions of these Rules, the Authority may impose the sanctions prescribed pursuant to the provisions of the Authority's law, regulations, rules and decisions issued in implementation thereof, in accordance with the procedures established by the Authority in this regard.