

Disclosure Rules under the CMA Law

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The Capital Markets Authority Law (“CML”) and its executive bylaws (the “Executive Bylaws”) provide for different types of disclosure obligations in connection with the activities of a licensed person under the CML (the “Licensed Person”) or any of its dependents, affiliates or employees.

General

The obligation of “disclosure” under the CML and the Executive Bylaws is not restricted to a particular activity or mechanism. Such disclosure obligation has been set forth under the Executive Bylaws with respect to disclosure of risks to the licensed person’s clients, disclosure of personal transactions of the employees of such licensed person, and finally, disclosure of interests in a Licensed Person’s equity structure.

Accordingly, we will highlight herein each type of disclosure rules as set forth in the Executive Bylaws, each in accordance with the purposes and intention of such rules.

Disclosures Required Under Licensed Person’s Regulations

Chapter Five (5) of the Executive Bylaws generally discusses how a Licensed Person can secure a license to engage in securities activities and what steps it must take to comply with the CML after receiving said license.

Within this context, the disclosure issues are as follows:

Article 164 of the Executive Bylaws provides for the first type of disclosure by specifying that the Licensed Person shall sufficiently enable its client to understand the nature of risks related to the type of transaction the client will enter into.

Article 197 of the Executive Bylaws provides for the second type of disclosure and specifies that any employee affiliated to a Licensed Person shall disclose to the Adherence and Compliance Executive (which should be established within the structure of the Licensed Person in compliance with the CML and the Executive Bylaws) about all the securities transactions concluded, thereby through another Licensed Person.

Further, Article 198 of the Executive Bylaws provides that the Adherence and Compliance Executive shall lay down proper measures for monitoring the personal transactions of employees in securities in such a manner guaranteeing compliance with the CML and the Executive Bylaws.

Disclosure of Interests in Listed Companies

Chapter Ten (10) of the Executive Bylaws discusses the obligations to disclose interests in any listed company, whether directly or indirectly.

Within this chapter, Articles 380 to 400 of the Executive Bylaws provides for the third and last type of disclosure with respect to disclosure of interest in the Licensed Person’s equity structure.

In such respect, Article 380 provides that a beneficiary person shall mean each person having an interest representing five percent (5%) and above from any of the categories of voting shares in a company listed in the Exchange whether directly, indirectly or in alliance with other persons (the “Beneficiary Person”).

The Executive Bylaws specifies that when calculating the total number of shares, wherein a Beneficiary Person has an interest, it shall be taken into consideration any share held or controlled by its spouse, minor children, any company wherein it holds 30 % or more of the voting rights and any shares held by other persons with whom such person agreed to obtain an interest in the shares of the issuer.

Accordingly, if the ownerships of the aforementioned parties (i.e. family members specified above, affiliate or associate companies to a listed company) collectively exceed (5%) or more, they shall be treated on the basis that they represent the interest of a Beneficiary Person under the CML and the Executive Bylaws, thus subject to its provisions.

Further, the Executive Bylaws provides other interests that the Beneficiary Person should disclose:

1. Agreeing with third parties to use the rights of vote resulting from holding such percentage in favor of certain person(s).
2. Purchasing or agreeing to purchase the said percentage whether on credit basis or by agreeing to buy the same in the future.
3. Person holding, whether directly or indirectly through portfolios managed by third parties, a percentage of 30 % or more of the capital of any legal person or there is an interest equivalent to such percentage if such person holds 5 % or more of the capital of a shareholding company listed in the Exchange.
4. Person holding the said percentage for the account of third parties, whether for the interest of one person, or several persons.

Pursuant to the above, the Beneficiary Person shall notify the Capital Market Authority (the "Authority"), the Exchange and the Issuer of such securities of achieving the interest within a period of five days of achieving the same. Such notification should occur within a period not exceeding five business days as of the end of day of trading on which change reached such percentage. This notification shall remain due when change causes to reduce the interest at five percent of the capital.

More importantly, any disposal of any of the shares may not occur except after such disclosure and any interested person may notify the Authority of such breach whenever such person has relevant information indicating the failure of the Beneficiary Person to disclose its interests under the legal provisions hereto.

Form of Disclosure

The disclosure of the interest shall be made according to a template form set by the Authority for this purpose, which include, as a minimum:

1. Name of the Beneficiary Person, names of any other persons contributed to achieving the interest.
2. Details about any financial support from another person for the process of acquisition or financing loans.
3. Indicating the objective of acquisition whether to acquire the company, invest therein or otherwise.
4. Total relevant shares with detail of what is held before disposition and total number of shares it acquired after disposition and the percentage representing the same from the company capital.
5. Nature of disposition and legal basis for disclosure

Following the above, the Exchange wherein the security is listed shall announce the information it received regarding the disclosures about the interests upon receiving the information on the bulletin board of the market and the market website and any other means coming up for announcing data in the Securities Exchange. The Exchange shall notify the Authority of each disclosure submitted thereto after verifying the accuracy of data.

Obligations for Disclosure

Further to the above, each listed shareholding company shall keep a special register for the disclosures of the board members and executive management containing all the data and information required to be disclosed in accordance with the Executive Bylaws. It shall also contain all the information related to

remunerations, salaries, incentives and other financial benefits and the same shall be included in the reports of the general assembly. The concerned persons shall have the right to review such register during the normal working hours.

The shareholding companies listed in the Exchange shall disclose the name of any of their shareholders whose ownership reaches (5%) or more of the capital thereof at any time and each change made to such percentage.

To such effect, the managing director, executive director, deputies thereof and the like shall disclose to the Authority, the Exchange and the company upon assuming the functions thereof about the following:

1. Any interest for itself, its spouse and minor children in the securities of the company where it works or any affiliate or associate company irrespective of the percentage of such interest in proportion to the company capital.
2. Any change made to this interest and disclosure shall be made before any disposition is made in the securities.
3. Exercising a right granted thereto by the company, any associate or affiliated company for any subscription in the securities of the company, its affiliate or associate companies.
4. Exercising a right granted thereto by any other company by subscription in securities of such company.

The disclosure referred to in the above paragraph shall be submitted within five business days as of the date of disposition, provided that it shall include the following:

1. Name of company manager or any person connected therewith and degree of acquaintance.
2. Reason for disclosure of disposition.
3. Quantity and nature of securities disclosed and their rate, if any.
4. Nature of disposition.
5. Date and place of disposition.

Finally, it is to be noted that the Authority may obligate any person connected with securities businesses to submit public or private disclosure and provide any data connected with the business thereof. It shall, for carrying out its functions and obligations, order that any investigation it deems necessary be conducted in application of the CML and the Executive Bylaws. Failure to comply with the aforementioned requirements may subject the concerned person (whether the Beneficiary Person and/or the Licensed Person) to penalties and to settle any damages caused to the Authority, Exchange or third parties as a result of not disclosing its interests in accordance with the aforementioned.