



## **AIFC MARKET RULES**

### **AIFC RULES NO.FR0003 OF 2017**

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### **Guidance: Purpose and application of MAR**

The purpose of the rules and guidance set out in MAR is to provide the necessary detail in relation to:

- a. the manner in which Securities may be offered for sale;
- b. the conditions for admission of Securities to trading;
- c. Exempt Offerors and Exempt Securities;
- d. the content of a Prospectus;
- e. the approval and publication of a Prospectus;
- f. Prospectus Liability;
- g. Corporate Governance Principles;
- h. Obligations of Reporting Entities including:
  - i. the obligation to prepare financial statements; and
  - ii. the obligation to appoint a sponsor or compliance adviser if required by the AFSA;
- i. Market Abuse; and
- j. Market disclosure

The application of the Rules in MAR is stated in respect of each Rule or apparent from the context. However, by way of summary:

- MAR 1 (Offer of Securities) is applicable to all persons who may seek to have Securities admitted to trading or to offer Securities by way of placement and to all persons who may be liable for the contents of a Prospectus (as identified in MAR 1.9.1).
- MAR 2 (Governance of Reporting Entities) applies to Reporting Entities.
- MAR 3 (Financial Reports) applies to Reporting Entities.
- MAR 4 (Sponsors and Compliance Advisers) applies to Reporting Entities and any person who intends to have Securities admitted to an Official List of Securities or admitted to trading on an Authorised Investment Exchange, as well as to sponsors and compliance advisers appointed by them.
- MAR 5 (Market Abuse) applies to all persons without limitation.
- MAR 6 (Market Disclosure) applies to Reporting Entities.



## **1 OFFER OF SECURITIES**

### **1.1 Offer of Securities**

#### **1.1.1 Conditions for admission of Securities to trading**

Subject to MAR 1.2.1 (Exempt Offerors), an Authorised Investment Exchange may not admit Securities to trading unless:

- (a) the Securities have been admitted to the Official List maintained by the Authorised Investment Exchange in accordance with section 66 of the Framework Regulations; and
- (b) subject to MAR 1.2.2 (Exempt Securities), there is a Prospectus in relation to the relevant Securities and the Authorised Investment Exchange has satisfied itself that such Prospectus satisfies the requirements in this Part.

#### **1.1.2 Conditions for the offer of Securities by way of placement**

- (1) An Issuer may not offer Securities by way of placement in or from the AIFC, and an Authorised Firm may not conduct, facilitate or participate in such an offer, unless:
  - (a) there is a Prospectus in relation to the relevant Securities that satisfies the requirements of this Part and has been approved by the AFSA; or
  - (b) the offer satisfies one and one only of the conditions mentioned in subsection (2) below, or
  - (c) the offer satisfies one or more of conditions (a), (b) and (m) in subsection (2) below.
- (2) The conditions mentioned in subsection (1)(b) above are that –
  - (a) the offer is made to or directed at only Accredited Investors; or
  - (b) the offer is directed at fewer than 50 Retail Investors in any 12 month period; or
  - (c) the offer is directed at investors who acquire Securities for a total consideration of at least \$100,000 (or an equivalent amount in another currency) per Person for each separate offer; or
  - (d) the Securities being offered are denominated in amounts of at least \$100,000 per unit (or an equivalent amount in another currency); or
  - (e) the total aggregate consideration for the Securities offered is less than \$100,000, or an equivalent amount in another currency, calculated over a period of 12 months; or
  - (f) the Securities offered are Shares which are issued in substitution for Shares of the same class as already issued, where the issue of the new Shares does not involve any increase in the issued Share capital; or
  - (g) the Securities offered are convertibles issued under a Prospectus to existing members or creditors of the Issuer or a member of its Group and there is no additional consideration to be paid; or





- (h) the Securities offered are offered in connection with a Takeover and an informational document is made available which is considered by the AFSA as being equivalent to that of a Prospectus; or
  - (i) the Securities offered are offered, allotted or to be allotted in connection with a merger if an informational document is available which is regarded by the AFSA as being equivalent to that of a Prospectus; or
  - (j) the Securities offered are offered, allotted or to be allotted in connection with a rights issue where:
    - (i) the Securities are of a class subject to Reporting Entity disclosure; and
    - (ii) a document is made available containing information on the number and nature of the Securities including rights attaching to those Securities and the reasons for and details of the offer; or
  - (k) the Securities offered are Shares which are offered, allotted or to be allotted to existing Shareholders free of charge or dividends paid out in the form of Shares of the same class as the Shares in respect of which the dividends are paid, and a document is made available containing information on the number and nature of the Shares and the reasons for and details of the offer; or
  - (l) the Securities offered are offered, allotted or to be allotted to an existing or former Director or Employee, or any close relative of such a Director or Employee, of the Issuer or a member of the same Group as the Issuer and:
    - (i) the Issuer or the member of the Group already has its Securities admitted to trading on a Regulated Exchange; and
    - (ii) a document is made available to the offerees containing information on the number and nature of the Securities and the reasons for and details of the Offer; or
  - (m) the offer is made to and directed at Retail Investors, provided that the total aggregate consideration for the offer of Securities made under this subsection to Retail Investors is not more than \$5 million, or an equivalent amount in another currency, calculated over a period of 12 months.
- (3) The following requirements apply to any offer of Securities to Retail Investors by way of placement conducted under subsections (2)(a) through (2)(m) of MAR 1.1.2:
- (a) the issuer shall make available to each Investor at a reasonable time prior to the purchase of securities the opportunity to ask questions and receive answers concerning the terms and conditions of the offering and to obtain any additional information which the issuer possesses or can acquire without unreasonable effort or expense that is necessary to verify the accuracy of information furnished under this section;
  - (b) the issuer shall take reasonable steps to verify the status of the Investors;
  - (c) the issuer shall, if Retail Investors are participating in the offering, give any Retail Investor disclosure documents that contain the necessary information which is material to an investor for making an informed investment decision; and



- (d) the issuer shall file a notice with the AFSA within 30 days after the sale of securities in the offering.
- (4) Where any Securities are offered by way of placement under sub-sections (2)(a) through (2)(m) of MAR 1.1.2, neither the issuer nor any person acting on its behalf shall offer or sell the Securities by any form of general solicitation or general advertising, including, but not limited to, the following:
  - (a) any advertisement, article, notice or other communication published in any newspaper, magazine, or similar media or broadcast over television or radio, and
  - (b) any seminar or meeting whose attendees have been invited by any general solicitation or general advertising.
- (5) For the purposes of (4), the advertisement made on the issuer's or Authorised Firm's website is not considered as general solicitation or general advertising.
- (6) For the purposes of MAR 1.1.2.:
  - (a) "Accredited Investor" means –
    - (i) any natural person who acquires or intends to acquire Securities for a total consideration of at least \$100,000 (or an equivalent amount in another currency) per Person for each separate offer; or
    - (ii) an Authorised Person; or
    - (iii) a Body Corporate.
  - (b) "Retail Investor" means any natural person that is not an Accredited Investor, provided that the aggregate amount in current value of Shares which are the subject of the offer that were sold by the offeror to each Retail Investor, during the 12-month period preceding the date of any offer made under this rule, does not exceed the greater of \$2,000 or 10 percent of the annual income or 5 percent of net worth of such Retail Investor (excluding the value of the primary residence), whichever is lesser, but not to exceed a maximum aggregate amount sold of \$100,000.

## Guidance

To verify the status of the investors Issuers could rely on Retail Investors' self-certification (for example, questionnaires where investors self-report their income and net worth).

## 1.2 Exemptions

### 1.2.1 Exempt Offerors

The AFSA may publish a list from time to time identifying bodies to which the requirement in MAR 1.1.1 does not apply.

### 1.2.2 Exempt Securities

An Authorised Investment Exchange may admit the following Securities to trading without a Prospectus:

- (a) Securities fungible with Securities already admitted to trading on the same Authorised Investment Exchange, provided that they represent, over a period of 12 months, less than



10% of the number of Securities already admitted to trading on the Authorised Investment Exchange; and

- (b) Shares resulting from the conversion or exchange of other Securities or from the exercise of the rights conferred by other Securities, where:
  - (i) the resulting Shares are of the same class as the Shares already admitted to trading on the same Authorised Investment Exchange; and
  - (ii) the resulting Shares represent, over a period of 12 months, less than 20% of the number of Shares of the same class already admitted to trading on the same Authorised Investment Exchange; and
- (c) Shares issued in substitution for Shares of the same class already admitted to trading on the same Authorised Investment Exchange, where the issuing of such Shares does not involve any increase in the issued capital; and
- (d) Securities offered in connection with a takeover by means of an exchange offer, provided that a document is made available to the public in accordance with MAR 1.7, containing information describing the transaction and its impact on the Issuer; and
- (e) Securities offered, allotted or to be allotted in connection with a merger or a division, provided that a document is made available to the public in accordance with MAR 1.7, containing information describing the transaction and its impact on the Issuer; and
- (f) Shares offered, allotted or to be allotted free of charge to existing shareholders, and dividends paid out in the form of Shares of the same class as the Shares in respect of which such dividends are paid provided:
  - (i) that the said Shares are of the same class as the Shares already admitted to trading on the same Authorised Investment Exchange; and
  - (ii) that a document is made available containing information on the number and nature of the Shares and the reasons for and details of the offer or allotment; and
- (g) Securities offered, allotted or to be allotted to existing or former directors or Employees by their employer or an affiliated undertaking, provided:
  - (i) that the said Securities are of the same class as the Securities already admitted to trading on the same Authorised Investment Exchange; and
  - (ii) that a document is made available containing information on the number and nature of the Securities and the reasons for and detail of the offer or allotment; and
- (h) Securities already admitted to trading on another Authorised Investment Exchange or Recognised Non-AIFC Market Institution ("the other market"), where:
  - (i) the Securities, or Securities of the same class, have been admitted to trading and continuously traded on the other market for more than 18 months; and
  - (ii) the ongoing obligations for trading on that other market have been complied with; and
  - (iii) the Person requesting the admission to trading of the Securities under this exemption makes available to the public in accordance with MAR 1.7 a Prospectus Summary in accordance with MAR 1.4 (Prospectus Summary) in the English



language, which is approved by Authorised Investment Exchange and which states where the most recent Prospectus can be obtained and where the financial information published by the Issuer pursuant to its ongoing disclosure obligations is available.

### **1.2.3 Combining exemptions**

The exemptions in MAR 1.1.2 (a) and (b) may not be combined together if such combination could lead to the immediate or deferred admission to trading on an Authorised Investment Exchange over a period of 12 months of more than 10 % of the number of Shares of the same class already admitted to trading on the same Authorised Investment Exchange, without a Prospectus being published.

## **1.3 The Prospectus**

### **Guidance: Prospectus Contents**

Section 69 of the Framework Regulations provides:

A Prospectus must contain:

- (a) the necessary information which is material to an investor for making an informed assessment of:
  - (i) the assets and liabilities, profits and losses, financial position, and prospects of the Issuer and of any guarantor;
  - (ii) the rights attaching to the Securities; and
  - (iii) the reasons for the issuance and its impact on the Issuer; and
- (b) such further documents and information as may be specified by the AFSA pursuant to Section 70 of the Framework Regulations.

### **1.3.1 Prospectus Structure**

A Prospectus may be structured either as:

- (a) multiple documents comprising:
  - (i) a Prospectus Summary as set out in MAR 1.4; and
  - (ii) a Registration Document as set out in MAR 1.5.1 containing all the information relating to the Issuer; and
  - (iii) a Securities Note as set out in MAR 1.5.2 containing the information concerning the Securities to be admitted to trading on an Authorised Investment Exchange; or
- (b) a single document containing a Prospectus Summary as set out in MAR 1.4 and all the information required to be included in the Registration Document and the Securities Note.

### **1.3.2 Risk factors**

The information in a Prospectus must include:



- (a) risks which are relevant to the Issuer and/or the Securities and which are material for taking an informed investment decision, as corroborated by the content of the Registration Document and Securities Note; and
- (b) where there is a guarantee attached to the Securities, the material risk factors pertaining to the guarantor to the extent that they are relevant to the guarantor's ability to fulfil its commitment under the guarantee

**Guidance: risk factors**

- (1) The materiality of the risk factors should be based on the probability of their occurrence and the expected magnitude of their negative impact.
- (2) The assessment of the materiality of the risk factors may also be disclosed by using a qualitative scale of low, medium or high.
- (3) Each risk factor should be adequately described, explaining how it affects the Issuer or the Securities.
- (4) The risk factors should be presented in a limited number of categories depending on their nature. In each category the most material risk factors must be mentioned first.
- (5) Risk factors should also include those resulting from the level of subordination of a Security and the impact on the expected size or timing of payments to holders of the Securities in the event of bankruptcy, or any other similar procedure.

**1.3.3 Final offer price and amount of Securities**

Where the final offer price and/or amount of Securities to be offered, whether expressed in number of Securities or as an aggregate nominal amount, cannot be included in the Prospectus the following must be included in the Prospectus:

- (a) the maximum price and/or the maximum amount of Securities, as far as they are available; or
- (b) the valuation methods and criteria, and/or conditions, in accordance with which the final offer price is to be determined and an explanation of any valuation methods used.

**1.3.4 Clarity of the information**

The information in a Prospectus must be written and presented in an easily analysable, concise and comprehensible form, taking into account the nature of the Issuer, the type of Securities and the circumstances of the Issuer.

**1.3.5 Incorporation by reference**

Information that is required to be contained in a Prospectus (apart from information required to be contained in a Prospectus Summary) may be incorporated by reference, provided that:

- (a) the source of information is publicly available on a continuing basis; and
- (b) the information is clearly set out and easily accessible in that source; and
- (c) the information is in the English language; and
- (d) the information can be accessed without charge; and



- (e) the reference contains sufficient information to enable an investor to decide whether to obtain the information or any part of it.

**Guidance: incorporation by reference**

Information that may generally be incorporated by reference includes instruments or statute of incorporation of a company, annual reports, periodic financial reports and listing particulars.

**1.4 Prospectus Summary**

**1.4.1 Contents of the Prospectus Summary**

The Prospectus Summary must:

- (a) provide the key information that investors need in order to understand the nature and the risks of the Issuer, the guarantor and the Securities;
- (b) contain information that is accurate, fair, clear and not misleading and which is consistent with other parts of the Prospectus;
- (c) not contain cross references to other parts of the Prospectus or incorporate information by reference.

**1.4.2 Layout of the Prospectus Summary**

The Prospectus Summary must be:

- (a) drawn up as a short document written in a concise manner and of a maximum length of seven sides of A4-sized paper when printed; and
- (b) written in a language and a style that facilitate the understanding of the information, in particular, in language that is clear, non-technical, concise and comprehensible for investors; and
- (c) presented and laid out in a way that is easy to read, using characters of readable size.

**1.4.3 Sections of the Prospectus Summary**

The Prospectus Summary must be made up of the following four sections:

- (a) an introduction, containing warnings; and
- (b) key information on the Issuer; and
- (c) key information on the Securities; and
- (d) (where relevant) key information on the admission to trading.

**1.4.4 Section 1: The Introduction**

The introduction must contain:

- (a) the following information:
  - (i) the name and international securities identification number (ISIN) of the Securities; and



- (ii) where applicable, the identity and contact details of the Issuer, including its legal entity identifier (LEI); and
  - (iii) where applicable, the identity and contact details of the Person asking for admission to trading on an Authorised Investment Exchange; and
  - (iv) the identity and contact details of the Authorised Investment Exchange that approved the Registration Document; and
  - (v) the date of approval of the Prospectus; and
- (b) the following warnings:
- (i) the Prospectus Summary should be read as an introduction to the Prospectus; and
  - (ii) any decision to invest in the Securities should be based on a consideration of the Prospectus as a whole by the investor; and
  - (iii) where applicable, that the investor could lose all or part of the invested capital and, where the investor's liability is not limited to the amount of the investment, a warning that the investor could lose more than the invested capital and the extent of such potential loss; and
  - (iv) civil liability attaches only to those Persons who have tabled the summary including any translation thereof, but only where the summary is misleading, inaccurate or inconsistent, when read together with the other parts of the Prospectus, or where it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in such Securities.

#### 1.4.5 Section 2: Key information about the Issuer

This section must contain the following information:

- (a) under a sub-section entitled 'Who is the Issuer of the Securities?', a brief description of the Issuer of the Securities, including at least the following:
  - (i) its domicile and legal form, its LEI (if applicable), the law under which it operates and its country of incorporation;
  - (ii) its principal activities;
  - (iii) its major shareholders, including whether it is directly or indirectly owned or controlled and by whom;
  - (iv) the identity of its key managing directors;
  - (v) the identity of its Auditors;
- (b) under a sub-section entitled 'What is the key financial information regarding the Issuer?' a selection of historical key financial information presented for each financial year of the period covered by the historical financial information, and any subsequent interim financial period accompanied by comparative data from the same period in the prior financial year.
- (c) Key financial information must, where applicable, include:



- (i) pro forma financial information;
- (ii) a brief description of any qualifications in the audit report relating to the historical financial information;
- (e) under a sub-section entitled 'What are the key risks that are specific to the Issuer?' a brief description in declining order of severity of the most material risk factors (not exceeding 15 risk factors) specific to the Issuer contained in the Prospectus.

#### **1.4.6 Section 3: Key information on Securities**

This section must contain the following information:

- (a) under a sub-section entitled 'What are the main features of the Securities?', a brief description of the Securities being admitted to trading on an Authorised Investment Exchange including at least:
  - (i) their type, class and ISIN; and
  - (ii) where applicable, their currency, denomination, par value, the number of Securities issued and the term of the Securities; and
  - (iii) the rights attached to the Securities; and
  - (iv) the relative seniority of the Securities in the Issuer's capital structure in the event of insolvency; and
  - (v) any restrictions on the free transferability of the Securities; and
  - (vi) where applicable, the dividend or payout policy; and
- (b) under a sub-section entitled 'Where will the Securities be traded?', the identity of all known markets where the Securities are or are to be traded; and
- (c) where there is a guarantee attached to the Securities, under a sub-section entitled 'Is there a guarantee attached to the Securities?', the following information:
  - (i) a brief description of the nature and scope of the guarantee; and
  - (ii) a brief description of the guarantor, including its LEI; and
  - (iii) the relevant key financial information for the purpose of assessing the guarantor's ability to fulfil its commitments under the guarantee; and
  - (iv) a brief description of the most material risk factors pertaining to the guarantor contained in the Prospectus while not exceeding the total of 15 risk factors; and
- (d) under a sub-section entitled 'What are the key risks that are specific to the Securities?', a brief description of the most material risk factors (not exceeding 15 risk factors) in declining order of severity relevant to the Securities contained in the Prospectus.

#### **1.4.7 Section 4: Key information on the admission to trading**

This section must contain the following information:





- (a) under a sub-section entitled ‘Under which conditions and timetable can I invest in this Security?’, where applicable:
  - (i) the details of the admission to trading on an Authorised Investment Exchange; and
  - (ii) the plan for distribution; and
  - (iii) an estimate of the total expenses of the issue, including the estimated expenses charged to the investor by the Issuer; and
- (b) if different from the Issuer, under a sub-section entitled ‘Who is the person asking for admission to trading?’, a brief description of the Person asking for admission to trading on an Authorised Investment Exchange, including that Person’s domicile and legal form, the law under which it operates and its country of incorporation; and
- (c) under a sub-section entitled ‘Why is this Prospectus being produced?’, a brief description of the reasons for the admission to trading on an Authorised Investment Exchange, as well as, where applicable:
  - (i) the use and estimated net amount of the proceeds;
  - (ii) an indication of the most material conflicts of interest pertaining to the admission to trading.

## **1.5 The Registration Document and the Securities Note**

### **1.5.1 The Registration Document**

The Registration Document must include the information in relation to the relevant type of Security identified with a “√” in the table in MAR Schedule 1.

### **1.5.2 The Securities Note**

The Securities Note must include the information in relation to the relevant type of Security identified with a “√” in the table in MAR Schedule 2.

## **1.6 Supplementary Prospectus**

### **Guidance: obligation to publish a Supplementary Prospectus and right to withdraw**

- (1) Section 73 of the Framework Regulations requires the Issuer or the Person responsible for the issue of the Prospectus to issue a Supplementary Prospectus if, at any time after the issue of a Prospectus, there is a significant change in, or a material mistake or inaccuracy affecting any matter contained in the Prospectus or a significant new matter arises. The Supplementary Prospectus must provide details of the change, mistake, inaccuracy or new matter.
- (2) Section 74 of the Framework Regulations gives investors certain rights to withdraw in the event that the obligation to issue a Supplementary Prospectus arises.

### **1.6.1 Statement in the Supplementary Prospectus as to the right of withdrawal**

A Supplementary Prospectus must contain a prominent statement concerning the right of withdrawal, which clearly states:



- (a) that a right of withdrawal is granted to those investors who had already agreed to purchase or subscribe for the Securities before the Supplementary Prospectus was published and where the Securities had not yet been delivered to the investors at the time when the significant new factor, material mistake or material inaccuracy arose or was noted; and
- (b) the period in which investors can exercise their right of withdrawal; and
- (c) whom investors may contact should they wish to exercise the right of withdrawal.

#### **1.6.2 Prospectus Summary to be updated**

Where a Supplementary Prospectus is published, the Prospectus Summary must be supplemented, where necessary, to take into account the new information included in the Supplementary Prospectus.

### **1.7 Approval and Publication of a Prospectus by an Authorised Investment Exchange**

#### **1.7.1 The requirement for an approval**

A Prospectus or Supplementary Prospectus must not be published for the purposes of AMI 1.1.1(b) unless an Authorised Investment Exchange, has approved it or in the case of a Prospectus comprising multiple documents, all the multiple documents.

#### **1.7.2 Approval by the Authorised Investment Exchange**

- (a) An Authorised Investment Exchange must not approve a Prospectus or a Supplementary Prospectus (as the case may be) for the purposes of AMI 1.1.1(b) unless it is satisfied that the Prospectus or the Supplementary Prospectus meets all the requirements in the Framework Regulations and MAR 1.
- (b) An Authorised Investment Exchange must approve a Prospectus or Supplementary Prospectus as soon as reasonably practicable.

#### **1.7.3 Approved Prospectus**

- (1) A Prospectus filed with an Authorised Investment Exchange is not an approved Prospectus for the purposes of MAR 1.1.1(b) unless the Authorised Investment Exchange has issued the applicant a notice stating its approval:
  - (a) of the Prospectus or Supplementary Prospectus as the case may be; and
  - (b) in the case of a Prospectus comprising multiple documents, of all the multiple documents.
- (2) An approval issued under (1) will remain valid for the period of 12 months from the date on which it is issued.

#### **1.7.4 Publication of a Prospectus**

- (a) After a Prospectus has been approved by the Authorised Investment Exchange, it must be made available to the public as soon as reasonably practicable, and in any case, at a reasonable time in advance of, or at the latest at the beginning of, trading on an Authorised Investment Exchange.



- (b) A Prospectus is deemed to be made available to the public for the purposes of (a) when such a Prospectus is published in an electronic form on the website of the Issuer or the Authorised Investment Exchange.
- (c) A copy of the Prospectus must be delivered to any potential investor, upon request and free of charge, by the Person seeking to have Securities admitted to trading on an Authorised Investment Exchange.

#### **1.7.5 Publication of Supplementary Prospectus**

The Person required to produce a Supplementary Prospectus must:

- (a) ensure that the Supplementary Prospectus is available until the end of the time when trading on the Authorised Investment Exchange begins:
  - (i) in the same media and through the same channels as the original Prospectus; and
  - (ii) to each offeree free of charge; and
- (b) provide the Supplementary Prospectus without undue delay to each Person who has subscribed for or offered to purchase the Securities in reliance on the initial Prospectus.

#### **1.7.6 Text and format of published Prospectus**

The text and format of the Prospectus, and any Supplementary Prospectus made available to the public, must at all times be identical to the version approved by the Authorised Investment Exchange.

### **1.8 Approval of a Prospectus by the AFSA**

#### **1.8.1 Application for approval**

For the purposes of MAR 1.1.2(c), a Person seeking the approval of the AFSA to a Prospectus must submit to the AFSA:

- (a) a Prospectus that meets all of the requirements in the Framework Regulations and MAR 1;
- (b) a statement identifying where in the Prospectus the information required in the relevant paragraphs of MAR 1 has been included and, where subsequent drafts or versions of the Prospectus are submitted, a marked- up version showing the changes from the previous version submitted to the AFSA;
- (c) if information is incorporated in the Prospectus by reference to another document, a copy of the information;
- (d) contact details of two individuals who are sufficiently knowledgeable about the content of the Prospectus to be able to answer queries of the AFSA during business hours; and
- (e) any other information that the AFSA may require.

#### **1.8.2 Timescales for approval**

The application in MAR 1.8.1 must be submitted to the AFSA:



- (a) at least 20 business days prior to the intended date on which the applicant expects the Prospectus to be approved; or
- (b) in the case of a Supplementary Prospectus, as soon as reasonably possible.

### **1.8.3 Approval by the AFSA**

The AFSA will approve a Prospectus which has been filed with it in accordance with AMI 1.8.1 as soon as reasonably practicable.

### **1.8.4 Approved Prospectus**

- (1) A Prospectus filed with the AFSA is not an approved Prospectus for the purposes of MAR 1.1.2(c) unless the AFSA has issued to the applicant a notice stating its approval:
  - (a) of the Prospectus or Supplementary Prospectus as the case may be; and
  - (b) in the case of a Prospectus comprising multiple documents, of all the multiple documents.
- (2) An approval issued under (1) will remain valid for the period of 12 months from the date on which it is issued.

## **1.9 Prospectus Liability**

### **1.9.1 Persons liable for the content of a Prospectus**

For the purposes of section 70(4) of the Framework Regulations, the following Persons are, subject to MAR 1.9.2, prescribed as liable for a Prospectus and its content:

- (a) the Issuer; and
- (b) the Person seeking to have Securities admitted to trading on an Authorised Investment Exchange, if it is not the Issuer; and
- (c) where the Person in (a) or (b) is a Body Corporate:
  - (i) each Person who is a Director of that body corporate at the time when the admission to trading on an Authorised Investment Exchange is sought; and
  - (ii) each Person who has consented to be named, and is named, in the Prospectus as a Director or as having agreed to become a Director of that body either immediately or at a future time,unless the Securities are Debentures; and
- (d) each Person who accepts, and is stated in the Prospectus as having accepted responsibility for the Prospectus or for any part thereof; and
- (e) each Person who is deemed to accept responsibility for any part of a Prospectus under these Rules; and
- (f) if there is a guarantor or obligor in relation to the issue of Securities:
  - (i) the guarantor in relation to the information in the Prospectus that relates to the guarantor or its guarantee; or



- (ii) the obligor in relation to the information in the Prospectus that relates to the obligor or its obligations; and
- (g) each Person not falling within any of the foregoing paragraphs who has authorised the contents of the Prospectus or any part thereof.

**1.9.2 Limitations on the application of MAR 1.9.1**

- (a) Where the Securities to be admitted to trading are Debentures the Person described in MAR 1.9.1(c) is not liable for the relevant Prospectus and its contents.
- (b) A Person who has accepted liability for or authorised only part of the content of any Prospectus under MAR 1.9.1 (c) or (d) is liable only for that part and only if it is included substantially in the same form and context as the Person agreed to for inclusion in the Prospectus.
- (c) Nothing in MAR 1.9.1 makes a Person liable for any part of a Prospectus by reason only of giving advice as to its content in a professional capacity to a Person specified in MAR 1.9.1 (a) to (e).



## 2 GOVERNANCE OF REPORTING ENTITIES

### 2.1 Application

#### **Guidance: Definition of Reporting Entity**

Section 81 of the Framework Regulations provides:

A Person is a Reporting Entity if the Person

- (a) has Securities admitted to an Official List of Securities; or
- (b) is declared by the AFSA to be a Reporting Entity.

Under AMI 3.2.3 and 3.6.6 a Person who seeks to have Securities admitted to trading on an Authorised Investment Exchange and the Issuer of Securities admitted to an Official List maintained by an Authorised Investment Exchange must give enforceable undertakings to the AFSA to submit unconditionally to the jurisdiction of the AFSA in relation to any matters which arise out of or which relate to its use of the facilities of the Authorised Market Institution, including but not limited to requirements in MAR relating to Reporting Entities.

### 2.2 Corporate governance principles

#### 2.2.1 Corporate governance principles

Pursuant to section 82(2) of the Framework Regulations, the principles in MAR 2.2.2 to 2.2.8 are hereby prescribed as “the Corporate Governance Principles”. <sup>[L]</sup><sub>[SEP]</sub>

#### **Guidance: Corporate governance principles**

- (1) The Corporate Governance Principles in this section apply to Reporting Entities as mandatory high level requirements. MAR Schedule 3 sets out best practice standards that may be adopted by a Reporting Entity to achieve compliance with these principles. <sup>[L]</sup><sub>[SEP]</sub>
- (2) The best practice standards in MAR Schedule 3 are designed to provide a degree of flexibility so that a Reporting Entity can achieve outcomes intended by the Corporate Governance Principles whilst taking into account the nature, scale and complexity of its business. <sup>[L]</sup><sub>[SEP]</sub>
- (3) Generally, if a Reporting Entity does not adopt the best practice standards set out in MAR Schedule 3, or adopts them only partially, the AFSA would expect the reasons for doing so and any alternative measures adopted to achieve the outcomes intended by the Corporate Governance Principles to be disclosed in the Prospectus and thereafter pursuant to disclosure required under MAR 2.2.9. Any inaccurate or false representations would breach the prohibition against misleading and deceptive statements in section 75 of the Framework Regulations.

#### 2.2.2 Principle 1 – Board of directors

A Reporting Entity must have an effective Board which is collectively accountable for ensuring that the Reporting Entity’s business is managed prudently and soundly.

#### 2.2.3 Principle 2 – Division of responsibilities

The Board must ensure that there is a clear division between the Board’s responsibility for setting the strategic aims and undertaking the oversight of the Reporting Entity and the senior



management's responsibility for managing the Reporting Entity's business in accordance with the strategic aims and risk parameters set by the Board.

#### 2.2.4 Principle 3 – Board composition and resources

The Board, and its committees, must have an appropriate balance of skills, experience, independence and knowledge of the Reporting Entity's business, and adequate resources, including access to expertise as required and timely and comprehensive information relating to the affairs of the Reporting Entity.

#### 2.2.5 Principle 4 – Risk management and internal control systems

The Board must ensure that the Reporting Entity has an adequate, effective, well- defined and well-integrated risk management, internal control and compliance framework.

#### 2.2.6 Principle 5 – Shareholder rights and effective dialogue

The Board must ensure that the rights of shareholders are properly safeguarded through appropriate measures that enable the shareholders to exercise their rights effectively, promote effective dialogue with shareholders and other key stakeholders as appropriate, and prevent any abuse or oppression of minority shareholders.

#### 2.2.7 Principle 6 – Position and prospects

The Board must ensure that the Reporting Entity's financial and other reports present an accurate, balanced and understandable assessment of the Reporting Entity's financial position and prospects by ensuring that there are effective internal risk control and reporting requirements.

#### 2.2.8 Principle 7 – Remuneration

The Board must ensure that the Reporting Entity has Remuneration structures and strategies that are well aligned with the long-term interests of the entity.

#### 2.2.9 Annual reporting on compliance

The annual financial report of a Reporting Entity to which this section applies must:

- (a) state whether the best practice standards specified in MAR Schedule 3 have been adopted by the Reporting Entity for the purposes of complying with the Corporate Governance Principles; and <sup>[11]</sup><sub>[SEP]</sub>
- (b) if the best practice standards in MAR Schedule 3 have not been fully adopted or have been only partially adopted explain:
  - (i) <sup>[11]</sup><sub>[SEP]</sub> why the best practice standards were not adopted fully or adopted only partially, as is relevant; and
  - (ii) what actions, if any, have been taken by the Reporting Entity to achieve compliance with the Corporate Governance Principles to the extent the relevant best practice standards were not adopted, or were only partially adopted; and <sup>[11]</sup><sub>[SEP]</sub>
- (c) include a statement by Directors whether or not, in their opinion, the corporate governance framework of the Reporting Entity is effective in promoting compliance with the Corporate Governance Principles, with supporting information and assumptions, and qualifications if necessary.

**Guidance: Annual reporting on compliance**

- (1) MAR 2.2.9 reflects the “comply or explain” approach adopted by the AFSA in respect of the Corporate Governance Principles. <sup>[L]</sup><sub>[SEP]</sub>
- (2) With regard to the opinion required under MAR 2.2.9(c), adequate information relating to the corporate governance framework of the Reporting Entity should be included to support the opinion, such as the identity of its chair, any committees of the Board and their role and membership, the chief executive and Persons undertaking key control functions such as the head of compliance, risk control and internal audit and how their independence is achieved.

**2.3 Directors duties and fair treatment of shareholders****2.3.1 Application**

- (a) This section applies to:
  - (i) the Board of a Reporting Entity; and
  - (ii) each individual Director who is a member of such a board.

**Guidance: Directors duties and fair treatment of shareholders**

- (1) Where a Person referred to in MAR 2.3.1(1) is required under any legislation applicable to such a Person to comply with a similar or more stringent requirement than the requirements in this section, compliance with those other requirements would be sufficient compliance for the purposes of the relevant requirement in this section. <sup>[L]</sup><sub>[SEP]</sub>
- (2) For example, in the case of a reduction of share capital, more stringent procedures such as a special resolution (i.e. a vote of at least 75% of the shareholders in voting), may be required under the company law or other legislation applicable to a Reporting Entity in its jurisdiction of incorporation. Where this is the case, compliance with the more stringent requirements applicable to the Reporting Entity suffices for the purposes of compliance with the requirements in this section dealing with a shareholder approval by simple majority in MAR 2.3.8. <sup>[L]</sup><sub>[SEP]</sub>

**2.3.2 Directors’ duties**

A Director of a Reporting Entity must act:

- (a) on a fully informed basis; <sup>[L]</sup><sub>[SEP]</sub>
- (b) in good faith;
- (c) <sup>[L]</sup><sub>[SEP]</sub> honestly;
- (d) with due diligence and care;
- (e) in the best interests of the Reporting Entity and its shareholders.

**Guidance: Directors’ duties**

In order to meet the obligation to act with due diligence and care, a Director should (amongst other things) ensure that he has enough time and capacity available to devote to the job. See





also the best practice standards in MAR Schedule 3 which apply to Directors of Reporting Entities who are subject to Corporate Governance Principles.

### **2.3.3 Equality of treatment**

The Board of a Reporting Entity must ensure equality of treatment of all holders of Securities of a particular class or type in respect of all rights attaching to the Securities of that class or type of Securities. <sup>[L]</sup><sub>[SEP]</sub>

### **2.3.4 Reduction of share capital**

The Board of a Reporting Entity must ensure that a Reporting Entity does not purchase its own Shares unless: <sup>[L]</sup><sub>[SEP]</sub>

- (a) the purchase does not materially prejudice the Reporting Entity's ability to pay its creditors;
- (b) it has obtained prior approval of shareholders in meeting by a majority vote; and <sup>[L]</sup><sub>[SEP]</sub>
- (c) prior to the meeting seeking the approval referred to in (b), the notice of the meeting and any accompanying documents relating to the purchase is filed with the AFSA. <sup>[L]</sup><sub>[SEP]</sub>

### **2.3.5 Pre-emption rights**

The Board of a Reporting Entity must, except where otherwise provided in the constituent documents of the Reporting Entity, ensure that a Reporting Entity provides pre-emption rights under which, on an issue of Shares by the Reporting Entity for cash, the shareholders of the Reporting Entity are offered any Shares to be issued in proportion to their existing holdings prior to the Shares being offered to third parties, unless there is prior approval of the issue of Shares without pre-emption rights by shareholders in meeting, by a majority vote. <sup>[L]</sup><sub>[SEP]</sub>

### **2.3.6 Communications with shareholders**

- (a) The Board of Reporting Entity must ensure that all necessary information and facilities are available to its shareholders to enable them exercise the rights attaching to the Shares on a well-informed basis.
- (b) Without limiting the generality of the obligation in (a), the Board must ensure that the shareholders:
  - (i) are provided with the necessary information relating to the matters to be determined at meetings to enable them to exercise their right to vote, including the proxy forms and notice of meetings; and
  - (ii) have access to any relevant notices or circulars giving information in relation to the rights attaching to the Securities. <sup>[L]</sup><sub>[SEP]</sub>

### **2.3.7 Proxy solicitation**

The Board of a Reporting Entity must ensure that for each meeting at which shareholders are eligible to exercise voting rights attaching to their Securities, each shareholder is given the right and means to vote by proxy.



### 2.3.8 Other matters requiring shareholder approval

- (a) The Board of a Reporting Entity must, subject to (b), ensure that a majority of shareholders in voting approves:
- (i) any alteration of the constitutional documents of the Reporting Entity including any alteration to the memorandum of association, articles of association, bylaws or any other instrument constituting the Reporting Entity;
  - (ii) an alteration of the issued Share capital of the Reporting Entity which is more than 25% of the existing issued Share capital; <sup>[L]</sup><sub>[SEP]</sub>
  - (iii) any acquisition or disposal of an asset of the Reporting Entity where the value of the asset involved is 25% or more of the value of the net assets of the Reporting Entity as at its last published financial reports; <sup>[L]</sup><sub>[SEP]</sub>
  - (iv) the appointment or removal of a Director of the Reporting Entity and the terms of such appointment; <sup>[L]</sup><sub>[SEP]</sub>
  - (v) the appointment or removal of the Auditor of the Reporting Entity; and <sup>[L]</sup><sub>[SEP]</sub>
  - (vi) the placing of the Reporting Entity into voluntary liquidation. <sup>[L]</sup><sub>[SEP]</sub>
- (b) The requirement in (a) does not apply, subject to any requirements in the constitutional documents of the Reporting Entity, in relation to the appointment or removal of a Director or Auditor of a Reporting Entity in circumstances where the immediate appointment or removal is necessary in the interests of the Reporting Entity.

#### Guidance: Other matters requiring shareholder approval

- (1) Under MAR 2.3.8(a)(ii), an increase in the issued Share capital of a Reporting Entity which results in an increase of more than 25% of its current Share capital requires shareholder approval regardless of whether or not such an increase is within the authorised capital of the relevant Reporting Entity.
- (2) The circumstances in which the immediate removal of a Director or Auditor may become necessary include matters affecting that Person's fitness and propriety, such as professional misconduct of such a Person. <sup>[L]</sup><sub>[SEP]</sub>

## 2.4 Dealings by restricted persons

### 2.4.1 Application

- (a) This section applies to:
- (i) the Board of every Reporting Entity; and
  - (ii) a Restricted Person in relation to such a Reporting Entity.
- (b) For the purposes of (a)(ii), a Person is a Restricted Person in relation to a Reporting Entity if he is involved in the senior management of the Reporting Entity.

#### Guidance: Senior management

Persons are considered as involved in the senior management if they are in a position of authority and influence in making management or executive decisions with regard to the day-



to-day management of the business of the Reporting Entity. Some members of the Board, such as executive Directors, will be subject to the requirements in this section because they undertake managerial functions and responsibilities relating to the day-to-day management of the Reporting Entity. <sup>[1]</sup><sub>[SEP]</sub>

#### 2.4.2 Prohibition on dealing

- (a) A Restricted Person must not engage in dealing in the Securities of the Reporting Entity during a close period except in the circumstances specified in MAR 2.4.4 or MAR 2.4.5.
- (b) The prohibition in (a) applies to any dealing by Restricted Persons whether or not such dealings are with another Restricted Person or any other Person.

#### 2.4.3 Definition of “closed period” and “dealing in Securities”

For the purposes of MAR 2.4.2:

- (a) a ‘close period’ is
  - (i) the period from the relevant financial year end up to and including the time of the announcement or publication of the annual financial reports; and <sup>[1]</sup><sub>[SEP]</sub>
  - (ii) if the Reporting Entity reports on a semi-annual basis, the period from the end of the relevant semi-annual financial period up to and including the time of the announcement or publication; or <sup>[1]</sup><sub>[SEP]</sub>
  - (iii) if the Reporting Entity reports on a quarterly basis, the period from the end of the relevant quarter up to and including the time of the announcement. <sup>[1]</sup><sub>[SEP]</sub>
- (b) ‘dealing in Securities’ means: <sup>[1]</sup><sub>[SEP]</sub>
  - (i) any acquisition or disposal of, or agreement to acquire or dispose of, Securities of the Reporting Entity; or <sup>[1]</sup><sub>[SEP]</sub>
  - (ii) entering into a contract (such as a contract for difference) the purpose of which is to secure a profit or avoid a loss by reference to fluctuations in the price of the Securities of the Reporting entity; or <sup>[1]</sup><sub>[SEP]</sub>
  - (iii) the grant, acceptance, acquisition, disposal, exercise or discharge of any option to acquire or dispose of any Securities of the Reporting Entity; or <sup>[1]</sup><sub>[SEP]</sub>
  - (iv) entering into, or terminating, assigning or novating any stock lending agreement in respect of the Securities of the Reporting Entity; or <sup>[1]</sup><sub>[SEP]</sub>
  - (v) using as Security, or otherwise granting a charge, lien or other encumbrance over the Securities of the Reporting Entity; or <sup>[1]</sup><sub>[SEP]</sub>
  - (vi) any other transaction including a transfer for no consideration, or the exercise of any power or discretion effecting a change of ownership of a beneficial interest in, the Securities of the Reporting Entity. <sup>[1]</sup><sub>[SEP]</sub>

#### 2.4.4 Clearance to deal

- (a) The prohibition in MAR 2.4.2 (a) does not apply in relation to any dealing in Securities where the Restricted Person has obtained prior clearance to deal as provided in (b) and (c).



- (b) For the purposes of (a), prior written clearance to deal in the Securities of a Reporting Entity must be obtained:
  - (i) from a Director designated by the Board for the purposes of providing clearances to deal; and <sup>[17]</sup><sub>[SEP]</sub>
  - (ii) in the case of dealings by the Director designated for the purpose of providing clearances to deal, from the full Board or another Director designated by the Board for the purposes of providing such clearance. <sup>[17]</sup><sub>[SEP]</sub>
- (c) For the purposes of (a) and (b), a Director of the Reporting Entity must not be given written clearance to deal in any Securities of the Reporting Entity during any period when there exists any matter which constitutes Inside Information unless the Person responsible for granting clearance has no reason to believe that the proposed dealing is or may be in breach of the Framework Regulations or MAR.

#### 2.4.5 Exempt dealings

The prohibition in MAR 2.4.2 (a) does not apply in relation to any dealing in Securities in the Reporting Entity if such dealing by the Restricted Person relates to:

- (a) undertakings or elections to take up, or the taking up of, an entitlement under a rights issue or dividend reinvestment offer, or allowing such an entitlement or offer to lapse; or <sup>[17]</sup><sub>[SEP]</sub>
- (b) undertakings to accept, or the acceptance of, a Takeover Offer under Takeover Rules; or <sup>[17]</sup><sub>[SEP]</sub>
- (c) dealings where the beneficial interest in the relevant Security does not change; or <sup>[17]</sup><sub>[SEP]</sub>
- (d) transactions between the Restricted Person and an Associate of such a Person; or
- (e) transactions relating to dealings in an Employee Share Scheme in accordance with the terms of such a scheme. <sup>[17]</sup><sub>[SEP]</sub>

### 2.5 Related party transactions

#### 2.5.1 Application

This section applies, subject to MAR 2.5.4, to:

- (a) a Reporting Entity; and
- (b) a Related Party of such a Reporting Entity. <sup>[17]</sup><sub>[SEP]</sub>

#### 2.5.2 Definitions

In this section, unless otherwise provided:

- (a) a Person is a Related Party of a Reporting Entity if that Person:
  - (i) is, or was within the 12 months before the date of the Related Party Transaction:
    - (A) a Director or a Person involved in the senior management of the Reporting Entity or a member of its Group; <sup>[17]</sup><sub>[SEP]</sub>
    - (B) an Associate of a Person referred to in (a)(i)(A); or <sup>[17]</sup><sub>[SEP]</sub>



- (ii) owns, or has owned within 12 months before the date of the Related Party Transaction, voting Securities carrying more than 5% of the voting rights attaching to all the voting Securities of either the Reporting Entity or a member of its Group; or <sup>[L]</sup><sub>[SEP]</sub>
  - (iii) is, or was within the 12 months before the date of the Related Party Transaction, a Person exercising or having the ability to exercise significant influence over the Reporting Entity or an Associate of such a Person. <sup>[L]</sup><sub>[SEP]</sub>
- (b) a transaction is a Related Party Transaction if it is a transaction:
- (i) between a Reporting Entity and a Related Party; or <sup>[L]</sup><sub>[SEP]</sub>
  - (ii) under which the Reporting Entity invests in another Undertaking or asset, or provides financial assistance to another Undertaking, in which a Related Party also has a financial interest; or <sup>[L]</sup><sub>[SEP]</sub>
  - (iii) between the Reporting Entity and any other Person the purpose or effect of which is to benefit a Related Party; or <sup>[L]</sup><sub>[SEP]</sub>
  - (iv) of the kind referred to in (i) – (iii) and is between a Subsidiary of a Reporting Entity and a Related Party of the Reporting Entity. <sup>[L]</sup><sub>[SEP]</sub>

#### Guidance: Definitions

Any transaction between a Subsidiary of a Reporting Entity and a Related Party is included within the definition of a Related Party Transaction. This is because a Related Party may, through the Reporting Entity, be able to influence terms which are more favourable to the Related Party when transacting with the subsidiary. Such transactions could be detrimental to the interests of the Reporting Entity. <sup>[L]</sup><sub>[SEP]</sub>

#### 2.5.3 Related party transaction procedures

A Reporting Entity must ensure that:

- (a) if the value of a Related Party Transaction is greater than 5% of value of the net assets of the Reporting Entity as stated in its most recent financial reports, it does not enter into such a transaction unless the transaction has been put to shareholder approval and has received prior approval by a majority of the shareholders in voting of the Reporting Entity; or <sup>[L]</sup><sub>[SEP]</sub>
- (b) if the value of the Related Party Transaction is less than the 5% threshold referred to in (a), it gives to the AFSA a notice as soon as possible after the transaction of the relevant terms and the basis on which such terms are considered fair and reasonable, supported by a written confirmation by an independent third party acceptable to the AFSA; or <sup>[L]</sup><sub>[SEP]</sub>
- (c) if the cumulative value of a series of Related Party Transactions with the same Related Party and Associates of that Related Party reaches the 5% threshold referred to in (a) in any 12-month period, it does not enter into the last of the series of the transactions unless such proposed action has been put to shareholder approval and received approval by a majority of the shareholders in voting of the Reporting Entity. <sup>[L]</sup><sub>[SEP]</sub>

#### 2.5.4 Exemptions

The requirements in this section do not apply to a transaction referred to in MAR 2.5.2(b): <sup>[L]</sup><sub>[SEP]</sub>



- (a) where the transaction is made in the ordinary course of business and on commercial terms no less favourable than those of an arm's length transaction with an unrelated party; or <sup>[L]</sup><sub>[SEP]</sub>
- (b) where it, or any series of transactions with the same Related Party in any 12-month period, does not exceed 0.25% of the value of the net assets of the Reporting Entity as stated in its most recent financial reports; or <sup>[L]</sup><sub>[SEP]</sub>
- (c) where it is made in accordance with the terms of an Employee Share Scheme or other Employee incentive scheme approved by the Board of the Reporting Entity; or <sup>[L]</sup><sub>[SEP]</sub>
- (d) where it involves the issue of new Securities for cash or pursuant to the exercise of conversion or subscription rights attaching to Securities issued to existing Shareholders where the Securities are traded on an Authorised Investment Exchange. <sup>[L]</sup><sub>[SEP]</sub>



### **3 FINANCIAL REPORTS**

#### **3.1 Core obligations**

##### **3.1.1 Obligation to prepare financial statements**

A Reporting Entity must prepare a financial statement which meets the requirements in MAR 3.2.1 to 3.2.3 for each financial year of the Reporting Entity.

##### **3.1.2 Obligation to prepare semi-annual financial report**

A Reporting Entity must, in addition to the annual financial report, prepare and file a semi-annual financial report which meets the requirements in MAR 3.3.1 to 3.3.3 in respect of Shares, Warrants or Certificates over Shares.

##### **3.1.3 Financial reporting standards**

A Reporting Entity must prepare and maintain all financial statements in accordance with the International Financial Reporting Standards (IFRS) or other financial reporting standards acceptable to the AFSA.

#### **3.2 Annual Financial Report**

##### **3.2.1 Contents of annual financial report**

- (a) The annual financial report which is required to be produced by a Reporting Entity pursuant to section 88 of the Framework Regulations must include the information specified in (b).
- (b) In respect of the financial year to which the annual financial report relates, it must contain:
  - (i) financial statements audited in accordance with MAR 3.2.2;
  - (ii) a review of the operations during the year and the results of those operations;
  - (iii) details of any significant changes in the Reporting Entity's state of affairs during the financial year;
  - (iv) details relating to the Reporting Entity's principal activities during the year and any significant changes in the nature of those activities during the year;
  - (v) details of any matter or circumstance that has arisen since the end of the year that has significantly affected or may significantly affect: the Reporting Entity's operations in future financial years and the results of those operations; or the Reporting Entity's state of affairs in future financial years;
  - (vi) likely developments in the Reporting Entity's operations in future financial years and the expected results of those operations;
  - (vii) a statement by the Auditor of the Reporting Entity as to whether in the Auditor's opinion the financial statements represent a true and fair view of the financial position of the Reporting Entity;
  - (viii) a statement by Directors whether or not, in their opinion, the business of the Reporting Entity is a going concern, with supporting assumptions or qualifications if necessary; and



- (i) details relating to the identity and holdings of any Connected Person of the Reporting Entity.

#### **Guidance**

With regard to the opinion required under the obligation in MAR 3.2.1(b)(viii), the AFSA recognises that while the financial statements will be prepared by Persons other than the Directors, the Board has overall responsibilities to ensure the integrity and independence of the financial reporting process.

### **3.2.2 Audit of annual financial statements**

The annual financial statements of a Reporting Entity must be audited by an independent, competent and qualified Auditor in accordance with the International Standards on Auditing as issued by the International Auditing and Assurance Standards Board (“IAASB”) or other standards acceptable to the AFSA.

### **3.2.3 Signing of the annual financial report**

The annual financial report must be signed by at least two Directors of the Reporting Entity.

## **3.3 Semi-annual financial report**

### **3.3.1 Preparation of the semi-annual financial report**

A Reporting Entity to which the obligation in MAR 3.1.2 applies must prepare a semi-annual financial report:

- (a) for the first six months of each financial year or period; and if there is a change to the accounting reference date, prepare such report in respect of the period up to the old accounting reference date; and
- (b) in accordance with the applicable IFRS standards or other standards acceptable to the AFSA.

### **3.3.2 Contents of the semi-annual financial report**

A Reporting Entity must ensure that the semi-annual financial report includes:

- (a) an indication of important events that have occurred during the first six months of the financial year, and their impact on the financial statements;
- (b) a description of the principal risks and uncertainties for the remaining six months of the financial year;
- (c) a condensed set of financial statements, an interim management report and associated responsibility statements; and
- (d) where financial statements have either been audited or reviewed by Auditors, statements to that effect.

### **3.3.3 Signing of the semi-annual financial report**

A semi-annual financial report must be signed by at least two Directors of the Reporting Entity.





### **3.4 Disclosure of financial reports**

#### **3.4.1 Obligation to make market disclosure**

Where a Reporting Entity is required by to prepare any of the following financial reports:

- (a) its annual financial report;
- (b) its semi-annual financial report; and
- (c) its preliminary financial results

it must do so in the time periods specified in MAR 3.4.2.

#### **3.4.2 Time period for making market disclosure**

A Reporting Entity must disclose its required financial reports within the following time periods:

- (a) in relation to its annual financial report: as soon as possible after the financial statements have been approved, but no later than 120 days after the end of the financial period;
- (b) in relation to its semi-annual financial report: as soon as possible and in any event no later than 60 days after the end of the period to which the report relates; and
- (c) in relation to its preliminary financial results: as soon as possible but no later than 30 minutes before the market opens on the day after the approval of the Board.

### **3.5 Accounting periods**

#### **3.5.1 Accounting reference date**

- (a) A Reporting Entity must not change its accounting reference date as specified in its most recent Prospectus unless it has obtained the prior approval of the AFSA in accordance with the requirements in (b).
- (b) A Reporting Entity that proposes to change its accounting reference date must:
  - (i) notify the AFSA of its proposal at least 28 business days prior to making such a change; and
  - (ii) obtain the AFSA prior approval for the proposed change.

#### **3.5.2 Disclosure of changes to accounting reference date**

A Reporting Entity must, where there is a change to its accounting reference date, disclose to the market:

- (a) the change to its accounting reference date as soon as possible; and
- (b) if it is a Reporting Entity in relation to Shares, a second interim report within six months of the old accounting reference date if the change of the accounting reference date extends the annual accounting period to more than 14 months.



## **4 SPONSORS AND COMPLIANCE ADVISERS**

### **4.1 Sponsors**

#### **4.1.1 Appointment of sponsors**

Where the AFSA chooses to exercise the power under section 85 of the Framework Regulations to require a Reporting Entity or a Person that intends to have Securities admitted to an Official List of Securities or admitted to trading on an Authorised Investment Exchange to appoint an Authorised Firm or Ancillary Services Provider to act as a sponsor, the AFSA will notify the relevant Person in writing.

#### **4.1.2 Procedures relating to appointment of sponsors**

- (a) A Person required to appoint a sponsor must, prior to appointing a sponsor:
  - (i) take reasonable steps to ensure that the proposed sponsor has the required knowledge, experience, qualifications and resources to carry out its obligations under MAR; and
  - (ii) notify the AFSA of the proposed sponsor's name, its business address and an address in the AIFC for the service of documents.
- (b) If requested by the AFSA, a Person appointing a sponsor must provide the AFSA with information about the knowledge, experience, qualifications and resources of the appointed or proposed sponsor.

#### **4.1.3 Independence of sponsors and their employees**

- (a) A Person must take reasonable steps to ensure that the relevant sponsor and Employees of the sponsor are independent and have appropriately managed any conflict of interest that may arise.
- (b) A Person must notify the AFSA if it becomes aware, or has reason to believe, that the sponsor or relevant Employees of the sponsor are no longer independent or have a conflict of interest which has not been appropriately managed.

#### **4.1.4 AFSA's power of direction**

Where, in the opinion of the AFSA, a sponsor appointed by a Person is not suitable, or where a sponsor has not been appointed or has resigned, the AFSA may direct the Person to appoint or replace a sponsor.

#### **4.1.5 Obligations of a sponsor**

A sponsor appointed pursuant to MAR 4.1.1 must:

- (a) satisfy itself to the best of its knowledge and belief, having made due and careful enquiry that the Person who is seeking or intends to seek to have Securities admitted to trading on an Authorised Investment Exchange has satisfied all applicable conditions for offering Securities and other relevant requirements under the Framework Regulations and MAR; and
- (b) provide to the AFSA any information or explanation known to it in such form and within such time limit as the AFSA may reasonably require for the purpose of verifying whether the Person seeking to have Securities admitted to trading on an Authorised Investment



Exchange complies or has complied, with the applicable requirements in the Framework Regulations and MAR; and

- (c) take other steps required in writing by the AFSA.

#### **4.1.6 Sponsor's obligation when aware of non-compliance**

Where a sponsor becomes aware of a failure by the Person seeking to have Securities admitted to trading on an Authorised Investment Exchange to comply with its obligations under MAR and the Framework Regulations, the sponsor must without undue delay:

- (a) notify the Person seeking to have the Securities admitted of the failure and take reasonable steps to ensure it rectifies the failure within a reasonable time; and
- (b) if the Person does not or is unable to rectify the failure as soon as practicable notify the AFSA of that fact.

#### **4.1.7 Duty of care of sponsors**

A sponsor has a duty of care to the Person which has made its appointment.

#### **4.1.8 Co-operation with sponsors**

A Person who is required to appoint a sponsor in respect of the admission of Securities to trading on an Authorised Investment Exchange must take reasonable steps to ensure that it and its Employees:

- (a) provide such assistance as the sponsor reasonably requires to discharge its duties; and
- (b) give the sponsor right of access at all reasonable times to relevant records and information; and
- (c) do not interfere with the sponsor's ability to discharge its duties; and
- (d) do not provide misleading or deceptive information to the sponsor; and
- (e) report to the sponsor any matter which may significantly affect the financial position of the Person issuing the Securities or the price or value of the Securities.

#### **4.1.9 Notifying the AFSA of failure to co-operate**

A sponsor must notify the AFSA of any non-co-operation by the Person seeking to have Securities admitted to trading on an Authorised Investment Exchange or by the Employees of that Person.

#### **4.1.10 Termination of appointment**

Where a Person who is required to appoint a sponsor dismisses the sponsor, the Person must advise the AFSA in writing without delay of the dismissal, giving details of any relevant facts and circumstances.

#### **4.1.11 Resignation of sponsor**

Where a sponsor resigns, it must advise the AFSA in writing without delay of the resignation, giving details of any relevant facts and circumstances.



## **4.2 Compliance advisers**

### **4.2.1 Appointment of a compliance adviser**

Where the AFSA chooses to exercise power under section 85 of the Framework Regulations to require a Person to appoint an Authorised Firm or Ancillary Services Provider to act as a compliance adviser, the AFSA will notify the relevant Person in writing.

### **4.2.2 Procedure for appointing a compliance adviser**

A Reporting Entity required to appoint a compliance adviser must, prior to making the appointment:

- (a) take reasonable steps to ensure that the proposed compliance adviser has the required knowledge, experience, qualifications and resources to carry out its obligations under MAR; and
- (b) notify the AFSA of the proposed compliance adviser's name and business address; and
- (c) take reasonable steps to ensure that the proposed compliance adviser and its relevant Employees are independent and that any conflicts of interest are appropriately managed.

### **4.2.3 Provision of information to the AFSA**

If requested by the AFSA, a Reporting Entity appointing a compliance adviser must provide the AFSA with such information as it may require including information regarding knowledge, experience, qualifications and resources of the compliance adviser.

### **4.2.4 Conflicts of interest**

A Reporting Entity must notify AFSA if it becomes aware, or has reason to believe, that the compliance adviser or its relevant Employees have a conflict of interest which has not been appropriately managed.

### **4.2.5 Appointment of a compliance adviser for a specified period**

- (a) The AFSA may, by written notice, require a Reporting Entity to appoint a compliance adviser for a specified period to assist the Reporting Entity in meeting its continuing obligations under the Framework Regulations and MAR.
- (b) A Reporting Entity that is required to appoint a compliance adviser in accordance with the requirements in this section must ensure that a compliance adviser continues to fulfil the role of compliance adviser until such time as the AFSA advises the Reporting Entity in writing that a compliance adviser is no longer required.

### **4.2.6 Obligation of a Reporting Entity to rectify failure**

Where a Reporting Entity is advised by its compliance adviser that it is failing or has failed to comply with its obligations under the Framework Regulations and MAR, the Reporting Entity must without undue delay:

- (a) take reasonable steps to rectify the failure as soon as practicable; and
- (b) if the Reporting Entity does not or is unable to rectify the failure as soon as practicable notify the AFSA of that fact.

**4.2.7 Provision of information to the AFSA**

A Reporting Entity must provide to the AFSA any information in such form and within such time as the AFSA may reasonably require regarding its compliance adviser or any advice the compliance adviser is providing, or has provided, to the Reporting Entity regarding its continuing obligations under the Framework Regulations and MAR.

**4.2.8 Co-operation with the AFSA**

A Reporting Entity must take reasonable steps to ensure its compliance adviser cooperates in any investigation conducted by the AFSA including answering promptly and openly any questions addressed to the compliance adviser, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which the compliance adviser is requested to appear.

**4.2.9 Co-operation with compliance advisers**

A Reporting Entity must take reasonable steps to ensure that it and its Employees:

- (a) provide such assistance as the compliance adviser reasonably requires to discharge its duties;
- (b) give the compliance adviser right of access at all reasonable times to relevant records and information;
- (c) do not hinder or interfere with the compliance adviser's ability to discharge its duties; and
- (d) do not withhold information that would assist the compliance adviser advising the Reporting Entity of its duties;
- (e) do not provide misleading or deceptive information to the compliance adviser; and
- (f) report to the compliance adviser any matter which may significantly affect the financial position of the Reporting Entity or the price or value of the Securities.

**4.2.10 Termination of appointment**

Where a Reporting Entity dismisses its compliance adviser, the Reporting Entity must advise the AFSA in writing without delay of the dismissal, giving details of all relevant facts and circumstances.

**4.2.11 Resignation of compliance adviser**

Where a compliance adviser resigns, the Reporting Entity must without delay advise the AFSA in writing of the resignation, giving details of all relevant facts and circumstances.



## 5 MARKET ABUSE

### Guidance

- (1) Section 86 of the Framework Regulations provides that a Person may not behave in relation to an Investment or anything which is the subject matter of (or whose price or value is expressed by reference to the price or value of) an Investment, where such behaviour consists of that Person:
  - (a) acquiring or disposing of, or attempting to acquire or dispose of, for his own account or for the account of a third party, either directly or indirectly, an Investment, on the basis of inside information relating to the Investment;
  - (b) disclosing inside information to another Person otherwise than in the proper course of the exercise of his employment, profession or duties;
  - (c) recommending or inducing any Person, on the basis of inside information, to acquire or dispose of an Investment to which that information relates;
  - (d) effecting, or participating in effecting, transactions or orders to trade (otherwise than for legitimate reasons in conformity with accepted market practice on the relevant market) which:
    - (i) give, or are likely to give a false or misleading impression as to the supply of, or demand for, or as to the price or value of, one or more Investments, or
    - (ii) secure the price of one or more Investments at an abnormal or artificial level;
  - (e) effecting, or participating in effecting, transactions or orders to trade which employ fictitious devices or any other form of deception or contrivance; or
  - (f) disseminating, or causing the dissemination of, information by any means which gives, or is likely to give, a false or misleading impression as to an Investment by a Person who knew or could reasonably be expected to have known that the information was false or misleading.
- (2) Pursuant to section 87 of the Framework Regulations, MAR 5 sets out the scope and effect of section 86 including the definition of Inside Information, conduct to be regarded as Market Abuse (and thus contravening section 87) and exceptions thereto.

### 5.1 Definition of Market Abuse

#### 5.1.1 Conduct amounting to Market Abuse

The following conduct amounts to Market Abuse for the purposes of section 86 of the Framework Regulations:

- (a) unlawful disclosure of Inside Information;
- (b) engaging or attempting to engage in Insider Dealing;
- (c) recommending that another Person engage in Insider Dealing;
- (d) inducing another Person to engage in Insider Dealing; and
- (e) engaging or attempting to engage in Market Manipulation.



### 5.1.2 Conduct not amounting to Market Abuse

The following conduct does not amount to Market Abuse for the purposes of section 86 of the Framework Regulations:

- (a) disclosure of Inside Information made in the course of a Market Sounding;
- (b) the behaviour described in MAR 5.3.4 to 5.3.6; and
- (c) accepted market practices established under MAR 5.4.4.

## 5.2 Definition of Inside Information

### 5.2.1 Definition of Inside Information (general)

Inside information is information of a precise nature which:

- (a) has not been made public;
- (b) relates directly or indirectly, to one or more Issuers or to one or more Securities; and <sup>(1)</sup> <sub>(2)</sub>
- (c) would, if it were made public, be likely to have a significant effect on the prices of those Securities or on the price of related derivative Securities.

#### Guidance: Inside Information

An intermediate step in a protracted process will be Inside Information if, by itself, it satisfies the criteria of Inside Information.

### 5.2.2 Definition of Inside Information (execution of orders)

For Persons charged with the execution of orders concerning Securities, Inside Information:

- (a) has the meaning given in MAR 5.2.2 (Definition – Inside Information (general)); and
- (b) is information conveyed by a client and relating to the client's pending orders in Securities which:
  - (i) is of a precise nature; and
  - (ii) relates directly or indirectly, to one or more Issuers or to one or more Securities; and
  - (iii) if it were made public, would be likely to have a significant effect on the prices of those Securities, the price of related spot commodity contracts, or on the price of related derivative Securities.

### 5.2.3 Definition of Information of a 'precise nature'

Information will be deemed to be of a precise nature if it:

- (a) indicates a set of circumstances which exists or which may reasonably be expected to come into existence, or an event which has occurred or which may reasonably be expected to occur; and



- (b) is specific enough to enable a conclusion to be drawn as to the possible effect of that set of circumstances or event on the prices of the Securities or the related derivative Securities.

**Guidance: Precise information**

In the case of a protracted process that is intended to bring about, or that results in, particular circumstances or a particular event, those future circumstances or that future event, and also the intermediate steps of that process which are connected with bringing about or resulting in those future circumstances or that future event, may be deemed to be precise information.

**5.2.4 Definition of Information likely to have a ‘significant effect’**

Information which, if it were made public, would be likely to have a significant effect on the prices of Securities means information which a reasonable investor would be likely to use as part of the basis of his or her investment decisions.

**5.2.5 Unlawful disclosure of Inside Information**

Unlawful disclosure of Inside information occurs where:

- (a) a Person specified in MAR 5.2.6 possesses Inside Information and discloses that information to any other Person, except where the disclosure is made in the normal exercise of an employment, a profession or duties; or
- (b) a Person (‘A’) to whom a recommendation to engage in Insider Dealing is made or who is induced to engage in Insider Dealing, within the meaning of MAR 5.3.2, discloses the recommendation or inducement to another where A knows or ought to know that the recommendation or inducement was based on Inside Information.

**5.2.6 Persons possessing Inside Information**

MAR 5.2.5 (a) applies to:

- (a) any Person who possesses Inside Information as a result of:
  - (i) being a member of the administrative, management or supervisory bodies of the Issuer; or
  - (ii) having a holding in the capital of the Issuer; or
  - (iii) having access to the information through the exercise of an employment, profession or duties; or
  - (iv) being involved in criminal activities;
- (b) any Person who possesses Inside Information other than under the circumstances specified in (a) where that Person knows or ought to know that the information is Inside Information.

**5.3 Insider Dealing**

**5.3.1 Definition of Insider Dealing**

The following amount to Insider Dealing:





- (a) the use, by a Person who possesses Inside information, of that information by acquiring or disposing of, for its own account or for the account of a third party, directly or indirectly, Securities to which that information relates; or
- (b) the use of Inside Information by cancelling or amending an order concerning a Security to which the information relates where the order was placed before the Person concerned possessed the Inside Information; or
- (c) the use of recommendations or inducements to engage in Insider Dealing MAR 5.3.2 (Recommending or Inducing Insider Dealing), where the Person using the recommendation or inducement knows or ought to know that it is based on Inside Information.

### **5.3.2 Recommending or Inducing Insider Dealing**

A Person ('A') recommends another Person ('B') to engage in Insider Dealing or induces B to engage in Insider Dealing, where A possesses Inside Information and:

- (a) recommends, on the basis of that information, that B acquires or disposes of Securities to which that information relates, or induces B to make such an acquisition or disposal; or
- (b) recommends, on the basis of that information, that B cancels or amends an order concerning a Security to which that information relates, or induces B to make such a cancellation or amendment.

### **5.3.3 Persons to whom MAR 5.3.2 and MAR 5.3.1 apply**

MAR 5.3.1 (Definition of Insider Dealing) and MAR 5.3.2 (Recommending or inducing Insider Dealing) apply:

- (a) to any Person who possesses Inside Information as a result of:
  - (i) being a member of the administrative, management or supervisory bodies of the Issuer; or
  - (ii) having a holding in the capital of the Issuer; or
  - (iii) having access to the information through the exercise of an employment, profession or duties; or
  - (iv) being involved in criminal activities;
- (b) to any Person who possesses Inside Information other than under the circumstances specified in (a) where that Person knows or ought to know that the information is Inside Information; or
- (c) where the Person in (a) or (b) is a legal Person, in addition to that legal Person, to the natural Persons who participate in the decision to carry out the acquisition, disposal, cancellation or amendment of an order for the account of the legal Person concerned.

### **5.3.4 Behaviour that does not constitute Insider Dealing**

A Person ('A') who is or who has been in possession of Inside Information will not be deemed to have used that information for acquisition or disposition of Securities merely because A is or was in possession of Inside Information:



- (a) Where A is a legal Person and A:
  - (i) has established, implemented and maintained adequate and effective internal arrangements and procedures that effectively ensure that neither the natural Person who made the decision on its behalf to acquire or dispose of Securities to which the information relates, nor another natural Person who may have had an influence on that decision, was in possession of the Inside Information; and
  - (ii) has not encouraged, made a recommendation to, induced or otherwise influenced the natural Person who, on behalf of the legal Person, acquired or disposed of Securities to which the information relates.
- (b) Where A:
  - (i) for the Security to which the information relates, is a Market Maker or a Person authorised to act as a counterparty, and the acquisition or disposal of Securities to which that information relates is made legitimately in the normal course of the exercise of its function as a market maker or as a counterparty for that Security; or
  - (ii) is authorised to execute orders on behalf of third parties and the acquisition or disposal of Securities to which the order relates, is made to carry out such an order legitimately in the normal course of the exercise of that Person's employment, profession or duties;<sup>[1]</sup><sub>SEP</sub>
- (c) Where A conducts a transaction to acquire or dispose of Securities and that transaction is carried out in the discharge of an obligation that has become due in good faith and not to circumvent the prohibition against Insider Dealing and:
  - (i) that obligation results from an order placed or an agreement concluded before the Person concerned possessed Inside Information; or
  - (ii) that transaction is carried out to satisfy a legal or regulatory obligation that arose, before the Person concerned possessed Inside Information.

### 5.3.5 Behaviour that does not constitute Insider Dealing – public takeover

It will not be deemed from the mere fact that a Person is in possession of Inside information that that Person has used that information and has thus engaged in Insider Dealing:

- (a) where such Person has obtained that Inside Information in the conduct of a public takeover or merger with a company and uses that Inside information solely for the purpose of proceeding with that merger or public takeover; and
- (b) provided that at the point of approval of the merger or acceptance of the offer by the shareholders of that company, any Inside Information has been made public or has otherwise ceased to constitute Inside Information.

### 5.3.6 Behaviour that does not constitute Insider Dealing – use of own knowledge

The mere fact that a Person uses its own knowledge that it has decided to acquire or dispose of Securities in the acquisition or disposal of those Securities will not of itself constitute use of Inside Information.

**Guidance: Behaviour that does not constitute Insider Dealing**

Notwithstanding the provisions in MAR 5.3.4 to MAR 5.3.6, an infringement of the prohibition of Insider Dealing may still be deemed to have occurred if the AFSA establishes that there was an illegitimate reason for the orders to trade, transactions or behaviours concerned.

**5.4 Market Manipulation****5.4.1 Market Manipulation**

Market Manipulation comprises the activities set in MAR 5.4.2 and includes the conduct set out in MAR 5.4.3.

**5.4.2 Market Manipulation Activities**

The following activities constitute Market Manipulation:

- (a) entering into a transaction, placing an order to trade or any other behaviour which:
  - (i) gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a Security; or
  - (ii) secures, or is likely to secure, the price of one or several Securities at an abnormal or artificial level;unless the Person entering into a transaction, placing an order to trade or engaging in any other behaviour establishes that such transaction, order or behaviour have been carried out for legitimate reasons, and conform with an accepted market practice MAR 7.4.5 (Accepted Market Practice); and
- (b) entering into a transaction, placing an order to trade or any other activity or behaviour which affects or is likely to affect the price of one or several Securities, which employs a fictitious device or any other form of deception or contrivance; and
- (c) disseminating information through the media, including the internet, or by any other means, which gives, or is likely to give, false or misleading signals as to the supply of, demand for, or price of, a Security, or secures, or is likely to secure, the price of one or several Securities, at an abnormal or artificial level, including the dissemination of rumours, where the Person who made the dissemination knew, or ought to have known, that the information was false or misleading; and
- (d) transmitting false or misleading information or providing false or misleading inputs in relation to a benchmark where the Person who made the transmission or provided the input knew or ought to have known that it was false or misleading, or any other behaviour which manipulates the calculation of a benchmark.

**5.4.3 Market Manipulation Behaviour**

The following conduct constitutes Market Manipulation:

- (a) the conduct by a Person, or Persons acting in collaboration, to secure a dominant position over the supply of or demand for a Security which has, or is likely to have, the effect of fixing, directly or indirectly, purchase or sale prices or creates, or is likely to create, other unfair trading conditions; and



- (b) the buying or selling of Securities, at the opening or closing of the market, which has or is likely to have the effect of misleading investors acting on the basis of the prices displayed, including the opening or closing prices; and
- (c) the placing of orders to a trading venue, including any cancellation or modification thereof, by any available means of trading, including by electronic means, such as algorithmic and high-frequency trading strategies, and which has one of the effects referred to in MAR 5.4.2(a) or (b), by:
  - (i) disrupting or delaying the functioning of the trading system of the trading venue or being likely to do so; or <sup>[L]</sup><sub>[SEP]</sub>
  - (ii) making it more difficult for other Persons to identify genuine orders on the trading system of the trading venue or being likely to do so, including by entering orders which result in the overloading or destabilisation of the order book; or <sup>[L]</sup><sub>[SEP]</sub>
  - (iii) creating or being likely to create a false or misleading signal about the supply of, or demand for, or price of, a Security, in particular by entering orders to initiate or exacerbate a trend; <sup>[L]</sup><sub>[SEP]</sub>
- (d) the taking advantage of occasional or regular access to the traditional or electronic media by voicing an opinion about a Security (or indirectly about its Issuer) while having previously taken positions on that Security and profiting subsequently from the impact of the opinions voiced on the price of that instrument without having simultaneously disclosed that conflict of interest to the public in a proper and effective way.

#### 5.4.4 Accepted Market Practice

The activities referred to in MAR 5.4.2(a) will not constitute Market Manipulation if the Person entering into a transaction, placing an order to trade or engaging in any other behavior establishes that such transaction, order or behavior have been carried out for legitimate reasons, and conform with an accepted market practice as established by the AFSA.

### 5.5 Market Soundings

#### 5.5.1 Definition of Market Sounding

The following constitute Market Sounding:

- (a) the communication of information, prior to the announcement of a transaction, in order to gauge the interest of potential investors in a possible transaction and the conditions relating to it, such as its potential size or pricing, to one or more potential investors by:
  - (i) an Issuer; or
  - (ii) a secondary offeror of a Security, in such quantity or value that the transaction is distinct from ordinary trading and involves a selling method based on the prior assessment of potential interest from potential investors; or
  - (iii) a third party acting on behalf or on the account of a Person referred to in (i) or (ii); and
- (b) disclosure of Inside Information by a Person intending to make a takeover bid for the Securities of a company or a merger with a company to parties entitled to the Securities, will also constitute a market sounding, provided that:



- (i) the information is necessary to enable the parties entitled to the Securities to form an opinion on their willingness to offer their Securities: and
- (ii) the willingness of parties entitled to the Securities to offer their Securities is reasonably required for the decision to make the takeover bid or merger.

#### **5.5.2 Disclosure of Inside Information in the course of Market Sounding**

Disclosure of Inside Information made in the course of Market Sounding will be deemed to be made in the normal exercise of a Person's employment, profession or duties (and will not constitute unlawful disclosure of Inside Information (MAR 5.2.6) provided that the Person making the disclosure complied with the requirements in MAR 5.5.3 (Requirements on a Person conducting or intending to conduct Market Sounding).

#### **5.5.3 Requirements on a Person conducting or intending to conduct Market Sounding**

A market participant must:

- (a) prior to conducting a Market Sounding, consider whether the Market Sounding will involve the disclosure of Inside Information and make a written record of its conclusions and reasons thereof; and
- (b) before making the disclosure of Inside Information:
  - (i) obtain the consent of the Person receiving the Market Sounding to receive Inside Information; and
  - (ii) inform the Person receiving the market sounding that he is prohibited from using that information, or attempting to use that information, by acquiring or disposing of, for his own account or for the account of a third party, directly or indirectly, Securities relating to that information; and <sup>(1)</sup>SEP
  - (iii) inform the Person receiving the market sounding that he is prohibited from using that information, or attempting to use that information, by cancelling or amending an order which has already been placed concerning a Security to which the information relates; and
  - (iv) inform the Person receiving the market sounding that by agreeing to receive the information he is obliged to keep the information confidential; and
- (c) make and maintain a record of all information given to the Person receiving the Market Sounding, including the information given in accordance with points (i) to (iv), and the identity of the potential investors to whom the information has been disclosed, including but not limited to the legal and natural Persons acting on behalf of the potential investor, and the date and time of each disclosure. The disclosing market participant must provide that record to the competent authority upon request; and
- (d) provide its written record to the AFSA upon request;

prior to conducting a Market Sounding.

#### **5.5.4 Information which ceases to be Inside Information**

Where information that has been disclosed in the course of a Market Sounding ceases to be Inside Information according to the assessment of the disclosing market participant, the



disclosing market participant must inform the recipient accordingly, as soon as possible and maintain a record of the information given to the recipient.

### **5.5.5 Record Keeping**

The disclosing market participant must keep the records referred to in MAR 5.5.3 and 5.5.4 for a period of at least five years.

## **6 MARKET DISCLOSURE**

### **6.1 Public disclosure of Inside Information**

#### **6.1.1 Obligation to disclose Inside Information to the public**

A Reporting Entity must inform the public as soon as possible of Inside Information which directly concerns that Reporting Entity.

#### **6.1.2 Requirements for public disclosure of Inside Information**

The Reporting Entity:

- (a) must ensure that the Inside Information is made public in a manner which enables fast access and complete, correct and timely assessment of the information by the public; and
- (b) must not combine the disclosure of Inside Information to the public with the marketing of its activities; and
- (c) must post and maintain on its website for a period of at least five years, all Inside Information it is required to disclose publicly.

#### **6.1.3 Delaying disclosure**

A Reporting Entity may delay disclosure of Inside Information to the public provided that all of the following conditions are met:

- (a) immediate disclosure is likely to prejudice the legitimate interests of the Reporting Entity; and
- (b) delay of disclosure is not likely to mislead the public; and
- (c) the Reporting Entity is able to ensure the confidentiality of that information.

#### **6.1.4 Delaying disclosure – protracted processes**

In the case of a protracted process that occurs in stages and that is intended to bring about, or that results in, a particular circumstance or a particular event, a Reporting Entity may delay the public disclosure of Inside Information relating to this process, subject to MAR 6.1.3.

#### **6.1.5 Obligation to notify the AFSA of delayed disclosure**

Where a Reporting Entity has delayed the disclosure of Inside Information under MAR 8.1.3 or MAR 8.1.4, it must inform the AFSA that disclosure of the information was delayed and must provide a written explanation of how the conditions set out in MAR 6.1.3 were met, immediately after the information is disclosed to the public.



## 6.1.6 Obligation to disclose to the public when confidentiality is no longer ensured

Where disclosure of Inside Information has been delayed in accordance with MAR 6.1.3 or MAR 6.1.4 and the confidentiality of that Inside Information is no longer ensured, the Reporting Entity must disclose that Inside Information to the public as soon as possible.

### **Guidance: Obligation to disclose to the public when confidentiality is no longer ensured**

MAR 6.1.6 would apply to situations where a rumour explicitly relates to Inside Information the disclosure of which has been delayed in accordance with MAR 6.1.3 or MAR 6.1.4 where that rumour is sufficiently accurate to indicate that the confidentiality of that information is no longer ensured.

## 6.1.7 Disclosure of Inside Information in the normal course of the exercise of an employment, profession or duties

Where a Reporting Entity, or a Person acting on their behalf or for their account, discloses any Inside Information to any third party in the normal course of the exercise of an employment, profession or duties as referred to in MAR 5.2.6 (Unlawful Disclosure of Inside Information):

- (a) they must make complete and effective public disclosure of that information, simultaneously in the case of an intentional disclosure, and promptly in the case of a non-intentional disclosure; but
- (b) the obligation in (a) does not arise where the Person receiving the information owes a duty of confidentiality, whether such duty is based on law, regulations, on articles of association or on a contract.

## 6.2 Insider lists

### 6.2.1 Obligation to draw up insider lists

A Reporting Entity, or a Person acting on its behalf or on its account, must draw up a list of all Persons who have access to Inside Information and who are working for them under a contract of employment, or otherwise performing tasks through which they have access to Inside Information, such as advisers, accountants or credit rating agencies (Insider List).<sup>[LSEP]</sup>

### 6.2.2 Reporting Entity is responsible for complying with MAR 8.2.2 (Obligation to draw up insider lists)

Where another Person acting on behalf or on the account of the Reporting Entity assumes the task of drawing up and updating the Insider List, the Reporting Entity remains fully responsible for complying with MAR 6.2.2 (Obligation to draw up insider lists).

### 6.2.3 Contents of the Insider List

The Insider List must include at least:

- (a) the identity of any Person having access to Inside Information; and
- (b) the reason for including that Person in the Insider List; and
- (c) the date and time at which that Person obtained access to Inside Information; and
- (d) the date on which the insider list was drawn up.



#### 6.2.4 Persons on the Insider List

A Reporting Entity, or a Person acting on its behalf or on its account, must take all reasonable steps to ensure that any Person on the Insider List acknowledges in writing the legal and regulatory duties entailed and is aware of the sanctions applicable to Insider Dealing and unlawful disclosure of Inside Information.

#### 6.2.5 Updating the Insider list

A Reporting Entity, or a Person acting on its behalf or on its account, must update the Insider List promptly, including the date of the update, in the following circumstances:

- (a) where there is a change in the reason for including a Person already on the Insider List; and
- (b) where there is a new Person who has access to Inside Information and needs, therefore, to be added to the Insider List; and <sup>[17]</sup><sub>[SEP]</sub>
- (c) where a Person ceases to have access to Inside Information. <sup>[17]</sup><sub>[SEP]</sub>

Each update must specify the date and time when the change triggering the update occurred.

#### 6.2.6 Provision of Insider Lists to the AFSA

Reporting Entities or any Person acting on their behalf must provide the Insider List to the AFSA as soon as possible upon its request.

#### 6.2.7 Record Keeping

A Reporting Entity, or a Person acting on its behalf or on its account, must retain the Insider List for a period of at least five years after it is drawn up or updated.

### 6.3 Managers' transactions

#### 6.3.1 Notification of transactions

Persons discharging managerial responsibilities within a Reporting Entity must notify the Reporting Entity and the AFSA, in accordance with the rules in MAR 6.3, of every transaction conducted on their own account relating to the Shares or debt instruments of that Issuer or to derivatives or other Securities linked thereto.

#### 6.3.2 Transactions on behalf of Persons discharging managerial responsibilities

Transactions that must be notified under MAR 6.3.1 (Notification of transactions) must also include:

- (a) the pledging or lending of Securities by or on behalf of a Person discharging managerial responsibilities, save that a pledge, or a similar Security interest, of Securities in connection with the depositing of the Securities in a custody account does not need to be notified, unless and until such time that such pledge or other Security interest is designated to secure a specific credit facility; and
- (b) transactions undertaken by Persons professionally arranging or executing transactions or by another Person on behalf of a Person discharging managerial responsibilities, including where discretion is exercised.





### 6.3.3 Content of notification

The notification of transactions referred to in MAR 6.3.1 must contain the following information:

- (a) the name of the Person;
- (b) the reason for the notification;<sup>[1]</sup><sub>[SEP]</sub>
- (c) the name of the relevant Reporting Entity;
- (d) a description and the identifier of the Security;
- (e) the nature of the transaction(s) (e.g. acquisition or disposal), indicating whether it is linked to the exercise of Share option programmes or to the specific examples set out in MAR 6.3.2 (Transactions on behalf of Persons discharging managerial responsibilities);<sup>[1]</sup><sub>[SEP]</sub>
- (f) the date and place of the transaction(s); and <sup>[1]</sup><sub>[SEP]</sub>
- (g) the price and volume of the transaction(s). In the case of a pledge whose terms provide for its value to change, this should be disclosed together with its value at the date of the pledge.<sup>[1]</sup><sub>[SEP]</sub>

### 6.3.4 Notification to be made promptly

The notification in MAR 6.3.1 must be made promptly and no later than three business days after the date of the transaction.

### 6.3.5 Disclosure to the public

The Reporting Entity must ensure that the information that is notified in accordance with MAR 6.3.1 is made public promptly and no later than three business days after the transaction in a manner which enables fast access to the information on a non-discriminatory basis.

### 6.3.6 Notifying Persons discharging managerial responsibilities of their obligations

Reporting Entities must notify the Person discharging managerial responsibilities of their obligations under MAR 6.3.1 (Notification of transactions).

### 6.3.7 List of Persons discharging managerial responsibilities of their obligations

A Reporting Entity must draw up a list of all Persons discharging managerial responsibilities.

### 6.3.8 Closed period

A Person discharging managerial responsibilities within a Reporting Entity must not conduct any transactions on their own account or for the account of a third party, directly or indirectly, relating to the Shares or debt instruments of the Reporting Entity or to derivatives or other Securities linked to them during a closed period of 30 calendar days before the announcement of an interim financial report or a year-end report which the Issuer is obliged to make public according to MAR 5.

### 6.3.9 Discretion to permit trading with the closed period

A Reporting Entity may allow a Person discharging managerial responsibilities within it to trade on its own account or for the account of a third party during a closed period either:



- (a) on a case-by-case basis due to the existence of exceptional circumstances, such as severe financial difficulty, which require the immediate sale of Shares; or <sup>[1]</sup><sub>[SEP]</sub>
- (b) due to the characteristics of the trading involved for transactions made under, or related to, an Employee Share Scheme or saving scheme, qualification or entitlement of Shares, or transactions where the beneficial interest in the relevant Security does not change.

## **6.4 Dissemination of investment recommendations, statistics and information in the media**

### **6.4.1 Investment recommendations**

Persons who produce or disseminate investments recommendations or other information recommending or suggesting an investment strategy must take reasonable care to ensure that such information is objectively presented, and to disclose their interests or indicate conflicts of interest concerning the Investments to which that information relates.

### **6.4.2 Dissemination of statistics**

Public institutions disseminating statistics or forecasts liable to have a significant effect on financial markets must disseminate them in an objective and transparent way.

### **6.4.3 Disclosure or dissemination of information in the media**

For the purposes of MAR 5.2.6, MAR 5.4.2(c), MAR 6.4.1 and MAR 6.4.2, where information is disclosed or disseminated and where recommendations are produced or disseminated for the purpose of journalism or other form of expression in the media, such disclosure or dissemination of information must be assessed taking into account the rules governing the freedom of the press and freedom of expression in other media and the rules or codes governing the journalist profession, unless:

- (a) the Persons concerned, or Persons closely associated with them, derive, directly or indirectly, an advantage or profits from the disclosure or the dissemination of the information in question; or
- (b) the disclosure or the dissemination is made with the intention of misleading the market as to the supply of, demand for, or price of Securities.



SCHEDULE 1: REGISTRATION DOCUMENT

CONTENTS OF PROSPECTUS — REGISTRATION DOCUMENT	Shares	Warrants over Shares	Debentures	Warrants over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
<b>1. INFORMATION ABOUT THE ISSUER</b>							
<b>1.1 General information</b>	√	√	√	√	√	√	√
General information about the Issuer including:							
(a) the full legal name of the Issuer;							
(b) if different to the legal name, the full commercial name of the Issuer;							
(c) the legal form of the Issuer;							
(d) the country of incorporation of the Issuer and its incorporation number;							
(e) if domiciled in a jurisdiction outside the country of incorporation, the legislation under which the Issuer operates;							
(f) if registered in a place other than the country of incorporation, the place of registration of the Issuer and its registration number;							
(g) the date of incorporation and registration and the length of time the Issuer has remained incorporated or registered (or both) as is relevant. Where the Issuer has a fixed life, this must be stated together with the end date; and							
(h) the address and telephone number of its registered office (and its principal place of business if different from its registered office); and							
(i) if the Securities- are asset backed Securities, a statement whether the Issuer has been established as a special purpose vehicle or entity							



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for the purpose of issuing asset backed Securities							
<b>1.2 Investments</b>	√	√	√		√		√
Information about:							
(a) the Issuer's principal investments for each financial year for the period covered by the historical financial information up to the date of the Registration Document;							
(b) description, (including the amount) of the Issuer's principal investments for the period referred to in (a); and							
(c) a description of the Issuer's principal investments that are in progress, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external).							
<b>2. OPERATIONAL FINANCIAL OVERVIEW</b>							
<b>2.1 Actual and proposed business activities</b>							
A detailed description of the actual and proposed principal operations of the Issuer including:							
(a) the history of the Issuer;	√	√	√	√	√	√	√
(b) a description of the principal activities and business of the Issuer;	√	√	√	√	√	√	√
(c) a description of important events in the development of the Issuer's business;	√	√			√		√



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(d) a description of, and key factors relating to, the nature of the Issuer's operations and its principal activities, specifying the main categories of products sold and/or services performed for each financial year for the period covered by the historical financial information;	√	√	√	√	√	√	√
(e) an indication of any significant new products and/or services that have been introduced by the Issuer and, to the extent the development of new products or services has been publicly disclosed, the status of the development;	√	√	√	√	√	√	√
(f) a description of the principal markets in which the Issuer operates, including a breakdown of total revenues by category of activity and geographic market for each financial year for the period covered by the historical financial information;	√	√	√		√		√
(g) details of any major customers, suppliers or other material dependencies of the Issuer;	√	√	√	√	√	√	√
(h) if material to the Issuer's business or profitability, a summary of the extent to which the Issuer is dependent on any patents or licences, industrial, commercial or financial contracts or new manufacturing processes;	√	√	√	√	√	√	√
(i) the basis for any statement made by the Issuer regarding its competitive position;	√	√	√	√	√	√	√
(j) where the information given under this item has been influenced by exceptional factors, a statement about that fact; and	√	√			√		√
(k) where the Issuer belongs to a Group, relevant material information as specified above in relation	√	√			√		√



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to the Group's- activities.							
<b>2.2 Significant factors affecting income/operations</b>	√	√			√		√
(a) Information regarding significant factors, including unusual or infrequent events or new developments, which are materially affecting or may likely to so affect the Issuer's income from operations, indicating the extent to which income was so affected.							
(b) Where the financial statements disclose material changes in net sales or revenues, a narrative discussion of the reasons for such changes.							
(c) Information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the Issuer's operations.							
<b>2.3 Risk factors</b>	√	√	√	√	√	√	√
Prominent disclosure of risk factors that are specific to the Issuer and if relevant, its industry in a section headed "Risk Factors" containing information including:							
(a) the material risks associated with investing in the Issuer, and where applicable, any risks associated with the assets to be acquired using the proceeds of the offer;							
(b) the effect that the material risks may have on the Issuer together with a discussion of how the risk could affect the business, operating results and financial condition of the Issuer;							
(c) any steps proposed by the Issuer to mitigate or							



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manage the risks; and

(d) general and specific risks relating to the industry and the jurisdiction in which the Issuer operates.

**2.4 Production and sales trends**

(a) Information about the most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the Registration Document.

√	√	√	√	√	√	√	√
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(b) If:

		√	√		√	√	
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(i) there has been no material adverse change relating to the information referred to in (a) since the date of its last published financial statements, a statement to that effect; and

(ii) the Issuer is not in a position to make such a statement, details of the material adverse change.

(c) Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the Issuer's prospects for at least the past 12 months.

√	√	√		√			√
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**3. CONSTITUTION AND ORGANISATIONAL STRUCTURE**

**3.1 Constitution**

√	√	√		√			√
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A summary of the provisions of the constitution of the Issuer including:

(a) a description of the Issuer's objectives and



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purpose and where they can be found in the constitution;							
(b) a summary of any provisions of the constitution with respect to its Directors- and any Person- involved in the senior management of the Issuer including the members of the administrative, management and supervisory bodies;	√	√			√		√
(c) a description of the rights, preferences and restrictions attaching to each class of the existing Securities;							
(d) a description of what action is necessary to change the rights of holders of the Securities, indicating where the conditions are more significant than is required by any law applicable to the Issuer;							
(e) a description of the conditions governing the manner in which annual general meetings and extraordinary general meetings of holders of Securities- are called including the conditions of admission to the meeting;							
(f) a brief description of any provision of the constitution that would have an effect of delaying, deferring or preventing a change in control of the Issuer;							
(g) an indication whether there are any provisions in the constitution, governing the ownership threshold above which shareholder ownership must be disclosed;							
(h) a description of the conditions imposed by the constitution governing changes in the capital, where such conditions are more stringent than is required by law applicable to the Issuer;							
(i) any arrangements by which a single investor or							





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group of investors may exercise significant influence over the Issuer; and							
(j) any other aspects of the constitution of the Issuer which may be relevant to investors.							
<b>3.2 Directors' powers under the constitution</b>	√	√			√		√
A summary of the provisions of the constitution of the Issuer under which:							
(a) a Director- has the power to vote on a proposal, arrangement, or contract in which he is materially interested;							
(b) a Director- has the power, in the absence of an independent quorum, to vote on remuneration (including pension or other benefits) to themselves or any members of the Board;							
(c) a Director- can exercise borrowing powers and how such borrowing powers may be varied; and							
(d) the retirement or non-retirement of Directors- is provided, including any age limit in respect of retirement.							
In the case of a Limited Partnership, a reference to a Director should be read as a reference to a General Partner of the partnership.							
<b>3.3 Group Structure</b>							
If the Issuer is a member of a Group, information about the Issuer's Group-including:							
(a) identity of all the members of the Group;	√	√	√	√	√	√	√
(b) a brief description of the Group-explaining the Issuer's position within the Group;	√	√	√	√	√	√	√



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(c) the identity of the ultimate Holding Company- of the Issuer and where it is domiciled; and	√	√			√		√
(d) a list of significant Subsidiaries- of the Issuer, including name, country of incorporation or domicile, proportion of ownership interest and, if different, proportion of voting power or other form of control held.	√	√			√		√
<b>4. ASSETS</b>							
<b>4.1 Property, plant and equipment</b>	√	√			√		√
Information about:							
(a) existing material fixed assets, including any leased properties, and any major encumbrances in respect of such assets;							
(b) planned acquisition of material fixed assets, including leased properties, and any major encumbrances in respect to those assets; and							
(c) a description of any environmental issues that may affect the Issuer's utilisation of the assets referred to in (a) and (b).							
<b>4.2 Material contracts</b>							
Information about material contracts of the Issuer including:							
(a) a summary of each material contract (to the extent not disclosed under 5.1), other than contracts entered into in the ordinary course of business, to which the Issuer or any member of the Group- is a party, for the two years	√	√	√	√	√	√	√



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<p>immediately preceding publication of the Registration Document; and</p> <p>(b) a summary of any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the Group which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of the Registration Document.</p>	√	√			√		√
<b>5. CAPITAL</b>							
<b>5.1 Capital resources</b>	√	√			√		√
<p>(a) Information about the capital resources of the Issuer including:</p> <p>(i) the short and long term capital resources;</p> <p>(ii) an explanation of, the sources and amounts of, and a narrative description of, the cash flows;</p> <p>(iii) the borrowing requirements and funding structure;</p> <p>(iv) any restrictions on the use of capital resources that have materially affected, or could materially affect, directly or indirectly, its operations;</p> <p>(b) Information regarding the anticipated sources of funds needed to fulfil commitments relating to:</p> <p>(i) any existing or planned material tangible fixed assets, including leased properties, and any major encumbrances thereon; and</p> <p>(ii) any principal future investments to which the Board or the senior management of the Issuer</p>							



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have already made firm commitments.

(c) Information relating to any undertakings in which the Issuer holds a portion of its capital where such holding is likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

**5.2 Certificates**

√ √

In the case of an Issuer of Certificates, a summary of the Issuer's responsibilities and obligations in respect of the Certificates- including the obligations and responsibilities in making certain payments as and when payments on the underlying Securities- are received and any material information about the Issuer of the underlying Securities- that may affect the Issuer's ability to meet its obligations.

**5.3 Share capital**

√ √ √ √ √

The following information as of the date of the most recent balance sheet included in the historical financial information of the Issuer:

(a) The amount of issued share capital, and for each class of share capital:

(i) the number of Shares authorised;

(ii) the number of Shares, issued and fully paid, and issued but not fully paid;

(iii) the par value per Share, or that the Shares have no par value; and

(iv) a reconciliation of the number of Shares outstanding at the beginning and end of the year. If more than 10% of capital has been paid for with assets other than cash within the period covered

√ √ √ √



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by the historical financial information, a statement to that effect.

(b) If there are Shares not representing capital, the number and main characteristics of such Shares.

(c) The number, book value and face value of Shares in the Issuer held by or on behalf of the Issuer itself or by Subsidiaries- of the Issuer.

(d) The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.

(e) Information about and terms of any acquisition rights and or obligations over authorised but unissued capital or an undertaking to increase the capital.

(f) Historical information about the share capital highlighting any changes for the period covered by the historical financial information.

**5.4 Options**

√	√		√	√
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If any options or other rights granted in respect of Shares- in the Issuer to any Person, a summary of the total of any such options, along with an estimate of the number of Shares- which would be created, if such rights were to be exercised.

**6. MANAGEMENT OF THE ISSUER**

**6.1 Details relating to directors and senior managers ("Key Persons")**

√	√	√	√	√	√	√
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(a) names, business addresses, functions and principal activities carried out by the following



**CONTENTS OF PROSPECTUS —  
REGISTRATION DOCUMENT**

<b>Structured Products</b>
<b>Certificates over Debentures</b>
<b>Certificates over Shares</b>
<b>Warrants over Debentures</b>
<b>Debentures</b>
<b>Warrants over Shares</b>
<b>Shares</b>

Persons- (“Key Persons”), including outside that of the Issuer where such functions are significant with respect to the activities of the Issuer:

- (i) the Directors- of the Issuer;
- (ii) the Directors- of the ultimate Holding Company- of the Issuer, if any;
- (iii) the members of the senior management (senior managers) of the Issuer and, if they are also Directors- of the Issuer, their respective responsibilities as Directors- and as a member of the senior management of the Issuer;
- (iv) founding members, if the Issuer has been established for fewer than five years; and
- (v) any senior manager who is relevant to establishing that the Issuer has the appropriate expertise and experience for the management of the Issuer's business.

(A reference to a Director in the case of a Limited Partnership should be read as a reference to a General Partner of the partnership.)

(b) The nature of any family or business relationship between any of the Key Persons-	√	√	√	√
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(c) Except for the category of Person in item (a)(iv) above, details of each of the Key Person's- relevant management expertise and experience and the following information:	√	√	√	√
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- (i) the names of all companies and partnerships in which such Person-has been a member of a Board- or involved in the senior management of in the previous five years, indicating whether or not the Person- still holds such position. It is not necessary to list all the Subsidiaries- of an Issuer



**CONTENTS OF PROSPECTUS —  
REGISTRATION DOCUMENT**

	Shares	Warrants over Shares	Debentures	Warrants over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
of which the Person- is also a member of the Board- or involved in the senior management;							
(ii) any convictions relating to fraud or other financial crimes for at least the previous five years;							
(iii) details of any bankruptcies, receiverships or liquidations of another entity with which a Person- described in item (a)(iii) and (vi) was associated with for at least the previous five years when acting in a similar capacity;							
(iv) details of any official public incrimination and/or sanctions of such a Person- by statutory or regulatory authorities (including designated professional bodies) and whether such a Person- has ever been disqualified by a court from acting as a Director- or from acting in the senior management of, or conduct the affairs of, any Issuer for at least the previous five years; and							
(v) if there is no such information to be disclosed pursuant to (i) – (iv), a statement to that effect.							
(d) If there is a potential conflict of interests between the personal interests of any Key Person- and that of the duties such Persons- owed to the Issuer or interests of the Issuer, details of such conflict of interests and, if there are no such conflicts, a clear statement to that effect.	√	√	√	√	√	√	√
(e) Information about any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any Key Person- was selected as a Director-or senior manager of the Issuer.	√	√			√		√
(f) Details relating to any restrictions agreed by a Key Person- on the disposal within a certain	√	√			√		√



**CONTENTS OF PROSPECTUS —  
REGISTRATION DOCUMENT**

	Shares	Warrants over Shares	Debentures	Warrants over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
period of time of his holdings in the Issuer's Securities-							
<b>6.2 Other information relating to key Persons-</b>	√	√			√		√
(a) For the last completed financial year of the Issuer, information relating to each Key Person- about:							
(i) the amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to such Persons- by the Issuer and its Subsidiaries for services in all capacities to the Issuer and its Subsidiaries; and							
(ii) the total amounts set aside or accrued by the Issuer or its Subsidiaries to provide pension, retirement or similar benefits.							
(b) For the last completed financial year of the Issuer:							
(i) the date of expiration of the current term of office, if applicable, and the period during which the Person- has served in that office of each Key Person- specified in (a)(i) — (iii);							
(ii) information about any service contracts with a Key Person- and the Issuer or any of its Subsidiaries-providing for benefits upon termination of employment, and if there are no such contracts, a statement to that effect;							
(iii) information about the Issuer's audit committee, nomination committee and remuneration committee, if any, including the names of committee members and a summary of the terms of reference under which the committee operates; and	√	√	√		√		√
(iv) statements as to whether or not the Issuer is							





**CONTENTS OF PROSPECTUS —  
REGISTRATION DOCUMENT**

	<b>Shares</b>	<b>Warrants over Shares</b>	<b>Debentures</b>	<b>Warrants over Debentures</b>	<b>Certificates over Shares</b>	<b>Certificates over Debentures</b>	<b>Structured Products</b>
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complying with any corporate governance regime in its country of incorporation or domicile and if so whether or not such a regime is compatible with the corporate governance regime under MAR. In the event an Issuer does not comply with a regime of corporate governance applicable in the country of its incorporation or domicile, a statement to that effect, together with an explanation regarding why the Issuer does not comply with such a regime.

**6.3 Information about Employees**

	√	√		√		√
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Information relating to the following:

(a) either:

(i) the number of Employees- at the end of each period covered by the historical financial information; or

(ii) the average for each financial year for the period covered by the historical financial information up to the date of the Registration Document (and changes in such numbers, if material); and

(b) If the Issuer employs a significant number of temporary Employees, the number of temporary Employees- on average during the most recent financial year; and

(c) a breakdown of the Employees by main category of activity and geographic location to the extent practicable and material.

**7. FINANCIAL INFORMATION ABOUT THE ISSUER**

**7.1 Historical financial information about the Issuer**

	√	√		√		
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(a) Historical financial information covering the



**CONTENTS OF PROSPECTUS —  
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	Shares	Warrants over Shares	Debentures	Warrants over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
<p>latest 3 financial years (or such shorter period that the Issuer has been in operation) where such information in respect of each year is:</p> <p>(i) prepared in accordance with the International Financial Reporting Standards- (IFRS) or any other standards acceptable to the AFSA;</p> <p>(ii) audited in accordance with the standards of the International Auditing and Assurance Standards Board-(IAASB) or other standards acceptable to the AFSA; and</p> <p>(iii) independently audited or reported on as to whether or not, for the purposes of the Registration Document, it gives a true and fair view, in accordance with the applicable auditing standards referred to in (ii) above; and</p>							
<p>(b) Historical financial information covering the latest 2 financial years (or such shorter period that the Issuer has been in operation) where such information in respect of each year is:</p> <p>(i) prepared in accordance with the International Financial Reporting Standards- (IFRS) or any other standards acceptable to the AFSA;</p> <p>(ii) audited in accordance with the standards of the International Auditing and Assurance Standards Board-(IAASB) or other standards acceptable to the AFSA; and</p> <p>(iii) independently audited or reported on as to whether or not, for the purposes of the Registration Document, it gives a true and fair view, in accordance with the applicable auditing standards referred to in (ii) above; and</p>			√	√		√	√
<p>(c) In respect of the last year of audited financial information included, such information not being</p>	√	√	√	√	√	√	√



**CONTENTS OF PROSPECTUS —  
REGISTRATION DOCUMENT**

<b>Structured Products</b>
<b>Certificates over Debentures</b>
<b>Certificates over Shares</b>
<b>Warrants over Debentures</b>
<b>Debentures</b>
<b>Warrants over Shares</b>
<b>Shares</b>

older than one of the following:

(i) 18 months from the date of the Registration Document if the Issuer includes audited interim financial statements in the Registration Document; or

(ii) 15 months from the date of the Registration Document if the Issuer includes unaudited interim financial statements in the Registration Document.

(d) A statement that the historical financial information has been audited.

(e) If the audit reports on the historical financial information have been refused by the auditors or if they contain qualifications or disclaimers, reproduction of such refusal, qualifications or disclaimers in full and the reasons given.

(f) If any other information in the Registration Document has been audited by the auditors, a statement to that effect.

(g) If any financial data in the Registration Document is not extracted from the Issuer's audited financial statements, statements as to the source of the data and that the data is unaudited.

(h) If since the date of the Issuer's last audited financial statements quarterly or half yearly financial information has been published, such statements including:

(i) if the quarterly or half yearly financial information has been reviewed or audited, the audit or review report; or

(ii) if the quarterly or half yearly financial information is unaudited or has not been reviewed, a statement to that effect.



**CONTENTS OF PROSPECTUS —  
REGISTRATION DOCUMENT**

	<b>Shares</b>	<b>Warrants over Shares</b>	<b>Debentures</b>	<b>Warrants over Debentures</b>	<b>Certificates over Shares</b>	<b>Certificates over Debentures</b>	<b>Structured Products</b>
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(i) If the Registration Document is dated more than nine months after the end of the last audited financial year, interim financial information:

(i) covering at least the first six months of the financial year;

(ii) including comparative statements for the same period in the prior financial year (except that the requirement for comparative balance sheet information may be satisfied by presenting the years end balance sheet); and

(iii) if unaudited, a statement to that effect.

(j) If the Issuer prepares both own and consolidated annual financial statements, at least the consolidated annual financial statements.

(k) A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or an appropriate negative statement.

(l) Any recent events particular to the Issuer and which are to a material extent relevant to the evaluation of the Issuer's solvency.			√	√		√	
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<b>7.2 Profit forecasts</b>	√	√	√	√	√	√	√
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If an Issuer chooses to include a profit forecast or a profit estimate in the Registration Document:

(a) information about the principal assumptions upon which the Issuer has based its forecast or estimate:

(i) in a manner readily understandable by investors and prepared on a basis comparable



**CONTENTS OF PROSPECTUS —  
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Structured Products
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Certificates over Shares
Warrants over Debentures
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Warrants over Shares
Shares

with the historical financial information; and

(ii) showing a clear distinction between assumptions about factors which the Board- or senior management of the Issuer can influence and assumptions about factors which are exclusively outside the influence of such Persons;

(b) a report prepared by independent accountants or auditors stating that in the opinion of the independent accountants or auditors, the forecast or estimate has been properly compiled on the basis stated and that the basis of accounting used for the profit forecast or estimate is consistent with the accounting policies of the Issuer; and

(c) If a profit forecast in a Prospectus has been previously published, a statement setting out whether or not that forecast is still correct as at the time of the Registration Document or if the forecast is no longer valid, an explanation of why that is the case.

**8. OTHER INFORMATION RELATING TO THE ISSUER**

**8.1 Information about auditors**

√ √ √ √ √ √ √

(a) Information about the auditor including:

(i) the names, addresses and professional qualifications (including details of membership in any professional body) of the Issuer's auditor for the period covered by the historical financial information; and

(ii) if the auditor has resigned, been removed or not been re-appointed during the period covered by the historical financial information, any details if material.



**CONTENTS OF PROSPECTUS —  
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	<b>Shares</b>	<b>Warrants over Shares</b>	<b>Debentures</b>	<b>Warrants over Debentures</b>	<b>Certificates over Shares</b>	<b>Certificates over Debentures</b>	<b>Structured Products</b>
<b>8.2 Connected Persons-</b>	√	√			√		√
(a) Information about Connected Persons- including:							
(i) the name and address of any Connected Person- as defined in Rule 4.3.2;							
(ii) how the Person- falls into the definition of a Connected Person; and							
(iv) whether any Connected Person-has different voting rights to the Issuer's major shareholders, or an appropriate negative statement;							
(b) If there are no Connected Persons, a statement to that effect;	√	√			√		√
(c) if a Connected Person- is a controller, information about that Person- including:	√	√	√	√	√	√	√
(i) where relevant, the amount of the Controller's- interest;							
(ii) whether the Issuer is directly or indirectly owned or controlled by such a Person- and the measures in place to ensure that such control is not abused; and							
(d) a description of any arrangements, known to the Issuer, the operation of which may at a subsequent date result in a change in control of the Issuer.	√	√	√	√	√	√	√
<b>8.3 Related party transactions</b>	√	√			√		
Disclosure of any Related Party Transactions- during the period covered by the historical financial information and up to the date							



**CONTENTS OF PROSPECTUS —  
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<b>Shares</b>	<b>Warrants over Shares</b>	<b>Debentures</b>	<b>Warrants over Debentures</b>	<b>Certificates over Shares</b>	<b>Certificates over Debentures</b>	<b>Structured Products</b>
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of the Registration Document including:

- (a) the name and address of the Related Party;
- (b) how the Person- falls within the definition of a Related Party;
- (c) details of the Related Party Transaction, including:
  - (i) the parties to the transaction;
  - (ii) the date of the transaction;
  - (iii) the value of the transaction;
  - (iv) whether prior shareholder approval was obtained from a majority of shareholders;
  - (v) if the transaction is not concluded in the ordinary course of business and on normal commercial terms no less favourable than that of an arm's length transaction with an unrelated party, an explanation of why the transaction was not concluded on such terms; and
  - (vi) any future transactions involving the same or new Related Parties-.

**8.4 Research and development**

√	√		√	√
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Where material, a description of the Issuer's research and development policies for each financial year for the period covered by the historical financial information, including the amount spent on Issuer-sponsored research and development activities.

**8.5 Legal and other proceedings against the Issuer**

√	√	√	√	√	√	√
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**CONTENTS OF PROSPECTUS —  
REGISTRATION DOCUMENT**

	Shares	Warrants over Shares	Debentures	Warrants over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
Information on any current or prior governmental, legal or arbitration proceedings or disputes (including any such proceedings which are pending or threatened of which the Issuer is aware), which may have, or have had, covering at least the previous 12 months significant impact on the Issuer and/or its Group's- financial position or profitability, or if there were no such actions, a statement to that effect.							
<b>8.6 Other significant matters</b>	√	√	√	√	√	√	√
(a) An explanation of any significant matter that investors would reasonably require in relation to the Issuer and the Issuer's jurisdiction, provided in a manner which gives appropriate prominence depending on the nature of the matter concerned and its significance.							
(b) If the Security- is a Certificate, any information of the kind referred to in (a) relating to the Issuer of the underlying Securities.							
<b>8.7 Concurrent offers by directors of the Issuer</b>	√						
(a) If one or more members of the Board of Directors- of the Issuer are offering their Shares- under the same Prospectus:							
(i) the identity of each member making such offers;							
(ii) the number of Shares- each such Person- is offering; and							
(iii) the proportion of the holding of the member that those Shares- represent.							
(b) If no member of the Board- is offering his Shares, a statement to that effect.							





**CONTENTS OF PROSPECTUS —  
REGISTRATION DOCUMENT**

<b>Shares</b>	<b>Warrants over Shares</b>	<b>Debentures</b>	<b>Warrants over Debentures</b>	<b>Certificates over Shares</b>	<b>Certificates over Debentures</b>	<b>Structured Products</b>
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**9. RESPONSIBILITY FOR THE CONTENT OF PROSPECTUS**

<b>9.1 Responsibility Statement</b>	√	√	√	√	√	√	√
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A Responsibility Statement that:

(a) the Prospectus- complies with the requirements in Section 69 of the Framework Regulations and Part 1 of MAR;

(b) sets out the details of the Persons-responsible for the Prospectus-pursuant to MAR 1.9, and in particular:

(i) where a Person- responsible is a natural person, indicates the name and function of that Person; and

(ii) where a Person- responsible is a Body Corporate- or other legal person, indicates the name and registered office of that Person; and

(c) includes a declaration, from each Person- responsible for the Prospectus, or for certain parts of it, pursuant to MAR 1.9, that having taken all reasonable care to ensure that such is the case, the information contained in the Prospectus- is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

<b>9.2 Signing of the prospectus by directors of the Issuer</b>	√	√	√	√	√	√	√
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The date on which the Prospectus-was signed by the Directors- of the Issuer.

<b>9.3 Expert- opinions included in a prospectus</b>							
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**CONTENTS OF PROSPECTUS —  
REGISTRATION DOCUMENT**

	<b>Shares</b>	<b>Warrants over Shares</b>	<b>Debentures</b>	<b>Warrants over Debentures</b>	<b>Certificates over Shares</b>	<b>Certificates over Debentures</b>	<b>Structured Products</b>
(a) If any Expert's- opinion, statement or report ("report") is included in the Prospectus- :	√	√	√	√	√	√	√
(i) the name, business address and professional qualifications of the Expert- responsible for the report and the date on which the Expert- report was made or produced;	√	√	√	√	√	√	√
(ii) Information relating to any material interests of the Expert- in the Issuer such as any benefit or fees paid to the Expert- by the Issuer or a related company, positions held or to be held by the Expert- in the Issuer or a related company, investments held or to be held by the Expert- in the Issuer or a related company, fees and commissions paid or to be paid to the Expert- or Persons- associated with the Expert; and	√	√			√		√
(iii) if the report has been produced at the Issuer's request, a statement to that effect and that the report is included, in the form and context in which it is included, with the consent of the Expert-.	√	√	√	√	√	√	√
(b) Where information has been sourced from an Expert- or other third party, the source of such information and confirmation by the Issuer that the information has been accurately produced and that as far as the Issuer is aware and is able to ascertain from the information published by that Expert- or third party, that no facts have been omitted which would render the reproduced information inaccurate or misleading.	√	√	√	√	√	√	√
<b>9.4 Special categories of companies</b>	√	√			√		√
If the Issuer is a special category of company, such as a property, mineral, or scientific research company, or a start up company (a company with less than 3 year track record), a report by an							



**CONTENTS OF PROSPECTUS —  
REGISTRATION DOCUMENT**

	Shares	Warrants over Shares	Debentures	Warrants over Debentures	Certificates over Shares	Certificates over Debentures	Structured Products
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Expert- on the assets or rights owned by the Issuer prepared at a date which shall be no later than three months before the date of the Prospectus.

**10. DOCUMENTS ON DISPLAY**

**10.1 Documents for inspection**

√	√	√	√	√	√	√
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A statement that the following documents, in original or copy form, where applicable, may be inspected:

- (a) the constitution of the Issuer;
- (b) the historical financial information of the Issuer; and
- (c) any information produced by an expert at the Issuer's request, any part of which is included or referred to in the Registration Document.

**10.2 Details**

√	√	√	√	√	√	√
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The details of how the documents referred to in 10.1 may be inspected.



SCHEDULE 2: SECURITIES NOTE

CONTENTS OF PROSPECTUS — SECURITIES NOTE	Shares	Warrants Over Shares	Debentures	Warrants Over Debentures	Certificates Over Shares	Certificates Over	Structured Product
<b>1 KEY INFORMATION</b>							
<b>1.1 Risk factors</b>	√	√	√	√	√	√	√
<p>Prominent disclosure of risks factors material to the Securities being offered and/or admitted to trading in order for investors to assess the risks associated with investing in the Securities, which must be disclosed prominently in a separate section headed "Risk Factors" and include the following information:</p>							
(a) the nature of the risks involved in investing in the Securities;							
(b) any material risks associated with investing in the Issuer;							
(c) any risks associated with the assets to be acquired using the proceeds of the offer;							
(d) the effect that the material risks may have on the Issuer- including how the risk could affect the business, operating results and financial condition of the Issuer;							
(e) any steps proposed by the Issuer- to mitigate or manage the risks;							
(f) general and specific risks relating to the industry or jurisdiction in which the Issuer- operates; and							
(g) any other material risks that are not included in the above.							



**CONTENTS OF PROSPECTUS — SECURITIES NOTE**

	<b>Shares</b>	<b>Warrants Over Shares</b>	<b>Debentures</b>	<b>Warrants Over Debentures</b>	<b>Certificates Over Shares</b>	<b>Certificates Over Debentures</b>	<b>Structured Product</b>
<b>1.2 Reasons for the offer</b>	√	√	√		√		√
Reasons for the offer and, where applicable:							
(a) the estimated net amount of the proceeds broken into each principal intended use and presented by order of priority of such uses;							
(b) if the Issuer is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, statement about the amount and sources of other funds needed; and							
(c) details with regard to the use of the proceeds, in particular when they are being used to acquire assets, other than in the ordinary course of business, to finance announced acquisitions of other businesses, or to discharge, reduce or retire indebtedness of the Issuer.	√	√			√		√
<b>1.3 Financial condition</b>	√	√			√		√
To the extent not included in the Registration Document, a description of the Issuer's financial condition, changes in financial condition and results of operations for each year and interim period, for which historical information is required, including causes of any material changes from year to year in the financial information to the extent necessary for an understanding of the Issuer's business as a whole.							
<b>1.4 Working capital statement</b>	√	√			√		√
A statement by the Directors of the Issuer that in their opinion the working capital is sufficient for the Issuer's present requirements, or, if not how it proposes to provide the additional working capital needed.							



**CONTENTS OF PROSPECTUS — SECURITIES NOTE**

	Shares	Warrants Over Shares	Debentures	Warrants Over Debentures	Certificates Over Shares	Certificates Over Debentures	Structured Product
<b>1.5 Creditworthiness of the Issuer</b>			√	√	√	√	√
(a) Sufficient information to enable an investor to form an opinion concerning the creditworthiness of the Issuer such as:							
(i) earnings coverage ratio;							
(ii) any relevant credit ratings; and							
(iii) any other risk factors that may affect the Issuer's- ability to fulfil its obligations under the Securities- to investors.							
(b) A statement of capitalization and indebtedness (distinguishing between guaranteed and unguaranteed, secured and unsecured indebtedness), including indirect and contingent indebtedness, as of a date no earlier than 90 days prior to the date of the Securities Note.	√	√			√		√
<b>1.6 Guarantees</b>	√	√	√	√	√	√	√
(a) Information about any bank or other guarantees attaching to the Securities-and intended to underwrite the Issuer's obligations including the details relating to:							
(i) any conditionality on the application of the guarantee in the event of any default under the terms of the Security; and							
(ii) any power of the guarantor to veto changes to the Security- holders' rights.							
(b) Disclosure by the guarantor of the information about itself as if it were the Issuer of the same type of Security- that is the subject of the guarantee.							

**2 INFORMATION RELATING TO THE SECURITIES OFFERED/ADMITTED TO TRADING**



**CONTENTS OF PROSPECTUS — SECURITIES NOTE**

	Shares	Warrants Over Shares	Debentures	Warrants Over Debentures	Certificates Over Shares	Certificates Over Debentures	Structured Product
<b>2.1 General information relating to Securities</b>							
(a) A description of the type and class of the Securities- being offered and/or admitted to trading, including any identification number (ISIN) or code applicable to the Securities.	√	√	√	√	√	√	√
(b) An indication whether the Securities-are in certificated form or book-entry form and if it is the latter, the name and address of the entity maintaining the records.	√	√	√	√	√	√	√
(c) A summary of any restrictions relating to transferability of the Securities, the arrangements for settlement of transfers and any limitations of those rights and procedures for the exercise of such rights, including those specified in 2.2 and 2.3.	√	√	√	√	√	√	√
(d) Any legislation under which the Securities- have been created.	√	√	√	√	√	√	√
(e) The currency of the Securities -issue.	√	√	√	√	√	√	√
(f) The ranking of the Securities- being admitted to trading, including summaries of any clauses that are intended to affect ranking or subordinate the Security- to any present or future liabilities of the Issuer.			√	√		√	
(g) The maturity date and arrangements for the amortisation of the Debenture, including the repayment procedures. Where advance amortisation is contemplated, on the initiative of the Issuer or of the holder, it must be described, stipulating amortisation terms and conditions.			√	√		√	



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(h) Information regarding representation of Debenture- holders including an identification of the organisation representing the investors and provisions applying to such representation. Indication of where investors may have access to the contracts relating to these forms of representation.			√	√		√	
<b>2.2 Dividends</b>	√	√			√		√
Information relating to dividend rights including:							
(a) a description of the Issuer's- policy on dividend distributions and any restrictions thereon;							
(b) the amount of the dividend per Security, or underlying Security- if applicable, for each financial year for the period covered by the historical financial information, adjusted where the number of Securities, or underlying Securities-if applicable, in the Issuer- has changed, to make it comparable;							
(c) fixed date(s) on which the dividend entitlement arises;							
(d) if relevant, the time limit after which entitlement to dividend lapses and an indication of the Person- in whose favour the lapse operates;							
(e) any dividend restrictions; and							
(f) the rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments.							
<b>2.3 Interest Rate and Yield</b>			√	√		√	
(a) Where there is a nominal rate of interest or rate of return and provisions relating to rate of interest or rate of return payable, information including:							





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(i) the date from which rate of interest or rate of return becomes payable and the due dates for rate of interest or rate of return; and

(ii) the time limit on the validity of claims to rate of interest or rate of return and repayment of principal.

(b) Where the rate is not fixed, information including:

(i) a description of the underlying on which it is based and of the method used to relate the two;

(ii) a description of any market disruption or settlement disruption events that affect the underlying;

(iii) adjustment rules with relation to events concerning the underlying; and

(iv) the name of the calculation agent.

(c) An indication of yield.

**2.4 Other rights**

Information relating to other rights including:

(a) voting rights;	√	√	√	√
(b) pre-emption rights in relation to offers for subscription of Securities- of the same class;	√	√	√	√
(c) right to share in the Issuer's profits;	√	√	√	√
(d) rights to share in any surplus in the event of liquidation of the Issuer;	√	√	√	√



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(e) redemption rights, if any; and	√	√	√	√	√	√	√
(f) conversion rights, if any.	√	√			√		√

**3 TERMS AND CONDITIONS OF THE OFFER**

**3.1 Terms and conditions of the offer**

The terms and conditions of the offer including:

(a) the number of Securities- offered;	√	√	√	√	√	√	√
(b) the price or price range of the Securities;	√	√	√		√		√
(c) the identity of the seller of the Securities- where the Person- making the Prospectus Offer- is not the Issuer;	√	√			√		√
(d) the various categories of potential investors to which the Securities- are offered. If the offer is being made simultaneously in two or more markets, and if a tranche has been or is being reserved for certain of these, indicate any such tranche and the category of investors for whom it is offered;	√	√	√		√		√
(e) a description of any material interests and conflict of interests relating to the affairs of the Issuer, detailing the Persons- involved and the nature of such interests;	√	√	√	√	√	√	√
(f) the Offer Period, including the opening and closing dates;	√	√	√		√		√
(g) the manner of allocation of Securities- to applicants including the manner in which	√	√			√		√



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Securities- are allotted in the event of over subscription;							
(h) proposed date for allotment of Securities;	√	√	√	√	√	√	√
(i) where the Securities- to be offered confer the right to subscribe for new Securities- by existing holders of Securities- in the Issuer, details of such rights, including a statement of the maximum number of Securities- which would be created if the rights were exercised in full;	√	√			√		√
(j) the effect the issuance of the Securities- will have on the capital structure of the Issuer;	√	√			√		√
(k) particulars of any commissions or other fees to be paid by the Issuer in relation to the offer;	√	√			√		√
(l) all relevant details of the appointment of an underwriter on a firm commitment basis, including the nature of the obligations of the underwriter, quotas, plan of distribution, commission and, if a portion of the offer is not covered, a statement of the portion not covered;	√	√	√		√		√
(m) all relevant details of the appointment of placing agents appointed on a 'without a firm commitment' basis or under a "best efforts" arrangement, including quotas and placing commission;	√	√	√		√		√
(n) details of the entities which have a firm commitment to act as intermediaries in secondary trading, providing liquidity through bid and offer rates and description of the main terms of their commitment;	√	√			√		√



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(o) methods of payment for the Securities, particularly as regards the paying up of Securities- which are not fully paid or are payable by instalments;	√	√	√		√		√
(p) in the event of the offer not proceeding, the details of the procedure and means under which the money obtained from applicants will be returned;	√	√			√		√
(q) process for notification to applicants of the amount of Securities- allotted and indication whether dealing may begin before notification is made;	√	√	√		√		√
(r) provided applicants are allowed to withdraw their subscription, an indication of the period during which an application may be withdrawn;	√	√			√		√
(s) in the case of new Securities, a statement of the resolutions, authorisations and approvals by virtue of which the Securities- have been or will be created and/or issued;	√	√	√	√	√	√	√
(t) the details of any Convertible, including an indication of the conditions governing the procedures for conversion, exchange or subscription;	√	√			√		√
(u) the procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised;	√	√	√		√		√
(v) if advisors to the Issuer are connected with the offer, a statement of the professional or other capacity in which such advisors have acted; and	√	√	√	√	√	√	√



CONTENTS OF PROSPECTUS — SECURITIES NOTE	Shares	Warrants Over Shares	Debentures	Warrants Over Debentures	Certificates Over Shares	Certificates Over Debentures	Structured Product
(w) the name and address of any paying agents and depository agents in each country.	√	√	√	√	√	√	√
<b>3.2 Plan of distribution and allotment</b>	√	√			√		√
(a) Pre-allotment disclosure relating to:							
(i) the division into tranches of the offer including institutional, retail and Issuer's- employee tranches and any other tranches;							
(ii) the conditions under which a claw-back right may be used, the maximum size of such claw-back and any applicable minimum percentages for individual tranches;							
(iii) the allotment method or methods to be used for the retail and Issuer's-employee tranche in the event of an over subscription of these tranches;							
(iv) a description of any pre-determined preferential treatment to be accorded to certain classes of investors or certain affinity groups (including friends and family programmes) in the allotment, the percentage of the offer reserved for such preferential treatment and the criteria for inclusion in such classes or groups;							
(v) whether the treatment of subscriptions or bids to subscribe in the allotment may be determined on the basis of which intermediary firm they are made through or by a target minimum individual allotment if any within the retail tranche;							
(vi) the conditions for the closing of the offer before the end of the Offer Period-as well as the date on which the offer may be closed at the earliest; and							
(vii) whether or not multiple subscriptions are admitted, and where they are not, how any multiple subscriptions will be handled.							



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(b) The details of any over-allotment option, including existence and size of the over-allotment option, the period in which the over-allotment option may be exercised and any conditions on exercising such option.

**4 OTHER INFORMATION**

**4.1 Audit and source of information including use of expert reports**      ✓      ✓      ✓      ✓      ✓      ✓

(a) Where information has been included in the Securities Note- which has been audited or reviewed by auditors and where auditors have produced a report, reproduction of the report or, with permission of the AFSA, a summary of the report.

(b) Where information has been sourced from a third party, details of the identity of the source of the information along with a confirmation that the information has been accurately reproduced and that as far as the Issuer- is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

(c) Where a statement or report attributed to a Person- as an Expert- is included in the Securities Note- :

(i) the name, business address, qualifications and any material interest such a Person- has in the Issuer; and

(ii) if the report has been produced at the Issuer's- request, a statement to the effect that such statement or report is included, in the form and context in which it is included, with the



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consent of the Expert- who has authorised the contents of that part of the Securities Note-							
<b>4.2 Dilution</b>	√	√			√		√
Information relating to dilution including:							
(a) the amount and percentage of immediate dilution resulting from the offer; and							
(b) in the case of a offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer.							
<b>4.3 Takeovers</b>	√	√			√		√
Information relating to any Takeovers-including:							
(a) the existence of any mandatory Takeover- bids and/or squeeze-out, sellout, or poison pill requirements in relation to the Securities; and							
(b) any public Takeover- bids by third parties in respect of the Issuer's- equity, which have occurred during the last financial year and the current financial year, including the price or exchange terms attaching to such offers and the outcome thereof.							
<b>4.4 Investments by controllers and any lock-up arrangements</b>	√	√			√		√
(a) Information, if available to the Issuer, whether:							
(i) Directors, controllers or the senior management of the Issuer intends to subscribe to the offer; and							
(ii) any other Person- intends to subscribe for more than 5% cent of the offer.							



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(b) The details of any lock-up arrangements relating to Persons-exercising senior management functions of the Issuer, including the Persons subject to such lock-up and the procedures involved and the period of the lock up.

(c) Information about whether there is or could be a material disparity between the price of the Securities- offered pursuant to the offer and the effective cash cost to Directors- and the senior management of the Issuer (Related Persons) of the Securities- acquired by such Persons-in transactions during the past year or which such Persons- have the right to acquire, and if so, a comparison of the cost to the public and Related Persons-in their acquisition of Securities.

**5 ADMISSION TO TRADING**

<b>5.1</b> (a) The proposed dates for:	√	√	√	√	√	√	√
(i) admission to an Official List of Securities; and							
(ii) admission to trading on an Authorised Market Institution;							
(iii) admission to listing or trading by a Financial Service Regulator- or Authorised Investment Exchange; and							
(iv) any other such comparable event in respect of the Securities-.							
(b) The actual dates on which:	√	√	√	√	√	√	√
(i) the Securities- were admitted to an Official List of Securities;							
(ii) the Securities- were admitted to trading on an Authorised Market Institution;							





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(iii) the Securities- were listed or admitted to trading by a Financial Services Regulator- or Authorised Investment Exchange; and

(iv) any other such comparable event took place in respect of the Securities.

(c) An estimate of the total expenses related to the admission to trading.

√      √      √

**6 INFORMATION RELATING TO CERTAIN CLASSES OF SECURITIES**

**6.1 Certificates and structured products**

√      √      √

Information about:

(a) the legislation under which the Certificates- or Structured Products-and the underlying Securities- or assets have been created and of the courts of competent jurisdiction in the event of litigation including details of the consequences in event of default occurring in respect of the underlying Securities;

(b) in the case of Structured Products, a statement setting out the type of underlying factors to which the Structured Product- is referenced and details of where information on the underlying factor can be obtained;

(c) whether it is possible to obtain a conversion of the Certificates- or Structured Products- into the underlying Securities- or assets, and if so, the procedure for such conversion, and commission and costs involved with such a conversion;

(d) the provisions relating to the rights attaching and benefits attaching to the underlying Securities, including:

(i) any voting rights and the conditions on which

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the Issuer of the Certificates- or Structured Products- may exercise the voting rights and measures envisaged to obtain the instructions of the Certificate-or Structured Product- holders; and

- (ii) any right to participate in profits and any liquidation surplus;
- (e) the names and addresses of the paying agents and trustees and fiscal agents in relation to the creation of the Certificate- or Structured Product;
- (f) the amount of the commissions and costs to be borne by the Certificate- or Structured Product- holders in connection with the payment of coupons or other income and the creation of additional certificates;
- (g) the name and credit rating of the ultimate underwriter or obligor(s) against whom the Security- holder faces credit risk in relation to the Certificate- or Structured Product;
- (h) a description of the tax arrangements with regard to any taxes and charges to be borne by the Certificate- or Structured Product- holders and levied in the jurisdictions where the Certificates- or Structured Products-are issued;
- (i) a statement confirming that under the laws governing the Issuer's activities the underlying Securities- or assets would not form part of the Issuer's- assets in the event of bankruptcy or insolvency of the Issuer and that there is no credit risk to the Issuer- attaching to the Certificates or Structured Products; and
- (j) the names of banks with which the main accounts relating to the underlying Securities- or assets are held.

**7 ASSET BACKED SECURITIES**

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**7.1** If the Securities- or the underlying Securities- are asset backed, describe all the material attributes of the asset backed Securities, including:

(a) information about the assets backing the Securities- including:

(i) where the assets are equity Securities- that are admitted to trading on an exchange, a description of the Securities, a description of the market in which the Securities- are traded and the frequency with which prices of the relevant Securities- are published;

(ii) where the assets contain a material proportion of equity Securities- that are not traded on exchange, a description of the equity Securities- including the type of information required to be disclosed in a Prospectus- if the equity Securities-where Shares;

(iii) where the assets comprise obligations that are not traded on an exchange, a description of the principal terms and conditions of the obligations;

(iv) where a material proportion of the assets are secured on or backed by real property, a valuation report relating to the property setting out both the valuation of the property and cash flow/income stream;

(v) where the assets backing the Security- are part of an actively managed pool of assets, the parameters within which investments can be made, details of the entity responsible for such management, terms of such entity's appointment, termination of appointment, and a description its relationship with any other parties to the issue of the Securities; and

(vi) any rights to substitute the assets and a

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description of the manner in which and the type of assets which may be so substituted, and, if there is any capacity to substitute assets with a different class or quality of assets, a statement to that effect together with a description of the impact of such substitution;

(b) information about the structure of the transaction and the rate of return including:

(i) a description of the structure of the transaction;

(ii) details of the entities participating in the issue and description of the functions to be performed by them;

(iii) a description of the method and date of the sale, transfer, novation or assignment of the assets or of any rights and/or obligations in the assets to the Issuer or, where applicable, the manner and time period in which the proceeds from the issue will be fully invested by the Issuer;

(iv) the rate of interest or stipulated yield and any premium;

(v) the date of repayment of the principal capital and return on that capital;

(vi) how the cash flow from the assets will meet the Issuer's obligations to holders of the Securities- and how payments are collected in respect of the assets; and

(vii) where the return on, and or repayment of the Security- is linked to the performance or credit of other assets which are not assets of the Issuer, information as set out in paragraph (a) regarding the assets backing the Security, if necessary;

(c) information about the obligors including:

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(i) where there is a large number of obligors, a general description of the obligors; and

(ii) where there are only a small number of obligors, a description of each obligor;

(d) information about:

(i) the terms and conditions for the issuance of any additional Securities- or any restrictions on the issuance of additional Securities; and

(ii) where the Issuer proposes to issue further Securities- backed by the same assets, a prominent statement to that effect, and unless those further Securities- are fungible with, or are subordinated to, those classes of existing debt, a description of how the holders of that class Securities- will be informed;

(e) the nature, order and priority of the entitlements of holders of the Securities;

(f) details of arrangements or other matters that may impact repayment of the principal capital or return on that capital to the holders of the Securities, including:

(i) a description of any relevant insurance policies relating to the assets backing the Securities;

(ii) a global overview of the parties to the arrangement in the securitisation programme including information on the direct or indirect ownership of control between those parties;

(iii) if a relationship exists that is material to the issue of the Securities- between the Issuer, guarantor and the obligor and details of the principal terms of that relationship;

(iv) if the assets backing the Securities-include



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loans and credit agreements, the principal lending criteria and an indication of any loans which do not meet these criteria and any rights or obligations to make further advances;

(v) an indication of significant representations and collaterals given to the Issuer relating to the assets;

(vi) information on any credit enhancements, an indication of where material potential liquidity shortfalls may occur and the availability of any liquidity supports and indication of provisions designed to cover interest/principal shortfalls;

(vii) name and addresses and a brief description of any swap counterparties and other providers of other material forms of credit/liquidity enhancement;

(viii) details of any subordinated debt finance; and

(ix) an indication of any investment parameters for the investment of temporary liquidity surpluses and description of the parties responsible for such investment;

(g) statements by the Issuer confirming that the assets backing the Security-have characteristics that demonstrate capacity to produce funds to service any payments due and payable of the Securities; and

(h) a statement whether or not post issuance transaction information regarding the Securities- to be admitted and the performance of the underlying assets will be reported. If it is to be reported, disclosure of where such information will be reported, where such information can be obtained, and the frequency with which such information will be reported.

**SCHEDULE 3: CORPORATE GOVERNANCE BEST PRACTICE STANDARDS**

## General

1. This Schedule sets out, by way of Guidance, best practice standards relevant to each of the Corporate Governance Principles (the “Principles”) set out in MAR 2.2 (Corporate governance principles). While the Principles have the status of rules that apply to a Reporting Entity, the standards in this document are best practice standards that may be adopted by a Reporting Entity to achieve compliance with the Principles. <sup>[1]</sup><sub>[SEP]</sub>
2. A Reporting Entity to which the Principles apply is required under MAR 2.2.9 (Annual reporting on compliance) to state in its annual report whether the best practice standards have been adopted. In circumstances where a Reporting Entity has not fully adopted or only partially adopted the best practice standards, it needs to explain in its annual report why the standards were not fully adopted or adopted only partially and what actions, if any, it has taken to achieve compliance with the Principles. <sup>[1]</sup><sub>[SEP]</sub>
3. Section 82(1) Framework Regulations provides that a Reporting Entity must have a corporate governance framework which is adequate to promote prudent and sound management of the Reporting Entity in the long-term interest of the Reporting Entity and its shareholders. Accordingly, in providing its explanation in the annual report as noted in paragraph 2, a Reporting Entity should aim to illustrate how its actual practices achieve compliance with the outcomes intended by the Framework Regulations and the Principles, and thereby contribute to prudent and sound management of the Reporting Entity. <sup>[1]</sup><sub>[SEP]</sub>
4. The annual report required under MAR 2.2.9 must include a statement by the Board of Directors (the “Board”), stating whether or not, in its opinion, the corporate governance framework of the Reporting Entity is effective in achieving the outcome required by the Framework Regulations and promoting compliance with the Principles, with supporting information and assumptions, and qualifications if necessary. As the Principles are the core of the corporate governance framework, the way in which they are applied should be the central question for the Board as it determines how the Reporting Entity conducts its affairs under its directorship in accordance with the letter and spirit of the applicable requirements including the Principles and the standards. <sup>[1]</sup><sub>[SEP]</sub>
5. The “comply or explain” approach reflected in the standards recognises that there is more than one way to comply with the Principles to achieve sound and prudent governance of the Reporting Entity. It also gives the Reporting Entity the flexibility to tailor its governance practices to achieve effective outcomes taking into account the nature, size and complexity of its business. For example, a Reporting Entity may have a small Board to reflect the small and less complex nature of its business, as opposed to a larger and more complex business which requires a larger Board. It may not be possible to have a large number of committees of the small Board to undertake the functions of committees discussed in this Schedule. In such cases, the Board as a whole may undertake all these functions, or alternatively, combine the roles of committees as appropriate. <sup>[1]</sup><sub>[SEP]</sub>
6. Where the standards set out in this Schedule are not adopted due to particular circumstances of the Reporting Entity, the reasons for deviating from the standards should be explained clearly and carefully in the Reporting Entity’s annual report, thereby providing shareholders’ the opportunity to make well informed decisions with regard to their voting and the exercise of their rights. <sup>[1]</sup><sub>[SEP]</sub>
7. The standards in this Schedule are not exhaustive and hence a Reporting Entity may implement any additional measures as required in order for it to comply with the Principles and contribute to sound and prudent governance of the entity. <sup>[1]</sup><sub>[SEP]</sub>



8. For the purposes of this Schedule “senior management” includes any individual who either alone or jointly has ultimate responsibility for the day to day management, supervision and control of one or more (or all) parts of a Reporting Entity’s business. Consistently with this, the Board should adopt a definition of “senior management” that includes the first layer of management below the Board. <sup>[1]</sup><sub>[SEP]</sub>

#### Principle 1 – Board of directors

MAR 2.2.2<sup>[1]</sup><sub>[SEP]</sub> “Every Reporting Entity must have an effective Board of Directors (“the Board”) which is collectively accountable for ensuring that the Reporting Entity’s business is managed prudently and soundly.”

9. The role of the Board of Directors (“Board”) is to provide leadership of the Reporting Entity within a framework of prudent and effective controls which enable risks to which the Reporting Entity is exposed to be identified, assessed and effectively managed. <sup>[1]</sup><sub>[SEP]</sub>
10. The Board should set the Reporting Entity’s business and strategic objectives and risk parameters, ensure that the necessary financial and human resources are in place for the Reporting Entity to meet those objectives, and review management performance in achieving those objectives and outcomes. For this purpose, the Board should:
- (a) determine the nature and extent of the significant risks it is willing to take in achieving the relevant strategic objectives; and <sup>[1]</sup><sub>[SEP]</sub>
  - (b) set the Reporting Entity’s values and standards and ensure that its obligations to its stakeholders are clearly understood and met. <sup>[1]</sup><sub>[SEP]</sub>
11. The Board should meet sufficiently regularly to discharge its duties effectively. There should be a formal schedule of matters specifically reserved for its decision. <sup>[1]</sup><sub>[SEP]</sub>
12. The mandate, composition and working procedures of the Board should be well defined. <sup>[1]</sup><sub>[SEP]</sub>
13. The annual report of the Reporting Entity should include a statement of how the Board operates and it should also set out the number of meetings of the Board. <sup>[1]</sup><sub>[SEP]</sub>

#### Principle 2 – Division of responsibilities

MAR 2.2.3<sup>[1]</sup><sub>[SEP]</sub> “The Board must ensure that there is a clear division between the Board’s responsibility for setting the strategic aims and undertaking the oversight of the Reporting Entity and the senior management’s responsibility for managing the Reporting Entity’s business in accordance with the strategic aims and risk parameters set by the Board.”

#### **Board and Senior Management**

14. The division of responsibilities between the Board and the senior management of the Reporting Entity should be clearly established, set out in writing, and agreed to by the Board. In assigning duties, the Board should ensure that no one individual has unfettered powers in making decisions. It should also ensure that there is a clear segregation of the functions of:
- (a) the oversight of the management by the Board; and <sup>[1]</sup><sub>[SEP]</sub>
  - (b) the management of the Reporting Entity’s business by the senior management in accordance with the strategic aims and risk parameters set by the Board. <sup>[1]</sup><sub>[SEP]</sub>
15. Board members may include individuals undertaking senior management functions. For example, the chief executive of a Reporting Entity may also be a Board member. Where this is the case,





the Board should ensure that when assessing the performance of the senior management, the independence and objectivity of that process is achieved through appropriate mechanisms, such as the assignment of such a task to a non-executive Director of the Board or a committee comprising a majority of non-executive Directors.

**Chairman and chief executive**

16. In order to ensure that the Board's function of providing effective oversight of the management of the Reporting Entity is not compromised, it is important that the role of the chairman of the Board and the role of the chief executive of the Reporting Entity should not be held by the same individual. <sup>[L]</sup><sub>[SEP]</sub>
17. However, if the Board decides that the chief executive should also hold the position of the chairman of the Board, there should be effective measures to ensure that the Board is able to properly discharge its function of providing effective oversight of the management of the business of the Reporting Entity by its senior management. For example, the performance assessment of the chief executive and other members of the senior management should be undertaken by a non-executive Director of the Board (such as the senior independent Director) or a committee comprising a majority of non-executive Directors who report to the Board directly on their assessment, and also, prior approval by shareholders of the appointment of the chief executive as chairman of the Board. <sup>[L]</sup><sub>[SEP]</sub>
18. Except where the positions of the chairman of the board and the chief executive are held by the same Person, the division of responsibilities between the chairman and chief executive should be clearly established, set out in writing and agreed to by the Board. <sup>[L]</sup><sub>[SEP]</sub>
19. The chairman should be responsible for providing leadership of the Board, ensuring its effectiveness in all aspects of the Board's role and setting its agenda. <sup>[L]</sup><sub>[SEP]</sub>
20. Except where the positions of the chairman of the Board and the chief executive are held by the same individual, the chairman of the Board should meet the independence criteria set out in paragraph 31. <sup>[L]</sup><sub>[SEP]</sub>
21. The annual report of the Reporting Entity should:
  - (a) identify the chairman, the deputy chairman (where there is one) and the chief executive; and <sup>[L]</sup><sub>[SEP]</sub>
  - (b) include a high level statement of which types of decisions are to be taken by the Board and which are to be delegated to the senior management. <sup>[L]</sup><sub>[SEP]</sub>

**Principle 3 – Board composition and resources**

MAR 2.2.4<sup>[L]</sup><sub>[SEP]</sub> "The Board and its committees must have an appropriate balance of skills, experience, independence and knowledge of the Reporting Entity's business, and adequate resources, including access to expertise as required and timely and comprehensive information relating to the affairs of the Reporting Entity."

**Balance of skills and independence**

22. A major consideration that underpins the effectiveness of the Board is the availability at the Board level of the relevant skills, expertise and resources as are necessary to discharge the Board functions, taking due account of the nature, scale and complexity of the business of the Reporting Entity. <sup>[L]</sup><sub>[SEP]</sub>



23. It may well be that no single Director has all the knowledge, skills and expertise needed by a Board to discharge its functions. The Board should have an appropriate number and mix of individuals to ensure that there is an overall adequate level of knowledge, skills and expertise commensurate with the nature, scale and complexity of the business of the Reporting Entity. <sup>[L]</sup><sub>[SEP]</sub>
24. In order to ensure that the Board is equipped with the necessary skills, expertise and resources appropriate to the business of the Reporting Entity, there should be a formal, rigorous and transparent procedure for the appointment of Directors to the Board. Appointments to the Board should be made on merit and against objective criteria, with due regard to the benefits of diversity on the Board. Care should be taken to ensure that appointees have enough time available to devote to the job. This is particularly important in the case of chairmanships. <sup>[L]</sup><sub>[SEP]</sub>
25. All Directors should be submitted for re-appointment at regular intervals, subject to continued satisfactory performance. The Board should ensure planned and progressive refreshing of the Board to ensure the on-going effectiveness of the Board, particularly the objectivity of the decision making by the Board and maintaining the skills and expertise as relevant to the Reporting Entity's business. <sup>[L]</sup><sub>[SEP]</sub>
26. All Directors should be subject to election by shareholders at the first annual general meeting after their appointment, and to re-election thereafter at intervals of no more than three years. The Board should satisfy itself that there is adequate succession planning in respect of Board membership and the senior management, so as to ensure an orderly and smooth change-over of positions whilst maintaining an appropriate balance of skills and experience within the Reporting Entity and on the Board. <sup>[L]</sup><sub>[SEP]</sub>

### **Chairman**

27. For the appointment of a chairman, there should be a job specification, and an objective assessment against the relevant criteria including an assessment of the time commitment expected, recognising the need for availability in the event of crises. Generally, the nomination committee should undertake this function. A chairman's other significant commitments should be disclosed to the Board before appointment and included in the annual report. Changes to such commitments should be reported to the Board as they arise, and their impact explained in the next annual report. <sup>[L]</sup><sub>[SEP]</sub>
28. The chairman should ensure that new Directors receive an appropriate induction on joining the Board. The chairman should ensure that the Directors continually update their skills and their knowledge and familiarity with the Reporting Entity required in fulfilling their role both on the Board and its committees. All Directors should have appropriate knowledge of the Reporting Entity and should be provided with adequate access to its operations and staff to carry out their respective responsibilities. <sup>[L]</sup><sub>[SEP]</sub>
29. The Reporting Entity should provide the necessary resources for developing and updating its Directors' knowledge and capabilities. The chairman should regularly review and agree with each Director their training and development needs. <sup>[L]</sup><sub>[SEP]</sub>

### **Executive and non-executive directors**

30. The Board should include a balance of executive and non-executive Directors (including independent non-executive Directors). No individual or small group of individuals should be able to dominate the Board's decision making. At least one third of the Board should comprise non-executive Directors, of which at least two non-executive Directors should be independent.
31. The Board should consider a non-executive Director to be "independent" if that Director meets, upon an assessment, objective criteria of independence set by the Board. Such independence criteria should encompass independence in character and judgement of the individual by having



no commercial or other relationships or circumstances which are likely to affect or could appear to impair his judgement in a manner other than in the best interests of the Reporting Entity. In making the assessment of independence against such criteria, the Board should consider matters such as whether the Person: <sup>[L]</sup><sub>[SEP]</sub>

- (a) has already served as a member of the Board for a significant period; or
- (b) has been an Employee of the Reporting Entity or a member of the Group within the last five years; or <sup>[L]</sup><sub>[SEP]</sub>
- (c) has or has had, within the last three years, a material business relationship with the Reporting Entity, either directly or as a partner, shareholder, Director or senior Employee of another body that has such a relationship with the Reporting Entity; or <sup>[L]</sup><sub>[SEP]</sub>
- (d) receives or has received, in the last three years additional Remuneration or payments from the Reporting Entity apart from a Director's fee, or participates in the Reporting Entity's share option, or a performance-related pay scheme, or is a member of the Reporting Entity's pension scheme; or <sup>[L]</sup><sub>[SEP]</sub>
- (e) is or has been a Director, partner or employee of a firm which is the Reporting Entity's Auditor; or <sup>[L]</sup><sub>[SEP]</sub>
- (f) has close family ties with any of the Reporting Entity's advisors, Directors or senior Employees; or <sup>[L]</sup><sub>[SEP]</sub>
- (g) holds cross Directorships or has significant links with other Directors through involvement in other companies or bodies; or <sup>[L]</sup><sub>[SEP]</sub>
- (h) represents a significant shareholder. <sup>[L]</sup><sub>[SEP]</sub>

- 32. The terms and conditions of appointment of non-executive Directors should be made available for inspection by any Person at the Reporting Entity's registered office during normal business hours. The letter of appointment should set out the expected time commitment. Non-executive Directors should undertake that they will have sufficient time to meet what is expected of them. Their other significant commitments should be disclosed to the Board before appointment, with a broad indication of the time involved. The Board should be informed of subsequent changes. <sup>[L]</sup><sub>[SEP]</sub>
- 33. The annual report of the Reporting Entity should identify each non-executive Director it considers to be independent, the senior independent Director, and the chairman and members of each of the Board committees. It should also state the relevant skills and expertise which each Director brings to the Board and set out the number of meetings of each of the committees and individual attendance by Directors. <sup>[L]</sup><sub>[SEP]</sub>
- 34. As part of their role as members of the Board, non-executive Directors should constructively challenge and help develop proposals on business objectives and strategy for achieving those objectives. Non-executive Directors should scrutinise the performance of senior management against agreed goals and objectives and monitor the reporting of their performance. <sup>[L]</sup><sub>[SEP]</sub>

### Nomination committee

- 35. The Board should establish and maintain a nomination committee to lead the process for appointments and make recommendations to the Board relating to the appointment of Board members and the senior management. A majority of members of the nomination committee should be independent non-executive Directors. The chairman of the nomination committee should be an independent non-executive Director. <sup>[L]</sup><sub>[SEP]</sub>



36. The mandate, composition and working procedures of the nomination committee should be well defined. The nomination committee should make available on the website of the Reporting Entity its written terms of reference explaining its role and the authority delegated to it by the Board. <sup>[1]</sup><sub>[SEP]</sub>
37. The nomination committee should evaluate the balance of skills, knowledge, independence and experience on the Board and, in the light of this evaluation, prepare a description of the role and capabilities required for a particular appointment. <sup>[1]</sup><sub>[SEP]</sub>
38. A separate section of the annual report of the Reporting Entity should describe the work of the nomination committee, including the process it has used in relation to Board appointments. An explanation should be given if neither an external consultancy nor an open advertising process has been used in the appointment of the chairman or a non- executive Director of the Board.

### **Secretary of the reporting entity**

39. The responsibilities of the Reporting Entity's secretary should clearly include, under the direction of the chairman, ensuring good information flows within the Board and its committees and between senior management and non-executive Directors, as well as facilitating induction and assisting with professional development of Board members as required. The secretary should also be responsible for ensuring that Board procedures are fully complied with, and advising the Board through the chairman on all governance matters.
40. Both the appointment and removal of the secretary of the Reporting Entity should be a matter for the Board as a whole. <sup>[1]</sup><sub>[SEP]</sub>

### **Information and support**

41. All Directors should have access to accurate, timely and clear information relating to the business and affairs of the Reporting Entity to enable them to discharge their duties, taking due account of the roles undertaken by such members. The chairman is responsible for ensuring that the Directors receive such information. senior management has an obligation to provide such information, but Directors should seek clarification or amplification where necessary. All Directors should also have access to the advice and services of the secretary of the Reporting Entity, as he is responsible to the Board for ensuring compliance with the Board procedures. <sup>[1]</sup><sub>[SEP]</sub>
42. The Board should ensure that Directors, especially non-executive Directors, have access to independent professional advice at the Reporting Entity's expense where necessary to enable them to discharge their respective roles and responsibilities. Committees of the Board should also be provided with sufficient resources including information to carry out their role and responsibilities effectively. <sup>[1]</sup><sub>[SEP]</sub>

### **Performance evaluation**

43. The Board should undertake a formal and rigorous evaluation of its own performance and that of its committees and individual Directors at least annually. <sup>[1]</sup><sub>[SEP]</sub>
44. The chairman of the Board should act on the results of the performance evaluation by recognising the strengths and addressing the weaknesses of the Board and making any changes to the composition of the Board as required. <sup>[1]</sup><sub>[SEP]</sub>
45. The Board should state in the annual report how performance evaluation of the Board, its committees and its individual Directors has been conducted. <sup>[1]</sup><sub>[SEP]</sub>



## Principle 4 – Risk management and internal control systems

MAR 2.2.5<sup>[SEP]</sup> “The Board must ensure that the Reporting Entity has an adequate, effective, well-defined and well-integrated risk management, internal control and compliance framework.”

46. The Board should, at least annually, conduct a review of the effectiveness of the Reporting Entity’s risk management, internal control and compliance framework (“systems and controls”) and should report to the shareholders that it has done so. The review should cover all aspects of material controls, including management, financial, operational and compliance controls and risk management systems. The Board may satisfy this requirement by instructing an Auditor to undertake the review and report to it on its outcome. They should satisfy themselves on the integrity of financial information and that financial controls and systems of risk management are robust and effective. <sup>[SEP]</sup>
47. The Board should establish formal and transparent arrangements for considering how it should apply the financial reporting and internal control systems, and for maintaining an appropriate relationship with its Auditors. <sup>[SEP]</sup>
48. The Board should establish policies and procedures for the identification and oversight and management of material business risks and disclose a summary of those policies and procedures in its annual report. The Board should also ensure that senior management implements the requisite risk management and internal control systems to manage material risks. <sup>[SEP]</sup>

### **Audit committee**

49. The Board should establish and maintain an audit committee to monitor and review the Reporting Entity’s internal audit function and other internal controls. The main roles and responsibilities of the audit committee should be set out in written terms of reference, be available on the website of the Reporting Entity and include at least the following:
  - (a) monitoring the integrity of the financial statements of the Reporting Entity and any formal announcements relating to the Reporting Entity’s financial performance and reviewing significant financial reporting judgements contained in them; and <sup>[SEP]</sup>
  - (b) reviewing the Reporting Entity’s internal financial controls and, unless expressly addressed by a separate risk committee of the Board or the Board itself, internal controls and risk management systems; and
  - (c) monitoring and reviewing the effectiveness of the Reporting Entity’s internal audit function; and
  - (d) making recommendations to the Board in respect of the appointment, re- appointment, removal and terms of engagement, including Remuneration, of the Auditor; and <sup>[SEP]</sup>
  - (e) reviewing and monitoring the Auditor’s independence and objectivity and the effectiveness of the audit process; and <sup>[SEP]</sup>
  - (f) developing and implementing policy on the engagement of the Auditor to supply non -audit services; and <sup>[SEP]</sup>
  - (g) reviewing the adequacy of arrangements by which staff of the Reporting Entity may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters to ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action. <sup>[SEP]</sup>



50. The Board should appoint at least two independent non-executive Directors to the audit committee. At least one of the independent non-executive Directors appointed to the audit committee should have recent and relevant financial expertise. The chair of the audit committee should be an independent non-executive Director. <sup>[1]</sup><sub>[SEP]</sub>
51. A separate section of the annual report should describe the work of the audit committee in discharging its responsibilities. The annual report should also explain to shareholders how, if the Auditor provides non-audit services, Auditor objectivity and independence is safeguarded. <sup>[1]</sup><sub>[SEP]</sub>

#### Principle 5 – Shareholder rights and effective dialogue

MAR 2.2.6:<sup>[1]</sup><sub>[SEP]</sub>“The Board must ensure that the rights of shareholders are properly safeguarded through appropriate measures that enable the shareholders to exercise their rights effectively, promote effective dialogue with shareholders and other key stakeholders as appropriate, and prevent any abuse or oppression of minority shareholders.”

52. The Board as a whole has responsibility for ensuring that a satisfactory dialogue with shareholders takes place. Such dialogue should be based on the mutual understanding of objectives and provision of adequate information relating to the Reporting Entity including financial information, and how the business and affairs of the Reporting Entity are carried out. <sup>[1]</sup><sub>[SEP]</sub>
53. The Board should hold a general meeting of shareholders at least annually. <sup>[1]</sup><sub>[SEP]</sub>
54. The Board should use the annual general meeting to communicate with shareholders on important aspects of the Reporting Entity’s business and affairs and encourage their participation. Shareholders should have the opportunity to ask questions of the Board, to place items on the agenda of general meetings and to propose resolutions. <sup>[1]</sup><sub>[SEP]</sub>
55. At any general meeting, the Reporting Entity should propose a separate resolution on each substantial separate issue, and should in particular propose a resolution at the annual general meeting relating to the report and accounts. For each resolution, proxy appointment forms should provide shareholders with the option to direct their proxy to vote either for or against the resolution or to withhold their vote. <sup>[1]</sup><sub>[SEP]</sub>
56. The chairman should arrange for the chairs of the audit, Remuneration, and nomination committees to be available to answer questions at the annual general meeting and for all Directors to attend either in Person or by electronic means. <sup>[1]</sup><sub>[SEP]</sub>
57. Whilst recognising that most shareholder contact is with the chief executive and finance Director, the chairman and other Directors, including non-executive Directors, as appropriate should maintain sufficient contact with major shareholders to understand their issues and concerns. The Board should keep in touch with shareholder opinion using means which are most practical and efficient taking into account the nature, scale and complexity of its operations and the nature of its shareholder base. The Board should use its website as a forum for the posting of information such as new strategies, calendar for important meetings and other events. <sup>[1]</sup><sub>[SEP]</sub>
58. The chairman should ensure that the views of shareholders are communicated to the Board as a whole. In addition, the chairman should discuss governance and strategy of the Reporting Entity at least with its major shareholders. Non-executive Directors should be offered the opportunity to attend meetings with major shareholders and should expect to attend such meetings especially if requested by major shareholders. <sup>[1]</sup><sub>[SEP]</sub>
59. The Board should ensure that no steps are taken which may prevent shareholders consulting with other shareholders on issues concerning their basic shareholder rights, <sup>[1]</sup><sub>[SEP]</sub>subject to exceptions to prevent abuse. Similarly, the Board should also protect minority shareholders from any oppressive or abusive action by controlling or major shareholders.



## Other stakeholders

60. While shareholders of the Reporting Entity form the major stakeholder group of the Reporting Entity, the Board should also ensure that there are adequate channels of communication with its other key stakeholders as appropriate to the nature, scale and complexity of its business operations, and the environment in which it operates. Such stakeholders may include Employees, creditors and business customers of the Reporting Entity. The Board should make an assessment of the level of information that should generally be made available to the public, or to any particular group of stakeholders, relating to the affairs of the company, and how best to make use of its website or any other channels of communication as appropriate to disseminate relevant information.

## Principle 6 – Position and prospects

MAR 2.2.7:<sup>[SEP]</sup>“The Board must ensure that the Reporting Entity’s financial and other reports present an accurate, balanced and understandable assessment of the Reporting Entity’s financial position and prospects by ensuring that there are effective internal risk control and reporting requirements.”

61. The Board’s responsibility to present a true, balanced and understandable assessment of its financial position and prospects should extend to interim and other price-sensitive public reports and reports to regulators as well as to information required to be presented by law.
62. The Directors should explain in the annual financial report their responsibility for preparing that report and accounts, and there should be a statement by the Auditor about their reporting responsibilities.<sup>[SEP]</sup>
63. The Directors should include in the annual report an explanation of the basis on which the Reporting Entity generates or preserves value over the longer term (the business model) and the strategy for delivering the objectives of the Reporting Entity.<sup>[SEP]</sup>
64. The Directors should report in annual and half yearly financial statements that the business is a going concern, with supporting assumptions or qualifications as necessary.<sup>[SEP]</sup>

## Principle 7 – Remuneration

MAR 2.2.8:<sup>[SEP]</sup>“The Board must ensure that the Reporting Entity has Remuneration structures and strategies that are well aligned with the long-term interests of the entity.”

### **Directors’ Remuneration**

65. Levels of Remuneration of Directors should be sufficient to attract and retain Directors of appropriate quality, taking into account the nature, scale and complexity of the business of the Reporting Entity, and to provide effective direction and leadership to the Reporting Entity in managing its business and affairs successfully. In doing so, the Reporting Entity should avoid paying more than is necessary for this purpose.<sup>[SEP]</sup>
66. The performance-related elements of Remuneration should form an appropriate proportion of the total Remuneration package of executive Directors and should be designed to promote the long term interests and viability of the Reporting Entity, to align their interests with those of shareholders and other key stakeholders and to give these Directors appropriate incentives to perform at the highest levels.<sup>[SEP]</sup>
67. Levels of Remuneration for non-executive Directors should reflect the time commitment and responsibilities of their respective roles and the objectivity of judgement in their decision making required by them. In considering whether to grant share options to non- executive Directors, a



Reporting Entity should consider whether the granting of the share options will impair the objectivity or independence of the non-executive Directors' decision making. <sup>[1]</sup><sub>[SEP]</sub>

68. Generally, where non-executive Directors' Remuneration include share options, rights resulting from the exercise of share options should be subject to appropriate retention and vesting periods, generally until at least one year after the non-executive Director leaves the Board. <sup>[1]</sup><sub>[SEP]</sub>
69. There should be a formal and transparent procedure for developing policies on executive Remuneration and for fixing Remuneration packages of individual Directors. No Director should decide his own Remuneration, and ideally, all Directors' Remuneration should be subject to recommendations of the Remuneration committee if one exists, and otherwise upon the advice of an external consultant. <sup>[1]</sup><sub>[SEP]</sub>

### Remuneration committee

70. The Board should establish and maintain a Remuneration committee to assess the Remuneration of Directors (including the chairman). The Remuneration committee should comprise at least three members, with a majority of those members being independent non-executive Directors. The chair of the committee should be an independent non-executive Director. In addition, the chairman of the Board may also be a member but not the chair of the committee. <sup>[1]</sup><sub>[SEP]</sub>
71. The Remuneration committee should have delegated responsibility for setting Remuneration for all executive Directors and the chairman. The committee should also recommend and monitor the level and structure of Remuneration for the senior management and other key control functionaries such as the risk or compliance officers and auditors, to ensure that the independence and objectivity of the decision making by such control functionaries is not compromised or impaired by their Remuneration structure. An important consideration that should be taken into account in setting Remuneration of key control functionaries of the Reporting Entity is that their Remuneration is not substantially linked to the profits generated by business or trading units whose activities are subject to monitoring and oversight by those functionaries. <sup>[1]</sup><sub>[SEP]</sub>
72. The mandate, composition and working procedures of the Remuneration committee should be well defined. The Remuneration committee should make available on the website of the Reporting Entity its written terms of reference explaining its role and the authority delegated to it by the Board. <sup>[1]</sup><sub>[SEP]</sub>
73. The Remuneration committee should also be responsible for appointing any external consultants in respect of executive Directors' Remuneration. Where external consultants are appointed, a statement should be made available of whether they have any other connection with the Reporting Entity. <sup>[1]</sup><sub>[SEP]</sub>
74. The Board itself, or where required by the articles of association or other constituent documents, the shareholders, should determine the Remuneration of the non-executive Directors. <sup>[1]</sup><sub>[SEP]</sub>
75. The annual report of the Reporting Entity should contain sufficient information relating to the overall Remuneration policy and strategy of the Reporting Entity to demonstrate that the Remuneration, particularly of the executive Directors and senior management to properly link rewards to corporate and individual performance and outcomes, and to ensure that any performance-based Remuneration granted is structured in such a way so as to not induce inappropriate risk taking by such individuals. <sup>[1]</sup><sub>[SEP]</sub>