



## Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase

### A) Introduction

As part of the Capital Market Authority's ("CMA") strategic objectives to regulate and develop the Capital Market, and in line with the Kingdom of Saudi Arabia's Vision 2030 and based on the Capital Market Law issued by Royal Decree No. (M/30) Dated 2/6/1424H, the CMA's Board issued its resolution to publish the draft amendments to the Rules on the Offer of Securities and Continuing Obligations (the "Draft Amendments") for public consultation for a period of (30) calendar days ending on 27/2/1443H, corresponding to 5/10/2021G.

### B) Objectives of the Draft Amendments:

The Draft Amendments aim at regulating the option of increasing capital through issuing shares with the suspension of preemptive rights in accordance with Article (140) of the Companies Law, including the categories of investors that may be targeted in the associated shares offering, as an additional option for companies listed on the Exchange in addition to the currently available options to increase capital through rights issue, capitalisation issue, debt conversion, acquisition of a company or asset purchase.

### C) Receiving public views

The, CMA, with full gratitude, would receive the opinions and comments of relevant and interested persons, through any of the following:

- The Unified Electronic Platform for Consulting the Public and Government Entities (Public Consultation Platform), affiliated with the National Competitiveness Center, through the following link: ([istitlaa.ncc.gov.sa](http://istitlaa.ncc.gov.sa)).
- The prescribed form through the following e-mail ([Laws.Regulations@cma.org.sa](mailto:Laws.Regulations@cma.org.sa)).

All comments will be taken into full consideration for the purpose of finalizing the Draft Amendments.

### D) Proposed amendments to the Rules on the Offer of Securities and Continuing Obligations compared with the current provisions:

Rules on the Offer of Securities and Continuing Obligations		
	Current Provisions	Provisions after Proposed Amendments
1	<p><b>Article 26: Underwriting</b></p> <p>a) The offer of securities must be fully underwritten by one or more Capital Market Institutions licensed to carry out underwriting activities, and that Capital Market Institution must comply with the Prudential Rules.</p>	<p><b>Article 26: Underwriting</b></p> <p>a) The offer of securities must be fully underwritten by one or more Capital Market Institutions licensed to carry out underwriting activities, and that Capital Market Institution must comply with the Prudential Rules.</p>



**Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase**

<b>Rules on the Offer of Securities and Continuing Obligations</b>		
	<b>Current Provisions</b>	<b>Provisions after Proposed Amendments</b>
	<p>The provisions of paragraph (a) of this Article shall not apply to:</p> <p>...</p> <p>4) issuance of debt instruments; or</p> <p>5) issuance of convertible debt instruments.</p> <p>...</p>	<p>The provisions of paragraph (a) of this Article shall not apply to</p> <p>...</p> <p>4) capital increase with the suspension of preemptive rights.</p> <p>5) issuance of debt instruments; or</p> <p>6) issuance of convertible debt instruments.</p> <p>...</p>
<b>2</b>	<p><b>Article 28: Supporting Documents</b></p> <p>...</p> <p>f) If the issuer has its securities already listed on the Exchange:</p> <p>...</p> <p>4) subparagraphs (5), (12), (13), (14), (15), (16), (17), (25) and (26), of paragraph (a) and subparagraph (4) of paragraph (b) of this Article shall not apply to the application for the issuance of debt instruments or convertible debt instruments; and</p> <p>5) the provisions of this Article shall not apply to capitalisation issues.</p> <p>...</p>	<p><b>Article 28: Supporting Documents</b></p> <p>...</p> <p>f) If the issuer has its securities already listed on the Exchange:</p> <p>...</p> <p>4) subparagraphs (5), (12), (13), (14), (15), (16), (17), (18), (24), (25), (26), (27), (28), and (29) of Paragraph (a) and subparagraphs (4) and (5) of Paragraph (b) of this Article shall not apply to the application for a capital increase with the suspension of preemptive rights.</p> <p>5) subparagraphs (5), (12), (13), (14), (15), (16), (17), (25) and (26), of paragraph (a) and subparagraph (4) of paragraph (b) of this Article shall not apply to the application for the issuance of debt instruments or convertible debt instruments; and</p> <p>6) the provisions of this Article shall not apply to capitalisation issues.</p> <p>...</p>
<b>3</b>	<p><b>Article 30: Issuances not Requiring a Prospectus</b></p> <p>a) A prospectus is not required for the issue of further securities by an issuer whose securities are already listed where:</p> <p>...</p> <p>5) shares issued as a result of capital increase by conversion of debt, provided that a shareholders' circular must be produced in accordance with Article 56 of these Rules;</p> <p>6) shares issued as a result of a capital increase that is made to acquire a company or purchase an asset provided that a shareholders' circular must be produced in accordance with Article 57 of these Rules; or</p> <p>7) split of shares already issued.</p> <p>...</p>	<p><b>Article 30: Issuances not Requiring a Prospectus</b></p> <p>a) A prospectus is not required for the issue of further securities by an issuer whose securities are already listed where:</p> <p>...</p> <p>5) Shares issued as a result of a capital increase with the suspension of preemptive rights, provided that a shareholders' circular is prepared in accordance with the provisions of Article 54 of these Rules.</p> <p>6) shares issued as a result of capital increase by conversion of debt, provided that a shareholders' circular must be produced in accordance with Article 56 of these Rules;</p> <p>7) shares issued as a result of a capital increase that is made to acquire a company or purchase an asset provided that a shareholders' circular must be</p>



**Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase**

Rules on the Offer of Securities and Continuing Obligations		
	Current Provisions	Provisions after Proposed Amendments
		produced in accordance with Article 57 of these Rules; or 8) split of shares already issued. ...
4	<p><b>Article 53: Application Submission for Capital Increase of Issuers of Listed Securities and Supporting Documents</b> Where an issuer wishes to register and offer new shares of a class already listed by raising its capital, either by way of rights issue, capitalisation issue, debt conversion, acquisition of a company or asset purchase, it must obtain the Authority's approval prior to calling for the issuer's extraordinary general assembly meeting. The approval of the extraordinary general assembly of the issuer must be obtained within six months of the approval of the Authority. If the assembly's approval is not obtained during such time, the Authority's approval shall be deemed to be cancelled and the issuer will be required to resubmit its letter of application if it still wishes to increase its capital.</p>	<p><b>Article 53: Application Submission for Capital Increase of Issuers of Listed Securities and Supporting Documents</b> Where an issuer wishes to register and offer new shares of a class already listed by raising its capital either by way of rights issue, <b>suspension of preemptive rights issue</b>, capitalisation issue, debt conversion, acquisition of a company or asset purchase, it must obtain the Authority's approval prior to calling for the issuer's extraordinary general assembly meeting. The approval of the extraordinary general assembly of the issuer must be obtained within six months of the approval of the Authority. If the assembly's approval is not obtained during such time, the Authority's approval shall be deemed to be cancelled and the issuer will be required to resubmit its letter of application if it still wishes to increase its capital.</p>
5	<p><b>Article 54: Conditions and Requirements Applicable to a Rights Issue</b> a) In addition to any other applicable requirements under Article 28 of these Rules, where an issuer wishes to submit an application for registration and offer of securities to the Authority in respect of a rights issue the following conditions must be satisfied: 1) details of the proceeds of any previous rights issues must be provided and such details must be compared with the disclosure made under the previous prospectus; 2) details of any qualifications made in the audited financial statements for the preceding financial year must be provided; and b) The issuer must, in the event of any <b>deviation of 5% or more from the planned use of proceeds as set out in the relevant rights issue prospectus, disclose each such case to the public before the opening of the trading session following the relevant deviation.</b></p>	<p><b>Article 54: Conditions and Requirements Applicable to a Rights Issue or a Capital Increase with the Suspension of Preemptive Rights</b> a) In addition to any other applicable requirements under Article 28 of these Rules, where an issuer wishes to submit an application for registration and offer of securities to the Authority in respect of a rights issue the following conditions must be satisfied: 1) details of the proceeds of any previous rights issues must be provided and such details must be compared with the disclosure made under the previous prospectus; 2) details of any qualifications made in the audited financial statements for the preceding financial year must be provided; and b) <b>In addition to any other applicable requirements under Article 28 of these Rules, where an issuer wishes to increase its capital with the suspension of preemptive rights the following conditions must be satisfied:</b>  1) <b>Produce a circular to its shareholders stating the information required to enable the shareholders to make an informed vote at the extraordinary general assembly meeting. The circular shall</b></p>



**Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase**

Rules on the Offer of Securities and Continuing Obligations		
	Current Provisions	Provisions after Proposed Amendments
		<p>include - at a minimum - the items set out in Annex (*) of these Rules.</p> <p>2) The shareholders' circular - submitted to the Authority in respect of a request of a capital increase with the suspension of preemptive rights - must be produced in Arabic and be annotated in the margin to indicate where the information required by the applicable paragraphs of these Rules have been included, and any changes from any previous drafts must be clearly marked. Each draft shareholders' circular must indicate the draft number and date of submission on its cover page.</p> <p>3) The increase of capital with the suspension of preemptive rights shall not exceed, for each issue, 10% of the issuer's capital.</p> <p>4) The offer of the shares of a capital increase with the suspension of preemptive rights shall be limited to investors of the categories of qualified clients and institutional clients.</p> <p>c) Investors, who own the shares of a capital increase with the suspension of preemptive rights, must not dispose of such shares during a period of six months following their listing date.</p> <p>d) The issuer must, in the event of any discrepancy of 5% or more between the actual use of the proceeds from a rights issue or a capital increase with the suspension of preemptive rights and the planned use of proceeds that was disclosed in the relevant prospectus or the relevant shareholders' circular (as applicable), disclose such discrepancy to the public as it becomes aware of such discrepancy.</p>
6	<p><b>Article 75: Requirement to submit the application to the Authority</b></p> <p>...</p> <p>e) if the issuer has its shares already listed on the Parallel Market, the subparagraphs (9), (10), (11), (12) and (15) of paragraph (b) of this Article shall not apply to the application for capital increase for acquisition of a company or purchasing an asset, issuing new shares for debt conversion or rights issue.</p>	<p><b>Article 75: Requirement to submit the application to the Authority</b></p> <p>...</p> <p>e) If the issuer has its shares already listed on the Parallel Market, the subparagraphs (9), (10), (11), (12) and (15) of paragraph (b) of this Article shall not apply to the application for capital increase for acquisition of a company or purchasing an asset, issuing new shares for debt conversion or rights issue or capital increase with the suspension of preemptive rights.</p>
7	<p><b>Article 78: Issuances not requiring Prospectus</b></p> <p>a) The prospectus is not required for the issue of further shares by an issuer whose shares are already</p>	<p><b>Article 78: Issuances not requiring Prospectus</b></p> <p>a) The prospectus is not required for the issue of further shares by an issuer whose shares are already</p>



**Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase**

Rules on the Offer of Securities and Continuing Obligations		
	Current Provisions	Provisions after Proposed Amendments
	<p>listed on the Parallel Market, if the shares are categorised as:</p> <p>...</p> <p>5) shares issued as a result of capital increase to acquire a company or purchase an asset, provided that a shareholders' circular must be produced in accordance with Article 87 of these Rules; or</p> <p>6) split of shares already issued.</p> <p>...</p>	<p>listed on the Parallel Market, if the shares are categorised as:</p> <p>...</p> <p>5) shares issued as a result of capital increase with the suspension of preemptive rights, provided that a shareholders' circular is prepared in accordance with the provisions of Article 84 of these Rules.</p> <p>6) shares issued as a result of capital increase to acquire a company or purchase an asset, provided that a shareholders' circular must be produced in accordance with Article 87 of these Rules; or</p> <p>7) split of shares already issued.</p> <p>...</p>
8	<p><b>Article 83: Application submission for capital increase of issuers of shares listed in the Parallel Market</b></p> <p>Where an issuer whose shares are listed on the Parallel Market wishes to register and offer new shares of a class already listed, either by way of rights issue, capitalisation issue, issuing new shares for debt conversion, acquisition of a company or asset purchase, it must obtain the Authority's approval prior to calling for the issuer's extraordinary general assembly meeting. The approval of the extraordinary general assembly of the issuer must be obtained during six months of the approval of the Authority. If the assembly's approval is not obtained during such time, the Authority's approval shall be deemed to be cancelled and the issuer will be required to resubmit its letter of application if it still wishes to increase its capital.</p>	<p><b>Article 83: Application submission for capital increase of issuers of shares listed in the Parallel Market</b></p> <p>Where an issuer whose shares are listed on the Parallel Market wishes to register and offer new shares of a class already listed, either by way of rights issue, suspension of preemptive rights issue, capitalisation issue, issuing new shares for debt conversion, acquisition of a company or asset purchase, it must obtain the Authority's approval prior to calling for the issuer's extraordinary general assembly meeting. The approval of the extraordinary general assembly of the issuer must be obtained during six months of the approval of the Authority. If the assembly's approval is not obtained during such time, the Authority's approval shall be deemed to be cancelled and the issuer will be required to resubmit its letter of application if it still wishes to increase its capital.</p>
9	<p><b>Article 84: Conditions related to issuance of rights issue</b></p> <p>In addition to any other applicable requirements under Article 75 of these Rules, where an issuer wishes to submit an application for registration and offer of securities to the Authority in respect of a rights issue the following conditions must be satisfied:</p> <p>1) details of the proceeds of any previous rights issues must be provided and such details must be compared with the disclosure made under the previous prospectus; and</p> <p>2) details of any qualifications made in the audited financial statements for the preceding financial year must be provided.</p>	<p><b>Article 84: Conditions and requirements related to issuance of rights issue or a capital increase with the suspension of preemptive rights</b></p> <p>a) In addition to any other applicable requirements under Article 75 of these Rules, where an issuer wishes to submit an application for registration and offer of securities to the Authority in respect of a rights issue the following conditions must be satisfied:</p> <p>1) details of the proceeds of any previous rights issues must be provided and such details must be compared with the disclosure made under the previous prospectus; and</p> <p>2) details of any qualifications made in the audited financial statements for the preceding financial year must be provided.</p>



**Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase**

<b>Rules on the Offer of Securities and Continuing Obligations</b>	
<b>Current Provisions</b>	<b>Provisions after Proposed Amendments</b>
<p>3) The issuer shall disclose to the public where there is discrepancy of 5% between the actual use of proceeds from issuing priority shares and what has been disclosed in the prospectus as it becomes aware.</p>	<p>b) In addition to any other applicable requirements under Article 75 of these Rules, where an issuer wishes to increase its capital with the suspension of preemptive rights the following conditions must be satisfied:</p> <p>1) Produce a circular to its shareholders stating the information required to enable the shareholders to make an informed vote at the extraordinary general assembly meeting. The circular shall include - at a minimum - the items set out in Annex (*) of these Rules.</p> <p>2) The shareholders' circular - submitted to the Authority in respect of a request of a capital increase with the suspension of preemptive rights - must be produced in Arabic and be annotated in the margin to indicate where the information required by the applicable paragraphs of these Rules have been included, and any changes from any previous drafts must be clearly marked. Each draft shareholders' circular must indicate the draft number and date of submission on its cover page.</p> <p>3) The increase of capital with the suspension of preemptive rights shall not exceed, for each issue, 10% of the issuer's capital.</p> <p>c) Investors, who own the shares of a capital increase with the suspension of preemptive rights, must not dispose of such shares during a period of six months following their listing date.</p> <p>d) The issuer must, in the event of any discrepancy of 5% or more between the actual use of the proceeds from a rights issue or a capital increase with the suspension of preemptive rights and the planned use of proceeds that was disclosed in the relevant prospectus or the relevant shareholders' circular (as applicable), disclose such discrepancy to the public as it becomes aware of such discrepancy.</p>
<b>10</b>	<p><b>The addition of an annex as follows:</b>  <b>Annex (*): Contents of the shareholders' circular in the event of a capital increase with the suspension of preemptive rights</b>                      The shareholders' circular submitted for registration and offering of shares of capital increase with the suspension of preemptive rights must contain the information contained in the following sections at a minimum:</p>



**Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase**

Rules on the Offer of Securities and Continuing Obligations	
Current Provisions	Provisions after Proposed Amendments
	<p><b>1. Cover page</b></p> <p><b>This section must include the following information (where applicable):</b></p> <ol style="list-style-type: none"> <li>1. a summary of the capital increase including share class and its rights;</li> <li>2. The reasons for the capital increase, including management's discussion and analysis in this regard;</li> <li>3. the general structure of the proposed capital increase;</li> <li>4. the current capital of the issuer and the number of shares that have been listed previously by the issuer;</li> <li>5. targeted investor categories;</li> <li>6. offer period and conditions;</li> <li>7. A statement on whether the capital increase with the suspension of preemptive rights involves related parties, and the identity and ownership of these parties if applicable;</li> <li>8. The reduction percentage in the ownership of current shareholders in the issuer as a result of the capital increase for the purpose declared in the circular;</li> <li>9. share pricing mechanism;</li> <li>10. The time period of the operation;</li> <li>11. Restrictions related to participation in the subscription;</li> <li>12. A statement from the Board of Directors of the Issuer stating that they believe that the capital increase is in the interest of the Issuer and the shareholders;</li> <li>13. a statement that the issuer has submitted an application to the Authority for the registration and offer of securities and an application to the Exchange for listing such securities, and that all requirements have been met;</li> <li>14. a statement indicating the importance of referring to the "Important Notice" and "Risk Factors" included in section (2) and section (10) of this Annex;</li> <li>15. the following declaration:  " This circular includes information provided as part of the application for registration and offer of securities in compliance with the Rules on the Offer of Securities and Continuing Obligations of</li> </ol>



**Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase**

<b>Rules on the Offer of Securities and Continuing Obligations</b>	
<b>Current Provisions</b>	<b>Provisions after Proposed Amendments</b>
	<p>the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority") and the application for listing of securities in compliance with the Listing Rules of the Saudi Stock Exchange. The directors, whose names appear on page [●], collectively and individually, accept full responsibility for the accuracy of the information contained in this circular and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, there are no other facts the omission of which would make any statement herein misleading. The Authority and the Saudi Stock Exchange do not take any responsibility for the contents of this circular, do not make any representation as to its accuracy or completeness, and expressly disclaim any liability whatsoever for any loss arising from, or incurred in reliance upon, any part of this circular. If any of the contents of this circular is difficult to understand, an authorised financial advisor must be consulted”.</p> <p><b>2. Important notice</b> This section must include a notice which shows the purpose of the circular and the nature of information mentioned in the circular.</p> <p><b>3. Corporate directory</b> This section must include the following:</p> <ol style="list-style-type: none"> <li>1) the issuer’s and its representatives’ contact information, including addresses, telephone and fax numbers, e-mail addresses, and the issuer’s website.</li> <li>2) the contact information, including addresses, telephone and fax numbers, and website and e-mail addresses, for each of the parties listed below, and any other expert to whom a statement or report included in the prospectus has been attributed.             <ol style="list-style-type: none"> <li>a. the financial advisor;</li> <li>b. the legal advisor;</li> </ol> </li> </ol>





**Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase**

<b>Rules on the Offer of Securities and Continuing Obligations</b>	
<b>Current Provisions</b>	<b>Provisions after Proposed Amendments</b>
	<p>c. the Capital Market Institutions authorised to place or sell the securities.</p> <p><b>4. Summary</b></p> <p>This section must contain the following information (where applicable):</p> <ol style="list-style-type: none"> <li>1. the issuer's name, description and incorporation information;</li> <li>2. the issuer's activities;</li> <li>3. substantial shareholders and their ownership percentages and number of shares they own before and after the capital increase;</li> <li>4. ownership percentage of the public and substantial shareholders of the issuer and the number of shares they own before and after the capital increase;</li> <li>5. the capital of the issuer;</li> <li>6. The purpose of issuing shares for the increase of capital with the suspension of preemptive rights;</li> <li>7. issuer's total number of shares;</li> <li>8. the nominal value per share;</li> <li>9. the total number of offered shares;</li> <li>10. the total number of offered shares available to each category of targeted investors;</li> <li>11. the percentage of offered shares to the capital of the issuer;</li> <li>12. the offer price;</li> <li>13. the total value of the offer;</li> <li>14. the use of the proceeds from the offer;</li> <li>15. the minimum number of shares to be subscribed for by each category of targeted investors;</li> <li>16. the minimum value of shares to be subscribed for by each category of targeted investors;</li> <li>17. the maximum number of shares to be subscribed for by each category of targeted investors;</li> <li>18. the maximum value of shares to be subscribed for by each category of targeted investors;</li> <li>19. the method for share allocation and refund of amounts paid in excess to such allocation for each category of targeted investors;</li> <li>20. the offer period;</li> <li>21. shares that have been listed prior to the particular offer by the issuer;</li> <li>22. the rights to dividends for the new shares;</li> </ol>



**Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase**

<b>Rules on the Offer of Securities and Continuing Obligations</b>	
<b>Current Provisions</b>	<b>Provisions after Proposed Amendments</b>
	<p>23. voting rights for the new shares.                  24. restrictions on the new shares.                  25. The reduction percentage in the ownership of current shareholders in the issuer as a result of the capital increase for the purpose declared in the circular.                  26. a statement that the proposed capital increase is subject to the shareholders' approval at the extraordinary general assembly meeting.                  27. a clear statement to the issuer's current shareholders about the importance of reading the entire circular and not merely the summary.                  28. a summary of the key required steps for the capital increase and the listing of new shares.                  29. a statement indicating the importance of referring to the "Important Notice" and "Risk Factors" included in section (2) and section (10) of this Annex.</p> <p><b>5. Key dates</b></p> <p>This section must include:</p> <ol style="list-style-type: none"> <li>1. a timetable showing the expected dates of the offering.</li> <li>2. a description of the subscription procedure.</li> </ol> <p><b>6. Summary of basic information</b></p> <p>This section must include a summary of the basic information contained in the shareholders' circular, including:</p> <ol style="list-style-type: none"> <li>1) description of the issuer.</li> <li>2) the issuer's mission and overall strategy.</li> <li>3) the issuer's key strengths and competitive advantages.</li> </ol> <p><b>7. Summary of financial information</b></p> <p>This section must include a summary of key financial information contained in the shareholders' circular, including issuer's operational performance, financial condition, cash flows, and key indicators.</p> <p><b>8. Table of contents</b></p> <p>This section must include the shareholders' circular table of contents.</p> <p><b>9. Definitions and terms</b></p>



**Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase**

<b>Rules on the Offer of Securities and Continuing Obligations</b>	
<b>Current Provisions</b>	<b>Provisions after Proposed Amendments</b>
	<p>This section must include the definitions and terms used in the shareholders' circular.</p> <p><b>10. Risk factors</b></p> <p>This section must include information in regards to risk factors in relation to:</p> <ol style="list-style-type: none"> <li>1) the issuer;</li> <li>2) the market or industry in which the issuer operates; and</li> <li>3) the securities being offered.</li> <li>4) the change in the ownership of current shareholders and associated reduction of voting powers.</li> </ol> <p><b>11. Ownership and Organisational structure</b></p> <p>This section must include the following information:</p> <ol style="list-style-type: none"> <li>1) Ownership structure before and after the offering</li> <li>2) Management: <ol style="list-style-type: none"> <li>a) the issuer's organisational chart showing the board of directors, supervisory committees, and the functions of senior executives;</li> <li>b) the full names and a description of the main professional and academic qualifications and areas of expertise, as well the date of appointment of all the directors or proposed directors (showing whether the director is independent or executive or non-executive), in addition to the senior executives and the secretary of the board;</li> </ol> </li> </ol> <p><b>12. Use of proceeds and future projects</b></p> <ol style="list-style-type: none"> <li>1) This section must include an estimate of the proceeds of the offer and the offer expenses and a statement as to how such proceeds are intended to be used.</li> </ol>



**Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase**

<b>Rules on the Offer of Securities and Continuing Obligations</b>	
<b>Current Provisions</b>	<b>Provisions after Proposed Amendments</b>
	<p>2) If the proceeds are to be used to fund future projects, the nature of these projects should be described and the following information should be included:</p> <p>a) future projects' key milestones and timetable; and</p> <p>b) an estimate and breakdown of future projects' costs, showing the stages in which such costs will be incurred, in addition to details regarding the sources of financing.</p> <p><b>13. Statements by experts</b></p> <p>If the shareholders' circular includes a statement made by an expert, the qualifications of the expert must be included as well as a statement on whether such expert or any relative has any shareholding or interest of any kind in the issuer or any of its subsidiaries. In addition, the statement should confirm that the expert has given and not withdrawn his written consent to the publication in the shareholders' circular of the expert's statement included in the form and context in which it is included.</p> <p><b>14. Declarations</b></p> <p>The directors of the issuer must make the following declarations:</p> <p>1) other than what has been mentioned on page (●) of this shareholders' circular, there has not been any interruption in the business of the issuer or any of the issuer's subsidiaries (if applicable) which may have or has had a significant effect on the financial position in the last (12) months.</p> <p>2) other than what has been mentioned on page (●) of this Shareholders' circular, no commissions, discounts, brokerages fees or other non-cash compensations have been granted by the issuer or any of its subsidiaries (if applicable) during the year preceding the application for registration and offer of shares that are the subject of this circular in relation to the issue or offer of any shares.</p> <p>3) other than what has been mentioned on page (●) of this circular, there has not been any</p>



**Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase**

<b>Rules on the Offer of Securities and Continuing Obligations</b>	
<b>Current Provisions</b>	<b>Provisions after Proposed Amendments</b>
	<p>material adverse change in the financial or commercial position of the issuer or its subsidiaries (if applicable) during the financial year preceding the application for registration and offer of shares.</p> <p>4) other than what is mentioned on page (●) of this circular, neither they nor their relatives have any shareholding or interest of any kind in the issuer or any of the issuer's subsidiaries (if applicable).</p> <p><b>15. Legal Information</b></p> <p>This section must include the following declarations from the board of directors that:</p> <ol style="list-style-type: none"> <li>1) the issuance does not constitute a breach of the relevant laws and regulations in Saudi Arabia.</li> <li>2) the issuance does not constitute a breach of any contract/agreement entered into by the issuer.</li> <li>3) all material legal issues concerning the issuer have been disclosed in the Shareholders' circular.</li> <li>4) other than what has been mentioned on page (●) of this circular, the issuer and its subsidiaries are not subject to any lawsuits or legal proceedings that could individually or collectively have a material effect on the business of the issuer or its subsidiaries or their financial position.</li> <li>5) other than what has been mentioned on page (●) of this circular, the directors are not subject to any lawsuits or legal proceedings that could individually or collectively have a material effect on the business of the issuer or its subsidiaries or their financial position.</li> </ol> <p><b>16. Waivers</b></p> <p>This section must include details on all requirements that have been waived for the issuer by the Authority.</p>



**Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase**

	<p><b>17. Information concerning the shares and terms and conditions of the offer</b></p> <p>This section must include the following information:</p> <ol style="list-style-type: none"><li>1) a statement that application has been submitted to the Authority for the registration and offer of the shares.</li><li>2) the type and total value of the offer including the number of shares being offered.</li><li>3) the offer price and the nominal value of each share.</li><li>4) the subscription method.</li><li>5) the offer period and conditions.</li><li>6) the method of allocation of the shares and refund of excess monies.</li><li>7) when and under what circumstances the offer may be suspended.</li><li>8) a description of the resolutions and approvals by virtue of which the shares will be offered.</li><li>9) details of any arrangement in place to restrict the disposal of any particular shares.</li></ol> <p><b>18. Procedures of Incomplete Offer</b></p> <p>This section must include procedures to be taken by the issuer in case the offer is not completed.</p> <p><b>19. Documents available for inspection</b></p> <p>This section must include information in relation to the place in the Kingdom at which the following documents may be inspected and the time period during which the inspection may take place (provided that it is not less than 14 days before the date of convening the extraordinary general assembly meeting):</p> <ol style="list-style-type: none"><li>1) the bylaws and other constitutional documents of the issuer.</li></ol>
--	--



**Draft Amendments to the Rules on the Offer of Securities and Continuing Obligations to Regulate an Additional Option for Capital Increase**

<b>Rules on the Offer of Securities and Continuing Obligations</b>	
<b>Current Provisions</b>	<b>Provisions after Proposed Amendments</b>
	<p>2) any document or order granting permission to offer securities to the public.</p> <p>3) any feasibility studies prepared in relation to the projects that will be financed from the proceeds of the offer.</p> <p>4) all other reports, letters, documents, value estimates or statements prepared by any expert and of which any part is referred to or included in the shareholders' circular.</p> <p>5) the consent letters of the issuer's advisors for the use of their names, logos and statements in the circular.</p> <p>6) any other documents requested by the Authority.</p>