



Price Stabilization Regulations in Dubai Financial Market

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Introduction

The Board of Directors of Dubai Financial Market,

Having reviewed the Federal Law No. 2 of 2015 on Commercial Companies, as amended;

The SCA's Board of Directors Decision No (2/R) of 2000 Concerning the Regulations on the Market Membership;

The SCA's Board of Directors Decision No. (3/R) of 2001 Concerning the Regulations as to the Functioning of the Market, as amended;

The Emirate of Dubai Decree No. (14) of 2000 Concerning the Establishment of the Dubai Financial Market, as amended;

The Council of Ministers' Resolution No. (12) of 2000 Concerning the Listing of Securities and Commodities Regulations, as amended;

The SCA's Board of Directors Decision No. (2) of 2001 Concerning the Regulations as to Trading, Clearing, Settlement, Transfer of Ownership and Custody of Securities, as amended;

The Chairman of the SCA's Board of Directors Decision No. (11 / R.M) of 2016 on the Regulations of Offering and Issuance of Shares of Public Joint Stock Companies, Shares of Foreign Companies, and Shares of Free Zones Companies, as amended;

and

The Regulations, Resolutions and Rules issued by the DFM Board of Directors and based on the requirements of the public interest;

IT IS HEREBY RESOLVED as follows:

Article (1)

Definitions

First: The following words and expressions shall have the meaning assigned thereto hereunder, unless the context otherwise requires:

State	The United Arab Emirates.
Law	The Federal Law No. (4) of 2000 Concerning Emirates Securities and Commodities Authority and Market, as amended.
Companies Law	The Federal Law No. (2) of 2015 Concerning Commercial Companies, as amended.
SCA	Securities and Commodities Authority.
Market	Dubai Financial Market.
Person	Natural or juridical persons.



Issuer	A public joint company under incorporation or a company under transformation into a public joint company.
IPO	An invitation to subscribe to the issuer's shares inside the state.
Book Building	The process through which the share's price is determined upon its issuance or offering, in accordance with the provisions of the Authority's Board of Directors' Chairman Decision No. (11 /R.M) of 2016, concerning the regulation for offering and issuing shares of public joint stock companies.
Offering Price	The price at which all subscribers subscribe to the IPO share.
IPO Parties	The subscription receiving body, financial advisor, and listing advisor.
IPO Prospectus	The document which sets out the details, terms and conditions of the IPO.
The Subscription Receiving Body	The juristic person appointed in the Prospectus and tasked with receiving the subscriptions funds in accordance with the provisions hereof.
Financial Advisor	The juristic person licensed by SCA to manage the issuance and marketing of shares on behalf of the Issuing Company, The Financial Advisor provides financial consulting relevant to the Offering, and coordinates with SCA, the other Parties to the Offering, and the Appraiser of In-kind Shares in accordance with the provisions hereof.
Additional Offering	<p>The procedure whereby a number of additional shares owned by the founders are offered to the public for subscription during the IPO period at the same offering price, in accordance with the agreement signed between the Price Stabilization manager, the issuer and/or the founders, in addition to the commitment to the following:</p> <ol style="list-style-type: none"> 1. The additional offered shares should be above the founders' ownership stated in the prospectus, in accordance with the Companies Law. 2. The maximum permissible limit for the additional offering should be 15% of the total number of shares offered for subscription.
Price Stabilization Manager	Is the licensed financial advisor by the Authority.
Duration of Price Stabilization	A price stabilization mechanism time period agreed by the Price Stabilization Manager with the issuer shall not exceed 30 days from the first day of listing on the Market .
Purchase Option	It is a contractual option that gives a Price Stabilization Manager, during the price stability period, the right to buy no more than the number of shares that have been offered in the additional offering, and in no more than the offering price.
Price Stabilization Mechanism	A mechanism that contributes to stabilizing the share price of newly listed companies in the Market through an additional offering, in accordance with the provisions of these regulations.
Working Day	Official working days in ministries, government entities and local departments.



Article (2)

Scope of Application

The provisions hereof shall apply to the issuer who agrees with a price stabilization manager to implement the price stability mechanism in accordance with these regulations.

Article (3)

General Provisions

1. The Price Stabilization Mechanism is designed to regulate and support the price stabilization processes for the shares of the newly listed issuer on the Market, after the offering during the first (30) thirty days of listing. The Price Stabilization Mechanism also helps to ensure that the trading price of the issuer's shares does not fall below the offering price. It allows the Price Stabilization Manager to buy shares for a short period in the event of a decline in the share price, in order to maintain the stability of the share price.
2. Before appointing the Price Stabilization Manager, the issuer shall take the necessary steps to ensure that the Price Stabilization Manager has the administrative and technical resources and skills necessary to carry out the Price Stabilization process.
3. In the event that the Price Stabilization Mechanism is applied, the issuer shall disclose in the subscription prospectus or its subsequent supplementary disclosures:
 - a. The number of additional shares to be offered in accordance with the additional offering agreement, provided the same shall not exceed the maximum permissible limit for the additional offering.
 - b. The Price Stabilization Period.
 - c. Any other restrictions imposed by the issuer or the underwriter upon the Price Stabilization Manager.
 - d. The Price Stabilization Manager.
4. Additional offering may only be made during the offering period.
5. The issuer shall notify the Market immediately in the event that the Price Stabilization Manager is terminated or resigned, stating the reasons for resignation or termination, provided that it shall appoint another Stabilization Manager and ensure his commitment and ability to carry out the function of the role.



Article (4)

Obligations of the Price Stabilization Manager

1. The Price Stabilization Manager shall disclose to the Market when conducting the additional offering during the offering period.
2. Starting from the first day of listing the shares on the Market, the Price Stabilization Manager shall disclose to the Market at the end of every (5) five-days trading period until the end of the Price Stabilization period the details of all Price Stabilization transaction executed by him, including disclosure of the quantity of purchased shares and the price range for such shares.
3. After the expiry of the Price Stabilization period, the Price Stabilization Manager shall disclose to the Market before the opening of the trading session for the next day:
 - a. Whether the buy option has been exercised.
 - b. The number of shares on which the buy option was exercised.
 - c. The number of remaining shares on which the buy option has not been exercised, if any.
 - d. The beginning and end of the Price Stabilization Period.
 - e. The price range within which the buy orders were executed in order to achieve Price Stabilization.
 - f. Any such additional information as the Market may require to be disclosed by the Price Stabilization Manager.
4. The Price Stabilization Manager shall have a bank account according to Market procedures, dedicated to maintaining the sums obtained from subscribing to the additional offering. The transactions therein shall be limited to buying shares during the Price Stabilization period or transferring those funds to the Founders if the buy option is not exercised in accordance with the agreement concluded between him and the Issuer and/or the Founders.
5. The Price Stabilization Manager shall have, with the Dubai CSD, a securities account in which the dealings shall be limited to the transfer of shares purchased during the period of exercising the Price Stabilization Mechanism to the Founders in accordance with the agreement concluded between him and the Issuer and/or the Founders.
6. The Price Stabilization Manager may not execute any sell of the shares that have been purchased to implement the Price Stabilization Mechanism during the Price Stabilization Period.
7. The Price Stabilization Manager shall handle cases of conflict of interest in accordance with the relevant decisions and rules issued by the SCA and the Market.
8. The Price Stabilization Manager shall take into account the Issuer 's interests when exercising the Price Stabilization Mechanism, in a manner that does not conflict with the provisions hereof.



Article (5)

Price Stabilization Transactions Register


1. The Price Stabilization Manager shall establish and maintain a register to be updated on a daily basis, in which every transaction he executes shall be entered in accordance with the provisions hereof.
2. The Price Stabilization Manager shall ensure that the register in Clause (1) of this Article contains the following information:
3. The quantity and price of shares for each transaction executed during the exercise of the Price Stabilization Mechanism.
4. The date and time of the transaction.
5. The register referred to in Clause (1) of this Article, as well as the statements and all details and information related to the implementation of the Price Stabilization Mechanism, shall be kept for a period of no less than (10) ten years after the expiry of the Price Stabilization Period.


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