

## The Draft Regulatory Framework to Regulate Secondary Offerings in the Saudi Capital Market

### A) Preamble:

As part of the Capital Market Authority's ("CMA") strategic objectives to regulate and develop the capital market, and based on the Capital Market Law issued by Royal Decree No. (M/30) dated 2/6/1424 H, the CMA Board issued its resolution to publish the draft regulatory framework to regulate secondary offerings in the Saudi Capital Market ("Draft Regulatory Framework") for public consultation for a period of (30) calendar days.

### B) Objectives of the Draft Regulatory Framework and its Main Elements:

The Draft Regulatory Framework aims at regulating public secondary offering and secondary offering in the Parallel Market. The main elements of the Draft Regulatory Framework are as follows:

- 1) Regulate the requirements for submitting a notice to the CMA if a shareholder wants to offer all or part of their shares in a listed company as a public secondary offering or a secondary offering in the Parallel Market, and regulate the requirements for appointing the financial advisor.
- 2) Regulate the disclosure requirements in secondary offerings, including the offering document.
- 3) Stipulate the provisions relating to applying the book building process and allocation method in the public secondary offering.
- 4) Stipulate the provisions relating to applying the price stabilisation mechanism in the public secondary offering and secondary offering in the Parallel Market.



**C) Proposed amendments to the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority compared with the current provisions:**

<b>Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority</b>		
<b>#</b>	<b>Proposed Amendments</b>	<b>Clarification</b>
<b>1</b>	<ul style="list-style-type: none"> <li>- <b>Secondary Public Offering:</b> An offer by a shareholder of all or part of his shares in a company listed in the Main Market to the public as a secondary public offering in accordance with the Rules on the Offer of Securities and Continuing Obligations.</li> <li>- <b>Secondary Offering in the Parallel Market:</b> An offer by a shareholder of all or part of his shares in a company listed in the Parallel Market to qualified investors as a secondary public offering in accordance with the Rules on the Offer of Securities and Continuing Obligations.</li> <li>- <b>Selling Shareholder in the Secondary Public Offering:</b> The person who owns shares in a company listed in the Main Market and intends to offer those shares through a secondary public offering to the public in the Main Market in accordance with the Rules on the Offer of Securities and Continuing Obligations.</li> <li>- <b>Selling Shareholder in the Secondary Offering in the Parallel Market:</b> The person who owns shares in a company listed in the Parallel Market and intends to offer those shares through a secondary offering in the Parallel Market to qualified investors in the Parallel Market in accordance with the Rules on the Offer of Securities and Continuing Obligations.</li> </ul>	<p>It is suggested to add these terms to the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority taking into account the different types of investors allowed to invest in the Main Market and the Parallel Market.</p>



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

<b>Rules on the Offer of Securities and Continuing Obligations</b>		
<b>#</b>	<b>Proposed Amendments</b>	<b>Clarification</b>
1	<p style="text-align: center;"><b>Part 4</b> <b>Public Offer</b></p> <p style="text-align: center;"><b>Chapter 1: General Provisions</b></p> <p><b>Article 33: Application of the Provisions on Public Offers</b></p> <p>a) The purpose of this Part is to regulate the registration and public offering of securities in the Kingdom.</p> <p>b) Securities may not be offered by way of a public offer except in accordance with this Part.</p> <p>c) A foreign issuer who submits an application for listing its shares in the Main Market pursuant to the Listing Rules shall be subject to Article (36) of these Rules.</p> <p>d) The secondary public offering shall be subject to the provisions of Chapter 5 of this Part.</p>	<p>It is suggested to amend Article (33) of the Rules on the Offer of Securities and Continuing Obligations to include the provisions governing the secondary public offering in Part 4 of the Rules.</p>
2	<p style="text-align: center;"><b>Part 4</b> <b>Public Offer</b></p> <p style="text-align: center;">...</p> <p style="text-align: center;"><b>Chapter 5: Secondary Public Offering</b></p> <p><b>Article 55: Scope and Application</b> This chapter aims to regulate the secondary public offering.</p> <p><b>Article 56: Conditions for a Secondary Public Offering</b></p> <p>a) If the selling shareholder in the secondary public offering wishes to offer all or part of his shares in a secondary public offering, he must appoint a financial advisor authorised by the Authority to carry out arranging activities and any other securities business related to the services which the financial advisor agreed with the selling shareholder to provide.</p> <p>b) The financial advisor appointed pursuant to paragraph (a) of this Article must:</p> <ol style="list-style-type: none"> <li>1. be the main point of contact for the Authority in relation to the secondary public offering notification;</li> <li>2. satisfy itself, having conducted due diligence and made enquiry from the selling shareholder in the secondary public offering and its advisors, that the selling</li> </ol>	<p>It is suggested to add a new chapter to Part (4) “Public Offer” of the Rules on the Offer of Securities and Continuing Obligations that aims to stipulate the provisions governing the secondary public offering, including:</p> <ol style="list-style-type: none"> <li>1. Stipulating the conditions for the secondary public offering including the requirement to appoint a financial advisor and submit the secondary public offering notification to the Authority.</li> <li>2. Stipulating the requirements of submitting the secondary public offering notification to the Authority and the documents to be submitted therewith.</li> <li>3. Stipulating the disclosure requirements in secondary public offerings, including the publication of the secondary public offering document and the supplementary secondary public offering document.</li> <li>4. Stipulating the restrictions imposed on the remaining shares owned by the selling shareholder in the listed company (if any).</li> </ol>



<b>Rules on the Offer of Securities and Continuing Obligations</b>		
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	<p>shareholder has satisfied all conditions required for the secondary public offering and has satisfied all other relevant requirements;</p> <p>3. provide to the Authority any information or clarifications in such form and within such time limit as the Authority may require for the purpose of verifying whether the financial advisor and the selling shareholder in the secondary public offering have complied with the Capital Market Law, its Implementing Regulations and the Exchange Rules; and</p> <p>4. provide the Authority with a letter in the form set out in Annex (***) of these Rules.</p> <p>c) If matters which should be taken into account by the Authority come to the attention of the financial advisor during the period between the provision of the letter described in subparagraph (4) of paragraph (b) of this Article and the completion of the offer, the financial advisor must notify the Authority thereof without delay.</p> <p>d) Where a financial advisor gives advice to the selling shareholder in the secondary public offering in relation to the secondary public offering notification or any matter related to the application of these Rules, the Capital Market Law, its Implementing Regulations or the Exchange Rules, it must ensure that it gives appropriate advice in accordance with the rules of its profession.</p> <p>e) The financial advisor must notify the Authority at least (15) days prior to the proposed date of the secondary public offering.</p> <p>f) The financial advisor must submit to the Authority with its secondary public offering notification electronic copies of the following documents (it shall maintain original copies of such documents and submit it to the Authority at its request):</p> <p>1. the letter of appointment of the financial advisor;</p>	



Rules on the Offer of Securities and Continuing Obligations		
#	Proposed Amendments	Clarification
	<p>2. the secondary public offering notification letter that contains the applicable information as required by Annex (**) of these Rules;</p> <p>3. a letter from the financial advisor in the form set out in Annex (***) of these Rules;</p> <p>4. the draft of the secondary public offering document in Arabic;</p> <p>5. a copy of the subscription application forms;</p> <p>6. a list of the persons having access to the information of book building process, and a declaration from the financial advisor and those having access to such information of the confidentiality of this information and their commitment not to disclose it;</p> <p>7. a declaration by the selling shareholder in the form set out in Annex (****) of these Rules; and</p> <p>8. any other documentation that may be required by the Authority.</p> <p>g) In the event of any change to the list of persons having access to the information on the book building process pursuant to subparagraph (6) of paragraph (f) of this Article, the financial advisor must provide an updated list to the Authority as soon as it becomes aware of such change.</p> <p>h) Annex (*) of these Rules sets out the minimum information which must be included in the secondary public offering document.</p> <p>i) The Authority will review the secondary public offering notification within (10) days of receiving all information and documentation required pursuant to this Article. If, having reviewed the secondary public offering notification, the Authority considers that the proposed offer of shares may not be in the interest of the investors or may result in a breach of the Capital Market Law, its Implementing Regulations or the Exchange Rules, then it may take any of the following actions:</p> <p>1. carry out any enquiries which it consider appropriate, including requiring the</p>	



<b>Rules on the Offer of Securities and Continuing Obligations</b>		
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	<p>financial advisor or the selling shareholder in the secondary public offering or the selling shareholder's representative to appear before the Authority to answer questions and explain any matters that the Authority considers relevant to the secondary public offering; or</p> <p>2. require the financial advisor, the selling shareholder in the secondary public offering, or third parties to provide additional information or to confirm, in such manner as the Authority may specify, that the information provided is accurate.</p> <p>j) If, having taken action pursuant to paragraph (i) of this Article, the Authority determines that the secondary public offering to be made may not be in the interest of the investors or may result in a breach of the Capital Market Law, its Implementing Regulations, or the Exchange Rules, the Authority may issue a "notification" to the financial advisor stating that the secondary public offering is not to be made.</p> <p>k) After the end of the period specified in paragraph (i) of the Article (56) of these Rules and before the first trading day following the completion date of the secondary public offering, the financial advisor must submit to the Authority electronic copies of the following documents (it shall maintain original copies of such documents and submit it to the Authority at its request):</p> <ol style="list-style-type: none"> <li>1. the secondary public offering document in Arabic signed on every page by the selling shareholder (if the selling shareholder is a natural person) or the members of the governing body of the selling shareholder (if the selling shareholder is a legal person);</li> <li>2. the securities allocation model; and</li> <li>3. an updated and signed letter that contains the applicable information as required by Annex (*) of these Rules.</li> </ol>	



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	<p>l) The financial advisor must retain original copies (or certified copies where appropriate) of all documents required pursuant to paragraphs (f) and (g) of this Article for a period not less than ten years from the completion of the offer. Without prejudice to this period, in the event such documents relate to any litigation or claim (including any litigation pending or threatened) or any on-going investigations, the financial advisor must retain such documents until the closure of that litigation, claim or on-going investigation.</p> <p>m) The selling shareholder in the secondary public offering must provide the investors with the necessary information to arrive at an informed judgment concerning the issuer and the securities that are the subject of the offer.</p> <p><b>Article 57: Publication of the Secondary Public Offering Document</b></p> <p>a) After the end of the period specified in paragraph (i) of the Article (56) of these Rules and within a period of at least (5) days prior to the start of the offering, the financial advisor must announce the details of the secondary public offering and publish the secondary public offering document on the website of the Exchange and on the website of the financial advisor, and must ensure that it is made available to the public.</p> <p>b) Where a financial advisor has published a disclosure after the publication of the secondary public offering document in a local newspaper, the disclosure must contain at least the following:</p> <ol style="list-style-type: none"> <li>1. the name of the selling shareholder in the secondary public offering and the financial advisor;</li> <li>2. the shares that are the subject of the relevant notification for the secondary public offering and their value, type and class;</li> </ol>	



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	<p>3. the addresses and locations where the public may obtain the secondary public offering document;</p> <p>4. the date of publication of the secondary public offering document;</p> <p>5. a statement that the disclosure is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares;</p> <p>6. the names of the subscription lead manager and receiving agents; and</p> <p>7. a disclaimer as follows: “The Capital Market Authority and the Saudi Stock Exchange Company take no responsibility for the contents of this disclosure, make no representations 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 disclosure.”</p> <p><b>Article 58: Supplementary Secondary Public Offering Document</b></p> <p>a) A supplementary offering document must be submitted to the Authority if, at any time after the date of publication of the secondary public offering document and before the secondary public offering completion, the selling shareholder in the secondary public offering or its financial advisor becomes aware that:</p> <ol style="list-style-type: none"> <li>1. there has been a significant change in material matters contained in the secondary public offering document; or</li> <li>2. additional significant matters have become known which would have been required to be included to the secondary public offering document.</li> </ol> <p>b) A supplementary secondary public offering document must contain the following:</p>	





Rules on the Offer of Securities and Continuing Obligations		
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	<p>1) details of the change or new matters in accordance with paragraph (a) of this Article;</p> <p>2) a declaration in the form specified at paragraph (4) of section (1) of Annex (*) of these Rules;</p> <p>3) a declaration by the selling shareholder (if the selling shareholder is a natural person) or the members of the governing body of the selling shareholder (if the selling shareholder is a legal person), that there have been no significant changes in material matters nor additional significant matters have arisen other than what has been disclosed in the supplementary secondary public offering document; and</p> <p>4) a declaration by the selling shareholder (if the selling shareholder is a natural person) or the members of the governing body of the selling shareholder (if the selling shareholder is a legal person) that a copy of the supplementary secondary public offering document has been submitted to the Authority.</p> <p>c) Where a supplementary secondary public offering document is submitted to the Authority under this Article, it must be signed on every page by the selling shareholder (if the selling shareholder is a natural person) or the members of the governing body of the selling shareholder (if the selling shareholder is a legal person).</p> <p>d) Where the supplementary secondary public offering document is submitted to the Authority under this Article, an investor who subscribed for shares prior to the disclosure of the supplementary secondary public offering document is permitted to rescind or amend his subscription for such shares prior to the end of the offering period.</p> <p>e) Where the supplementary secondary public offering document is submitted to the</p>	



Rules on the Offer of Securities and Continuing Obligations		
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	<p>Authority under this Article, the Authority must be satisfied that the information contained in such supplementary secondary public offering document is complete and fulfils the requirements of the Capital Market Law, its Implementing Regulations and the Exchange Rules. If the information supplied suggests to the Authority that the proposed offer of shares may not be in the interest of the investors or may result in a breach of the Capital Market Law, its Implementing Regulations or the Exchange Rules, then it may require the selling shareholder in the secondary public offering to terminate the offer.</p> <p><b>Article 59: Restrictions on Shares</b> The selling shareholder in the secondary public offering must not dispose any of his remaining shares in the listed company (if any) from the date of submitting the secondary public offering notification under paragraph (e) of the Article (56) of the Rules and until the end of the period of (6) months following the completion date of the secondary public offering, except where the selling shareholder states a longer lock up period in the secondary public offering document.</p>	
3	<p><b>Part 8</b> <b>Offer or Registration in Parallel Market</b> <b>Article 88: Scope and Application</b></p> <p>a) The purpose of this Part is to regulate the registration and offering of shares on the Parallel Market beside regulating the registration of shares in the Parallel Market.</p> <p>b) Shares may not be offered in the Parallel Market or registred unless pursuant to this Part.</p> <p>c) The Instructions for Book Building Process and Allocation Methods in Initial and Secondary Public Offerings shall not apply to shares offerings conducted under these Rules.</p> <p>d) The offer, under this Part, shall be limited to the categories of qualified investors, and the financial advisor of the issuer and the financial advisor of the selling shareholder in the secondary offering in the Parallel Market are <del>is</del> responsible for ensuring compliance with this paragraph.</p>	<p>It is suggested to amend Article (88) of the Rules on the Offer of Securities and Continuing Obligations to include the provisions governing the secondary offering in the Parallel Market.</p> <p>It should also be noted that the name of “<b>the Instructions for Book Building Process and Allocation Method Initial Public Offerings (IPOs)</b>” has been amended in this Article in view of the proposed amendments in this document.</p>



Rules on the Offer of Securities and Continuing Obligations		
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	<p>e) In all cases, Capital Market Institutions shall ensure that their clients of qualified investors are aware of the risks involved in subscribing of shares offered in the Parallel Market.</p> <p>f) The secondary offering in the Parallel Market shall be subject to the provisions of Article (109).</p>	
4	<p style="text-align: center;"><b>Part 8</b></p> <p style="text-align: center;"><b>Offer or Registration in Parallel Market</b></p> <p><b>Article 109: Secondary Offering in the Parallel Market</b></p> <p>a) If the selling shareholder in the secondary offering in the Parallel Market wishes to offer all or part of his shares in a secondary public offer in the Parallel Market, he must appoint a financial advisor authorised by the Authority to carry out arranging activities and any other securities business related to the services which the financial advisor agreed with the selling shareholder to provide.</p> <p>b) The financial advisor appointed pursuant to paragraph (a) of this Article must:</p> <ol style="list-style-type: none"> <li>1. be the main point of contact for the Authority in relation to the secondary offering notification in the Parallel Market;</li> <li>2. satisfy itself, having conducted due diligence and made enquiry from the selling shareholder in the secondary offering in the Parallel Market and its advisors, that the selling shareholder has satisfied all conditions required for the secondary offering in the Parallel Market and has satisfied all other relevant requirements;</li> <li>3. provide to the Authority any information or clarifications in such form and within such time limit as the Authority may require for the purpose of verifying whether the financial advisor and the selling shareholder in the secondary offering in the Parallel Market have complied with the Capital Market Law, its Implementing Regulations and the Exchange Rules; and</li> <li>4. provide the Authority with a letter in the form set out in Annex (***) of these Rules.</li> </ol>	<p>It is suggested to add Article (109) in Part (8) “Offering or Registration in Parallel Market” of the Rules on the Offer of Securities and Continuing Obligations that aims to stipulate the provisions governing the secondary public offering in the Parallel Market, including:</p> <ol style="list-style-type: none"> <li>1. Stipulating the conditions for the secondary offering in the Parallel Market including the requirement to appoint a financial advisor and submit the secondary offering in the Parallel Market notification to the Authority.</li> <li>2. Stipulating the requirements of submitting the secondary offering in the Parallel Market notification to the Authority and the documents to be submitted therewith.</li> <li>3. Stipulating the disclosure requirements in secondary offering in the Parallel Market, including the publication of the secondary offering in the Parallel Market document and the supplementary secondary offering in the Parallel Market document.</li> <li>4. Stipulating the restrictions imposed on the remaining shares owned by the selling shareholder in the listed company (if any).</li> </ol>



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	<p>c) If matters which should be taken into account by the Authority come to the attention of the financial advisor during the period between the provision of the letter described in subparagraph (4) of paragraph (b) of this Article and the completion of the offer, the financial advisor must notify the Authority thereof without delay.</p> <p>d) Where a financial advisor gives advice to the selling shareholder in the secondary offering in the Parallel Market in relation to the secondary offering notification in the Parallel Market or any matter related to the application of these Rules, the Capital Market Law, its Implementing Regulations or the Exchange Rules, it must ensure that it gives appropriate advice in accordance with the rules of its profession.</p> <p>e) The financial advisor must notify the Authority (15) days at least prior to the proposed date of the secondary offering in the Parallel Market.</p> <p>f) The financial advisor must submit to the Authority with its notification of the secondary offering in the Parallel Market electronic copies of the following documents (it shall maintain original copies of such documents and submit it to the Authority at its request):</p> <ol style="list-style-type: none"> <li>1. the letter of appointment of the financial advisor;</li> <li>2. the secondary offering in the Parallel Market notification letter that contains the applicable information as required by Annex (**) of these Rules;</li> <li>3. a letter from the financial advisor in the form set out in Annex (***) of these Rules;</li> <li>4. the draft of the secondary offering in the Parallel Market document in Arabic;</li> </ol>	



Rules on the Offer of Securities and Continuing Obligations		
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	<p>5. a declaration by the selling shareholder in the form set out in Annex (****) of these Rules; and</p> <p>6. any other documentation that may be required by the Authority.</p> <p>g) Annex (*) of these Rules sets out the minimum information which must be included in the secondary offering in the Parallel Market document.</p> <p>h) The Authority will review the secondary offering in the Parallel Market notification within (10) days of receiving all information and documentation required pursuant to this Article. If, having reviewed the secondary offering in the Parallel Market notification, the Authority considers that the proposed offer of shares may not be in the interest of the investors or may result in a breach of the Capital Market Law, its Implementing Regulations or the Exchange Rules, then it may take any of the following actions:</p> <ol style="list-style-type: none"> <li>1. carry out any enquiries which it consider appropriate, including requiring the financial advisor or the selling shareholder in the secondary offering in the Parallel Market to appear before the Authority to answer questions and explain any matters the Authority considers relevant to the secondary offering in the Parallel Market; or</li> <li>2. require the financial advisor, the selling shareholder in the secondary offering in the Parallel Market, or any third parties to provide additional information or to confirm, in such manner as the Authority may specify, that the information provided is accurate.</li> </ol>	



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	<p>i) If, having taken action pursuant to paragraph (h) of this Article, the Authority determines that the secondary offering in the Parallel Market to be made may not be in the interest of the investors or may result in a breach of the Capital Market Law, its Implementing Regulations, or the Exchange Rules, the Authority may issue a "notification" to the financial advisor stating that the secondary offering in the Parallel Market is not to be made.</p> <p>j) After the end of the period specified in paragraph (h) of this Article and before the first trading day following the completion date of the secondary offering in the Parallel Market, the financial advisor must submit to the Authority electronic copies of the following documents (it shall maintain original copies of such documents and submit it to the Authority at its request):</p> <ol style="list-style-type: none"> <li>1. the secondary offering in the Parallel Market document in Arabic signed on every page by the selling shareholder (if the selling shareholder is a natural person) or the members of the governing body of the selling shareholder (if the selling shareholder is a legal person);</li> <li>2. the securities allocation model; and</li> <li>3. an updated and signed letter that contains the applicable information as required by Annex (*) of these Rules.</li> </ol>	



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	<p>k) The financial advisor must retain original copies (or certified copy where appropriate) of all documents required pursuant to paragraph (f) of this Article for a period not less than ten years from the completion of the offer. Without prejudice to this period, in the event such documents relate to any litigation or claim (including any litigation pending or threatened) or any on-going investigations, the financial advisor must retain such documents until the closure of that litigation, claim or on-going investigation.</p> <p>l) The selling shareholder in the secondary offering in the Parallel Market must provide the investors with the necessary information to arrive at an informed judgment concerning the issuer and the securities that are the subject of the offer.</p> <p>m) After the end of the period specified in paragraph (h) of this Article and within a period of at least (5) days prior to the start of the offering, the financial advisor must announce the details of the secondary offering in the Parallel Market and publish the secondary offering in the Parallel Market document on the website of Exchange and on the website of the financial advisor, and must ensure that it is made available to the qualified investors.</p> <p>n) Where a financial advisor has published a disclosure after the publication of the secondary offering in the Parallel Market document in a local newspaper, the disclosure must contain at least the following:</p> <ol style="list-style-type: none"> <li>1. the name of the selling shareholder in the Parallel Market and the financial advisor;</li> <li>2. the shares that are the subject of the relevant notification for the secondary offering in the Parallel Market and their value, type and class;</li> </ol>	



Rules on the Offer of Securities and Continuing Obligations		
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	<p>3. the addresses and locations where the qualified investors may obtain the secondary offering in the Parallel Market document;</p> <p>4. the date of publication the secondary offering in the Parallel Market document;</p> <p>5. a statement that the disclosure is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for shares;</p> <p>6. the names of the subscription lead manager and receiving agents; and</p> <p>7. a disclaimer as follows: “The Capital Market Authority and the Saudi Stock Exchange Company take no responsibility for the contents of this disclosure, make no representations 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 disclosure.”</p> <p>o) A supplementary offering document must be submitted to the Authority if, at any time after the date of publication of the secondary offering in the Parallel Market document and before the secondary offering in the Parallel Market completion, the selling shareholder in the secondary offering in the Parallel Market or its financial advisor becomes aware that:</p> <ol style="list-style-type: none"> <li>1. there has been a significant change in material matters contained in the secondary offering document in the Parallel Market; or</li> <li>2. additional significant matters have become known which would have been required to be included to the secondary offering document in the Parallel Market.</li> </ol> <p>p) A supplementary secondary document in the Parallel Market offering must contain the following:</p>	





Rules on the Offer of Securities and Continuing Obligations		
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	<p>1) details of the change or new matters in accordance with paragraph (o) of this Article;</p> <p>2) a declaration in the form specified at paragraph (4) of section (1) of Annex (*) of these Rules;</p> <p>3) a declaration by the selling shareholder (if the selling shareholder is a natural person) or the members of the governing body of the selling shareholder (if the selling shareholder is a legal person), that there have been no significant changes in material matters nor additional significant matters have arisen other than what has been disclosed in the supplementary secondary offering in the Parallel Market document; and</p> <p>4) a declaration by the selling shareholder (if the selling shareholder is a natural person) or the members of the governing body of the selling shareholder (if the selling shareholder is a legal person) that a copy of the supplementary secondary offering in the Parallel Market document has been submitted to the Authority.</p> <p>q) Where a supplementary secondary offering in the Parallel Market document is submitted to the Authority under this Article, it must be signed on every page by the relevant selling shareholder (if the selling shareholder is a natural person) or the members of the governing body of the selling shareholder (if the selling shareholder is a legal person).</p> <p>r) Where the supplementary secondary offering in the Parallel Market document is submitted to the Authority under this Article, a qualified investor who subscribed for shares prior to the disclosure of the supplementary secondary offering in the Parallel Market document is permitted to rescind or amend his subscription for such shares prior to the end of the offering period.</p>	



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	<p>s) Where the supplementary secondary offering in the Parallel Market document is submitted to the Authority under this Article, the Authority must be satisfied that the information contained in such supplementary secondary offering in the Parallel Market document is complete and fulfils the requirements of the Capital Market Law, its Implementing Regulations and the Exchange Rules. If the information supplied suggests to the Authority that the proposed offer of shares may not be in the interest of the investors or may result in a breach of the Capital Market Law, its Implementing Regulations or the Exchange Rules, then it may require the selling shareholder in the secondary offering in the Parallel Market to terminate the offer.</p> <p>t) The selling shareholder in the secondary offering in the Parallel Market must not dispose any of his remaining shares in the listed company (if any) from the date of submitting the secondary offering in the Parallel Market notification under paragraph (e) of this Article and until the end of the period of (12) months following the completion date of the secondary offering in the Parallel Market, except where the selling shareholder states a longer lock up period in the secondary offering in the Parallel Market document.</p>	
5	<p style="text-align: center;"><b>ANNEX *</b></p> <p style="text-align: center;"><b>CONTENTS OF THE SECONDARY PUBLIC OFFERING DOCUMENT AND THE SECONDARY OFFERING IN THE PARALLEL MARKET DOCUMENT</b></p> <p>The secondary public offering document and the secondary offering in the Parallel Market document shall contain the following as minimum:</p> <p><b>1. Cover page</b></p> <p>This section must include the following information:</p> <ol style="list-style-type: none"> <li>1. a summary of the offer including share type, class, and rights;</li> <li>2. targeted types of investors;</li> <li>3. offer period and conditions; and</li> <li>4. the following declaration:</li> </ol>	<p>It is suggested to add an annex to the Rules on the Offer of Securities and Continuing Obligations that includes the contents of the secondary public offering document and the secondary offering in the Parallel Market document.</p>



Rules on the Offer of Securities and Continuing Obligations		
#	Proposed Amendments	Clarification
	<p>"[The selling shareholder, whose name appears in this document (use if the selling shareholder is a natural person) / the members of the governing body of the selling shareholder, whose names appear in this document, collectively and individually, (use if the selling shareholder is a legal person)] accept(s) full responsibility for the accuracy of the information contained in this offering document 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 in this document misleading. The Authority and the Exchange do not take any responsibility for the contents of this document, 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 document."</p> <p><b>2. Important Notice</b> This section must include a notice which shows the purpose and the nature of information mentioned in the offering document.</p> <p><b>3. Offer summary</b> This section must include summarized information about the offering and its details.</p> <p><b>4. Key dates and subscription procedure</b> This section must include: 1. a timetable showing the expected dates of the offering; and 2. a description of the subscription procedure.</p> <p><b>5. Waivers</b> This section must include details on all requirements that have been waived for the selling shareholder in the secondary public offering or the selling shareholder in the secondary offering in the Parallel Market by the Authority.</p> <p><b>6. Table of Contents</b> This section must include the offering document table of contents.</p> <p><b>7. Terms and definitions</b> This section must include the terms and definitions used throughout the offering document.</p>	



Rules on the Offer of Securities and Continuing Obligations		
#	Proposed Amendments	Clarification
	<p><b>8. Information concerning the offering and its procedures</b></p> <p>This section must include the following information:</p> <ol style="list-style-type: none"> <li>1. the total value of offer, or the minimum and maximum value of offer, and the number of offered shares;</li> <li>2. the offer price or price range of the offering;</li> <li>3. the subscription method;</li> <li>4. the offer period and conditions;</li> <li>5. procedures of incomplete offer;</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; and</li> <li>8. details of any lock-up arrangement in place restricting the disposal of particular shares.</li> </ol> <p><b>9. Subscription declarations</b></p> <p>This section must include information on the subscription application and subscription declarations, if any, the allocation process, and the Exchange's details.</p> <p><b>10. Proceeds of the offer and the offer expenses</b></p> <p>This section must include the following information:</p> <ol style="list-style-type: none"> <li>1. information about the proceeds of the offering and that it will be for [the selling shareholder in the secondary public offering / the selling shareholder in the secondary offering in the Parallel Market (use as applicable)].</li> <li>2. a statement clarifying that [the selling shareholder in the secondary public offering / the selling shareholder in the secondary offering in the Parallel Market (use as applicable)] will bear the expenses of the offering.</li> </ol>	
6	<p><b>ANNEX**</b></p> <p><b>CONTENTS OF SECONDARY PUBLIC OFFERING NOTIFICATION AND SECONDARY OFFERING IN THE PARALLEL MARKET NOTIFICATION</b></p> <p>The notice shall be submitted on the official paper of the financial advisor and include the following information:</p> <ol style="list-style-type: none"> <li>1. The issuer's total number of shares owned by the selling shareholder.</li> </ol>	<p>It is suggested to add an annex to the Rules on the Offer of Securities and Continuing Obligation that includes the contents of the secondary public offering notification and the secondary offering in the Parallel Market notification.</p>



Rules on the Offer of Securities and Continuing Obligations		
#	Proposed Amendments	Clarification
	<p>2. The percentage of the shares that are the subject of the notification from the issuer's total shares.</p> <p>3. Type and class of shares that are the subject of the notification.</p> <p>4. Nominal value per share (in SR).</p> <p>5. Amount paid up per share (in SR).</p> <p>6. Total amount paid up for the shares that are the subject of the notification.</p> <p>7. The number and value of the shares that are the subject of the notification.</p> <p>8. Description of shares that are the subject of the notification.</p> <p>9. Are the shares which are the subject of the notification identical in all respects? If not, how do they differ and when will they become identical?</p> <p>The notification must be by way of a letter dated and signed by the financial advisor or an authorised officer of the financial advisor.</p> <p>[This Annex shall be submitted electronically through the automated system determined by the Authority for this purpose and the financial advisor shall retain the original copies (or, where appropriate, certified copies) for a period not less than ten years. In case of a lawsuit or claim (including any existing or threatened action) or any existing investigation procedures relating to such documents, the financial advisor shall retain such documents until the completion of such litigation, claim or investigation procedures. Moreover, such documents must be submitted to the Authority upon request].”</p>	
7	<p><b>ANNEX ***</b></p> <p><b>FORM OF A FINANCIAL ADVISOR'S LETTER FOR THE SECONDARY PUBLIC OFFERING AND THE SECONDARY OFFERING IN THE PARALLEL MARKET</b></p> <p><i>[To be provided on the financial advisor's letterhead]</i></p> <p>To: The Authority</p> <p>In our capacity acting as the financial advisor to (please insert the name of the selling shareholder in the secondary public offering / the name of the selling shareholder in the secondary offering in the</p>	<p>It is suggested to add an annex to the Rules on the Offer of Securities and Continuing Obligations that includes the form of the financial advisor letter for the secondary public offering and the secondary offering in the Parallel Market.</p>



Rules on the Offer of Securities and Continuing Obligations		
#	Proposed Amendments	Clarification
	<p>Parallel Market [use as applicable]) in respect of (the secondary public offering notification / the secondary offering notification in the Parallel Market [use as applicable]) (please provide details of the shares), and in accordance with Article ((56) of the Rules on the Offer of Securities and Continuing Obligations) / ((109) of the Rules on the Offer of Securities and Continuing Obligations) [use as applicable], we [please insert the name of the financial advisor] confirm, to the best of our knowledge, and through conducting due diligence and making enquiries of the selling shareholder and its advisors, that the selling shareholder has satisfied all conditions required for the offer of shares (as a secondary public offering / as a secondary offering in the Parallel Market [use as applicable]) and has satisfied all other matters required by the Capital Market Authority (the "Authority") as of the date of this letter. [please insert the financial advisor name] further confirms that it has, to the best of its knowledge and within its capacity as financial advisor, provided to the Authority all information or clarifications in such form and within such time limit as the Authority required for the purpose of verifying whether [please insert the financial advisor name] and the selling shareholder have complied with the Capital Market Law, Listing Rules and the Rules on the Offers of Securities and Continuing Obligations.</p> <p>In particular, [please insert the financial advisor name] confirms that:</p> <ol style="list-style-type: none"> <li>1. it has provided all the relevant services required by the Rules on the Offer of Securities and Continuing Obligations with due care and skill;</li> <li>2. it has taken reasonable steps to satisfy itself that [the selling shareholder (if the selling shareholder is a natural person) / the members of the governing body of the selling shareholder (if the selling shareholder is a legal person)] understand(s) the nature and extent of their responsibilities under the Capital Market Law, its Implementing Regulations and the Exchange Rules; and</li> </ol>	



Rules on the Offer of Securities and Continuing Obligations		
#	Proposed Amendments	Clarification
	<p>3. it has come to a reasonable opinion, based on due enquiry and professional experience, that:</p> <p>a. the selling shareholder has satisfied all relevant requirements for the offer of shares as a secondary public offering (including provisions regarding the secondary public offering document) or the secondary offering in the Parallel Market (including the provisions regarding the secondary offering in the Parallel Market document) [use as applicable]; and</p> <p>b. that all matters known to [please insert the financial advisor name] which should be taken into account by the Authority when reviewing the secondary public offering notification or the secondary offering in the Parallel Market notification [use as applicable], have been disclosed to the Authority.</p> <p>(the financial advisor's name) hereby declares the accuracy of the information contained in the secondary public offering document / in the secondary offering in the Parallel Market document [use as applicable], and that it does not contain any additional information not disclosed to the public.</p> <p>[This Annex shall be submitted electronically through the automated system determined by the Authority for this purpose and the financial advisor shall retain the original copies (or, where appropriate, certified copies) for a period not less than ten years. In case of a lawsuit or claim (including any existing or threatened action) or any existing investigation procedures relating to such documents, the financial advisor shall retain such documents until the completion of such litigation, claim or investigation procedures. Moreover, such documents must be submitted to the Authority upon request].</p>	
8	<p><b>ANNEX ****</b></p> <p><b>DECLARATION BY THE SELLING SHAREHOLDER IN THE SECONDARY PUBLIC OFFERING AND THE SELLING</b></p>	<p>It is suggested to add an annex to the Rules on the Offer of Securities and Continuing Obligations that includes the declaration from the selling shareholder in the secondary public offering and</p>



Rules on the Offer of Securities and Continuing Obligations		
#	Proposed Amendments	Clarification
	<p><b>SHAREHOLDER IN THE SECONDARY OFFERING IN THE PARALLEL MARKET</b></p> <p>To: The Authority</p> <p>[I the undersigned, being the selling shareholder (if the selling shareholder is a natural person) / We the undersigned, being the members of the governing body of the selling shareholder (if the selling shareholder is a legal person)] _____ (insert name of "the selling shareholder") (referred to hereinafter as "the selling shareholder "), [hereby declare (if the selling shareholder is a natural person) / hereby jointly and severally declare (if the selling shareholder is a legal person)] that to the best of our knowledge and belief (having taken reasonable care to ensure that such is the case) the selling shareholder:</p> <ol style="list-style-type: none"> <li>1. has satisfied all the relevant conditions for submitting [(the secondary public offering notification / the secondary offering in the Parallel Market notification (use as applicable)] and all other relevant requirements of the Capital Market Law, its Implementing Regulations, and the Exchange Rules;</li> <li>2. has included all the information required to be included in [(the secondary public offering document / the secondary offering in the Parallel Market document (use as applicable)] pursuant to the Capital Market Law and the Rules on the Offer of Securities and Continuing Obligations; and</li> <li>3. has or will supply all the documents required by the Rules on the Offer of Securities and Continuing Obligations.</li> </ol> <p>We confirm that there are no other facts bearing on [the secondary public offering notification / the secondary offering in the Parallel Market notification (use as applicable)] which in our opinion should have been disclosed to the Authority. We further confirm that we:</p> <ol style="list-style-type: none"> <li>1. have read and understood the Capital Market Law, the Listing Rules of the Saudi Stock Exchange Company (the "Listing Rules") and the Rules on the Offer of Securities and Continuing Obligations;</li> </ol>	<p>the selling shareholder in the secondary offering in the Parallel Market.</p>





Rules on the Offer of Securities and Continuing Obligations		
#	Proposed Amendments	Clarification
	<p>2. have understood the nature of our responsibilities and obligations; and</p> <p>3. have understood in particular what is required of us to enable [the public / the qualified investors (use as applicable)] to arrive at an informed judgment concerning the issuer and the securities that are the subject of the offer.</p> <p>We hereby authorise the Authority to exchange any relevant information with the authorities, agencies or bodies having responsibility for the supervision of financial services or other relevant authorities.</p> <p>[<b>Signed:</b> (if the selling shareholder is a natural person) / <b>Signed on behalf of the selling shareholder:</b> the members of the governing body (if the selling shareholder is a legal person)]</p> <p>Name: _____</p> <p>Signature: _____</p> <p>Date: _____</p> <p>Name: _____</p> <p>Signature: _____</p> <p>Date: _____</p> <p>[This Annex shall be submitted electronically through the automated system determined by the Authority for this purpose and the selling shareholder shall retain the original copies (or, where appropriate, certified copies) for a period not less than ten years. In case of a lawsuit or claim (including any existing or threatened action) or any existing investigation procedures relating to such documents, the selling shareholder shall retain such documents until the completion of such litigation, claim or investigation procedures. Moreover, such documents must be submitted to the Authority upon request].</p>	



**F) Proposed amendments to the Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs) compared with the current provisions**

<b>Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs)</b>		
<b>#</b>	<b>Proposed Amendments</b>	<b>Clarification</b>
1	<p><b>Instructions for Book Building Process and Allocation Method in Initial <del>Public</del> and Secondary Offerings (IPOs)</b></p>	<p>It is suggested to amend the name of the Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs) to clarify the application of its provisions to both initial and secondary public offerings.</p>
2	<p><b>Chapter 1</b> <b>General Provisions</b></p> <p><b>Part 1: Preamble</b></p> <p>1) These Instructions aim to regulate the book building process and the allocation method in <del>initial subscription</del> initial and secondary public offerings.</p> <p>2) These Instructions shall have no prejudice to the provisions of the Capital Market Law and its Implementing Regulations.</p> <p><b>Part 2: Definitions</b></p> <p>...</p> <p>c) For the purpose of implementing these Instructions, the following expressions and terms shall have the meaning they bear as follows unless the context indicates otherwise:</p> <p>...</p> <p>- <b>Book Building Period:</b> A period determined by the financial advisor, after obtaining the consent of the issuer in the initial public offering or the selling shareholder in the secondary public offering, without prejudice to paragraph (d) of Part <del>(3)</del> (4) or paragraph (c) of Part (9) of these Instructions. It starts from the first day of the financial advisor offering the issuer's shares to the participating entities in accordance with paragraph (a) of Part <del>(3)</del> (4) of these Instructions or from the first day of the financial advisor offering the selling shareholder's shares to the participating entities in the secondary public offering in accordance with paragraph (a) of Part (9) of these Instructions.</p> <p>- <b>Bidding Participation Application:</b> The application submitted by the participating entities to the financial advisor <del>of the issuer</del> in order to participate in the book building process, and submitted to the financial advisor in a time</p>	<p>It is suggested to divide the Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs) into chapters, and include the provisions of Part 1 “Preamble” and Part 2 “Definitions” in Chapter 1 of the Instructions, and amend Part 1 and Part 2 in line with the case of the secondary public offering.</p>



Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs)		
#	Proposed Amendments	Clarification
	<p>no later than the last day of the book building period.</p> <ul style="list-style-type: none"> <li>- <b>Appended Bidding Application:</b> The application submitted to the financial advisor of the issuer when the price range is changed, in accordance with paragraph (b) of Part <del>(4)</del> (5) of these Instructions, in a time no later than the last day of the Book building period, and submitted by participating parties in order to participate in the book building or by the participating entities for the purpose of changing their requests concerning the price range.</li> <li>- <b>Participating Parties:</b> Parties that are entitled to participate in the Book building process in accordance with Part <del>(5)</del> (3) of these Instructions.</li> <li>- <b>Participating Entities:</b> Entities involved in the Book building process from the specified parties in Part <del>(5)</del> (3) of these Instructions.</li> </ul> <p>...</p>	
3	<p><b>Part 5 3: Participating Parties</b></p> <p>a) Those whom may participate in the book building are:</p> <ol style="list-style-type: none"> <li>1) Public and private funds that invest in securities listed on the Saudi Stock Exchange as permitted by the fund's terms and conditions and in accordance with the provisions and limitations stipulated in the Investment Funds Regulations. In addition, public funds must comply with the following when submitting the bidding participation application: <ol style="list-style-type: none"> <li>a. The value of the shares in the bid of a public fund and all other public funds with the same fund manager shall not exceed (25%) of the total offer value.</li> <li>b. The public fund shall not submit a bid with an amount in excess of (10%) of the total offer value.</li> <li>c. The public fund shall not submit a bid on securities of the issuer <b>in the initial public</b></li> </ol> </li> </ol>	<p>It is suggested to rearrange Part 5 “Participating Parties” of the Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs) to be included in Chapter 1 “General Provisions” of the Instructions, to clarify the application of its provisions on both initial and secondary public offerings, and amend subparagraphs (1) and (4) of paragraph (a) thereof in line with the case of the secondary public offering.</p>



Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs)		
#	Proposed Amendments	Clarification
	<p>offering or of the selling shareholder in the secondary public offering with an amount exceeding (20%) of the fund's net asset value.</p> <p>d. The public fund shall not submit a bid with an amount that exceeds (10%) of its net asset value in the issuer's offered shares in the initial public offering or in the selling shareholder in the secondary public offering.</p> <p>...</p> <p>4) Any legal persons allowed to open an investment account in the Kingdom, and an account with the depositary center, including foreign legal persons who are allowed to invest in the market where the shares of the issuer are to be listed or the market in which the offered shares are listed in the secondary public offering, with regards to the conditions of listing companies investments in listed securities stipulated in the Authority's circular number (6/05158) dated 11/08/1435H corresponding to 09/06/2014G based on the Capital Market Authority's board resolution number (9-28-2014) dated 20/07/1435H corresponding to 19/05/2014G.</p> <p>...</p>	
4	<p style="text-align: center;"><b>Chapter 2</b></p> <p style="text-align: center;"><b>Book Building Process and Allocation Method in Initial Public Offering</b></p> <p><b>Part 3 4: General Provisions</b></p> <p>...</p> <p><b>Part 4 5: Requirements for Book building and Changing the Price Range</b></p> <p>a) During book building, the following requirements must be satisfied:</p> <p>1) The issuer's financial advisor must announce the book building period without prejudice to paragraph (d) of Part <del>(3)</del> (4) of these Instructions.</p> <p>...</p>	<p>It is suggested to divide the Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs) into chapters, and include the provisions of Parts (3, 4, 5, 6, 7, 8) thereof in Chapter 2 of the Instructions to apply in the case of initial public offering, and rearrange the numbering of those Parts in line with the suggested amendments on the Instructions.</p>



Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs)		
#	Proposed Amendments	Clarification
	<p><b>Part 7: Shares Allocation for Participating Entities after Completing the Book building</b></p> <p>...</p> <p>2) Without prejudice to paragraph (b) of Part <del>(3)</del> (4) of these Instructions, the allocation of the offered shares is made as the financial advisor deems appropriate in coordination with the issuer</p> <p>...</p>	
5	<p><b>Chapter (3)</b> <b>Book Building Process and Allocation Method in Secondary Public Offering</b></p> <p><b>Part 9: Book Building Process and Allocation Method in Secondary Public Offering</b></p> <p>a) The financial advisor of the selling shareholder is permitted to offer the shares to the participating parties and retail subscribers during the book building period, provided that the period of the Authority's review of the secondary public offering's notice - in accordance with the Rules on the Offer of Securities and Continuing Obligations – expires without issuing a notification by the Authority stating that the secondary public offering is not to be made.</p> <p>b) The financial advisor, in coordination with the selling shareholder in the secondary public offering, shall determine a percentage of the full offering to be allocated to institutional investors, and the financial advisor shall determine a percentage of it to be allocated to public funds; in the event that there is insufficient coverage from public funds for the percentage allocated to them, the percentage allocated to them shall be reduced within the limits of what was covered by them.</p> <p>c) The book building period shall not exceed (14) calendar days.</p> <p>d) The participating entities provide their bidding participation applications in the book building</p>	<p>It is suggested to add a new chapter to the Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs) to include the provisions governing the book building process and allocation method in the secondary public offering, including:</p> <ol style="list-style-type: none"> <li>1. Stipulating that shares may be offered to the participating parties and retail subscribers during the book building period, and clarifying the mechanism by which participating parties may participate in the book building process.</li> <li>2. Stipulating the book building conditions in the secondary public offering, including the mechanism for the allocation of the shares and the book building period.</li> <li>3. Stipulating that shares may not be allocated to retail subscribers in the secondary public offering if the final price of the offering is higher than the closing price for the day preceding the end of the subscription period for retail subscribers.</li> </ol>



Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs)		
#	Proposed Amendments	Clarification
	<p>in the manner that the financial advisor of the selling shareholder in the secondary public offering determines, provided that the financial advisor and any other capital market institution that is associated with receiving bidding participation applications make the necessary arrangements and procedures to ensure documenting the bidding participation applications and verifying their validity, and verify the financial solvency of the participating entities and their ability to pay the value of the shares requested in the bidding participation application when allocated, before registering the bidding participation applications.</p> <p>e) During book building, the following requirements must be satisfied:</p> <ol style="list-style-type: none"> <li>1) The financial advisor must announce the book building period without prejudice to paragraph (c) of this Part.</li> <li>2) The financial advisor must announce the price range, and ensure its availability to all participating parties.</li> <li>3) The announcement made by the financial advisor regarding the book building period and price range must be available to all participating parties on its website.</li> <li>4) At the end of the book building period, the financial advisor shall announce the offer coverage percentage by all participating parties on its website.</li> </ol> <p>f) The allocation percentage for participating entities shall be set forth in the secondary public offering document, provided that the allocation percentage for public funds is indicated in the offering document.</p> <p>g) The allocation percentage for retail subscribers in the secondary public offering shall be set forth in the secondary public offering document.</p> <p>h) It is not permissible to allocate any of the shares of the secondary public offering to retail subscribers if the final price of the offering is higher than the closing price for the day</p>	



<b>Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs)</b>		
<b>#</b>	<b>Proposed Amendments</b>	<b>Clarification</b>
	<p>preceding the end of the subscription period for retail subscribers. In this case, all subscription amounts shall be returned to the retail subscribers without any deduction.</p>	
6	<p style="text-align: center;"><b>Chapter (4)</b> <b>Publication and Entry into Force</b></p> <p><b>Part 9-10: Publication and Entry into Force</b></p> <p>These Instructions shall be effective in accordance with its approval resolution.</p>	<p>It is suggested to divide the Instructions for Book Building Process and Allocation Method in Initial Public Offerings (IPOs) into chapters, and include the provisions of Part 10 thereof in Chapter 4 of the Instructions.</p>



**G) Proposed amendments to the Instructions on the Price Stabilisation Mechanism in Initial Public Offerings compared with the current provisions:**

Instructions on the Price Stabilisation Mechanism in Initial Public Offerings		
#	Proposed Amendments	Clarification
1	<p><b>Instructions on the Price Stabilisation Mechanism in Initial Public Offerings</b></p> <p>...</p> <p><b>Part 1: Preliminary</b></p> <p>a) The purpose of these Instructions is to regulate the price stabilisation activities on shares of companies newly listed on the Exchange after the initial public offering, and to regulate the price stabilisation activities after the secondary public offering and the secondary offering in the Parallel Market.</p> <p>b) These Instructions shall not prejudice the provisions of the Capital Market Law and its Implementing Regulations.</p> <p><b>Part 2: Definitions</b></p> <p>...</p> <p>c) For the purpose of implementing these Instructions, the following expressions and terms shall have the meaning they bear as follows, unless the context indicates otherwise:</p> <p>- <b>Price Stabilisation Mechanism:</b> A mechanism that contribute to the price stabilisation of the newly listed shares on the Exchange or shares of a listed company in the case of the secondary public offering and the secondary offering in the Parallel Market, by means of Over-Allotment, and where all or any of the following transactions are conducted:</p> <p>a) Borrowing a number of shares from lending-shareholders prior to the initial public offering, in an amount not exceeding the number resulted from the maximum limit allowed for Over-Allotment.</p> <p>...</p> <p>- <b>Over-Allotment:</b> A process upon which a number of additional shares is allocated to the shares offered for subscription. Such shares are borrowed from the lending-shareholders and sold to the public or to qualified investors during the initial public offering at the</p>	<p>It is suggested to amend the name of the Instructions on the Price Stabilisation Mechanism in Initial Public Offerings, and amend Parts (1, 2, 3, 4, 5) thereof to include in its provisions the cases of secondary public offering and secondary offering in the Parallel Market.</p>





Instructions on the Price Stabilisation Mechanism in Initial Public Offerings		
#	Proposed Amendments	Clarification
	<p>subscription price, in accordance with the over-allotment agreement.</p> <ul style="list-style-type: none"> <li>- <b>Purchase Option:</b> A contractual option whereby the price stabilisation manager is granted the right to buy an amount of shares not exceeding the amount of the shares included in the Over-Allotment at the subscription price in the <del>initial</del> offer period, during the price stabilisation period or after its end.</li> <li>- <b>Price Stabilisation Period:</b> A period of time for the Price Stabilisation Mechanism that is agreed upon between the price stabilisation manager and the issuer <del>or the price stabilisation manager and the selling shareholder in the secondary public offering or the price stabilisation manager and the selling shareholder in the secondary offering in the Parallel Market</del>, provided that such period shall not exceed (30) calendar days from the first day of listing the shares on the Exchange <del>or the first trading day following the date of completion of the secondary public offering or secondary offering in the Parallel Market</del>.</li> </ul> <p><b>Part 3: General Provisions</b></p> <ul style="list-style-type: none"> <li>a) The maximum amount allowed for an Over-Allotment shall not exceed 15% of the number of shares offered for subscription <del>in the initial public offering</del>.</li> <li>b) The issuer shall, in case of conducting a Price Stabilisation Mechanism, disclose the following in the prospectus: <ul style="list-style-type: none"> <li>1. Maximum number of additional shares to be over-allotted in accordance with the Over-Allotment agreement.</li> <li>2. The Price Stabilisation Period.</li> <li>3. Any other restrictions imposed by the issuer or the underwriter on the price stabilisation manager.</li> <li>4. The price stabilisation manager.</li> </ul> </li> <li>c) <del>The selling shareholder in the secondary public offering and the selling shareholder in the</del></li> </ul>	



Instructions on the Price Stabilisation Mechanism in Initial Public Offerings		
#	Proposed Amendments	Clarification
	<p>secondary offering in the Parallel Market shall – in case of conducting the Price Stabilisation Mechanism – disclose the following in the secondary public offering document and the secondary offering document in the Parallel Market:</p> <ol style="list-style-type: none"> <li>1. Maximum number of additional shares to be over-allotted in accordance with the Over-Allotment agreement.</li> <li>2. The Price Stabilisation Period.</li> <li>3. Any other restrictions imposed by the selling shareholder or its financial advisor on the price stabilisation manager.</li> <li>4. The price stabilisation manager.</li> </ol> <p>...</p> <p><b>Part 4: Obligations of the Price Stabilisation Manager</b></p> <p>...</p> <p>e) Starting from the first day of listing the shares on the Exchange and the first trading day following the date of completion of the secondary public offering or the secondary offering in the Parallel Market, the price stabilisation manager must disclose to the public at the end of every fifth trading day and until the end of the Price Stabilisation Period the details of all price stabilisation transactions it conducted, including the disclosure of the amount of shares purchased and the price range of such shares.</p> <p>...</p> <p><b>Part 5: Exemptions</b></p> <p>...</p> <p>c) For the purposes of implementing these Instructions, the lending-shareholders shall be waived from the obligations and restrictions stated in Article 23 and Article 24 of the Merger and Acquisition Regulations and paragraph (a) of Article 87 and Article (59) and Paragraph (t) of Article (109) of the Rules on the Offer of Securities and Continuing Obligations.</p>	