

KINGDOM OF SAUDI ARABIA

Capital Market Authority

THE RULES FOR SPECIAL PURPOSES ENTITIES

(Draft)

English Translation of the Official Arabic Text

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Based on the Capital Market Law

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Arabic is the official language of the Capital Market Authority

Important Notice: the current version of these Rules, as may be amended, can be found at

The Authority website: www.cma.org.sa

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PART 1: GENERAL PROVISIONS

Article 1 : Preliminary

- (a) The purpose of these Rules is to regulate the special purposes entities including its establishment, licensing, registration, offering and management and associated activities in the Kingdom.
- (b) These Rules should be read in conjunction with, and in addition to, the provisions of Authorised Persons Regulations, the Securities Business Regulations, the Offers of Securities Regulations and the Listing Rules.
- (c) If the special purposes entity is offering debt instruments by a mean of public offer, Parts 1 to 8 of the Listing Rules apply with respect to a special purposes entity subject to the provisions set out in Annex 3 of these Regulations.
- (d) If the special purposes entity is offering debt instruments by a mean of private placement, Parts 1 to 5 of the Offer of Securities Regulations apply with respect to a special purposes entity subject to the provisions set out in Annex 4 of these Regulations.

Article 2 : Definitions

- (a) Any reference to the “Capital Market Law” in these Rules shall mean the Capital Market Law issued by Royal Decree No. M/30 dated 2/6/1424H.
- (b) Expressions and terms in these Rules shall have meanings which they bear in the Capital Market Law and in the Glossary of defined terms used in the Regulations and Rules of the Capital Market Authority unless the contrary intention appears.

(The terms defined below shall be moved to the Glossary of Defined Terms Used in the Regulations and Rules of the Capital Market Authority)

- Asset-backed debt instrument: means a debt instrument issued by a special purposes entity under whose terms:

- (a) the entitlement of holders of the debt instrument to a return is wholly and solely dependent on the returns generated by the special purposes entity’s assets; and
- (b) the sponsor is not obliged to the holders of the debt instrument (whether by guarantee or otherwise) to pay any amounts due on the debt instrument.

- Asset-linked recourse debt instrument: means a debt instrument issued by a special purposes entity under whose terms:

- (a) the entitlement of holders of the debt instrument to a return is defined by reference to the returns generated by the special purposes entity’s assets; and
- (b) the sponsor is obliged to the holders of the debt instrument (whether by guarantee or otherwise) to pay all amounts due on the debt instrument; and

- Debt-based recourse debt instrument: means a debt instrument issued by a special purposes entity under whose terms:

- (a) the entitlement of holders of the debt instrument to a return is not defined by reference to the returns generated by the special purposes entity's assets;
- (b) the sponsor is obliged to the holders of the debt instrument (whether by guarantee or otherwise) to pay all amounts due on the debt instrument; and
- (c) repayment of all capital is to be made to the holder at or before the maturity of the security.

- **Financing transaction:** means the transaction under which a special purposes entity raises finance by the issue of debt instruments, including the acquisition, transfer or other use of assets required to generate amounts due under the terms of those debt instruments, and the issue of the debt instruments itself.

- **Shareholder:** means in the Rules for Special Purposes Entities, a person who owns shares in the capital of the special purposes entity.

- **Special purposes entity:** means an entity established and licensed to issue debt instruments under the Rules for Special Purposes Entities.

- **Sponsor:** means, in relation to a special purposes entity, the person responsible for sponsoring the special purposes entity in accordance with the Rules for Special Purposes Entities.

- **Relatives:** means in the Rules for Special Purposes Entities, father, mother, spouse, children, brothers, and sisters.

Article 3 : Scope and Application

- (a) These Rules apply to any person referred to in them, including, but not limited to:
 - 1) a special purposes entity and an applicant to become a special purposes entity;
 - 2) a registered director of a special purposes entity and an applicant for registration to become a registered director of a special purposes entity;
 - 3) a sponsor of a special purposes entity; and
 - 4) a custodian appointed by a special purposes entity in accordance with Part 11 of these Rules.
- (b) Any person to whom these Rules apply shall comply with these Rules.

Article 4 : Waivers

The Authority may waive any provision of these Rules in whole or in part as it applies to any person either on an application from such person or on its own initiative.

Article 5 : Right of Appeal

Any person subject to these Rules may appeal to the Committee in respect of any decision or action that the Authority takes under these Rules.

PART 2: ESTABLISHMENT AND LICENSING

Article 6 : Establishment

- (a) A special purposes entity may only be established by a sponsor subscribing its name to the special purposes entity's by-laws, and making an application to the Authority for licensing in accordance with paragraph (c) of Article 7 of these Rules.
- (b) A sponsor shall ensure that the special purposes entity complies, from its establishment date, with the requirements of these Rules.

Article 7 : Licensing Requirements

- (a) A special purposes entity shall be licensed at all times in accordance with these Rules.
- (b) The licensing of a special purposes entity is the responsibility of the sponsor.
- (c) A sponsor seeking the licensing of a special purposes entity shall submit an application to the Authority in the form prescribed by the Authority, and pay such application fees as the Authority prescribes under Article 77 of these Rules.

Article 8 : Licensing conditions

A special purposes entity shall satisfy the following conditions at all times:

- 1) the special purposes entity shall be established under, and comply with all applicable requirements of these Rules;
- 2) the special purposes entity shall not issue securities other than:
 - a. debt instruments that are asset-backed debt instruments, asset-linked recourse debt instruments or debt-based recourse debt instruments; and
 - b. shares;
- 3) the shares of the special purposes entity shall be issued to the sponsor or a third party approved by the Authority.
- 4) the special purposes entity shall not engage in activities other than:
 - a. the issue of shares to its initial shareholders on establishment; or to shareholders as part of an increase in capital under its By-Laws;
 - b. the raising of finance through the issue of debt instruments;
 - c. the realisation, management and investment of the proceeds of the issuance of its debt instruments; and
 - d. ancillary activities necessary to achieve its purpose;
- 5) the special purposes entity shall have its registered office in the Kingdom;

- 6) the special purposes entity shall have by-laws meeting the requirements of Part 3 of these Rules;
- 7) the special purposes entity shall have paid-up share capital of at least [●] Saudi Riyals maintained in accordance with Part 4 of these Rules;
- 8) the special purposes entity shall have at least one shareholder meeting the requirements of Part 5 of these Rules;
- 9) the special purposes entity shall have at least two registered directors meeting the requirements of Part 6 of these Rules; and
- 10) the special purposes entity shall have a sponsor meeting the requirements of Part 7 of these Rules.

Article 9 : Procedures and powers of the Authority in relation to an application for licensing

- (a) In considering an application made under paragraph (c) of Article 7 of these Rules, the Authority may:
 - 1) carry out any enquiries that it considers appropriate;
 - 2) require the sponsor or its representative, or a representative of the special purpose entity, to attend before the Authority to answer any questions and explain any matter the Authority considers relevant to the application;
 - 3) require the sponsor to provide such additional information as the Authority considers appropriate within fourteen (14) days of the request; and
 - 4) verify any information furnished by the sponsor or the applicant to become a special purposes entity.
- (b) The Authority shall, upon receipt of all information and documents required, notify the sponsor in writing of the same, and shall make any of the following decisions within the period specified in paragraph (c) of this Article from the date of the notice:
 - 1) to approve the application;
 - 2) to approve the application subject to such conditions and limitations as it considers appropriate; or
 - 3) to refuse the application, giving reasons.
- (c) For the purposes of paragraph (b) of this Article, the Authority will make a decision within forty five (45) days if a special purposes entity that is to issue debt-based recourse debt instruments or asset-linked recourse debt instruments, or within ten (10) day if a special purposes entity that is to issue of asset-backed debt instruments.
- (d) The Authority may refuse to consider the application where the sponsor has failed to provide information requested from it within the time specified in sub-paragraph (3) of paragraph (a) of this Article.
- (e) The Authority may refuse an application if the Authority believes that the licensing of the special purposes entity, or the sale of debt instruments in the special purposes entity may result in a breach of the Capital Market Law or its Implementing Rules.

Article 10 : Effect of licensing

Upon approval by the Authority of the application to licence the special purposes entity, it shall be registered in its register, with the effect that:

- 1) the special purposes entity shall be considered a legal person capable of exercising all of the functions of a special purposes entity;
- 2) the by-laws shall bind the special purposes entity and the shareholders such that each of them covenants to observe all the provisions of the by-laws.

Article 11 : Pre-licensing contracts

Any person who has purported to make a contract in the name of a special purposes entity before its licensing is personally liable for the obligations arising from such contract unless and until the special purposes entity, after its establishment, adopts such obligations by way of:

- 1) a resolution of the majority of the shareholders representing at least three quarters (3/4) of its share capital, where the special purposes entity has more than one shareholder.
- 2) a written resolution by the shareholder, where the special purposes entity has one shareholder.

Article 12 : Paying up share capital

The initial shareholders shall, within six months of the approval by the Authority of an application to license the special purposes entity:

- 1) pay the full nominal value of their shares;
- 2) deposit the full nominal value of the special purposes entity's share capital in cash with a local bank; and
- 3) obtain a certificate from that bank acknowledging receipt of the deposit.

PART 3: BY-LAWS

Article 13 : By-laws

- (a) A special purposes entity shall have by-laws that specify the following:
- 1) the name and registered office of the special purposes entity;
 - 2) the name, registered office and business of the sponsor;
 - 3) the name, registered office or residence and business of each shareholder, if different from the sponsor;
 - 4) the share capital of the special purposes entity;
 - 5) the number of shares to be subscribed for by each shareholder and the nominal value of those shares;
 - 6) the start and end dates of the special purposes entity's financial year;
 - 7) the purposes, management, operation and ownership of the special purposes entity; and
 - 8) any other matters required by these Rules to be specified in the by-laws.
- (b) The Authority may prescribe one or more standard forms of by-laws to be adopted by special purposes entities. Where the Authority has prescribed such standard form by-laws, no departure from that standard form is permissible without the prior written consent of the Authority, except for adding details required to be included in the standard forms prescribed by the Authority, or selections required to be made.
- (c) A special purposes entity's by-laws shall be approved by the Authority. Upon approval by the Authority of the Special purposes Entity's by-laws, the by-laws shall be signed by the sponsor and, where the sponsor is not the special purposes entity's shareholder, each other shareholder in the presence of a Saudi Arabian notary public.

PART 4: CAPITAL

Article 14 : Paid-up capital

- (a) The paid-up share capital of a special purposes entity shall be divided into one class of non-divisible shares of equal value.
- (b) Contributions by shareholders to the paid-up share capital of the special purposes entity may only be made in cash and not by way of other property, services, or otherwise in kind.
- (c) The full nominal value of a special purposes entity's paid-up share capital shall at all times be deposited and maintained in cash with a local bank.

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PART 5: SHAREHOLDERS

Article 15 : Application

- (a) Where a special purposes entity has only one shareholder, all the Articles in this Part apply except for Articles 17, 18, 19 and 20.
- (b) Where a special purposes entity has more than one shareholder, all the Articles in this Part apply except for Article 21.

Article 16 : Financial rights and liabilities

- (a) A shareholder is considered indebted to the special purposes entity for the contribution it has undertaken to make to the special purposes entity's share capital. If a shareholder fails to surrender such contribution on the date set therefor it shall be liable to the special purposes entity for any damages arising from such delay.
- (b) Subject to Article 11 of these Rules, a shareholder's liability for the debts of a special purposes entity is limited to the extent of its contributions to the share capital of that special purposes entity.
- (c) No personal creditor of a shareholder may seek satisfaction of its rights out of the shareholder's interest in the special purposes entity's share capital, but he/she may seek satisfaction of its rights out of the share in the profits has been paid to the shareholder, or that shareholder has encumbered his interest in the shares of the special purposes entity in accordance with paragraph (b) of Article 22 of these Rules.
- (d) Shareholders shall share the profits and losses in the manner stated in the special purposes entity's by-laws. If a special purposes entity's by-laws fail to specify a shareholder's share in the special purposes entity's profits or losses, such share shall be in proportion to his interest in the share capital. If the by-laws only specify a shareholder's share in the profits, his share in the losses shall be equal thereto. If the by-laws only specify a shareholder's share in the losses, his share in the profits shall be equal thereto.

Article 17 : General meetings

- (a) General meetings of the special purposes entity's shareholders may only be called in the manner specified in its by-laws provided that a general meeting shall be convened at least once a year within six (6) months after the end of the financial year of the special purposes entity.
- (b) A special purposes entity shall keep minutes of each general meeting and of each resolution of the shareholders.

Article 18 : Shareholders rights to participate in decisions

Without prejudice to sub-paragraph (1) of paragraph (b) of Article 57 of these Rules, every shareholder shall have the right to participate in deliberations and in voting. The by-laws shall specify the number of votes to which shareholders are entitled.

Article 19 : Use of proxy

A shareholder may give proxy to another person to attend shareholders' meetings and vote on his behalf.

Article 20 : Resolutions

- (a) Resolutions of the shareholders may only be passed in the manner specified in the by-laws, without prejudice of the following:
 - 1) resolutions shall be valid only if adopted by a number of shareholders representing more than half of the capital;
 - 2) the special purposes entity's by-laws may only be altered by a resolution of the majority of the shareholders representing at least three quarters (3/4) of the capital;
 - 3) the special purposes entity's adoption of third party obligations shall be valid only if adopted by a resolution of the majority of the shareholders representing at least three quarters (3/4) of the capital.
- (b) Without prejudice to the rights of any third party acting in good faith, a resolution adopted by the shareholders in violation of the provisions of these Rules or of the by-laws shall be null and void.

Article 21 : Single shareholder – decision-making procedures

- (a) Where a special purposes entity has only one shareholder, all shareholder decisions shall be made by written resolution of the shareholder, records shall be kept of each resolution of the shareholder, and the shareholder may not give proxy, or otherwise delegate power, to another person to pass shareholder resolutions.
- (b) Without prejudice to the rights of any third party acting in good faith, a resolution adopted by the shareholder in violation of the provisions of these Rules or of the by-laws shall be null and void.

Article 22 : Transfer of shares

- (a) Subject to paragraphs (b) and (c) of this Article, shares in the special purposes entity shall be freely transferable among shareholders and their successors.
- (b) Subject to paragraph (c) of this Article, no shareholder may assign, encumber or otherwise dispose or deal with (whether with or without consideration) the whole or any part of its rights, title or interests in the shares of the special purposes entity without the prior written consent of the other shareholders as expressly contemplated by the by-laws of the special purposes entity.
- (c) No shareholder may assign, encumber or otherwise dispose or deal with (whether with or without consideration) the whole or any part of its rights, title or interests in the shares of the special purposes entity during the period commencing thirty (30) calendar days prior to the end of the financial year and ending on the day following the approval required by (b) of Article 69 of these Rules of the annual report relating to such financial year.

Article 23 : Effect of contribution

A shareholder shall be bound by the special purposes entity's by-laws and be deemed to covenant to observe all the applicable provisions of the by-laws.

Article 24 : Share register

- (a) The special purposes entity shall maintain a share register showing details of each shareholder and its shareholding in the special purposes entity.
- (b) No transfer of ownership of shares in the special purposes entity shall be effective against the special purposes entity or any third party unless the transfer of ownership is entered in the share register, and this register shall be conclusive evidence of the persons entitled to the shares in the special purposes entity.

Article 25 : Increases and decreases in share capital

The special purposes entity's by-laws shall provide the circumstances in which the special purposes entity's share capital may be increased and decreased, and in all circumstances, no increase or decrease in the special purposes entity's share capital may take place without the prior written approval of the Authority.

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PART 6: REGISTERED DIRECTORS

Article 26 : Requirements for registration

- (a) The directors of a special purposes entity shall be registered at all times in accordance with these Rules.
- (b) If a special purposes entity has issued, or is to issue, asset-linked recourse debt instruments or asset-backed debt instruments, the registered directors of the special purposes entity shall be independent of the sponsor. For this purpose a registered director is independent if:
 - 1) neither he nor any of his relatives is closely linked with the sponsor or any of its affiliates; and
 - 2) neither he nor any of his relatives is employed by, contracted to, remunerated by, or an officer of, the sponsor or an affiliate of the sponsor.
- (c) A registered director of a special purposes entity that has issued, or is to issue, asset-linked recourse debt instruments or asset-backed debt instruments, may not be a registered director of any special purposes entity that has the same sponsor.
- (d) If a special purposes entity has issued, or is to issue, asset-linked recourse debt instruments or asset-backed debt instruments, the sponsor and the special purposes entity shall ensure:
 - 1) where the special purposes entity's registered office, or any premises from which the special purposes entity conducts business, are the same as the sponsor's registered office, or any premises from which the sponsor conducts business, that effective policies and procedures are in place to:
 - a. secure confidential or inside information obtained by the special purposes entity in the course of its operations under these Rules;
 - b. ensure that such information is known only to the registered directors and employees of the special purposes entity; and
 - c. ensure that such information is not disclosed to any of the sponsor, any affiliate of the sponsor, or any person that is closely linked with, employed by, contracted to, remunerated by, or an officer of the sponsor or an affiliate of the sponsor,including, where appropriate, effective arrangements to ensure the physical separation of the sponsor's employees from the special purposes entity's registered directors and employees.
 - 2) as an alternative to sub-paragraph (1) of paragraph (d) of this Article, neither the special purposes entity's registered office, nor any premises from which the special purposes entity conducts business, are the same as the sponsor's registered office, or any premises from which the sponsor conducts business.
- (e) If a registered director who is required to be independent under paragraph (b) of this Article ceases to be independent:
 - 1) he shall immediately notify the special purposes entity, cease to exercise any function as a registered director without the prior written consent of the Authority and resign

his position as a registered director with effect from the next board meeting of the special purposes entity; and

- 2) if a further registered director is needed in order for the special purposes entity to meet its obligations under these Rules, the special purposes entity shall immediately take steps to appoint a replacement registered director.

Article 27 : Residence

A registered director shall be resident in the Kingdom unless the Authority exempts him from this requirement.

Article 28 : Appointment, removal and remuneration of registered directors

- (a) A special purposes entity's by-laws shall provide for the procedures to appoint and remove registered directors and shall provide for the remuneration of registered directors.
- (b) A person who is appointed a registered director shall be bound by the special purposes entity's by-laws.

Article 29 : Duties of Registered Directors

A registered director of a special purposes entity owes the following duties to the special purposes entity:

- 1) To act in accordance with the special purposes entity's by-laws.
- 2) To exercise his powers only for the purposes for which they are conferred.
- 3) To exercise independent judgment. This duty is not infringed by the following:
 - a. acting in accordance with an agreement duly entered into by the special purposes entity that restricts the future exercise of discretion by the registered directors.
 - b. acting in a way authorised by the special purposes entity's by-laws.
- 4) To exercise reasonable skill, care and diligence, meaning the skill, care and diligence that would be exercised by a reasonably diligent person with:
 - a. the general knowledge, skill and experience that may reasonably be expected of a person carrying out the functions carried out by the registered director; and
 - b. the general knowledge, skill and experience that the registered director has.
- 5) To avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the special purposes entity. This duty is not infringed if the situation cannot be reasonably regarded as likely to give rise to a conflict of interest.
- 6) Not to accept a benefit from a third party (being a person other than the special purposes entity) conferred by reason of his being a registered director or his doing (or not doing anything) as a registered director. This duty is not infringed if the acceptance of the benefit cannot reasonably be regarded as likely to give rise to a conflict of interest.

- 7) If the registered director is, either directly or indirectly, interested in a proposed transaction or arrangement of or with the special purposes entity, to declare the nature and extent of that interest to the other registered directors. A registered director need not to declare an interest if it cannot reasonably be regarded as likely to give rise to a conflict of interest.

Article 30 : Decision-making

- (a) The by-laws shall specify the decision-making processes to be followed by registered directors.
- (b) Minutes shall be kept of every registered directors' meeting and of every resolution made by them.

Article 31 : Powers and authorities

The registered directors of a special purposes entity shall have all powers and authorities as are not required by these Rules or the special purposes entity's by-laws to be exercised by the shareholders. Such powers shall cease on and from the point at which the special purposes entity enters into the stage of liquidation.

Article 32 : Delegation

- (a) Subject to paragraph (b) of this Article, the registered directors may delegate any of their powers to any person but shall retain ultimate liability for the exercise of any such delegated powers.
- (b) A special purposes entity shall notify the Authority in writing of any arrangements relating to directors delegating any of their powers to any other person.
- (c) If the special purposes entity has issued, or is to issue, asset-linked recourse debt instruments or asset-backed debt instruments, the registered directors may not delegate any of their powers to the sponsor, an affiliate of the sponsor, or any person that is closely linked with, employed by, contracted to, remunerated by, or an officer of, the sponsor or an affiliate of the sponsor.

Article 33 : Liability

The registered directors shall be jointly responsible for damages sustained by the special purposes entity, the shareholders, or third parties as a result of the registered directors violating the provisions of these Rules or of the special purposes entity's by-laws, or of wrongful acts committed by them in the performance of their duties mentioned in Article 29 of these Rules.

Article 34 : Register of directors

A special purposes entity shall maintain a register of the details of each registered director.

Article 35 : Registration

- (a) The registration shall be made on the form prescribed by the Authority.
- (b) An applicant for registration to become a registered director of a special purposes entity becomes subject to these Rules from submission of the registration form.

- (c) An applicant for registration to become a registered director of a special purposes entity shall not be appointed as a registered director until seven (7) days after the submission of the registration form.
- (d) The sponsor shall pay such fees as may be determined by the Authority in relation to a registration under this Part.

Article 36 : Responsibilities of registered directors

- (a) A registered director is responsible for ensuring that the special purposes entity carries on its business in accordance with these Rules.
- (b) This Article applies to any person who fulfils the role of a registered director of a special purposes entity, whether or not registered as such.
- (c) A registered director shall provide to the Authority any information and documents that the Authority may require for the purpose of administration of the Capital Market Law and its Implementing Regulations.

Article 37 : Notification requirements and powers of the Authority

- (a) A registered director shall ensure that:
 - 1) he complies with the notification requirements set out in Annex 2 which applies to him; and
 - 2) all information he provides to the Authority under these Rules is complete, clear, accurate and not misleading.
- (b) On receiving a notification under paragraph (a) of this Article, the Authority may require the registered director to provide any information it considers necessary to assess the matter.
- (c) In relation to a registered director, the Authority has power to take any of the following actions:
 - 1) carry out any enquiries which it considers appropriate;
 - 2) require the registered director to appear before the Authority to answer any questions and explain any matter it considers relevant to his role;
 - 3) require the provision of information; and
 - 4) verify the accuracy of any information furnished by the registered director.

Article 38 : Suspension or cancellation of registration

- (a) The Authority may suspend or cancel the registration of a registered director on notice to the special purposes entity, if the registered director violates any provision of the Capital Market Law or its Implementing Regulations, commits any offence involving fraud or any act involving a lack of integrity or dishonesty, or becomes insolvent.
- (b) A special purposes entity may terminate the directorship of a registered director on request of the registered director or as otherwise provided by these Rules or the by-laws of the special purposes entity.

- (c) If a registered director's registration is suspended or cancelled, the special purposes entity shall ensure that the person immediately ceases to act as a registered director of the special purposes entity.
- (d) The special purposes entity shall notify the Authority in writing within seven (7) days of a registered director ceasing to be a registered director.. Upon receipt of the notice by the Authority, the registration shall be terminated.
- (e) A registered director continues to be subject to the jurisdiction of the Authority in respect of any act or omission that occurred before the cancellation of his registration and for two (2) years thereafter. If at any time during this period the Authority commences any enforcement investigation or proceedings, the registered director with cancelled registration continues to be subject to the jurisdiction of the Authority until the end of the enforcement investigation or proceedings.

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PART 7: SPONSOR

Article 39 : Requirement for sponsor

- (a) A special purposes entity, and each financing transaction undertaken by it, shall be sponsored by a single sponsor.
- (b) A special purposes entity may not have multiple sponsors.

Article 40 : Status of sponsor

- (a) A sponsor shall fulfil the following conditions at all times:
 - 1) if the special purposes entity has issued, or is to issue, debt-based recourse debt instruments, the sponsor shall be a Saudi joint stock company that complies with all applicable requirements of the Corporate Governance Regulations;
 - 2) if the special purposes entity has issued, or is to issue, asset-linked recourse debt instruments or asset-backed debt instruments, the sponsor shall be an authorised person whose permitted business profile covers all securities business activities to be undertaken in connection with the activities of the special purposes entity, a local bank or a finance company.
- (b) A sponsor that is not an authorised person shall produce to the Authority on demand a legal opinion that demonstrate that its activities in connection with the special purposes entity do not require authorisation under the Capital Market Law. The legal opinion referred to in this paragraph shall be issued by an independent licensed lawyer/law firm with considerable experience in the field.

Article 41 : Restrictions on sponsor rights against special purposes entity

Neither a sponsor, nor any of its affiliate, may have any interest in or claims against the assets of the special purposes entity other than in respect of:

- 1) paid up securities lawfully issued to such persons; and
- 2) claims fully and fairly disclosed in the offering documentation of the special purposes entity.

Article 42 : Notification and record-keeping requirements and powers of the Authority

- (a) A sponsor shall ensure that:
 - 1) it complies with the notification requirements set out in Annex 2 which apply to it; and
 - 2) all information it provides to the Authority in relation to its sponsorship is complete, clear, accurate and not misleading.
- (b) On receiving a notification under paragraphs (a) of this Article, the Authority may require the sponsor to provide any information it considers necessary to assess the matter.
- (c) A sponsor shall record and retain sufficient information about its sponsorship to demonstrate compliance with these Rules. This includes records of all financial transactions with or

relating to the special purposes entity. Such records shall be maintained for a minimum of ten (10) years.

- (d) A sponsor shall provide to the Authority any information and documents that the Authority may require for the purpose of administration of the Capital Market Law and its Implementing Regulations.

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PART 8: NEW FINANCING TRANSACTIONS

Article 43 : Application

This Part sets out requirements applicable to each financing transaction entered into in relation to the issuance of a new class or series of debt instruments by a special purposes entity.

Article 44 : Approval of new financing transactions by the Authority

- (a) No financing transaction may be entered into in relation to the issuance of a new class or series of debt instruments by a special purposes entity without obtaining an approval from the Authority for the financing transaction application required under paragraph (a) of Article 45 of these Rules.
- (b) A financing transaction shall meet each of the applicable transaction conditions specified in Part 9 of these Rules.
- (c) Approval under this Part may relate to multiple issues of debt instruments under a single issuance programme. The special purposes entity shall give the Authority the following prior written notice of each issue proposed to be made under a programme that has been approved under such a programme:
 - 1) in respect of a financing transaction in relation to an issue of debt-based recourse or asset-linked recourse debt instruments, forty five (45) days; or
 - 2) in respect of a financing transaction in relation to an issue of asset-backed debt instruments, ten (10) days.
- (d) Neither a sponsor nor a special purposes entity shall offer or hold itself out, or allow a third party to offer or hold itself out, as offering debt instruments in the special purposes entity which are subject of the application unless it has received the Authority's approval referred to in paragraph (a) of this Article.
- (e) An applicant shall commence the offer of debt instruments within six (6) months of receipt of the Authority's approval under paragraph (a) of this Article, failing which the approval shall lapse.

Article 45 : Procedures and powers of the Authority in relation to a financing transaction application

- (a) The sponsor shall submit an application to the Authority which contains the information specified in Annex 1 of these Rules. In respect of the first financing transaction to be undertaken by the special purposes entity, the application may be made at the same time as the application for the licensing of the special purposes entity under Part 2 of these Rules.
- (b) The Authority shall, upon receipt of all information and documents required, notify the sponsor in writing of the same, and shall make any of the following decisions within the period specified in paragraph (c) of this Article from the date of the notice:
 - 1) to approve the financing transaction application, and in respect of a financing transaction in relation to an issue of asset-backed debt instruments the approval of the Authority is considered obtained upon the lapse of 10 days from the date of the Authority notification referred to in paragraph (b) of this Article unless the Authority

makes any of the decisions mentioned in this Article before the lapse of the period specified in this sub-paragraph;

- 2) to approve the financing transaction application subject to such conditions and limitations as it considers appropriate; or
 - 3) to refuse the financing transaction application.
- (c) For the purposes of paragraph (b) of this Article, the relevant period is:
- 1) in respect of a financing transaction in relation to an issue of debt-based recourse debt instruments or asset-linked recourse debt instruments, forty five (45) days; or
 - 2) in respect of a financing transaction in relation to an issue of asset-backed debt instruments, ten (10) days.
- (d) In considering an application made under paragraph (a) of this Article, the Authority may:
- 1) carry out any enquiries that it considers appropriate;
 - 2) request the sponsor or its representative, or, if any, a representative of the special purposes entity, to attend before the Authority to answer questions and explain any matter the Authority considers relevant to the application;
 - 3) request the sponsor to provide such additional information as the Authority considers appropriate within fourteen (14) days of the request; and
 - 4) verify any information provided by the sponsor or the special purposes entity.
- (e) The Authority may refuse to consider the application where the sponsor or the special purposes entity has failed to provide information requested from it within the time specified in sub-paragraph (3) of paragraph (d) of this Article.
- (f) The Authority may refuse the financing transaction application if the Authority believes that the proposed financing transaction may result in a breach of the Capital Market Law or its Implementing Regulations.

Article 46 : Timing periods

To the extent that an application under this Part is made at the same time as an application under Part 2 of these Rules, any time period specified in this Part shall run concurrently, not consecutively, with any time period specified in Part 2 of these Rules.

PART 9: FINANCING TRANSACTIONS CONDITIONS

Article 47 : Application

- (a) This Part sets out the conditions that a special purposes shall ensure that they are met with respect to a financing transaction entered into by it in relation to the issuance of a new class or series of debt instruments.
- (b) A special purposes entity shall ensure that the conditions in Articles 49 to 54 are met with respect to every financing transaction.
- (c) Where a special purposes entity enters into a financing transaction involving the issue of asset-linked recourse debt instruments or asset-backed debt instruments, it shall also ensure that the conditions in Article 55 of these Rules are met.
- (d) Where a special purposes entity enters into multiple financing transactions, it shall also ensure that the condition in 56 of these Rules are met.

Article 48 : Financing structures

There is no limit on the type of financing structure that may be utilised by the special purposes entity in a financing transaction.

Article 49 : Appointment of a custodian

- (a) The special purposes entity shall appoint a custodian in accordance with Article 59 of these Rules.
- (b) The special purposes entity shall be provide the custodian with all necessary information and data to enable it to perform its functions under these Rules.

Article 50 : Investor protection

The documentation associated with the financing transaction shall include appropriate arrangements to safeguard the interests of investors in accordance with Article 57 of these Rules, including the appointment of an agent or trustee.

Article 51 : Use of proceeds

The proceeds of issuance of the debt instruments shall be realised, , held, managed (where relevant) and invested consistent with the disclosure made under the Listing Rules or the Offered Securities Rules, as applicable, and with the terms and conditions of the debt instruments.

Article 52 : Payments and bank accounts

Without prejudice to Article 51 of these Rules:

- 1) where the terms and conditions of the debt instruments provide for such payments to be made to the special purposes entity, all payments made by or on behalf of investors on subscription for debt instruments of a special purposes entity shall be received into the account of the designated bank appointed under Article 60 of these Rules;
- 2) all payments made by the special purposes entity shall be realised and made in accordance with these Rules, all applicable laws and regulations, the by-laws of the

special purposes entity and the terms and conditions of the debt instruments issued by it; and

- 3) where the terms and conditions of the debt instruments provide for such payments to be made by the special purposes entity to the investors, all payments made shall be paid from the account of the designated bank appointed under Article 60 of these Rules.

Article 53 : Investments

Without prejudice to Article 51 of these Rules, all investments made by the special purposes entity shall be made, monitored, (where relevant) managed and realised in accordance with these Rules, all applicable laws and regulations, the by-laws of the special purposes entity and the terms and conditions of the debt instruments issued by it.

Article 54 : Enforceability

Each financing contract entered into by the special purposes entity in relation to a financing transaction shall be:

- 1) legal, valid and binding on each party to it insofar as relevant to the interests of investors, except as clearly disclosed in the prospectus or private placement offering document; and
- 2) consistent with the disclosure provided under the Listing Rules or the Offered Securities Regulations, as applicable.

Article 55 : Financing transactions involving the issue of asset-linked recourse debt instruments or asset backed debt instruments

Financing transaction involving the issue of asset-linked recourse debt instruments or asset backed debt instruments is subject to the following requirements:

- 1) the sponsor shall be an authorised person, a local bank or a finance company in accordance with sub-paragraph (2) of paragraph (a) of Article 40 of these Rules;
- 2) the custodian shall hold custody of the securities held by the special purposes entity in accordance with Article 62 of these Rules; and
- 3) the custodian shall supervise the assets of the special purposes entity in accordance with Article 63 of these Rules.

Article 56 : Multiple financing transactions

The sponsor shall be able to demonstrate to the Authority that adequate legal safeguards are in place to ensure that investors in a financing transaction are not at risk of losses arising by reason of liability of the special purposes entity under any other financing transaction to which the special purposes entity is party, unless the transaction is a part of a financing transaction and its clearly disclosed in the prospectus or private placement offering document, as applicable.

PART 10: INVESTOR PROTECTIONS

Article 57 : Investor protections

- (a) The documentation associated with the financing transaction shall include adequate protections for holders of debt instruments issued by the special purposes entity. This shall include at a minimum the arrangements set out in this Article.
- (b) The documentation associated with the financing transaction shall include a valid, legally binding and irrevocable arrangement preventing a holder of the shares issued by the special purposes entity from:
 - 1) exercising any of its rights as shareholder without the consent of a majority of the holders of the debt instruments relating to the financing transaction; or
 - 2) disposing of the shares other than as expressly contemplated by the terms of the debt instruments and disclosed under the prospectus or private placement offering memorandum.
- (c) The documentation associated with the financing transaction shall include a valid, legally binding and irrevocable arrangement enabling holders of debt instruments, acting by a majority of the holders (by par value) eligible to vote of each class of holders of debt instrument issued by the special purposes entity, to compel the special purposes entity:
 - 1) to act in accordance with the instructions of the holders in relation to the financing transaction to which their debt instruments relate; and
 - 2) to enforce all rights and claims of the special purposes entity with respect to the financing transaction.
- (d) Neither the sponsor nor any affiliate of it, nor any person acting on behalf of the sponsor, may exercise any voting rights with respect to debt instruments issued to it in a meeting of holders of a class of debt instruments.
- (e) The by-laws of the special purposes entity shall include provision for the appointment of an agent or trustee to represent the interests of holders of debt instruments.

Article 58 : Stop orders

- (a) The Authority may at any time issue an order to a special purposes entity or its sponsor prohibiting or restricting the marketing or sale of debt instruments in the special purposes entity if the Authority believes that the marketing or sale of those debt instruments may result in a breach of the Capital Market Law or its Implementing Regulations.
- (b) A special purposes entity or sponsor served with a notice under paragraph (a) of this Article shall:
 - 1) immediately cease, and procure that any person acting on its behalf ceases, the marketing or sale of the debt instruments;
 - 2) immediately notify any other person of whom it is aware marketing or selling the debt instruments of the issue of the order; and
 - 3) on request from the Authority, notify the Authority of the identity of any person involved in the marketing or selling of the debt instruments.

PART 11: CUSTODIAN

Article 59 : Role and responsibilities of the custodian

- (a) The special purposes entity shall appoint a custodian to perform the functions required by these Rules.
- (b) The custodian of a special purposes entity is responsible for:
 - 1) overseeing the holding of cash assets of the special purposes entity in accordance with Article 60 of these Rules; and
 - 2) overseeing the use of cash by the special purposes entity in accordance with Article 61 of these Rules.
- (c) In respect of asset-linked recourse debt instruments issuance and asset-backed debt instruments issuance, the custodian is also responsible for:
 - 1) taking custody of securities (if any) held by the special purposes entity and for safeguarding and taking all necessary administrative measures in relation to such securities in accordance with Article 62 of these Rules;
 - 2) overseeing the holding of other non-cash assets of the special purposes entity in accordance with Article 63 of these Rules.
- (d) The custodian shall be an authorised person duly authorised to carry on the activity of custody.
- (e) The custodian may also act as the trustee or agent in accordance with paragraph (e) Article 57 of these Rules.
- (f) The appointment of the custodian shall meet the following conditions:
 - 1) the custodian shall not be an affiliate of the sponsor;
 - 2) the agreement under which the custodian is appointed shall:
 - a. include a provision enables the special purposes entity to report information to the Authority under these Rules;
 - b. be consistent with the obligations of the custodian under this Part; and
 - c. not include any encumbrance over the assets of the special purposes entity or right of set-off, or counterclaim with respect to any amount standing to the credit of an account of the special purposes entity unless clearly disclosed in the prospectus or private placement offering memorandum.
- (g) Any fees, commissions or charges levied by the custodian shall be on arm's length basis and shall not exceed the limit specified in the prospectus or private placement offering memorandum, as applicable.

Article 60 : Cash

- (a) The custodian shall appoint a designated local bank to establish an account in the name of the special purposes entity.

- (b) Where a special purposes entity deals in more than one currency, the custodian may establish more than one account in the designated local bank appointed under paragraph (a) of this Article.
- (c) The terms on which the local bank is appointed shall meet the following conditions:
 - 1) in respect of asset-backed debt instruments, the designated local bank shall not be an affiliate of the sponsor;
 - 2) the agreement under which the designated local bank is appointed shall include:
 - a. a provision enables the custodian and the special purposes entity to report information to the Authority under these Rules; and
 - b. not include any encumbrance over the assets of the special purposes entity or right of set-off, or counterclaim with respect to any amount standing to the credit of an account of the special purposes entity or the custodian, unless otherwise clearly disclosed in the prospectus or private placement offering memorandum, where relevant.
- (d) The custodian shall deposit all cash belonging to the special purposes entity into the local bank account referred to in paragraph (a) of this Article and shall debit from the local bank account payments for investments and expenses incurred in the operations of the special purposes entity as permitted by the special purposes entity's by-laws, the terms and conditions of the debt instruments issued by it and these Rules.

Article 61 : Cash flow monitoring obligations

- (a) The custodian shall ensure that the special purposes entity's cash flows are properly monitored and accounted for.
- (b) The custodian shall ensure that:
 - 1) all payments made by or on behalf of investors on subscription for debt instruments of a special purposes entity are received into the account of the designated local bank;
 - 2) following any subscription for debt instruments issued by a special purposes entity, the custodian reconciles the balance of the account of the designated local bank against the register of debt instruments issued by the special purposes entity;
 - 3) all payments made by the special purposes entity to or from the local bank accounts of the special purposes entity are made in accordance with these Rules, all applicable laws and regulations, the by-laws of the special purposes entity and the terms and conditions of the debt instruments issued by it;
 - 4) all payments made to investors on maturity or redemption of debt instruments of a special purposes entity are paid from the account of the designated local bank; and
 - 5) following any payment made on maturity or redemption of debt instruments of a special purposes entity, the custodian reconciles the balance of the account of the designated local bank against the register of debt instruments issued by the special purposes entity.

Article 62 : Custody of securities in respect of asset-linked recourse or asset-backed transactions

- (a) This Article applies in respect of securities and other assets which are capable of being held in a custody account.
- (b) The custodian shall segregate the special purposes entity's assets from its own assets and from the assets of its other clients, and shall separately identify, by registration in the name of the relevant special purposes entity, the securities and other assets of such special purposes entity, and shall maintain all necessary records to support the performance of its contractual responsibilities.
- (c) A custodian may appoint one or more third parties or affiliates as a sub-custodian in relation to the securities of a special purposes entity. The remuneration of the sub-custodian shall be paid by the custodian out of its own resources unless otherwise disclosed in the prospectus or private placement offering memorandum.
- (d) The special purposes entity may appoint a sub-custodian operating in a jurisdiction other than the Kingdom to hold custody of the assets located in other jurisdiction, and it shall be established, authorised and supervised in a jurisdiction that employs regulatory standards and requirements at least equivalent to those of the Authority.
- (e) Any sub-custodian shall be appointed pursuant to a contract in writing and shall be an authorised person to conduct the custody activity.
- (f) The Authority has discretion to assess whether the jurisdiction in which any sub-custodian operates has regulatory standards and requirements at least equivalent to those of the Authority.
- (g) Notwithstanding the delegation by a custodian to one or more third parties or affiliates as a sub-custodian pursuant to these Rules, the custodian shall remain fully responsible for the custody of the special purposes entity's assets.
- (h) Neither the custodian nor any affiliate of it, may have any interest in or claims against the assets of the special purposes entity other than in respect of:
 - 1) paid up securities lawfully issued to such person; or
 - 2) claims fairly disclosed in the prospectus or private placement offering memorandum.

Article 63 : Monitoring obligations in respect of asset-linked recourse or asset-backed transactions

- (a) This Article applies in respect of issuance of asset-linked recourse debt instruments or asset-backed debt instruments.
- (b) The custodian shall ensure at all times that the cash held with the designated bank, the assets of the special purposes entity which it holds in custody under Article 62 of these Rules, and all other assets of the special purposes entity are dealt with in accordance with these Rules and the terms and conditions of the debt instruments.
- (c) Where a special purposes entity invests in the assets referred to in paragraph (b) of this Article, the custodian shall:
 - 1) take reasonable steps to verify the special purposes entity's ownership of such assets on acquisition, and no less than once each calendar year thereafter, such assessment to

- be based on information provided by the special purposes entity and the sponsor and supported, where appropriate, by external evidence;
- 2) register in its records, in the name of the special purposes entity, assets for which it is satisfied, pursuant to subparagraph (1) of this paragraph, that the special purposes entity holds the ownership;
 - 3) ensure that there are procedures in place to prevent such assets being assigned, transferred, exchanged or otherwise disposed of without the custodian having been informed of such transactions;
 - 4) be able to provide at any time a comprehensive and up-to-date inventory of such assets.

Article 64 : Notification and record-keeping requirements and powers of the Authority.

- (a) A custodian shall ensure that:
 - 1) it complies with the notification requirements set out in Annex 2 which apply to it; and
 - 2) all information it provides to the Authority in relation to its functions under these Rules is complete, clear, accurate and not misleading..
- (b) On receiving a notification under paragraph (a) of this Article, the Authority may require the custodian to provide any information it considers necessary to assess the matter.
- (c) A custodian shall record and retain sufficient information about its functions under these Rules to demonstrate compliance with these Rules. This includes records of all financial transactions with or relating to the special purposes entity. Such records shall be maintained for a minimum of ten (10) years.
- (d) A custodian shall provide to the Authority any information and documents that the Authority may require for the purpose of administration of the Capital Market Law and its Implementing Regulations.

Article 65 : Power of the Authority to remove and replace custodian

- (a) The Authority may remove the custodian of a special purposes entity and appoint a replacement custodian or to take any other measures it deems necessary, as appropriate, in the event of:
 - 1) the custodian ceasing to carry on business;
 - 2) the cancellation or suspension of the custodian's authorisation;
 - 3) a request by the custodian to cancel its authorisation;
 - 4) the Authority believing that the custodian has failed, in a manner which the Authority considers material, to comply with the Capital Market Law and its Implementing Regulations; or
 - 5) any other event determined by the Authority to be of sufficient significance.

- (b) If the Authority exercises its power pursuant to paragraph (a) of this Article, the sponsor and special purposes entity shall co-operate fully with the Authority in order to appoint a replacement custodian.

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PART 12: SUPERVISION

Article 66 : Notification and record-keeping requirements and powers of the Authority.

- (a) A special purposes entity shall ensure that
 - 1) the notification requirements set out in Annex 2 which apply to it are complied with, and
 - 2) all information required to be provided to the Authority under these Rules is complete, clear, accurate and not misleading.
- (b) On receiving a notification under paragraph (a) of this Article, the Authority may require the special purposes entity to provide any information it considers necessary to assess the matter.
- (c) A special purposes entity shall record and retain sufficient information about its functions under these Rules to demonstrate compliance with these Rules. This includes records of all of its financial transactions. Such records shall be maintained for a minimum of ten (10) years, unless where they relate to an individual financing transaction, the records shall be maintained for at least three (3) years after the maturity or termination of the transaction, whichever is longer; and
- (d) A special purposes entity shall provide to the Authority any information and documents that the Authority may require for the purpose of administration of the Capital Market Law and its Implementing Regulations.

PART 13: THIRD PARTY RELIANCE

Article 67 : Third party reliance on acts of the special purposes entity

A person that deals with a special purposes entity is taken to have notice of the content of and restrictions in these Rules and the special purposes entity's by-laws but shall not be required to confirm the regularity of the special purposes entity's internal proceedings.

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PART 14: ACCOUNTS AND AUDIT

Article 68 : Appointment of an auditor

- (a) The special purposes entity's by-laws shall provide provisions for the following:
 - 1) the appointment of an auditor from among those authorised to practice the auditing of accounts in the Kingdom;
 - 2) the auditor's remuneration and term of office; and
 - 3) the removal of an auditor.
- (b) The auditor shall be responsible for producing the report to be procured under paragraph (b) of Article 69 of these Rules and shall at any time have access to the special purposes entity's books, records and other documents. It shall be entitled to request such particulars and clarifications as it may deem it necessary to obtain, and to verify the assets and liabilities of the special purposes entity.

Article 69 : Registered directors to prepare accounts

- (a) The registered directors shall within one (1) month of the end of every financial year prepare an annual report stating the details listed in paragraph (a) of Article 13 of these Rules.
- (b) The registered directors shall within four (4) months of the end of every financial year cause to be prepared a balance sheet and a profit and loss account for the special purposes entity, a report on the financial position of the special purposes entity, including details of any outstanding issuances of debt instruments, and procure an auditor's report on those documents.
- (c) The registered directors shall within six (6) months of the end of every financial year submit the documents referred to in paragraph (b) of this Article to the shareholders of the special purposes entity to obtain their approval through a resolution issued by them.
- (d) The registered directors shall within two (2) months of the date of preparation of the documents referred to in paragraph (b) of this Article, send a copy of each of them to the Authority.
- (e) Paragraphs (b), (c) and (d) of this Article do not apply to a special purposes entity licensed all of whose debt instruments in issue are debt-based recourse debt instruments.

PART 15: RECORD-KEEPING

Article 70 : Record-keeping

- (a) A special purposes entity shall keep complete and accurate books and records, which shall include at least the following:
- 1) the register of shareholders required by Article 24 of these Rules;
 - 2) the register of registered directors required by Article 34 of these Rules;
 - 3) minutes of all board meetings and shareholder meetings;
 - 4) all board decisions and all shareholder resolutions;
 - 5) the terms of all contracts and transactions entered into by the special purposes entity, including in relation to any issuance of debt instruments and any associated financing transaction;
 - 6) details of the special purposes entity's income and expenditure;
 - 7) details of the Special purposes Entity's assets and liabilities; and
 - 8) the documents required to be prepared under paragraphs (a), (b) and (c) of Article 69 of these Rules.
- (b) A special purposes entity shall make its books and records available to the Authority immediately on request by the Authority.

PART 16: MERGER AND CONVERSION

Article 71 : No merger or conversion

- (a) A special purposes entity may not merge with another special purposes entity or other legal person of any kind.
- (b) A special purposes entity may not convert into another form of legal person of any kind.

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PART 17: SETTLEMENT AND INSOLVENCY PROCEEDINGS

Article 72 : Settlement proceedings

If a special purposes entity proposes to submit a petition to request a settlement with any of its creditors, the special purposes entity shall:

- 1) notify the Authority of the proposed petition at least fourteen (14) days prior to its submission;
- 2) provide the Authority with any documentation it requests; and
- 3) cooperate with the Authority prior to initiating settlement proceedings in order to ensure that all claims relating to its money or assets are resolved appropriately.

Article 73 : Liquidation proceedings

If a special purposes entity enters into the stage of liquidation, the special purposes entity shall:

- 1) notify the Authority of the liquidation and of the proposed date of any meeting of creditors or any other persons relating to the liquidation;
- 2) provide the Authority with any documentation it requests in relation to the liquidation proceedings; and
- 3) cooperate with the Authority prior to initiating liquidation proceedings in order to ensure that all claims relating to its money or assets are resolved appropriately.

Article 74 : Restrictions on the special purposes entity during settlement or liquidation proceedings

From the initiation of any proceedings referred to in Article 72 or 73 of these Rules to the end of such proceedings, the special purposes entity may not, without the prior consent of the Authority, undertake any of the following actions:

- 1) accept further money or assets;
- 2) dispose of money or assets including compromising, effecting a mortgage, charging or pledging, giving a guarantee, donating any part of its money or assets or effecting a transfer of ownership in relation to any of its money or assets

Article 75 : Status of the Authority in proceedings

- (a) The Authority may attend and be heard at any proceedings relating to the insolvency or bankruptcy of the special purposes entity, including:
 - 1) any meeting of members or creditors of the special purposes entity;
 - 2) any application for conciliation with creditors or settlement to prevent bankruptcy; and
 - 3) any liquidation proceedings.

- (b) The Authority is an interested party for the purposes of any proceedings referred to in Article 72 or 73 of these Rules and any other proceedings related to the insolvency of the special purposes entity.

Article 76 : Notification completion and final accounts

- (a) Within fourteen (14) days of the completion of any settlement proceedings, the special purposes entity shall notify the Authority in writing of the outcome of, and present to the Authority a final account of, such proceedings.
- (b) Within fourteen (14) days of the completion of any liquidation, the liquidator shall present a final account of its operations to the Authority.

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PART 18: FEES

Article 77 : Fees

The special purposes entity and the sponsor must pay such fees as the Authority may prescribe.

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PART 19: AUTHORITY TO MAINTAIN REGISTERS

Article 78 : Register of special purposes entities

- (a) The Authority shall maintain a register of each special purposes entity that is established under these Rules in such form as it deems appropriate.
- (b) This register shall record a copy of the special purposes entity's by-laws as at its incorporation, together with any subsequent amendment to the by-laws.
- (c) A special purposes entity shall notify the Authority immediately of any change to the information specified in paragraph (b) of this Article.

Article 79 : Register of directors

- (a) The Authority shall maintain a register of the registered directors of each special purposes entity that is established under these Rules in such form as it deems appropriate .
- (b) This register referred to in paragraph (a) of this Article shall record the following details:
 - 1) The name of the special purposes entity and its commercial register;
 - 2) name and address of the registered director;
 - 3) national identification number, permanent resident number or passport number of the registered director, as appropriate;
 - 4) nationality of the registered director;
 - 5) business occupation of the registered director (if any);
 - 6) date of appointment of the registered director; and
 - 7) date of removal or resignation of the registered director (if applicable).
- (c) A special purposes entity shall notify the Authority of any change to the information specified in paragraph (b) of this Article.

Article 80 : Access to registers

An extract of each of the registers referred to in Article 78 and Article 79 of these Rules shall be made available for public viewing in the manner prescribed by the Authority.

Article 81 : Forms

The Authority may publish forms to be used for the provision of the information that a special purposes entity is required to provide to the Authority under Articles 78 and 79 of these Rules.

Article 82 : Fees

The Authority may levy such fees as it deems appropriate in relation to the recording of, and the provision of access to, information required to be kept by it under Articles 78 and 79 of these Rules.

PART 20: PUBLICATION AND ENTRY INTO FORCE

Article 83 : Publication and entry into force

These Rules shall become effective upon their publication.

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Annex 1: Supporting documentation

The sponsor shall provide the following information and materials:

1. Information about the proposed financing transaction

In respect of a financing transaction intended to be subject of a public offer, the documentation required under the Listing Rules subject to the modifications set out in Annex 3 of the Rules for Special Purposes Entities.

In respect of a financing transaction intended to be subject of a private placement, the private placement offering document and each contract or instrument relating to the financing transaction referred to in the private placement offering document under the Offers of Securities Regulations subject to the modifications set out in Annex 4 of the Rules for Special Purposes Entities.

2. Declaration

In respect of a financing transaction intended to be subject to a public offer, the Issuer's Declaration in Annex 2 of the Listing Rules shall be provided.

In respect of a financing transaction intended to be subject of a private placement, the following declaration shall be provided:

“To: The Authority

We, being directors of _____ (insert name of sponsor) (“the sponsor”), hereby jointly and severally declare that to the best of our knowledge and belief (having taken reasonable care to ensure that such is the case) the sponsor:

1. has satisfied all the relevant financing transaction conditions in respect of Part 9 of the Rules for Special Purposes Entities;
2. the financing transaction and the issuance of debt instruments to be made pursuant to the private placement offering memorandum complies in all respects with the Capital Market Law, the Offers of Securities Regulations and the Rules for Special Purposes Entities;
3. has included all the information required to be included in the private placement offering memorandum pursuant to the Capital Market Law, the Offers of Securities Regulations and the Rules for Special Purposes Entities; and
4. has or will supply all the documents required by the Capital Market Law, the Offers of Securities Regulations and the Rules for Special Purposes Entities.

We further confirm that we:

1. have read and understood the Capital Market Law, the Offers of Securities Regulations and the Rules for Special purposes Entities; and
2. have understood the nature of our responsibilities and obligations as registered directors of a sponsor.

We hereby jointly and severally undertake and agree to comply with the Capital Market Law and its Implementing Regulations, especially the Offers of Securities Regulations and the Rules for Special Purposes Entities, and in particular undertake and agree to comply with the continuing obligations vis-à-vis the Authority set out in the relevant provisions of the Capital Market Law, the Offers of

Securities Regulations and the Rules for Special Purposes Entities. We further jointly and severally undertake to use our best endeavours to procure that the special purposes entity shall also comply with the Capital Market Law and its Implementing Regulations, especially the Offers of Securities Regulations and the Rules for Special Purposes Entities.

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.

Signed on behalf of the sponsor: the registered directors

Name: _____ Name: _____

Signature: _____ Signature: _____

Date: _____ Date: _____

Name: _____

Signature: _____

Date: _____”

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Annex 2: Notification requirements

No.	Notification	Person required to notify	Supporting information
A.	Notifications to be submitted at least seven (7) days before the relevant event		
1.	Any proposed material change to the terms of any agreement to which the special purposes entity is party relating to a financing transaction.	Special purposes entity	Details of the proposed change.
2.	Any proposed material change to the terms of the debt instruments issued by the special purposes entity.	Special purposes entity	Details of the proposed change; copies of any circulars or resolutions for holders of debt instruments proposing or approving the change.
3.	Any proposed change to the identity of the trustee or agent of the investors appointed in accordance with Article 50 of these Rules, if any.	Special purposes entity	Details of grounds for the change and identity of the new trustee or agent.
4.	Any proposed change to the identity of the auditor of the special purposes entity.	Special purposes entity	Details of the grounds for the change and identity of the new auditor.
5.	In the case of a financing transaction involving the issue of asset-linked recourse debt instruments or asset-backed debt instruments:		
	any proposed change to the terms on which the assets of the special purposes entity are or are to be invested;	Special purposes entity	Details of the proposed change; copies of any circulars or resolutions for holders of debt instruments proposing or approving the change.
	any proposed change to the identity of any person with responsibility for the management of the property of the special purposes entity;	Special purposes entity	Details of the proposed change; copies of any circulars or resolutions for holders of debt instruments proposing or approving the change.
	any proposed change to the identity of the valuer of the property of the special purposes entity.	Special purposes entity	Details of the proposed change; copies of any circulars or resolutions for holders of debt instruments proposing or approving the change.
B.	Notifications to be submitted immediately		
1.	The resignation or removal of a registered director of the special purposes entity.	Special purposes entity	Date of resignation or removal and grounds therefore.

No.	Notification	Person required to notify	Supporting information
2.	Any breach of these Rules.	Special purposes entity; sponsor; registered directors; custodian.	Details of breach; assessment of impact on holders of debt instruments and proposed remediation plan.
3.	Any material breach of the terms of an agreement or instrument relating to the special purposes entity or a financing transaction.	Special purposes entity; sponsor; custodian	Details of breach; assessment of impact on holders of debt instruments and proposed remediation plan.
4.	Any breach of the terms on which the debt instruments were issued (including report on a payment obligation);		
		Special purposes entity; custodian	Details of breach; assessment of impact on holders of debt instruments and proposed remediation plan.
5.	Any event which accelerates any payment obligations under the terms of the debt instruments.	Special purposes entity; custodian	Details of breach; assessment of impact on holders of debt instruments and proposed remediation plan.
6.	The resignation or removal of the trustee or agent of the investors appointed in accordance with Article 13 of these Rules.	Special purposes entity	Date of resignation or removal and grounds therefore.
7.	Any qualification of the auditor's report on the accounts of the special purposes entity.	Special purposes entity	Details of qualification; copy of report.
8.	The resignation or removal of the auditor of the special purposes entity.	Special purposes entity	Details of qualification, copy of report.
9.	Any litigation or threatened litigation relating to the special purposes entity or its registered directors.	Special purposes entity; registered director	Details of dispute (parties, subject matter, proceedings).
10.	Any disciplinary or criminal measures or sanctions threatened against or imposed on the special purposes entity or its registered directors.	Special purposes entity; registered director	Details of measures or sanctions (authority, bringing measures: recipient; proceedings; grounds).

No.	Notification		Person required to notify	Supporting information
11.	The identification of irregularities in the accounting or other records of the special purposes entity.		Special purposes entity; sponsor; custodian	Details of regulations; details of irregularities; proposed remediation plan.
12.	In the case of a financing transaction involving the issue of asset-linked recourse debt instruments or asset-backed debt instruments:			
		any change to the terms on which the assets of the special purposes entity are or are to be invested;	Special purposes entity	Details of change.
		the entry by the special purposes entity into a non-arm's length transaction;	Special purposes entity; custodian	Details of transaction (parties, subject matter, price) and grounds for belief it qualifies as a non-arm's length transaction.
		any change to the identity of any person with responsibility for the management of the property of the special purposes entity;	Special purposes entity	Details of change.
		any change to the identity of the valuer of the property of the special purposes entity;	Special purposes entity	Details of change.
		any dispute relating to the valuation of the property of the special purposes entity;	Special purposes entity; custodian	Details of dispute (parties, subject matter, pricing).
		any failure to pay a sum which would be due to holders of debt instruments but for the occurrence of a shortfall in the assets of the special purposes entity	Special purposes entity; custodian	Details of failure and the reasons therefore.
		any suspected fraud or misappropriation of the assets of the special purposes entity.	Special purposes entity; custodian; sponsor	Details of suspected fraud or misappropriation.
13.	The insolvency of the sponsor.		Special	Time and date of insolvency.

No.	Notification	Person required to notify	Supporting information
		purposes entity	
14.	The insolvency of the special purposes entity.	Special purposes entity	Time and date of insolvency.
15.	The insolvency of a registered director	Registered Director	Time and date of insolvency.
	<p>For the purpose of this Annex a person is “insolvent” in the event of any of the following occurring:</p> <ul style="list-style-type: none"> -becoming unable to pay its debts as they fall due; -becoming insolvent, as defined under any insolvency law applicable to the sponsor; and -the commencement of a case or other procedure seeking or proposing liquidation, administration, reorganisation, an arrangement or composition, a freeze or moratorium or other similar relief with respect to the sponsor or its debts under any bankruptcy, insolvency, regulatory, supervisory or similar law, or seeking the appointment of a receiver, liquidator, conservator, administrator, custodian, examiner, trustee or other similar official of the sponsor or any part of the sponsor’s assets in any jurisdiction. 		
16.	Any amendment made to the incomplete, or unclear, or inaccurate, and misleading information previously provided to the Authority, and an explanation of why the information was provided.	Special purposes entity; custodian; sponsor; registered director	
C.	Notifications to be submitted within seven (7) days		
1.	Any change to the information	Sponsor	Details of change.

No.	Notification	Person required to notify	Supporting information	
	submitted in the licensing application relating to the sponsor not notified under section A or B above.			
2.	Any change to the information submitted in the application to permit a financing transaction relating to the sponsor not notified under section A or B above.	Sponsor	Details of change.	
3.	Any change to:			
	(a)	the custodian; or	Special purposes entity	Details of change.
	(b)	the designated bank.	Custodian	Details of change.
4.	The publication of the annual report and accounts of the special purposes entity.	Special purposes entity	Copy of annual report and accounts.	
5.	Any change to the identity of a shareholder in the special purposes entity	Special purposes entity	Identity of new shareholder; nature of relationship between new shareholder and sponsor (if any).	

Annex 3: Application of Listing Rules to Special Purposes Entities

If the special purposes entity is offering debt instruments by a mean of public offer, Parts 1 to 8 of the Listing Rules apply with respect to a special purposes entity subject to the following modifications:

Article 3: Approval of Issuer's board

Article 3(a) is replaced with:

An offeror may not offer securities to the public without the approval of the issuer's board, where applicable, and the board of the sponsor.

Article 3(b) is replaced with:

Subject to paragraph (a) of this Article, where an offeror wishes to offer securities to the public, the issuer, where applicable, or the sponsor must submit to the Authority an application for registration and admission to listing.

Article 4: Appointment of representatives of the issuer and the sponsor of the special purposes entity

Article 4(a) is replaced with:

Each of the issuer and the sponsor must appoint two representatives, of whom one must be a director and the other, in relation to the sponsor, must be a senior executive, to act as their representatives before the Authority for all purposes relating to these Rules.

Article 4(b) is replaced with:

The issuer and the sponsor must provide details in writing of how their representatives may be contacted including, office, mobile and fax telephone numbers, and electronic mail address.

Article 11: Conditions relating to issuers

Article 11(a) is replaced with:

The issuer must be a special purposes entity licensed under the Rules for Special Purposes Entities.

Article 11(b), (c), (d) and (f) do not apply.

Article 19: Application for registration and admission to listing and supporting documents

Article 19(b)(4) is replaced with:

a working party list providing the contact details of the persons in charge who are involved with the application at the issuer, where applicable, the sponsor, the financial advisor and the legal advisor;

Article 19(b)(13) is replaced with:

each of the issuer's registration, where applicable, and the sponsor's certificate of commercial registration and, where applicable, those of the issuer's and sponsor's subsidiaries;

Article 19(b)(14) is replaced with:

each of the issuer's, where applicable, and the sponsor's articles of association and by-laws and all amendments to date (if any) and, where applicable, those of the sponsor's subsidiaries;

Article 19(b)(15): is replaced with:

the annual report and audited annual financial statements of the issuer, where applicable, and, where applicable, those of the subsidiaries of the issuer, the sponsor and, where applicable, those of the sponsor's subsidiaries, for each of the three financial years immediately preceding submission of the application;

Article 19(b)(16): is replaced with:

the latest interim financial statements of the issuer, where applicable, the sponsor and, where applicable, those of the sponsor's subsidiaries, produced since the date of the last annual report and the most recent audited financial statements;

Article 19(b)(17): there is added at the end of the sub-paragraph:

and a report by an external auditor on the working capital of the sponsor for the 12 month period following the date of the publication of the prospectus;

Article 19(b)(20): there is added at the end of the sub-paragraph:

and a presentation detailing the structure of the sponsor, along with a detailed description of the most recent restructuring of the sponsor (if applicable);

Article 19(b)(24) is replaced with:

a letter from the financial advisor, the issuer and the sponsor setting out the disclosure requirements under these Rules which are not applicable;

Article 19(b)(27) is replaced with:

- a. a copy of the debenture agreement or any other document constituting, securing or underlying a debt instrument;
- b. the agreements governing the financing with the sponsor;
- c. the agreement with the custodian;
- d. the agreement or other terms appointing the trustee or agent; and
- e. where relevant, any other agreement governing the investment or management of the assets of the issuer.

Article 21: The Prospectus

Article 21 is replaced with:

- (a) The prospectus must contain all information which is necessary to enable an investor to make an assessment of the activities, assets and liabilities, financial position, management and prospects of the issuer and of its profits and losses and must include information in relation to

the number and price of the securities and any obligations, rights, powers and privileges attaching to them.

- (b) Annex 4 to these Rules sets out the minimum information which must be included in a prospectus for shares.
- (c) Annex 5 to these Rules sets the minimum information which must be included in a prospectus for debt instruments and convertible debt instruments.
- (d) Annex 5A of these Rules sets the minimum information which must be included in a prospectus for debt-based recourse debt instruments.
- (e) Annex 5B of these Rules sets the minimum information which must be included in a prospectus for asset-linked recourse debt instruments
- (f) The prospectus must be in Arabic language.
- (g) The draft prospectus must be annotated in the margin to indicate where the information required by the applicable paragraphs of these Rules has been included and any changes from any previous drafts must be clearly marked. Each draft prospectus must indicate the draft number and date of submission on its cover page.

Article 24: Supplementary prospectus

Article 24(b)(3) is replaced with:

a declaration by the directors of the issuer (in relation to the issuer) and the directors of the sponsor (in relation to the sponsor), as relevant, 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 prospectus; and

Article 26: Dissemination of information

Article 26(a) is replaced with:

The Authority may require the publication of further information by, or impose additional continuing obligations on, the issuer where it deems this appropriate. This may include requirements for further information from or relating to the sponsor. The Authority will notify the issuer of its intention in this regard and will allow representations by the issuer before imposing any such requirements or obligations.

A new Article 26(e) is added:

A sponsor must provide information to the issuer in good time to enable the issuer to meet its obligations under this Article.

Article 34: Compliance with the Listing Rules

Article 34(a) is replaced with:

The issuer and the sponsor must comply with these Rules and must provide to the Authority without delay all information, explanations, books, records and forms that the Authority may require, which must be clear, accurate and not misleading.

Article 34(b) is replaced with:

The directors, senior executives, where applicable, and advisors of the issuer and the sponsor must comply with requests of the Authority to appear before it in order to assist in any enquiry relating to compliance with these Rules.

Article 41: Material developments disclosure obligation

Article 41(a) is replaced with:

Each of the issuer and the sponsor must notify the Authority and the public without delay of any material developments in its sphere of activity which are not public knowledge and which may effect the assets and liabilities or financial position or on the general course of business of the issuer or the sponsor and which may:

- 1) lead to movements in the price of the listed securities; or
- 2) significantly affect the issuer's ability to meet its commitments in respect of debt instruments, or the sponsor's ability to meet its commitments to the special purposes entity.

In determining whether a development falls within the scope of this paragraph, an issuer and a sponsor, as relevant, must assess whether any investor would be likely to consider information about the development in making his investment decisions.

Article 42: Disclosure of financial information

Article 42(a) is replaced with:

The interim and annual financial statements of a sponsor (in relation to debt-based recourse securities), and an issuer and its sponsor (in relation to asset-linked recourse securities) must be approved by the directors of the relevant company and signed by a director authorised by the directors and by the CEO and the CFO prior to their publication and circulation to shareholders and third parties.

Article 42(c) is replaced with:

The issuer shall announce, through the electronic applications that the Authority will specify, the interim and annual financial statements referred to in paragraph (a) immediately upon approval by the relevant directors and such statements must not be published to the shareholders or third parties prior to their announcement in the Exchange.

Article 42(d) is replaced with:

The issuer must provide to the Authority and announce to the shareholders the interim financial statements referred to in paragraph (a) (which must be prepared and reviewed in accordance with the accounting standards issued by SOCPA) as soon as they have been approved and within a period not exceeding 15 days after the end of the financial period included in such financial statements.

Article 42(e) is replaced with:

The issuer must provide to the Authority and announce to the shareholders the annual financial statements referred to in paragraph (a) (which must be prepared and audited in accordance with the accounting standards issued by SOCPA) as soon as they have been approved and within a period not exceeding 75 days after the end of the annual financial period included in such financial statements.

The issuer must provide to the Authority and announce to the shareholders such annual financial statements not less than 15 calendar days before the date of the annual general assembly of the issuer or the sponsor, as relevant.

Article 42(f) is replaced with:

An issuer or sponsor whose statements are required to be filed under this Article must ensure that the external auditor that audits its financial statements and any of its partners comply with the SOCPA rules and regulations in relation to the ownership of shares or securities of the relevant entity referred to above or any of its subsidiaries in order to ensure the audit firm's independence and the independence of any partner or employee of that firm.

A new Article 42(g) is added:

A sponsor must provide its interim and annual financial statements and board of directors' report to the issuer in good time to enable the issuer to meet its obligations under this Article.

Article 43: Board of directors' report

Article 43 is replaced with:

A sponsor, in relation to debt-based recourse securities, and an issuer and its sponsor, in relation to asset-linked recourse securities, must include within its annual financial statement, when announcing such statement, a report issued by the directors including a review of the operations of the relevant entity referred to above during the last financial year and of all relevant factors affecting the relevant entity's business which an investor requires to assess the assets, liabilities and financial position of the relevant entity. The board of directors' report must contain the following:

- 1) a description of the principal activities of the relevant entity and its subsidiaries (if applicable). If two or more activities are described, a statement must be included giving for each activity the turnover and contribution to trading results attributable to it;
- 2) a description of the relevant entity's significant plans and decisions (including any restructuring, business expansion or discontinuance of operations of the relevant entity), the future prospects of the relevant entity's business and any risks facing the relevant entity;
- 3) information relating to any risks facing the issuer (whether it is operational, credit or market risk) and the issuer's risk management policy and its supervision.
- 4) a summary, in the form of a table or a chart, of the assets and liabilities of the relevant entity and of the relevant entity's business results for the last five financial years or from incorporation, whichever is shorter;
- 5) a geographical analysis of the relevant entity's gross revenues and its subsidiaries;
- 6) an explanation for any material differences in the operating results of the previous year or any announced forecast made by the relevant entity;
- 7) an explanation for any departure from the accounting standards issued by SOCPA;
- 8) the name of every subsidiary, its share capital, the ownership percentage of the issuer and the sponsor in it, its main business, its principal country of operation and its country of incorporation;

- 9) the particulars of the issued shares and debt instruments of every subsidiary;
- 10) a description of the relevant entity's dividend policy;
- 11) a description of any interest in a class of voting shares held by persons (other than the relevant entity's directors, senior executives and their relatives) that have notified the relevant entity of their holdings pursuant to Article 45 of these Rules, together with any change to such interests during the last financial year;
- 12) a description of any interest, contractually based securities, and subscription rights of the relevant entity's directors, senior executives and their relatives in the shares or debt instruments of the relevant entity or any of its subsidiaries, together with any change to such interest or rights during the last financial year;
- 13) information relating to any borrowings of the relevant entity (whether repayable on demand or otherwise), and a statement of the aggregate indebtedness of the relevant entity and its subsidiaries together with any amounts paid by the relevant entity as a repayment of loans during the year, loan amount, its duration and the remaining amount. In case there are no loans outstanding for the issuer, the relevant entity must provide an appropriate statement;
- 14) a description of the classes and numbers of any convertible debt instruments, any contractually based securities, warrants or similar rights issued or granted by the relevant entity during the financial year, together with the consideration received by the relevant entity in return;
- 15) a description of any conversion or subscription rights under any convertible debt instruments, contractually based securities, warrants or similar rights issued or granted by the relevant entity;
- 16) a description of any redemption or purchase or cancellation by the relevant entity of any redeemable debt instruments and the value of such securities outstanding, distinguishing between those listed securities purchased by the relevant entity and those purchased by its subsidiaries;
- 17) the number of meetings of the directors held during the last financial year and the attendance record of each meeting listing names of the attendees;
- 18) a description of any transaction between the relevant entity and any related party;
- 19) information relating to any businesses or contract to which the relevant entity is a party and in which a director of the issuer, the CEO, the CFO or any person related to any of them is or was interested, including the names of persons in relation, the nature, conditions, durations and the amount of the business or contract, or if there are no such businesses or contracts, the relevant entity must submit an appropriate statement;
- 20) a description of any arrangement or agreement under which a director or a senior executive of the relevant entity has waived any salary or compensation;
- 21) a description of any arrangement or agreement under which a shareholder of the relevant entity has waived any rights to dividends;
- 22) a statement of the value of any outstanding statutory payment on account of any zakat, taxes, fees or any other charges with a brief description and the reasons therefor;

- 23) a statement as to the value of any investments made or any reserves set up for the benefit of the employees of the relevant entity;
- 24) declaration that:
 - a) proper books of account have been maintained;
 - b) the system of internal control is sound in design and has been effectively implemented; and
 - c) there are no significant doubts concerning the relevant entity's ability to continue as a going concern;

if any of the statements above cannot be made, the report must contain a statement clarifying the reasons therefor;
- 25) information required to be disclosed by the Corporate Governance Regulations;
- 26) if the external auditor's report containing reservations on the relevant annual financial statements is qualified, the directors report must include such qualifications, its reasons and any related information; and
- 27) if the directors recommends that the external auditors should be changed before the elapse of the term it is appointed for, the report must contain a statement to that effect and the reasons for such recommendation.

Article 44: Duties of directors and senior executives

Article 44 is replaced with:

The directors and senior executives of an issuer must exercise their powers and carry out their duties in such a way as to serve the interest of the issuer.

Article 47: Miscellaneous provisions

Article 47 is replaced with:

An issuer and a sponsor must each notify the Authority and the public immediately of:

- 1) any change in its articles of association or the location of its principal office;
- 2) any change in its external auditors;
- 3) the presentation of any winding-up petition, the making of any winding-up order or the appointment of a liquidator in respect of it or its affiliates, or the commencement of any other proceedings, including (but not limited to) proceedings related to a settlement with any of its creditors;
- 4) the passing of a resolution by it or its affiliates that it be dissolved or liquidated, or the occurrence of an event or termination of a period of time which would require the issuer or the sponsor to be put into liquidation or dissolution;
- 5) the making of any judgement, decision, order or declaration by a court or tribunal of competent jurisdiction, whether at first instance or on appeal, which may adversely affect it or its utilisation of any portion of its assets which in aggregate value represents a value

in excess of 5% or more of the net assets of the special purposes entity according to the latest reviewed interim financial statements; or

- 6) the call for convening a general assembly and its agenda.

Article 50: Prohibition on dealings by directors and senior executives

Article 50 is replaced with:

The directors and senior executives of an issuer, a sponsor, and a shareholder (if different from the sponsor), and any person related to them, may not deal in any securities of the issuer during the following periods:

- 1) during the 15 calendar days preceding the end of the financial quarter and until the date of the announcement and publication of the reviewed interim financial statement of it; and
- 2) during the 30 calendar days preceding the end of the financial year and until the date of the announcement of its annual financial statements.

Article 51: Provision of documents to the Authority

Article 51 is replaced with:

An issuer and a sponsor must each send copies to the Authority of the circulars sent to shareholders and all documents relating to acquisitions, mergers and offers, notices of meetings, reports, announcements or other similar documents, immediately after they are issued.

An additional Annex 2A is inserted as follows:

ANNEX 2A

SPONSOR’S DECLARATION

To: The Authority

We, being directors of _____ (insert name of sponsor) (“the sponsor”), hereby jointly and severally declare that to the best of our knowledge and belief (having taken reasonable care to ensure that such is the case) the sponsor:

1. has satisfied all the relevant conditions for registration and admission to listing and all other relevant requirements of the Capital Market Law and the Listing Rules;
2. has included all the information required to be included in the prospectus pursuant to the Capital Market Law and the Listing Rules; and
3. has or will supply all the documents required by the Capital Market Law and the Listing Rules.

We confirm that there are no other facts bearing on the issuer’s application for registration and admission to listing which in our opinion, should have been disclosed by the sponsor to the Authority. We further confirm that we:

1. have read and understood the Capital Market Law and the Listing Rules and the Offers of Securities Regulations;
2. have understood the nature of our responsibilities and obligations as directors of a sponsor; and
3. have understood in particular what is required of us to enable holders of the listed securities and the public to appraise the issuer and the sponsor.

We acknowledge that the issuer’s securities will be entitled to remain listed only if the securities comply with the applicable requirements of the Listing Rules and the issuer and the sponsor complies with these requirements. We hereby jointly and severally undertake and agree to comply with the Capital Market Law and the Listing Rules and other rules from time to time issued by the Authority and in particular undertake and agree to comply with the continuing obligations vis-à-vis the Authority set out in the relevant part of the Capital Market Law and the Listing Rules. We further jointly and severally undertake to use our best endeavours to procure that the issuer and the sponsor shall also comply with the Capital Market Law and the Listing Rules and other rules from time to time issued by the Authority. We acknowledge the power of the Authority to suspend or cancel the listing of the issuer’s securities and to take other actions in accordance with its rules.

We jointly and severally confirm that the funds raised through the offer of any securities shall be utilised in accordance with the purposes disclosed in the relevant prospectus, unless we inform the Authority and the shareholders otherwise and obtain their approval for any alternative use. We further confirm that the financial information in the relevant prospectus has been extracted without material adjustment from the audited financial statements, and that such financial statements have been prepared and audited in accordance with the auditing standards issued by SOCPA.

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.

Signed on behalf of the sponsor: the directors

Name: _____

Name: _____

Signature: _____

Signature: _____

Date: _____

Date: _____

Name: _____

Signature: _____

Date: _____

An additional Annex 3A is inserted as follows:

ANNEX 3A

DIRECTOR OF A SPONSOR OF A RECOURSE STRUCTURE'S DECLARATION

Each director (or comparable official) of a sponsor must sign and submit a declaration containing the following information:

1. Name.
2. Passport / Civil Registry number.
3. Date of birth.
4. Residential address.
5. Nationality.
6. Professional and academic qualifications, if any.
7. Business experience during the last five years (to include name of the company, the nature of its business, dates of employment and the positions held).
8. Are you a director of any other company or a partner in any partnership? If yes, state the name of any such company or partnership, its legal status, the nature of its business, and date you became a director or partner.
9. Have you at any time been declared bankrupt in any jurisdiction? If so, state the court by which you were adjudged bankrupt and, if discharged, the date and conditions on which you were granted your discharge.
10. Have you at any time been a party to a deed of arrangement or made any other form of composition with your creditors?
11. Are there any unsatisfied judgements outstanding against you? If so, give full particulars.
12. Has any company been put into compulsory liquidation or has an administrator or an administrative or other receiver been appointed during the period when you were one of its directors? If so, give full particulars.
13. Has any partnership been put into compulsory liquidation or been sequestrated during the period when you were one of its partners? If so, in each case state the name, nature of business, date of commencement of winding up, administration or receivership and the amount together with an indication of the outcome or current position.
14. Have you at any time or has a company of which you were a director at the time of the offence been convicted in any jurisdiction of any offence involving fraud or dishonesty or an offence under legislation relating to companies or money laundering. If so, all such convictions must be disclosed together with the name of the court by which you were or the company was convicted, the date of conviction and full particulars of the offence and the penalty imposed.

15. Have you, in connection with the formation or management of any company, partnership or unincorporated institution been adjudged by a court in any jurisdiction civilly liable for any fraud, misfeasance or other misconduct by you towards it or towards any of its members? If so, give full particulars.
16. Have you ever been disqualified by a court from acting as a director of a company, or from acting in the management or conduct of the affairs of any company? If so, give full particulars.
17. Have you been refused membership or renewal of membership in any professional body, institution or association, or stock exchange or been censured or disciplined or had membership withdrawn by any such body to which you belong or belonged or have you held a practising certificate subject to conditions? If so, give full particulars.
18. A declaration in the following form:

“I, [Insert name] _____, being a director of _____
_____ [state name of company] (the “sponsor”), declare that to the best of my knowledge and belief (having taken all reasonable care to ensure that such is the case) the answers to all the above questions are true and complete. I hereby authorise the Authority to exchange any relevant information with the authorities, agencies or bodies having responsibility for the supervision of financial services or any other relevant authorities.”

An additional Annex 5A is inserted as follows

ANNEX 5A

CONTENTS OF A PROSPECTUS FOR DEBT-BASED RECOURSE DEBT INSTRUMENTS

Inclusion of information in the prospectus

A prospectus submitted for registration and admission to listing of debt-based recourse securities must contain the information under the following sections at a minimum:

1. Cover page

This section must include the following information (where applicable):

- 1) the issuer's and the sponsor's formation, incorporation and commercial registration information;
- 2) capital and number of shares of the issuer and the sponsor;
- 3) a summary of the offer including debt instruments details and rights;
- 4) substantial shareholders of the issuer and the sponsor;
- 5) target participants;
- 6) offer period and conditions;
- 7) Shares and debt instruments that have been listed prior to the particular offer by the issuer and the sponsor (if applicable);
- 8) a statement that the issuer has submitted the application for admission to listing to the Authority and that all requirements have been met;
- 9) a statement referring to the "Important Notice" and the "Risk Factors" under section (2) and section (9), respectively before making an investment decision; and
- 10) the following declarations:

"This prospectus includes information given in compliance with the Listing Rules of the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority"). The directors of the issuer and the sponsor, whose names appear on page [], collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus 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 prospectus, 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 prospectus"

and

“The securities offered hereby are issued by a special purposes entity licensed by the Capital Market Authority. The Capital Market Authority maintains a register of special purposes entities and regulates the special purposes entity. The Capital Market Authority does not approve, and is not responsible for, the terms of the securities the special purposes entity issues, the financing structure the special purposes entity employs, or the investment risks and rewards associated with the securities. The Capital Market Authority does not regulate or monitor the value of the assets of the special purposes entity or the ability of the special purposes entity to meet its obligations and makes no endorsement of or recommendation about the securities.”

2. Important notice

This section must include a notice which shows the purpose and the nature of information mentioned in the prospectus.

3. Corporate directory

This section must include the following:

- 1) the issuer's, the sponsor's and its representatives' contact information, including addresses, telephone and fax numbers, e-mail addresses, and the issuer's and the sponsor's website addresses.
- 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:
 - (a) the financial advisor;
 - (b) the legal advisor;
 - (c) the external auditor;
 - (d) the lead underwriter;
 - (e) the authorised persons placing or selling the securities;
 - (f) the issuer's commercial banks;
 - (g) the custodian; and
 - (h) the agent or trustee (if any).

4. Offer summary

This section must include a disclaimer to the target investors on the importance of reading the prospectus prior to making an investment decision. This section must include the following information (where applicable):

- 1) the issuer and the sponsor's name, description and incorporation information;
- 2) the issuer and the sponsor's activities;
- 3) substantial shareholders of the issuer and the sponsor showing their ownership percentages and number of shares.

- 4) the capital of the issuer and the sponsor;
- 5) the issuer and the sponsor's total number of shares;
- 6) the nominal value for offered debt instrument;
- 7) the use of proceeds by the issuer and the financing transaction to be entered into by the issuer;
- 8) the commitment of the sponsor to ensure payment of amounts due under the debt instruments;
- 9) types of targeted investors of the issuer;
- 10) subscription method for each type of targeted investors of the issuer;
- 11) the minimum number of offer debt instruments to be subscribed for by each type of targeted investors;
- 12) the minimum value of offer of debt instruments to be subscribed for by each type of targeted investors;
- 13) the maximum number of offer debt instruments to be subscribed for by each type of targeted investors;
- 14) the maximum value of offer debt instruments to be subscribed for by each type of targeted investors;
- 15) allocation method and description of the process where an excess of subscription monies has been received for all types of targeted investors;
- 16) the offer period;
- 17) full information of rights granted to holders of the debt instruments;
- 18) debt instruments particulars;
- 19) details of repayment related dates including final maturity date and early repayment dates, specifying whether exercisable at the issuer's or the holder of debt instruments' request and the date from which payments are due to start;
- 20) restrictions on debt instruments;
- 21) details of the arrangements for transfer of the debt instruments;
- 22) the names and addresses of the paying agents, and any registrar and transfer agents of the issuer for the debt instruments;
- 23) the name and address of the agent or trustee;
- 24) details of the early redemption of the debt instruments;
- 25) a statement referring to the "Important Notice" and the "Risk Factors" under section (2) and section (9), respectively before making an investment decision; and

- 26) a statement confirming that arrangements have been implemented to protect holders of debt instruments in accordance with Article 57 of the Rules for Special Purposes Entities.

5. Summary of basic information

This section must include a summary of the basic information contained in the prospectus, including:

- 1) a disclaimer to investors about consideration of the prospectus as a whole, and not merely the summary;
- 2) a description of the sponsor;
- 3) the sponsor's mission and overall strategy;
- 4) the sponsor's key strengths and competitive advantages;
- 5) an overview of the market in which the sponsor operates; and
- 6) a summary of the special purposes entity's financing transaction and commitment of the sponsor to ensure payment of amounts due under the debt instruments.

6. Summary of financial information

This section must include a summary of key financial information contained in the prospectus, including sponsor's operational performance, financial condition, cash flows and key performance indicators.

7. Table of contents

This section must include a table of contents.

8. Terms and definitions

This section must include the terms and definitions used through the prospectus.

9. Risk factors

This section must include information in relation to risk factors specific to:

- 1) the sponsor;
- 2) the market or industry in which the sponsor operates;
- 3) the issuer; and
- 4) the securities being offered.

10. Market and industry information

This section must include information on market trends and industry information specific to the sponsor's operations.

11. Issuer background, business nature

This section must include the following information:

- 1) the official name, commercial registration number and the address shown in the commercial registration and, if different, the principal address of the issuer;
- 2) the date of incorporation of the issuer;
- 3) the authorised shares of the issuer, the number of shares issued or agreed to be issued, the value paid up, the nominal value and a description of the shares;
- 4) the purpose of the issuer;
- 5) the directors of the issuer;
- 6) the date of appointment of all the directors or proposed directors;
- 7) details of other previous or current board positions held by all directors or proposed directors. The details should include, the name of the company, legal entity, membership dates, and the sector in which the company operates;
- 8) details of any bankruptcies of each director or proposed director;
- 9) details of any company insolvency in the preceding five years where any of the directors or proposed directors were employed by the insolvent company in a managerial or supervisory capacity; and
- 10) a summary of existing or proposed service contracts, if any, of the directors.
- 11) a statement showing the direct or indirect interests of each director or proposed director, or senior executives of the issuer, and any of their relatives in the shares or debt instruments of the issuer, the sponsor or the sponsor's subsidiaries (if applicable), or provide an appropriate negative statement.

12. Sponsor background, business nature

This section must include the following information:

- 1) the official name, commercial registration number and the address shown in the commercial registration and, if different, the principal address of the sponsor;
- 2) the date of incorporation of the sponsor;
- 3) the authorised shares of the sponsor, the number of shares issued or agreed to be issued, the value paid up, the nominal value and a description of the shares;
- 4) a description and organization chart of the group showing the sponsor's position within that group (if applicable);
- 5) the general nature of the business of the sponsor and the sponsor's subsidiaries (if applicable) and details of the main products sold or services performed and an indication of any significant new products or activities;

- 6) if the sponsor or the sponsor's subsidiaries (if applicable) trades outside the Kingdom, a statement showing the location of such trading operations must be provided. Where a material portion of the sponsor or the sponsor's subsidiaries assets are outside the Kingdom, the value and location of such assets and the value of the assets located in the Kingdom;
- 7) information concerning the policy of the sponsor and the sponsor's subsidiaries (if applicable) on the research and development of new products and production processes over the past three financial years, where significant;
- 8) particulars of any interruption in the business of the sponsor and the sponsor's subsidiaries (if applicable) which may have or has had a significant effect on the financial position in the last 12 months;
- 9) the number of people employed by the sponsor and the sponsor's subsidiaries (if applicable) and any material changes to that number over the last two financial years, with a breakdown of persons employed by main categories of activity and by Saudization ratio; and
- 10) a statement that no material change in the nature of the business is contemplated or, if one is contemplated, a detailed description of that change and its impact on the sponsor's business and profitability.

13. Sponsor's organisational structure

This section must include the following information:

- 1) Sponsor's management
 - (a) the sponsor's organizational chart showing the directors structure, supervisory committees, and the functions of senior executives;
 - (b) the full names and description of the professional and academic qualifications and area of expertise and the date of appointment of all the directors or proposed directors (showing whether the director is independent or non-independent and executive or non-executive), in addition to the senior executives and the company secretary of the sponsor;
 - (c) details of other previous or current board positions held by all directors or proposed directors or senior executives and the company secretary of the sponsor. The details should include, the name of the company, legal entity, membership dates, and the sector in which the company operates;
 - (d) details of any bankruptcies of each director or proposed director, senior executives, or the company secretary of the sponsor;
 - (e) details of any company insolvency in the preceding five years where any of the directors or proposed directors, senior executives, or the company secretary of the sponsor were employed by the insolvent company in a managerial or supervisory capacity;
 - (f) a statement showing the direct or indirect interests of each director or proposed director, senior executives, company secretary of the sponsor, and any of their relatives in the shares or debt instruments of the issuer, the sponsor or the sponsor's subsidiaries (if applicable), or provide an appropriate negative statement;

- (g) the aggregate remuneration and benefits in kind granted by the sponsor or any subsidiary during the three financial years prior to listing to the directors and the five senior executives who received the highest payments, including the CEO and CFO if they were not within the top five;
 - (h) a summary of existing or proposed service contracts, if any, of the directors or the CEO and CFO of the sponsor;
 - (i) full particulars of any contract or arrangement in effect or contemplated at the time of submission of the prospectus in which a director or senior executive or any of their relatives is interested in relation to the business of the sponsor or the sponsor's subsidiaries (if applicable), or provide an appropriate negative statement;
 - (j) information about the sponsor's directors committees, including the names of each committee member and a summary of the terms of reference under which the committee operates; and
 - (k) information on the sponsor's compliance with corporate governance.
- 2) Sponsor's employees
- (a) any employee share schemes in place prior to the application for registration and admission to listing of the securities along with details on the aggregate amount of shares owned by the employees in the sponsor; and
 - (b) any other arrangements involving the employees in the capital of the sponsor.

14. Sponsor financial information

The information required below must be provided in relation to the sponsor and the sponsor's subsidiaries (if applicable) for the three financial years immediately preceding the application for registration and admission to listing:

- 1) comparative tables of financial information with commentary and analysis by management. The comparative tables must:
 - (a) be prepared on a consolidated basis;
 - (b) be extracted without material adjustment from audited financial statements; and
 - (c) include financial information presented in a form consistent with that which is adopted in the sponsor's annual financial statements.
- 2) a report by certified external auditor must be prepared in accordance with the requirements of Annex 6 of the Listing Rules in any of the following circumstances:
 - (a) where the external auditors' report on the consolidated financial statements of the sponsor for any of the last three financial years immediately preceding the application for registration and admission to listing has been qualified;
 - (b) where the sponsor has undergone restructuring or an alteration in capital using external financing in the three financial years immediately preceding the date of application for registration and admission to listing;

- (c) where any material change has been made to the accounting policies of the sponsor; or
 - (d) where any material adjustment has been made or is required to be made to the published audited financial statements during the periods referred to in sub-paragraph (a) above.
- 3) details of holdings, including holdings in contractually based securities or other assets whose value may be subject to fluctuations or be difficult to ascertain with certainty, significantly affecting the assessment of the sponsor's financial position.
 - 4) the information required below must be provided in relation to the financial, operating performance, and results of operations:
 - (a) performance indicators;
 - (b) the financial, operating performance, and results of operations of the main lines of business;
 - (c) any seasonal or business cycles which affect the business or the financial condition;
 - (d) an explanation of any material changes from year to year in the financial information;
 - (e) information regarding any governmental, economic, fiscal, monetary or political policies or other factors that have materially affected, or could materially affect, directly or indirectly, the operations;
 - (f) the funding structure;
 - (g) particulars of any alterations in the capital of the sponsor, or where material, any of the sponsor's subsidiaries (if applicable) within the three years immediately preceding the date of application for registration and admission to listing. Such particulars must state the price and terms of any issues by the sponsor or its subsidisers; and
 - (h) a table showing any capital of the sponsor or any subsidiary which is under option, including the consideration for which the option was granted, and the price and duration of the option, and the name and address of the grantee, or provide an appropriate negative statement.
 - 5) property, plant and equipment
 - (a) a breakdown of any existing material fixed assets, including leased properties;
 - (b) an explanation of the sponsor's depreciation policy and any changes contemplated in that policy; and
 - (c) any planned material fixed assets, including leased properties.
 - 6) in relation to debt, a statement on an individual and consolidated basis as at the most recent date must be prepared covering the following:
 - (a) a breakdown and classification of any debt instruments issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the pledge is provided by the sponsor or by third parties) and unsecured loans, or provide an appropriate negative statement;

- (b) a breakdown and classification of all other borrowing or indebtedness, bank overdrafts, liabilities under acceptances, acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowing and debt, or provide an appropriate negative statement;
 - (c) a breakdown and classification of all mortgages, rights and charges on the sponsor and its subsidiaries' properties, or provide an appropriate negative statement; and
 - (d) a breakdown of any contingent liabilities or guarantees, or provide an appropriate negative statement.
- 7) A statement by the directors of any material adverse change in the financial or trading position in the three financial years preceding the application for registration and admission to listing and during the period from the end of the period covered in the external auditors' report up to and including the date of approval of the prospectus or provide an appropriate negative statement.
 - 8) Particulars of any commissions, discounts, brokerages or other non-cash compensation granted within the three years immediately preceding the application for registration and admission to listing in connection with the issue or offer of any securities by the sponsor or any of the sponsor's subsidiaries (if applicable), together with the names of any directors, proposed directors, senior executives, persons offering or placing the securities or experts who received any such payment or benefit or provide an appropriate negative statement.

15. Financing structure and use of proceeds

This section must include the following:

- 1) Information regarding the financial structure including details of:
 - (a) the use of the proceeds of issuance by the special purposes entity;
 - (b) the rights to be acquired by the special purposes entity under the financing structure (including their ranking on insolvency);
 - (c) the nature of the claim of the special purposes entity on the sponsor;
 - (d) any direct rights of recourse of the holders against the sponsor;
 - (e) details of any security interest to be granted in favour of the special purposes entity, including a description of the assets secured and any rights to substitute such assets or vary such security;
- 2) a description of any obligations of the special purposes entity in relation to the transaction, and the order of priority of such payments.
- 3) particulars of any investment powers associated with the special purposes entity's assets.
- 4) a description of how the cash flows will be used to meet the special purposes entity's obligations.
- 5) particulars of how the payments will be made by the sponsor.

- 6) a statement as to how the proceeds of issuance are intended to be used by the sponsor.
- 7) an estimate of the offer expenses.

16. Statements by experts

Where the prospectus includes a statement made by an expert, a statement should be included specifying the qualifications of the expert and whether such expert or any relative has any shareholding or interest of any kind in the sponsor 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 prospectus of the expert's statement included in the form and context in which it is included.

17. Declarations

The directors of the issuer and the sponsor must make the following declarations:

- 1) other than what has been mentioned on page (●) of this prospectus, there has not been any interruption in the business of the issuer, where applicable, the sponsor or any of the sponsor's subsidiaries (if applicable), which may have or has had a significant effect on the financial position in the last 12 months.
- 2) other than what has been mentioned on page (●) of this prospectus, there has not been any commissions, discounts, brokerages or other non-cash compensation granted within the three years immediately preceding the application for registration and admission to listing in connection with the issue or offer of any securities by the sponsor or any of the sponsor's subsidiaries (if applicable).
- 3) other than what has been mentioned on page (●) of this prospectus, there has not been any material adverse change in the financial or trading position of the sponsor or its subsidiaries (if applicable) in the three financial years preceding the application for registration and admission to listing and during the period from the end of the period covered in the external auditors' report up to and including the date of approval of the prospectus.
- 4) other than what is mentioned on page (●) of this prospectus, they do not have any shareholding or interest of any kind in the issuer, the sponsor or any of the sponsor's subsidiaries (if applicable), and nor does any relative of theirs.

18. Legal information

This section must include the following legal information, as relevant:

- 1) a summary of the provisions of the issuer and the sponsor's by-laws and other constitutional documents, including but not limited to:
 - (a) the object clause of the issuer and the sponsor;
 - (b) provisions relating to the issuer and the sponsor's administrative, management and supervisory bodies;
 - (c) provisions relating to the rights and restrictions attached to the issuer's securities and the financing transaction including;

1. any negative pledges;
 2. any control rights granted in favour of investors by the shareholder;
 3. any rights of the shareholder which could be exercised against the interests of investors;
 4. the rights of investors to enforce the rights of the special purposes entity under the financing arrangement, and any limitation on those rights; and
 5. any trustee or agency arrangements relating to the debt instruments.
- (d) provisions governing the alteration of securities rights or classes of the issuer, where applicable, and the sponsor;
 - (e) provisions governing the conduct of general assembly meetings of the issuer, where applicable, and the sponsor;
 - (f) provisions governing liquidation and winding up of the issuer, where applicable, and the sponsor;
 - (g) any power enabling a director or the CEO, of the issuer, where applicable, or the sponsor, to vote on a contract or proposal in which he has an interest;
 - (h) any power enabling a director or the CEO, of the issuer, where applicable, or the sponsor, to vote on remuneration to themselves; and
 - (i) any powers allowing the directors or the senior executives, of the issuer, where applicable or the sponsor, to borrow from the sponsor.
- 2) a summary of all material contracts of the issuer and the sponsor, including summaries of any contract which is material to the financing arrangement.
 - 3) a summary of all related party contracts of the issuer and the sponsor.
 - 4) in relation to the sponsor and its subsidiaries (if applicable):
 - (a) particulars of any intangible assets such as trademarks, patents, copyright or other intellectual property rights which are material in relation to the issuer's, the sponsor's or any of its subsidiaries (if applicable) business or profitability, and a statement regarding the extent to which the issuer, the sponsor or any of its subsidiaries (if applicable) is dependent on such assets; and
 - (b) in relation to the issuer, the sponsor and the sponsor's subsidiaries, particulars of any litigation or claim (including any litigation pending or threatened) which may have a material effect on the issuer's, the sponsor's or any of its subsidiaries' business or financial position, or an appropriate negative statement.

19. Underwriter

This section must include information about the underwriter of the offer, as follows:

- 1) the name and address of the underwriter; and
- 2) the principal terms of the underwriting agreement, including the compensation arrangement between the issuer and the underwriter.

20. Expenses

This section must include details of the aggregate offer expenses.

21. Waivers

This section must include details on all requirements that have been waived for the issuer and the sponsor by the Authority.

22. Information concerning the debt instruments and terms and conditions of the offer

This section must include the following information:

- 1) a statement that application has been made to the Authority for the registration and admission to listing;
- 2) the nominal value of the offer;
- 3) full information on the rights conferred upon holders of debt instruments;
- 4) particulars of the debt instruments;
- 5) subscription method;
- 6) details of the early redemption of the offer;
- 7) the names and addresses of the paying agents, and any registrar and transfer agents for the debt instruments;
- 8) details of the arrangements for transfer of the debt instruments;
- 9) details of repayment related dates including the final maturity date and early repayment dates, specifying whether exercisable at the sponsor's or the holder of debt instruments' request and the date from which payments are due;
- 10) procedures and time limits for allocation and delivery of the debt instruments and, where there will be temporary documents of title, the procedures for the delivery and exchange thereof;
- 11) a description of the resolutions, and approvals by virtue of which the debt instruments will be offered;
- 12) whether there are any guarantees, pledges or commitments intended to be provided to guarantee the offer;
- 13) details of any agreements with the representative of the holders of the debt instruments, if any, the name and function and head office of such representative, the conditions under which the representative may be replaced together with an indication of where the public may inspect copies of the documents detailing the obligations of the representative;
- 14) a description of any subordination of the offer to any other debts or debt instruments of the issuer;
- 15) a description of the applicable law related to the offer;

- 16) details of any restrictions on the transferability of the debt instruments;
- 17) the date upon which it is expected that trading in the debt instruments will commence, if the sponsor can anticipate such date; and
- 18) if a public or private offer has been or is being made simultaneously on the markets of two or more countries at the same time, and if a tranche has been or is being reserved for certain of these markets, details of any such offer or tranche must be provided.

23. Subscription declarations

This section must include information on the subscription declarations, allocation process, and the Exchange details.

24. Documents available for inspection

This section must include information in relation to the place in the Kingdom at which the following documents may be inspected and the period of time during which the inspection may take place (being not less than 20 days before the end of the offer period):

- 1) the by-laws and other constitutional documents of the issuer and the sponsor;
- 2) any document or order granting permission to offer securities to the public;
- 3) each contract disclosed pursuant to sub-paragraph (i) of paragraph (1) of section (12) of this Annex or, if the contract is not produced in writing, a memorandum giving full particulars of the agreement;
- 4) all other reports, letters, documents or statements by any expert any part of which is extracted or referred to in the prospectus; and
- 5) the reviewed financial statements of the sponsor and its subsidiaries (if applicable) and the consolidated audited financial statements of the sponsor for each of the three financial years immediately preceding the date of the publication of the prospectus, in addition to the most recent interim financial statements.

25. External auditor's report

The sponsor's consolidated reviewed financial statements for the three years immediately preceding the date of the publication of the prospectus, in addition to the most recent interim financial statements.

26. Guarantees

Where a guarantee, pledge or other similar commitment is to be provided the following information must be included:

- 1) details regarding the terms, conditions and scope of the guarantee, pledge or other similar commitment including any conditionality on the application of the guarantee, pledge or similar commitment; and
- 2) copies of the external auditors' and the directors' report on the accounts of the guarantor company.

An additional Annex 5B is inserted as follows

ANNEX 5B

CONTENTS OF A PROSPECTUS FOR ASSET-LINKED RECOURSE DEBT INSTRUMENTS

Inclusion of information in the prospectus

A prospectus submitted for registration and admission to listing of asset-linked recourse debt instruments must contain the information under the following sections at a minimum:

1. Cover page

This section must include the following information (where applicable):

- 1) the issuer's and the sponsor's formation, incorporation and commercial registration information;
- 2) capital and number of shares of the issuer and the sponsor;
- 3) a summary of the offer including debt instruments details and rights;
- 4) substantial shareholders of the issuer and the sponsor;
- 5) target participants;
- 6) offer period and conditions;
- 7) Shares, debt instruments and any other asset-linked recourse securities that have been listed prior to the particular offer by the issuer and the sponsor (if applicable);
- 8) a statement that the issuer has submitted the application for admission to listing to the Authority and that all requirements have been met;
- 9) a statement referring to the "Important Notice" and the "Risk Factors" under section (2) and section (9), respectively before making an investment decision; and
- 10) the following declarations:

"This prospectus includes information given in compliance with the Listing Rules of the Capital Market Authority of the Kingdom of Saudi Arabia (the "Authority"). The directors of the issuer and the sponsor, whose names appear on page [], collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus 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 prospectus, 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 prospectus"

and

“The securities offered hereby are issued by a special purposes entity licensed by the Capital Market Authority. The Capital Market Authority maintains a register of special purposes entities and regulates the special purposes entity. The Capital Market Authority does not approve, and is not responsible for, the terms of the securities the special purposes entity issues, the financing structure the special purposes entity employs, or the investment risks and rewards associated with the securities. The Capital Market Authority does not regulate or monitor the value of the assets of the special purposes entity or the ability of the special purposes entity to meet its obligations and makes no endorsement of or recommendation about the securities.”

2. Important notice

This section must include a notice which shows the purpose and the nature of information mentioned in the prospectus.

3. Corporate directory

This section must include the following:

- 1) the issuer's, the sponsor's and its representatives' contact information, including addresses, telephone and fax numbers, e-mail addresses, and the issuer's and the sponsor's website addresses.
- 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:
 - (a) the financial advisor;
 - (b) the legal advisor;
 - (c) the external auditor;
 - (d) the lead underwriter;
 - (e) the authorised persons placing or selling the securities;
 - (f) the issuer's commercial banks;
 - (g) the custodian; and
 - (h) the agent or trustee (if any).

4. Offer summary

This section must include a disclaimer to the target investors on the importance of reading the prospectus prior to making an investment decision. This section must include the following information (where applicable):

- 1) the issuer and the sponsor's name, description and incorporation information;
- 2) the issuer and the sponsor's activities;
- 3) substantial shareholders of the issuer and the sponsor showing their ownership percentages and number of shares.

- 4) the capital of the issuer and the sponsor;
- 5) the issuer and the sponsor's total number of shares;
- 6) the nominal value for offered debt instrument;
- 7) the use of proceeds by the issuer and the financing transaction to be entered into by the issuer;
- 8) the commitment of the sponsor to ensure payment of amounts due under the debt instruments;
- 9) types of targeted investors of the issuer;
- 10) subscription method for each type of targeted investors of the issuer;
- 11) the minimum number of offer debt instruments to be subscribed for by each type of targeted investors;
- 12) the minimum value of offer of debt instruments to be subscribed for by each type of targeted investors;
- 13) the maximum number of offer debt instruments to be subscribed for by each type of targeted investors;
- 14) the maximum value of offer debt instruments to be subscribed for by each type of targeted investors;
- 15) allocation method and description of the process where an excess of subscription monies has been received for all types of targeted investors;
- 16) the offer period;
- 17) full information of rights granted to holders of the debt instruments;
- 18) debt instruments particulars;
- 19) details of repayment related dates including final maturity date and early repayment dates, specifying whether exercisable at the issuer's or the holder of debt instruments' request and the date from which payments are due to start;
- 20) restrictions on debt instruments;
- 21) details of the arrangements for transfer of the debt instruments;
- 22) the names and addresses of the paying agents, and any registrar and transfer agents of the issuer for the debt instruments;
- 23) the name and address of the agent or trustee;
- 24) details of the early redemption of the debt instruments;
- 25) a statement referring to the "Important Notice" and the "Risk Factors" under section (2) and section (9), respectively before making an investment decision; and

- 26) a statement confirming that arrangements have been implemented to protect holders of debt instruments in accordance with Article 57 of the Rules for Special Purposes Entities.

5. Summary of basic information

This section must include a summary of the basic information contained in the prospectus, including:

- 1) a disclaimer to investors about consideration of the prospectus as a whole, and not merely the summary;
- 2) a description of the sponsor;
- 3) the sponsor's mission and overall strategy;
- 4) the sponsor's key strengths and competitive advantages;
- 5) an overview of the market in which the sponsor operates; and
- 6) a summary of the special purposes entity's financing transaction and commitment of the sponsor to ensure payment of amounts due under the debt instruments.

6. Summary of financial information

This section must include a summary of key financial information contained in the prospectus, including sponsor's operational performance, financial condition, cash flows and key performance indicators.

7. Table of contents

This section must include a table of contents.

8. Terms and definitions

This section must include the terms and definitions used through the prospectus.

9. Risk factors

This section must include information in relation to risk factors specific to:

- 1) the sponsor;
- 2) the market or industry in which the sponsor operates;
- 3) the issuer; and
- 4) the securities being offered.

10. Market and industry information

This section must include information on market trends and industry information specific to the sponsor's operations.

11. Issuer background, business nature

This section must include the following information:

- 1) the official name, commercial registration number and the address shown in the commercial registration and, if different, the principal address of the issuer;
- 2) the date of incorporation of the issuer;
- 3) the authorised shares of the issuer, the number of shares issued or agreed to be issued, the value paid up, the nominal value and a description of the shares;
- 4) the purpose of the issuer;
- 5) the directors of the issuer;
- 6) the date of appointment of all the directors or proposed directors;
- 7) details of other previous or current board positions held by all directors or proposed directors. The details should include, the name of the company, legal entity, membership dates, and the sector in which the company operates;
- 8) details of any bankruptcies of each director or proposed director;
- 9) details of any company insolvency in the preceding five years where any of the directors or proposed directors were employed by the insolvent company in a managerial or supervisory capacity; and
- 10) a summary of existing or proposed service contracts, if any, of the directors.
- 11) a statement showing the direct or indirect interests of each director or proposed director, or senior executives of the issuer, and any of their relatives in the shares or debt instruments of the issuer, the sponsor or the sponsor's subsidiaries (if applicable), or provide an appropriate negative statement.

12. Sponsor background, business nature

This section must include the following information:

- 1) the official name, commercial registration number and the address shown in the commercial registration and, if different, the principal address of the sponsor;
- 2) the date of incorporation of the sponsor;
- 3) the authorised shares of the sponsor, the number of shares issued or agreed to be issued, the value paid up, the nominal value and a description of the shares;
- 4) a description and organization chart of the group showing the sponsor's position within that group (if applicable);
- 5) the general nature of the business of the sponsor and the sponsor's subsidiaries (if applicable) and details of the main products sold or services performed and an indication of any significant new products or activities;

- 6) if the sponsor or the sponsor's subsidiaries (if applicable) trades outside the Kingdom, a statement showing the location of such trading operations must be provided. Where a material portion of the sponsor or the sponsor's subsidiaries assets are outside the Kingdom, the value and location of such assets and the value of the assets located in the Kingdom;
- 7) information concerning the policy of the sponsor and the sponsor's subsidiaries (if applicable) on the research and development of new products and production processes over the past three financial years, where significant;
- 8) particulars of any interruption in the business of the sponsor and the sponsor's subsidiaries (if applicable) which may have or has had a significant effect on the financial position in the last 12 months;
- 9) the number of people employed by the sponsor and the sponsor's subsidiaries (if applicable) and any material changes to that number over the last two financial years, with a breakdown of persons employed by main categories of activity and by Saudization ratio; and
- 10) a statement that no material change in the nature of the business is contemplated or, if one is contemplated, a detailed description of that change and its impact on the sponsor's business and profitability.

13. Sponsor's organisational structure

This section must include the following information:

- 1) Sponsor's management
 - (a) the sponsor's organizational chart showing the directors structure, supervisory committees, and the functions of senior executives;
 - (b) the full names and description of the professional and academic qualifications and area of expertise and the date of appointment of all the directors or proposed directors (showing whether the director is independent or non-independent and executive or non-executive), in addition to the senior executives and the company secretary of the sponsor;
 - (c) details of other previous or current board positions held by all directors or proposed directors or senior executives and the company secretary of the sponsor. The details should include, the name of the company, legal entity, membership dates, and the sector in which the company operates;
 - (d) details of any bankruptcies of each director or proposed director, senior executives, or the company secretary of the sponsor;
 - (e) details of any company insolvency in the preceding five years where any of the directors or proposed directors, senior executives, or the company secretary of the sponsor were employed by the insolvent company in a managerial or supervisory capacity;
 - (f) a statement showing the direct or indirect interests of each director or proposed director, senior executives, company secretary of the sponsor, and any of their relatives in the shares or debt instruments of the issuer, the sponsor or the sponsor's subsidiaries (if applicable), or provide an appropriate negative statement;

- (g) the aggregate remuneration and benefits in kind granted by the sponsor or any subsidiary during the three financial years prior to listing to the directors and the five senior executives who received the highest payments, including the CEO and CFO if they were not within the top five;
 - (h) a summary of existing or proposed service contracts, if any, of the directors or the CEO and CFO of the sponsor;
 - (i) full particulars of any contract or arrangement in effect or contemplated at the time of submission of the prospectus in which a director or senior executive or any of their relatives is interested in relation to the business of the sponsor or the sponsor's subsidiaries (if applicable), or provide an appropriate negative statement;
 - (j) information about the sponsor's directors committees, including the names of each committee member and a summary of the terms of reference under which the committee operates; and
 - (k) information on the sponsor's compliance with corporate governance.
- 2) Sponsor's employees
- (a) any employee share schemes in place prior to the application for registration and admission to listing of the securities along with details on the aggregate amount of shares owned by the employees in the sponsor; and
 - (b) any other arrangements involving the employees in the capital of the sponsor.

14. Sponsor financial information

The information required below must be provided in relation to the sponsor and the sponsor's subsidiaries (if applicable) for the three financial years immediately preceding the application for registration and admission to listing:

- 1) comparative tables of financial information with commentary and analysis by management. The comparative tables must:
 - (a) be prepared on a consolidated basis;
 - (b) be extracted without material adjustment from audited financial statements; and
 - (c) include financial information presented in a form consistent with that which is adopted in the sponsor's annual financial statements.
- 2) a report by certified external auditor must be prepared in accordance with the requirements of Annex 6 of the Listing Rules in any of the following circumstances:
 - (a) where the external auditors' report on the consolidated financial statements of the sponsor for any of the last three financial years immediately preceding the application for registration and admission to listing has been qualified;
 - (b) where the sponsor has undergone restructuring or an alteration in capital using external financing in the three financial years immediately preceding the date of application for registration and admission to listing;

- (c) where any material change has been made to the accounting policies of the sponsor; or
 - (d) where any material adjustment has been made or is required to be made to the published audited financial statements during the periods referred to in sub-paragraph (a) above.
- 3) details of holdings, including holdings in contractually based securities or other assets whose value may be subject to fluctuations or be difficult to ascertain with certainty, significantly affecting the assessment of the sponsor's financial position.
 - 4) the information required below must be provided in relation to the financial, operating performance, and results of operations:
 - (a) performance indicators;
 - (b) the financial, operating performance, and results of operations of the main lines of business;
 - (c) any seasonal or business cycles which affect the business or the financial condition;
 - (d) an explanation of any material changes from year to year in the financial information;
 - (e) information regarding any governmental, economic, fiscal, monetary or political policies or other factors that have materially affected, or could materially affect, directly or indirectly, the operations;
 - (f) the funding structure;
 - (g) particulars of any alterations in the capital of the sponsor, or where material, any of the sponsor's subsidiaries (if applicable) within the three years immediately preceding the date of application for registration and admission to listing. Such particulars must state the price and terms of any issues by the sponsor or its subsidisers; and
 - (h) a table showing any capital of the sponsor or any subsidiary which is under option, including the consideration for which the option was granted, and the price and duration of the option, and the name and address of the grantee, or provide an appropriate negative statement.
 - 5) property, plant and equipment
 - (a) a breakdown of any existing material fixed assets, including leased properties;
 - (b) an explanation of the sponsor's depreciation policy and any changes contemplated in that policy; and
 - (c) any planned material fixed assets, including leased properties.
 - 6) in relation to debt, a statement on an individual and consolidated basis as at the most recent date must be prepared covering the following:
 - (a) a breakdown and classification of any debt instruments issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the pledge is provided by the sponsor or by third parties) and unsecured loans, or provide an appropriate negative statement;

- (b) a breakdown and classification of all other borrowing or indebtedness, bank overdrafts, liabilities under acceptances, acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowing and debt, or provide an appropriate negative statement;
 - (c) a breakdown and classification of all mortgages, rights and charges on the sponsor and its subsidiaries' properties, or provide an appropriate negative statement; and
 - (d) a breakdown of any contingent liabilities or guarantees, or provide an appropriate negative statement.
- 7) A statement by the directors of any material adverse change in the financial or trading position in the three financial years preceding the application for registration and admission to listing and during the period from the end of the period covered in the external auditors' report up to and including the date of approval of the prospectus or provide an appropriate negative statement.
 - 8) Particulars of any commissions, discounts, brokerages or other non-cash compensation granted within the three years immediately preceding the application for registration and admission to listing in connection with the issue or offer of any securities by the sponsor or any of the sponsor's subsidiaries (if applicable), together with the names of any directors, proposed directors, senior executives, persons offering or placing the securities or experts who received any such payment or benefit or provide an appropriate negative statement.

15. Financing structure and use of proceeds

This section must include the following:

- 1) Information regarding the financial structure including details of:
 - (a) the use of the proceeds of issuance by the special purposes entity;
 - (b) the rights to be acquired by the special purposes entity under the financing structure (including their ranking on insolvency);
 - (c) the nature of the claim of the special purposes entity on the sponsor;
 - (d) any direct rights of recourse of the holders against the sponsor;
 - (e) details of any security interest to be granted in favour of the special purposes entity, including a description of the assets secured and any rights to substitute such assets or vary such security;
- 2) a description of any obligations of the special purposes entity in relation to the transaction, and the order of priority of such payments.
- 3) Information regarding the underlying assets of the asset-linked structure including, where relevant, details of:
 - (i) in respect of the assets to which the debt instruments are linked:
 - (A) the jurisdictions in which the assets will be held and by which they will be governed;

- (B) in the case of a small number of easily identifiable obligors, a general description of each obligor. In all other cases, a description of: the general characteristics of the obligors; and the economic environment, as well as global statistical data referred to the securitised assets;
- (C) the legal nature of the assets;
- (D) the expiry or maturity date(s) of the assets;
- (E) the amount of the assets;
- (F) any loan to value ratio or level of collateralisation, where relevant;
- (G) the method of origination or creation of the assets, and for loans and credit agreements, the principal lending criteria and an indication of any loans which do not meet these criteria and any rights or obligations to make further advances;
- (H) an indication of significant representations and collateral given to the issuer relating to the assets;
- (I) any rights to substitute the assets and a description of the manner in which and the type of assets which may be so substituted; if there is any capacity to substitute assets with a different class or quality of assets a statement to that effect together with a description of the impact of such substitution;
- (J) a description of any relevant insurance policies relating to the assets. Any concentration with one insurer must be disclosed if it is material to the transaction;
- (K) If a relationship exists that is material to the issue, between the issuer or the sponsor and an obligor, details of the principal terms of that relationship.
- (L) Where the assets comprise obligations that are not actively traded on an exchange, a description of the principal terms and conditions of the obligations.
- (M) Where the assets comprise equity securities that are traded on an exchange indicate the following:
 - I. a description of the securities;
 - II. a description of the market on which they are traded including its date of establishment, how price information is published, an indication of daily trading volumes, information as to the standing of the market in the country and the name of the market's regulatory authority;
 - III. the frequency with which prices of the relevant securities, are published.
- (N) a description of the method and date of the sale, transfer, novation or assignment of the assets or of any rights and/or obligations in the assets to the special purposes entity or, where applicable, the manner and time period in which the proceeds from the issue will be fully invested by the issuer;
- (O) where relevant, the name, address and significant business activities of the originators of the securitised assets;

- (P) the name, address and significant business activities of the administrator, calculation agent or equivalent, together with a summary of the administrator's/calculation agents responsibilities, their relationship with the originator or the creator of the assets and a summary of the provisions relating to the termination of the appointment of the administrator/calculation agent and the appointment of an alternative administrator/calculation agent;
- (Q) the name and addresses and brief description of:
- (a) any swap counterparties and any providers of other material forms of credit/liquidity enhancements;
- (b) the banks with which the main accounts relating to the transaction are held; and
- (R) an indication in the prospectus whether or not it intends to provide post-issuance transaction information regarding securities to be admitted to trading and the performance of the underlying collateral. Where the issuer has indicated that it intends to report such information, specify in the prospectus what information will be reported, where such information can be obtained, and the frequency with which such information will be reported.
- (ii) In respect of an actively managed pool of assets linked to the issue:
- (A) equivalent information to that contained in items 15(3)(i) to allow an assessment of the type, quality, sufficiency and liquidity of the asset types in the portfolio which will secure the issue;
- (B) the parameters within which investments can be made, the name and description of the entity responsible for such management including a description of that entity's expertise and experience, a summary of the provisions relating to the termination of the appointment of such entity and the appointment of an alternative management entity, and a description of that entity's relationship with any other parties to the issue.
- (iii) Valuation of the assets to which the debt instruments are to be linked, where known:
- (A) In respect of marketable securities traded on an exchange or other market approved by the Authority, a valuation at a mid-market basis based on a market price verified by the financial advisor.
- (B) In respect of assets not falling within (A), a valuation by a third party valuer of the assets and any cash flow/income streams. In this respect, the third party valuer must:
- I. not be the issuer, the sponsor, the financial advisor or an affiliate of any of them; and
 - II. be appropriately qualified and have relevant expertise in valuing the relevant asset class;
- 4) particulars of any investment powers associated with the special purposes entity's assets.
- 5) a description of how the cash flows will be used to meet the special purposes entity's obligations including details of:
- (a) how the cash flow from the assets will meet the issuer's obligations to holders of the securities;

- (b) information on any credit enhancements, an indication of where material potential liquidity shortfalls may occur and the availability of any liquidity supports and indication of provisions designed to cover interest/principal shortfall risks;
 - (c) without prejudice to item (b) above, details of any subordinated debt finance;
 - (d) an indication of any investment parameters for the investment of temporary liquidity surpluses and description of the parties responsible for such investment;
 - (e) how payments are collected in respect of the assets;
 - (f) the order of priority of payments made by the issuer to the holders of the class of securities in question; and
 - (g) details of any other arrangements upon which payments of interest and principal to investors are dependent.
- 6) particulars of how payments will be made by the sponsor.
 - 7) a statement as to how the proceeds of issuance are intended to be used by the sponsor.
 - 8) an estimate of the offer expenses.

16. Statements by experts

Where the prospectus includes a statement made by an expert, a statement should be included specifying the qualifications of the expert and whether such expert or any relative has any shareholding or interest of any kind in the sponsor 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 prospectus of the expert's statement included in the form and context in which it is included.

17. Declarations

The directors of the issuer and the sponsor must make the following declarations:

- 1) other than what has been mentioned on page (●) of this prospectus, there has not been any interruption in the business of the issuer, the sponsor or any of the sponsor's subsidiaries (if applicable), which may have or has had a significant effect on the financial position in the last 12 months.
- 2) other than what has been mentioned on page (●) of this prospectus, there has not been any commissions, discounts, brokerages or other non-cash compensation granted within the three years immediately preceding the application for registration and admission to listing in connection with the issue or offer of any securities by the sponsor or any of the sponsor's subsidiaries (if applicable).
- 3) other than what has been mentioned on page (●) of this prospectus, there has not been any material adverse change in the financial or trading position of the sponsor or its subsidiaries (if applicable) in the three financial years preceding the application for registration and admission to listing and during the period from the end of the period covered in the external auditors' report up to and including the date of approval of the prospectus.

- 4) other than what is mentioned on page (●) of this prospectus, they do not have any shareholding or interest of any kind in the issuer, the sponsor or any of the sponsor's subsidiaries (if applicable), and nor does any relative of theirs.

18. Legal information

This section must include the following legal information, as relevant:

- 1) a summary of the provisions of the issuer and the sponsor's by-laws and other constitutional documents, including but not limited to:
 - (a) the object clause of the issuer and the sponsor;
 - (b) provisions relating to the issuer and the sponsor's administrative, management and supervisory bodies;
 - (c) provisions relating to the rights and restrictions attached to the issuer's securities and the financing transaction including;
 1. any negative pledges;
 2. any control rights granted in favour of investors by the shareholder;
 3. any rights of the shareholder which could be exercised against the interests of investors;
 4. the rights of investors to enforce the rights of the special purposes entity under the financing arrangement, and any limitation on those rights; and
 5. any trustee or agency arrangements relating to the debt instruments.
 - (d) provisions governing the alteration of securities rights or classes of the issuer, where applicable, and the sponsor;
 - (e) provisions governing the conduct of general assembly meetings of the issuer, where applicable, and the sponsor;
 - (f) provisions governing liquidation and winding up of the issuer, where applicable, and the sponsor;
 - (g) any power enabling a director or the CEO, of the issuer, where applicable, or the sponsor, to vote on a contract or proposal in which he has an interest;
 - (h) any power enabling a director or the CEO, of the issuer, where applicable, or the sponsor, to vote on remuneration to themselves; and
 - (i) any powers allowing the directors or the senior executives, of the issuer, where applicable, or the sponsor, to borrow from the sponsor.
- 2) a summary of all material contracts of the issuer and the sponsor, including summaries of any contract which is material to the financing arrangement.
- 3) a summary of all related party contracts of the issuer and the sponsor.
- 4) in relation to the sponsor and its subsidiaries (if applicable):

particulars of any intangible assets such as trademarks, patents, copyright or other intellectual property rights which are material in relation to the issuer's, the sponsor's or any of its subsidiaries (if applicable) business or profitability, and a statement regarding the extent to which the issuer, the sponsor or any of its subsidiaries (if applicable) is dependent on such assets.

- 5) in relation to the issuer, the sponsor and the sponsor's subsidiaries, particulars of any litigation or claim (including any litigation pending or threatened) which may have a material effect on the issuer's, the sponsor's or any of its subsidiaries' business or financial position, or an appropriate negative statement.

19. Underwriter

This section must include information about the underwriter of the offer, as follows:

- 1) the name and address of the underwriter; and
- 2) the principal terms of the underwriting agreement, including the compensation arrangement between the issuer and the underwriter.

20. Expenses

This section must include details of the aggregate offer expenses.

21. Waivers

This section must include details on all requirements that have been waived for the issuer and the sponsor by the Authority.

22. Information concerning the debt instruments and terms and conditions of the offer

This section must include the following information:

- 1) a statement that application has been made to the Authority for the registration and admission to listing;
- 2) the nominal value of the offer;
- 3) full information on the rights conferred upon holders of debt instruments;
- 4) particulars of the debt instruments;
- 5) subscription method;
- 6) details of the early redemption of the offer;
- 7) the names and addresses of the paying agents, and any registrar and transfer agents for the debt instruments;
- 8) details of the arrangements for transfer of the debt instruments;
- 9) details of repayment related dates including the final maturity date and early repayment dates, specifying whether exercisable at the sponsor's or the holder of debt instruments' request and the date from which payments are due;

- 10) procedures and time limits for allocation and delivery of the debt instruments and, where there will be temporary documents of title, the procedures for the delivery and exchange thereof;
- 11) a description of the resolutions, and approvals by virtue of which the debt instruments will be offered;
- 12) whether there are any guarantees, pledges or commitments intended to be provided to guarantee the offer;
- 13) details of any agreements with the representative of the holders of the debt instruments, if any, the name and function and head office of such representative, the conditions under which the representative may be replaced together with an indication of where the public may inspect copies of the documents detailing the obligations of the representative;
- 14) a description of any subordination of the offer to any other debts or debt instruments of the issuer;
- 15) a description of the applicable law related to the offer;
- 16) details of any restrictions on the transferability of the debt instruments;
- 17) the date upon which it is expected that trading in the debt instruments will commence, if the sponsor can anticipate such date; and
- 18) if a public or private offer has been or is being made simultaneously on the markets of two or more countries at the same time, and if a tranche has been or is being reserved for certain of these markets, details of any such offer or tranche must be provided.

23. Subscription declarations

This section must include information on the subscription declarations, allocation process, and the Exchange details.

24. Documents available for inspection

This section must include information in relation to the place in the Kingdom at which the following documents may be inspected and the period of time during which the inspection may take place (being not less than 20 days before the end of the offer period):

- 1) the by-laws and other constitutional documents of the issuer and the sponsor;
- 2) any document or order granting permission to offer securities to the public;
- 3) each contract disclosed pursuant to sub-paragraph (i) of paragraph (1) of section (12) of this Annex or, if the contract is not produced in writing, a memorandum giving full particulars of the agreement;
- 4) all other reports, letters, documents or statements by any expert any part of which is extracted or referred to in the prospectus; and
- 5) the reviewed financial statements of the sponsor and its subsidiaries (if applicable) and the consolidated audited financial statements of the sponsor for each of the three

financial years immediately preceding the date of the publication of the prospectus, in addition to the most recent interim financial statements.

25. External auditor's report

The sponsor's consolidated reviewed financial statements for the three years immediately preceding the date of the publication of the prospectus, in addition to the most recent interim financial statements.

26. Guarantees

Where a guarantee, pledge or other similar commitment is to be provided the following information must be included:

- 1) details regarding the terms, conditions and scope of the guarantee, pledge or other similar commitment including any conditionality on the application of the guarantee, pledge or similar commitment; and
- 2) copies of the external auditors' and the directors' report on the accounts of the guarantor company.

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Annex 4: Application of Offers of Securities Regulations to Special Purposes Entities

If the special purposes entity is offering debt instruments by a mean of private placement, Parts 1 to 5 of the Offer of Securities Regulations apply with respect to a special purposes entity subject to the following modifications:

Article 4: The offeror

Article 4: the current wording in Article 4 becomes Article 4(a) and there is added at the end of the clause:

Where an offer is of securities in a special purposes entity the sponsor shall be deemed to be an offeror of the securities.

A new Article 4(b) is added:

No private placement of securities issued by a special purposes entity licensed under the Rules for Special Purposes Entities may be made without the consent of the sponsor of the special purposes entity.

Article 12: Private placement requirements

Article 12(a)(2)(a) is replaced with:

a declaration by the offeror in accordance with the terms set out in Annex (2) of these Regulations and a declaration by the sponsor in accordance with the terms set out in Annex (2A) of these Regulations;

Article 14: Information to investors

A new Article 14(c) is added:

The private placement offering documents to be used in advertising an offer of securities issued by a special purposes entity must contain a prominent statement on the front page in the form set out in Annex (4A) of these Regulations.

An additional Annex 2A is inserted as follows:

ANNEX 2A

SPONSOR'S DECLARATION TO THE AUTHORITY

[To be provided on the sponsor's letterhead]

To: The Authority

We, being _____ (insert name of the sponsor), hereby jointly and severally declare that to the best of our knowledge and belief (having taken reasonable care to ensure that such is the case) the information contained in the private placement notification and offering documents to be used in advertising the offer is in accordance with the facts and contains no omission likely to affect the import of such information and is fair, clear and not misleading.

We further declare that all the relevant conditions for making a private placement have been satisfied and have submitted or will submit all the information and documentation required to be provided to the Authority under the Offers of Securities Regulations.

We hereby authorise the Authority to exchange any relevant information with any authorities, agencies or bodies having responsibility for the supervision of financial services or any other relevant authorities.

Name: _____

Signature: _____

Date: _____

Name: _____

Signature: _____

Date: _____

An additional Annex 6 is inserted as follows:

ANNEX 6

STATEMENT TO BE INCLUDED IN THE PRIVATE PLACEMENT OFFERING DOCUMENTS FOR AN OFFER OF SECURITIES ISSUED BY A SPECIAL PURPOSES ENTITY

The private placement offering documents must include the following statement:

“The securities offered hereby are issued by a special purposes entity licensed by the Capital Market Authority. The Capital Market Authority maintains a register of special purposes entities and regulates the special purposes entity. The Capital Market Authority does not approve, and is not responsible for, the terms of the securities the special purposes entity issues, the financing structure the special purposes entity employs, or the investment risks and rewards associated with the securities. The Capital Market Authority does not regulate or monitor the value of the assets of the special purposes entity or the ability of the special purposes entity to meet its obligations and makes no endorsement of or recommendation about the securities.”

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