

Draft Amendments to the Glossary of Defined Terms Used in the Exchange Rules and the Listing Rules in Light of the Draft Regulatory Framework to Regulate the Secondary Offerings in the Saudi Capital Market

1) Introduction:

The Saudi Exchange is keen to involve all concerned and interested parties to participate and share their observations on the regulatory frameworks for its markets. This been said, Saudi Exchange announces publishing the draft amendments to the Glossary of Defined Terms Used in the Exchange Rules and the Listing Rules in light of the Draft Regulatory Framework to Regulate the Secondary Offerings in the Saudi Capital Market published in the Capital Market Authority's website for public consultation. The Draft Amendments to the Glossary of Defined Terms Used in the Exchange Rules and the Listing Rules will be published for public consultation for a period of (30) calendar days ending on (21/12/2023G) corresponding to (08/06/1445H).

2) Objective of the Draft Amendments:

The draft aims to amend the Glossary of Defined Terms Used in the Exchange Rules and the Listing Rules to identify the mechanism of applying the lock up period on the Selling Shareholder in the Secondary Public Offering and the Secondary Offering in the Parallel Market in accordance with the provisions of the Draft Regulatory Framework to Regulate the Secondary Offerings in the Saudi Capital Market which is published in the Capital Market Authority's website for public consultation.

Regulating the Secondary Public Offering and Secondary Offering in the Parallel Market aims to regulate an option to the shareholders to sell their listed shares in the Exchange fully or partially through a secondary offering process, as well as increasing attractiveness to the Exchange by enhancing liquidity by raising the proportion of free shares in the Exchange, and providing more opportunities to the all investors.

3) Receive Public Views:

Saudi Exchange would be pleased to receive your feedback and observations on the Proposed amendments of the Glossary of Defined Terms Used in the Exchange Rules and Listing Rules through the following email: Public.Consultation@tadawulgroup.sa

Your feedback shall be considered and assessed during the process of issuing the final versions of the amendments.

4) Proposed Amendments on the Glossary of Defined Terms Used in the Exchange Rules compared with the current Provisions:

	Current Provisions	Provisions after proposed Amendments
1.	New Definition	<u>Secondary Public Offering: an offer by a shareholder of all or part of his shares in a company listed in the Main Market to the public as a secondary public offering in accordance with the Rules on the Offer of Securities and Continuing Obligations.</u>
2.	New Definition	<u>Secondary Offering in the Parallel Market: an offer by a shareholder of all or part of his shares in a company listed in the Parallel Market to qualified investors as a secondary public offering in accordance with the Rules on the Offer of Securities and Continuing Obligations.</u>
3.	New Definition	<u>Selling Shareholder in the Secondary Public Offering: the person who owns shares in a company listed in the Main Market and intends to offer those shares through a secondary public offering to the public in the Main Market in accordance with the Rules on the Offer of Securities and Continuing Obligations.</u>
4.	New Definition	<u>Selling Shareholder in the Secondary Offering in the Parallel Market: the person who owns shares in a company listed in the Parallel Market and intends to offer those shares through a secondary offering in the Parallel Market to qualified investors in the Parallel Market in accordance with the Rules on the Offer of Securities and Continuing Obligations.</u>

5) Proposed Amendments on the Listing Rules compared with the current Provisions:

	Current Provisions	Provisions after proposed Amendments
	<p>Article 34: Lock-up periods</p> <p>a. The Centre shall restrict the disposal of shares held by shareholders who are subject to the lock-up period as specified in the prospectus or the registration document.</p> <p>b. The Centre shall restrict the disposal of shares held by shareholders who own the shares of a capital increase with the suspension of preemptive rights.</p> <p>c. In respect of the Listed Funds, the Centre shall restrict the disposal of units held by unitholders who are subject to the lock-up period as specified in the terms and conditions of the fund.</p>	<p>Article 34: Lock-up periods</p> <p>a. The Centre shall restrict the disposal of shares held by shareholders who are subject to the lock-up period as specified in the prospectus or the registration document.</p> <p>b. The Centre shall restrict the disposal of shares held by shareholders who own the shares of a capital increase with the suspension of preemptive rights.</p> <p>c. In respect of the Listed Funds, the Centre shall restrict the disposal of units held by unitholders who are subject to the lock-up period as specified in the terms and conditions of the fund.</p>
1.	<p>d. The Centre will automatically lift the restrictions on the shares and units as specified in paragraphs (a), (b), (c) of this Article, after the end of the lock-up periods imposed by the relevant Implementing Regulations.</p> <p>e. The issuer must provide the Exchange with the details of its directors, audit committee members, senior executives, and any of their associates in accordance with the form prescribed by the Exchange. The Exchange will oversee their adherence to the lock-up periods imposed by the Rules on the Offer of Securities and Continuing Obligations.</p> <p>f. The Exchange shall, when it becomes aware that any person mentioned in paragraph (e) of this Article is not in compliance with the lock-up periods imposed by the Rules on the Offer of Securities and Continuing Obligations, notify</p>	<p>d. The Centre shall restrict the disposal of remaining shares (if any) held by the Selling Shareholder in the Secondary Public Offering and the Selling Shareholder in the Secondary Offering in the Parallel Market.</p> <p>e. e. The Centre will automatically lift the restrictions on the shares and units as specified in paragraphs (a), (b), (c) and (d) of this Article, after the end of the lock-up periods imposed by the relevant Implementing Regulations.</p> <p>e. f. The issuer must provide the Exchange with the details of its directors, audit committee members, senior executives, and any of their associates in accordance with the form prescribed by the Exchange. The Exchange will oversee their adherence to the lock-up periods imposed by the Rules on the Offer of Securities and Continuing Obligations.</p> <p>f. g. The Exchange shall, when it becomes aware that any person mentioned in paragraph (fe) of this Article</p>

	<p>the Authority of the suspected breach in order for the Authority to take the appropriate steps.</p>	<p>is not in compliance with the lock-up periods imposed by the Rules on the Offer of Securities and Continuing Obligations, notify the Authority of the suspected breach in order for the Authority to take the appropriate steps.</p>
--	--	---