

**This document is the English version of the official Arabic text.**

**In case of discrepancy between the English version and the Arabic version, the Arabic text shall always prevail.**

**Series 7000****LISTING REGULATION****Definitions**

Board of directors – the members of a listed issuer's governing body.

CEO – an issuer's chief executive officer, president, managing director or equivalent head of senior management.

Collective investment scheme – an arrangement including a mutual fund or investment company that enables a number of investors to pool their assets for professional management and diversification of risk.

Constitution – the articles of incorporation, by-laws and other constitutional documents of a company or issuer.

Controller – a person who holds, directly or indirectly, 25% or more of the voting rights in a company, or who has the right to appoint 25% or more of the board of directors or governing body. "Controlled by" is construed accordingly.

Corporate group – in relation to a person, means that person and its associates.

Day – a business day.

Executive director – a member of the board of directors who is not a non-executive director.

Governing body – the board of directors of a joint stock company or the equivalent supervising body of a legal entity.

Independent director – a member of the board of directors who:

- i) is a non-executive director,
- ii) is not a shareholder who owns, directly or indirectly, more than 5% of the issued shares of any class, or of the voting rights in such shares,
- iii) does not currently have, and has not had during the two years prior to his election as a director, a business relationship with the issuer, with the senior management of the issuer, or with any shareholder who owns, directly or indirectly, more than 5% of the issued shares of any class, or of the voting rights in such shares, and
- iv) is not a parent, child or spouse of any member of senior management of the issuer or of any shareholder who owns, directly or indirectly, more than 5% of the issued shares of any class, or of the voting rights in such shares.

Inside non-public information – is defined in article 4101 of the Market Conduct Regulation.

Issuer – a legal entity (in public or private law) that issues or offers to issue a security to the general public.

Law – Law 161 (the Capital Markets Law).

Listed issuer – an issuer of securities that the Authority has approved for listing.

Listed security – a security that the Authority has approved for listing.

Non-executive director – a member of the board of directors who is not currently, and has not been during the two years prior to his election as a director:

- i) an officer or employee of the issuer,
- ii) performing any executive duties at the issuer or any of its affiliates (in Lebanon or abroad), or
- iii) a consultant to the issuer.

Person – an individual, a company and any other legal entity.

Public offer – is defined in article 6201 of the Offers of Securities Regulation.

Regulation – means the regulation in which the term is used.

Regulations – the implementing regulations of the Authority, as approved by the Board of the Authority and as amended.

Security or securities – any of the following types of financial instruments:

- 1) shares, debt securities or units issued by a public or private company or entity, or a collective investment scheme,
- 2) debenture bonds, bonds, notes, certificates of deposit, depositary receipts and Treasury bills and bonds,
- 3) financial rights, options, futures and any other derivatives or structured products, and
- 4) any other financial instruments authorized by the Authority or the Regulations, except an instrument specifically excluded by the Law.

Senior management – the senior officers and executives who are responsible for the management and direction of the issuer.

**Series 7000**

**LISTING REGULATION**

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**Series 7000****LISTING REGULATION****Part A – Introduction****7001. Purpose**

- (1) The purpose of this Regulation is to:
  - i) Establish the requirements for an issuer to apply for listing of securities in Lebanon,
  - ii) Establish the ongoing requirements to maintain a listing of securities, and
  - iii) Set out requirements for maintaining sound standards of corporate governance by listed issuers.

**7002. Objectives**

- (1) This Regulation aims to ensure that:
  - i) Issuers and securities to be listed are suitable for listing,
  - ii) Investors, regulators and the public have sufficient information to make an informed assessment of the issuer and the securities,
  - iii) Listed issuers maintain sound standards of disclosure following listing and meet the requirements for continued listing,
  - iv) Listed issuers maintain sound standards of corporate governance, and
  - v) Holders of listed securities are treated fairly and equally.

**7003. Approval for listing**

- (1) An issuer must obtain the prior approval of the Authority to list securities on a securities exchange in Lebanon.

**7004. Application**

- (1) This Regulation applies to all securities proposed for listing in Lebanon and to be listed and traded on a licensed securities exchange, and to the issuers of such securities, but does not apply to securities traded in the over-the-counter (OTC) market.

**7005. Listing on an exchange**

- (1) A listed security must be listed and accepted for trading by a licensed securities exchange to be traded on that exchange.

- (2) An issuer that applies for listing and acceptance for trading of a security on a licensed securities exchange in Lebanon must comply with the rules of the exchange in addition to this Regulation.

#### **7006. Listing with a public offer**

- (1) An issuer that applies for listing of securities involving a public offer must comply with the Offers of Securities Regulation.

#### **7007. Appointment of issuer's representative**

- (1) An issuer that applies for listing of securities must appoint a member of its senior management as its representative to the Authority for all purposes relating to this Regulation.

### **Part B – Listing Requirements**

#### **7101. Financial advisor on listing**

- (1) An applicant for listing must appoint a financial advisor that is independent of the applicant to advise it on its listing application and compliance with the listing requirements. This requirement does not apply to an issuer that is an approved institution or that controls an approved institution.
- (2) The financial advisor must be an approved institution that is licensed to provide corporate finance advising services and is aware of all legal and regulatory requirements that apply to a public offer and listing of securities. The financial advisor may be the underwriter or placement agent for the offer.
- (3) The financial advisor must review and approve the applicant's listing application prior to the filing with the Authority, and make sufficient enquiries to satisfy it that the applicant meets all the requirements for listing in this Regulation.
- (4) A financial advisor must provide a letter to the Authority confirming its assessment under subarticle (3), and any information or details relating to the listing application that the Authority may require.

#### **7102. Suitability for listing**

- (1) An applicant must satisfy the Authority that it and its business are suitable for listing.
- (2) In assessing an applicant's suitability for listing the Authority may exercise discretion, in addition to assessing whether the applicant meets the specific requirements for listing. The Authority will consider:



- i) whether the applicant meets the requirements for listing set out in this Regulation and, if applicable, the Collective Investment Schemes Regulation,
  - ii) whether the applicant is ready and able to comply with the Law and the Regulations,
  - iii) whether the controllers of the applicant and its board of directors and senior management are fit and proper persons to control, govern or manage (respectively) a listed company,
  - iv) whether the applicant's business is, and is likely to be, operated separately and independently from any other business of its controllers,
  - v) any matter relating to the applicant, its business or securities that may, in the opinion of the Authority, harm the integrity or reputation of Lebanon's capital markets, and
  - vi) other matters that the Authority considers relevant to the application.
- (3) In assessing whether a person is fit and proper under subarticle (2) (iii), the Authority may consider:
- i) the person's experience, competencies and integrity, including whether the person:
    - (a) has adequate qualifications and business or professional experience in the issuer's industry or a related business to carry out the relevant functions,
    - (b) has ever been convicted of an offence involving fraud or dishonesty or laws or regulations governing companies, issuers of securities, or the securities business, and
    - (c) has ever violated any laws, regulations or requirements in his business or professional activities,
  - ii) the person's record in business and in the operation of companies, in particular public companies, and
  - iii) any other matter covered by the personal declaration in Annex 3 of this Regulation or that the Authority considers relevant.

### **7103. Listing transactions**

- (1) Securities may be listed under this Regulation using the following transactions:
- i) Public offer – a public offer under the Offers of Securities Regulation,
  - ii) Private placement – a private placement of an additional issue of previously-listed securities to a specific group of persons under the Offers of Securities Regulation,
  - iii) Introduction – a listing of securities issued previously,

- iv) Stock dividend or bonus issue – a listing of an additional allotment of securities to existing security holders in proportion to their current holdings,
- v) Rights issue – an offer of rights to buy additional shares made to existing security holders,
- vi) Exercise of rights or options – an issue of securities on the exercise of any right to purchase under rights, options, warrants or similar instruments issued by prospectus, or
- vii) Any other type of transaction that is approved by the Authority.

#### **7104. Listing requirements for issuers**

- (1) An applicant for listing of securities must:
  - i) be a joint stock company incorporated in Lebanon or another jurisdiction acceptable to the Authority,
  - ii) in the case of a Lebanese company, be in compliance with the Lebanon Code of Commerce,
  - iii) have carried on its primary business activity for at least three financial years under substantially the same management, and
  - iv) have published audited accounts covering at least the last three financial years, prepared in accordance with International Financial Reporting Standards (IFRS), which have been independently audited in accordance with standards acceptable to the Authority.
- (2) The applicant's board of directors and senior management must demonstrate to the Authority that each has the necessary expertise and experience to govern and manage the company's business and affairs.
- (3) The applicant must provide a statement of current working capital, and certify that it has sufficient working capital to meet its current operating requirements.
- (4) An application for listing of a collective investment scheme (closed-end) must meet the requirements for a public offer of a scheme under the Collective Investment Schemes Regulation and any other requirements prescribed by the Authority. Subarticles (1), (2) and (3) do not apply to a collective investment scheme.
- (5) The Authority may accept a listing application from an applicant that does not meet all the requirements of this article if the Authority is satisfied that listing of the securities is in the interests of investors and the applicant.

#### **7105. Listing requirements for securities**

- (1) To be approved for listing, securities must meet the requirements of this Part.
- (2) Parts B and C of this Regulation do not apply to debt securities or treasury bills issued by the Government of Lebanon, public institution debt securities guaranteed by the Government of Lebanon, and securities issued by public utility companies. Such securities will be listed on filing the details of the issue and class of securities to be listed with the Authority, and may be listed and posted for trading on a licensed securities exchange immediately on filing.
- (3) The securities must be duly authorized for issuance and trading under the applicant's constitution.
- (4) An applicant may apply for listing of the following types of securities:
  - i) Common equity shares,
  - ii) Preferred shares, including convertible shares,
  - iii) Warrants or rights to purchase or subscribe for shares,
  - iv) Debt securities and convertible debt securities,
  - v) Units of a collective investment scheme (closed-end) or
  - vi) Other securities that the Authority considers are suitable for listing.
- (5) The securities must be distributed to at least 50 public shareholders, and at least 25% of the securities to be listed must be owned by public shareholders.
  - i) The Authority may permit a lower percentage of public ownership if it considers that a viable market for the securities will exist based on the number of shares to be issued to the public.
  - ii) In this subarticle, "public shareholder" means persons who are not:
    - a) holders of 5% or more of any class of securities or voting rights of the issuer,
    - b) directors or senior management of the issuer,
    - c) directors or senior management of a company that holds 5% or more of any class of securities or voting rights of the issuer, or
    - d) a parent, child or spouse of any of the above persons.
- (6) The total market value of the securities (or for a new issue, the total value of the issue) must be at least:
  - i) USD \$ 5 million or equivalent for equity securities,
  - ii) USD \$ 2 million or equivalent for debt securities, or
  - iii) USD \$ 5 million or equivalent for other types of securities.

A listed issuer may apply to the Authority for a waiver from the above requirements by submitting an application in writing to the Authority with details of the reasons for requesting the waiver.

- (7) All securities in the class to be listed that are issued, or proposed to be issued, must be included in the listing application (excepting securities already listed).
- (8) The securities must be transferable and tradable. The Authority must approve any proposed restriction on transferability and they must be fully disclosed to investors.
- (9) The securities must be registered with and settled through Midclear in book entry form only. The requirement to be in book entry form does not apply to an issuer that was listed on a licensed securities exchange in Lebanon prior to this Regulation coming into force.

#### **7106. Restrictions on sale by significant security holders**

- (1) Each controller, director and member of senior management of a listed issuer is prohibited from selling any listed securities of the issuer for a period of 6 months from the date of listing of the securities.
- (2) Each controller, director and member of senior management of the issuer must file an undertaking with the Authority that the holder will not sell, directly or indirectly, any of the listed securities for a period of 6 months from the date of listing.

### **Part C – Application for Listing**

#### **7201. Application for listing**

- (1) An applicant for listing must file an application with the Authority in the form of Annex 1, together with all documents listed in the Annex.
- (2) The applicant must obtain a letter from its financial advisor prior to filing its application, which states that the advisor has reviewed the application and is satisfied that the applicant meets all of the requirements for listing under this Regulation, and file the letter with its application.
- (3) An applicant for listing must pay the fees set by the Authority.

#### **7202. Review of application**

- (1) The Authority may require an applicant to verify any documents or information related to its application in such manner as it may require.

**7203. Additional conditions of listing**

- (1) The Authority may impose additional conditions on approval of a listing if the Authority considers it necessary to protect investors or in the public interest, including:
  - i) a requirement to make additional information public, and
  - ii) additional continued obligations of listing on the issuer.

**7204. Approval of listing**

- (1) The Authority retains discretion to accept or refuse applications for listing based on its assessment of the suitability of an issuer and its securities for listing.
- (2) The Authority may approve the listing of securities and notify the applicant of the effective date of listing<sup>1</sup> if the applicant meets the listing requirements in this Regulation, any additional conditions imposed by the Authority, and any applicable requirements in the Offers of Securities Regulation.
- (3) The Authority may refuse to approve an application for listing if:
  - i) it considers that the applicant has not met all of the listing requirements in this Regulation and any applicable requirements in the Offers of Securities Regulation, or
  - ii) it considers that the applicant is not suitable for listing.
- (4) If the Authority refuses to approve an application for listing, it must notify the applicant in writing of its refusal and the reasons for its decision.
- (5) If an application for listing is refused by the Authority, the applicant must wait at least 6 months from the date of the decision to reapply for approval of that listing.

**Part D – Continuing Listing Obligations****Continuing Listing Obligations: General Obligations****7301. Basic obligations**

- (1) A listed issuer must treat all holders of each class of its listed securities equally, and ensure they have equal access to disclosure, reports and other information about the issuer.

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<sup>1</sup> This is not the date that the securities will be posted for trading on a securities exchange, which is a decision made by the exchange.

- (2) A listed issuer must carry on business at a level that is sufficient, or have net assets of a value that is sufficient, to warrant continued listing, in the opinion of the Authority.
- (3) A listed issuer must pay the annual listing fee prescribed by the Authority.

### **7302. Additional issues and listings**

- (1) A listed issuer must apply to the Authority for the listing of any additional securities of the same class as existing listed securities that it proposes to issue. Such securities must not be issued unless the Authority approves listing of the securities.

## **Continuing Listing Obligations: Disclosure Requirements**

### **7303. Dissemination of disclosed information**

- (1) A listed issuer must ensure that any disclosure it makes to the public is full and accurate and is not misleading, false or deceptive.
- (2) A listed issuer must ensure that information and announcements it discloses to the public under article 7304 are widely disseminated through media releases, postings to websites and other means. The issuer must notify the Authority of the methods to be used to disseminate disclosed information, and of any changes in those methods.
- (3) It is prohibited for the issuer or any person to disclose any information required to be disclosed under article 7304, or any inside non-public information, to another person before the information is disclosed to the public, except in the necessary course of business.

### **7304. Continuous disclosure of material changes**

- (1) A listed issuer must notify the Authority of, and disclose to the public, any material change or event in its business or affairs forthwith upon becoming aware of the change or event.
- (2) For purposes of this article, a “material change or event” means any development or fact relating to an issuer’s business or affairs that:
  - i) has resulted in, or would reasonably be expected to result in, a significant change in the issuer’s assets, liabilities, financial position or business,
  - ii) is likely to affect the issuer’s ability to meet its obligations to holders of any of its listed securities, or
  - iii) if disclosed, would reasonably be expected to result in a significant change in the price or trading activity of any of its listed securities.

- (3) Material changes or events that a listed issuer must disclose include, but are not limited to, the following:
- i) any changes to its board of directors or its CEO, Finance Officer or heads of major business or operations units,
  - ii) a change of 10% or more in its sales, revenues, costs, production or trade for any fiscal period,
  - iii) a warning of an increase or decrease of 10% or more in its projected profits or losses for any fiscal period,
  - iv) an increase or decrease of 10% or more in its total recorded profits or losses for any fiscal period, or a change in its profits or losses equal to 10% or more of its current net assets,
  - v) its preliminary annual and interim financial results, when accepted by the board and before the financial statements are issued,
  - vi) decisions and results of an annual or an extraordinary general assembly of shareholders,
  - vii) a significant change in its capital structure, including the issuance of any additional securities,
  - viii) any significant investment or capital expenditure (equal to 10% or more of current net assets), or change in planned investments or capital expenditures,
  - ix) an increase or decrease of 10% or more in its current net assets ,
  - x) the purchase or sale of any assets at a price equal to 10% or more of its current net assets,
  - xi) incurring of any debt outside the ordinary course of business (if the amount is equal to 10% or more of its current net assets),
  - xii) any decision to declare or pay a dividend or make any other distribution on its securities, or to not pay a dividend or distribution,
  - xiii) any significant legal proceedings (if the amount involved is equal to 10% or more of its current net assets),
  - xiv) any proposal or decision (whether by the issuer or another person) to windup or liquidate the issuer or any of its subsidiaries, to start proceedings under a bankruptcy or insolvency law, or to appoint an administrator or receiver, or
  - xv) any transaction between the issuer and an associate of the issuer that is outside its ordinary course of business.

**7305. Disclosure of financial results**

- (1) A listed issuer must prepare audited annual financial statements in accordance with International Financial Reporting Standards (IFRS) that have been independently audited in accordance with standards acceptable to the Authority. The statements must include the issuer's profit and loss statement (including income and expenses), a balance sheet, an analysis of financial flows, and the changes in the capital accounts and shareholders' equity.
- (2) A listed issuer must prepare an interim report on its financial results and activities for the first six months of each financial year. The report must be prepared on a basis consistent with the annual financial statements.
- (3) If the issuer controls subsidiary companies the interim and annual financial statements must be prepared on a consolidated basis in accordance with IFRS.
- (4) The interim and annual financial statements must be approved by the board of directors, and signed by a director authorized by the board and by the CEO and the Finance Officer, prior to their issuance and disclosure.
- (5) The annual financial statements and auditor's report, and the annual report required by this Regulation, must be filed with the Authority and circulated to security holders forthwith after the directors have approved them, and within 120 days of the end of the issuer's fiscal year.
- (6) The interim report must be filed with the Authority and circulated to security holders forthwith after the directors have approved them, and within 60 days of the end of the six month fiscal period.
- (7) A listed issuer must disclose its preliminary interim and annual financial results to the public forthwith after approval by the board of directors, and notify the Authority at the same time.
- (8) The preliminary interim and financial results and contents of the final interim and annual financial statements must not be disclosed to anyone before they are disclosed to the public, except in the necessary course of business.

**7306. Annual report**

- (1) A listed issuer must produce an annual report for circulation with its annual financial statements, which includes a review of the issuer's business operations during the last financial year and of all factors affecting the issuer's business that an investor requires to assess the business, assets, liabilities and financial position of the issuer.
- (2) The issuer's board of directors must approve the annual report before it is circulated.



- (3) The annual report must contain the information listed in Annex 4.

### **7307. Powers of the Authority**

- (1) The Authority may direct a listed issuer to disclose specific information to the public if it considers it necessary to protect investors or ensure a fair and orderly market.

### **Continuing Listing Obligations: Notices to the Authority and security holders**

#### **7308. Notices of changes**

- (1) A listed issuer must notify the Authority and its security holders forthwith of the details of:
- i) any changes in its board of directors, (and provide to the Authority a signed personal declaration form from each new director as prescribed in Annex 3)
  - ii) any change in the information filed in a director's personal declaration form
  - iii) any change in its senior management
  - iv) a change in its jurisdiction of incorporation or legal organization
  - v) a change in its registered address or head office
  - vi) a change in its by-laws or constitution
  - vii) a proposed change in its capital structure, or a new issue of securities
  - viii) any change in the rights attached to any class of listed securities or to any securities they are convertible into
  - ix) a decision to purchase, call, redeem or otherwise acquire any of its listed securities
  - x) a change in its auditors, registrar or transfer agent
  - xi) if less than 25% of a class of the issuer's listed securities remains in the hands of public investors (except for a security exempted from this requirement)
  - xii) a board of directors' resolution or shareholders' resolution that affects the rights of the holders of any class of listed securities
  - xiii) a suspension or cancellation of listing of any of its listed securities from another jurisdiction or securities exchange, whether voluntary or not
  - xiv) a decision to declare or pay a dividend or other form of distribution on listed securities, with details of the amount and timing

- xv) a decision to suspend, delay or not pay a dividend or distribution that otherwise it was expected to pay
- xvi) any decision not to make a payment of interest or other obligation on debt securities
- xvii) any proposal, application, order or decision is made to appoint a receiver or manager, or to wind-up, the issuer or any member of its corporate group
- xviii) any court or tribunal makes any order or decision that could impair the issuer's title to any of its assets accounting for more than 10% of its net assets based on book value
- xix) any person with a security interest in any assets of the issuer seizes, takes possession of, or sells assets accounting for more than 10% of the current book value of its net assets, or notifies the issuer of an intention to take any such action.

### **7309. Filing of documents with the Authority**

- (1) A listed issuer must promptly file with the Authority a copy of all documents sent to its security holders, including notices of meetings, dividend notices, reports, announcements and similar documents.

### **Continuing Listing Obligations – Notices of significant securities holdings**

#### **7310. Notice of holdings of 5% or more of voting shares**

- (1) Any person that holds or acquires 5% or more of any class of voting shares in a listed issuer must notify the issuer and the Authority, and a licensed securities exchange where the security is listed, of the number of shares of each class held within 24 hours of acquiring such position. A notice must be filed each time the 5% threshold is reached.
- (2) Any person covered by subarticle (1) must notify the issuer and the Authority and the exchange within 5 days of acquiring or selling a further 1% or more of the class of voting shares held.
- (3) For the purpose of subarticle (1), a person is deemed to hold or to acquire voting shares of an issuer held by:
  - i) a spouse or minor child of that person,
  - ii) a company that person is a controller of, or
  - iii) any other person that the person in (1) has agreed to act in concert with to hold or acquire voting shares of the issuer.
- (4) A notice filed under this article must be in the form prescribed by the Authority.

(5) A licensed securities exchange where the security is listed must disclose to the public the notices filed under this article, and the Authority may disclose such notices.

(6) If a person fails to comply with this article, the Authority may:

- i) suspend the exercise of voting rights in the relevant security by that person, and
- ii) order that an acquisition of a security by that person be considered null and void as against that person and the listed issuer, but such an order shall not affect a sale by a bona fide party on the other side of the transaction.

The Authority may also suspend trading in the relevant security if it considers it necessary for the protection of investors or the maintenance of a fair and orderly market.

## **Part E – Compliance with Listing Regulation**

### **7401. Compliance and obligation to provide information**

- (1) A listed issuer must comply with this Regulation in order to maintain its listing.
- (2) The Authority may review or investigate any possible breach of the Law or the Regulations by a listed issuer.
- (3) A listed issuer must promptly provide to the Authority all information, documents, books and records, and responses to queries that the Authority may require relating to compliance with the Law and the Regulations or to the fair and orderly operation of markets.
- (4) The directors, senior management and advisors of an issuer must appear before the Authority on its request in order to assist in any enquiry relating to the issuer's compliance.

### **7402. Power to suspend or cancel listing**

- (1) The Authority may suspend a listing of, or trading in, securities for any period of time, or cancel a listing, without prior notice to the listed issuer if the Authority considers that:
  - i) it is necessary for the protection of investors or the maintenance of a fair and orderly market,
  - ii) an issuer has failed to comply with the Law or this Regulation in a material way,

- iii) an issuer no longer meets the listing requirements set out in this Regulation,
  - iv) the issuer does not have a sufficient level of operations or sufficient assets to warrant the continued listing of its securities, or
  - v) the issuer or its business is no longer suitable for continued listing of its securities.
- (2) If the Authority suspends a listing of, or trading in, securities, it may impose such terms and conditions for lifting the suspension that it considers appropriate, including:
- i) requiring the issuer to disclose any material information or event (as defined in article 7304), any financial results under article 7305, or any other information that the Authority considers relevant to investors, to maintaining a fair and orderly market, or to preventing a false market in the issuer's securities,
  - ii) requiring the issuer to make a statement on any reasons it is aware of for unusual movements in the price or trading volume of its securities,
  - iii) requiring the issuer to comply with any of the requirements set out in the Law or this Regulation,
  - iv) requiring the issuer to give notice in writing to the Authority of any change or event related to its business and affairs that the Authority considers necessary to carry out its responsibilities, and
  - v) any other terms or conditions that the Authority considers necessary for the protection of investors or the maintenance of a fair and orderly market.
- (3) The Authority shall notify the issuer and the public forthwith of a suspension or cancellation of a listing or trading, including reasons for its decision and any terms and conditions for lifting the suspension that it has imposed.
- (4) If the Authority suspends or cancels a listing of, or trading in, securities, the securities are automatically suspended or cancelled from listing or trading on a licensed securities exchange.
- (5) Following a suspension or cancellation of a listing or trading, the Authority must provide the issuer with an opportunity to be heard, unless such an opportunity was provided prior to the suspension or cancellation.

#### **7403. Voluntary cancellation of listing**

- (1) A listed issuer must obtain the prior approval at a general assembly of the security holders of a proposal to cancel a listing. The issuer must issue a notice of the assembly to all security holders at least 20 days before the date of the assembly that must include:

- i) the reasons for cancellation of the listing,
  - ii) the proposed date of cancellation,
  - iii) the current number of securities holders, and
  - iv) information on markets where the securities will continue to trade (if any).
- (2) A listed issuer must obtain the prior approval of the Authority to cancel a listing, including cancellation of listing and trading on a licensed securities exchange. The issuer must file an application with the Authority at least 20 days before the proposed date of cancellation that includes the information required by subarticle (1) and the results of the general assembly of security holders.
- (3) If an issuer issues a notice under subarticle (1), it must make a public announcement of the proposed cancellation of the listing and the reasons for it.

#### **7404. Temporary suspension of trading**

- (1) A listed issuer may request the Authority for a temporary suspension of trading in its securities if it must make immediate disclosure of a material change or event under this Regulation. A request for suspension of trading may be made orally, and must be confirmed in writing immediately in accordance with instructions set by the Authority.
- (2) The Authority may accept or reject a request for suspension of trading in its discretion.
- (3) A licensed securities exchange must comply with any decision by the Authority to suspend a listing or trading in securities.
- (4) The issuer must make the material change or event public as soon as practicable following the suspension of trading.
- (5) A suspension of trading pending disclosure will be lifted after the disclosure is made, unless the Authority considers that the suspension must continue until certain conditions have been met.
- (6) If a listed issuer fails to make adequate disclosure of a material change after a suspension of trading, the Authority issue an order requiring the issuer to make disclosure, and may exercise any of its powers under the Regulations in order to ensure compliance with this Regulation.

#### **7405. Investigation and enforcement**

- (1) The Authority is responsible for monitoring an issuer's compliance with the Law and the Regulations and may exercise its powers of investigation and enforcement under the Law and the Regulations.

- (2) The Authority may (but is not obligated to) provide a listed issuer with an opportunity to remedy a failure to comply with this Regulation within a set period of time. If the listed issuer fails to remedy its failure to comply, the Authority may take further action against it.

## **Part F – Corporate Governance**

### **7501. Requirements**

- (1) This Part contains corporate governance standards that all listed issuers of equity securities must comply with, subject to articles 7502 and 7511 (3).
- (2) A listed issuer must comply with any binding requirements on corporate governance set out in laws, circulars of the Banque du Liban or other regulations that apply to the issuer.
- (3) In this Part, a “shareholder” means a security holder of a class of listed equity securities.
- (4) For greater certainty, this Part does not apply to a listed issuer that has only listed debt securities or other types of non-equity securities.

### **7502. Application for waiver**

- (1) A listed issuer may apply to the Authority for a waiver from one or more of the requirements of this Part by submitting an application in writing to the Authority with details of the reasons for requesting a waiver from each requirement covered by the application.
- (2) If the Authority grants a waiver under subarticle (1), the listed issuer must disclose in its annual report which provisions of this Part it has been granted a waiver from, including the reasons for requesting the waiver.

### **7503. Rights of security holders**

- (1) A security holder is entitled to all rights attached to a listed security in accordance with the terms and conditions set out in the prospectus.

### **7504. Constitution to set out procedures for exercise of rights**

- (1) A listed issuer must set out the procedures to be followed for the shareholders to exercise their rights in its constitution.

- (2) A listed issuer must make all information relating to the exercise of shareholders' rights available to shareholders on a continuous basis and on the request of a shareholder.

#### **7505. Annual general assembly**

- (1) A listed issuer must convene an annual general assembly of shareholders within six months of the end of its financial year.
- (2) A notice must be issued to all shareholders at least 20 days before the date of the general assembly that sets out the date, place, and agenda of the assembly. The notice must also be posted on the issuer's website and filed with the Authority.
- (3) The notice of the general assembly must include the procedures for the meeting and the rules on voting on resolutions of shareholders.
- (4) A listed issuer must permit a shareholder's proxy to attend and vote at a general assembly of shareholders. A shareholder may appoint, in writing, any other individual shareholder to attend the assembly and vote on his behalf.
- (5) Shareholders are entitled to discuss and raise questions about matters on the agenda for the assembly. A director, member of senior management or the external auditor must respond to questions raised by shareholders.
- (6) The issuer's external auditor must attend the annual general assembly.
- (7) The decisions and results of an annual or an extraordinary general assembly must be disclosed to the public in a media release forthwith after the meeting. A copy of the media release must be filed with the Authority.

#### **7506. Voting rights**

- (1) A listed issuer must not take any action that could limit, interfere with or impede the exercise of voting rights of a shareholder.

#### **7507. Dividends rights**

- (1) A listed issuer's board of directors must establish a policy on payment of dividends and disclose it to shareholders and the public.
- (2) The board of directors and the annual general assembly must approve the payment of any dividends and the date of distribution.

#### **7508. Disclosure policy**

- (1) A listed issuer's board of directors must establish a written policy on disclosure of information to security holders and the public, for the purpose of ensuring

compliance with the Law and Regulations.

#### **7509. Governance policy**

- (1) A listed issuer's board of directors must establish a written policy on its corporate governance system and practices, including the requirements of this Regulation and the procedures to implement the policy.

#### **7510. Disclosure on corporate governance**

- (1) A listed issuer must disclose the following in its annual report:
  - i) A list of the board of directors, with each member categorized as an executive director, a non-executive director, or an independent director.
  - ii) The names and location of any other companies that a member of the board of directors is also a director of.
  - iii) A description of the mandate and duties of the board's main committees, including the Finance and Audit Committee and the Nominations and Governance Committee (or equivalent committees), and including the names of the chairman and members of each committee.
  - iv) A summary of the company's corporate governance policy as required by article 7509.
  - v) Whether it is in compliance with its corporate governance policy and the requirements of this Part.

#### **7511. Structure of the board of directors**

- (1) A listed issuer's board of directors must have at least 3 directors and a maximum of 12 directors.
- (2) All directors of a listed issuer must be elected by the shareholders at the company's annual general assembly. A director may be elected for a maximum term of 3 years and may be re-elected. (In accordance with the Commercial Code, the first directors nominated in the by-laws of a company may be nominated for a term of up to 5 years.)
- (3) The Authority recommends, but does not require, that:
  - i) a majority of the members of the board be non-executive directors, and
  - ii) a minimum of 1/3 of the members of the board or 2 directors (whichever is greater) be independent directors.
- (4) If a listed issuer does not comply with subarticle (3), the listed issuer must disclose the failure to comply with the recommendation in its annual report including the reasons for non-compliance.



**7512. Responsibilities of the board of directors**

- (1) The duties of the board of directors of a listed issuer must be set out in its constitution.
- (2) The board of directors must ensure it obtains sufficient information from management and other sources, and carries out appropriate reviews and enquiries, to effectively perform its responsibilities.
- (3) The board of directors is ultimately responsible for all decisions and actions of the company.
- (4) The board of directors may delegate functions and activities to committees and to management, but cannot delegate responsibility for decisions and actions.
- (5) The board of directors must ensure that authority and functions delegated to a committee, the CEO or senior management are set out in writing.
- (6) The responsibilities of the board of directors must include the following:

1. Approving the strategic plans and main objectives of the company and supervising their implementation.
2. Determining the appropriate capital structure for the company.
3. Approving an annual business plan, budget and financial objectives.
4. Approving significant capital expenditures and the acquisition or disposal of assets.
5. Setting the company's performance objectives, and supervising the company's overall financial and business performance.
6. Appointing the <u>CEO</u> and approving the appointment of <u>senior management</u> .
7. Setting performance objectives for the <u>CEO</u> and <u>senior management</u> , and supervising the <u>CEO</u> 's and management's performance.
8. Approving the organizational structure.
9. Approving internal control systems and procedures, supervising their implementation, and periodically assessing their effectiveness.
10. Setting the qualifications and experience required of candidates for members of the <u>board of directors</u> .
11. Developing a written policy on internal disclosure and management of conflicts of interest involving members of the board and <u>senior management</u> , including any dealings between the company and a director or officer in which the latter has any interest.

12. Ensuring the integrity of the financial and accounting systems and procedures, including preparation of the financial reports and statements.
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13. Ensuring the implementation of appropriate risk management procedures, including assessing the main risks that the company faces.
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**7513. Meetings of the board**

- (1) The board of directors of a listed issuer must meet at least 4 times per year.
- (2) A detailed written agenda must be prepared for each board meeting, and circulated to board members along with the information and reports concerning the agenda items at least 5 days before the meeting date. Agenda items and related information may be added and circulated later on an exceptional basis if necessary.
- (3) Meetings of the board must be recorded and documented and retained for at least 10 years.
- (4) The Authority must be given access to the records of board meetings on request.

**7514. Conflicts of interest**

- (1) A member of the board of directors must notify the board of any personal interest he has in the business, contracts or transactions of the company. Each notification of a conflict of interest must be recorded in the minutes of the meeting. A board member who has any personal interest in a matter must not vote on any decision or resolution of the board related to that matter.
- (2) Each notification in subarticle (1) must be disclosed to the company's external auditor.
- (3) A conflict of interest of a board member must be managed in accordance with the written policy on conflicts of interest adopted by the board.

**7515. Board committees**

- (1) A listed issuer's board of directors may establish committees of the board to carry out specific responsibilities. The board must approve a written mandate and procedures for each committee. Board committees are responsible to the board, and must report their activities, decisions and recommendations to the board periodically.
- (2) The board must appoint the chairman and members of each committee. All committees should include at least one non-executive director and one independent director.

- (3) A listed issuer must have a Finance and Audit Committee that is comprised of at least three members, a majority of whom should be non-executive directors or independent directors. All members must be knowledgeable about financial and accounting matters. The responsibilities of the Committee must include the following:
- i) To supervise the company's internal audit functions to ensure it effectively performs the activities specified by the board, and to review internal audit reports and procedures and decide on actions based on them.
  - ii) To recommend to the board the appointment, dismissal and compensation of external auditors.
  - iii) To supervise the activities of the external auditors and approve any activity beyond the scope of the audit work assigned to them during the performance of their duties.
  - iv) To review the external auditor's comments on the financial statements and decide on actions based on them.
  - v) To review the interim and annual financial statements prior to presentation to the board, and to give an opinion and recommendations on approval of the statements.
  - vi) To periodically review the company's accounting policies and make recommendations to the board on any changes.
  - vii) To consider and make recommendations to the board on any proposed changes to the company's capital structure and issued securities.
- (4) A listed issuer must have a Nominations and Governance Committee that is comprised of at least three members of the board. The chairman of the Committee should be a non-executive director. The responsibilities of the Committee must include the following:
- i) To propose to the board nominations of qualified candidates for election to the board of directors.
  - ii) To recommend to the board the qualifications and experience that a candidate for election to the board should have.
  - iii) To periodically assess the board's structure, composition, effectiveness and procedures, and to recommend any changes.
  - iv) To periodically assess the effectiveness of the company's corporate governance system and policies, and to recommend any changes.
  - v) To develop clear policies on the remuneration of board members and senior management.

## ANNEX 1

## CONTENT OF LISTING APPLICATION

## A. Form of Application

**[NAME OF APPLICANT]** applies for to the Capital Markets Authority of Lebanon for approval of the listing of the securities described below.

## DATED

## Summary Information

1. Issuer	
2. Type of Business	
3. Domicile of Incorporation	
4. <u>Securities</u> to be Listed	
Type of <u>securities</u>	
Class of <u>securities</u>	
Number of <u>securities</u> to be listed	
Number to be sold to public shareholders	
<u>Equities</u> : Number of shares: <ul style="list-style-type: none"> <li>• Authorized</li> <li>• Issued</li> </ul>	
Proposed price of issue / currency	
5. Type of Transaction – specify public offer or other type	
6. Financial Advisor	
7. Proposed Date of Listing	
8. Securities Exchange of listing & trading	
9. Other markets the issue is or will be listed or traded on	
10. Jurisdictions of registration as a public issuer (if any)	

11. Primary jurisdiction for approval of prospectus (if any)	
12. Jurisdictions where <u>securities</u> will be offered for sale	

**The Issuer**

13. Date of incorporation / establishment:	
14. Address of main registered office:	
15. Address of primary place of business operations: (if more than one, include a list)	
16. List main business lines of the company and the percentage of revenue each accounts for:	
17. Fiscal year:	
18. Auditors:	
19. Last annual general assembly:	

20. List of senior management members:

<u>Name</u>	<u>Home Address</u>	<u>Office</u>	<u>Primary occupation</u>

21. List of board of directors:

<u>Name</u>	<u>Home Address</u>	<u>Primary position</u>	<u>Primary occupation</u>

**Current share capital and ownership**

22. Current ownership of the <u>issuer</u> :				
<ul style="list-style-type: none"> <li>• List all <u>controllers</u></li> <li>• Other persons that own 5% or more of a class of voting shares</li> <li>• Shares owned by directors</li> </ul>				
23. Current listings of <u>securities</u> :				
<ul style="list-style-type: none"> <li>• Type and class of security</li> <li>• Number listed</li> <li>• Jurisdiction and Securities Exchange</li> </ul>				
24. Current share capital structure:				
<u>Class</u>	<u>Authorized</u>	<u>Issued and outstanding</u>	<u>To be listed</u>	<u>Stated capital</u>

**B. Documents to be filed with Application**

N = Applies only to a new applicant (an issuer that is not already listed with the CMA).

Public offers: Documents filed with the CMA with a draft prospectus do not need to be re-filed with the listing application.

**Initial Application**

- 1) For a public offer of securities: Draft form of prospectus in accordance with the requirements of the Offers of Securities Regulation.
- 2) N – Certified copy of the certificate of incorporation or equivalent.
- 3) N – Certified copy of the articles of incorporation or equivalent.
- 4) N – Certified copy of by-laws, memorandum of association or other constitutional documents.
- 5) Certified copy of the most recent audited financial statements, including any interim financial statements released since the last annual statements.

- 6) N – Most recent annual and quarterly or semi-annual reports released by the issuer.
- 7) Certified copy of a special resolution approving each class of securities to be listed.
- 8) An issuer's declaration in the form set out in Annex 2, signed by all members of the board of directors.
- 9) N – a signed declaration form for each director and proposed director on the board of directors, and for each member and proposed member of senior management, in the form set out in Annex 3.
- 10) Letter signed by the issuer's Financial Advisor stating that it has reviewed the listing application and has satisfied itself that the applicant meets all of the requirements for listing under this Regulation.
- 11) Payment of the application fee, as prescribed by the Authority.
- 12) Debt securities only –
  - i) Draft trust deed, agency deed or other instrument that secures and creates the debt securities
  - ii) Trustee agreement
  - iii) Term structure of debt.

### **Final Application**

- 1) A final, signed copy of the listing application form.
- 2) Public offers: Two executed copies of the approved prospectus, and any supplementary prospectus.
- 3) Any additions or amendments to the supporting documentation provided in the initial listing application.
- 4) Certified copy of the resolutions of the board of directors (or equivalent body) authorizing 1) the issue of the securities, and 2) filing of the listing application.
- 5) A signed legal opinion from the issuer's counsel stating that the issuer:
  - i) is in good standing under and not in default of applicable corporate law,
  - ii) is not in default of any securities law requirement of any jurisdiction where it is registered (or has equivalent status),
  - iii) has the corporate authority to own its properties and assets, to carry on its business, and to meet its obligations under this Regulation,
  - iv) has taken the necessary corporate actions to authorize its listing, and
  - v) has duly issued all securities of the class to be listed, and any securities that may be issued upon conversion, exercise or exchange of other securities are or will be duly issued.

- 6) A letter from the transfer agent stating the total number of securities issued and confirmation of the number of securities holders.
- 7) Any other documentation required by to be filed by the Authority.
- 8) Payment of the listing fee, as prescribed by the Authority.



**ANNEX 2****ISSUER'S DECLARATION FOR  
A LISTING APPLICATION**

To: The Capital Markets Authority

We the directors of \_\_\_\_\_ [*insert name of issuer*] (the “issuer”), hereby jointly and severally declare that to the best of our knowledge and belief (having made reasonable enquiries to ensure that such is the case) the issuer:

- 1) has satisfied all the relevant requirements for listing and all other relevant requirements of the Listing Regulation,
- 2) has taken all necessary corporate actions to approve this listing application and the issuance of the securities to be listed, and
- 3) has or will supply all the information and documents required by the Listing Regulation.

We confirm that there are no other facts relevant to the issuer's application for listing that, in our opinion, should have been disclosed to the Authority. We further confirm that we:

- 1) have read and understand the Listing Regulation and the Offers of Securities Regulation and the issuer’s obligations under those Regulations,
- 2) understand the nature of our responsibilities and obligations as directors of a listed issuer, and
- 3) understand in particular what is required of us to ensure proper disclosure about the issuer to holders of the listed securities and the public.

We acknowledge that the issuer’s securities will be entitled to remain listed only if the issuer and the securities comply with the applicable requirements of the Listing Regulation, including all the continuing obligations under the Regulation.

We hereby jointly and severally undertake and agree to:

- 1) comply with the Listing Regulation and other Regulations of the Authority.
- 2) use our best efforts to ensure that the issuer complies with the Listing Regulation and other Regulations of the Authority.

We acknowledge the Authority’s power to suspend or cancel the listing of the issuer's securities and to take other actions in accordance with its Regulations.

We authorize the Authority to exchange any relevant information with the authorities, agencies or bodies responsible for the supervision of capital markets, financial services, corporations and other relevant authorities.

Signed on behalf of the issuer:

The Directors

*[Insert full names of all directors with original signatures.]*

**ANNEX 3****PERSONAL DECLARATION FOR DIRECTORS  
AND MEMBERS OF SENIOR MANAGEMENT**

This personal declaration form must be signed and filed by each director and proposed director on the board of directors (or similar member of the governing body), and by each member and proposed member of senior management, of an issuer that applies for listing with the Authority. (This requirement does not apply to a director of an issuer that is already listed.)

The term “company” includes any type of legal entity that may be listed.

Each director and each member of senior management of an issuer must sign and submit a declaration containing the following information:

**Declaration to the Capital Markets Authority (the “Authority”)**

- 1) Name of applicant for listing:
- 2) Surname(s) and any former surname(s):
- 3) First name(s):
- 4) Date of birth:
- 5) Passport or registration number.
- 6) Primary residential address:
- 7) Nationality and former nationality (if any):
- 8) Professional qualifications (list all degrees, certificates and professional accreditations and courses):
- 9) Business experience during the last five years:
- 10) Are you a director or member of senior management of any other company, a trustee of any trust or a partner in any partnership? If so:
  - i) Name of each:
  - ii) Is any entity related to the applicant for listing?
  - iii) Type of business:
  - iv) Date you became a director or partner or member of senior management:
- 11) Have you at any time been declared bankrupt in any jurisdiction? If so:
  - i) Court where you were declared bankrupt
  - ii) If discharged, the date and conditions of discharge
- 12) Have you at any time been a party to any arrangement or made any other form of settlement with your creditors? If so, provide details.

- 13) Are there any unsatisfied legal judgments outstanding against you? If so, provide details.
- 14) Has any company been put into compulsory liquidation, voluntary winding-up or had an administrator or receiver appointed during a period when you were (or within the preceding twelve months had been) one of its directors?
- 15) Has any partnership, investment fund or unit trust been put into compulsory liquidation, voluntary winding-up or had an administrator or receiver appointed during a period when you were (or within the preceding twelve months had been) one of its partners, directors or trustees?
- 16) If the answer to questions 14 or 15 is yes, for each case provide:
  - i) Name of company, fund or partnership
  - ii) Nature of business
  - iii) Date of commencement of liquidation, winding-up, administration or receivership
  - iv) Amount involved
  - v) Outcome or current status
- 17) Have 1) you or 2) a company that you were a director or member of senior management of at the time of the offence, been convicted in any jurisdiction of any offence involving fraud or dishonesty, or an offence under laws or regulations governing companies, issuers of securities, investment funds, securities broker-dealers or the securities business generally? All such convictions must be disclosed even if pardoned or vacated. If so:
  - i) Court in which you or the company were convicted
  - ii) Date of conviction
  - iii) Details of the offence and the penalty imposed.
- 18) Have you, in connection with the formation or management of any company, partnership or other legal entity, been found liable in a civil lawsuit in a court in any jurisdiction for any fraud, misfeasance or other misconduct? If so, provide details.
- 19) Have you ever been disqualified by a court, a securities regulatory authority or other agency from acting as a director or officer of a company? If so, provide details.
- 20) Have you been refused admission to membership of any professional body, stock exchange, industry association or self-regulatory organization, or been disciplined, suspended, disqualified or censured by any such body? If so, provide details.
- 21) Is there any other information that is material to your position as a director or member of senior management of the applicant that is not covered by the answers provided above? [Yes / No] If yes, provide details.

DECLARATION:

I \_\_\_\_\_, a [*director, member of senior management, general partner or trustee*] of \_\_\_\_\_ [*name of company*] (the "issuer") 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.

For purposes of assessing my qualifications to act as a director or member of senior management of the applicant, now or at any time the applicant is listed, I authorize the Authority to obtain information from, or share information with, any governmental authority, securities exchange or other body responsible for supervision of securities issuers, financial services or law enforcement, in any other jurisdiction.

Date: \_\_\_\_\_

Signed by: \_\_\_\_\_

Title: \_\_\_\_\_

**ANNEX 4****CONTENTS OF ANNUAL REPORT**

A listed issuer's annual report required by article 7306 must include the following information:

- 1) A description of the principal activities of the issuer and its corporate group. If two or more activities are described, include a breakdown of revenues and costs by business line.
- 2) A description of the issuer's significant plans and decisions (including any new developments, business expansion or discontinuance of operations), the future prospects of the issuer and the main risks facing the issuer.
- 3) A summary of the issuer's business and financial performance for the last financial year, and its current financial position, with explanations of each. In the case of an issuer with subsidiaries that it controls, summarize the consolidated results.
- 4) An explanation of any material differences between the business and financial results for the last financial year and those for the previous year.
- 5) A summary, in the form of a table or a chart, of the issuer's financial results, assets and liabilities for the last 5 financial years (or from incorporation, if shorter). In the case of an issuer with subsidiaries that it controls, include the consolidated results.
- 6) A geographical analysis of the issuer's consolidated sales, including subsidiaries. Include the name of each subsidiary with its location and main business.
- 7) An explanation for any departure from International Financial Reporting Standards (IFRS).
- 8) A description of the issuer's dividend policy.
- 9) A description of the securities holdings, options, and subscription rights in any of the issuer's securities held by its directors, senior management and their spouses and minor children, and any changes to such holdings in the last financial year.
- 10) A statement of the total indebtedness of the issuer and its subsidiaries, and the amount of debt repaid during the year. Include any redemption, purchase or cancellation of redeemable debt instruments.
- 11) A description of any convertible debt instruments, options, warrants or similar rights issued or granted by the issuer during the last financial year, with the consideration received by the issuer.
- 12) A description of any conversion or subscription rights under any convertible debt instruments, options, warrants or similar rights issued or granted by the issuer.
- 13) A list of the issuer's board of directors as of the date of the report.

- 14) The number board of directors' meetings held during the last financial year and the attendance record of each meeting.
- 15) Details of any contracts or business of the issuer that any of its directors or senior management (or an associate of any them) has or had a material interest in.
- 16) If the external auditors' report on the annual financial statements was qualified, details of the qualifications and reasons for them.
- 17) If the board of directors recommended any change in the issuer's external auditors, an explanation of the reasons for their recommendation.