Appendix 1

In this appendix underlining indicates new text and striking through indicates deleted text.

The DFSA Rulebook

Markets Rules

(MKT)

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1. INTRODUCTION

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1.3 General

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Definition of a Small or Medium-Sized Enterprise (SME)

1.3.3 (1) In this module, an Applicant is a SME if:

(a) it is applying for the admission of its Shares to the List; and

(b) the aggregate market value of all of its listed Shares on admission is reasonably expected to be less than $100 million.

(2) In this module, a Listed Entity is a SME if:

(a) the aggregate market value of all of its listed Shares on admission was less than $100 million; and

(b) it has not ceased to be a SME under (3).

(3) A Listed Entity ceases to be a SME if the average aggregate market value of its listed Shares has exceeded $500 million for 90 consecutive days.

Guidance

1. Rule 1.3.3 defines when an Applicant or Listed Entity is a SME. In accordance with that Rule, such an Applicant or Listed Entity will be treated as a SME unless the average aggregate market value of its listed shares, measured over 90 consecutive days, exceeds $500 million. It will then be expected to meet the same continuing obligations as any other Listed Entity.

2. The DFSA may specify, for the purposes of the SME definition, the appropriate method to be used to calculate the aggregate market value of the Shares of an Applicant or a Listed Entity.

3. The DFSA may modify the definition in Rule 1.3.3 where it is satisfied that it is appropriate in the circumstances to do so, for example, if an Applicant:

(a) is likely to exceed the threshold in Rule 1.3.3(1)(b), but it can demonstrate that it is appropriate to treat it as a SME because of its limited operating history and early stage of its development; or

(b) is likely to fall below the threshold in Rule 1.3.3(1)(b), but is able to demonstrate that it should not be treated as a SME because it has an established track record and business.

3 GOVERNANCE OF REPORTING ENTITIES

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Reduction of share capital

3.3.4 The Board of a Reporting Entity must ensure that a Reporting Entity does not purchase its own Shares unless:

(a) the purchase does not materially prejudice the Reporting Entity's ability to pay its creditors;

(b) it has obtained prior approval of shareholders in meeting by a majority vote; ~~and~~

(c) prior to the meeting seeking the consent referred to in (b), the notice of the meeting and any accompanying documents relating to the purchase is filed with the DFSA; and

(d) in the case of a SME, at least 24 months has elapsed from the date of admission of its Shares to the List.

Guidance

In addition to Rule 3.3.4, a Listed Entity is required to comply with Rule 9.7.4 (which prohibits a Listed Entity from purchasing its own shares without the DFSA's prior written approval). It will also need to comply with relevant company laws which relate to the purchase of its own Shares.

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4 MARKET DISCLOSURE

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4.8 Information to be disclosed on a SME's website

Guidance

The requirements in this section are intended to ensure that investors and prospective investors in a SME are easily able to locate key information about the SME and its business in one place: on the SME's website. This may involve a SME disclosing information on its website that is already publicly available elsewhere. These requirements are in addition to other disclosure requirements that apply to a Listed Entity, such as those set out elsewhere in chapter 4.

4.8.1 (1) A Reporting Entity that is a SME must disclose the following information prominently on its website:

(a) a description of its business and details of its key personnel;

(b) the names of its Directors and a brief biography of each Director;

(c) a description of the responsibilities of the members of the Board and details of any Board committees and their responsibilities;

(d) its country of incorporation and main country or countries in which it operates;

(e) its current constitutional documents;

(f) details of any other exchanges on which it has, or has applied to have, its Securities admitted to trading;

(g) the number of its listed Shares in issue and the number of any listed Shares held as treasury Shares (as that term is defined in Rule 9.7.6(3));

(h) the percentage of its Listed Securities that are not in public hands, so far as it is aware;

(i) the identity of any of its Connected Persons that hold Listed Securities issued by the Reporting Entity and the percentage of any such holdings;

(j) the annual financial reports prepared and filed by the Reporting Entity under Article 44 of the Law since admission or, if its Shares have been admitted to the List for more than three years, for the previous three years;

(k) the semi-annual financial reports or any other financial statements prepared and filed by the Reporting Entity under Article 45 of the Law since admission or, if its Shares have been admitted to the List for more than three years, for the previous three years;

(l) all announcements it has made under Rule 4.7.1 in the previous 12 months;

(m) all Inside Information it has publicly disclosed under Rule 4.2.1 since admission or, if its Shares have been admitted to the List for more than five years, for the previous five years;

(n) its most recent Approved Prospectus, if any, together with any other Approved Prospectus it has published in the previous five years and any circulars or similar publications sent to shareholders in the previous 12 months;

(o) details of any corporate governance code that its Board has decided to apply, how the Reporting Entity complies with that code, and where it departs from that code, an explanation of the reasons for doing so;

(p) if the Reporting Entity is not incorporated in the DIFC, a statement that the rights of shareholders may be different from the rights of shareholders in a DIFC incorporated company;

(q) whether the Reporting Entity is subject to the Takeover Rules (TKO);

(r) any takeover legislation or code to which it is subject in its country of incorporation or operation, other than TKO, or any other similar provisions it has voluntarily adopted, together with a link either:

(i) to the relevant legislation, code or provisions; or

(ii) to a website where further details about the legislation, code or provisions can be found; and

(s) details of any sponsor, compliance adviser or other expert adviser appointed by the Reporting Entity under Article 49(1) of the Law.

(2) The Reporting Entity must ensure that the information referred to in (1) is kept up to date.

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7 SPONSORS AND COMPLIANCE ADVISERS

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7.1 Sponsors

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Appointment of sponsors

7.1.2 (1) Pursuant to Article 49(1) of the Law, the DFSA may, where it considers it appropriate to do so, require a Person who makes or intends to make a Prospectus Offer to:

(a) appoint a sponsor in respect of the Prospectus Offer; or

(b) provide third party certification in respect of any specific matters relating to the Prospectus Offer.

(2) Where the DFSA requires a sponsor to be appointed pursuant to (1)(a), the DFSA must:

(a) do so in sufficient time to enable the sponsor to comply with the requirements in this Part; and

(b) require such appointment to be effective for the Offer Period or such other period as the DFSA determines as appropriate.

Guidance

1. The DFSA may require the appointment of a sponsor, or third party certification in respect of any matters relating to an Issuer, in appropriate cases. An example of circumstances in which the DFSA may require the appointment of a sponsor, or third party signoff, would be where an Issuer does not have a proven track record, such as a start-up.

2. The DFSA will generally not require a SME to appoint a sponsor, as to do so is likely to be disproportionate given the scale, complexity and resources of a SME. Instead, the DFSA will generally use its discretion under Article 49(1) of the Law and Section 7.2 to require a SME to appoint a compliance adviser when it applies for admission of its Shares to the List and on an ongoing basis once its Shares are admitted to the List.

~~2~~3. Generally, the matters in relation to which the DFSA may require third party sign-off pursuant to Rule 7.1.2(1)(b) include matters relating to the adequacy of working capital and systems and controls in place for financial reporting by the Issuer. Such certification should be provided by a third party acceptable to the DFSA. To be acceptable to the DFSA, the third-party should be independent of the Issuer and have relevant expertise relating to the matters on which certification of compliance is to be provided.

~~3~~4. In most cases the Person making a Prospectus Offer will be the Issuer of the Securities to which the Prospectus relates. However there may be situations where the Person making a Prospectus Offer, that is the offeror, is not the Issuer of the relevant Securities.

~~4~~5. In any event, the sponsor must make certain inquiries and assume certain obligations under the Rules. A sponsor should therefore be a Person familiar with the requirements of the Law and Rules and who has the necessary knowledge, experience, qualifications and resources to assist the Person making the Prospectus Offer to comply with the various requirements.

~~5~~6. The DFSA's Policy Statement 1/2012 on Appointment of a Sponsor describes in greater detail the role and regulatory obligations of a sponsor and the kind of knowledge, experience, qualifications and resources the DFSA expects a sponsor to have. The Policy explains that although a sponsor has certain regulatory obligations of its own, as prescribed in this module, its principal role is to assist a Person making a Prospectus Offer to comply with its regulatory responsibilities relating to that offer. In the Policy Statement, the DFSA confirms that a Person making a Prospectus Offer does not, and cannot, avoid or diminish its regulatory obligations related to Offering Securities simply because it is required to have a sponsor. The regulatory obligations of the Person making the Prospectus Offer are not transferred to the sponsor but remain the responsibility of the Person making the offer.

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7.2 Compliance advisers

Application

7.2.1 This section applies to a Person ~~Reporting Entity that~~ who is required by the DFSA to appoint a compliance adviser.

Guidance

1. The requirement for the appointment of a compliance adviser is designed to ensure that a Reporting Entity is aware of and complies with its continuing obligations under the Law and this module. A compliance adviser should therefore be a person familiar with the requirements of the Law and this module and should have the necessary knowledge, experience, qualifications and resources to assist a Reporting Entity to comply with its regulatory obligations.

2. The DFSA's Policy Statement 2/2012 on Appointment of Compliance Adviser describes in greater detail the purpose of a compliance adviser and the circumstances in which the DFSA is likely to require a Reporting Entity to appoint a compliance adviser. The Policy also describes how a compliance adviser can assist a Reporting Entity to meet its obligations in the Law and this module generally, and specifically the continuing obligations prescribed in this section. The Policy explains that the compliance adviser does not take on any regulatory obligations or potential regulatory liability of its own under the Law or this module if it agrees

to act as a compliance adviser to a Reporting Entity. The relationship between the Reporting Entity and compliance adviser is a contractual one similar to one with any other professional adviser. In the Policy Statement the DFSA confirms its view that the compliance adviser role is merely to advise and assist the Reporting Entity to comply with its continuing regulatory responsibilities, all of which remain the responsibility of the Reporting Entity.

3. The DFSA is also likely to require a SME applying for admission of its Shares to the List to appoint a compliance adviser as a condition of that admission and its ongoing listing. The DFSA would expect the compliance advisor to have sufficient senior, competent staff and a proven track record of relevant corporate finance transaction experience to enable it properly to advise the SME on both the listing process and its ongoing obligations as a Reporting Entity.

Appointment of a compliance adviser

7.2.2. The DFSA may, pursuant to Article 49(1) of the Law, require a Person ~~Reporting Entity~~ to:

(a) appoint a compliance adviser; or

(b) replace a compliance adviser already appointed.

7.2.3 (1) A Person ~~Reporting Entity~~ required to appoint a compliance adviser must, prior to making the appointment:

(a) take reasonable steps to ensure that the proposed compliance adviser has the required knowledge, experience, qualifications and resources to carry out its obligations under the Rules;

(b) notify the DFSA of the proposed compliance adviser's name and business address; and

(c) take reasonable steps to ensure that the proposed compliance adviser and its relevant Employees are independent and that any conflicts of interest are appropriately managed.

(2) If requested by the DFSA, a Person ~~Reporting Entity~~ appointing a compliance adviser must provide the DFSA with such information as it may require including information regarding knowledge, experience, qualifications and resources of the compliance adviser.

(3) A Person required to appoint a compliance adviser ~~Reporting Entity~~ must notify the DFSA if it becomes aware, or has reason to believe, that the compliance adviser or its relevant Employees have a conflict of interest which has not been appropriately managed.

Compliance adviser appointed to assist a SME

7.2.3A The DFSA may, by written notice, require a SME to appoint a compliance adviser to assist the SME in meeting its obligations under the Law and the Rules, both when it applies for admission of its Shares to the List and on an ongoing basis when its Shares have been admitted to the List.

Compliance adviser appointed to assist for a specified period

7.2.4 (1) The DFSA may, by written notice, require a Reporting Entity to appoint a compliance adviser for a specified period to assist the Reporting Entity in meeting its continuing obligations under the Law and the Rules.

(2) A Reporting Entity that is required to appoint a compliance adviser in accordance with the requirements in this section must ensure that a compliance adviser continues to fulfil the role of compliance adviser until such time as the DFSA advises the Reporting Entity in writing that a compliance adviser is no longer required.

Obligations of a reporting entity in relation to its compliance adviser

7.2.5 Where a Person required to appoint a compliance adviser ~~Reporting Entity~~ is advised by its compliance adviser that it is failing or has failed to comply with its obligations under the Law and the Rules, the Person ~~Reporting Entity~~ must without undue delay:

(a) take reasonable steps to rectify the failure as soon as practicable; and

(b) if the Person ~~Reporting Entity~~ does not or is unable to rectify the failure as soon as practicable notify the DFSA of that fact.

7.2.6 A Person required to appoint a compliance adviser ~~Reporting Entity~~ must provide to the DFSA any information in such form and within such time as the DFSA may reasonably require regarding its compliance adviser or any advice the compliance adviser is providing, or has provided, to the Person ~~Reporting Entity~~ regarding its continuing obligations under the Law and the Rules.

7.2.7 A Person required to appoint a compliance adviser ~~Reporting Entity~~ must take reasonable steps to ensure its compliance adviser cooperates in any investigation conducted by the DFSA including answering promptly and openly any questions addressed to the compliance adviser, promptly producing the originals or copies of any relevant documents and attending before any meeting or hearing at which the compliance adviser is requested to appear.

Co-operation with compliance advisers

7.2.8 A Person required to appoint a compliance adviser ~~Reporting Entity~~ must take reasonable steps to ensure that it and its Employees:

(a) provide such assistance as the compliance adviser reasonably requires to discharge its duties;

(b) give the compliance adviser right of access at all reasonable times to relevant records and information;

(c) do not hinder or interfere with the compliance adviser's ability to discharge its duties;

(d) do not withhold information that would assist the compliance adviser advising the Person ~~Reporting Entity~~ of its duties;

(e) do not provide misleading or deceptive information to the compliance adviser; and

(f) report to the compliance adviser any matter which may significantly affect the financial position of the Person ~~Reporting Entity~~ or the price or value of the Securities.

Termination of compliance adviser

7.2.9 Where a Person ~~Reporting Entity~~ dismisses its compliance adviser, the Person ~~Reporting Entity~~ must advise the DFSA in writing without delay of the dismissal, giving details of all relevant facts and circumstances.

7.2.10 Where a compliance adviser resigns, the Person ~~Reporting Entity~~ must without delay advise the DFSA in writing of the resignation, giving details of all relevant facts and circumstances.

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9 THE LISTING RULES

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9.3 General eligibility requirements

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Audited financial statements

9.3.2 An Applicant must have published or filed audited accounts which:

(a) for a SME, cover a prior period of at least one year, or such longer period as the SME has been in operation, up to three years;

(b) in any other case, cover a prior period of three years, or such ~~any other~~ shorter period as may be acceptable to the DFSA;

(~~b~~c) are consolidated for the Applicant and any of its subsidiary undertakings;

(~~c~~d) have been prepared in accordance with IFRS or other standards acceptable to the DFSA; and

(~~d~~e) have been audited and reported on by auditors in accordance with auditing standards of the International Auditing and Assurance Standards Board (IAASB) or other standards acceptable to the DFSA.

Guidance

1. The DFSA may modify or waive Rule 9.3.2, if it is satisfied that it is desirable in the interests of investors and that investors have the necessary information available to arrive at an informed judgement about the Issuer and the Shares for which a Listing is sought.

2. The DFSA would accept a shorter period than three years for an Applicant that is not a SME, depending on the nature of the Applicant's business and any other material considerations, for example, where the Issuer has been in operation for less than 3 years.

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Market capitalisation

9.3.9 (1) An Applicant must ensure that the Securities which it seeks to list have an expected aggregate market value at the time of listing of at least:

(a) $100 million for Shares; and

(b) $2 million for Debentures.

(2) The requirement in (1)(a) does not apply to an Applicant that is a SME.

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Lock-in for existing SME shareholders

9.3.11 (1) A SME Applicant must demonstrate to the DFSA's satisfaction that all pre-listing shareholders have agreed not to dispose of any interest in its Securities for a period of 24 months from the date of admission of its Shares to the List.

(2) The requirement in (1) does not apply to the disposal of any interest in Securities where such disposal:

(a) is required pursuant to the order of a court of a competent jurisdiction;

(b) results from the death of a pre-listing shareholder; or

(c) is made in acceptance of a takeover offer for the SME, which is made after its Shares are listed and is open to all shareholders.

(3) In (1) and (2), "pre-listing shareholder" means any Person that, immediately before the admission of a SME's Shares to the List, holds a legal or beneficial interest, whether direct or indirect, in one or more Shares issued by that SME.

Guidance

The DFSA may modify Rule 9.3.11(1) to allow a lock-in period of less than 24 months, but not less than 12 months, in appropriate circumstances. Such circumstances may include, for example, where pre-listing shareholders have a low level of involvement in the day-to-day operations of the SME, or the SME has pre-listing shareholders with insignificant shareholdings.

Whole class to be listed

9.3.11~~1~~2 An application for a class of Securities to be admitted to the List must:

(a) if no Securities of that class are already admitted to the List, relate to all Securities of that class, issued or proposed to be issued; or

(b) if Securities of that class are already admitted to the List, relate to all further Securities of that class, issued or proposed to be issued.

Settlement

9.3.11~~2~~3 To be admitted to the List:

(a) an Applicant's Securities must be eligible for electronic settlement; and

(b) the arrangements for settlement and clearing of trading in such Securities must be acceptable to the DFSA.

Warrants

9.3.11~~3~~4 (1) To be admitted to the List, the total of all issued Warrants to subscribe for Shares must not, subject to (2), exceed 20 per cent of the issued share capital of the Applicant as at the time of issue of the Warrants.

(2) Any rights under an employee share scheme are excluded from the twenty per cent calculation in (1).

Depository receipts

9.3.145 A Listed Entity in respect of Certificates which are depository receipts must ensure that:

(a) at the time of issue of such Certificates the payments received from the issue of the depository receipts are sufficient to meet the payments required for the issuance of the underlying Securities; and

(b) the underlying Securities or any rights, monies or benefits related to the underlying Securities are not treated as assets or liabilities of the Issuer of the Certificates under the law, whether for the purposes of insolvency or otherwise.

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