

Annex B

In this annex underlining indicates new text. The numbering used in this chapter is for reference purposes only. It does not indicate the same numbering which will be used if the proposed changes will be inserted into the OSR.



The DFSA Rulebook

Enhanced Corporate Governance Regime for Reporting Entities

1 CORPORATE GOVERNANCE

1.1 Application

- 1.1.1** (1) This chapter applies to:
- (a) a Reporting Entity whose Shares or Certificates over its Shares admitted to an Official List of Securities;
 - (b) a Reporting Entity that has filed a Prospectus with the DFSA in accordance with the Markets Law;
 - (c) any other Reporting Entity as declared in writing by the DFSA in accordance with the Markets Law; or
 - (d) a Listed Fund and its Governing Body.
- (2) In this chapter, where relevant, a reference to a Reporting Entity must be construed as a reference to the Listed Fund and a reference to a shareholder must be construed as a reference to a member or a holder of units in the Listed Fund.

Guidance

1. This chapter is made for the purposes of Article 20 of the Markets Law 2004. It contains the mandatory principles of corporate governance for Reporting Entities and relevant Listed Funds.
2. This chapter is to be read in conjunction with App1 which sets out, by way of Guidance, the best practice standards relevant to each principle.
3. When applying the principles and the best practice standards, a Reporting Entity should take into consideration the nature, size and complexity of its business.

1.2 Corporate Governance Principles

Principle 1 – Governing Body

- 1.2.1** A Reporting Entity must be headed by an effective Governing Body which is collectively responsible for the proper leadership and control of the Reporting Entity.

Principle 2 – Division of Responsibilities

- 1.2.2** A Reporting Entity must have a clear and appropriate division of responsibilities amongst and between senior management and the Governing Body.

Principle 3 – Systems of Management

1.2.3 A Reporting Entity must establish a sound system of management, risk oversight and internal controls.

Principle 4 – Rights of Shareholders

1.2.4 A Reporting Entity must respect the rights of shareholders and facilitate the effective exercise of those rights, including preventing abuse or oppression of minority shareholders.

Principle 5 – Supply of Information

1.2.5 A Reporting Entity must supply its Governing Body in a timely manner with information in a form and of a quality appropriate to enable the Governing Body to discharge its duties effectively.

Principle 6 –Position and Prospects

1.2.6 The Reporting Entity must present a true, balanced and understandable assessment of the Reporting Entity's position and prospects when making financial reports and other relevant disclosures of information to the market.