

Great Naruto Bridge (on the cover) is a large suspension bridge that stretches across the Naruto Strait connecting Awaji city in Hyogo and Naruto Town in Naruto city, Tokushima prefecture. It is one of the routes connecting Honshu, the main island of Japan and the Shikoku Region of

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Foreword



Nasdaq Dubai is the ideal IPO platform for companies based in the region, as well as overseas companies that are active within it. As the international exchange in the Middle East, we provide seamless access to international as well as regional investors. Our regulatory framework allows owners to keep control of their company beyond the IPO, as well choose the IPO price through a bookbuild process in the international manner.

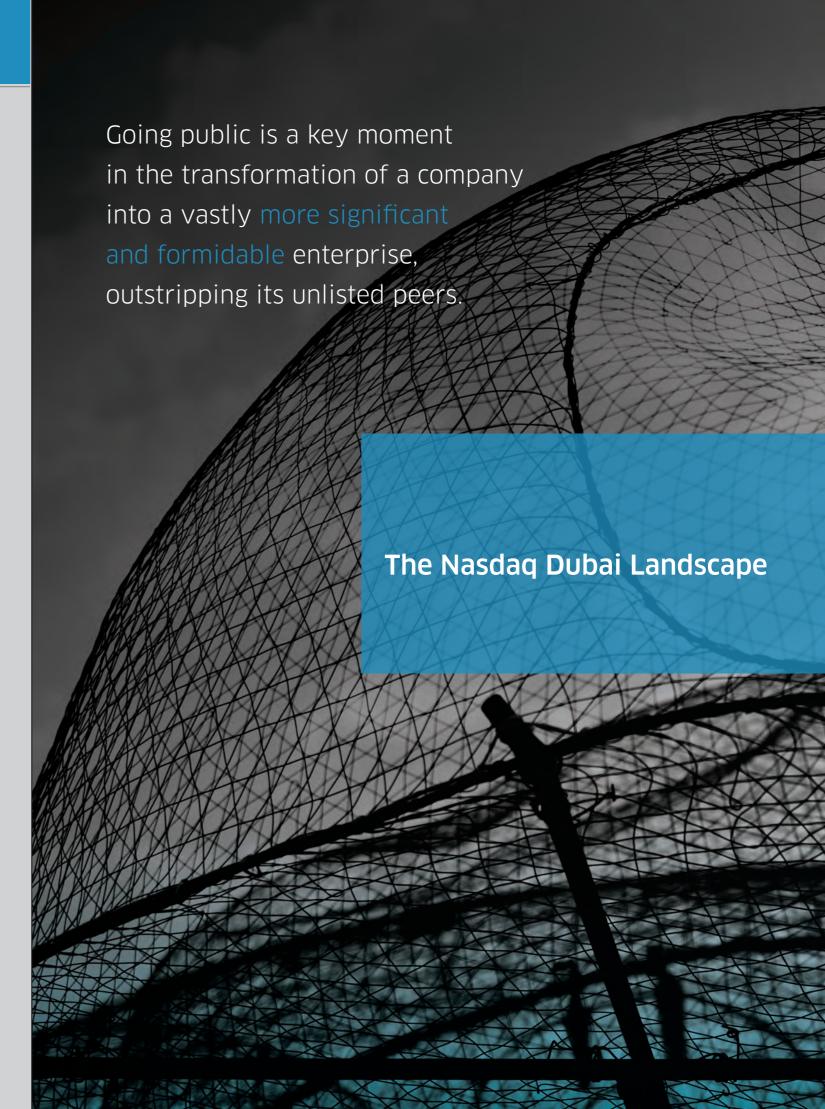
An IPO on Nasdaq Dubai can act as a launch pad for a company to enter a new phase of growth, by supplying an injection of capital, an increase in global visibility and the extra credibility that comes with listed status.

Based in the Dubai International Financial Centre (DIFC) free zone, Nasdaq Dubai is the leading force in the expansion of Dubai's capital market infrastructure. Our commitment to international best practice benefits issuers and investors alike. As one of our listed companies, you may also be eligible for inclusion on our exciting equity futures market, which is unique in the region.

Nasdaq Dubai is ready to work with you every step of the way towards a successful IPO. We will support you afterwards as well as in many ways, ranging from marketing projects to investor relations initiatives and providing a venue for further capital raising.

An IPO is not suitable, or desirable, for every company. But for businesses that are ambitious to expand and committed to effective corporate governance, the IPO route is a wonderful opportunity. I look forward to discussing how it may be the right way forward for your company.

Hamed Ali | Chief Executive Officer



Introduction to Nasdaq Dubai

Nasdaq Dubai is the international stock exchange between Western Europe and East Asia. Its unique market enables companies to list in the Middle East under an international brand name, with easy access for both regional and international investors. No other stock exchange in the world provides such comprehensive links both inside and outside the region.

The standards of Nasdaq Dubai are comparable to those of leading international exchanges in New York, London and Hong Kong. Its regulator, the Dubai Financial Services Authority (DFSA), has a regulatory regime comparable to international regulators in developed markets, providing oversight of Nasdaq Dubai and its listed companies.

The exchange's location in the Dubai International Financial Centre (DIFC) places it at the heart of the region's financial ecosystem. Two thirds of the shares in Nasdaq Dubai are

owned by Dubai Financial Market (DFM) and one third by Borse Dubai. Borse Dubai is a major shareholder in Nasdaq Inc. one of the largest and most successful exchange groups in the world.

Among the prominent companies listed on Nasdaq Dubai are DP World, which carried out the Middle East's then largest initial public offering (IPO) in 2007 raising USD4.96 billion, and Egypt's Orascom Construction, which carried out a primary listing on Nasdaq Dubai in March 2015. The exchange is the pioneer of REIT listings in the GCC, with its latest REIT IPO being ENBD REIT in March 2017.

Nasdaq Dubai opened an equity futures market in September 2016 and expanded to include UAE equity indices in February 2018. In early 2019 it added Saudi Single Stock and Index Futures. In due course the exchange plans to list futures on equities listed in other countries, as well as

options. The exchange is also active in many other asset classes, including Sukuk, for which it is one of the the largest exchanges in the world by listed value. Nasdaq Dubai intends to expand these and other sectors as it pursues its strategy of creating new opportunities that are tailored for issuers and investors in its region and beyond.

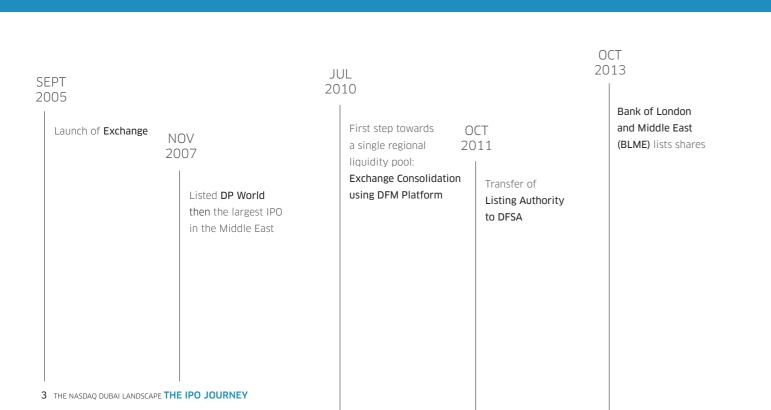
Nasdaq Dubai's equities and futures trading takes place on the trading platform of DFM. This facilitates access for DFM's more than 840,000 individual investors, bringing them together in one deep liquidity pool with Nasdaq Dubai's institutional investors.

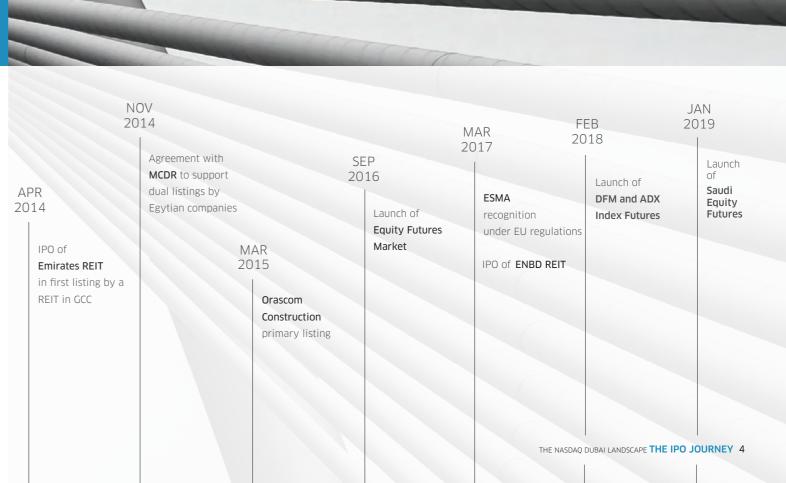
The Listing Authority for Nasdaq Dubai is Dubai Financial Services Authority (DFSA). As well as being in line with best international practice, this framework provides a streamlined listing process, enabling issuers to list their companies on the exchange in an efficient and timely manner.

In 2012, the DFSA reduced the minimum market capitalisation requirement for companies to list to USD10 million, from USD50 million previously. This change has opened the door to listings by small and medium-sized enterprises, including family owned businesses.

Nasdaq Dubai continues to expand its connections as part of the international capital markets community. In March 2017 the European Securities and Markets Authority (ESMA) recognised Nasdaq Dubai as a third-country central counterparty (CCP) under EU regulations. This enables banks based in the EU to apply to become Clearing Members on the exchange for both equities and equity futures, adding new impetus to the exchange's markets.

No other stock exchange in the world provides such comprehensive links both inside and outside the region.





Benefits of going public

A successful company can follow a number of financing paths towards growth and development. As it maps out its strategy, it should be aware of the many benefits of an IPO:

Access to capital

- New shareholders provide finance to expand and prosper, without creating debt.
- Capital raised can be used to finance acquisitions.
- Once listed, a company can issue more shares to raise further capital and expand its shareholder base as well as enjoy a wider range of other financing options.
- A listing provides an objective valuation of your business.

Robust structure

- ➤ A listed company is structured to have an effective Board of Directors, good corporate governance and sound financial procedures.
- The public disclosures that are made by a listed company enhance its transparency, increasing public trust
- Together, these attributes enhance a company's long-term prospects.

Higher profile

- As a listed company, your performance will be highly visible to the public and may be reported extensively by the media.
- Listed status will strengthen your credibility with business partners, customers and employees.
- Research analysts at investment banks might include your company in their coverage, increasing investor awareness of its activities.

Employee performance

- Stock option schemes can be offered to staff, promoting higher performance and helping attract and retain talented employees.
- Executives in particular can be paid through a mix of salary and share options, in line with common international practice.

Exit strategy

- A listing gives owners a long-term strategy to sell the whole company if they wish.
- ▶ It is easier to sell publicly traded stocks at their true value than private holdings.

Not every company is suitable for an IPO, or wishes to undertake one. Owners must be prepared for:

- ▶ Changes to the manner in which the company is run, both strategically and day-to-day.
- Public disclosure of accounts.
- Ongoing public disclosures about the company's activities.
- Questioning from shareholders and the media.

The Nasdag Dubai advantage

Nasdag Dubai's unique market offers many benefits:

Flexibility

- Maintain control of your company by selling as little as 25% of its shares when you list or more if you prefer. List without any foreign ownership restrictions imposed by the exchange (though UAE law restricting foreign ownership applies in some circumstances).
- ▶ Choose between a bookbuilding process, which enables you to sell shares at their market value when you IPO, or a fixed price.
- Sell some of your own shares in the IPO, as well as issue new shares. Certain other exchanges do not permit owners to sell their own shares in an IPO.

Global and regional branding

- Leverage the 'Nasdaq' brand to support your international status.
- Increase your exposure by ringing the Nasdaq Dubai opening bell at MarketSite and displaying a message on the Nasdaq Tower in Times Square, New York.
- Publicise your brand and trading symbol on Nasdaq Dubai's and DFM's trading platform and websites.

Investor access

- Link to investors in the region and across the world through nearly all the largest UAE brokers and largest global investment banks
- Large companies may be eligible to join the FTSE NASDAQ Dubai UAE 20 Index, which is designed to attract international as well as regional investors.
- Participate in investor conferences organized by the exchange and leading investment banks and other advisors.

Liquidity: Two Exchanges, One Market

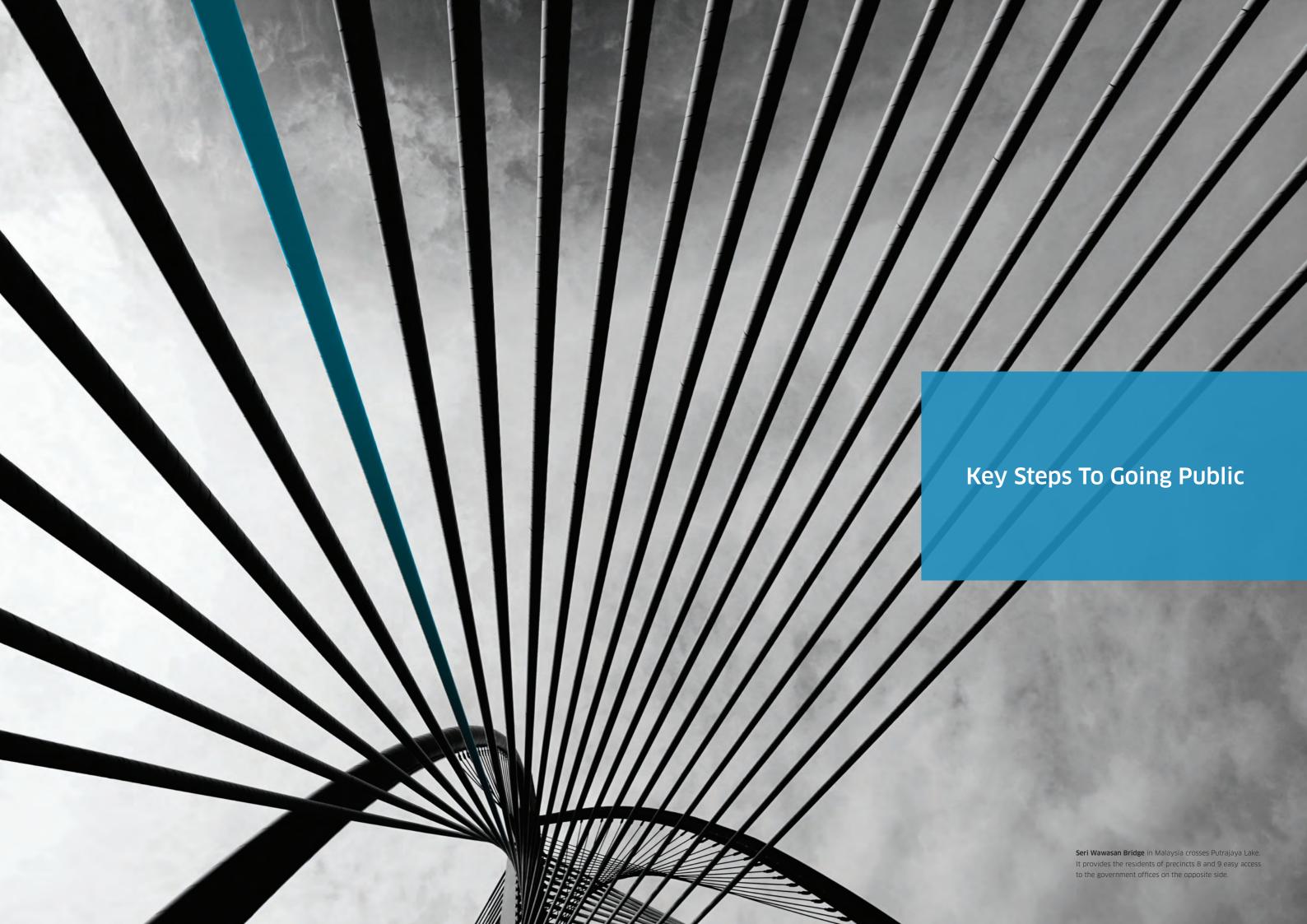
- Nasdaq Dubai shares are traded on the DFM platform, placing them in a pool of more than 70 companies listed on the two exchanges.
- The platform links more than 500,000 registered DFM individual investors in the region with Nasdaq Dubai's institutional investors around the world, providing deep liquidity.
- Unlike many other exchanges in the region, Nasdaq Dubai enables its listed companies to appoint brokers as market makers, which facilitate liquidity by maintaining both buy and sell orders simultaneously.

Regulation and Law

- Nasdaq Dubai is regulated to international standards by the DFSA, the regulator in the DIFC free zone.
- The company and commercial laws that govern the DIFC, and therefore Nasdaq Dubai, are based on principles of English common law and tailored to the needs of the region.

Futures

- Nasdag Dubai's listed companies may be eligible for inclusion in the exchange's equity futures market.
- Trading in futures can enhance liquidity in the underlying stock and increase the company's visibility.



Groundwork: Key advisors in the IPO process

In order to carry out an IPO, a company may appoint a variety of external advisors. These possess the expert knowledge required to ensure that the flotation is a success. They perform different but interdependent roles and will have to work successfully together, as well as with the company. It is important to achieve the right 'chemistry' among the advisors that are selected. Companies benefit from appointing advisors as early as is practicable on their journey towards an IPO, in order to ensure that all goes smoothly.

In the run up to the IPO, a company should consider appointing one of its senior team to manage the IPO process and be the principal day to day coordinator of the advisory group. This will help streamline activities and decision making as well as reduce the day to day impact on the CEO and CFO. This appointee is typically Head of Strategy or the Investor Relations Officer (IRO)

The diagram below provides a summary of key advisors and their responsibilities.

Change in company mindset

When facing changes in life, we prepare and plan for them. This helps us to manage any process in an efficient manner and address challenges ahead, which leads to a high level of success. Companies are no different. They need to prepare for changes just as individuals do and one of the most significant adjustments in a company's life occurs when it lists on a stock exchange through an IPO – also known as going public.

Making a success of being a listed company is not merely

about compliance with listing rules or welcoming a new and broader investor base. It is also about a fundamental change in corporate mindset, which impacts the approachand behaviour of the Board of Directors and senior management. The interests of the new stakeholders need to be understood and taken into account. It is vital to recognise the need for this adjustment and manage the way in which it is implemented well ahead of listing. Areas of the business that typically need to change or be enhanced prior to a listing include:

Legal advisors are responsible for all legal and regulatory requirements of the IPO process. Legal advisors They verify, amongst other things, the prospectus and assist with legal due diligence. Investment banks are the guides of the overall IPO process. Amongst other things, they help Investment banks market the company to investors, and communicate with the exchange and the regulator. The IPO company Public relations agencies position the company in terms of perception. Amongst other things, Public relations agency they plan media relations and marketing to retail investors. Reporting accountants support the investment bank and the company in fulfilling its regulatory Reporting accountant obligations by providing both with financial due diligence support.

Corporate governance

Many private businesses are managed by the founder, or relatives and friends, and decisions are sometimes made with little consultation or formal approval process. When going public, listing rules require strong governance structures to be implemented with specific emphasis placed on the responsibilities and decision-making powers of the Board, together with its membership and protocols.

Transparency

Information that was previously shared only with a small stakeholder base as a private company needs to be made available to a much wider base when a company is public. Understanding what information needs to be disclosed, and when, is a fundamental element of transitioning from being a private to public company.

Financial reporting and controls

Management should assess the company's ability to comply with ongoing obligations such as publishing annual financial statements or interim financial information within exchange reporting timeframes. In addition, management will need to assess adequacy of internal financial processes and controls as a public company.

Management team

Investors will keenly assess the management team and their credentials for taking the business they invest in to the next level. Accordingly, it is important as part of the listing preparation that the Board critically assesses company management and determines if changes or enhancements need to be made and where.

Transparent legal structure

The current group structure should be reviewed to optimise reporting lines, make use of beneficial tax jurisdictions and streamline legal structures. This generally allows management to better explain the company's equity story.

Myths About Going Public

Certain myths around going public, commonly held by founders and other stakeholders of companies, need to be dispelled. These include:

Owners will lose control of the company

The minimum free float requirement on Nasdag Dubai of normally just 25% of the shares allows the owners of the company to retain control after listing.

The IPO process is unduly complicated

The IPO process is well within the capacity of the owners and managers of any successful business. With adequate preparation, and access to high quality external advisors, the route to a listing is far from a daunting one. It can be viewed as a series of steps, each of which is readily achievable.

Going public is unduly expensive

An IPO can bring down the cost of capital in the long-term, compared to other ways of raising finance. This can make going public highly cost effective, even after fees are taken into account.

Any company can be made ready for IPO very quickly

The IPO process, though straightforward, can be lengthy. Some companies believe they are ready to go public before they truly are. It is therefore important to spend sufficient time planning the IPO, readying the business for the changes that need to be made to be a public company and then implementing those changes ahead of the IPO.

An IPO is suitable only for large companies

A company can carry out an IPO on Nasdaq Dubai with a market capitalisation of as little as USD10 million. This opens the door to many family and other businesses of small to medium size. The key consideration is the quality of the company, rather than how large it is.

Owners may not sell their own shares in an IPO

While this is true on many exchanges in the region, an IPO on Nasdaq Dubai does allow existing shareholders to sell their own shares to raise capital for themselves.

Corporate governance

The corporate governance requirements for a company listed on Nasdaq Dubai are similar to those applicable in the UK under the Combined Code on Corporate Governance. The Markets Law DIFC No. 1 of 2012, as amended by DIFC Law No. 1 of 2014, which is administered by the DFSA, imposes an overarching governance principle, requiring a company to have in place a corporate governance framework which is adequate to promote prudent and sound management in the long-term interests of the company and its shareholders. Good corporate governance is much more

It can also bring practical benefits by improving efficiency and procedures, leading to higher valuation of the company's

The overarching principle imposed by the Markets Law is supported by seven subsidiary governance principles which have the force of binding Markets Rules. However the best practice standards issued under these principles are designed to provide flexibility so that a company may achieve the outcome intended by the principles whilst taking into account the nature, scale and complexity of its business - a "comply

Board of Directors

Every listed company must have an effective Board which is collectively accountable for ensuring sound and prudent management.

Division of responsibilities

A separation must be maintained between the functions of setting a company's strategic aims and oversight on the one hand, and day-to-day management of the business on the other.

Board composition and resources

The Board and its committees must have the appropriate balance of skills, experience, independence and knowledge of the company's business, as well as adequate resources, including access to expertise as required and timely and comprehensive information relating to the affairs of the company.

Risk management and internal control systems

The Board must ensure that the company has an effective and well defined risk management, internal control and compliance framework.

Shareholder rights and effective dialogue

This principle refers to the safeguarding of shareholder rights and protection of minority shareholders from abuse or oppression.

Position and prospects

The Board must ensure that the company's financial and other reports present an accurate, balanced and understandable assessment of the company's financial position and prospects by ensuring that effective internal risk control and reporting requirements are in place.

Remuneration

The Board must ensure that the company has renumeration structures and strategies that are well aligned with its long term interests.

11 KEYS TO GOING PUBLIC THE IPO JOURNEY KEYS TO GOING PUBLIC THE IPO JOURNEY 12 The Markets Rules contain other corporate governance provisions, including the duty of Directors to act in good faith and on an informed basis and to exercise due diligence in discharging their functions.

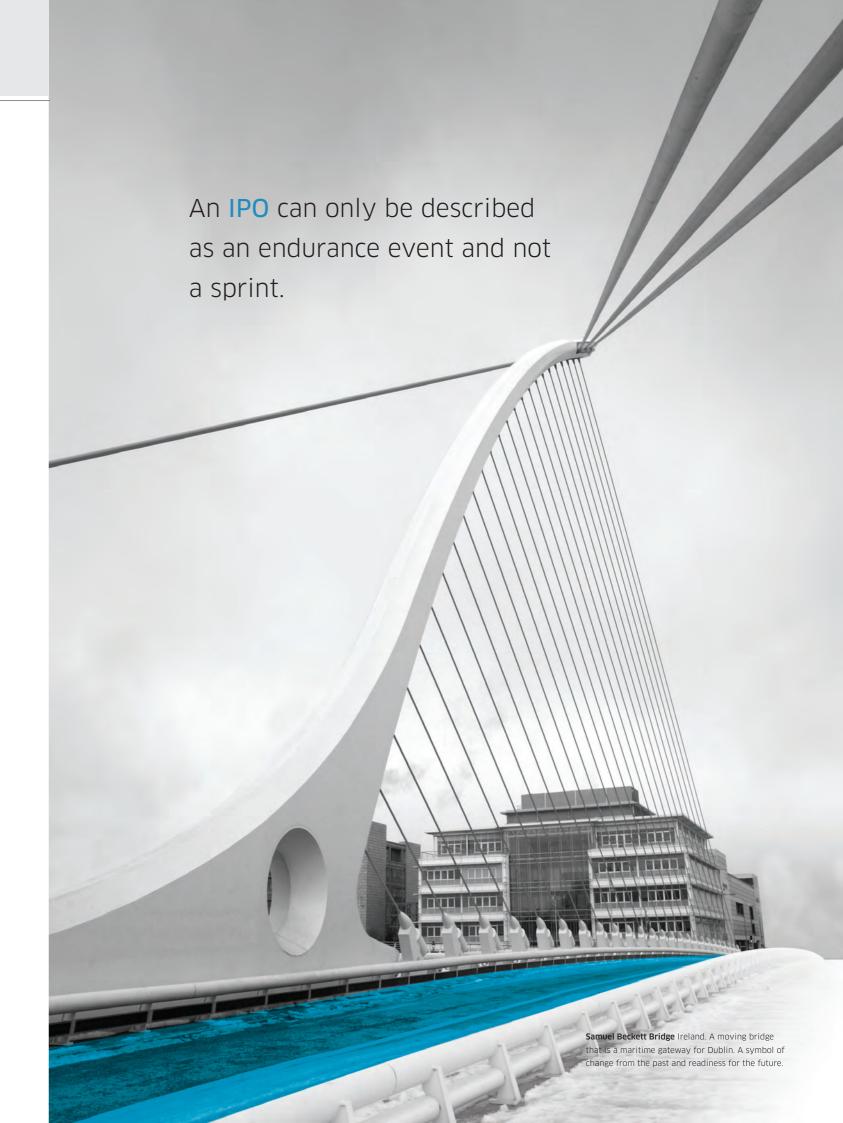
The Markets Rules employ three separate definitions – 'Restricted Persons', 'Related Parties', and 'Connected Persons', with corresponding provisions restricting transactions between them and a listed company and its shares. There is some overlap between these definitions.

Restricted Persons The Markets Rules include a concept of a 'close period' during which dealings in the company's shares are prohibited, unless prior clearance for those deadlines is obtained. This is to ensure that dealings do not take place when Restricted Persons are likely to have access to important information about the company that is not known publicly. Under the Markets Rules, the close period for a listed company runs from the end of a period for which a financial report must be issued to the time of the announcement or publication of the report. Restricted Persons include individuals involved in the senior management of the company, such as executive Directors and other senior executives.

Related Parties are persons who are or were within the last 12 months a Director or person involved in the senior management of the company or who owns or owned securities carrying more than 5% of voting rights.

Connected Persons include anyone who owns securities carrying more than 5% of the voting rights of a listed company, or of an entity that controls the company.

A company is also required to adhere, after listing, to the corporate governance principles set out in Chapter 3 of the Markets Rules and the best practice standards contained in Appendix 4 to the Markets Rules.

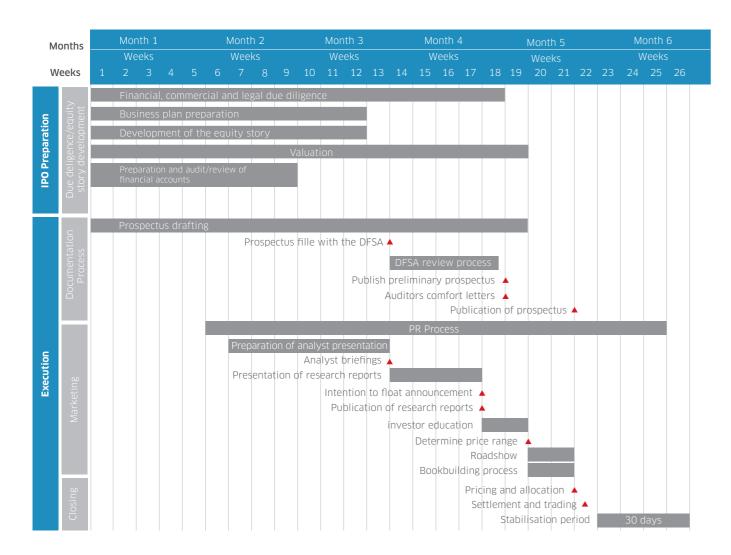


Regulatory framework governing an IPO on Nasdaq Dubai

Once a company has laid the groundwork for an IPO as detailed above, it is ready to undertake the technical procedures that are necessary to achieve a listing. These procedures can take several months of careful execution by a dedicated team of senior company managers, working hand-in-glove with a well integrated team of external advisors – bankers, lawyers, accountants, PR consultants and others. A major time commitment on the part of company management is required, with key individuals being involved

in the day-to-day progression of the IPO. Some diversion of management time away from running the business and into drafting and strategy meetings with bankers and lawyers is inevitable, and a successful issuer will put in place a plan to ensure that both the operational requirements of the company and the demands of the IPO process are given appropriate management focus. An IPO can only be described as an endurance event and not a sprint.

The IPO Timetable*



*The timetable is indicative. Timing varies from offer to offer.

Source: HSBC

One of the first decisions that needs to be taken in any IPO process is where to list. The choice of listing venue is critical not only for marketing purposes but also because it will determine the rules and procedures to which the issuer will be subject – both for the content of the IPO offer document, usually called a prospectus, and the ongoing requirements that will apply after listing. It will also determine the identity of the regulator or regulators with which the company and its advisors will be dealing over the course of the IPO process.

The regulatory architecture of the DIFC, where Nasdaq Dubai is located, is tailor made to enable potential issuers on the exchange to meet the challenges of undertaking their IPO and conducting themselves as publicly listed companies thereafter. It is designed as a world class legal and regulatory system, offering appropriate regulation and investor protection in a pro-business jurisdiction set within a tax-free environment with all the benefits of its location in Dubai.

A company undertaking an IPO on Nasdaq Dubai must satisfy the requirements of both the DFSA, which is the financial regulator in the DIFC, and the requirements of Nasdaq Dubai itself.

An IPO on Nasdaq Dubai requires two successful applications:

1. To the **DFSA** for admission of the company's securities to the Official List of Securities; and

To Nasdaq Dubai for admission of the company's securities to trading on the exchange in accordance with its Admission and Disclosure Standards.

This split in function between the DFSA as the Listing Authority and the exchange mirrors the position in other leading financial centres, most notably in London. It is designed to reduce the risk of a conflict of interest arising between two potentially competing aims - the exchange's desire to attract the widest possible range of issuers to list on its market, on the one hand, and the Listing Authority's responsibility to ensure an appropriately well-regulated marketplace, on the other. A company preparing to IPO on Nasdag Dubai will therefore establish a dialogue with both the DFSA and Nasdag Dubai concurrently. One key step is an application to the DFSA for approval of the company's prospectus which sets out the company background, risk factors, and terms of the offer of shares to the public. This application must be successful if the application to the DFSA for admission to the Official List is also to succeed. Along with the application to Nasdag Dubai for admission to trading these applications are typically made 28 working days before the day on which the company's shares eventually list. This is also the day on which the company's shares start to trade on the exchange

IPO timetable for legal documentation

			28 Days	8 Days	7 Days	5 Days	
	Issuer appoints advisors	Submission of draft prospectus DFSA and Nasdaq Dubai	Application to DFSA for prospectus approval	Prospectus approval by DFSA	Final Listing Application to DFSA	Conditional Listing approval by DFSA	Admission to Official List
Number of days							Listing Day
before listing		Draft Prospectus vetting					
	Initial meeting with DFSA and Nasdaq Dubai		Initial Trading Application to Nasdaq Dubai		Final Trading Application to Nasdaq Dubai	Approval for Admission to Trading	Admission to Trading

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KEYS TO GOING PUBLIC THE IPO JOURNEY

Introduction to the legal and regulatory architecture of DIFC

IPOs on Nasdaq Dubai are principally governed by the DIFC's Markets Law and by the Markets Rules, published by the DFSA under the Markets Law. The Markets Law and the Markets Rules came into force in 2012 after a public consultation process. They are intended to be user-friendly and intuitive, and are in line with EU norms. The Markets Rules will be familiar to those accustomed to

the listing framework operated by the Financial Conduct Authority in the United Kingdom. The Markets Rules are principle-based, with extensive guidance notes.

Eligibility requirements for listing

A company must meet a number of DFSA eligibility requirements under Chapter 9 of the Markets Rules, set out below. They include a requirement that the company must have a market capitalisation of at least USD10 million and that it must normally maintain a free float of at least 25%.

DFSA Eligibility Requirements for Admission to Official List

The Company's Shares

- ▶ Minimum market capitalisation of USD10 million
- ▶ 25% "free float" requirement at the time of listing
- Shares must be freely transferable
- Shares must be fully paid and free from any liens or restrictions on transfer
- Shares must be duly authorised and validly issued under the laws of jurisdiction where issuer is incorporated

Management

- Management must have appropriate experience for the business operated by the company
- Adequate systems in place to eliminate or manage material conflicts of interest
- ► Adequate systems in place to enable business to be run independently of controlling shareholders

Incorporation

- Duly incorporated in home jurisdiction
 Validly existing
- ► Compliance with own constitutional documents

General Suitability

- ▶ DFSA has broad powers to determine suitability for listing
- ► Ability to comply with ongoing requirements
- ► Integrity issues and reputational considerations for the DIFC

Financials

- Typically requires 3 years of audited financial statements
- Prepared in accordance with IFRS and audited in accordance with the auditing standards of the IAASB.
- ▶ Consolidated to cover all subsidiaries of the issuer
- DFSA has the power to waive or modify these requirements
- Waivers and modifications most typically seen where there has been a restructuring or where issuer is less than 3 years old

Requirement for prospectus

As is the case in any comparable jurisdiction, an IPO in the DIFC requires the publication by the company of a formal offering document – known in the DIFC as a prospectus. A prospectus serves a number of important purposes. In particular:

- ► It contains the contractual offer by the issuer of securities for sale or subscription by investors.
- ► It contains important information about the issuer and the risks associated with investing in its securities, with the aim of providing investors with an informed basis on which to decide whether or not they wish to invest.
- ► By ensuring full disclosure of the risks associated with investing in its securities, a company gives

- potential investors the opportunity to factor in such risks when evaluating what price they are willing to pay for the shares.
- A prospectus is a company's key marketing tool in an IPO. Overall, it should contain sufficient accurate information about all the aspects of a company's business to attract investors to subscribe to the shares.

Approval of prospectus

The publication of a prospectus requires the prior approval of the DFSA. The DFSA will approve a prospectus only if it is satisfied that among other things the document complies with the content requirements set out in the Markets Rules.

Given the amount of information required to be contained in a prospectus, and the length of time it usually takes to finalise it, frequent dialogue with the DFSA about its content is advisable. Unlike in some other jurisdictions (such as the United States), the DFSA adopts the approach taken in the UK whereby it encourages a company to share with it interim drafts of the prospectus on a confidential basis. A designated case officer in the DFSA will be its central point of contact there throughout the approval process.

The DFSA and the company (and the company's legal and financial advisors) will remain in close contact throughout the prospectus drafting process, with the deal team submitting, and the DFSA providing its comments on, a number of interim drafts. As a result, when the final version of the prospectus is submitted for the DFSA's final approval at the end of the

process (shortly before launch of the IPO), the DFSA will be very familiar with the document. This reduces the time it will then take to grant final approval. The Markets Rules also set out the formalities – such as fees and application forms – that are to be followed.

The DFSA is responsive and keen to work with issuers and their advisory teams in order to meet the issuer's realistic timetable expectations. Whilst not bound by rigid response times, the DFSA has indicated that it will generally review a sufficiently advanced first draft of a prospectus within about 10 business days of receiving it, with further drafts hopefully being reviewed by the DFSA within five business days. Assuming the comment phase is relatively straightforward, subsequent drafts can be reviewed and commented on by the DFSA on an incrementally shorter period basis as the document becomes increasingly finalised ahead of final approval of the final version.

Contents of prospectus

Appendix 1 of the Markets Rules sets out the contents requirements for a prospectus. It must be in the English language and must contain a description of the company's business, information about its owners, Directors and senior management. It must also explain the company's reasons for carrying out an IPO and contain further information set out in the table below:

DFSA Prospectus content requirements

- ► Financials (typically three years audited)
- ► Working capital statement
- ► Management discussion and analysis of financial information
- ▶ Description of business
- ► Strengths and strategies
- ► Industry overview
- Overview of markets in which issuer operates
- ► Information about the issuer's current shareholders, Board and senior management

- ▶ English language
- ► Clear and comprehensible Summary section
- ► Regulatory disclaimer
- ► Selling restrictions
- ► Disclaimers for the DIFC in the form required by the Rules

General terms of the offer:

- ► Reasons for offer
- ► Intended use of proceeds
- Dividend policy

"Risk Factors" section describing risks associated with

- ▶ The issuer
- ▶ Its business
- ▶ Industry sector
- ► Country risks
- ➤ Risk relating to shares and the offer

Source: Latham and Watkins

It is an iterative process. The DFSA may require other specific disclosures before it will approve the prospectus.

The Markets Rules also contain general principles requiring that a prospectus be drafted and laid out in a manner that is comprehensible and easy to analyse, and contain regulatory statements regarding responsibility for, and liability arising in connection with, the prospectus. Significant local and international precedent exists for the form and content of a prospectus, and legal advisors in the DIFC are familiar with the expectations of the regulator and investors in this regard. The DFSA provides formal contents checklists for a prospectus which should accompany each submission of the prospectus to the DFSA and the prospectus itself must be annotated in the margin to show cross-references to the particular content requirement in the Markets Rules.

Since a prospectus is a public document that will generally be distributed in both hard copy and electronic format, care must be taken not to inadvertently distribute the document in, or make an unintentional offering of securities to investors in, a jurisdiction where the document does not meet local legal and regulatory requirements. Several major jurisdictions (such as Australia, Canada, Hong Kong, Japan, Singapore, Switzerland, the United States and the United Kingdom and other member states of the European Economic Area) as well as a number of regional jurisdictions (such as Kuwait and Saudi Arabia) have restrictions in place regarding unauthorised securities offerings. In order to minimise the risk of inadvertently violating such a restriction and potentially exposing the company to penalties, it is customary for lawyers to include appropriate disclaimers in the prospectus and provide advice on practical steps that can be taken.

Validity of prospectus

The Markets Rules provide that a prospectus is generally valid for 12 months from the date on which it is approved by the DFSA. Securities must not be offered for sale or subscription if a prospectus is no longer valid.

Responsibility for prospectus

As well as being a marketing document used to sell the IPO to investors, a prospectus is a legal document. The general position under the Markets Rules is that the issuer and each of its Directors is responsible for the entire contents of a prospectus (together with any other person who has consented to be, and is, named in the prospectus as taking such responsibility). As a result, not only is the company potentially liable in the event that an investor suffers loss as a result of a misleading statement contained in, or an omission from, the prospectus, but each Director may be personally liable as well. The prospectus is the principal legal document upon which investors are entitled to rely, and which they are directed to use to reach an informed decision as to whether to invest in the IPO process. Because of the legal liability and reputational credibility attached to a prospectus, a number of formal elements are typically built into any IPO process so as to (i) focus the attention of Directors on the prospectus and ensure that they read it and expressly authorise its publication; and (ii) minimise the possibility of errors or misleading statements in, or material omissions from, the prospectus. These steps include:

Having each Director sign a formal responsibility statement confirming he has read the prospectus, understands that he is personally liable for its contents and accepts such liability and authorises its publication.

Conducting a thorough verification process, involving the legal and financial advisors and the accountants working with the company to ensure relevant sections of the prospectus are accurate.

Performing extensive due diligence to ensure that there are no impediments to the IPO proceeding and that all material facts relating to the company are adequately disclosed in the prospectus. Legal due diligence includes an assessment of the company's constitutional documents, major contracts, joint ventures, litigation and other matters that might affect the offering. Financial due diligence includes examining the company's accounts. Due diligence should begin as early as possible with the help of the company's advisors, with a view to resolving matters that might affect the IPO or disclosing them in the prospectus.

Organising a 'bring-down' conference call with the company's Board of Directors and external advisors including legal counsel, usually the night before launching the IPO and sometimes again the night before the listing. The aim of this call is to confirm that, since the date on which the prospectus was finalised (and printed), nothing has happened or come to light that causes the prospectus to be inaccurate, misleading or lacking in any material respect, or which materially affects the offer.

Sponsors

Under Chapter 7 of the Markets Rules, the DFSA may, in its discretion, require a sponsor (usually an investment bank) to be appointed by a company on a case by case basis. The DFSA has given guidance that it may require a sponsor to be appointed in circumstances where a company does not have a proven track record. If appointed, a sponsor has various duties set out in the Markets Rules, principally to make a declaration to the DFSA that it has satisfied itself that the company has complied with the Markets Law and the Markets Rules. The DFSA may also require, in certain circumstances, a company to appoint a compliance adviser after listing in order to assist the company with complying with its continuing obligations under the Markets Law and Markets Rules, as well as under the Admission and Disclosure Standards (ADS).

Foreign ownership

The DFSA imposes no restrictions on foreign ownership of listed companies, and there are no foreign ownership restrictions under DIFC law for holding companies incorporated in the DIFC. Companies incorporated in other free zones in the UAE are also not subject to foreign ownership restrictions. However, companies based elsewhere in the UAE may be subject to foreign ownership limits under UAE Commercial Companies law, whereby no more than 49% of a company may be owned by foreign nationals. In practice, this may mean that a listed DIFC holding company which owns a UAE company that is not incorporated in a free zone may itself need to be 51% UAE-owned, to satisfy UAE company law requirements.

19 KEYS TO GOING PUBLIC THE IPO JOURNEY
KEYS TO GOING PUBLIC THE IPO JOURNEY

The Nasdag Dubai Process: Admission to trading

A two-stage process applies to a company that wishes to IPO on Nasdaq Dubai. As well as obtaining admission of its securities to the DFSA's Official List, the company must also ensure that its securities are accepted for admission to trading by Nasdaq Dubai under the exchange's Admission and Disclosure Standards (ADS).

To achieve this, a company must fulfill the following criteria:

Obtain admission of its securities to the DFSA's Official List.

Provide holders of the securities with secure methods of recording ownership and registering changes in ownership.

Admit all the securities of the class that is to be issued.

Enter into undertakings and abide by conditions as may be required by Nasdaq Dubai.

Comply with the appropriate requirements of any other relevant regulator and any other stock exchange or trading platform on which the company has securities admitted to trading.

Nasdaq Dubai must also be satisfied that conditions exist for sufficient supply and demand for the securities to facilitate reliable price formation process. In order to meet these conditions a company must demonstrate to the exchange that:

It will have a sufficient minimum number of bonafide shareholders, each holding securities of the company with a value of at least USD2,000; or

Bids and offers will be made available through the appointment of one or more market makers, by agreement between Nasdaq Dubai, the market maker and the company. A market maker is a broker that continuously provides both bid and offer orders in a stock.

As guidance, Nasdaq Dubai considers that 250 is a sufficient minimum number of bona fide shareholders and can permit a lower number at its discretion.

Admission process

Applicants are encouraged to approach Nasda Dubai along with their advisors as early as possible. Nasdaq Dubai will provide a high level overview of the requirements for admission to trading at this stage. A copy of the company's draft prospectus should be given to Nasdaq Dubai at the same time it is submitted to the DFSA. Nasdaq Dubai may make comments on the prospectus.



Initial application

The initial application for admission to trading should be submitted to Nasdaq Dubai before or at the latest at the same time an application is made to the DFSA for prospectus approval. The initial application for admission to trading must relate only to securities which are proposed to be admitted to trading and to all securities of that Class proposed to be issued. The initial application must include:

- ▶ A draft of the trading application form including all available information.
- A near final draft of the prospectus.
- Certified copies of all company Board Resolutions (or other appropriately authorised governance body) related to the authorising of raising capital and creation of securities. Nasdaq Dubai will review the submission to ensure compliance with the ADS. Any comments will be communicated to the company or its advisors.

Final application

Once the DFSA approves the prospectus, the final application for admission to trading should be submitted to Nasdag Dubai along with the application fee. The application should consist of

- ▶ A duly completed trading application form signed by the authorised parties.
- ▶ A copy of the final prospectus, approved by the DFSA.
- A copy of any waiver of the DFSA Markets Rules issued by the DFSA.
- Final versions of any other document requested by Nasdaq Dubai.

Admission

Upon receiving the final application, Nasdaq Dubai will review all documents and make a recommendation to the Nasdaq Dubai Admission Panel. The Admission Panel will review the application and reach a decision regarding admission to trading. The Admission Panel will consider the following points when reviewing an application:

- ▶ Company's compliance with the eligibility criteria in the ADS.
- ▶ Transferability of the securities.
- Liquidity of the securities.
- Suitability of the company and its securities and any possible adverse impact on the reputation of Nasdaq Dubai. Once the application has been approved, a date for listing and admission to trading (which take place simultaneously) is set, in consultation with the company and the DFSA. Trading begins when Nasdaq Dubai's market opens on that day.

IPO document checklist - listing and admission to trading

Documents required by the DFSA and Nasdaq Dubai include but are not limited to:

DFSA Documents

- 1. DFSA Application for the Approval of a Prospectus and the Admission of Securities to the Official List. (MKT 1 Form)
- 2. **DFSA** approved prospectus
- 3. Three years audited financial statements (in accordance with IFRS)
- 4. Certificate of incorporation
- 5. Board (or other authorised governance body) resolution authorising:
 - ▶ The issue and allotment of securities
 - ► The raising of capital and the filing of the DFSA listing application form
- 6. Memorandum and articles of association
- 7. Directors undertaking

Nasdag Dubai Documents

- 1. A duly completed trading application form signed by the relevant authorised parties (Form 1)
- 2. Certified copy of the articles of association or other document constituting the securities
- 3. Certified copies of the Board resolution authorising:
 - ▶ The issue and allotment of all securities for which admission is sought
 - ▶ The raising of capital and the filing of the trading application to Nasdaq Dubai
- 4. Audited annual reports and financial statements
- 5. Where an issuer is seeking a secondary listing, evidence that the class of securities is subject to a primary listing
- 6. Final copy of the **DFSA** approved prospectus
- 7. A copy of any waiver of the DFSA Markets Rules issued by the DFSA
- 8. A copy of an issuer's receipt of the DFSA's conditional approval of admission to the Official List
- 9. Executed Nasdaq Dubai CANDI issuer agreement, if applicable
- 10. Executed Nasdaq Dubai market maker agreement, if applicable
- 11. Executed Nasdaq Dubai registry agreement, if applicable

Accounting and finance requirements

Appropriate financial information, adequately communicated before the IPO, is essential to maintain credibility among investors, regulators, employees, and other stakeholders. A company must comply with specific financial reporting requirements as part of the listing process as follows:

Financial information typically included in the prospectus:

A company is required to publish financial statements and other financial information as part of the listing requirements. Presentation of certain financial information is mandatory whilst other information needs to be presented if certain conditions are met:

Audited financial statements

A company typically needs to include in the prospectus (or incorporate by reference) the most recent three years of audited financial statements. The financial statements should be prepared on a comprehensive accounting basis such as International Financial Reporting Standards (IFRS). If the issuer is the holding company of a group, it is expected that those financial statements would be prepared on a consolidated basis. Investors would expect the financial statements to be audited by an independent, qualified and competent auditor.

Unaudited interim financial information

A company may be requested by its leading investment bank adviser, and/or the regulator, to prepare interim financial information for a period of months after year end, for example quarterly or semi-annual financial information. It is expected that the interim financial information would be prepared in a similar manner as the annual audited financial statements. It should therefore be prepared using the same accounting principles (accounting policies, presentation requirements, etc.). The investment bank adviser might request the interim financial information to be subject to a limited review examination by the company's audit firm.

Non-GAAP measures

It is common for companies to measure their performance using ratios or financial measures that are not derived from generally accepted accounting principles ("GAAP"), although

GAAP is used as the basis for calculating these ratios or measures. It is common to find in a listing document reference to EBITDA, EBIT, return on equity, return on investment, cash assets, net debt, revenue per employee, etc.

Unaudited pro forma financial information

If a company will acquire or sell an entity, group or business which might have a significant impact on its operations, assets or revenues, it may be required to prepare financial information on a pro forma basis to articulate the impact that the acquisition or sale might have on the company's statement of financial position and statement of income. Unaudited pro forma financial information could be subject to special procedures from the company's audit firm summarised in a report covering adequacy of the compilation process. This information is not subject to an audit or review examination.

Unaudited prospective financial information

A company that elects to explain to prospective investors its expansion and growth expectations may opt to include prospective financial information in the prospectus, if the DFSA agrees. Unaudited prospective financial information could be subject to special procedures from the company's audit firm summarised in a report on adequacy of the compilation process and assumptions used. This information is not subject to an audit or review examination. The DFSA allows such prospective information to be included in the prospectus only in certain circumstances.

Financial information prepared for the purpose of IPO due diligence

The leading investment bank adviser - called the lead manager or sponsor - may request that, as part of its due diligence procedures, a company prepares certain financial information that would help satisfy the lead manager's due diligence responsibilities. This financial information remains private and not shared outside the advisors' group.

Business plan

A company's management is expected to prepare a five-year business plan to support and explain the company's growth and expansion plans. Among other data, this information will be used by the lead manage to determine the company's valuation ahead of meeting analysts and prospective investors. The business plan should be realistic and achievable and should consider the company's past trends and future economic and financial prospects.

Working capital model

Directors should prepare a working capital model to support a statement in the prospectus on sufficiency of working capital for the last 12 months following the IPO date, on the basis that the issuer has enough to fund its needs. The model should consider different downside scenarios, including a worst case scenario based on the assumptions used to build the model.

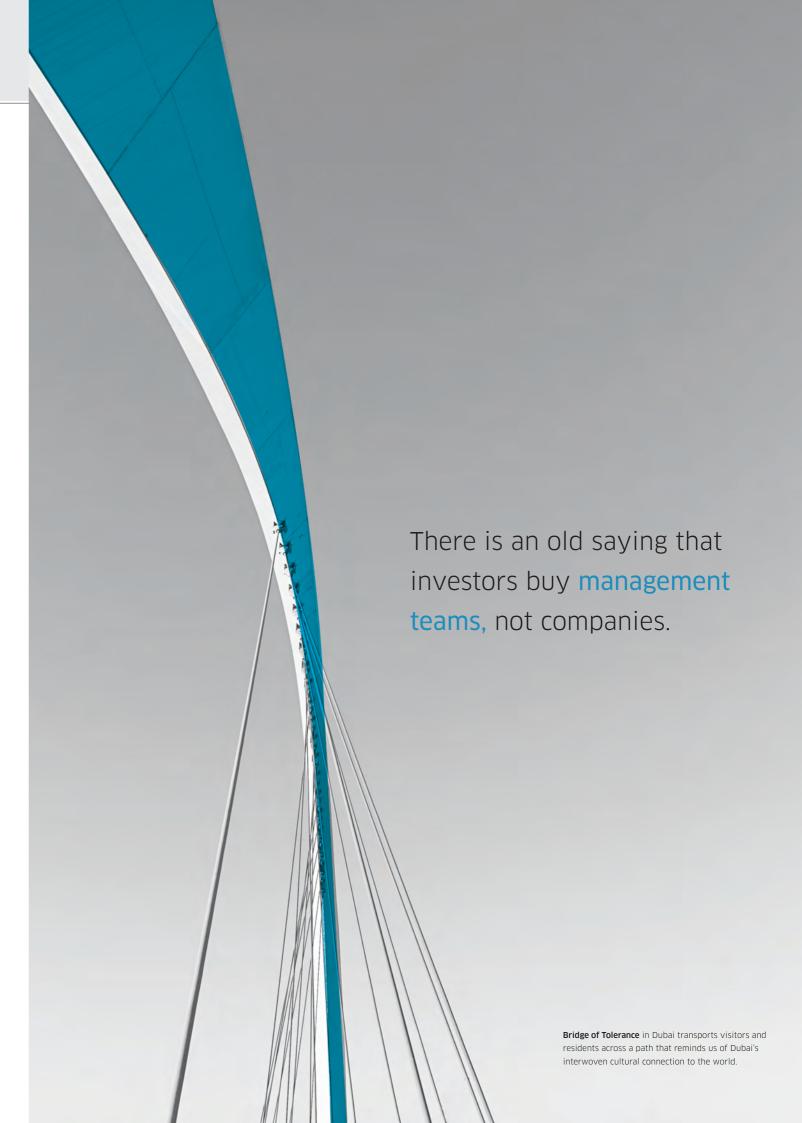
Budget and financial forecast

A company's management will be expected to prepare monthly financial data comprising, at a minimum, a statement of financial position (or balance sheet) and a statement of income for the most recent period after year end (or after the interim This information should be prepared on the same basis as the latest audited financial statements.

Unaudited prospective financial information

A company's management will be expected to prepare monthly financial data comprising, at a minimum, a statement of financial position (or balance sheet) and a statement of income for the most recent period after year end (or after the interim information) and the corresponding period in the preceding year. This information should be prepared on the same basis as the latest audited financial statements.

Complying with financial information requirements can be time-consuming, and when it is additional to fulfilling other obligations such as legal and business due diligence, prospectus drafting, meeting the exchange and the regulator, etc. it is important to allocate sufficient resources. Many companies preparing for an IPO seek support from experienced accounting and financial advisors for the preparation of financial information, to alleviate managers' workload so that they may focus on other areas.



Investor communications

A public relations firm plays an important role before, during and after the IPO. First and foremost, and working with the wider advisery group, is the development of a communications strategy.

This is a campaign that addresses the media and investment community and keeps other important stakeholders, such as employees, informed of this important company development.

Central to the PR strategy is the writing and dissemination of public statements throughout the IPO campaign at set milestones, including organising press conferences and issuing press releases. These can cover events such as an announcement of the intention to IPO (often known as an 'intention to float'), the pricing of the shares, and the listing itself, as well as supporting the management team with their articulation of the equity story and the answers to difficult questions they

are likely to face. One of the more demanding PR roles is the management of the media. Whilst the media can generate awareness and interest amongst prospective institutional and retail shareholders they can also highlight negative issues. Media are often invited to meet the management team when the IPO is announced, in order to understand the business and the rationale for going public. PR executives monitor the media coverage during the campaign to catch issues and advise on how to address them.

Once the stock is listed and trading in the secondary market, the PR adviser seeks to stimulate interest in the shares by generating wider awareness. This could involve helping to organise retail investor days or generating further media coverage. The PR firm can also help to disseminate day to day regulatory statements that need to be made to the market to ensure compliance with public disclosure rules.

Preparing for IPO is an intense time for any management team. As well as the many legal and financial issues to consider over and above day to day company management, there are key communications requirements.

Here are 6 recommendations:

1. Website

The company's website is the first source that investors and investment commentators will turn to for information. It gives them an immediate impression of the sophistication of the business, the way it is managed and the way it communicates. Consider a website overhaul including details of the management team, the history of the business and a news archive. Once listed, a dedicated Investor Relations (IR) portal can include more detailed information including stock data and financial presentation.

2. Create buzz

Creating a sense of excitement about the IPO will be critical in attracting investor attention. Whilst institutional investors will be able to hear from the company's management team directly they will also be influenced by investment commentators, including the financial media. Retail investors will rely heavily on the media, including new media channels. You will need a plan that ensures that the market hears a positive message in a controlled and consistent manner and deals with any awkward issues early on.

3. Practice makes Perfect

There is an old saying that investors buy management teams, not companies. The management team fronting the IPO needs to be well rehearsed; able to articulate the equity story well and be prepared to answer the tough questions from investors, investment analysts and the financial media. Time spent rehearsing is seldom wasted.

4. Reliability

IPOs are often highly regulated, especially those that include selling into the US and European markets. Communications will need to be managed carefully to comply with DIFC, UAE and overseas restrictions. The IPO marketing campaign will need to address these requirements, while still achieving its aim of reaching target investors and commentators to ensure demand in the bookbuilding process.

5. Investor communication

The company should consider appointing a full time Investor Relations Officer (IRO), if one is not already in place. An experienced IRO is well placed to manage the IPO process, acting as the conduit between advisors and the management team. The IRO will also play a critical role once the company is public, managing all aspects of communications with investors. IROs need to have seniority and credibility. Typically they have an accountancy or finance background and are good communicators, articulate and personable.

6. Announcement

When a company is ready to announce its IPO it should keep its employees informed and reassured. Employees should not hear about the IPO from a newspaper or social media site! Concerns about a change in ownership, and management distraction because of the IPO, might unsettle some employees. The company should also ensure that employees do not speak to the media about the IPO and ensure they know to whom they should pass enquiries.

Investor education and marketing

A successful IPO requires effective investor education and marketing. This is the process by which potential investors are given information about the company and its proposed flotation, leading to many of them subscribing for shares. The process runs from the initial creation of the company's equity story through to selecting and successfully targeting investors.

Creating the equity story

The company's lead manager typically helps the company shape its investment story, which is then used to help make its shares attractive to the market. The lead manager might work with a syndicate of other banks that share responsibility for placing the shares with investors. From the management presentation that is delivered to research analysts, and later on during the roadshow presentation that is delivered to investors, the marketing messages that the company uses during the IPO are critical to its success.

Through intensive diligence and drafting sessions, the lead manager will become well versed in the company's strategy and key selling messages, and will assist the company in effectively communicating those messages to investors. A PR agency will also assist in directing these messages to the wider media.

Pilot fishing

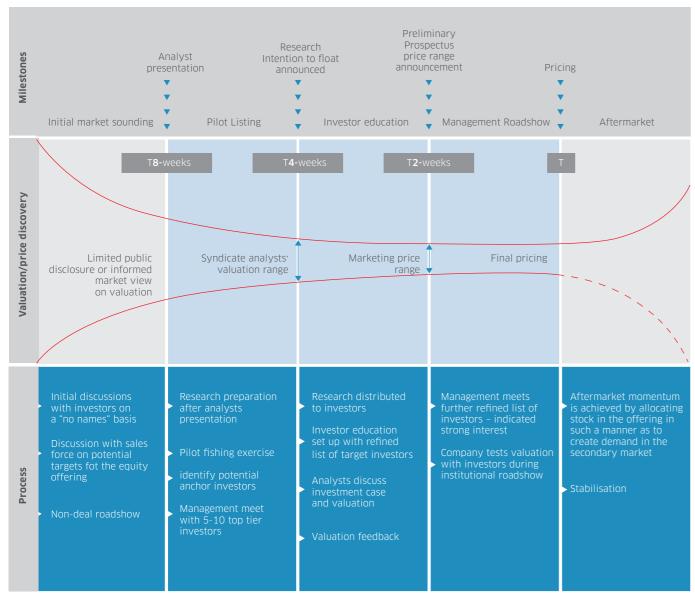
Pilot fishing is an increasingly common exercise for potential issuers to make initial contact with the market. It takes place ahead of the formal launch of the deal. Investor meetings are set up by the lead manager with a small group of key opinion-leading investors. The exercise is used to enable the company and lead manager to better understand how a potential offering may be received by investors. Targeted investors also welcome the opportunity to have an early interaction with the company and therefore have more time to understand the opportunity.

Deal research

One of the most important steps before an IPO is the analyst presentation, at which the company's management team, over the course of one or two days, present to the equity research analysts of the syndicate working on the deal. An overview of the company, its operations, strategy, equity story and financials are typically presented to the analysts. Analysts might also visit the premises of the company.

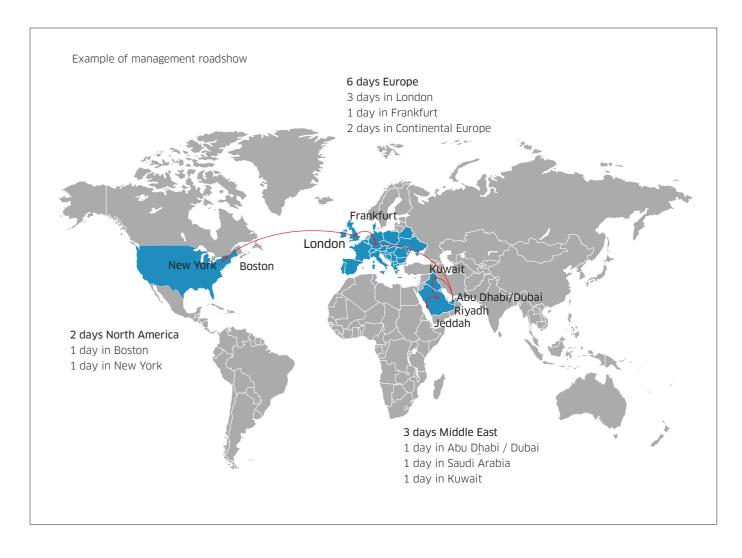
Following the analyst presentation, the research analysts will write detailed research reports on the company. These reports will then be shared with potential investors as part of the education process. The feedback from this investor education process creates an opportunity for the company, and its lead manager, to refine the equity story and address investors' concerns ahead of the management roadshow. The exercise will also help to identify key interested investors in order to finalise the management roadshow schedule. Most importantly, investor feedback from this exercise helps determine the price range that will be set ahead of the launch of the management roadshow and the start of bookbuilding. The whole pricing process, ending in the final price of the shares being set, is known as price discovery.

The price discovery process



Source : HSBC

Management roadshow



Retail shareholders

In order to generate wider interest in the shares, market visibility for the offer and liquidity in the aftermarket, some companies sell some of their shares to individuals who are buying on their own behalf – known as retail investors – as well as to institutions, who are usually buying on others' behalf

The amount of marketing to potential retail investors will depend on how large the retail tranche of the offer is and the sector in which the issuer operates. Well known consumer companies will already have larger market visibility and following than a company in the business to business industrial sector.

Marketing to retail investors can include: the establishment of a web portal for information, media advertising, efforts to

generate articles in the media, and an engagement programme with stock brokers to ensure they are able to talk knowledgeably about the company to their clients.

The issuer will need to appoint at least one receiving bank. This is typically a large retail bank which is able to inform its customers about the offer, handle share registration at its branches and establish share accounts for new stock market investors.

A retail offer adds expense and organisational commitment. However it can raise the company's profile to a new investor audience and support product marketing and sales.

Offerings into the United States - Rule 144A And Regulation S

Many companies seek international as well as regional investors in an IPO, including those based in the United States, which has the largest pool of potential investors in the world. If an IPO offer is extended to US investors, all offers and sales of securities must be registered with the Securities and Exchange Commission (SEC) unles the transaction is exempt from registration, or not subject to registration. The SEC registration process is cumbersome and time consuming. Fortunately, in recent years, most IPOs by non-US companies which tap US investor interest have been able to rely on an exemption from the registration requirements referred to as Rule 144A. Rule 144A under the US Securities Act of 1933 permits the resale into the United States of securities in an underwritten offering to certain 'qualified institutional buyers', or QIBs, which generally are institutional investors that own or invest on a discretionary basis at least USD100 million in securities.

A Rule 144A offering is typically accompanied by an offering outside the United States conducted in compliance with Regulation S under the US Securities Act. Regulation S permits the issuance and resale of securities to persons outside of the United States, subject to certain conditions, including that offers and sales of such securities must be made in an "offshore transaction."

A combined Rule 144A and Regulation S offering is advantageous to a company in the Middle East considering an international IPO (including in the United States) for many reasons. First, the company is not bound by the stringent disclosure requirements of a US registered offering and should not normally be subject to the far-reaching requirements of the Sarbanes-Oxley Act of 2002. Second, the company is not bound by the ongoing reporting requirements the US securities laws, although, depending on the ultimate number of US holders of its securities, the company may be required

to give the SEC, or make public, copies of certain information that it makes or is required to make public in its home jurisdiction, files or is required to file with any stock exchange, or distributes or is required to distribute to holders of its securities. Finally, compliance with Rule 144A and Regulation S alleviates the time-consuming process involved in an SEC-registered offering. Although offerings under Rule 144A and Regulation S are exempt from SEC registration, such offerings remain subject to the anti-fraud provisions o the US securities laws, principally Rule 10b-5 under the US Securities Exchange Act of 1934, as amended (the 'US Exchange Act'). As a result, an issuer is still required to disclose a significant amount of information to prospective investors in the IPO and may be subject to liability in the United States for material misstatements and omissions in such information.

The disclosure of this information will principally be in the form of an offering memorandum or offering circular. Although a Rule 144A offer does not require the preparation and filing of an SEC-compliant registration statement, the prospectus will need to be prepared to a sufficiently high standard of diligence, disclosure and accuracy to enable a law firm with US law capability to issue a customary '10b-5 opinion letter'. This is a legal opinion which refers to Rule 10b-5 under the US Exchange Act and effectively provides the issuer and the banks on an IPO transaction with comfort from the lawyers that the prospectus does not contain any untrue statement of a material fact or any material omission that would render the prospectus misleading.

Pricing and allocation

Pricing the offer

Pricing of an IPO undergoes various stages. It starts with the valuation range prepared by the research analysts of the syndicate banks that is outlined in their deal research reports, marketed throughout the investor education period. Following the investor education phase, the lead manager discusses the feedback gathered from investors with the company's management and shareholders and agrees a price range to use in marketing the offer during the management roadshow.

The price discovery process



Pricing cone - achieving the optimal pricing for the IPO

Allocation strategy

Once an IPO price has been set, the lead manager begins the allocation process, determining exactly which accounts to allocate shares to and how many.

The allocation criteria can be based on a number of different factors but typically include:

- ▶ Type of investor (eg institutional, high net worth individual
- Ouality of investor
- Size of order
- Price sensitivities in order
- Participation in investor education / roadshow events
- Expected length of holding period / behaviour after shares start trading

- ▶ Timing of order submission
- ▶ Perceived "inflation" in order size
- ▶ Participation in previous offerings in the same sector / country
- Quality of feedback provided

Allocation needs to strike a balance between investors who provide long-term support and those who provide trading liquidity. Allocating investors a meaningful stake, but which is less than their true demand, stimulates aftermarket buying and share price support.



Listing and admission to market

Once all the shares have been allocated, the stage is set for the day of listing itself. This is the key moment of the entire IPO process, and often the most colourful, as the company officially goes public after months of hard work and preparation. Brokers' screens light up with bid and offer prices for the very first time as trading gets underway on Nasdaq Dubai, usually at 10am when the market opens.

The company's owners and executives can celebrate by publicly opening the exchange's market at Nasdaq Dubai MarketSite, an event that might be covered by TV stations and broadcast around the world. The media, which usually has a few days notice of the listing, watches keenly and reports how much trading in the shares occurs and which way the price moves.

Behind the scenes, the technical teams at the exchange are hard at work, ensuring that trading runs smoothly. For the company as well, there is much work to be done. The listing has been achieved; now it begins its new life as a public entity.

Hedging with Futures

A hedge is an investment to reduce the risk of adverse price movements in an asset. Normally, a hedge consists of taking an offsetting position in financial instruments known as derivatives, the two most common of which are options and futures.

Equity futures offer investors a standardised, cost efficient tool to hedge their equity positions and profit from market movements, even when share prices are declining.

Nasdaq Dubai launched an active derivatives platform in September 2016 by offering single stock futures on leading UAE companies. The platform has since expanded to include futures on UAE indices and Saudi single stock and index futures.

As an issuer, the opportunity to have futures on your company's shares listed on Nasdaq Dubai, in addition to your equity listing, increases the value proposition of your stock and can substantially increase your investor base.

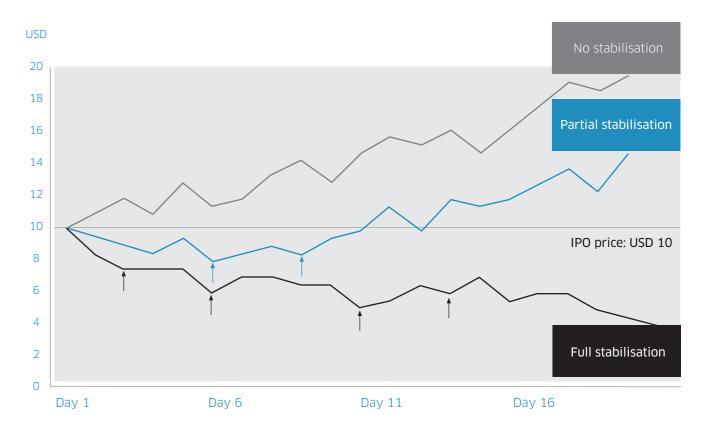
The aftermarket

Once the shares have listed, Nasdaq Dubai permits the lead manager to conduct a programme to support the price-known as price stabilisation - by buying shares in the open market on behalf of the syndicate of investment banks that took part in handling the IPO. This programme lasts for a defined period, such as two weeks. Stabilisation trades can be executed only below the IPO price. Based on prevailing market conditions at the time of listing, the broad stabilisation strategy is agreed ahead of listing. Investors benefit from stabilisation as there is greater assurance that the issue price will, at least initially, be supported and that there will be a liquid market in the shares.

Stabilising the aftermarket

To effect the stabilisation, the lead manager will initially over-allot shares in the IPO by borrowing shares from an existing shareholder and use the sale proceeds to buy back up to that number of over-allotted shares in the event stabilisation is required.

Stabilising the aftermarket



Source: HSBC

If the share price drops below the IPO issue price, the stabilisation manager will buy back the over-allotted shares and return these shares to the original shareholder. If the shares trade above the IPO issue price, no stabilisation will be carried out and the proceeds of the sale of the over-allotted shares will be paid to the original shareholder. From the day of listing onwards, a company must communicate effectively with its shareholders. This role can be carried out by the Investor Relations Officer (IRO), who is also the day-to-day interface with credit and equity analysts, the financial media, Nasdaq Dubai and the DFSA. Managing investor relations can be extremely time-consuming for a company with large and diverse shareholder registers. An IRO can act as a proxy for the time-constrained CEO and CFO, facilitating and informing dialogue between the Board and the investment community

through a framework of communications activities including roadshows around the world. These ensure investors are fully informed about the performance of the business. The IRO can also identify issues that may affect the company's reputation. These activities improve understanding of the company, which helps to increase the valuation of its shares, reduce share price volatility and reduce funding costs.

An IRO of a large company might meet more than 200 investors a year. IROs need to know not just what is happening at their company, but also have a view on macroeconomic conditions, the competitive environment and changing regulatory codes, as well as emerging investment trends such as sustainability and other corporate social responsibility issues.

35 IPO AND BEYOND THE IPO JOURNEY

Overview

A defining feature of life as a publicly listed company is the significant number of ongoing compliance and public disclosure requirements to which the company, its directors, and on occasion, its shareholders, are subject. The requirements for a company listed on Nasdaq Dubai are comparable to those found in other leading financial centres, with certain differences that reflect local circumstances. A number of high-level principles influence these

ongoing requirements, including a desire to ensure a level playing field for all investors and equality of information, proper disclosure of dealings by Directors and their Connected Persons (including persons holding more than 5% of the voting rights of the company), and proper disclosure of financial information relating to listed companies.

Financial information

A company must disclose financial information that is liable to lead to a substantial movement in the price of its securities. This includes disclosing the following:

1. Annual report:

A company must disclose its annual report to the market as soon as possible after the financial statements have been approved, but no later than 120 days after year end.

According to the Markets Rules the annual report must include:

- A review of operations during the year.
- ➤ Details of any significant changes in the company's state of affairs during the year.
- ➤ The company's principal activities during the year and any significant changes in the nature of those activities during the year.
- ▶ Details of any matters or circumstance that have arisen since the end of the year that may have a significant impact in the future operations, results or trading of the company
- ➤ Likely developments in the company's operations in future years and expected results of those operations.
- A statement by the auditors that the financial statements of the company give a true and fair view of the affairs, profit and loss and additional information as may be required.

The issuer must disclose the annual financial statements and the auditor's report separately or with the annual report. The financial statements should be prepared on a comprehensive accounting basis such as IFRS. If a company is the holding company of a group, it is expected that those financial statements would be prepared on a consolidated basis. The annual financial statements must be an independent, competent and qualified audit firm in accordance with auditing standards accepted by the DFSA. It is customary that the financial statements together with the auditor's report form part of the annual report. The annual report must include a statement on how a company has applied the principles of corporate governance and where it has not, provide an explanation. It must be published as soon as possible after the accounts have been approved, but no later than 120 days after the year end.

2. Preliminary financial results:

A company must publish the preliminary financial result without delay, but no later than 30 minutes before the market opens on the day after those results have been approved.

3.Interim financial statements:

A company must publish semi-annual financial statements for the first six months of the financial year and state whether the financial statements have been subject to examination. They must be published without delay, but no later than 60 days after the period end to which a financial statement relates.

Disclosure of inside information

The Markets Rules contain provisions designed to ensure the prompt disclosure to the market of material Inside Information regarding an issuer, to avoid a market in which some participants are able to trade with the benefit of material price sensitive information that is not available to other investors.

The provisions of the Markets Rules in this area are similar to those in the EU Market Abuse Directive 2003/6/EC. Under the

those in the EU Market Abuse Directive 2003/6/EC. Under the Markets Rules, issuers must make their disclosures to the Authorised Market Institution on which the Securities are traded. For Nasdaq Dubai listed Securities, this will take place through the exchange's CANDI software system. This puts the disclosures on to the exchange's website and may also disseminate them directly to market participants (see p. 39 for more details of CANDI). The Markets Rules employ a single concept of inside information, moving away from the previous rules which distinguished between 'material information' and 'price sensitive information'.

Inside Information is defined in the Markets Law as including information relating to investments of a precise nature that:

- ▶ Is not generally available.
- Relates, directly or indirectly, to the issuer of the investments concerned, or to one or more of the investments.
- ➤ Would if available have a significant effect on the price of the security or on the price of related investments.

Examples of inside information can include:

- ▶ The purchase of another company
- Winning a large contract
- A change in the composition of the Board
- ▶ Facing a significant lawsuit

The Markets Rules generally require that Inside Information must be disclosed to the market "as soon as possible".

The rules contain exemptions for situations in which non-disclosure is permitted with the approval of the DFSA.

These include where the Inside Information is commercially sensitive or the disclosure would be unduly detrimental to the legitimate interests of the company.

Disclosure of interests by Directors and Connected Persons

The Markets Rules contain provisions requiring Directors and other Connected Persons to file certain reports with the DFSA and the company on the occurrence of certain events. These include:

- ▶ Becoming or ceasing to be a Director.
- Increase or decrease of their percentage holding in the company's voting rights by 1% or more.
- Disclosure to the market of transactions with parties who hold 5% or more of the voting rights of the company or its holding companies. This contrasts to 10% in the UK, Australian and Hong Kong regimes, and is a deliberate deviation by the DFSA in view of the more nascent nature of the DIFC as a capital markets jurisdiction and the need to protect investors.
- ► In addition, any interest at all held by a Director in a listed company must be disclosed to the company.

Mandatory bid

The Takeover (TKO) module of the DFSA Rulebook requires a person who acquires 30% or more of the voting rights of a listed company to make a mandatory takeover bid for the whole company. This provision is largely based on a similar position contained in Rule 9 of the UK Takeover Code.

Compliance function

Full and prompt compliance with the ongoing obligations to which a listed company is subject requires the company to have in place an appropriately staffed and trained compliance function that is able to react to developments in real-time, take decisions and ensure that disclosures are made and other requirements complied with in a timely manner. The DFSA will not approve a prospectus unless it is satisfied that the issuer has in place adequate systems to enable it to comply with the obligations of a listed company. Maintenance of such systems post-listing is essential.

Related party transactions

The Markets Rules require a company to notify the DFSA and shareholders – and in some cases obtain prior shareholder approval – in relation to transactions between a company and certain Related Parties, or which benefit a Related Party, of the issuer. The Markets Rules contain detailed guidance as to who is a Related Party, but in Summary this captures a significant shareholder, Director or other person exerting or able to exert control over, or significant influence within, the

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company (and entities affiliated to or controlled by such persons).

Where a Related Party transaction amounts to more than 5% of the company's net assets (as reported in its most recent financial report to shareholders), the Markets Rules require that shareholder approval be obtained prior to entry into the transaction. This is above and beyond any requirement (or lack thereof) for shareholder approval under the corporate law of the jurisdiction in which the company is incorporated. Where the transaction amounts to less than 5% of net assets, there is no requirement to obtain shareholder approval, but the company must inform the DFSA of the key terms of the transaction and explain the basis upon which the terms of the transaction are fair and reasonable (and such explanation must be accompanied by written confirmation from an independent third party acceptable to the DFSA). This is a notification obligation rather than an application for the DFSA's approval for the transaction, and must be submitted as soon as possible after the transaction has been entered into. It need not be submitted ahead of the transaction being agreed.

The Markets Rules also contain provisions aimed at capturing small transactions with Related Parties during a 12-month period which, if aggregated together, would surpass the 5% threshold.

The Markets Rules effectively require aggregation of such transactions for the purposes of determining whether shareholder approval is required.

Corporate governance

The Markets Rules provide that corporate governance requirements must be adhered to on an ongoing basis and not just upon admission to listing. The corporate governance principles adopted by the DFSA are described on page 12. These principles are backed up by the Best Practice Standards (BPS) set out in Appendix 4 to the Markets Rules. In terms of ongoing compliance, the DIFC operates a 'comply or explain' regime, which broadly mirrors the position taken in the United Kingdom under the UK Corporate Governance Code. Effectively, a company is required to comply, or explain any deviation in its Annual Report to shareholders together with reasons why in the view of the Board such deviation is justified in the circumstances. This reflects an acceptance by the DFSA that effective corporate governance is not a one-size-fits-all straitjacket, but will vary from company to company depending on the nature of their business and other relevant considerations. In particular, a company is required to include in its Annual Report to shareholders:

- An explanation of why the BPS have not been adopted fully or adopted only partially, if this is the case;
- What actions, if any, have been taken to achieve compliance with the corporate governance principles to the extent that the BPS have not been adopted or have been adopted only partially; and
- A statement by the Directors as to whether or not, in their opinion, the corporate governance framework of the issuer is effective in promoting compliance with the corporate governance principles, together with supporting information and assumptions, and qualifications if necessary.

Key areas of corporate governance covered by BPS

Role of the Board

The BPS call for the Board to provide leadership to the company within a framework of prudent financial and effective controls. The Board is expected to set strategic goals for the company, exercise appropriate oversight and effectively manage risks. The Board is expected to meet as a Board with sufficient regularity to properly discharge its functions

Division of responsibilities

The BPS contain provisions designed to ensure an appropriate split of functions between the Board and senior management, with the Board responsible for setting strategic goals and risk parameters and senior management to be tasked with managing the issuer in accordance with those stated aims and within the parameters set by the Board. The BPS also calls for appropriate division of responsibilities within the Board itself, and in particular call for separation of the roles of CEO and Chairman. This again mirrors the approach taken in the UK.

Board composition and resources

The BPS call for an appropriate balance of skills and independence on the Board. In particular, they provide that Directors should be submitted for re-election by the shareholders on a regular basis (at least every three years). At least one third of the Board should be comprised of non-executive Directors, with at least two of the non-executive Directors being 'independent' on the basis of objective criteria set by the Board to ensure independence of character and judgement. In practice, to be considered 'independent', a non-executive Director must at a minimum be free of personal commercial or other connections with the issuer which present a conflict of interest (or give the appearance of a conflict of interest) with his or her duties as an independent non-executive

Director

The BPS encourage active succession planning to ensure an orderly transition within the Board and senior management (supported by the work of the nomination committee), and also contain provisions aimed at ensuring the Board is appropriately resourced and has the administrative support to properly discharge its functions.

Risk and compliance

The BPS contain provisions designed to promote appropriate risk management systems and a framework of internal control to ensure that risks are identified early on and handled at the appropriate level, and that regulatory obligations to which the issuer is subject are complied with on a timely and transparent basis at the appropriate level within the issuer.

Board committees

The BPS call for listed companies to adopt all three Board committees that are typically seen in established jurisdictions internationally- an audit committee, a remuneration committee and a nomination committee. Each committee should be composed with a balance of relevant expertise and independence, and operate in accordance with formal, written terms of reference that have been adopted by the Board.

Shareholder rights

The BPS contain provisions designed to ensure appropriate involvement of shareholders in the decision-making process. The BPS call for an annual general meeting of shareholders with appropriate interface and dialogue between the Board and shareholders and an ability of shareholders to raise matters and have items placed on the agenda for discussion. The BPS also provide that the Board take the lead in preventing practices being undertaken that are abusive or oppressive of minority shareholders. It should be noted that the provisions of the BPS in this area are above and beyond the requirements to which a company will be subject under the corporate law of its jurisdiction of incorporation, which in nearlyall cases will also be highly relevant in this area.

Remuneration

Remuneration is a topical issue in the world of corporate governance, particularly as a result of the global financial crisis. The BPS do not seek to impose a cap on executive remuneration, nor do they talk in monetary terms about the appropriate level of remuneration for Directors. However, the BPS do state that remuneration should be set at a level sufficient to attract and retain Directors of appropriate quality, taking into account, among other matters, the nature, scale and complexity of the issuer's business. The BPS call for an appropriate mix of salary and bonus-related elements of a Director's remuneration package, and contain provisions regarding appropriate vesting periods for share options, to encourage and incentivise Directors to work for the long-term benefit of the company. The BPS do not mandate a formal shareholder say-on-pay vote at annual general meetings, but do call for transparency in the area of remuneration. The role of the remuneration committee will be key in this area.

Other stakeholders

It has become important in recent years for corporate governance proponents to encourage Directors to have regard for stakeholders other than the company's shareholders. The BPS do call for adequate channels of communication to be put in place with such stakeholders – including employees, customers, creditors and the environment in which an issuer operates, but they do not call on Directors to formally have regard for the interests of such parties in the exercise of their Board functions. This is an interesting area and one in which Directors needto take care. While it is accepted practice in corporate governance circles to talk of having regard for other stakeholders, an issuer and its Directors will remain bound by the corporate law of the jurisdiction in which the issuer is incorporated. In many jurisdictions the law is clear that best interests of the company – which is ordinarily taken to mean the shareholders (save in certain insolvency-related circumstances where the interests of creditors take priority). Nothing in the BPS should be read as encouraging an issuer to deviate from strict company law requirements to which it is subject in its home jurisdiction.

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Nasdaq Dubai products and services

As the region's international exchange, Nasdaq Dubai provides an expanding range of products and services for the benefit of market participants. Its other activities include:

Marketing

Nasdaq Dubai's experienced marketing team is ready to support companies as they prepare for IPO as well as support their post-listing activities. Services include hosting well publicised bell-ringing events at Nasdaq Dubai MarketSite to open the market and giving advice in organising press conferences, as well as displaying information about a company on the Nasdaq Dubai website and arranging introductions to brokers. The name of a listed company may be prominently displayed on Nasdaq's Tower in Times Square, New York, on IPO day or other important occasions.

CANDI

Nasdaq Dubai provides listed companies with an efficient email-based software system, CANDI, through which they can make disclosures to the market as required by regulation. Such disclosures include financial results and other information of interest to investors. Disclosures sent through CANDI appear on Nasdaq Dubai's website and can be sent directly to brokers and the media.

Clearing and settlement

For trades executed on exchange, efficient mechanisms must be in place to transfer the shares to the buyer, and the money to the seller. These transfers, known broadly as clearing and settlement, take place through Clearing Members, which make use of infrastructure provided by Nasdaq Dubai. In January 2012, Nasdaq Dubai enhanced the services provided by its clearing and settlement systems. The exchange operates a T+2 settlement cycle for equities, which means that trades should normally be settled two days after a trade has been agreed.

Central Securities Depository (CSD)

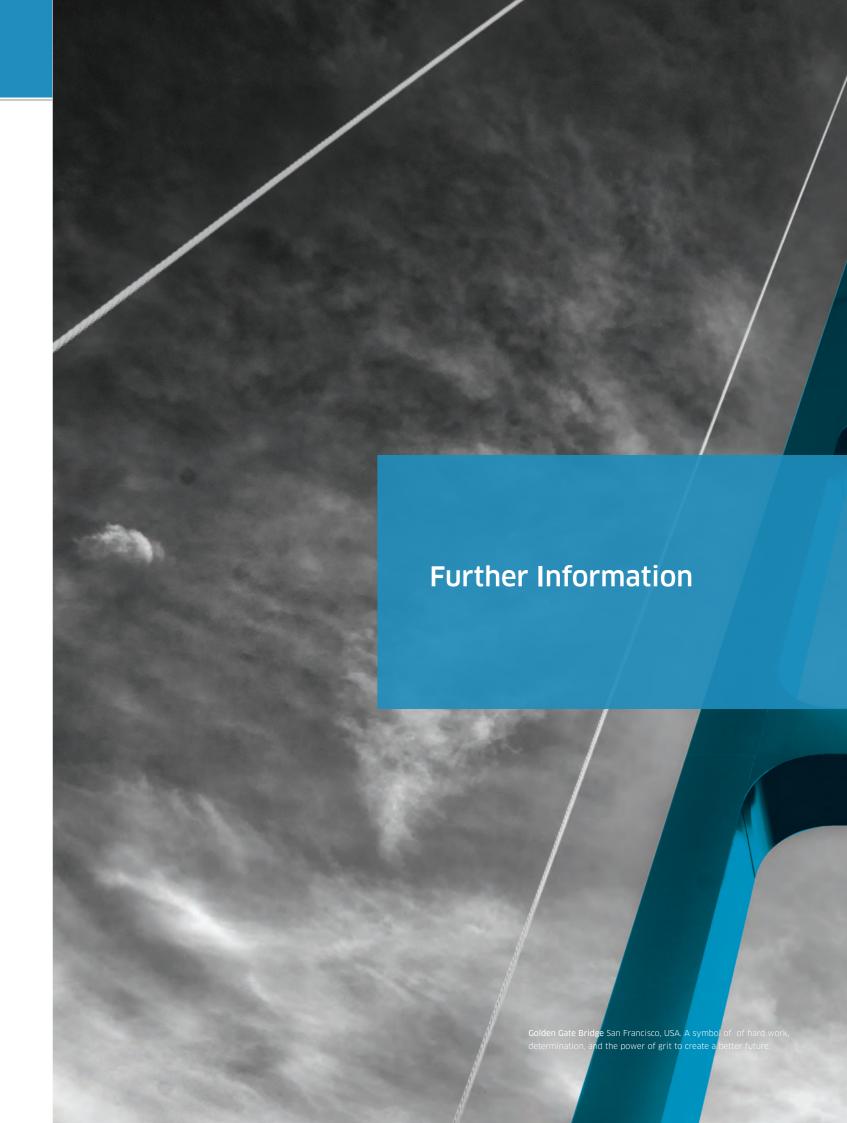
The shares of Nasdaq Dubai's listed companies are held, on behalf of their owners, in the exchange's CSD. As well as providing custody, the CSD provides other services including assisting companies pay dividends. The Nasdaq Dubai CSD has close links with international CSDs such as Clearstream, making it easy for international investors to transfer their shares as they wish.

Academy

Nasdaq Dubai sees financial education as a key driver in the development of a world-class capital market. It established the Nasdaq Dubai Academy to provide training courses in English and Arabic that support the educational requirements of issuers, members, investors and the general public. Courses include investor relations and corporate governance as well as information for market professionals about equities and how to trade them.

Directors Desk

Directors Desk is a comprehensive web-based solution designed to improve Board communications and effectiveness while minimising time and paperwork. As well as keeping Board members fully informed, it saves time and money. It provides a complete suite of tools in one platform, eg shared calendar, online meeting materials, secure email, votes, questionnaires and many unique advanced tools. Through its web-based platform, Directors Desk is accessible 24/7 from any place worldwide.





1. What are the benefits of listing on Nasdaq Dubai?

There are significant advantages to be gained from a Nasdaq Dubai listing. These include:

- You can maintain control of your company by normally selling as little as 25% of its shares when you list, or more if you prefer.
- You can raise the market value of your company's shares by opting for a bookbuild valuation process.
- You can leverage global and regional branding with the brand Nasdaq to support your international status.
- You are exposed to a large investor base as you will be linked to nearly all the largest UAE brokers and largest global investment banks.

Liquidity is supported through Nasdaq Dubai's use of DFM's trading platform, on which a combined total of more than 70 companies can be traded. Nasdaq Dubai allows its listed companies to appoint brokers as market makers, which facilitate liquidity by maintaining both buy and sell orders simultaneously. A Nasdaq Dubai listing also benefits from the international standards applied by the DFSA, the exchange's regulator in the DIFC.

2. Which key advisors are involved in the IPO process?

Four key advisors are typically involved in the IPO process with different but interdependent roles.

- The legal advisor is responsible for all legal requirements of the IPO process.
- The investment bank is the guide of the overall IPO process and makes sure the company complies with listing and admission rules.
- The public relations agency positions the company in terms of perception and arranges media events.
- The financial advisor counsels the company on financial statements and accounting requirements.

3. How long does the IPO process take?

If all documents are handed in and approved on time, an IPO can be completed within 20-30 weeks. However much groundwork is often necessary before that stage. The overall IPO process from the time a company starts to think about going public can take as much as two years depending on how well prepared the company is. Refer to page 15 for the IPO timeline.

4. Which criteria do companies have to meet to list on Nasdaq Dubai?

Companies must meet the following criteria:

• Minimum market capitalisation of USD10 million.

- Normally listing at least 25% of shares (free float requirement).
- Three years of audited financial statements.

5. What are the steps involved in the IPO process?

A series of steps must be taken to prepare your company for an IPO, ranging from due diligence on its business and background and the development of its equity story, to the documentation process, the marketing of the shares and the listing itself. See page 15 for all the steps involved.

6. Which documents does Nasdaq Dubai require?

The checklist on page 23 provides an overview of documents required to be given to the DFSA for listing and to Nasdaq Dubai for admission to trading.

7. How do I start to apply for a listing?

Nasdaq Dubai welcomes discussions with companies at an early stage in their plans to carry out an IPO. Companies can also benefit from early discussions with the DFSA, the listing authority for the exchange. In due course, the prospectus must be submitted to the DFSA and an application made to it for admission to its Official List of Securities. An application must be made to Nasdaq Dubai for admission to trading.

8. What does a prospectus include and how do I tackle this?

A prospectus is a document that explains the terms of a share offering before an IPO and gives information about the company that will issue the shares, such as a description of its business, financial statements and biographies of officers and directors. A company's investment bank adviser (also called lead manager or underwriter) is responsible for preparing the company's prospectus. Refer to pages 18-20 for details on the prospectus.

9. What are the foreign ownership rules regarding an IPO on Nasdaq Dubai?

The exchange imposes no foreign ownership restrictions. Companies based outside a free zone in the UAE may however be subject to foreign ownership limits under UAE law, whereby no more than 49% of a company may be owned by foreign nationals.

10. What fees does Nasdaq Dubai charge?

The exchange's fee structure is competitive and tailored to the needs of the market. Fees can be viewed at: www.nasdaqdubai.com

Glossary

Admission and Disclosure Standards (ADS): Nasdaq Dubai rules that govern admission of a company's securities to trading on the exchange.

Admission Panel: Nasdaq Dubai body consisting of Nasdaq Dubai senior management and Nasdaq Dubai practitioner committee members. The role of the Admission Panel is to consider and decide upon applications for Admission to Trading on Nasdaq Dubai.

Advisor: Capital market expert that helps to guide a company through the IPO process. Advisors include investment banks, lawyers, accountants and public relations firms.

Bookbuilding: The process of finding out how much demand there is for shares from investors and at what price. This process is managed by an investment bank, called the lead manager. It helps the company decide the price at which it sells its shares in the IPO, as well as how many shares.

CANDI: A software system operated by Nasdaq Dubai through which listed entities make disclosures of material information to the market.

Capital: Funds provided by investors to a business, including money raised from investors through an IPO.

Capital Markets: The market for securities where companies can raise long term funds. It includes the stock market and the bond market. It consists of the primary market, where new issues are distributed to investors, and the secondary market, where already existing securities are traded.

Clearing: The process that takes place after a share trade is agreed, to ensure that the buyer of shares receives them and the seller receives the money. The process involves communications between the seller's broker, the buyer's broker and the exchange, and can take several days. It is followed by settlement, in which the shares and the money change hands.

Central Securities Depository (CSD): Entity that holds securities in safe custody on behalf of investors. It also enables them to be transferred when they are bought by another party. Nasdaq Dubai operates its own CSD.

Close Period: Under the Markets Rules, the close period for a listed company runs from the end of a period for which a financial report must be issued (the minimum on Nasdaq Dubai is every six months) to the time of the announcement or publication of the report.

Connected Person: A Connected Person is a person that is a Director of a reporting entity, a controller of the reporting entity or one who owns voting securities carrying more than 5% of the voting rights attaching to all the voting securities of the reporting entity or controller of the reporting entity.

Continuing Obligations: A company's regulatory obligations

after it has listed, including disclosing important information about the company to the market.

Corporate Governance: The rules, processes, or laws by which businesses are operated, regulated, and controlled. These include the company's internal rules, as well as rules imposed by a stock exchange or its regulator.

Due Diligence: The careful investigation by the underwriters that is necessary to ensure that all material information has been disclosed to prospective investors before an IPO.

Equity: Another word for a share.

Foreign Ownership Restriction: A limit on the percentage of a company that can be owned by foreign institutions or individuals. Such limits are imposed by the authorities in many countries.

Free Float: The total number of shares that are publicly owned and available for trading.

Going Public: Carrying out an IPO by selling shares to the

Initial Public Offering (IPO): The first sale of a company's shares to investors on a stock exchange. The main purpose is usually to raise capital for the issuer of the IPO.

Institutional Investor: Organisation, such as a fund, whose primary purpose is to invest its own assets or those entrusted to it by others.

Inside Information: A non-public fact regarding the plans or condition of a publicly traded company that could provide a financial advantage when used to buy or sell its shares. Inside information is typically gained by someone who is working within or close to a listed company. Trading using inside information is illegal under the Markets Law.

Investor Relations: A department, present in most medium to large public companies, that provides investors with an accurate account of the company's affairs. This helps investors to make informed buy or sell decisions.

Investor Education: Information about a financial asset or asset class that helps investors make informed investment decisions.

IFRS: International Financial Reporting Standards.

These are principles-based accounting standards widely used around the world.

Issue: A company's shares or other securities; or the act of distributing them.

Issuer: Company, government or other organisation which creates or sells shares or other securities to finance its operations, including through an IPO.

Lead Manager: An investment bank that takes the lead in helping a company sell its shares in an IPO, e.g. managing roadshows and bookbuilding. It is the main (and sometimes only) underwriter of the shares. Also sometimes called managing underwriter or syndicate manager.

Listing: Admission by a Listing Authority governing an exchange, after meeting its criteria such as an adequate prospectus.

A company must be listed for its shares to trade on an exchange.

Listing Authority: The regulatory body responsible for matters such as approval of a company's securities for admission to the Official List of Securities. The Listing Authority for Nasdaq Dubai is the DFSA.

Listing Rules: Rulebook that provides the framework for listing securities.

Liquidity: The extent to which securities are readily available to buy or sell without causing a significant change in their price.

A market where it is easy to do this is a liquid market. Liquidity can lead to high trading volumes.

Liquidity Pool: The total liquidity provided by large numbers of investors trading in the same market.

Market Capitalisation: A measurement of the size of the company, being the number of shares multiplied by the current price of those shares.

Market Maker: A broker that makes a market in a paricular security, i.e. quotes both bid and offer prices simultaneously and is prepared to deal with investors at those prices.

A market maker adds liquidity to a market.

Markets Rules: The DFSA's Markets Rules, published under its authority under the Markets Law, govern admission to listing as well as other matters affecting listed companies, such as obligations to make disclosures to the market.

Member: A broker that is able to trade securities on an exchange and has agreed to abide by its rules for doing so.

Minority Shareholder: Equity holder of a firm who does not have voting control of it, as their holding is below 50%.

Official List of Securities: The list of companies that have had their securities admitted to listing by a regulator, so that they can be admitted to trading. The regulator of Nasdaq Dubai is the DFSA.

Ordinary Share: The most common type of company share. It carries voting rights and is also called a common share.

Prospectus: A document that explains the terms of a share offering before an IPO and gives information about the company that will issue the shares, such as a description of its

business, financial statements and biographies of officers and directors.

In an IPO, a prospectus is distributed by underwriters or brokerages to potential investors.

Retail Investors: Individual investors who buy and sell securities for their personal account, and not for another company or organisation.

Roadshow: A series of presentations by an issuer's executives about their company and the securities they will offer to potential buyers. In an IPO, a roadshow is managed with the help of an investment bank.

Rule 144A (for US offers): A US rule that permits the resale into the United States of securities in an IPO to certain institutional buyers. A Rule 144A offering is typically accompanied by a concurrent offering outside the United States conducted in compliance with Regulation S.

Secondary Offering: A listing of a security on an exchange other than its primary exchange. Secondary listings are usually an attempt to access new markets in order to raise capital.

Settlement: The transfer of a security (for the seller) or cash (for the buyer) following a trade on an exchange. This often occurs several days after a trade is made.

Share Index: An index that shows the aggregated price movements of many different shares. Indices compiled by financial services firms are used to benchmark the performance of portfolios such as mutual funds.

Shareholder: Any person, company, or other institution that owns at least one share in a company.

Sharia'a Compliant: Complying with Sharia'a (Islamic) law.

Stock Option: An option to buy shares at a certain price at a future date. Many companies include stock options as part of employee compensation.

Syndicate: A group of underwriters responsible for placing a new issue of a security with investors. The members of an underwriting syndicate work together for the duration of an IPO

Trading Rules: Rulebook that provides the framework for trading securities.

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