

NASDAQ Dubai Introduces New Business Rules

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This article provides a general overview of NASDAQ Dubai's new admission to trading ("Admission") requirements and process.

Historically, NASDAQ Dubai Listing Rules and NASDAQ Dubai Business Rules formed the legal basis for listing and trading in securities on the Exchange. They set out listing eligibility criteria, prospectus requirements, prescribed membership requirements and application processes, generally governed trading activities, amongst other things.

Since then, the legal regime of NASDAQ Dubai has undergone amendment as a result of the official list of securities of NASDAQ Dubai ("List") having ceased to fall under the Exchange's control, and now its maintenance and supervision becoming the responsibility of the Dubai Financial Services Authority ("DFSA").

Under the existing regime, a two-stage admission process applies to issuers who want to have their securities admitted to trading on the Exchange, i.e. admission to the List by the DFSA and admission to trading by the Exchange.

Admission Requirements

For securities to be eligible for Admission by NASDAQ Dubai, an issuer must:

- (a) comply with all applicable requirements of the DFSA (including prospectus requirements, where applicable);
- (b) comply with the requirements of any other relevant regulator and any other stock exchange or trading platform on which it has securities admitted to trading;
- (c) satisfy the eligibility criteria set out under the ADSI, e.g. have at least 250 bona fide shareholders, each holding equity securities of the issuer with value of at least USD 2,000 or maintain a sufficient price formatting through the appointment of a market maker;
- (d) trade the whole class of securities to which the securities belong (as applicable);
- (e) provide holders of the securities with secure methods of recording ownership and registering changes in ownership; and
- (f) enter into such undertakings and abide by such conditions as may be required by NASDAQ Dubai and the DFSA.

An issuer must ensure that all information provided to NASDAQ Dubai regarding the Admission application is in all respects complete, accurate and not misleading.

Admission Process

An issuer applying for Admission needs to submit an application pack the Exchange that shall consist of, amongst other documents, the application form, prospectus, constitutional documents and corporate approvals of the issuer.

Upon review of the Admission application pack, NASDAQ Dubai will either admit the securities to trading by way of a letter or refuse to do so.

Approval:

Should the admission application be approved:

1. upon consultation with the issuer and the DFSA, the Exchange will set the admissions trading date;
2. the issuer will be required to submit to the Exchange a declaration form confirming certain matters concerning the securities (e.g. the number of security holders to whom the securities have been issued);
3. NASDAQ Dubai will publish its approval of the admission by way of on-line notice one (1) business day prior to admission;
4. the securities will be admitted to trading; and
5. on the admission day, the issuer will make a publication of the prospectus as well as any other document the Exchange deems necessary to be disclosed to the public.

Rejection:

The application for Admission will be rejected by NASDAQ Dubai if the Exchange considers that:

1. admission of the securities is likely to be detrimental to the interests of investors on NASDAQ Dubai;
2. an issuer does not or will not comply with ADSI or any special condition imposed by NASDAQ Dubai; or
3. trading of an issuer's securities may be detrimental to its orderly operation or reputation.

In such case, the issuer may appeal the said decision to the Appeals Committee within 10 days of the service of the decision by the Exchange. A notice of the appeal shall also be filed with the Exchange.

The notice of appeal must set out the name of the appellant, the decision appealed against, the grounds of appeal, the principal matters relied upon and attaching copies of any documents relied upon.

The Appeals Committee will set the date of the hearing, giving at least fourteen (14) days notice to the appellant and the Exchange.

Upon hearing, the Appeals Committee will issue its decision, i.e. uphold, dismiss or vary the decision of NASDAQ Dubai.

Conclusion:

Despite the challenging economic climate globally, GCC economies have continued to show a healthy growth in recent years.

Whereas for local and regional businesses listing of their securities on NASDAQ Dubai may be a venue to access non-GCC capital, for non-GCC companies a key benefit of NASDAQ Dubai listing is access to a larger base of regional institutional and retail investors.