



Initial Public Offerings

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With contributions by:



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Saudi Arabia

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Introduction

The history of Saudi IPOs under the current regulatory regime goes back to November 2004 when Etihad Etisalat (Mobily), a local telecoms operator, was the first company to list on the Main Market of the Saudi Stock Exchange (Tadawul). The stock market of the Kingdom of Saudi Arabia is the largest in the Middle East. As of 2 March 2017, the total market capitalisation of the companies listed on Tadawul stood at SAR 1,643.61 billion, and yet despite this impressive size the stock market is expected to grow substantially with the launch on 26 February 2017 of the Parallel Market (Nomu). Nomu offers an alternative, “lighter touch” listing regime that is expected to offer access to capital for the many thriving small and medium-sized enterprises within the Kingdom. This program, coupled with the planned IPOs of Saudi Aramco and Tadawul itself, is expected to further enhance the capital markets offering within the Kingdom.

Reasons for going public

The main reasons for Saudi companies going public are:

- **Enhancing profile:** A listing will increase public awareness of the company and its brand through greater media coverage, which may help sustain demand for and liquidity in the shares.
- **Access to capital:** A listing brings with it the opportunity for the company to raise equity finance both at the time of the initial listing and in the future through a diversified investor base. A listing also gives selling shareholders an opportunity to realise some or all of their investment in the company.
- **Enhancing liquidity:** Investment in a listed company is considered a more liquid form of investment due to the ability of investors to buy and sell shares easily on the exchange.
- **Greater efficiency:** The rigorous governance and disclosure requirements applicable to a listed company tend to promote better systems and controls, leading to greater operating efficiency for the business as a whole. This, in turn, can inspire greater investor confidence.

In general, the current regulatory regime and market practices are conducive to going public in the Kingdom. There are two platforms that can be used to conduct an IPO: the Main Market and the Parallel Market. The Main Market is designed for large companies with a minimum capitalisation of SAR 100 million and applies more stringent listing conditions and ongoing disclosure obligations. The Parallel Market caters for small- and medium-sized companies and family businesses with a minimum capitalisation of SAR 10 million and has relatively lighter listing conditions.

Types of issuers

The Listing Rules, which apply to companies listed on the Main Market, require the issuer to be a Saudi registered joint stock company. By contrast, the Parallel Market Listing Rules require the issuer to be a Saudi registered joint stock company or a joint stock company registered in a member of the Gulf Cooperation Council (“GCC”), provided that it is majority-owned by citizens of a GCC country. Currently, all of the companies listed on Tadawul are Saudi registered joint stock companies.

The companies listed on Tadawul represent a wide variety of industries and sectors, including energy, transportation, retail, banks, insurance, telecommunications and utilities. Tadawul’s market structure has 20 sectors (industry groups), representing Level 2 under the classification system of Global Industry Classification Standard (“GICS”). The Tadawul All Share Index (“TASI”) comprises the companies listed on the Main Market and the Parallel Market Index (“Nomu”) comprises the companies listed on the Parallel Market. Tadawul has announced its intention to join the MSCI Emerging Markets Index in the future.

Recent market trends

The IPO activity in the Kingdom in 2016 was relatively low, reflecting the difficulties facing the Saudi economy, which has been grappling with low oil prices and the tightened economic and fiscal measures that the Saudi government introduced in 2016 to deal with the record budget deficit. In the short term, liquidity continues to be a major concern for the Saudi economy and this has impacted equity market activity. However, with the launch of seven IPOs on the Parallel Market on 26 February 2017, there are encouraging signs that there is appetite within the Kingdom for investment in small- and medium-sized companies, which may encourage others to follow the trend and go public on the Parallel Market during 2017.

As well as offering a route for more companies to come to market, there is the additional benefit of enhanced liquidity in the Kingdom now that foreign investors are able to invest directly in Saudi listed securities through the Qualified Foreign Investor (“QFI”) regime. Until the introduction of the QFI regime in June 2015, foreign investors could not invest directly in Tadawul-listed securities and instead were only able to invest indirectly through Swap Agreements with persons licensed by the Capital Market Authority of the Kingdom (“CMA”); the new QFI regime offers greater access to legal rights for foreign capital (as discussed later in this article). As of 2 March 2017, the total ownership of foreign investors in Tadawul-listed securities stood at 4.07% of total market capitalisation.

The IPO process: Steps, timing and parties and market practice

The Main Market IPO process comprises the following key stages:

- **Preliminary stage (2–3 months):** Once an issuer decides to go public, the issuer’s management, with the help of professional advisers, will need to assess the state of the issuer’s readiness to proceed to the IPO and will develop an action plan and timetable to meet all required listing conditions.
- **Appointment of advisers (2–3 months):** Under the Listing Rules, an issuer applying for registration and listing on the Main Market must appoint independent financial and legal advisers. The financial adviser must be authorised by the CMA and the legal adviser must be licensed to practise law in the Kingdom. The issuer must also appoint a CMA-authorized underwriter(s) to underwrite the IPO. The financial adviser would often act as the lead manager, bookrunner and underwriter. Other customarily

appointed advisers include a financial due diligence adviser, a market or industry consultant, a public relations and media adviser and receiving banks to assist with the retail offering.

- **Preparatory stage (4–6 months):**

- The issuer will need to carry out financial and legal due diligence. Depending on the nature of its business, the issuer may also be required to undertake other due diligence investigations such as environmental, commercial and intellectual property.
- The issuer may also need to make changes to its governance structure to comply with the Corporate Governance Regulations. These would include the appointment of independent and non-executive board members, improvement of internal control and compliance systems, establishment of audit and other committees required by the Corporate Governance Regulations, and establishment and implementation of an executive compensation structure and a reporting process for board and committee decision-making.
- The issuer, with the help of the financial adviser, will need to prepare detailed financial and working capital models, prepare a valuation of the issuer and set a preliminary IPO price range.
- The issuer will be required to produce a prospectus in the Arabic language, which must include the information required by the Listing Rules. The financial and legal advisers will work closely with the issuer to ensure that the prospectus meets the required legal and market standards, particularly the disclosure standards, and present a compelling “equity story” of the issuer.

- **CMA application stage (3–4 months):**

- The issuer is required to obtain the approval of the CMA for the IPO. The Listing Rules set out in detail the CMA submission process and documents required, which include a draft prospectus in Arabic, financial and legal due diligence reports, working capital report, underwriting commitment letters and various declarations and consent letters.
- The CMA will review the draft prospectus within 45 days of receiving all information required as part of the IPO submission. There would normally be several rounds of comments by the CMA on the draft prospectus. Once the prospectus is finalised, the application will be presented to the CMA’s board of directors for decision. The decision is announced electronically through the websites of the CMA and Tadawul.
- Following the CMA’s approval of the prospectus and prior to the listing, the issuer will submit to the CMA, among other documents, a signed copy of the prospectus in Arabic, a copy of the prospectus translated into English, signed copies of the underwriting, lead manager, receiving banks and escrow agreements and updated declarations and consent letters.

- **Book building and institutional offering stage (1 week):**

- The book-building process is run by the financial adviser. Institutional investors (including QFIs) are eligible to participate as bidders in the book-building process.
- The financial adviser may test investor appetite prior to obtaining the CMA’s approval of the prospectus, but may only disclose information about the issuer and its financial statements on a no-name basis. After the CMA’s approval of

the prospectus, but prior to the start of the book-building process, the issuer and its financial adviser may disclose information about the issuer and its financial statements to CMA authorised persons; this disclosure will provide helpful investor feedback in advance of the formal book-building and price range-setting processes.

- IPO shares may only be offered to institutional investors during the book-building process. The book-building process begins after the CMA approves the prospectus. The duration of the book-building process cannot exceed 14 calendar days, during which time the issuer and financial adviser, with the assistance of the underwriters, are expected to set a price range, conduct investor roadshows, complete the book-building and set the IPO price. The difference between the top and bottom of the price range cannot exceed 20% of the minimum price. Bidding on prices outside the price range is allowed but must not exceed 20% of the minimum or maximum price in the price range.
- The financial adviser may, after obtaining consent from the issuer and the underwriters, change the price range if the offered shares were fully covered at the highest price in the price range, or any price above that price, or if the offered shares were not fully covered. Bidding outside the revised price range is not permitted.
- The CMA-approved prospectus will set out the proportions of the overall offering that are reserved for retail and institutional investors, respectively. Customary market practice has been that the majority of shares available for sale are allocated to institutional investors and the CMA intends to increase the allocations to institutional investors going forward. Out of the total institutional investor allocation, a certain percentage is reserved for Saudi mutual funds in accordance with the formula set out in the Book Building Instructions. The IPO prospectus will set out the percentage of the offering reserved for Saudi mutual funds. Under the current practice, at least 90% of the institutional investor allocation goes to Saudi mutual funds.
- Before any shares are offered to retail investors, the offer price is set by reference to the institutional book-building process. Retail investors may participate in the IPO at the offer price. To offer the IPO shares to retail subscribers, the entire IPO offering must first be covered by bids accepted from institutional investors.
- Price stabilisation and market making, which are widely used in Europe and the US to help stabilise the after-market share price and maintain liquidity in the issuer's shares, are not currently permitted in the Kingdom.
- **Retail offering, share allocation and listing stage (2 weeks):** The price at which the issuer's shares are to be offered to the public is confirmed following the conclusion of the book-building process. The prospectus will then be finalised by inserting the offer price and copies of the prospectus are lodged with the CMA, published on the issuer's website and printed for distribution to the banks receiving the public subscription from retail investors. The retail subscription period runs typically for seven days, following which shares are allocated and refunds for over-subscriptions are made. On receipt of the final shareholder file, Tadawul, through the Securities Depository Center, allots the shares to the shareholders' portfolio accounts and issues a ticker symbol for the issuer. Tadawul will announce the date on which the shares are listed and commence trading on the Main Market.

The Parallel Market IPO process is broadly the same, except that a Parallel Market offering is not required to be underwritten and the IPO shares are placed by the lead manager on a best efforts basis during the book-building stage. There is no retail offering in a Parallel Market IPO.

Regulatory architecture: Overview of the regulators and key regulations

Capital Market Authority

The current regulatory regime of the Saudi stock market was established by the Capital Market Law of 2003 (“CML”). This law established the CMA as the sole regulator and supervisor of the capital market. The CMA enjoys wide administrative, legislative and enforcement powers and authorities granted to it under the CML, including:

- approving the offering of securities in the Kingdom;
- approving the listing, cancellation or suspension of listing of any securities of any Saudi issuer traded on Tadawul or any stock exchange outside the Kingdom; and
- granting licences for activities that are required to be licensed under the CML and its implementing regulations such as dealing (as principal, agent or underwriter), managing (as investment fund manager or discretionary portfolio manager), arranging, advising and custody.

Tadawul

The CML also authorised the establishment of Tadawul, a joint stock company, as the sole entity authorised to carry out trading in securities in the Kingdom. Equity securities traded on the Main Market and the Parallel Market currently use T+0 settlement cycle, meaning trades are settled the same day. Tadawul announced its plan to introduce T+2 settlement during 2017 to align the Saudi stock market with leading global settlement practices. Tadawul also offers trading platforms for *sukuks* and bonds, mutual funds and real estate investment traded funds.

Securities Depository Center

The Securities Depository Center is a joint stock company wholly-owned by Tadawul and is the sole entity authorised in the Kingdom to carry out deposit, transfer, clearing, settlement and registration of ownership of securities traded on Tadawul.

Key regulations

The key laws and regulations that regulate the IPO process are:

- **Capital Market Law:** This law contains general provisions regarding the offering of securities in the Kingdom, prospectus requirements and sanctions for failure to comply with the relevant disclosure standards.
- **Listing Rules:** These rules govern the listing and admission to trading of securities on the Main Market of Tadawul as well as ongoing disclosure obligations of the issuer following the listing.
- **Parallel Market Listing Rules:** These rules govern the listing and admission to trading of securities on the Parallel Market of Tadawul as well as ongoing disclosure obligations of the issuer following the listing.
- **Offer of Securities Regulations:** These regulations set out the requirements for making public offers on the Main Market, offers on the Parallel Market and private placements.
- **Corporate Governance Regulations:** These regulations contain the rules and guidelines concerning corporate governance of listed companies.

- **Market Conduct Regulations:** These regulations contain the rules regarding the prohibition of market manipulation, insider trading, making untrue statements and the conduct of CMA authorised persons.
- **Rules for Qualified Foreign Financial Institutions Investments in Listed Securities:** These rules set out the conditions which a foreign investor must meet to qualify as a QFI, the QFI registration process with the CMA, disclosure obligations of QFIs and investment limits imposed on QFIs in respect of their holding of Tadawul-issued securities.
- **Instructions of Book-Building Process and Allocation Method in Initial Public Offerings:** These rules regulate the book building process and allocation methods used in Main Market IPOs. In particular, they deal with how the IPO price is set and prescribe a priority waterfall for allocations.

Key IPO documents

Key documents applicable to the Main Market IPO process are:

- the prospectus;
- the issuer's and its directors' declarations required under the Listing Rules;
- due care letters of financial and legal advisers;
- the legal and financial due diligence reports;
- the underwriting agreement to underwrite the IPO;
- the lead manager agreement to manage the retail offering; and
- the receiving bank's agreement to process retail applications and collect retail proceeds.

Underwriting

A Main Market IPO must be fully underwritten by an underwriter licensed by the CMA. There is no equivalent requirement in relation to a Parallel Market IPO. Depending on the offering size, a Main Market IPO is often underwritten by a syndicate of underwriters. The issuer and the underwriter(s) typically enter into an underwriting agreement setting out terms and conditions under which the underwriter agrees to underwrite the offering. The underwriting agreement would typically provide for IPO document deliverables, representations, warranties and indemnities by the issuer and the underwriter's termination rights, including upon occurrence of material adverse events.

Prospectus disclosures

The Listing Rules require that the prospectus must contain all information that is necessary to enable an investor to make an assessment of the activities, assets and liabilities, financial position, management and prospects of the issuer and of its profits and losses. The Listing Rules are very prescriptive regarding the content of the prospectus, which must include risk factors, market and industry information, the issuer's history and business, organisational structure, financial information, dividend policy, use of proceeds and legal information. The financial information section must present detailed financial information about the issuer and its subsidiaries for the past three financial years, the reporting accountant's report, management discussion and analysis and working capital statement. The risk factors section is a critical part of the prospectus, and in practice most of the CMA's comments on the draft prospectus tend to concentrate on this section.

Main Market vs. Parallel Market

The table below sets out key differences between the listing requirements of the Main Market and the Parallel Market.

| | Main Market | Parallel Market |
|--|---|--|
| Type of issuer | Saudi joint stock company, except where the CMA allows a cross-listing of a foreign listed company | Saudi joint stock company or a joint stock company registered in a GCC country and majority-owned by citizens of a GCC country |
| Track record | Must have been carrying on a main activity for at least three financial years under substantially the same management | Must have been carrying on a main activity for at least one financial year |
| Minimum market capitalisation of shares to be listed | SAR 100 million | SAR 10 million |
| Minimum free float | 30% | 20% |
| Minimum number of public shareholders | 200 | <ul style="list-style-type: none"> • 50 shareholders if the total market value of all shares to be listed is more than SAR 40m • 35 shareholders if the total market value of all shares to be listed is less than SAR 40m |
| Historical financial statements | Audited financial statements for previous three financial years | Audited financial statements for preceding financial year only |
| Working capital statement | The issuer must have, on its own or with its subsidiaries, a sufficient working capital for the 12 months immediately following the date of the publication of the prospectus | Not required |
| Underwriting | Must be fully underwritten | Not required |
| Advisers | Must appoint an independent financial adviser and an independent legal adviser | Must appoint a financial adviser |
| The CMA may require the issuer to appoint legal or other advisers. | Must comply with the Corporate Governance Regulations | Not required to comply with the Corporate Governance Regulations |
| Category of offerees | Institutional and retail investors | Restricted to Qualified Investors |
| Post-listing lock-up period for founding shareholders | Six months, after which a founding shareholder may dispose of its shares with the CMA's prior approval | 12 months, after which a founding shareholder may dispose of its shares without the CMA's approval |

Cross-listing

The Listing Rules provide that a foreign issuer whose securities are listed on another regulated exchange may apply for its securities to be registered and admitted to listing on the Main Market. The CMA may admit the securities to listing provided that, in the CMA's opinion, the listing rules applicable in the foreign issuer's jurisdiction of listing are at least equivalent to the Listing Rules. To date, no foreign listed company has been admitted to trading on Tadawul. This may change soon as the CMA, as part of its plans to liberalise the Saudi stock market, is keen to attract regional and foreign companies to list on Tadawul.

Qualified foreign investors

A QFI is a foreign investor that is registered with the CMA and permitted to invest directly in securities listed on Tadawul. Key highlights of the QFI regime are as follows:

- QFIs may invest in all securities listed on Tadawul, including equities listed in Main and Parallel Market IPOs.
- As the legal owner of the security, a QFI is entitled to exercise all rights attached thereto, including, for example, voting on shareholder matters and exercising pre-emptive subscription rights.
- Banks, brokerage and securities firms, insurance companies, governments and government-related entities and investment funds are eligible to apply for registration as a QFI. Government-related entities are defined in the QFI Rules as central banks and investment funds (such as sovereign funds, pension and endowment funds) that are fully owned, directly or indirectly, by a government entity.
- Applicants for QFI registration must satisfy the following conditions:
 - Except for governments, government-related entities and investment funds, applicants must have five years of experience in securities business and investment.
 - Banks, brokerage and securities firms and insurance companies must be licensed or otherwise subject to regulatory oversight by a regulatory authority in a jurisdiction that applies regulatory and monitoring standards equivalent to those of the CMA or acceptable to it.
 - Except for governments and government-related entities, applicants must have assets under management of at least SAR 3.75 billion (USD 1 billion).
- Each application for QFI registration is reviewed by an assessing authorised person (“AAP”), who is a CMA-authorized person holding a custody or dealing licence. Following the AAP’s assessment of a QFI application, the AAP must notify the CMA whether the application is accepted. Applications that are approved by an AAP are then subject to a CMA review and approval process. The overall CMA review process takes up to five days from the CMA’s receipt of all required information.
- A QFI may not own more than 10% of the shares or convertible debt instruments of any Tadawul-listed issuer. No foreign investor (in all categories, whether resident or non-resident, including strategic foreign investors and those investing through the Swap Agreements Framework) may own in aggregate more than 49% of the shares or convertible debt instruments of any Tadawul-listed issuer.
- QFIs are subject to the ongoing disclosure obligations, including the notification to its AAP of certain events listed in the QFI Rules, e.g., insolvency or restructuring of the QFI or breach of the investment limits.

Public company responsibilities

The Listing Rules and the Parallel Market Listing Rules impose various reporting and disclosure obligations on the issuers listed on the Main Market and the Parallel Market, respectively.

Disclosure of material development

An issuer must notify the CMA and the public without delay of any material developments in its sphere of activity which are not public knowledge and which may affect the assets and liabilities or financial position or the general course of business of the issuer or its subsidiaries and which may lead to movements in the price of the listed securities or significantly affect an issuer’s ability to meet its commitments in respect of debt instruments. Material developments requiring disclosure include:

- any transaction to purchase, sell, lease or mortgage an asset at a price equal to or greater than 10% of the issuer's net assets;
- any debt outside the issuer's ordinary course of business, of a value equal to or greater than 10% of the issuer's net assets;
- any losses equal to or greater than 10% of the issuer's net assets;
- any changes in the composition of the board of directors or to the CEO's position of the issuer;
- any dispute where the value involved is equal to or greater than 5% of the net assets of the issuer;
- an increase or decrease in the net assets or gross profit of the issuer equal to or greater than 10%;
- the entering into, or the unexpected termination of, any contract with revenues equal to or greater than 5% of the gross revenues of the issuer;
- any transaction between the issuer and a related party or any arrangement through which the issuer and a related party invest in any project or asset or provide financing therefor if this transaction or arrangement is equal to or greater than 1% of the gross revenues of the issuer; and
- any interruption in the principal activities of the issuer or its subsidiaries equal to or greater than 5% of the gross revenues.

Financial reporting

- The interim and annual financial statements and the board of directors' report must be filed with the CMA and announced on Tadawul immediately upon approval by the directors.
- The issuer must provide the interim financial statements to the shareholders as soon as they have been approved by the directors and within a period not exceeding 30 days after the end of the financial period covered by such financial statements.
- The issuer must provide the CMA, and announce to the shareholders, its annual financial statements as soon as they have been approved and within a period not exceeding three months after the end of the annual financial period covered by such financial statements.

Notifications

An issuer must notify the CMA and the public without delay of the following information:

- any proposed change in the capital of the issuer;
- any decision to declare, recommend to declare or pay dividends or to make any other distributions;
- any decision not to declare, recommend not to declare or pay dividends, which would otherwise have been expected to have been declared, recommended to declare or paid in the normal course of events;
- any decision to call, repurchase, draw, redeem or propose to buy any of its securities;
- any decision not to make payment in respect of debt instruments or convertible debt instruments; or
- any change in the rights attaching to any class of listed shares or to the debt instruments convertible to such shares.

Corporate governance standards

The CMA has issued the revised Corporate Governance Regulations, which will be effective as of 22 April 2017, except for certain provisions, which will apply from 31 December 2017. The Corporate Governance Regulations contain detailed rules regarding shareholder rights, board composition, role and responsibilities of directors, board proceedings, board committees, conflicts of interest and disclosure and transparency.

Some of the key provisions of the Corporate Governance Regulations are summarised below:

- The board must protect shareholders' rights, ensure fairness and equality among them and make available to the shareholders complete and accurate information to enable them to properly exercise their rights.
- The board represents all shareholders and it must perform its duties of care and loyalty in managing the issuer's affairs, and undertake all actions in the general interest of the issuer and maximise its value for the shareholders.
- Shareholders must be granted the opportunity to effectively participate and vote in general assembly meetings of shareholders. When preparing the general assembly agenda, the board must take into consideration the matters that the shareholders wish to list. Shareholders holding not less than 5% of the issuer's capital are entitled to add items to the agenda.
- The number of directors must not be less than three and not more than 11. Cumulative voting must be used in electing the board. The majority of the board must be non-executive directors. The number of independent directors must not be less than two or one-third of the board, whichever is greater.
- The chairman may not simultaneously act as the managing director, CEO or in any other executive capacity.
- The board must have in place a written policy regarding directors' actual and potential conflicts of interest, their disclosure and approval.
- A director's participation in a competing business must be approved by the shareholders annually.
- The board must form an audit committee, a remuneration committee, a nomination committee and a risk management committee.
- The board must ensure that there is an effective internal control system to provide an ongoing assessment of the issuer's policies and procedures relating to risk management, implementation of the issuer's corporate governance rules and compliance with applicable laws and regulations.

Potential risks, liabilities and pitfalls

Pre-IPO due diligence

The need for an issuer to conduct comprehensive pre-IPO due diligence cannot be underestimated. Firstly, the exercise may reveal any material issues that need to be remedied as part of the IPO preparation, as well as regulatory and third-party consents that need to be obtained in connection with the IPO. To the extent such issues are remedied prior to listing, this will reduce risk factors in the prospectus and enhance the issuer's profile. Secondly, due diligence findings will also help the management to assess the effectiveness of the issuer's internal policies and procedures and provide a checklist of remedial actions

to be taken to address any identified shortcomings. Finally, the directors of an issuer are required to sign responsibility statements as to the accuracy of information disclosed in the prospectus, thereby taking personal responsibility for its contents and any misstatements. In this regard, due diligence will assist the directors to verify the content of the prospectus and allow them to mitigate their exposure.

Liabilities and penalties

The issuer, its directors and advisers need to be aware of potential liabilities and penalties they may be exposed to during the IPO process and post-listing. The most significant risk is the publication of information relating to securities which contains untrue or misleading statements or omits material facts.

The Listing Rules require that the prospectus must contain all information necessary to enable an investor to make an assessment of the activities, assets and liabilities, financial position, management and prospects of the issuer and of its profits and losses.

The issuer must submit a supplementary prospectus to the CMA if at any time after the prospectus has been published and before listing, the issuer becomes aware that there has been a significant change in material matters contained in the prospectus or any document required by the Listing Rules, or additional significant matters have become known, which would have been required to be included in the prospectus. Where a supplementary prospectus is submitted to the CMA, an investor who subscribed for securities prior to the announcement of the supplementary prospectus is permitted to rescind or amend his subscription for such securities prior to the end of the offering period.

The CML imposes a statutory liability for providing untrue or misleading information or omission of material facts in the prospectus. Article 55 of the CML states that if a prospectus contains incorrect statements of material matters or omitted material facts required to be stated in the prospectus, the person purchasing the security that was the subject of such prospectus will be entitled to compensation for losses incurred by him as a result thereof. Persons who may be liable under Article 55 include the issuer, the underwriter, the issuer's directors, senior officers and any other person identified in the prospectus who have consented in writing to be so identified, as having certified the accuracy and truthfulness of the information stated in the prospectus.

As described above, following the listing the issuer will have various ongoing disclosure obligations. All disclosures made by the issuer to the public and to the CMA must be complete, accurate and not misleading. Disclosures to the public of any information or material developments must be made at least half an hour before the start of the trading period. Article 56 of the CML provides that any person who makes, or is responsible for another making, orally or in writing, an untrue statement of material fact or omits to state that material fact, if it causes another person to be misled in relation to the sale or the purchase of a security, will be liable for compensation of the damages.

The Listing Rules impose restrictions on the issuer's management to deal in the issuer's securities during the close periods. The directors and senior executives of the issuer and any person related to them may not deal in any securities of the issuer:

- during the 15 calendar days preceding the end of the financial quarter and until the date of the announcement of the reviewed interim financial statements of the issuer; and
- during the 30 calendar days preceding the end of the financial year and until the date of the announcement of the reviewed interim financial statements or the audited annual financial statements of the issuer.

The CMA has wide enforcement powers to investigate and impose sanctions (including fines and suspension of trading) on violators of the Companies Law, the CML and regulations issued by the CMA.

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