



SMALL AND MEDIUM ENTERPRISES LISTING REQUIREMENTS MODEL LAW, 2023

A Model Law to provide for the harmonisation of small and medium enterprises listing requirements for Southern Africa Development Community member states; and to provide for matters connected with or incidental to the foregoing.

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PART I
PRELIMINARY

1. Short title

This Model law may be cited as the Small and Medium Enterprises Model Law, 2023.

2. Definitions

In this Model Law—

“admission/admit/admitted” means admission of a small and medium enterprise effected by a dealing notice under section 11 of this model law;

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“Anti-Money Laundering/Combating Financing of Terrorism and Proliferation Financing” shall have the meaning as defined in the domestic law governing Anti-Money Laundering/Combating Financing of Terrorism and Proliferation Financing matters and Financial Action Task Force standards

“applicable employee” means any employee of a small and medium enterprise, its subsidiary or parent undertaking who—

- (a) for the purposes of section 12, together with that employee’s family, has a holding or interest, directly or indirectly, in a set percentage as prescribed in the domestic law or more of a class of small and medium enterprise securities; or
- (b) for the purposes of section 25, is likely to be in possession of unpublished price-sensitive information in relation to the small and medium enterprise because of his employment in the small and medium enterprise, its subsidiary or parent undertaking, irrespective of his holding or interest.

“applicant” means an issuer that is applying to have its securities admitted to the small and medium enterprise market;

“application form” means the standard form which must be completed by an applicant;

“associate”—

- (a) in relation to an individual means—
 - (i) the spouse of the individual;
 - (ii) the child, parent, stepchild, stepparent or sibling of the individual and the spouse of any such person;
 - (iii) a person who has entered into an agreement or arrangement with the individual relating to the acquisition, holding or disposal of, or the exercise of voting rights in respect of, shares or other ownership interests in an entity;
 - (iv) a corporate body or other juristic person or unincorporated entity controlled, directly or indirectly, by, or the affairs or part of the affairs of which are managed or administered by, or at the direction or instructions of the individual or any person referred to in subparagraphs (i) and (ii); and

- (v) a trust controlled by the individual;
and
- (b) in relation to a corporate body, other juristic person or other unincorporated entity means—
 - (i) an entity which is controlled, directly or indirectly, by, or the affairs or part of the affairs of which are managed or administered by, or at the direction or instructions of, the corporate body, juristic person or unincorporated entity;
 - (ii) an entity—
 - A. which controls, directly or indirectly, the corporate body, juristic person or unincorporated entity;
 - B. which manages or administers the affairs or part of the affairs of the corporate body, juristic person or entity; or
 - C. on whose directions or instructions the affairs or part of the affairs of the corporate body, juristic person or entity are managed or administered;

“auditor” means a person registered and certified to practise as an auditor in terms of the domestic law;

“block admission” means the admission of a specified number of the small and medium enterprise securities, which are to be issued on a regular basis;

“business day” means any day upon which the Securities Exchange is open for business;

“cancel/cancelled/cancellation” means the cancellation of the admission of a small and medium enterprise effected by a dealing notice;

“cash company” means a company whose assets consist wholly or substantially of cash or short dated securities because it has disposed of all or a substantial part of its business or otherwise has ceased to have a business of sufficient substance to support its market capitalisation;

“chief executive officer” means a person who is or will be responsible under the immediate authority of the board of directors for conducting of the business of a small and medium enterprise;

“class tests” means the tests which are used to determine whether section 17, 18 or 19 of this Model Law apply;

“closed period” means the time, as shall be prescribed in the domestic law, between the completion of a listed company’s financial results and announcing of such results to the public;

“Committee of Insurance, Securities, and Non-Banking Financial Authorities” means a committee of authorities responsible for the supervision of insurance, securities, and non- banking financial institutions in Southern African Development Community member states, which was established under the Protocol on Finance and Investment of the Southern African Development Community;

“controlling shareholder” means any person who is (or in the case of a related party transaction only was within a period specified in the domestic law preceding the date of that transaction) entitled to exercise, or control the exercise of, a percentage as specified in the domestic law or more of the voting power at the meeting of shareholders of the small and medium enterprise or one which is in a position to control the appointment and/or removal of directors holding a majority of voting rights at board meetings on all or substantially all matters;

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“deal” means any change whatsoever to the holding of small and medium enterprise securities in which the holder is a director of the small and medium enterprise or part of a director’s associate (and for the purpose of section 25 an applicable employee) including—

- (a) any sale or purchase, or any agreement for the sale or purchase of such securities;
- (b) the grant to, or acceptance by such a person of any option relating to such securities or of any other right or obligation, present or future, conditional or unconditional, to acquire or dispose of any such securities;
- (c) the acquisition, disposal, exercise or discharge of, or any dealing with, any such option, right or obligation in respect of such securities;

“dealing notice” means an announcement and/or press release by the Securities Exchange which either admits a small and medium enterprise or cancels, suspends or restores the admission of a small and medium enterprise;

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“domestic law” means a law prevailing in the respective member state;

“holding” means any legal or beneficial interest, whether direct or indirect, in the small and medium enterprise securities’

“International Financial Reporting Standards” means a set of accounting standards, developed and maintained by the International Accounting Standards Board;

“Independent Financial Advisor” means a professional accredited with the Securities Exchange who has been appointed by an issuer to provide an independent certification of a Business Plan that is submitted to the Securities Exchange;

“Independent Valuer” means a professional accredited with the Securities Exchange who has been appointed by an issuer to provide an independent valuation of a business likely to be admitted to listing or for any other purpose that the Securities Exchange may require;

“investment company” means a body corporate, whether open-ended or closed-ended, which has as its purpose the investment of its funds with the aim of spreading investment risk and giving its members the benefit of the results of the management of those funds by or on behalf of that body;

“International Standards on Auditing” means the professional standards for the auditing of financial information issued by the International Auditing and Assurance Standards Board;

“issuer” means a person whose securities are listed and traded on the securities and exchange;

“nominated adviser” means an adviser to the small and medium enterprise whose responsibilities to the Securities Exchange are to—

- (a) advise and guide the directors of a small and medium enterprise for which it acts about their obligations to ensure compliance by the small and medium enterprise on an ongoing basis with this Model Law as specified in the domestic law;
- (b) provide the Securities Exchange with any other information, in such form and within such time limits as the Securities Exchange may reasonably require;
- (c) liaise with the Securities Exchange where requested to do so by a small and medium enterprise for which it acts;
- (d) inform the Securities Exchange when it ceases to be the corporate adviser to a small and medium enterprise;
- (e) any other as may be prescribed in the relevant domestic law.

“notify/notified/notification” means the delivery of an announcement to the Securities Exchange by the small and medium enterprise;

“person” includes an individual, a body corporate, a partnership, an association, and any other group of persons acting in concert, whether incorporated or not;

“public hand” in relation to shares, means shares being held by the public and shares will not be regarded as being held in public hands if they are held, directly by—

- (a) a director of the applicant or of any of its subsidiary undertakings;
- (b) a person who is a related party with a director of the applicant or of any of its subsidiary undertakings;
- (c) the trustees of any employees share scheme or pension fund established for the benefit of any directors and employees of the applicant and its subsidiary undertakings;
- (d) any person who by virtue of any agreement has a right to nominate a person onto the board of directors of the applicant;

“record date” means the last date upon which investors must appear on the share register of the small and medium enterprise in order to receive a benefit from the company;

“regulatory authority” means a body responsible for the direct or indirect regulation and supervision of small and medium enterprises issuers;

“related party” in relation to a company means a director, chief executive or controlling shareholder of the company or any of its subsidiaries or associates of any of them;

“related party transaction” means—

- (a) a transaction (other than a transaction of a revenue nature in the ordinary course of business) between a company, or any of its subsidiaries, and a related party; or
- (b) any arrangements pursuant to which a company, or any of its subsidiaries, and a related party each invests in, or provides finance to, another undertaking or asset;

“Securities Exchange” means Exchange as established under the domestic law;

“shareholder” means a holder of any legal or beneficial interest, whether direct or indirect, in a small and medium enterprise security;

“small and medium enterprise market” means trading platform operated by the Securities Exchange for the trading of shares / securities of small and medium enterprises;

“small and medium enterprise” means a company with a class of securities admitted to the small and medium enterprise market;

“small and medium enterprise securities” means securities of small and medium enterprises, which have been admitted on the exchange;

“unpublished price sensitive information” means information which—

- (a) relates to particular small and medium enterprise securities or to a particular small and medium enterprise rather than securities or issuers in general;
- (b) is specific or precise;
- (c) has not been made public; and
- (d) if it were made public would be likely to have a significant effect on the price or value of any small and medium enterprise security.

3. Application of the Model Law

Southern African Development Community member states are required to benchmark their small and medium enterprises listing requirements to meet the minimum requirements as set out in this Model Law.

4. Objectives of the Model Law

The objective of the model law shall be to harmonise listing requirements for small and medium enterprises across Southern Africa Development Community member states-

- (a) to protect investors;
- (b) to ensure fair, efficient and transparent markets;
- (c) to mitigate systemic risks.

5. Responsibility of the regulatory authority

The responsibility of the regulatory authority shall be to—

- (a) promote high standards of transparency to ensure market confidence;
- (b) ensure adequate, timely and comprehensive disclosure of material information for informed decision making by investors;
- (c) promote market breadth and depth;
- (d) ensure consistent independent, impartial and effective enforcement of laws;
- (e) ensure market stability through proactive supervision and surveillance;
- (f) promote access to capital;

- (g) promote financial inclusivity;
- (h) encourage good governance;
- (i) align with best practice; and
- (j) respect differences in national financial markets where these do not unduly impinge on the coherence of the regional harmonisation;
- (k) combat Money Laundering and the Financing of Terrorism and Proliferation;
- (l) ensure consumer protection.

6. Powers of the Securities Exchange

Subject to the domestic law, the Securities Exchange shall exercise the following powers—

- (a) grant, defer, refuse, suspend or remove a listing of a small and medium enterprise;
- (b) prescribe from time-to-time listing requirements for a new small and medium enterprise security.
- (c) prescribe from time to time the requirements with which issuers must comply;
- (d) alter or rescind a requirement prescribed before or after a listing has been granted;
- (e) prescribe additional requirements from time to time;
- (f) prescribe the circumstances under which a listing of small and medium enterprise shall or may be suspended or removed; and
- (g) ensure issuers' compliance with Anti-Money Laundering/Combating Financing of Terrorism and Proliferation Financing laws;
- (h) any other powers as may be prescribed in the domestic law.

PART II

ENTRY REQUIREMENTS

7. Eligibility for small and medium enterprise market

- (1) An applicant shall have—
 - (a) published financial statements for a duration specified under the domestic law, which must have been prepared according to International Financial Reporting Standards, and audited according to International Standards of Auditing and any other international best practice as may emerge from time to time;
 - (b) complied with minimum market capitalisation as specified under the domestic law;
 - (c) complied with minimum number of shareholders and a percentage in public hands specified in domestic law;
 - (d) complied with Anti-Money Laundering/Combating Financing of Terrorism and Proliferation Financing requirements and other best practice applicable to the small and medium enterprise;
 - (e) any other legal requirement as prescribed under domestic law.
- (2) Admission may be granted to—

- (a) a class of securities where less than a percentage specified under the domestic laws of that class is in public hands or where the number of shareholders is less than what has been specified under the domestic law.

Provided that the applicant undertakes to increase the shareholding in public hands to a percentage specified under the domestic law and the number of shareholders to a minimum specified under the domestic law not later than the period prescribed in the domestic law from end of the first year of admission, failing which the company's admission to the small and medium enterprise market may be cancelled; or

- (b) an applicant even though such applicant has no proven track record, provided the applicant submits to the Securities Exchange a sound business plan, certified by an independent financial adviser, covering at least a duration specified under the domestic law and demonstrating clearly the sustained viability of the applicant.

(3) An applicant which is an investment company shall, subject to relevant domestic law comply with the requirements set out in the First Schedule.

(4) The Securities Exchange may, at its discretion and with the approval of the regulatory authority, accept a minimum percentage as specified under the domestic law in public hands in the case of a new applicant with an expected market capitalisation at the time of listing of a sum as specified under the domestic law.

8. Application procedure

(1) Subject to the domestic law, the Securities Exchange shall not admit securities until each of the application documents prescribed in the Second Schedule have been lodged:

Provided that the Securities Exchange shall prescribe timelines upon which an application shall be processed and finalised.

(2) The applicant shall lodge with the Securities Exchange the initial application business documents specified in the First Schedule within timelines prescribed in the domestic law.

(3) The Securities Exchange may request an applicant to supply any further documents and information, and such documents shall be submitted within a period specified by the Securities Exchange, failure of which the applicant may, subject to domestic law, be required to make a fresh application.

(4) Subject to the domestic law, where the securities of an applicant are listed on the Official List of the Securities Exchange, the Securities Exchange shall not consider an application for admission of the securities of such a small and medium enterprise until after a prescribed period following the coming into operation of the small and medium enterprise.

(5) An applicant which has been withdrawn from the Official List of the Securities Exchange cannot submit an application for the admission of its securities to the small and medium enterprise market.

9. Exemptions from admission documents

The Securities Exchange shall have the discretion to authorise the omission of information from an admission document of an applicant if —

- (a) the information is of minor importance only and not likely to influence assessment of the applicant's assets and liabilities, financial position, profits and losses and prospects; or
- (b) that information would not be seriously detrimental to the applicant and its omission would not be likely to mislead investors with regard to facts and circumstances necessary to form an informed assessment of the applicant's securities.

10. Formal notice

(1) A formal notice complying with requirements prescribed in the domestic law shall be published in at least one media of wide circulation on the date of approval of the admission document.

(2) The notice referred to in subsection (1) shall include the following—

- (a) the name and country of incorporation or other establishment of the applicant;
- (b) the amount and title of the securities for which admission is sought;
- (c) the address at which copies of the admission document are available to the public;
- (d) the date of publication of the notice;
- (e) a statement that application has been made to the Securities Exchange for admission of the securities;
- (f) a statement that an admission document has been published and times at which copies are available to the public;
- (g) the date upon which dealings in the securities are expected to commence; and
- (h) the names of the investment dealer or underwriter and, if applicable, any distributor(s).

(3) The notice referred to in subsection (1) shall be legible and in a font size as shall be prescribed in the domestic law.

(4) The applicant shall make sufficient copies of the admission document available to the public at the registered office of the applicant or such other place as may be agreed by the Securities Exchange for a reasonable period, as shall be prescribed in the domestic law.

(5) Publication of all formal notices shall be on a business day.

11. Admission to small and medium enterprise market

An applicant will be admitted to the small and medium enterprise market only when the Securities Exchange issues a dealing notice to that effect and when the decision of the Securities Exchange—

- (a) has been communicated to the applicant; and
- (b) has been announced to the public by way of a press release by the Securities Exchange in a media prescribes by the Securities Exchange, within a period prescribed in the domestic law.

PART III

SPECIAL CONDITIONS FOR CERTAIN APPLICANTS

12. Lock-ins for new businesses

Where an applicant has a trading record of less than the number of years specified under the domestic laws, it shall ensure that all related parties and applicable employees as at the date of admission agree not to dispose of any interest in its securities for a prescribed period from the admission of its securities.

13. Suitability for admission

(1) The Securities Exchange may make the admission of an applicant subject to special conditions and may impose additional conditions or waive certain conditions in particular circumstances.

(2) The Security Exchange shall notify the regulatory authority of any waiver granted under the domestic law.

(3) Where matters are brought to the attention of the Securities Exchange which could affect an applicant's appropriateness for the small and medium enterprise, the Securities Exchange shall take appropriate action.

(4) The Securities Exchange shall, within a prescribed period after being aware of the matters referred to in subsection (3) and before making any decision that may affect the admission of the applicant, notify the applicant and give an opportunity to make representations within a prescribed period regarding the proposed action.

(5) The Securities Exchange may refuse an admission to the small and medium enterprise if it considers that—

- (a) the applicant's situation is such that admission of the securities would be detrimental to the interests of investors; or
- (b) the applicant does not or will not comply with any special condition which the Securities Exchange considers appropriate and of which the Securities Exchange has informed the applicant.

PART IV

PRINCIPLES OF DISCLOSURE

14. Notification of information

(1) The information which is required to be published in terms of this model law, as shall be specified in the domestic law, shall be notified to the Securities Exchange and published, in at least one media of wide circulation, by the small and medium enterprise no later than it is published in any other market.

(2) Where the Securities Exchange discovers that the information published in terms of subsection (1) has errors, material omissions or material misrepresentations, the Securities Exchange may—

- (a) cause the small and medium enterprise to correct the error, omission or misrepresentation and republish the information;
- (b) impose penalties as may be prescribed in the domestic law.

15. Responsibility for notification

(1) The board of directors or governing body of a small and medium enterprise shall take reasonable care to ensure that any information it notifies to the Securities Exchange or publishes in the press in terms of this model law, as shall be specified in the domestic law, is not misleading, false or deceptive and does not omit anything likely to affect the import of such information.

(2) A small and medium enterprises shall—

- (a) at all times act honestly, fairly, with due skill, care and diligence;

- (b) avoid conflict of interest, and where this is not possible, mitigate any conflict and set up operational safeguards;
- (c) not disclose any confidential information unless the written consent has been obtained or disclosure of information is required under any domestic law;
- (d) have systems and processes to preserve and safeguard the security, integrity and confidentiality of information.

16. Disclosure of material changes

A small and medium enterprise shall immediately notify the Securities Exchange and issue a press release, in at least one media of wide circulation or other acceptable media, where a material change in its affairs occurs.

PART V

DISCLOSURE OF CORPORATE TRANSACTIONS

17. Significant transactions

(1) When a small and medium enterprise makes a significant transaction, it shall immediately and within the period specified in the domestic law, notify the Securities Exchange and issue a press release in at least one media of wide circulation or any other acceptable media disclosing the following information—

- (a) particulars of the transaction, including the name of any company or business, where relevant;
- (b) a description of the business or the assets which are the subject of the transaction;
- (c) the profits attributable to those assets;
- (d) the value of those assets;
- (e) the full consideration and how it is being satisfied;
- (f) the effect on the small and medium enterprise;
- (g) details of any service contracts of its proposed directors;
- (h) in the case of a disposal, the application of the sale proceeds;
- (i) in the case of a disposal, if shares or other securities are to form part of the consideration received, a statement whether such securities are to be sold or retained; and
- (j) any other information necessary to enable investors to evaluate the effect of the transaction upon the small and medium enterprise.

(2) The disclosures referred to in subsection (1) shall apply to section 18 and 19.

18. Related party transactions

(1) This section applies to any related party transaction which exceeds a set percentage threshold in any of the class tests as may be prescribed in the domestic law as guided by the Forth Schedule.

(2) A small and medium enterprise shall notify the Securities Exchange without delay and issue a press release in at least one media of wide circulation or prescribed media as soon as the terms of a transaction with a related party are agreed, disclosing—

- (a) the information specified in section 17 (1);

- (b) the name of the related party concerned and the nature and extent of their interest in the transaction; and
- (a) a statement that with the exception of any director who is involved in the transaction as a related party, its directors consider that the terms of the transaction are fair and reasonable insofar as its shareholders are concerned.

19. Reverse take-overs

(1) “reverse take-over” refers to an acquisition or acquisitions in a twelve month period of which a small and medium enterprise would—

- (a) exceed a percentage as specified under the domestic law in any of the class tests referred in the Fourth Schedule; or
- (b) result in a fundamental change in its business, board or voting control.

(2) Any agreement which would effect a reverse take-over shall be—

- (a) conditional on the consent of the small and medium enterprise’s shareholders being given in the meeting of shareholders;
- (b) notified to the Security Exchange without delay and a notice disclosing information specified in section 17 (1) shall be published in at least one media of wide circulation and insofar as it is with a related party, the additional information required in section 15;
- (c) accompanied by an admission document, in respect of the proposed enlarged entity which should be dispatched together with the relevant notice convening the meeting of shareholders to each of the small and medium enterprise’s shareholders and made available to the public at the registered office of the small and medium enterprise or such other place as may be agreed by the Securities Exchange for a period specified under the domestic law prior to the date of the meeting of shareholders.

(3) Where shareholder approval is given for the reverse take-over, trading in the small and medium enterprise securities of the small and medium enterprise will be cancelled:

Provided that the existing shares from the small and medium enterprise shall be transferable to the enlarged entity at agreed ratio.

(4) Where the enlarged entity intends to seek admission, it shall follow the application process set out in section 8 in the same manner as any other applicant applying for admission of its securities for the first time.

20. Aggregation of transactions

(1) Transactions completed during a prescribed period prior to the date of the latest transaction shall be aggregated with that transaction for the purpose of determining whether section 17, 18 and /or 19 apply where—

- (a) they are entered into by the small and medium enterprise with the same person or persons or their families;
- (b) they involve the acquisition or disposal of securities or an interest in one particular business; or
- (c) together they lead to a principal involvement in any business activity or activities which did not previously form part of the small and medium enterprise’s principal activities.

(2) Where a small and medium enterprise, because of aggregation of transactions contravenes section 17, 18, and 19, the Securities Exchange shall direct the small and medium enterprise to comply.

21. Cash companies

(1) A small and medium enterprise which becomes a cash company shall be suspended and be given a period specified under the domestic law from the date of its suspension in which to take the necessary steps to cease to be a cash company.

(2) If at the end of a prescribed period, the company remains a cash company, its admission shall be cancelled.

PART VI

DISCLOSURE OF MISCELLANEOUS INFORMATION

22. Interim financial statements

(1) A small and medium enterprise shall prepare interim financial statements as shall be prescribed in the domestic law according to International Financial Reporting Standards or any other prescribed international standard, which shall be filed with the Securities Exchange in a manner prescribed and published as soon as possible but not later than a prescribed period:

Provided that the requirement to file interim financial statements with the Securities Exchange will not apply for the period where the closing date coincides with the balance sheet date.

(2) The small and medium enterprise may send the interim financial statements to holders of its listed securities.

(3) After the approval by or on behalf of the board, the issuer shall, as prescribed in the relevant domestic law ———

- (a) publish the interim financial statements, in at least one media of wide circulation or other acceptable media,
- (a) publish, a notice to indicate that the issuer's interim financial statements have been published and can be viewed on the issuer's website or, where an issuer does not have a website, that such financial statements can be viewed at the registered office of the issuer (or at any other place of business as may be designated by the issuer).

(4) The advertisement in subsection (3) (a) shall state that copies of the interim financial statements are available to the public at the issuer's registered office (or such other place of business as may be designated by the issuer) in the local jurisdiction and the person to whom a request should be addressed to receive a copy of the interim financial statements.

23. Annual financial statements

(1) A small and medium enterprise shall issue an annual report, prepared in accordance with International Financial Reporting Standards and audited according to International Standards on Auditing, and send to every shareholder a copy thereof (and the auditor's report thereon if not already incorporated into the Annual Report) within a specified in domestic law before the date of the small and medium enterprise's annual meeting of shareholders.

(2) An abridged version of the audited annual financial statements, prepared in accordance with International Financial Reporting Standards and audited according to International Standards on Auditing, shall be filed with the Securities Exchange and published as soon as they are

approved by or on behalf of the board and not later than the prescribed period after the balance sheet date of the small and medium enterprise.

(3) A copy of the Annual Report shall be filed with the Securities Exchange as prescribed.

(4) The audited financial statements shall disclose any transaction with a related party within the financial year, whether or not previously disclosed under the domestic law.

(5) A small and medium enterprise shall notify the Securities Exchange within a period prescribed in the domestic law and make public any change in its accounting period.

(6) To publish the abridged audited annual financial statements, the issuer shall, with a prescribed period after the approval of the abridged audited annual financial statements by or on behalf of the board and within a prescribed period after the end of the accounting period—

- (a) publish the abridged audited annual financial statements, in at least one daily newspaper with wide circulation or acceptable media;
- (b) publish, a notice to indicate that the issuer's abridged audited annual financial statements have been published and can be viewed on the issuer's website or, where an issuer does not have a website, that such financial statements can be viewed at the registered office of the issuer (or at any other place of business as may be designated by the issuer).

(7) The advertisement in subsection (6) (a) shall state that copies of the abridged audited annual financial statements are available to the public at the issuer's registered office (or such other place of business as may be designated by the issuer) in the jurisdiction and the person to whom a request should be addressed to receive a copy of the abridged audited annual financial statements.

(8) An auditor of a small and medium enterprise shall be a person who is—

- (a) accredited and certified as an auditor in terms of the relevant domestic law;
- (b) where possible, selected for appointment by the small and medium enterprise's board committee responsible for audit; and
- (c) approved by the regulatory authority.

(9) An auditor of a small and medium enterprise shall be responsible for communicating to the regulatory authority any evidence he or she may have that irregularities or illegal acts have been committed by small and medium enterprise.

24. Insiders' interests and changes in insiders' interests

Any interest or change in the interests of an insider or associates of an insider, which has been advised to the small and medium enterprise, shall be notified to the Securities Exchange within a prescribed period following the day of receipt of the relevant notice by the small and medium enterprise.

25. Restriction on dealing in securities by directors and applicable employees

(1) A small and medium enterprise shall ensure that its directors and applicable employees do not deal in any of its small and medium enterprise securities during a closed period.

(2) This section shall not apply, however, where such individuals have entered into a binding commitment prior to the small and medium enterprise being in such a close period—

- (a) where it was not reasonably foreseeable at the time such commitment was made that a closed period was likely; and

(b) provided that the commitment was notified to the Securities Exchange at the time it was made.

(3) The Securities Exchange may permit a director or applicable employee of a small and medium enterprise to sell its securities during a closed period under such terms and conditions specified in the domestic law and in a manner prescribed by the regulatory authority.

(4) The regulatory authority shall be informed of the name of the director or applicable employee and of the circumstances giving rise to personal hardship where the Securities Exchange grants an authorisation to sell small and medium enterprise securities during a closed period.

26. Provision of information

(1) Generally and apart from compliance with all the specific requirements of this model law as shall be specified in the domestic law, a small and medium enterprise shall keep the Securities Exchange and holders of its securities informed, as soon as reasonably practicable, of any information relating to the group (including information on any major new developments in the group's sphere of activity which is not public knowledge) which—

- (a) is necessary to enable them and the public to appraise the position of the group;
- (b) is necessary to avoid the establishment of a false market in its securities; and
- (c) might reasonably be expected materially to affect market activity in and the price of its securities.

(2) The Securities Exchange may require a small and medium enterprise to provide it with such information in such form and within such limit as it considers appropriate and the Securities Exchange may also require the small and medium enterprise to publish such information.

27. Disclosure of information

The Securities Exchange may disclose any information in its possession under the following circumstances—

- (a) to co-operate with any person responsible for supervision or regulation of financial services under the law or for law enforcement;
- (b) to enable it to discharge its legal or regulatory functions, including instituting, carrying on or defending proceedings; or
- (c) for any other purpose where it has the consent of the person from whom the information was obtained or, if different, the person to whom it relates.

PART VII

CORPORATE ACTION TIMETABLES

28. Notification of timetable

A small and medium enterprise shall inform the Securities Exchange in advance of any notification of the timetable for any proposed action affecting the rights of its existing shareholders and issue a press release in at least one media of wide circulation or any other acceptable media.

29. Amendments to timetable

Any amendments to the timetable proposed by the small and medium enterprise, including amendment to the publication details of a notification, shall be immediately disclosed to the

Securities Exchange, followed by a press release in at least one media of wide circulation or any other acceptable media.

PART VIII

FURTHER ISSUES OF SECURITIES FOLLOWING ADMISSION

30. Further admission documents

The Securities Exchanges shall have the discretion to request additional admission document, from a small and medium enterprise, in line with the provisions in the domestic law or as may be deemed necessary by the Security Exchange.

31. Exemptions from further admission documents

The Securities Exchange may authorise the omission of information from further admission documents.

32. Application for further issues

(1) At least as specified under the domestic law and within a specified period before the expected date of the meeting to consider the application for the admission of further small and medium enterprise securities, a small and medium enterprise shall submit a further admission document as set out in the Fifth Schedule.

(2) Where a small and medium enterprise intends to issue small and medium enterprise securities on a regular basis, the Securities Exchange may permit admission of those securities under a block admission arrangement.

(3) Under a block admission, a small and medium enterprise shall notify the Securities Exchange and publish in at least one media of wide circulation or any approved media such following information—

- (a) name of the company;
- (b) name of the scheme;
- (c) period of return (from/to);
- (d) number and class of securities not issued under the scheme;
- (e) number of securities issued under the scheme during the period;
- (f) balance under the scheme of securities not yet issued at the end of the period;
- (g) number and class of securities originally admitted and the date of admission; and
- (h) a contact name and telephone number.

33. Language

All admission documents, any documents sent to shareholders and any information required by this model law shall be in English, unless the Securities Exchange otherwise agrees.

34. Directors' responsibility for compliance

A small and medium enterprise shall ensure that each of its directors—

- (a) accepts full responsibility, collectively and individually, for its compliance with this model law as shall be specified in the domestic;
- (b) discloses without delay all information which it needs in order to comply with section 23 of this model law as shall be specified in the domestic law insofar as that

information is known to the director or could with reasonable diligence be ascertained by the director; and

- (c) seeks advice regarding its compliance with this model law as specified in the domestic law whenever appropriate and takes that advice into account.

PART IX

ONGOING ELIGIBILITY REQUIREMENTS

35. Transferability of shares

A small and medium enterprise shall ensure that its securities are easily transferable.

36. Securities to be admitted

(1) Only securities, which have been unconditionally issued, can be admitted as small and medium enterprise securities.

(2) A small and medium enterprise shall ensure that an application is made to admit all securities within a class of small and medium enterprise securities.

(3) If as a result of a corporate action (including, amongst other actions, a private placement of an issuer's securities or a recapitalisation of an issuer) the percentage in public hands goes below prescribed threshold, the Securities Exchange may accept a lower percentage in public hands, provided that the issuer undertakes to restore the percentage in public hands to the said prescribed threshold within a prescribed period following the said corporate action or within such other period as may be agreeable to the Securities Exchange.

37. Retention of nominated adviser

A small and medium enterprise shall, as far as is reasonably practicable, ensure that it retains a nominated adviser at all times.

38. Settlement

A small and medium enterprise shall ensure that appropriate settlement arrangements are in place in accordance with the provision of the depository, clearing and settlement provision of the market legislation.

PART X

SUPERVISION AND INVESTIGATION

39. Investigation and inspection by Securities Exchange

(1) The Securities Exchange shall—

- (a) be responsible for continuously monitoring and supervising small and medium enterprises to ensure that they comply with the domestic law;
- (b) as part of its supervisory approach, have the power to conduct on-site and off-site inspections into the affairs of a small and medium enterprise;
- (c) have the power to conduct investigations into the affairs of any particular small and medium enterprise, where the Securities Exchange considers such an investigation necessary for the purpose of preventing, investigating or detecting a contravention of the relevant law;
- (d) have the power to appoint inspectors who may assist the Securities Exchange to conduct inspections or investigations and to ensure compliance with the law.

(2) Subject to the domestic law, the Securities Exchange or any person authorised or appointed by the Securities Exchange, may at any time during business hours, inspect the small and medium enterprise's documents and accounts.

(3) The small and medium enterprise shall cause its books and accounts to be produced to an inspector and shall ensure that its employees furnish such information as the inspector may reasonably require for the purposes of the inspection or investigation.

(4) No person must obstruct or hinder an inspector or inspection of a small and medium enterprise or its books and accounts.

(5) The powers of an inspector shall be as prescribed in the domestic law.

(6) The regulatory authority shall have the same powers as conferred to the Securities Exchange in this section to inspect and investigate the affairs of the Securities Exchange or the issuers.

(7) The regulatory authority may recover the costs of the investigation from the small and medium enterprise.

40. Cancellation at the request of the small and medium enterprise

(1) A small and medium enterprise which wishes the Securities Exchange to cancel its admission shall notify the Securities Exchange of its preferred cancellation date and issue a press release in at least one media of wide circulation and any other media as may be authorised by the Securities Exchange within a prescribed period prior to such date.

(2) Unless where the Securities Exchange otherwise agrees, the cancellation shall be conditional upon the consent of not less than a prescribed percentage as specified in the domestic law of votes cast by its shareholders given in a meeting of shareholders and not more than a percentage as prescribed in the domestic law of its shareholders shall vote against the cancellation.

(3) The small and medium enterprise shall send a circular to its shareholders giving information relating to the cancellation.

(4) The meeting of shareholders shall be held within a prescribed period prior to the preferred cancellation date.

(5) The circular to shareholders, notification to the Securities Exchange and press release in at least one media of wide circulation or other acceptable media should set out—

- (a) the preferred date of cancellation;
- (b) the reasons for seeking the cancellation;
- (c) a description of how shareholders will be able to effect transactions in the securities once they have been cancelled; and
- (d) any other matter relevant to shareholders reaching an informed decision upon the issue of the cancellation.

41. Precautionary suspension, suspension or cancellation of admission by Securities Exchange

(1) The Securities Exchange may suspend dealings in the securities of a small and medium enterprise or suspend or cancel the admission of a small and medium enterprise where—

- (a) required for the protection of investors;

- (b) the integrity and reputation of the market has become or may be impaired by dealings in those securities;
- (c) the Securities Exchange considers that the percentage of shares of the small and medium enterprise in public hands is below a prescribed limit;
- (d) the Securities Exchange considers that the small and medium enterprise does not have a sufficient level of operations or tangible assets of sufficient value and/or intangible assets for which a sufficient potential value can be demonstrated to the Securities Exchange to warrant the continued admission of its securities;
- (e) the Securities Exchange considers that the small and medium enterprise or its business is no longer suitable for admission on the small and medium enterprise;
- (f) where the small and medium enterprise contravenes laws relating to Anti-Money Laundering/Combating Financing of Terrorism and Proliferation Financing issues; or
- (g) any other reason as may be prescribed in the domestic law.

(2) Where dealings have been suspended, the procedure for lifting the suspension will depend on the circumstances and the Securities Exchange may impose such conditions as it considers appropriate (for example a temporary suspension pending an announcement will usually be lifted when the announcement is made)

(3) Suspension will not normally be lifted unless—

- (a) where the suspension was at the request of the small and medium enterprise, the small and medium enterprise has announced the reason for the suspension and, where appropriate, the anticipated timing of the lifting of the suspension;
- (b) where the suspension was otherwise than at the small and medium enterprise's request, the small and medium enterprise has satisfied such conditions for the lifting of the suspension as imposed by the Securities Exchange.

(4) The Securities Exchange will cancel the admission of the small and medium enterprise where admission has been suspended for a prescribed period.

(5) Cancellations are effected by a dealing notice.

PART XI

SANCTIONS AND APPEALS

42. Sanctions against small and medium enterprise

If the Securities Exchange considers that a small and medium enterprise has contravened this model law as shall be specified in the domestic law, it may, depending on the nature and seriousness of the breach, take any or a combination of the following measures:

- (a) censure the company;
- (b) censure and publish the fact that the company has been censured in at least one media of wide circulation;
- (c) suspend the admission of the small and medium enterprise;
- (d) issue a written instruction to the small and medium enterprise to undertake remedial action specified in the instruction;
- (e) instruct the small and medium enterprise to suspend or remove any of its directors or employees;
- (f) subject to requirements of the domestic law, cancel the admission of the small and medium enterprise;

- (g) where the contravention relates to contravention of Anti-Money Laundering/Combating Financing of Terrorism laws, sanctions shall be as provided for in the domestic laws governing Anti-Money Laundering/Combating Financing of Terrorism and Proliferation Financing issues;
- (h) any other, as may be specified in the domestic law.

43. Penalties

- (1) The domestic law shall prescribe penalties for any person who contravenes or fails to comply with any provision as contemplated in the domestic law.
- (2) The domestic law shall set out the procedures to be followed by the Securities Exchange or regulatory authority in imposing penalties.
- (3) The procedures set out in subsection (2) shall take into account the right of the alleged defaulting person to be heard before a penalty is imposed against him.

44. Appeals

- (1) Any person aggrieved by the decision of the Securities Exchange, or the regulatory authority may appeal to the relevant authority as set out in the domestic law.
- (2) The appeal authority referred to in subsection (1) must be independent.
- (3) The procedures an aggrieved person may follow to lodge an appeal against the Securities Exchange or regulatory authority's decisions shall be as set out in the domestic law.
- (4) The procedures referred to in subsection (3) shall—
 - (a) be specific and balanced to preserve supervisory independence and effectiveness; and
 - (b) not unduly impede the ability of the regulatory authority or Securities Exchange to make timely interventions in order to protect investors' interests.

PART XII

GENERAL

45. Fees

- (1) A small and medium enterprise shall pay the fees set by the Securities Exchange as soon as such payment becomes due.
- (2) The Security Exchange may periodically review fees to reflect general economic and market conditions.

46. Contact details

Details of a small and medium enterprise contact, including a valid electronic mail address, shall be provided to the Securities Exchange at the time of the application for admission and the Securities Exchange shall be immediately informed of any changes thereafter.

47. Purchase of own shares

- (1) Where a small and medium enterprise is a domestic company, it shall be subject to the requirements of the relevant domestic laws.

(2) Where a small and medium enterprise proposes to redeem, acquire or purchase more than a specified percent of any class of its equity securities under the respective domestic law, it shall make a tender offer in the open market to all shareholders of that class on the same terms:

Provided that it shall deliver to the Securities Exchange and publish a Notice of Redemption/Purchase.

(3) The notice of redemption/purchase referred to in subsection (2) shall include the following—

- (a) a statement of the total number and description of securities which the small and medium enterprise proposes to redeem or purchase and the duration of the share-buy-back;
- (b) a statement by the directors of the reasons for the proposed redemption or purchase;
- (c) a description of the terms and conditions of the tender offer, where appropriate;
- (d) a statement by the directors as the proposed source of funds for making the proposed redemption or purchase;
- (e) a statement as to any material adverse impact on the working capital in the event that the proposed redemption or purchase would be carried out in full at any time during the proposed redemption or purchase period, or an appropriate negative statement; and
- (f) statement of the name of any directors, and to the best of the knowledge of the directors after having made all reasonable enquiries, statement of the name of any associates of the directors and any related parties, who have a present intention to redeem or sell equity securities in the proposed redemption or purchase, or an appropriate negative statement.

48. Record keeping

(1) Subject to the domestic law, Anti-Money Laundering/Combating Financing of Terrorism and Proliferation Financing, every small and medium enterprise shall maintain, in a safe place, all records pertaining to the small and medium enterprise's operations, which may be in physical or electronic form, for a period of not less than five years following completion of the transaction or termination of the business relationship.

(2) The small and medium enterprise's records maintained in terms of subsection (1) must be sufficient in such nature as to—

- (a) reveal clearly and correctly the small and medium enterprise's state of the business affairs and financial condition;
- (b) explain the transactions so as to enable the Securities Exchange or regulatory authority to determine whether the small and medium enterprise has complied with the prescribed requirements;
- (c) reconstruct in detail all transactions undertaken on behalf of the investor.

(3) Where practicable, original or copies of documents relating to transactions shall be kept and shall be maintained in a medium that allows the storage of information so that—

- (a) the Securities Exchange or regulatory authority can access them readily and reconstitute each material stage of each transaction;
- (b) any corrections or other amendments to the records, and the contents of the records prior to such corrections or amendments, can be easily ascertained; and
- (c) except as provided in paragraph (b), the records cannot be manipulated or altered.

FIRST SCHEDULE

REQUIREMENTS FOR INVESTMENT COMPANIES

1. Conditions for investment companies

- (1) An investment company shall, except as provided under the domestic law—
 - (a) invest in a prescribed number of securities, each of which has been issued by non-related parties;
 - (b) not lend to or invest in the securities of any one company or group (including loans to or shares in its subsidiaries) more than the percentage as specified under the domestic law of its total/ gross investment assets at the time when the investment or loan is made; for this purpose any existing holding in the company concerned must be aggregated with the proposed new investment (this restriction does not apply to cash deposits awaiting investment);
 - (c) not take legal or management control of investments in its portfolio;
 - (d) not pay dividends unless such dividends are covered by income received from underlying investments.
- (2) The board of directors (or equivalent body) of an investment company must be able to demonstrate that it will act independently of any investment manager of the investment company.
- (3) Where equity securities are held by an investment company, every one percentage point shareholding shall be deemed to be held by a prescribed number of individual shareholders.
- (4) The Securities Exchange may waive the requirement regarding the prescribed minimum number of shareholders in the case of investment companies.

2. Admission Requirements

- (1) Subject to the domestic law, where an applicant is an investment company, the admission document must include, in addition to the requirements under Third Schedule of this Model Law, such matters as—
 - (a) a description of its investment policy;
 - (b) the precise business sector(s), geographical area(s) and type of company in which it can invest;
 - (c) whether it will be an active or passive investor;
 - (d) how widely it will spread its investments;
 - (e) what expertise its directors or those managing its investments have in respect of evaluating its proposed investments and how and by whom any due diligence on those investments will be effected;
 - (f) the name of any investment manager together with an indication of the terms and duration of its appointment, the basis for its remuneration and any arrangements relating to the termination of its appointment.
- (2) Where some of the items of information specified under Third Schedule may be inappropriate to the applicant's sphere of activity or legal form, the item should be appropriately adapted so that equivalent information is given.

3. On-going obligations

- (a) An investment company shall comply with the on-going requirements under this Model law as shall be specified in the domestic law.
- (b) In addition, an investment company shall submit to the Securities Exchange within a period specified in the domestic law valuation of its investments and a statement of its net asset value.
- (c) The statement of net asset value shall be published in at least a media of wide circulation or any other media as may be prescribed.
- (d) The financial statements of an investment company must contain, in addition to the requirements under the domestic law—

- (i) a management report on the investment performance;
- (ii) a statement of assets and liabilities and incorporating a list of all investments with a value greater than the percentage as specified under the domestic law of the company's investment portfolio, and at least the 10 largest investments, stating, with comparative figures where relevant, in relation to the company or group in which each such investment is held the following information—
 - A. a brief description of the business;
 - B. the proportion of capital owned or intended to be owned; and
 - C. the cost of the investment and market value (if any) at the latest practicable date or a director's valuation;
- (iii) a statement of income and distribution, distinguishing realised and unrealised surplus, stating profits and losses on quoted and unquoted investments;
- (iv) such other information as may be required by the securities exchange to enable investors to reach an informed judgment on the performance of any other investment.

SECOND SCHEDULE

APPLICATION PROCEDURES

1. General

(1) Where any document is amended after the initial submission, a like number of further copies must be submitted to the securities Exchange (in the same manner as the original document was submitted) for approval, marked in the margin to indicate the changes made to conform to any comments previously made by the Securities Exchange, any other changes and indicating where the relevant items from Third Schedule have been met.

(2) The admission document or any supplementary document must not be issued until they have received the approval of the Securities Exchange:

Provided that circulation of a draft or preliminary document, which is clearly marked as such and which states that it has not been approved by the securities Exchange is permitted for the purposes of arranging underwriting.

(3) Applicants must comply with the provision of the law relating to control of advertisements.

2. Initial application documents

The following documents must be lodged with the Listing Division of the Securities Exchange—

- (a) draft of the admission document marked in the margin to indicate where the relevant items from Third Schedule have been met;
- (b) payment of the appropriate initial small and medium enterprise fee;
- (c) the non-applicability letter, where relevant;
- (d) the omitted information letter;
- (e) any other document as may be prescribed in the domestic law.

3. Final application documents

The following documents must be lodged in final form with the Listing Division of the securities Exchange—

- (a) a formal application signed by a duly authorised officer of the issuer;
- (b) a copy of the final proof of the admission document, which must be signed and dated by a prescribed number of directors on behalf of the Board;
- (c) a declaration and undertaking duly signed by each director and proposed director; and

- (d) such other documentation as may be required by the Securities Exchange.

THIRD SCHEDULE

CONTENTS OF ADMISSION DOCUMENT

A company, which is required to produce an admission document, must ensure that document discloses the following—

1. Information required by the Model Law

Information equivalent to that which would be required by the Model Law whether or not it is required to produce a document under the Model Law, if applicable.

2. Persons responsible

- (i) A statement signed by a prescribed number of directors of the company on behalf of the Board to the effect that they accept responsibility for the contents or completeness of the document and that where applicable, to the best of their knowledge and belief, and after making reasonable inquiries the document complies with this Model Law as shall be specified in the domestic law.
- (ii) Where a document is required by the Model law, a statement to the effect that neither the securities Exchange nor the regulator takes responsibility for its contents.
- (iii) These statements shall appear in a prominent place in the admission document.

3. Third party information

- (a) Names and addresses of the company's licensed auditors for the period covered by the historical financial information.
- (b) The names and addresses of the applicant's company secretary, principal bankers, corporate adviser (if any), legal advisers and trustees (if any), legal advisers to the issue, public accountants and any other expert to whom a statement or report included in the admission document has been attributed.

4. Risk factors

- (a) Prominent disclosure of risk factors that are specific to the company or its industry and that are material to the securities being offered and/or admitted to trading in order to assess the market risk associated with these securities in a section headed "Risk Factors".
- (b) In the case of a company with a trading record of less than a prescribed number of years as Specified Under the domestic laws, the following paragraph should be inserted prominently and in bold on the first page:

"The SMALL AND MEDIUM ENTERPRISE Market is a market designed to include emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The SMALL AND MEDIUM ENTERPRISE securities are not admitted to the Official Market of the Securities Exchange. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with a professional financial adviser."

5. Information about the company

(a) History and development of the company

- (i) The legal and commercial name of the company;
- (ii) The place of registration of the company and its registration number;
- (iii) The date of incorporation and the length of life of the company, except where indefinite;
- (iv) The domicile and legal form of the company, the legislation under which the company operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office);
- (v) The important events in the development of the company's business;
- (vi) Any other information as may be prescribed in the domestic law.

(b) Investments

- (i) A description, (including the amount) of the company's principal investments for each

financial year for the period covered by the historical financial information up to the date of the admission document;

- (ii) description of the company's principal investments that are in progress, including the geographic distribution of these investments (home and abroad) and the method of financing (internal or external);
- (iii) Information concerning the company's principal future investments on which its management have already made firm commitments.

6. Business overview

(a) Principal Activities

- (i) A description of, and key factors relating to, the nature of the company's operations and its principal activities, stating the main categories of products sold and/or services performed for each financial year for the period covered by the historical financial information; and
- (ii) An indication of any significant new products and/or services that have been introduced and, to the extent the development of new products or services has been publicly disclosed, give the status of development.
- (iii) If material to the company's business or profitability, a summary information regarding the extent to which the company is dependent, on patents or licences, industrial, commercial or financial contracts or new manufacturing processes.

7. Organisational structure

- (a) If the company is part of a group, a brief description of the group and the company's position within the group.
- (b) A list of the company's significant subsidiaries, including name, country of incorporation or residence, proportion of ownership interest and, if different, proportion of voting power held.

8. Property, plant and equipment

- (a) Information regarding any existing or planned material tangible fixed assets, including leased properties, and any major encumbrances thereon.
- (b) A description of any environmental issues that may affect the company's utilisation of the tangible fixed assets.

9. Operating and financial review

(a) Financial Condition

To the extent not covered elsewhere in the admission document, provide a description of the company's financial condition, changes in financial condition and results of operations for each year and interim period, for which historical financial information is required, including the causes of material changes from year to year in the financial information to the extent necessary for an understanding of the company's business as a whole.

(b) Operating Results

- (i) Information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the company's income from operations, indicating the extent to which income was so affected.
- (ii) Where the financial statements disclose material changes in net sales or revenues, provide a narrative discussion of the reasons for such changes.
- (iii) Information regarding any governmental, economic, fiscal, monetary or political policies or factors that have materially affected, or could materially affect, directly or indirectly, the company's operations.

10. Capital resources

A statement by its directors that in their opinion having made due and careful enquiry, the working capital available to it and its group will be sufficient for its present requirements, that is for a prescribed period from the date of admission of its securities.

11. Research and development, patents and licenses

Where material, provide a description of the company's research and development policies for each financial year for the period covered by the historical financial information, including the amount spent on company-sponsored research and development activities.

12. Trend information

- (a) The most significant recent trends in production, sales and inventory, and costs and selling prices since the end of the last financial year to the date of the admission document.
- (b) Information on any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the company's prospects for at least the current financial year.

13. Profit forecasts or estimates

(a) Where a document contains a profit forecast, estimate or projection (which includes any form of words which expressly or by implication states a minimum or maximum for the likely level of profits or losses for a period subsequent to that for which audited financial statements have been published, or contains data from which a calculation of an approximate figure for future profits or losses may be made, even if no particular figure is mentioned and the words “profit” or “loss” are not used)—

- (i) a statement by its directors that such forecast, estimate or projection has been made after due and careful enquiry;
- (ii) a statement of the principal assumptions for each factor which could have a material effect on the achievement of the forecast, estimate or projection (the assumptions must be readily understandable by investors and be specific and precise).

14. Management

(a) The following information relating to each director and each proposed director—

- (i) the director’s full name and age together with any previous names;
- (ii) the names of all companies and partnerships of which the director has been a director or partner at any time in the prescribed number of years as specified under the respective relevant act, indicating whether or not the director is still a director or partner;
- (iii) any unspent convictions in relation to indictable offences;
- (iv) details of any bankruptcies or individual voluntary arrangements of such director;
- (v) details of any receiverships, compulsory liquidations, creditors’ voluntary liquidations, administrations, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any company where such director was a director at the time of or within a prescribed time period preceding such events;
- (vi) details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such director was a partner at the time of or within a prescribed period preceding such events;
- (vii) details of receiverships of any asset of such director or of a partnership of which the director was a partner at the time of or within prescribed period preceding such events; and
- (viii) details of any public criticisms of such director by statutory or regulatory authorities (including recognised professional bodies), and whether such director has ever been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of any company;

(b) Conflicts of interests

- (i) Potential conflicts of interests between any duties to the company, of the persons referred to in paragraph 14 (a) and their private interests and or other duties must be clearly stated. In the event that there are no such conflicts, a statement to that effect must be made.
- (ii) Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to in paragraph 14 (a) was selected as a member of the administrative, management or supervisory bodies or member of senior management.
- (iii) Details of any restrictions agreed by the persons referred to in paragraph 14 (a) on the disposal within a certain period of time of their holdings in the company’s securities.
- (iv) A statement showing the interests of each of the persons referred to in paragraph 14 (a) and of the chief executive of the applicant and associates of any of them in so far as is known to the applicant or an appropriate negative statement.

15. Remuneration and benefits

In relation to the last full financial year—

- (a) The amount of remuneration paid (including any contingent or deferred compensation), and benefits in kind granted to the persons referred to in paragraph 14 (a) by the company and its subsidiaries for services in all capacities to the company and its subsidiaries by any person. That information may be provided on an aggregate basis.
- (b) The total amounts set aside or accrued by the company or its subsidiaries to provide pension, retirement or similar benefits.

16. Employees

- (a) Either the number of employees at the end of the period or the average for each financial year for the period covered by the historical financial information up to the date of the admission document (and changes in such numbers, if material) and, if possible and material, a breakdown of persons employed by main category of activity and geographic location. If the company employs a significant number of temporary employees, include disclosure of the number of temporary employees on average during the most recent financial year.
- (b) Description of any arrangements for involving the employees in the capital of the company.

17. Major information on shareholders

The name of any person who, insofar as known to its directors, is interested directly or indirectly in a prescribed percentage as specified under the domestic law or more of its capital, together with the amount, expressed as a percentage, of each such person's interest.

18. Related party transactions

Details of related party transactions that the company has entered into during the period covered by the historical financial information and up to the date of the admission document, must be disclosed.

19. Financial information concerning the company's assets and liabilities, financial position and profits and losses

(i) Historical Financial Information

Audited historical financial information covering at least the latest financial year and the audit report in respect of each year. Such financial information must be prepared according to prescribed international standards.

The financial information required under this heading must include at least—

- (a) statement of financial position;
- (b) statement of comprehensive income;
- (c) a statement showing either all changes in equity or changes in equity other than those arising from capital transactions with owners and distributions to owners;
- (d) the total amount of borrowings or indebtedness in the nature of borrowing including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt or an appropriate negative statement;
- (e) mortgages and charges, or an appropriate negative statement;
- (f) the total amount of any contingent liabilities or guarantees, or an appropriate negative statement;
- (g) cash flow statement; and
- (h) accounting policies and explanatory notes.

(ii) Financial statements

If the company prepares both own and consolidated annual financial statements, the consolidated annual financial statements must be included in the admission document.

(iii) Auditing of historical annual financial information

- A. A statement that the historical financial information has been audited. If audit reports on

the historical financial information have been refused by the licensed auditors or if they contain qualifications or disclaimers, such refusal or such qualifications or disclaimers must be reproduced in full and the reasons given.

- B. Indication of other information in the admission document which has been audited by the licensed auditors.
- C. Where financial data in the admission document is not extracted from the company's audited financial statements state the source of the data and state that the data is unaudited.

(iv) Interim and other financial information

If the company has published interim financial information since the date of its last audited financial statements, these must be included in the admission document. If the interim financial information has been reviewed or audited, the audit or review report must also be included. If the interim financial information is unaudited or has not been reviewed state that fact.

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The interim financial information must include comparative statements for the same period in the prior financial year, except that the requirement for comparative balance sheet information may be satisfied by presenting the years end balance sheet.

(v) Dividend policy

A description of the company's policy on dividend distributions and any restrictions thereon. The amount of the dividend per share for each financial year for the period covered by the historical financial information adjusted, where the number of shares in the company has changed, to make it comparable.

(vi) Legal and arbitration proceedings

Information on any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the company is aware), during a period covering a prescribed period which may have, or have had in the recent past significant effects on the company and/or group's financial position or profitability, or provide an appropriate negative statement.

(vii) Significant change in the company's financial or trading position

A description of any significant change in the financial or trading position of the group which has occurred since the end of the last financial period for which either audited financial information or interim financial information have been published, or provide an appropriate negative statement.

20. Additional information

(a) Share Capital

The following information as of the date of the most recent statement of financial position included in the historical financial information:

- (i) The amount of stated capital, and for each class of share capital—
 - A. The number of shares issued and fully paid and issued but not fully paid;
 - B. The par value per share, or that the shares have no par value; and
 - C. A reconciliation of the number of shares outstanding at the beginning and end of the year. If more than the prescribed percentage (as Specified Under The Respective Relevant Act) of capital has been paid for with assets other than cash within the period covered by the historical financial information, state that fact.
- (ii) The number, book value and face value of shares in the company held by or on behalf of the company itself or by subsidiaries of the company.
- (iii) The amount of any convertible securities, exchangeable securities or securities with warrants, with an indication of the conditions governing and the procedures for conversion, exchange or subscription.
- (iv) Information about any capital of any member of the group which is under option or agreed conditionally or unconditionally to be put under option and details of such options including those persons to whom such options relate.
- (v) A history of share capital, highlighting information about any changes, for the period covered by

the historical financial information.

(b) Constitution

- (i) A description of the company's objects and purposes and where they can be found in the constitution.
- (ii) A summary of any provisions of the company's constitution, statutes, charter or bylaws with respect to the members of the administrative, management and supervisory bodies.
- (iii) A description of the rights, preferences and restrictions attaching to each class of the existing shares.
- (iv) A description of what action is necessary to change the rights of holders of the shares, indicating where the conditions are more significant than is required by law.
- (v) A description of the conditions governing the manner in which annual meetings and special meetings of shareholders are convened including the conditions of admission.
- (vi) A brief description of any provision of the company's constitution or articles of association, statutes, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the company.
- (vii) An indication of the constitution, statutes, charter or bylaw provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed.
- (viii) A description of the conditions imposed by the constitution, statutes, charter or bylaw governing changes in the capital, where such conditions are more stringent than is required by law.

21. Material contracts

A summary of each material contract, other than contracts entered into in the ordinary course of business, to which the company or any member of the group is a party, for the number of years as specified under the respective relevant act immediately preceding publication of the admission document.

22. Third party information and statement by experts and declarations of any interest

- (a) Where a statement or report attributed to a person as an expert is included in the admission document, provide such person's name, business address, qualifications and material interest if any in the company. If the report has been produced at the company's request a statement to the effect that such statement or report is included, in the form and context in which it is included, with the consent of the person who has authorised the contents of that part of the admission document.
- (b) Where information has been sourced from a third party, provide a confirmation that this information has been accurately reproduced and that as far as the company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. In addition, identify the source(s) of the information.

23. Information on holdings

Information relating to the undertakings in which the company holds a proportion of the capital likely to have a significant effect on the assessment of its own assets and liabilities, financial position or profits and losses.

24. Key information

(a) Interest of natural and legal persons involved in the issue/offer

A description of any interest, including conflicting ones that is material to the issue/offer, detailing the persons involved and the nature of the interest.

The name of any person (excluding professional advisers otherwise disclosed in the admission document and trade suppliers) who has received, directly or indirectly, from it within a prescribed period preceding the application for admission to the small and medium enterprise or entered into contractual arrangements (not otherwise disclosed in the admission document) to receive, directly or indirectly, from it on or after admission any of the following—

- (i) fees totalling the amount as specified under the domestic law or equivalent amount in foreign currency or more;
- (ii) its securities where these have a value as specified under the domestic law or more calculated by

- reference to the issue price or, in the case of an introduction, the expected opening price; or
- (iii) any other benefit with a value as specified under the domestic law or more at the date of admission;
 - (iv) giving full details of the relationship of such person with the applicant and of the fees, securities or other benefit received or to be received;

(b) Reasons for the offer and use of proceeds

Reasons for the offer and, where applicable, the estimated net amount of the proceeds broken into each principal intended use and presented by order of priority of such uses. If the company is aware that the anticipated proceeds will not be sufficient to fund all the proposed uses, state the amount and sources of other funds needed. Details must be given with regard to the use of the proceeds, in particular when they are being used to acquire assets, other than in the ordinary course of business, to finance announced acquisitions of other business, or to discharge, reduce or retire indebtedness.

25. Information concerning the securities to be offered/ admitted to trading

- (a) A description of the type and the class of the securities being offered and/or admitted to trading, including the International Security Identification Number or other such security identification code.
- (b) Legislation under which the securities have been created.
- (c) An indication whether the securities are in registered form or bearer form and whether the securities are in certificated form or book-entry form. In the latter case, name and address of the entity in charge of keeping the records.
- (d) Currency of the securities issue.
- (e) A description of the rights attached to the securities, including any limitations of those rights, and procedure for the exercise of those rights.

Dividend rights—

- (i) Fixed date(s) on which the entitlement arises,
- (ii) Time limit after which entitlement to dividend lapses and an indication of the person in whose favour the lapse operates,
- (iii) Dividend restrictions and procedures for non-resident holders,
- (iv) Rate of dividend or method of its calculation, periodicity and cumulative or non-cumulative nature of payments.
 - A. Voting rights.
 - B. Pre-emption rights in offers for subscription of securities of the same class.
 - C. Right to share in the company's profits.
 - D. Rights to share in any surplus in the event of liquidation.
 - E. Redemption provisions.
 - F. Conversion provisions.
- (f) In the case of new issues, a statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.
- (g) In the case of new issues, the expected issue date of the securities.
- (h) An indication of the existence of any mandatory takeover bids and/or squeeze-out and sell-out rules in relation to the securities.
- (i) An indication of public takeover bids by third parties in respect of the company's equity, which have occurred during the last financial year and the current financial year. The price or exchange terms attaching to such offers and the outcome thereof must be stated.

26. Terms and conditions of the offer

(a) Conditions, offer statistics, expected timetable and action required to apply for the offer

- (i) Conditions to which the offer is subject.
- (ii) Total amount of the issue/offer, distinguishing the securities offered for sale and those offered for subscription; if the amount is not fixed, description of the arrangements and time for announcing to the public the definitive amount of the offer.
- (iii) The period, including any possible amendments, during which the offer will be open and description of the application process.
- (iv) An indication of when, and under which circumstances, the offer may be revoked or suspended.

- (v) A description of the possibility to reduce subscriptions and the manner for refunding excess amount paid by subscribers to the offer.
- (vi) Details of the minimum and/or maximum amount of subscription (whether in number of securities or aggregate amount to invest).
- (vii) An indication of the period during which an application for subscription may be withdrawn, provided that investors are allowed to withdraw their subscription.
- (viii) Method and time limits for paying up the securities and for delivery of the securities.
- (ix) A full description of the manner and date in which results of the offer are to be made public.
- (x) The procedure for the exercise of any right of pre-emption, the negotiability of subscription rights and the treatment of subscription rights not exercised.

(b) Plan of distribution and allotment

- (i) The various categories of potential investors to which the securities are offered. If the offer is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.
- (ii) To the extent known to the company, an indication of whether major shareholders or members of the company's management, supervisory or administrative bodies intended to subscribe in the offer, or whether any person intends to subscribe for more than five percent of the offer.

Pre-allotment Disclosure:

- (i) The division into tranches of the offer including the institutional, retail and company's employee tranches and any other tranches;
- (ii) The conditions under which the claw-back may be used, the maximum size of such claw-back and any applicable minimum percentages for individual tranches;
- (iii) The allotment method or methods to be used for the retail and company's employee tranche in the event of an over-subscription of these tranches;
- (iv) A description of any pre-determined preferential treatment to be accorded to certain categories of investors in the allotment, the percentage of the offer reserved for such preferential treatment and the criteria for inclusion in such categories.
- (v) Whether the treatment of subscriptions or bids to subscribe in the allotment may be determined on the basis of which firm they are made through or by;
- (vi) A target minimum individual allotment if any within the retail tranche;
- (vii) The conditions for the closing of the offer as well as the date on which the offer may be closed;
- (viii) Whether or not multiple subscriptions are admitted, and where they are not, how any multiple subscriptions will be handled.
- (ix) Process for notification to applicants of the amount allotted.

Over-allotment and 'green shoe':

- (i) The existence and size of any over-allotment facility and/or 'green shoe'.
- (ii) The existence period of the over-allotment facility and/or 'green shoe'.
- (iii) Any conditions for the use of the over-allotment facility or exercise of the 'green shoe'.

(c) Pricing

- (i) An indication of the price at which the securities will be offered. If the price is not known or if there is no established and/or liquid market for the securities, indicate the method for determining the offer price, including a statement as to who has set the criteria or is formally responsible for the determination. Indication of the amount of any expenses and taxes specifically charged to the subscriber or purchaser.
- (ii) Process for the disclosure of the offer price.
- (iii) If the company's equity holders have pre-emptive purchase rights and this right is restricted or withdrawn, indication of the basis for the issue price if the issue is for cash, together with the reasons for and beneficiaries of such restriction or withdrawal.
- (iv) Where there is or could be a material disparity between the public offer price and the effective cash cost to members of the administrative, management or supervisory bodies or

senior management, or affiliated persons, of securities acquired by them in transactions during the past year, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offer and the effective cash contributions of such persons.

(d) Placing and Underwriting

- (i) Name and address of the co-ordinator(s) of the global offer and of single parts of the offer and, to the extent known to the company or to the offeror, of the placers in the various countries where the offer takes place.
- (ii) Name and address of any paying agents and depository agents in each country.
- (iii) Name and address of the entities agreeing to underwrite the issue on a firm commitment basis, and name and address of the entities agreeing to place the issue without a firm commitment or under “best efforts” arrangements. Indication of the material features of the agreements, including the quotas.
- (iv) Where not all of the issue is underwritten, a statement of the portion not covered. Indication of the overall amount of the underwriting commission and of the placing commission.
- (v) When the underwriting agreement has been or will be reached.

27. Admission to trading and dealing arrangements

- (a) An indication as to whether the securities offered are or will be the object of an application for admission to trading, with a view to their distribution in a regulated market or other equivalent markets with indication of the markets in question. This circumstance must be mentioned, without creating the impression that the admission to trading will necessarily be approved. If known, the earliest dates on which the securities will be admitted to trading.
- (b) All the regulated markets or equivalent markets on which, to the knowledge of the company, securities of the same class of the securities to be offered or admitted to trading are already admitted to trading.
- (c) If simultaneously or almost simultaneously with the creation of the securities for which admission to a regulated market is being sought securities of the same class are subscribed for or placed privately or if securities of other classes are created for public or private placing, give details of the nature of such operations and of the number and characteristics of the securities to which they relate.

28. Holders offering to sell securities

- (a) Name and business address of the person or entity offering to sell the securities, the nature of any position office or other material relationship that the selling person has had within the past number of years as specified under the respective relevant law, with the company or any of its predecessors or affiliates.
- (b) The number and class of securities being offered by each of the selling security holders.
- (c) Lock-in agreements
 - The parties involved.
 - Content and exceptions of the agreement.
 - Indication of the period of the lock in.

29. Expense of the issue/offer

The total net proceeds and an estimate of the total expenses of the issue/offer.

30. Dilution

- (a) The amount and percentage of immediate dilution resulting from the offer.
- (b) In the case of a subscription offer to existing equity holders, the amount and percentage of immediate dilution if they do not subscribe to the new offer.

31. Additional information

- (a) If advisors connected with an issue are mentioned in the admission document, a statement of the capacity in which the advisors have acted.
- (b) An indication of other information in admission document, which has been audited or reviewed by licensed auditors.
- (c) Where section 12 applies, a statement that its related parties and applicable employees have agreed not to dispose of any interests in any of its small and medium enterprise securities for a prescribed period from the admission of its securities;
- (d) Any other factual information which it reasonably considers necessary to enable investors to form a full understanding of the matters contained in the admission document.

FOURTH SCHEDULE

DETERMINATION OF CLASS TESTS

The **class tests** for determining the size of a transaction pursuant to section 17, 18 and 19 are as follows:

(a) The Gross Assets test

Gross assets the subject of the transaction	x 100
Gross assets of the small and medium enterprise	

Figures to use for the Gross assets test:

- (i) The “Gross assets the subject of the transaction” means the book value of the assets.
- (ii) The “Gross assets of the small and medium enterprise” means the total of its fixed assets plus total current assets. These figures should be taken from the last published annual consolidated financial statements.

(b) The Profits test

Profits attributable to the assets the subject of the transaction	x 100
Profits of the small and medium enterprise	

Figures to use for the Profits test:

- (iii) The “Profits of the small and medium enterprise” means profits before taxation as stated in the last published annual consolidated financial statements.

(c) The Consideration test

Consideration	x 100
Aggregate market value of all the ordinary shares of the small and medium enterprise	

Figures to use for the Consideration test:

- (iv) The “Consideration” means the amount paid to the vendors, but the Securities Exchange may require the inclusion of further amounts.
 - (a) Where all or part of the consideration is in the form of securities to be listed, or traded on the small and medium enterprise, the consideration attributable to those securities means the aggregate market value of those securities.
 - (b) If deferred consideration is, or may be, payable or receivable by the small and medium enterprise in the future, the consideration means the maximum total consideration payable or receivable under the agreement.

(d) Substitute Tests

In circumstances where the above tests produce anomalous results or where the tests are inappropriate to the sphere of activity of the small and medium enterprise, the Securities Exchange may (except in the

case of a transaction with a related party), disregard the calculation and substitute other relevant indicators of size, including industry specific tests. Only the Securities Exchange can decide to disregard one or more of the class tests, or substitute another test. The regulator shall be informed of any substitute tests applied by the Securities Exchange.

FIFTH SCHEDULE

CONTENTS OF FURTHER ADMISSION DOCUMENT

A small and medium enterprise issuing further securities to its existing shareholders required to produce a further admission document under section 30, must ensure that the document discloses all the information as per hereunder.

1. Rights issue:

A rights issue is an offer to existing holders of securities to subscribe for further securities in proportion to their holdings by means of the issue of a renounceable provisional letter of allotment (or other negotiable document) which may be traded (as "nil paid" rights) for a period before payment for the securities is due.

The further admission document of the applicant shall comprise—

- (a) a draft of the admission document marked in the margin to indicate where the relevant items from Fifth Schedule have been met;
- (b) a formal application signed by a duly authorised officer of the issuer; and
- (c) a draft of the final proof of the admission document; which must be signed and dated by a prescribed number of directors on behalf of the Board.

The admission document shall disclose the following items of information:

- (a) Third Schedule – Items 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14.1(i), 14.2.4, 15.1, 16, 17, 19, 20.1.1, 20.1.4, 20.1.7; 20.2.1, 21, 22, 24.2, 25.1, 25.3, 25.5, 26.3, 26.4.3, 26.4.4, 29, 30, 31.1, 31.2, 31.4;
- (b) The address at which copies of the admission document are available to the public;
- (c) A statement that application has been made to the Securities Exchange for admission of the securities;
- (d) The date upon which dealings in the securities are expected to commence.
- (e) A statement as to the pro rata entitlement, the last date on which transfers were or will be accepted for registration for participation in the issue, how the securities rank for dividend, whether the securities rank *pari passu* with any small and medium enterprise securities, the nature of the document of title, its proposed date of issue and whether or not it is renounceable and how fractions (if any) are to be treated.

2. Capitalisation issue:

A capitalisation issue is an allotment of further securities to existing shareholders, credited as fully paid up out of the applicant's reserves or profits, in proportion to their existing holdings, or otherwise not involving any monetary payments. A capitalisation issue includes a bonus issue and a scrip dividend scheme under which profits are capitalised.

No applicant shall proceed with a capitalisation issue involving a payment up of securities out of reserves, unless it has obtained the prior written confirmation of its licensed auditors that its reserves are sufficient for this purpose.

The admission document shall disclose the following items of information:

- (a) Third Schedule – Items 2.1, 5.1.1, 5.1.2, 5.1.3, 5.1.4, 20.1.1, 20.1.4, 25.1, 25.3, 25.5;
- (b) A statement that application has been made to the Securities Exchange for admission of the securities.
- (c) The date upon which dealings in the securities are expected to commence.
- (d) A statement as to the *pro rata* entitlement, the last date on which transfers were or will be accepted for registration for participation in the issue, how the securities rank for dividend, whether the securities rank *pari passu* with any small and medium enterprise securities, the nature of the document of title,

its proposed date of issue and whether or not it is renounceable and how fractions (if any) are to be treated.